

Explanatory Memorandum to Supplementary draft of Central Electricity Regulatory Commission (Grant of Connectivity, Long-Term Access and Medium-Term Open Access in Inter-State Transmission and related matters)(Second Amendment) Regulations, 2009

The Central Electricity Regulatory Commission (Grant of Connectivity, Long-Term Access and Medium-Term Open Access in Inter-State Transmission and related matters] Regulations, 2009 (hereinafter referred to as the "Connectivity Regulations") came into force with effect from 1.1.2010 after approval of the detailed procedure of the Central Transmission Utility. The Commission posted a draft amendment to the Connectivity Regulations on its website on 2.6.2011 inviting comments/suggestions/objections from the stakeholders. The Commission has received comments from a number of stakeholders which are under consideration. The Commission has decided to issue amendment to certain other provisions of the regulations for the reasons given in the succeeding paragraphs and accordingly has made the draft supplementary amendment to the Connectivity Regulations.

2. The Central Transmission Utility (CTU) while granting the long term access (LTA) takes into consideration the Power Purchase Agreements (PPA) between the generator and the beneficiaries. It has come to the notice of the Commission that in some cases even though the PPAs based on which LTA was granted, are terminated, the generators do not intimate about such termination to the CTU and continue to inject power to the grid through short term open access and medium term open access. In such an event, LTA continues to exist even though the underlying PPA has been terminated. In the absence of intimation about termination of the PPA, the CTU cannot take further action to withdraw the LTA and grant

the same to other generator(s) in the same area for utilizing the transmission capacity already planned. As a result, transmission planning is seriously affected. The Commission is of the view that it should be mandatory for the generator or any other person who has been granted LTA, to bring the fact of termination of the underlying PPA to the notice of the CTU as and when it takes place. Thereafter, the CTU would take necessary action in accordance with the regulations to withdraw the LTA and keep the concerned Regional Load Despatch Centre informed. This would enable the CTU to consider the applications of other applicants for grant of LTA and medium term access (MTOA), and also the Regional Load Despatch Centre to consider the transmission capacity for processing the applications for short term open access till the LTA/MTOA is granted by CTU.

3. In order to ensure that the transmission planning is utilized in the most optimal manner, the Commission has decided to bring about an amendment to the Connectivity Regulations as per the proposed draft amendment.