

CENTRAL ELECTRICITY REGULATORY COMMISSION

NEW DELHI

No. L-1/15/2010-CERC

Dated 27.01. 2010

NOTIFICATION (DRAFT)

In exercise of powers conferred under Section 16, Section 178(1) and Section 178(2)(d) and 178(2)(ze) of the Electricity Act, 2003 (36 of 2003), and all other powers enabling it in this behalf, and after previous publication, the Central Electricity Regulatory Commission hereby makes the following regulations, namely:

1. Short title and commencement

- (1) These regulations may be called the Central Electricity Regulatory Commission (Grant of Regulatory Approval for Capital Investment to CTU for execution of Inter-State Transmission Scheme) Regulations, 2010.
- (2) These regulations shall come into force from the date of their publication in the Official Gazette.
- (3) The actual implementation of the system granted regulatory approval shall be phased matching with the actual progress of the generation projects.

2. Definitions

- (1) In these Regulations, unless the context otherwise requires:

(a) “Act” means the Electricity Act, 2003 (36 of 2003), including amendments thereto;

(b) “beneficiary” means a person having a share in a Central Govt. Generating Stations owned or controlled by Central Government, generation projects under collaboration between a foreign government and Govt. of India whose allocation of power to beneficiaries are finalised by the Govt. of India, Ultra Mega Power Projects (UMPPs) or a person purchasing electricity from a generating station through long-term access

(c) “Capital Investment” means any capital expenditure programme for the construction or improvement or strengthening of a permanent facility(ies) in Inter-State Transmission system.

(d) “CTU” means the Central Transmission Utility as defined in Section 2(10) of the Act;

(e) “National Electricity Plan” has the meaning ascribed to it in Section 2(44) of the Act.

(f) “Project Inception Report” means a preliminary report prepared by CTU on transmission scheme(s) covering the objective/justification of the Scheme, with cost-benefit analysis, brief scope of work, generation project/s and their target beneficiaries, time frame of commissioning, broad estimated cost based upon the unit rate derived from the latest awarded prices, consent / outcome of consultation with the stakeholders.

(2) Words or expressions used herein and not defined shall have the meanings assigned to them in the Act, Rules or Regulations.

3. Objective

(1) Para 7.1(4) of the Tariff Policy of the Govt. of India states that :

“In view of the approach laid down by the NEP, prior agreement with the beneficiaries would not be a pre-condition for network expansion. CTU/STU should undertake network expansion after identifying the requirements in consonance with the National Electricity Plan and in consultation with stakeholders, and taking up the execution after due regulatory approvals.”

(2) In order to streamline the process of application by CTU under the above Clause of the Tariff Policy and for according regulatory approval, the Central Commission has brought out these Regulations.

4. Scope

(1) These regulations shall apply to capital investment for an Inter-State Transmission System (ISTS) Scheme proposed by CTU, for which Generators, i.e. Generating Stations owned or controlled by Central Government. Independent Power Producers (IPPs) and Captive Power Plants (CPPs), have sought Long-term Access as per the CERC (Grant Of Connectivity, Long-Term Access And Medium-Term Open Access to The Inter-State Transmission And Related Matters) Regulations, 2009, and for which consultation with CEA and beneficiaries has been held for setting up the ISTS Scheme, but for which Power Purchase Agreement with beneficiaries have not yet been signed.

- (2) These regulations shall not apply to an Inter-State Transmission System (ISTS) Scheme, for which the beneficiaries/respective STUs have signed a Bulk Power Transmission Agreement to share the transmission charges,

5. Inter- State Transmission System expansion

The Central Transmission Utility shall execute construction or improvement or strengthening of the inter-State transmission system after identifying the requirements in consonance with the National Electricity Plan, and shall ensure development of a reliable, efficient, co-ordinated and economical inter-State transmission scheme(s) for smooth flow of electricity from generating stations to the load centres,.

6. Filing of Application

- (1) CTU shall file its application for approval for Capital Investment to CTU for execution of Inter-State Transmission Scheme along with Project Inception Report (PIR) for an ISTS Scheme for which Grant of Regulatory Approval for Capital Investment Scheme to CTU is required under these regulations.

- (2) The PIR should be reconcilable with other relevant proposals of ISTS being planned or executed by them and considerations such as elimination of transmission constraints, margins in transmission system, anticipated transmission needs incident on the system in the open access regime, demand projections, network reliability and design criteria.

(3) The Scheme shall be planned in co-ordination with the entities / bodies mentioned in Section 38(2)(b) of the Electricity Act, 2003,.

(4) The scope of investments included in each Scheme shall be any of the following:

(i) Generation specific ISTS scheme(s)

(ii) Grid strengthening/upgradation transmission scheme(s) which are inter-State and/or inter-regional in nature

(5) The PIR must clearly outline the scope and objectives of the proposed Transmission Scheme and explain how the Scheme meets the evaluation criteria mentioned in these Regulations justifying with cost benefit analysis.

(6) The PIR must be accompanied by such information, particulars and documents to support the details contained in the plan including technical reports, project justification, estimated cost, funding pattern, details of consultation as referred to in clause (3) of this Regulations including Minutes of Meeting of the Standing Committee of Central Electricity Authority (CEA) on Transmission System Planning, as may be required to enable assessment of the ISTS Scheme.

(7) The PIR should address the various aspects of the Scheme as set out in the enclosed Format. The Commission may, from time to time, modify these

Formats. The Commission may also ask for more details of the ISTS Project as thought fit in order to evaluate the Scheme.

(8) The CTU shall within seven days after making such application, publish a notice of its application with brief particulars in leading national newspapers along with a notice of the date, not being less than one month after the date of such publication, before which any interested person may make a representation on such scheme before the Commission. Further, these newspaper publications of the transmission schemes shall be submitted to the Commission within 7 days.

7. Evaluation criteria

The Capital Investment Scheme Proposals will be, inter alia, subjected to the following evaluation:

- (i) Need for the Investment
 - i. Technical Justification
 - ii. Urgency
 - iii. Prudence of the Investment
- (ii) Cost Assessment and Possible Phasing of Investment
- (iii) Cost-benefit to the beneficiaries.

8. Regulatory Approval of Capital Investment Plan

(1) The Commission shall review the investment plan submitted by the CTU taking into consideration the objections/ representations received in response to the notice published by CTU in accordance with the Regulation 6, prudence of

the proposed expenditure and estimated impact on tariff and thereafter, shall either-

(a) give regulatory approval to the investment plan submitted by the CTU, with such modifications or conditions as the Commission deems appropriate; or

(b) reject the application for investment plan submitted by the CTU and require the CTU to submit a fresh application taking into consideration such factors as the Commission may deem necessary.

Provided that for any change in scope of work of the approved investment plan of minor nature duly consented by CEA/STUs, CTU shall go ahead with the implementation of such changes under intimation to the Commission and shall reflect the same in tariff petition thereof.

(2) CTU shall implement the transmission elements out of the total scheme in a coordinated manner considering the progress of the generation project(s).

9. Recovery of charges of approved Capital Investment Plan

(1) The computation of transmission tariff of the ISTS scheme approved by the Commission under Regulation 8 shall be determined in accordance with the Central Electricity Regulatory Commission (Terms & Conditions of Tariffs) Regulations, 2009.

(2) The method of sharing of transmission charges among the users of the ISTS Scheme shall be based on sharing methodology as may be specified by the Commission from time to time.

10. Power to Relax

The Commission may, by general or special order, for reasons to be recorded in writing, and after giving an opportunity of hearing to the parties likely to be affected, relax any of the provisions of these regulations on its own motion or on an application made before it by any interested person.

Secretary

FORMAT

A. Particulars furnished in the Application

1. Title (Name of Scheme)	
2. Brief Scope of Work	
3. Objective / Justification	
4. Estimated Cost	
5. Impact on tariff for next five years	
6. Proposed funding arrangement	

B] Particulars furnished in the PIR

1. Title (Name of Scheme)	
2. Estimated Cost	
3. Scope of Work in brief (major items)	
4. Objective / justification	e.g. i) To meet load growth ii) For catering new consumer iii) Improvement in reliability
5. Funding arrangement	
6. Cost-benefit analysis	
7. Time Frame / Phasing out of expenditure	Completion period. Expenditure 2009-10 Rs. _____ 2010-11 Rs. _____ 2011-12 Rs. _____

Observations / Comments on PIR

<p>1. (a) Prudence of Investment</p> <p>(b) Technical Justification</p>	<p>1. Need / necessity</p> <p>1. Transmission Planning criteria 2. Design Criteria</p>
<p>2. Reasonability of Cost Estimate</p>	<p>1. Reasonableness of Project Cost</p> <p>2. Possibility of Phasing the Capex</p>
<p>3. Comments on Cost-benefit analysis</p>	<p>1. Qualitative parameters 2. Quantative parameters</p>
<p>4. Discrepancy / shortcoming observed</p>	<p>Remarks / Specific comments, if any</p>