

CENTRAL ELECTRICITY REGULATORY COMMISSION
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14th December, 2004

PRESS RELEASE
CERC to Revise Open Access Regulations

Central Electricity Regulatory Commission (CERC) is going to revise its Regulations on Open Access in Inter-State Transmission in order to remove difficulties in inter-State trading of power. CERC has circulated a Staff Paper on amendments to Open Access Regulations in Inter-State Transmission as part of the consultation process with the various stakeholders, who have been asked to give their comments by 31st December, 2004. The Commission would hold a public hearing in January, 2005 before taking a final view in the matter.

The Staff Paper has flagged three major issues for debate:

1. Whether the existing transmission pricing scheme for short term customers should continue for power trading within a Region or it should be replaced by a new scheme in which no transmission charges are levied within the Region but "incremental" transmission losses are applied to the traded power.
2. What should be methodology for levying transmission charges for the use of Inter-Regional links so that charges are equitably shared among the actual users and those having the obligation to pay full charges of Inter-Regional links to POWERGRID irrespective of its use.
3. In case of "congestion", which means that the demand of open access customers on a corridor is more than the available transmission capacity, whether the transmission capacity should be rationed or reserved through electronic bidding on a month to month basis.

Since the open access was introduced for the first time in the country by CERC in February 2004, the Commission had the intent of reviewing the Regulations after a short period so that they could be further fine-tuned.

The Staff Paper suggests a structured procedure for open access reservations in which applications received till the 19th day of the month shall be processed together on a monthly basis. In case of congestion on a particular corridor, bidding shall be carried out on 26th day of the month.

The Staff Paper proposes to levy proportional usage based charges on inter-regional links for allocations from central generating stations and long term contracts. The floor rate for

short term open access customers for inter-regional links is proposed to be increased to 50% of the effective rate for long term users.

The Staff Paper has been posted on CERC web site: www.cercind.org.

Sd/-
Secretary