

CENTRAL ELECTRICITY REGULATORY COMMISSION
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PRESS RELEASE

CERC finalizes new Open Access Regulations for Inter-State Transmission

The Central Electricity Regulatory Commission (CERC) has finalized the new Open Access Regulations for the Inter-State Transmission, 2008 after consultation with the stakeholders. The new regulations would become fully effective from April 1, 2008. Non-discriminatory access over the transmission system is a pre-requisite for energy exchanges on scheduled basis among utilities, permitted consumers and generators located in the different states or regions of the country. Not only does it enable better utilization of available resources but also facilitates the harnessing of untapped sources of power including captive, co-generation and merchant generating capacity. In a deficit scenario, it is desirable to tap all the possible sources of power.

Open access in inter-State transmission was first introduced by the Commission in the year 2004 with a view to facilitating bilateral transaction as a first step in the direction of developing electricity market – a mandate given to it by the Electricity Act, 2003.

The Open Access Regulations for Inter-State transmission, 2008 have been conceived after taking into account the evolution of the electricity market during the last four years. It has created a framework, which would not only facilitate traditional bilateral transaction (negotiated directly or through electricity traders), but also cater to collective transactions discovered in a power exchange through competitive bidding by sellers and buyers.

Earlier the Commission had issued draft regulations in December 2007 inviting comments, suggestions and objections from the stakeholders. The Commission received an overwhelming and prompt response from as many as forty stakeholders. While finalizing the new regulations the Commission has taken into consideration the concerns raised, and it incorporates most of the suggestions received.

Salient features of the new regulations are summarized below:

- i) Facilitates traditional bilateral transactions as well as collective transactions discovered in a Power Exchange.
- ii) 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 dispatch schedules released by the Regional Load Despatch Centre (RLDC).
- iii) Following type of transmission services shall be available to open access customers:

Bilateral transactions

- Scheduling and open access up to three months in advance.
- Scheduling and open access for the current month up to four days in advance.
- Scheduling and open access for the day-ahead and up to three days in advance.
- Scheduling and open access for the same day in the event of a contingency.

Collective transactions

- Scheduling and open access for collective transactions discovered in a power exchange through anonymous simultaneous competitive bidding by buyers and sellers, presently on day-ahead basis.
- iv) Greater role assigned to State Load Despatch Centre (SLDC) to bring them at par with the Regional Load Despatch Centre (RLDC).

- v) Provision of standing clearance by the State Load Despatch Centre (SLDC) introduced with the aim of harnessing of intra-state sources of generation.
- vi) Nominal transmission charges for open access customers to be levied in Rupees per MWh instead of Rupees per MW per day, earlier.
- vii) In case of bilateral transaction, the transmission charges for the use of inter-state transmission system 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

- viii) In case of the collective transactions charges at the rate of Rs. 30/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.
- ix) 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 the charges by the State Commission shall not be ground for denial of open access.
- x) The operating charges for the bilateral transactions and collective transactions shall be as follows:

<u>Type of Transaction</u>	<u>Operating Charges</u>
(a) Bilateral Transaction	(a) Rs. 2000/- per day for each RLDC. (b) Rs. 2000/- per day for each SLDC.
(b) Collective Transaction	(a) Rs.5,000/- per day for NLDC for buyers and sellers, after clubbing them separately, for each State.

(a) Rs. 2,000/- per day for SLDC for each point of transaction.

- xi) Real time deviations from the net schedules for a State to be settled by the Regional Load Despatch Centre (RLDC) as per the established UI mechanism at the regional level.
- xii) The State utility designated for the purpose of collection / disbursement of UI charges from / to intra-State entities shall be responsible for timely payment of the composite dues of the State to the regional UI pool account.
- xiii) Any mismatch between the scheduled and the actual drawal at drawal points and scheduled and the actual injection at injection points for intra-State entities shall be determined by the concerned State Load Despatch Centre (SLDC) and covered in the intra-State UI accounting scheme.
- xiv) It has been stipulated 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 specified that neither any restrictions regarding magnitude of deviations (except on account of over stressing of concerned transmission or distribution system), nor any standby charges, grid support charges, parallel operation charges etc shall be imposed.
- xv) Exit option for open access customers by giving five days advance notice and payment of charges up to five days.

- xvi) In case of curtailment of approved schedule by the Regional Load Despatch Centre, transmission charges to be payable *pro-rata* in accordance with the curtailed scheduled.
- xvii) The transmission charges recovered from open access customers to be utilized for reduction in monthly transmission charges payable by long-term customers of the region after allowing 25% to be retained by the Central Transmission Utility. The transmission charges for the use of State network to be disbursed to the State Transmission Utility concerned.
- xviii) In case a State utility open access customer, the operating charges and the transmission charges to be collected by the nodal agency shall include the charges for the State network and operating charges for the State Load Despatch Centre.
- xix) Separate guidelines to be issued for those seeking long or medium term lien over the inter-State transmission system requiring creation of new transmission facilities or otherwise. The provisions relating to long-term customers as contained in the Open Access Inter-State Transmission Regulations, 2004 shall continue to apply till the Commission notifies separate regulation.

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