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Ref: APL/CERC/15112016
Date: 15th November, 2016

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

Subject: Comments 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

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Comments on Draft CERC (Sharing of Inter-State Transmission Charges & Losses) (Fifth Amendment) Regulations, 2016

Dear Sir

With reference to the comments invited by the Hon'ble Commission on the above mentioned Draft Regulations, we hereby submit our comments on the same in the files attached herewith. Request you to kindly take the same on record.

Handwritten signature and date: 15/11/16

Thanking You
For Adani Power Limited

Handwritten signature

Authorized Signatory

Encl: As per above

160718/15-11-16

Comments on the CERC (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) (Sixth Amendment) Regulations, 2016

Sl. No	Draft amendment	Suggestion	Rationale
1	<p>Amendment of Regulation 8 of Principal Regulations: Clause (8) of Regulation 8 of the Principal Regulations shall be substituted as under:</p> <p>"(8) The dedicated transmission line from generating station of the pooling 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:</p> <p>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</p>	<ul style="list-style-type: none"> Only those generators who can fulfil criteria for "Dedicated Transmission Line" should be asked to construct such line, else it should be constructed as a licensed line through competitive bidding only. 	<ul style="list-style-type: none"> Generators should not be asked to construct the line as dedicated if there is already an existing line at the Generating Station or it is not possible to maintain dedicated nature of such line.

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	<p>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: (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 operationalisation of LTA of the generating station of the generating company; (b) After operationalisation 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>		
2	<p>Amendment of Regulation 9 of the Principal Regulations: In Clause (2) of Regulation 9 of the Principal Regulations, the words "or the transmission system under execution"</p>	<p>There is no need to delete the underlined portion; however the provision may be amended to the extent specified in the rationale.</p>	<p>Under Regulation 19, CERC has proposed that the start date for MTOA shall be "not earlier than 5 months and not later than 2 years". During such period, there is possibility of addition of substantial</p>

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	shall be deleted.		<p>evacuation capacity which will have to be taken into consideration while granting MTOA.</p> <p>However, the concern of delay in execution of any specific transmission system may be addressed by incorporating provision that MTOA is subject to operationalization of specific transmission system and in case of delay, grant of MTOA shall also be postponed to that extent without any contingent liability on the part of any of the stakeholders.</p>

Comments on the CERC (Sharing of Inter-State Transmission Charges and Losses) (Fifth Amendment) Regulations, 2016

Sl. No	Draft amendment	Suggestion	Rationale
1	<p>Amendment to the Regulation 7 (2) of the Principal Regulations:</p> <p><i>(2) A New Sub clause (y) to Clause (1) to Regulation 7 of Principal Regulations shall be added as under:</i></p> <p><i>"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.</i></p> <p><i>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."</i></p>	<p>We suggest to amend the sub clause (v) to clause (1) to Regulation 7 of Principal Regulations as under:</p> <p>"No transmission charges and losses for the use of ISTS network shall be attributed to Solar based generation for the projects awarded through competitive bidding and commissioned till 31.3.2022. This shall be applicable for a period of 25 years from the date of commissioning of such projects."</p>	<p><u>Discrimination among the Solar & Wind based generation:</u></p> <p>There should not be any discrimination among the Solar & Wind based generation and similar dispensation should be allowed to solar energy.</p> <p>Earlier, discrimination was there and such waiver allowed only solar based generation till 30.6.2017. Therefore, Tariff Policy notified on 28.01.2016 provides at para 6.4 (6) as follows:</p> <p><i>"In order to further encourage renewable sources of energy, no inter-State transmission charges and losses may be levied till such period as may be notified by the Central Government on transmission of the electricity generated from solar and wind sources of energy through inter-state transmission system for sale"</i></p> <p>As mandated, Central Government issued a Notification dated 14.09.2016 in this regard and such dispensation also extended to wind based generation. However, the said notification not extended such waiver to Solar power project commissioned beyond 30.06.2017.</p> <p>Such discrimination among wind and solar based generation was not the intention of the Government; otherwise, it could have been specifically stated in the Tariff Policy.</p> <p><u>Solar Power Projects being set-up on fertile land</u></p> <p>It's a responsibility of the Hon'ble Commission to promote inter-State sale of solar power by setting up such projects in</p>

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			<p>Solar resource rich States like Rajasthan & Gujarat, where abundant barren land are available to other resource deficit states where states are as on date setting up projects on fertile land. According to us it would be a criminal offence to put a solar project on the fertile land.</p> <p>Low solar resource States. (North East, West Bengal, Himachal, J&K, Uttaranchal) and densely populated states (New Delhi, Haryana, UTs etc), are mandated to comply with RPO as per the Tariff Policy. Investment on project to be set in those States and that effort may be futile given either the projects will never come up or shall be at significantly high Tariff. ISTS connected Solar Plants from Solar Resource and Barren Land rich States is most optimal solution for them.</p> <p>For Wind, the concept of ISTS based power plants is already being promoted. Recently a tender has been floated for 1000 MW of such capacity to enable most efficient Wind Sites generate lowest cost power and supplied through ISTS to RPO deficit States. Similar concept need to be followed for Solar as well.</p> <p>If the waiver of the transmission charges and losses not extended to projects commissioned after 30.06.2017, it would increase the landed cost of such power to the beneficiary states. Distribution Licensees of majority States, having fragile financial health would avoid such procurement impacting their financials may derail the Government of India's target.</p> <p><u>Fate of Success of Solar Parks</u></p> <p>The Ministry of New & Renewable Energy (MNRE), Government of India, in December, 2014 issued Scheme for setting up at least 25 solar parks each with a capacity of 500 MW and</p>

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			<p>above with a target of over 20,000 MW of solar power installed capacity in a span of 5 years from 2014-15 to 2018-19. Out of 20,000 MW, major stakes are from the states like Rajasthan, Madhya Pradesh and Gujarat with a capacity of 3351 MW, 2750 MW and 700 MW respectively.</p> <p>Since states like, Gujarat and Rajasthan are fulfilling their Solar Power Purchase Obligation (SPPO), this solar resource rich states are not willing to buy more than their SPPO target. Such power is require to be transmitted to other States.</p> <p>Based on existing provision, the CTU Connected solar power projects in solar resource rich states would be able to sale of power to other Non-Solar resource rich states at the same cost of generation in the solar resources rich state. The landed cost of solar power will be increased, if inter-state transmission charges and losses would be levied on transmission of electricity through the Solar Power Projects.</p> <p>However, not extending the waiver of inter-state transmission charges and losses beyond 30.06.2017, would have impact on the upcoming solar power parks in such States. Due to that it would be difficult to attract an investment in the upcoming solar park and the flagship scheme of MNRE to achieve a target of 20,000 MW solar power form solar park may be failed.</p> <p><u>Time line for waiver of Transmission Charges & Losses for solar park projects</u></p> <p>As mentioned above, the MNRE, in December, 2014 issued Scheme for setting up at least 25 solar parks with a target of over 20,000 MW of solar power installed capacity in a span of 5 years from 2014-15 to 2018-19. Adani Renewable Energy</p>

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			<p>Park (Rajasthan) Limited (AREPRL) decided to set up such parks immediately and conceived two parks in Rajasthan along with Rajasthan Renewable Energy Corporation under PPP model took almost an year for various permissions and approval. It had applied for connectivity and LTA with CTU immediately thereafter.</p>
Sr. No.	Name of solar park	Date of application for LTA & Connectivity to CTU/ LTAA & TSA signed	Expected date of completion of evacuation system by CTU
1	250 MW AREPRL – Bhadla, Rajasthan	31.10.2015 LTAA and TSA signed with CTU on 11.5.2016	The intimation letter from CTU dated 7.04.2016 states that the target commissioning of Transmission system associated with this solar park may be taken as progressively from December 2017 & accordingly commissioning of schedule of generation project may be reviewed

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2	1000 MW-AREPRL-Fatehgarh/Pokaran		22.02.2016 (1000 MW Connectivity)	As per CTU target commissioning schedule of transmission system associated with solar park may be taken as progressively from 36-42 months plus about 9 months from empowered committee recommendation and a accordingly award through TBCB commissioning schedule of generation project may be reviewed and aligned by the applicant.
			27.02.2016-250 MW LTA	
			28.04.2016-750 MW-LTA	
			LTAA & TSA signed on 22.09.2016	

Since the time line requires for setting up of transmission system associated with such solar park require minimum 4 years, we request that the applicability period of waiver of inter-state transmission charges & losses for the solar based projects should be extended till 31.03.2022 to promote

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2	<p>Amendment to Regulation 9 of the Principal Regulations:</p> <p>(1) Sub-clause (l) of Regulation 9 of the Principal Regulations shall be substituted as under:</p> <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>The proposed amendment may not yield the purported objective and may lead to further hardship to generating companies who could not tie up power on long term basis. Therefore the said amendment needs to be relooked into considering the rationale provided herein.</p>	<p>inter-State sale of solar power from Solar resource rich States. It will help the Central Government in achieving the ambitious target set at 1,00,000 MW for solar power by 2022.</p> <p>The intention of proposed amendment is to discourage open access under medium term / short term and to drive distribution companies towards entering into long term PPAs, Which will enable development and planning of adequate transmission system.</p> <p>While the intention of the proposed amendment is a welcoming feature for the generating companies who are having huge capacities of untied power, it may cause further difficulties to them as the medium term and short term contracts are based on delivered price which includes transmission charges also.</p> <p>In a situation where the distribution Licensee is not in a position or not willing to procure power at a higher price, then the generating companies which are under selling pressure will loose their margins further or the capacity remains idle.</p> <p>Therefore, a cautious approach would be necessary before increasing the charges applicable for MTOA / STOA.</p> <p>The following points may also be considered in this regard:</p> <ul style="list-style-type: none"> - In the event the charges for MTOA / STOA are increased as proposed, there may be a shift from MTOA / STOA to power exchange. This may result in not achieving the stated objective. - Keeping the overall interest of the sector, it is essential impose restrictions on distribution companies which
3	<p>Amendment to Clause (4) to Regulation 11 of the Principal Regulations:</p> <p>a) Following shall be added after</p>	<p>To be deleted</p>	

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	<p>subpara (1) of Para 4 of Regulation 11.</p> <p>For DICs having MTOA over and above LTA:</p> <p>[PoC transmission rate of demand zone in Rs./ MW /month] x [1.25] x [(Approved withdrawal)/ (Approved injection)]</p>		<p>have been procuring power under short term / medium term for meeting their base load requirements instead of tying up long term power.</p> <p>The proposed amendment appears to be in deviation of the proposed GNA concept under consideration of this Hon'ble Commission. The Hon'ble Commission may take a decision at the earliest on implementing the GNA concept, rather than bringing in the proposed amendment at this stage.</p> <p>In addition, it is submitted that the Hon'ble Commission has not provided any rationale for 25% and 35% increase in MTOA and STOA charges respectively.</p> <p>We are of the view that in case the Commission desires to fix higher charges, they should be considered only for short term and not for medium term.</p>
4	<p>Prioritization of Transmission Access</p>	<p>The allocation of MTOA/ STOA shall be done in such a manner that priority is given to those generators / DICs having LTA with target region and availing MTOA / STOA over the Generators / DICs not having LTA.</p>	<p>Proposed prioritization for allocation of MTOA / STOA based on availed / not availed LTA shall suffice the objective of promoting LTA.</p>
5	<p>Amendment to Clause (6) to Regulation 11 of the Principal Regulations:</p> <p>Clause (6) of Regulation 11 of the Principal Regulations shall be</p>	<p>Should be modified to following:</p> <p>"The third part of the bill shall be used to adjust any variations in interest rates."</p>	<p>To make it consistent with existing Tariff Regulations.</p>

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	<p>substituted as under:</p> <p>"The third part of the bill shall be used to adjust any variations in FERV, Incentive, rescheduling of commissioning of transmission assets etc. as allowed by the Commission for any ISTS Transmission Licensee. Total amount to be recovered / reimbursed because of such under recovery / over recovery shall be billed by CTU to each Designated ISTS Customer in proportion of its average Injection / Approved Withdrawal Charges over the three months of PoC application period on quarterly basis. This part of the bill shall be raised on first working day of September, December, March and June for the previous PoC application period."</p>	<p>Tax Rate, FERV, Incentive, rescheduling of commissioning of transmission assets etc. as allowed by the Commission for any ISTS Transmission Licensee. Total amount to be recovered / reimbursed because of such under recovery / over recovery shall be billed by CTU to each Designated ISTS Customer in proportion of its average Injection / Approved Withdrawal Charges over the three months of PoC application period on quarterly basis. This part of the bill shall be raised on first working day of September, December, March and June for the previous PoC application period."</p>	

