

CENTRAL ELECTRICITY REGULATORY COMMISSION
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PRESS RELEASE

New open access Regulations to facilitate trading through Power Exchange

The Central Electricity Regulatory Commission (CERC) has issued a draft of revised regulations for open access in inter-state transmission, which facilitate trading of electricity across the whole country. The Commission had issued guidelines for setting up of Power Exchange in February 2007 and accordingly need has arisen to revamp open access regulations in order to accommodate collective transactions emanating from power exchange as well as conventional bilateral trading. The salient features of the proposed new regulations are as follows:

1. A generating company, requiring long term power evacuation arrangement would be required to approach the Central Transmission Utility/State Transmission Utility for the creation of new transmission system in a coordinated and planned manner.
2. Open Access in inter-state transmission shall be available depending on availability of surplus transmission capacity after catering to the requirement of long term beneficiaries.
3. In the new regulations, emphasis is on 'scheduling' rather than 'reservation' because from the perspective of an open access customer, what

matters ultimately is that his request is included in the despatch schedules, released by the Regional Load Despatch Centre (RLDC).

4. Procedures for advance scheduling up to three months, scheduling on first come first served basis and day ahead basis have been modified to accommodate collective transactions as well as bilateral transactions.

5. The concurrence or no objection of State Load Despatch Centre (SLDC) up to certain quantum of power (MW) shall be obtained in advance and submitted along with the application to the nodal agency. In case the infrastructure required for energy metering and time-block wise accounting already exists, and required transmission capacity in the state network is available, the SLDC shall give concurrence within three (3) working days. In case of denial of clearance, reasons for the same shall be clearly stated.

6. It was seen that the exit option or flexibility granted to open access customers was being used frequently for blocking transmission corridors. In the proposed draft regulations, it has been proposed that the open access schedules shall not be revised or withdrawn by an open access customer once they have been accepted by the nodal agency and the transmission charges and operating charges shall not be revised. This has been done to ensure that only a genuine user applies for scheduling and the balance transmission capacity is available for others so that entire capacity is utilized in the most optimal manner.

7. In case of bilateral transmission, the open access transmission charges for the use of inter-state transmission shall be as follows:

<u>Type of Transaction</u>	<u>Transmission charges (Total)</u> (Rs./MWh)
(a) Bilateral, intra-regional	30

(b) Bilateral, between adjacent regions	60
(c) Bilateral, wheeling through one or more intervening regions	90

8. In case of the collective transactions transmission charges at the rate of Rs.40/MWh for energy approved for transmission for each point of injection and for each point of drawal shall be payable for use of the inter-State transmission system.

9. The intra-State entities shall additionally pay transmission charges for use of the state network as determined by the respective State Commission. In case the State Commission has not determined the transmission charges, the charges for use of respective State network shall be payable for the energy approved at the rate of Rs.30/MWh. Non-determination of charges by the State Commission shall not be a ground for denial of open access.

10. The operating charges for the bilateral transactions and for power exchange collective transactions shall be as follows:

<u>Type of Transaction</u>	<u>Operating Charges</u>
(a) Bilateral Transaction	@ Rs.3,000/- per day for each RLDC @ Rs.1,000/- per day for each SLDC
(b) Collective Transaction (Power Exchange)	@ Rs.5,000/- per day for NLDC for each State @ Rs.1,000/- per day for SLDC for each point of transaction

11. Regarding settlement of UI charges, it is specified in the existing regulations that the mismatch between the schedule and actual drawal/injection for the intra-State entities shall be determined by the concerned SLDC and covered in the intra-State UI accounting scheme. In the proposed draft regulations, it has been further elaborated that unless specified otherwise by the concerned State Commission, the UI rate for intra-State entity shall be 105% (for over-drawals/under generation) and

95% (for under-drawals/over generation) of the UI rate at the periphery of regional entity. This has been done to facilitate dispute free energy accounting and settlement of deviations for intra-state entities located in the State where intra-state ABT has not yet been implemented. In an inter-connected grid, deviations from schedule of an entity are met from the entire grid and the local utility is no longer solely responsible for absorbing these. Since unscheduled interchange (UI) mechanism has been provided to distribute the burden and charges of support for countering deviations, it is proposed that neither any restrictions regarding magnitude of deviations (except on account of over-stressing of concerned transmission or distribution system), nor any standby charges etc. shall be imposed.

12. Regarding revenue collected through open access transmission charges, it is proposed that transmission charges collected for use of inter-State transmission system shall be deposited in region-wise funds maintained by the Central Transmission Utility for partially meeting the annual transmission charges of the surplus transmission capacity built specifically for open access and for future use.

13. The comments/suggestions/objections on the draft Regulations have been sought from the stakeholders by January 10, 2008.

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