



TPTCL/CERC/KK/FY15/685
10th November 2014

Ms. Shubha Sharma,
Secretary, CERC
3 rd & 4 th Floor, Chanderlok Building,
36, Janpath, New Delhi- 110001

Sub: Staff Paper on Transmission Planning, Connectivity, Long / Medium Term Open Access and Other Related Issues

Dear Madam,

At the outset, we would like to compliment the Hon'ble Regulatory Commission for coming with a draft staff paper on the subject matter. The issues related to the transmission congestion and planning have been very well explained. The various Regulations / Orders have also been explained right from Electricity Act 2003 to CERC (Sharing of Inter-State Transmission Charges & Losses) Regulations, 2010. The issues and concerns faced and raised by various stakeholders have been highlighted.

The Staff Paper also explains about various proposals towards transmission planning which would help in mitigating the transmission congestion being faced by all the stakeholders.

Alternative 1:

Type A: Connectivity plus Full Access

Type B: Connectivity Access

Type C: Connectivity plus Injection Access

The above proposed methodologies had certain merits in terms of transmission planning and demerits in terms of payment of long term transmission charges in the absence of end customer thereby having uncertainty towards reimbursement of Long term transmission charges.

Alternative 2: General Network Access (GNA) Mechanism

The transmission planning would be done based on the availability and requirement declared by the generators and buyers respectively.

Tata Power Trading Company Limited

C-43 Sector 62 3rd Floor Noida 201 307 (U.P.) Tel.: 91 120 666 3000

Website : www.tatapowertrading.com Email : power@tatapowertrading.com

Regd. Office : Corporate Centre, 34, Sant Tukaram Road, Carnac Bunder, Mumbai 400 009

Corporate Identification Number (CIN-U40100MH2003PLC143770)



We are of the opinion that GNA Mechanism should be used for transmission planning as this would be helpful in mitigating the transmission congestion. As already mentioned in the Staff paper, we agree that the success of GNA mechanism would totally depend upon the seriousness of the beneficiary (especially procurer of power) who would be declaring their maximum requirement of power in advance. Also, the central grid strengthening needs to be in sync with the state grid system strengthening. We suggest that CEA (Central Electricity Authority) may be appointed as an Advisor to co-ordinate with the generator / buyer in getting their maximum injection / drawal for future period. Further, in case CEA considers that some amendments are required on the data given by beneficiaries, CEA may take up with the respective beneficiary for getting the revised data.

In addition, some additional penalty may also be levied on the beneficiary who is scheduling power more than its declared maximum quantum of injection / drawal given under GNA.

In addition, there are certain concerns/issues which need to be clarified further. We take this opportunity to share our comments on the following issues:

1. Reimbursement of short term transmission charges:

In case a generator has sought deep connection and is scheduling power on short term basis, we understand that short term open access charges are getting reimbursed to the extent the Long term access is granted to the generator only if the applicant is Generator itself. We are of the opinion that the Open Access charges should be reimbursed irrespective of the applicant i.e. Trader / Buyer / Generator, seeking Short term Open Access.

Secondly, the generator / beneficiary who has taken deep connection shall be given priority, over other applicants, in allotment of same corridor on short term transactions as the Long term beneficiary is already bearing the Long term transmission charges and therefore should be given the first right of usage of the corridor.

Further, in case the Long term corridor, already booked by generator / beneficiary, is being utilized by other applicant on short term / medium term, then the Long term generator / beneficiary shall not be charged of the transmission charges to the extent being utilized by other applicant as the same is being charged from the other applicant. We request Hon'ble Commission to consider the above issue while moving ahead with the Staff Paper.



This would help the Stakeholders to take a long term view of transmission planning and in case the above is allowed, it would be easier for the Stakeholders to seek Long term Access.

2. PROPOSED TRANSMISSION CAPACITY ALLOCATION MECHANISM FOR POWER MARKET- COLLECTIVE TRANSACTIONS:

The above proposal emphasizes on booking of transmission corridor by the clients of Power Exchange in Advance and utilizing the same on Day Ahead Market. As per the present Regulations the transmission corridor under short term Open Access is booked only after the seller and buyer of the power is finalized. Such a concept of booking transmission rights, without an identified customers, would create non-discrimination to other licensee, customers etc who are using the same available corridor in short term. The Day Ahead Collective transaction is being designed to cater to the last minute sale / purchase of power and hence, should not be given much emphasis for Advance transactions. While designing the market, the collective transactions were given priority over bilateral transactions on day ahead basis. Due to the advantage given to Power Exchange, the day ahead market has shifted to Exchange. It has been observed that a good quantum of transmission corridor is made available for collective transactions even on the corridors which are fully booked. In last so many instances including initial days of October 2014, we have experienced that there is no corridor available on ER – NR corridor under Advance / FCFS transactions resulting in rejection on STOA applications. However, it is seen that no congestion is being faced on Power Exchange transactions during these days. The above clearly shows that Power Exchange is already getting advantage in terms of corridor availability as compared to bilateral transactions.

We are aware that it has become mandatory for all the Discoms to procure power under short term bilateral through competitive bidding process and the same is being followed as a standard practice by them. The proposed transmission allocation mechanism will be in contradiction to MoP guidelines for procurement of power on short term basis which may put the Discoms at disadvantage. In addition, transmission congestion is already being faced in short term bilateral transactions. Such a proposal would strongly affect the bilateral transactions and large quantum of requirement may be scheduled on day ahead basis through Power Exchange. This would result in distortion in market. It would lead to situation where an entity has booked the corridor in advance and still is unable to procure power on Day Ahead (Collective transaction). The impact of large volumes on Day Ahead Basis may result in Grid instability.



We are of the opinion that Hon'ble Commission should consider that Open transactions (where both sellers and buyers not identified) shall not be initiated as some of the players with vested interest, would take undue advantage of the concept and would indulge in gaming. Also, the entire short term transaction would shift to Power Exchange wherein the entire Short term ATC shall be scheduled through Power Exchange on Day Ahead Basis and the short term bilateral transactions, with closed contracts may not be scheduled.

Hence, we strongly feel that the market structure should not be altered. Further, in case such type of concept is being considered, then, to maintain a level playing field, the traders may also be allowed to book the transmission corridor without the identified buyer / seller on both sides.

We request Hon'ble Commission to kindly address the above concerns while framing appropriate guidelines.

Thanking You,

Yours faithfully,

For Tata Power Trading Company Limited

A handwritten signature in blue ink, appearing to read 'Sanjeev Mehra', written over a circular stamp.

(Sanjeev Mehra)

Managing Director