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PRESS RELEASE

**CERC PAPER PROPOSES DIFFERENTIATED AND NON- DISCRIMINATORY
MEDIUM TERM AND LONG TERM ACCESS TO INTER-STATE GRID**

In the wake of massive requests received from the private sector for transmission access and recognizing the urgency to bring all new generating stations under the fold of transmission planning so as to ensure timely evacuation of power, the Central Electricity Regulatory Commission (CERC) has released a Staff Paper on '**Arranging Transmission for New Generating Stations, Captive Power Plants and Buyers of Electricity**' for public discussion.

2. This has kick started the long awaited process for providing medium term access on inter-State transmission system. It has also provided clearly that inter-State transmission system would connect directly all the new inter-State generating stations requiring grid connections at more than one point or where the quantum of power to be injected into the inter-State transmission system is 1000 MW and above.

3. The Staff Paper has proposed a methodology for arranging transmission for any new generating stations, irrespective of ownership, captive power plants and buyers of electricity such as distribution utilities and open access consumers. The Paper has designed a format for coordinated and practical approach assigning due responsibility to each agency in accordance with the Electricity Act, 2003. While the Central Transmission Utility (POWERGRID) shall be the nodal agency, the role of generating company, State Transmission Utility and procurer of power has been clearly defined in the Staff Paper.

4. In the traditional scenario, a generating station had a Power Purchase Agreement or allocation of shares right from the beginning, but in the emerging scenario, generating stations are being set up in anticipating of finding buyers in due course of time through various options now available in the liberalized electricity market. In addition to Central Public Sector Undertakings, a number of Independent Power Producers, captive power plants, co-generation plants, wind generation farms and private hydro developers are striving for access to the electricity market, seeking and expecting the creation of requisite transmission facilities.

5. The Staff Paper has proposed a three-stage approach for building inter-State transmission systems associated with new generating stations, irrespective of type and ownership. In case the beneficiaries of a generating station have not been firmed up, the generating company could get the transmission system built by identifying its target region/beneficiaries, and the generating company would have to pay transmission charges for the facilities created for it by the transmission licensee.

6. Salient features of the proposal are listed below:

- (i) The suggested framework is non-discriminatory i.e. same guidelines for public sector and private sector projects.
- (ii) The Paper has outlined the broad features of draft Regulations for long term and medium term usage of inter-State transmission system. It has been suggested that the tenure of long-term transmission agreement could be flexible. The duration of medium term usage of transmission on existing transmission system would be from 3 months to 3 years. The CTU shall be the nodal agency for both long term and medium term inter-State transmission.

- (iii) It would be incumbent upon every generating company to coordinate sufficiently in advance with the Central Transmission Utility (CTU) and the concerned State Transmission Utility (STU) for planning and timely construction of the required transmission system augmentation.
- (iv) The application for arranging long term transmission shall be processed in three stages by the CTU. The processing time for stage I and stage II shall be 60 days and 120 days, respectively. Implementation shall be taken up by the CTU/STU/transmission licensee for the respective portions in Stage III after signing of Agreements.
- (v) The CTU (POWERGRID) would be asked to prepare a *detailed procedure including revised application forms, model transmission agreements etc., for Arranging Transmission for New Generating Stations, Captive Power plants and Buyers of Electricity.*
- (vi) A part of the associated inter-State transmission systems could be pooled with the existing regional transmission system. The agreement in this regard will have to be reached separately in the Regional Standing Committee of the Central Electricity Authority for transmission planning. In case of any undue delay, the CTU shall immediately bring the matter to the notice of the Commission, giving full details for intervention.
- (vii) Different portions of the required transmission augmentation could be built through different agencies - CTU, STU, the generator, a transmission licensee- in accordance with the criteria suggested in the framework- fitting in the overall transmission plan.

- (viii) As and when the required transmission elements are brought into commercial operation, regular payment of transmission charges would start as per transmission service agreements and in accordance with the Regulations regarding sharing of transmission charges.

- (ix) For any part of commissioned generating capacity for which the required transmission augmentation as per normal redundancy criterion has not been built due to any reason by the time of commissioning of such capacity, the generator would have the option to use existing transmission facilities, if feasible, by sharing the monthly charges for the concerned regional transmission systems *pro-rata* to such part, till the commissioning of the associated inter-State transmission elements.

- (x) The Paper has also suggested a methodology for developing and evaluating the cost of transmission for the procurement of electricity through competitive bidding where the location of the generating station is not known in advance.

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