

CENTRAL ELECTRICITY REGULATORY COMMISSION
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PUBLIC NOTICE

In Section 5.3.5 of the National Electricity Policy issued by Ministry of Power, Govt of India on 12.2.2005, it has been stipulated that a national transmission tariff framework needs to be implemented by CERC, to facilitate cost effective transmission of power across the region. In Section 7.1 (2) of the Tariff Policy issued by the same Ministry of 06.01.2006, it is further stipulated that the above framework should be developed taking into consideration the advice of CEA, and implemented by 01.04.2006.

In pursuance of the above, the Commission is hereby issuing the **“Proposed Approach for Sharing of Charges for and Losses in Inter-State Transmission System (ISTS)”**, which outlines the rationalization of transmission tariff and transmission loss apportioning to be implemented during 2007-08. Comments and suggestions on this proposal are invited from all interested parties latest by 5th March, 2007(**now extended up to 15th April 2007**), to enable the Commission to duly deliberate on them, and finalize its approach in time for its implementation starting from 01.04.2007.

The matter has been discussed with CEA, and the final advice has been received vide letter dated 08.02.2007 from Member (PS). CEA has endorsed our proposals regarding:

- i) Termination of UCPTT scheme in NER, and introduction of ‘fixed’ transmission charge concept w.e.f. 01.04.2007.

- ii) Segregation of transmission charges for ICTs and downstream systems, and making them a liability of the local beneficiary.
- iii) Withdrawal of transmission charges on “short term open access”, and application of incremental losses.
- iv) Introduction of locational bias in UI rates, to account for incremental transmission losses.

While agreeing on the criteria of transmission tariff design, CEA has proposed creation of National pool of transmission assets comprising of all inter-regional links (including Talcher – Kolar HVDC), all 765 kV AC and +/- 800 kV HVDC networks, 50% of 400 kV network in ER & NER, and 15% of 400 kV networks in the other regions, the charges for which are proposed to be shared on a national basis. Being a major change from the existing scheme, and involving complex formula for apportioning of transmission charges and losses between beneficiaries (please see Annexure – I), the proposal shall inevitably require a detailed debate and technical studies. We propose to initiate these in due course, with the goal of implementing such a change with effect from 01.04.2009, the date on which the new tariff period would start.

A relevant extract from CEA's letter of 08.02.2007 is quoted below “

“We are of the opinion that ultimately there is a need for pooling of transmission charges on “all India basis” and applying distance and directional sensitivity on the total transmission system. However, as a first step towards this end, the present proposal of national tariff sensitive to quantum of power, direction and distance of transmission is proposed to be applied on national transmission system only. This needs to be extended to regional transmission system in the next phase”.

It could be examined whether all such rationalization could be implemented from 01.04.2009, without any further staggering.

Meanwhile, the Commission proposes to effect urgently required rationalization in sharing of the charges for inter-regional links, which some beneficiaries have been demanding for quite some time, with effect from 01.04.2007. It is hoped that the proposed measures would significantly help in resolving issues which have been delaying the finalization of transmission system associated with inter-State generating stations in the pipeline.

(S.K. CHATTERJEE)
Assistant Secretary