

Date:15.11.2016  
Ref No.:VL/NM/CERC/151101

The Secretary  
Central Electricity Regulatory Commission  
3rd & 4th Floor, Chanderlok Building,  
36, Janpath, New Delhi- 110001.


Subject: Comments on draft CERC (Sharing of Inter State Transmission Charges and Losses) (Fifth Amendment) Regulations, 2016 and on Draft CERC (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) (Sixth Amendment) Regulations, 2016

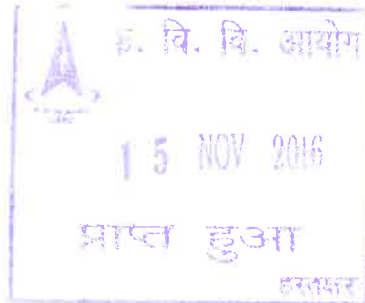
Ref: Draft notification No. L-1/(3)/2009-CERC & L-1/44/2010 Dated 28.10.2016

Sir,

With reference to the above cited draft notifications vide Hon'ble commission has invited comments on said draft regulations, we would like to put forth our comments and suggestions, enclosed and marked as Annexure A for Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters and Annexure B for Sharing of inter-State Transmission Charges & Losses.

We request you to kindly consider the same before issue of final notifications.

Thanking you,  
  
Yours faithfully,  
For Vedanta Limited,



(Authorized Signatory)

- Encl:** 1. Annexure A: Comments on for Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters  
2. Annexure B: Comments on Sharing of inter-State Transmission Charges & Losses

## Proposed amendments in CERC (Grant of Connectivity, LTOA & MTOA in Inter-state Transmission and related matters)

S.No.	Clause No.	Proposed Clause	Remarks/Comments
1.	Sub-clause (l) of clause (1) of Regulation 2	<p>"long-term Access" means the right to use the inter-State Transmission system for a period exceeding <u>7 years</u> but not exceeding 25 years</p>	<p>By reducing period for LTOA from 12 years, CERC has taken a very good initiative. We further request Hon'ble commission to reduce this period for 5 years instead of 7 years. This will attract utilities/Discoms to come-up with more new long term contracts. As under long term contracts, coal linkage will be available resulting into decrease in cost of power supply and increase in reliability.</p>
2.	Sub Clause (o) of clause (1) of Regulation 2	<p>Medium-Term Open Access means the right to use the inter-State Transmission system for a period equal to or exceeding <u>1 year</u> but not exceeding 5 years;"</p>	<p>Since STOA is granted for just one month, there should be a provision to secure OA for more than 1 month span for bringing certainty of supply. Hence the MTOA span should from 3 months to 5 years</p>
3.	Clause (8) of Regulation 8 of the Principal Regulations	<p>The dedicated transmission line from generating station of the generating company to the pooling station of the transmission licensee (including deemed transmission licensee) shall be developed, owned and operated by the applicant generating Company. The specifications for dedicated transmission lines may be indicated by CTU while granting Connectivity/ Long term Access/Medium term Open Access: Provided that in case of a thermal generating station of 500 MW and above and a hydro generating station or a generating station using renewable sources of energy of capacity of 250 MW and above, CTU shall plan the system such that maximum length of dedicated transmission line shall not exceed 100 km from switchyard of the generating station till the nearest pooling substation of transmission licensee: Provided that where the dedicated transmission lines have already been constructed/are under construction by CTU under coordinated transmission planning:</p> <p>(a) The transmission charges for such dedicated transmission lines shall be payable by the concerned generating company to the transmission licensee (including deemed transmission licensee) from the date of COD of the dedicated line till operationalization of LTA of the generating station of the generating company:</p> <p>(b) After operationalization of the LTA, the dedicated transmission line shall be included in the POC pool and payment of transmission charges for the said dedicated transmission line shall be governed as per the CERC (Sharing of inter-state transmission charges and losses) Regulations, 2010 as amended from time to time.</p>	<p>Large plants are nodal points for the transmission system. Considering this fact, these transmission system should be planned and executed by PGCIL only. This will increase grid reliability.</p>

4.	Clause (2) of Regulation 9	<p>the words "or the transmission system under execution" shall be deleted.</p> <p><b>Firming up of Drawl or Injection by LTA Customers:</b>  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:  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."</p>	<p>Since PGCIL is expanding infrastructure only for requisitioned LTA, suggested provision would practically eliminate a MTOA. Hence the proposed amendment shall be taken back.</p>
5	Regulation 15B		<p>In present market scenario Utilities/Discoms are avoiding new LTA/MTOA contracts and imposition of such clause may detrimental for transmission network expansion. Further this increment of STOA/MTOA charges will make open access challenging. Therefore, we wish to proposed following:</p> <ol style="list-style-type: none"> <li>1. concept of target region should be abolished and PGCIL should expand transmission infrastructure based on reliable projections.</li> <li>2. There should be parity in transmission charges for all class of consumer to avoid complexities.</li> </ol>
6	Clause (2) of Regulation 19	<p>The start date of the medium-term open access shall not be earlier than 5 months and not later than <u>2</u> years from the last day of the month in which application has been made</p>	<p>In MTOA, there is no provision of augmentation of transmission network and consent from states (wherever applicable) is submitted along with the applications itself. Therefor Hon'ble commission may consider to reduce the time frame for starting commencement of power flow from not earlier than 5 months to 3 months. This will give a boost to MTOA transactions.</p>

## Proposed amendments in CERC (Sharing of Inter State Transmission Charges and Losses)

S.No.	Clause No.	Proposed Clause	Remarks/Our comments
1.	Sub-clause (q) of Clause (l) of Regulation 7	<p>“Additionally, Reliability Support Charge shall also be <i>payable by a DIC for the quantum of Connectivity granted by CTU from the date of physical Connection to ISTS including the case where DIC is not availing any LTA / MTOA</i> provided that the total quantum for the purpose of Reliability Charge shall not exceed the quantum of Connectivity granted to a DIC:</p> <p>Provided further that if Connectivity has been sought in a phased manner, Reliability charges shall be billed accordingly:</p> <p>Provided also that Reliability Support Charge paid by a DIC under STOA shall be off-set against the quantum covered under Connectivity.”</p>	<p>As CERC (Sharing of Inter State Transmission Charges and Losses) (Third Amendment) Regulations, 2015, Reliability Support Charges means "the Charge for reliability benefits which accrue to the DICs by virtue of operating in an integrated grid." This definition clearly indicate that reliability support charges are being levied on account of reliability only and reliability of the transmission system can be considered only when power is flowing through such system. Hence charging reliability support charges on the basis of connectivity is not in line with the principle of natural justice.</p> <p>Further, Any charges related to the transmission system should be applicable only up to extent of use of such system. In case DIC is not availing OA and not using transmission system, than it should not be liable to pay any charges.</p> <p>Furthermore, charging reliability support charges on connectivity basis will put additional economical burden on Generators which are presently back down or not running on full capacity due to low demand/non or less availability of transmission corridor/any other reason. The generator(s) will force recover these charges from utilities and subsequently impact will pass on to the end consumer.</p>

2.	New Sub clause (y) to Clause (1) to Regulation 7	<p>"No transmission charges and losses for the use of ISTS network shall be attributed to wind based generation for the projects awarded through competitive bidding and commissioned till 31.3.2019. This shall be applicable for a period of 25 years from the date of commissioning of such projects.</p> <p>Provided that such waiver will be available only for the projects entering into Power Purchase Agreements (PPAs) for sale of electricity to the Distribution Companies for compliance of their renewable purchase obligation."</p>	<p>This is requested to Hon'ble commission to waive off transmission charges and losses for all sources of RE power (as recognized by MNRE). Further this exemption should not be limited to the projects having PPA with Discoms only. The exemption should be available for all OA transactions for utilities as well as industrial consumers.</p> <p>Presently cost of RPO compliance is already very high, both for utilities (ultimately to be borne by end consumers) as well as Open access consumers. As a result, REC market is almost non-functional and even RE generators are also suffering huge losses. Therefore, we request Hon'ble commission to consider the request of waiving transmission charges and losses for all RE sources for all open access transactions.</p>
3	Sub-clause (1) of Regulation 9	<p>"(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.</p> <p>(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.</p> <p>Provided that the surplus charges collected under above clauses shall be reimbursed back to DICs paying charges under first bill in the next month.</p>	<p>This move of increasing POC charges for STOA and MTOA shall affect the present market scenario, where Discoms are able to cut down power purchase expenses by procuring power at cheap prices, under STOA. Further, aim for introducing POC was to strengthen the short term market as well. Therefore, we request Hon'ble commission not to increase POC rates for STOA and MTOA.</p> <p>Furthermore, we request Hon'ble commission to abolish the target region concept and expansion PGCIL should expand transmission infrastructure based on reliable projections.</p> <p>There should be parity in transmission charges for all class of consumer to avoid complexities</p>

4	subpara (1) of Para 4 of Regulation 11	<p>For DICs having MTOA over and above LTA:  <math display="block">\left[ \text{PoC transmission rate of demand zone in Rs / MW/month} \right] \times [1.25] \times [(\text{approved withdrawal}) / (\text{approved injection})]</math></p>	<p>We request Hon'ble commission to make all open access charges uniform irrespective of LTA/MTOa or STOA.</p>
5	subpara (2) of Para 4 of Regulation 11	<p>For Generators having Connectivity over and above LTA + MTOA.  The MTOA shall be considered in addition to LTA only if it is over and above LTA.  <math display="block">[\text{Reliability y Support Rate in Rs / Mw/Month}] \times [\text{Connectivity Quantum} - (\text{LTA} + \text{MTOA})]</math></p>	<p>We request Hon'ble commission to make all open access charges uniform irrespective of LTA/MTOa or STOA.</p>
6	Sub clause under Para 2.8.1.c of Annexure	<p>Reliability Support Charges shall be 10% of the Monthly Transmission Charges. The Reliability Support Rate, in Rs/MW/month shall be as under:  Reliability Support Charge for Withdrawal DIC shall be obtained by multiplying the above rate (in Rs/MW/month) by Approved Withdrawal (LTA/MTOA). For Generator with Long term Access to target region shall be obtained by multiplying these charges by Approved Injection. For Generators whose Connectivity is for quantum more than its LTA+MTOA, Reliability Support Charges shall be obtained by multiplying the above rate by <math>[\text{Connectivity quantum} - (\text{LTA} + \text{MTOA})]</math>.</p>	<p>A rate of 10% is too high for calculating reliability support charges. The reliability support charges shall be linked with the availability of the transmission system. Furthermore, reliability support charges not to be linked with monthly transmission charges a per POC rates. It should be calculated/determined as a separate standard charge per unit.</p>