

The Secretary,  
Central Electricity Regulatory Commission,  
3<sup>rd</sup> & 4<sup>th</sup> Floor,  
Chanderlok Building, 36, Janpath,  
New Delhi – 110 001

No.: 114112016/JSL

Dated: 14.11.2016

Sub.: **Public Hearing on (a) Draft Central Electricity Regulatory Commission (Grant of Connectivity, Long-term Access and Medium-term Open Access in Inter-State Transmission and related matters) (Sixth Amendment) Regulations, 2016; (b) Draft Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges & Losses) (Fifth Amendment) Regulations, 2016 and (c) Draft Central Electricity Regulatory Commission (Communication System for Inter-State transmission of Electricity) Regulations, 2016. – Comments of M/s Jindal Stainless (Hisar) Limited, Hisar.**

Sir,

This has reference to the Public Notice dated 02.11.2016 issued by your office on the subject matter and the documents placed on CERC website in this regard. We have gone through the documents carefully and do appreciate the initiative taken by the Hon'ble Central Commission. Our comments/suggestions are given hereunder;

**I. General Comments:**

1. Kind attention is invited to the functions of Central Transmission Utility as prescribed under S.38 of the Electricity Act, 2003, which reads as under,
  - (2) *The functions of the Central Transmission Utility shall be -*
    - (a) *to undertake transmission of electricity through inter-State transmission system;*
    - (b) *to discharge all functions of planning and co-ordination relating to inter-State transmission system with -*
      - (i) *State Transmission Utilities;*
      - (ii) *Central Government;*
      - (iii) *State Governments;*
      - (iv) *generating companies;*
      - (v) *Regional Power Committees;*
      - (vi) *Authority;*
      - (vii) *licensees;*
      - (viii) *any other person notified by the Central Government in this behalf;*
    - (c) *to ensure development of an efficient, co-ordinated and economical system of inter-State transmission lines for smooth flow of electricity from generating stations to the load centres;*
2. Therefore, it is one of the basic duties of the Central Transmission Utility (CTU) to plan, coordinate, develop an efficient, co-ordinated and economical system of inter-State transmission lines for smooth flow of electricity from generating stations to the load centres. Thus the functions of CTU are not restricted to only develop the transmission system for the existing generating stations but even for the likely generating stations, and load centres, which are planned or might come in future. No doubt there are inherent delays and slippages in the execution of projects or growth of loads. The planning has to be done taking into account future projections based on the Load Surveys carried out by the Central Electricity Authority.

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3. The development of transmission facility and erection of inter-State transmission lines take lot of time and therefore, these have to be planned and executed much before the availability of the new generation capacity or the loads. The past experience shows that there have been serious transmission constraints in development of inter-State power evacuation systems due to which surplus power in one region could not flow to the other regions.
4. It is immaterial whether power flows on account of Long-term Open Access or Medium-term or Short-term Open Access, the power is to flow irrespective of its duration and the transmission system has to be in place to meet the demand of all types of open access consumers.
5. In this background, our Specific comments on the proposed amendments in Regulations are as follows;

**II. Proposed Amendment to CERC (Grant of Connectivity, Long-term Access and Medium-term Open Access in Inter-State Transmission and related matters) Regulations:**

6. **Amendment to Regulation 2 of the Principal Regulations;**  
The amendment proposes reduction of the minimum period for long-term from present 12 years to 7 years. It needs to be considered that long-term open access was categorized keeping in view the fact that the power projects generally have a life of 25 years and the debts are repaid in first 12 years. As such after 12 years the project is free from loan burden and becomes free from encumbrances. Thus the period over 12 years and up to 25 years was considered as Long-Term. By reducing this period further to 7 years will upset the very concept of keeping it as 12 years as the project capital loans would still be there unpaid.
7. **Amendment in Sub Clause (o) of Clause (1) of Regulation 2 of the Principal Regulations** proposes refixation of the maximum period for medium-term open access from present 3 years to 5 years. The proposal does not have adequate merit as the problem being faced with the existing provision has not been brought out. Whether it is up to 3 years or 5 years, the MTOA customer has the option to get permission for another period of 3 years again. So increasing to 5 years will not give any relief.
8. **Amendment of Regulation 8 of Principal Regulations:**  
The amendment proposed to Clause (8) of Regulation 8 of the Principal Regulations needs to be reconsidered. Once the dedicated line is being constructed by CTU under coordinated transmission planning, the individual generating company should not be asked to pay transmission charges and it should be a part of the POC pool as that of other lines. Only if the generating company requests for execution by CTU, then these charges may be levied on the generating company.
9. **Amendment of Regulation 9 of the Principal Regulations:**  
The amendment proposed to Clause (2) of Regulation 9 of the Principal Regulations will result in restricted grant of MTOA and resultant redundancy or insufficient use of the transmission system. What could be done is to make a realistic assessment of the lines being available and existing redundancies while granting MTOA.

10. **Insertion of a new Regulation 15B in the Principal Regulations:**  
The proposed Regulation anticipates curtailment of the open access granted to MTOA under certain eventuality of LTOA after getting PPA entered and showing readiness to avail open access. While doing so it has to be kept in view that the MTOA consumer is not unduly put to financial burden. After all MTOA must have tied up power to be wheeled and made commitment to the generator or seller. Therefore, MTOA cannot be left in lurch because of the PPA not having been signed by the LTOA in time.
11. **Insertion of a new Regulation 16B in the Principal Regulations:**  
The proposed insertion of Regulation 16B is a welcome step but the reason given by the LTA/MTOA should be given due weightage as there could be reasons beyond one's reasonable control.
12. **Amendment of Regulation 19 of the Principal Regulations:**  
With the proposed amendment in Clause (2) of Regulation 19 of the Principal Regulations, the outer limit of applicability of MTOA is being relaxed from 1 year to 2 years. The net impact would be that there would be tendency to submit non-serious applications for periods as long as two years. Even with the existing arrangement there were not many hurdles or problems. The need for proposed amendment may please be reviewed.
13. **Insertion of new Regulations 33A and 33B:**  
We find the proposed insertion of new Regulations is in order as it will help in resolving problems connected with the implementation of the Regulations.

**III. Proposed Amendment to Central Electricity Regulatory Commission  
(Sharing of Inter-State Transmission Charges & Losses) Regulations, 2010:**

14. **Amendment to Regulation 7 of the Principal Regulations:**  
We feel that the proposed addition at the end of Sub-clause (q) of Clause (1) of Regulation 7 is in order and will be able to recover Reliability Support Charges from DICs in a systematic manner.
15. The proposed addition of new Sub-clause (y) to Clause (1) of Regulation 7 of the Principal Regulations aims at giving exemption from levy of transmission charges and losses to wind based generation for the use of ISTS network with specific conditions i.e.
- (i) Projects should be awarded through competitive bidding process;
  - (ii) Projects commissioned till 31.03.2019;
  - (iii) Applicable for a period of 25 years from the date of commissioning of the project;
  - (iv) Only for the projects entering into PPA for sale of electricity to the Distribution Companies for compliance of their RPO.

We understand that this exemption has been proposed to promote wind based power generation like that of solar based generation. The conditions being imposed are quite restrictive in nature. Better course would be to give such exemption to all wind based projects irrespective of other riders.

Even the last condition of PPA with Distribution Companies is quite dicey as it does not qualify as to entire power is to be sold to Distribution Company or a part to Distribution Licensee and rest to other Obligated Entries. Moreover, this exemption would not be applicable to the Distribution Companies buying wind based power for reason other than meeting RPO.

We would suggest that this exemption should be given to all wind based projects irrespective of the award of project through competitive or bilateral manner and whether it is sold to Distribution Company or any other Obligated Entity.

**16. Amendment to Regulation 8 of the Principal Regulations:**

The proposed addition of 4<sup>th</sup> proviso to Clause (5) to Regulation 8 of the Principal Act is equitable and we support it.

**17.** We also support the proposed addition of new Cause (7) to Regulation 8 of Principal Regulation as it will help in bridging the intervening period.

**18. Amendment to Regulation 9 of the Principal Regulations:**

The PoC charges include the entire charges incidental to the use of ISTS. There is no justification to differentiate between LTOA, MTOA and/or STOA in this regard. The proposed amendment is basically wrong when it reads,

*(1) The transmission charges for MTOA customers who are not availing LTA to target region for the capacity under MTOA shall be charged 1.25 times of the LTA POC rates as notified by the Commission from time to time.*

*(2) The transmission charges for STOA customers who are not availing LTA to target region for the capacity under STOA shall be charged 1.35 times of the normal STOA POC rates as notified by the Commission from time to time.*

How can a MTOA or STOA customer avail LTA to target region? Because such customer is not availing LTA he is categorized as MTOA or STOA otherwise he would even otherwise fall in the LTA category.

Hence there is no justification to levy higher PoC charges from MTOA or STOA customers. The proposed amendment is discriminatory in nature and would unnecessarily burden the MTOA and STOA customers. Hence the proposal should be dropped and existing Regulation be allowed to continue.

**19. Amendment to Clause (4) to Regulation 11 of the Principal Regulations:**

The addition proposed after subpara (1) of Para 4 of Regulation 11 is also discriminatory in nature as already commented on proposed amendment to Regulation 9 of Principal Regulation above. The PoC transmission rate should be same for all customers whether LTOA or MTOA or STOA. This will amount to charging different rates for LTA and MTOA facilities for the use of the same ISTS network. Hence the above proposed amendment may please be dropped/withdrawn.

The proposed addition after subpara (2) of Para 4 of Regulation 11 does not sound to be practical. The very assumption that a generator may have connectivity over and above LTA + MTOA sounds superfluous. The connectivity is for the entire quantum of power to be exported from the generating station. Therefore, either the generator will export generated power under LTA or MTOA or STOA, which has to be all combined within the connectivity range. Hence the Reliability Support has to be based on connectivity granted only. Hence the proposed amendment has no justification and may please be withdrawn.

**20. Amendment to Clause (5) to Regulation 11 of the Principal Regulations:**

The proposed amendment is in order and will help in clarifying the extent of adjustment on account of MTOA.

21. **Amendment to Clause (6) to Regulation 11 of the Principal Regulations:**  
In the proposed substituted Clause (6) of Regulation 11 of Principal Regulation, two changes are noticed i.e. (i) the period of adjustment has been reduced from 6 months to 3 months, (ii) the adjustment on account of variation in interest rates has been deleted. While we appreciate the quarterly adjustment over half yearly adjustment, the deletion of adjustment on account of variation in interest rates does not seem to be in order. This aspect may please be reconsidered.
22. **Amendment to Clause (9) to Regulation 11 of the Principal Regulations:**  
The amendments proposed in the Second and Third proviso to clause (9) of Regulation 11 need to be reworded as the proposed wording is not clear and in a way confuses the issues.
23. **Amendment to Annexure of the Principal Regulations:**  
Amendment proposed to sub-clause under Para 2.8.1 c seems to be in order and may help in clarifying certain specific situations. We endorse this substitution.

The above comments/suggestions may kindly be considered while finalizing the proposed amendments in the Regulations.

Truly yours,



**R.K.Jain**

Advisor/Legal & Power  
987222792

For and on behalf of  
M/s Jindal Stainless (Hisar) Limited,  
OP Jindal Marg, Hisar  
Haryana