



15th Nov 2016

TPTCL/CERC/NS/FY17/298

Secretary,
Central Electricity Regulatory Commission
3rd and 4th Floor Chanderlok Building,
36, Janpath
New Delhi 110001
Tel No.:011-23753915 / Fax No.:011-23753923

Dear Sir,

Sub: Comments on Draft sixth Amendments to CERC Regulations on (Grant of Connectivity, Long Term Access and Medium term Open Access) Regulations, and draft fifth Amendments to CERC (Sharing of ISTS charges and losses) Regulations

Reference public notice No. L-1/(3)/2009-CERC, dated 28.10.2016 and L-1/44/2010-CERC, dated 28.10.2016 as issued by the Hon'ble Commission, please find enclosed Annexure for our comments on the above draft Regulations.

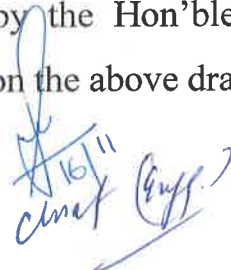
Thanking you,

Yours sincerely,

For Tata Power Trading Company Ltd.


(Prashant Sharma)

Head -Commercial


16/11
Chief (Engg.)

12009/855
16/11/16

Tata Power Trading Company Limited

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Annexure

Draft Amendments on CERC (Grant of Connectivity, Long Term Access and Medium term Open Access) Regulations

1. Regulation 2 (1)(l)

“**Long-term Access**” means the right to use the inter-State Transmission system for a period exceeding 7 years but not exceeding 25 years.

Comments

We appreciate that Hon'ble Commission has proposed to align period of long term Access with period of long term contracts in line with the guideline of GoI for determination of tariff by Bidding Process. It may encourage signing of Long term PPAs with Distribution Companies in future. This would also help in creating transmission system for catering Long term Access as well as facilitating power scheduling under MTOA/STOA, with increased available margin.

However, we would request Hon'ble Commission to consider the tenure of Long term PPAs in case of Hydro Power Projects, for a period up to 35 years, which is according to the Tariff Policy notified on 28th January 2016.

2. Regulation 2 (1)(o)

Medium-Term Open Access means the right to use the inter-State Transmission system for a period equal to or exceeding 1 year but not exceeding 5 years.

Suggestion

2(1)(o)

Medium-Term Open Access means the right to use the inter-State Transmission system for a period exceeding 3 months but not exceeding 5 years.

Comments

We would like to submit that if MTOA starts from one year period, it is expected that volume of STOA transactions will replace the MTOA which starts from 4 months, as per existing

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provisions of the Regulations. This would increase the Trader's dependence on STOA transactions which are likely to be curtailed further due to prevailing low ATC (Available Transfer Capability) for STOA, between different regions. Also, Open Access consumer who are entering PPA with Trader/Buyer, for less than one year are dependent upon MTOA, for booking the corridor for few months. Generally Open Access consumers apply MTOA for booking the corridor for 4-6 months. Hence, revised timeline for MTOA i.e. from one year would restrict such Open Access consumer seeking MTOA for shorter duration, resulting in more risk for such consumers as corridor against STOA would either be partially granted due to prevailing transmission congestion or would not be granted due priority to MTOA/LTA customers over STOA customers.

Further, there are tenders from DISCOMs for a period of up to 1 year. In such cases power was being supplied through MTOA as STOA is granted for a period of 1 month only. In case MTOA period is revised to 1 year, power supply through such tenders would be difficult. Considering the fact that more DISCOMs are moving towards buying power on short term, the period of MTOA may remain same i.e. "More than 3 months" as per the present regulations. It may continue to encourage to the customers who wish to schedule power for few months with a higher priority of booking the transmission corridor to STOA customers, in accordance with existing regulations.

In view of above, we would request Hon'ble Commission to make no changes in existing lower limit of MTOA i.e. "period exceeding 3 months".

3. New Regulation - 15 B Firming up of Drawl or Injection by LTA Customers

The Long Term Access Customer who has been granted long term access to a target region shall, after entering into power purchase agreement for supply of power to the same target region for a period of not less than one year, notify the Nodal Agency about the power purchase agreement along with copy of PPA for scheduling of power under LTA

Provided that scheduling of power shall be contingent upon the availability of last mile transmission links in the target region:

Provided further that on receipt of the copy of the PPA, CTU shall advise concerned RLDC for scheduling of power at the earliest, but not later than a period of one month:

Provided also that if the capacity required for scheduling of power under LTA has already been allocated to any other person under MTOA and/or STOA, then MTOA and/or STOA shall be curtailed in accordance with priority for curtailment in accordance with Regulation 25 of these Regulations corresponding to the quantum and the period of the PPA:

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Provided also that when capacity under existing MTOA are curtailed for considering scheduling of power under the PPA of the Long term Access Customer, such MTOA customer shall be permitted to relinquish its MTOA without any relinquishment charges.”

Comments

We would like to draw your kind attention on new draft regulation that subsequent to LTA, LTA customer may start scheduling power after entering into PPA of not less than one year. However, if the same LTA customer has signed Medium term contract with a DISCOM and wishes to apply for MTOA at near about start of LTA, he will have to wait for minimum 5 months (as per existing provision of Regulations) before scheduling power under MTOA, while in the proposed new regulation same customer can start scheduling power within one month after signing PPA of not less than one year. In this case, in absence of LT PPAs, the LTA customer may not be able to enter into any Medium term contract and apply for MTOA because of minimum time of 5 months before start of power scheduling under MTOA.

In view of above a clarification is solicited so that the issue of start of scheduling power under MTOA can be suitably addressed.

Further, we would like to submit that STOA customers should not be charged in case the corridor is curtailed due to operationalization of LTA.

Suppose there are two customers A and B who have been granted Long Term Access but they are scheduling power under MTOA. Further, there are two other customers C and D who have taken MTOA only and no LTA.

At a given point in time, all four are scheduling power through MTOA. Now, if customer A gets a long term PPA, it may kindly be clarified that whose MTOA amongst customers B, C and D shall be curtailed first. It is suggested that MTOA may be curtailed on pro-rata basis

It is not clear whether proposed new regulation intends that LTA customer would not need to re-apply for MTOA or the intent here is to give LTA customer only a preference in MTOA allocation.

Further, we would like to submit that new proposed regulation 15 B should also include the role of a Trading licensee in case of Long Term Access granted to a generator and Trader has a PPA/PSA with that generator and a buyer, for more than one year. In this regard, scheduling of power under LTA through Trader/Generator and offset facility for Injection and Withdrawal POC charges should be allowed.

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4. New Regulation - 16 B Underutilization of Long Term Access and Medium Term Open Access

In case it is observed by RLDCs that the LTA / MTOA customer's request for scheduling is consistently (for more than 5 days) lower than the capacity granted by the Nodal Agency (i.e. CTU), RLDC may issue a notice to such LTA/MTOA customer asking the reasons for such Under-utilization. The LTA/MTOA customer shall furnish the reasons for such under-utilization and will provide such details like the reduced requirement, likely period, etc. by the following day. The un-utilized transfer capability will then be released for scheduling of Medium term and Short-term open access transaction depending upon the period of such underutilization with a condition that such transaction shall

Comments

It is our humble submission that capacity should be reallocated to original customer only after the completion of required period given for scheduling power under MTOA/STOA, released against un-utilized capacity under LTA/MTOA.

5. Regulation 19(2)

The start date of the medium-term open access shall not be earlier than 5 months and not later than 2 years from the last day of the month in which application has been made.

Suggestion

19(2)

The start date of the medium-term open access shall not be earlier than 90 days and not later than one year from the last day of the month in which application has been made.

Comments

We would like to draw your kind attention on Standard Bidding Document issued by Gol on 20th August 2015 in which a supplier has to take medium term open access within 90 days of signing of PPA.

In view of above, we would request that start of MTOA shall be not earlier than 90 days from the last day of the month in which application has been made.

Further, the maximum time available before start of MTOA should not exceed one year i.e. it should remain same as per the existing provision of the Regulation.

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Other issues

Issue of offset of withdrawal POC charges in case of scheduling power through Exchanges

May request Hon'ble Commission to consider the following appropriately.

A Generator has been granted Long Term Access and he is paying all required POC charges for the capacity which is not yet firmly tied up. In this case a Trader as an applicant/member can schedule this untied power through Power Exchanges under STOA. In this regard, it is submitted that withdrawal POC charges may be offset from next POC bill on LTA Customer, similar to offset of Injection POC charges, because withdrawal POC charges in this issue are also recovered from buyers availing this power through Power Exchanges.

Draft Amendments on CERC (Sharing of ISTS charges and Losses) Regulations

6. Regulation 9(I)

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.

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.

Provided that the surplus charges collected under above clauses shall be reimbursed back to DICs paying charges under first bill in the next month.

Suggestion

No change in existing regulation 9(I) is required.

Comments

We would like to submit that the generator who has been granted the Connectivity in accordance with prevailing regulation, if not able to tie up firm PPA with beneficiary in target region is dependent upon STOA and MTOA, for scheduling of its power. Such generator has to depend upon short term power procurement which is being done through competitive

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bidding. Further in such a case, generator is not given priority over MTOA/LTA customers for booking of the transmission corridor. Hence, many a times, corridor is not booked in STOA due to limited margin available.

Further, one of the major reasons for generators not selling on long term is due to the fact that long term/medium term bids are not invited/closed by DISCOMs. DISCOMs themselves are preferring to buy power for shorter duration.

Hence, it may not be appropriate to charge higher transmission charges from MTOA/STOA customers. Further it may kindly be clarified that whether surplus collected shall be shared across all DICs or will be shared between DIC of a particular region only.

We therefore request Hon'ble Commission not to increase the rates of MTOA and STOA.

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