



Government of India
Ministry of Power
Central Electricity Authority
System Planning & Project Appraisal Division
Sewa Bhawan, R. K. Puram, New Delhi-110066
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No. 234/27/2015-SP&PA/ 1675-76

Dated: 07-05-2015

To

The Chief (Engineering),
Central Electricity Regulatory Commission,
3rd and 4th Floor, Chanderlok Building
36, Janpath, New Delhi-110001

Subject: CERC's Fourth Amendment to the 'Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters' regulation. - CEA comments

Reference: CERC Notice L-1(3)/2009-CERC & L-1/41/2010-CERC dated 16.04.2015

Sir,

This has reference to CERC's public notice dated 16-04-2015 regarding amendments to its regulations namely- 'Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters Regulations, 2009' and 'Grant of Regulatory Approval for execution of Inter-State Transmission Scheme to Central Transmission Utility Regulations, 2009'. Our views/observations on these amendments are given below:

1. These amendments are in respect of 'Solar Power Park Developer' enabling them to seek connectivity and long term access with ISTS. The duties, and functions of a solar power park developer are mentioned in the MNRE letter no 30/26/2014-15/NSM dated 12-Dec-2014, which has also been stated in CERC's explanatory memorandum circulated with the proposed amendments under reference.
2. As per the CERC draft amendment, a solar power park developer would undertake activities such as 'infrastructural activities including arrangement for connectivity on behalf of the solar power generators', 'all operational and commercial responsibilities for the renewable energy generating station(s) such as grid security, scheduling and dispatch, collection and payment/adjustment of Transmission charges and losses, UI charges, congestion and other charges etc'.
3. The MNRE letter as mentioned above also entrusts a solar power park developer functions such as - develop transmission network within park to collect power from each

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transmit power. As such, the solar park developer shall be provided with the licensing powers of commissioning transmission lines and transmitting power.

Further, the Solar Power Park Developer shall make arrangements for connectivity on behalf of the Solar Park Generations and all operational and commercial responsibilities for the Renewal Energy Generating Stations. They shall also be empowering to schedule and dispatch, collection and payment/ adjustments/ transmission charges and losses, UI charges congestion and other charges etc.

Therefore, it is clear that the Solar Power Park Developer shall be vested with the powers of transmission licensee, Load Dispatch Centre activities which clearly mandates under the provisions of the Act as activities pertaining to LDCs and transmission licensees.

11. It is, therefore, opined that – for a solar park developer to carry out such activities as are being proposed in the CERC regulation and in the MNRE letter dated 12-Dec-2014, necessary amendment would be required in the Electricity Act. Or otherwise, the CERC Regulation needs to be amended in line with the provisions of the Electricity Act.
12. Considering that the matter is interpretation of provisions of Electricity Act, 2003, an advice from Ministry of Law and Justice may also be obtained in the matter before the notification of these regulations.

This issues with approval of Chairperson, CEA


07/05/2015
(Pardeep Jindal)

Director(SP&PA), CEA

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project and transmitting it to the transmission sub-station at the park boundary, provide transmission facility consisting pooling station (with 400/220, 220/66 KV switchyard and respective transformers) to allow connection of individual projects with pooling station through a network of underground cables or overhead lines, provide telecommunication facilities, provide construction power, etc.

4. The above functions as mentioned in the CERC draft amendment and the MNRE letter are either to be performed by a system operator, a transmission licensee or a trading licensee. As such a solar power park developer may be required to obtain suitable license(s) for performing above functions.
5. If the proposed solar power park developer is legal entity to carry out above functions, the modalities of recovery of his investment and efforts through tariff/profit/margin would have to be decided.
6. The duties, functions, responsibilities of a generator, or transmission licensee, distribution licensee, trader, system operator are defined under the Act, whereas, the same have not been defined in respect of a solar power park developer.
7. Restricting only to the company designated by the Central Government, as mentioned in the draft amendment, would be against the essence of encouraging competition as given in the Electricity Act. Thus, if a power park developer is a legal entity to carry out above functions under the Electricity Act, the eligibility to seek connectivity and LTA may also be given to other companies also who may be interested in developing a solar or wind park.
8. Further, as mentioned in the explanatory memorandum to the draft amendments, and also in the MNRE letter dated 12-Dec-2014, if more than 50% of the power is to be absorbed in the host State, then the transmission system for evacuation of power from a solar park may be implemented by the STU.

Further observations on legal aspects:

The matter needs to be examined under the provisions of Electricity Act, 2003 as the complete jurisdiction with regard to generation, transmission, distribution and trading of electricity falls under the legal ambit of Electricity Act, 2003.

9. The Act under Section 27 and 28 provides for constitution and functions of Regional Load Dispatch Centres, Section 30 provides for transmission within a State and Section 31 and 32 provides for Constitution of State Load Dispatch Centres and their functions. Section 34 mandates compliance of Grid Standard to be followed by any transmission licensee. In addition, Section 12 and 14 mandates that no person shall transmit distribute and under take trading in electricity unless he is authorized to do so by license under Section 14 of the Act.

Further, the Central Government has been vested with the powers to establish the RLDC under Section 27 whereas the SLDC shall be established by the State Government. The Central Government and the State Governments have already notified the RLDCs and SLDCs and are operating in the country as well as in the States.

10. The explanatory memorandum to the proposed amendments, in the above said Regulations the Commission have specified that the designated nodal agency will set up the pooling station (with 400/220, 220/66 KV or suitable switchyard and respective transformer) the solar park and will also draw transmission lines to