



Association of Power Producers

Ref: APP/DG/2016-17/707

15th November, 2016

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

Sub: (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

Dear Ms Shubha Sarma.

This is in reference to the proposed Sixth Amendment to the Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters, Regulations, and Fifth Amendment to the Sharing of inter-State Transmission Charges & Losses Regulations.

Our comments on these are attached and we request the Hon'ble Commission to take these views in to consideration while finalizing the amendments.

With regards,

Yours sincerely,
For Association of Power Producers

17/11/2016

16/11/16

(Ashok Khurana)
Director General

Encl: as above

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

| S.No. | Ref no. | Amendment Proposed by CERC | Comments |
|-------|---|--|--|
| 1. | Clause (8) of Regulation 8 of Principal Regulations | 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 | The maximum length of dedicated transmission line may be kept as 50 km instead of 100 km from switchyard of the generating station till the nearest pooling substation of transmission licensee. |
| 2. | Clause (8) of Regulation 8 of Principal Regulations | Provided that where the dedicated transmission lines have already been constructed/are under construction by CTU under coordinated transmission planning: | The said clause may be modified as follows: Provided that where the dedicated transmission lines have already been approved & Bid Process Coordinator appointed/constructed/are under construction by CTU or selected party through competitive bidding (TBCB) under coordinated transmission planning |

APP's Comments and Suggestions on the 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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| 3. | Clause (8) (a) of Regulation 8 of Principal Regulations | (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: | <p>The said Clause may be modified as:</p> <p>The transmission charges for such dedicated transmission lines/ISTS shall be payable by the concerned generating company to the transmission licensee to the extent of quantum of connectivity from the date of COD of dedicated line till operationalization of LTA</p> |
| 4. | Clause (8) of Regulation 8 of Principal Regulations | | <p>New clause proposed:</p> <p>In case infrastructure for evacuation from pooling station is not complete to the target region/beneficiary then, transmission charges for dedicated transmission line shall not be levied even if its construction is complete</p> |

APP's Comments and Suggestions on the 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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| 5. | Clause (8) of Regulation 8 of Principal Regulations | (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: | <p>We suggest that the dedicated transmission line being constructed by the CTU should be considered as a part of POC from the COD of the transmission line instead of the operationalization of LTA.</p> <p>Rationale for changes: As per the sub clause (c) of clause 1 of regulation 7 of Sharing of ISTS Charges & Regulations, 2010 –</p> <p>“The dedicated transmission lines constructed, owned and operated by the ISTS Licensees shall be considered to be a part of the Basic Network....”</p> <p>Thus, the dedicated transmission lines which have already been constructed/are under construction by CTU under coordinated transmission planning shall form part of PoC pool for its recovery of tariff from its COD. Its recovery of tariff should be delinked from the generator even till operationalization of generator's LTA.</p> |
| 6. | Clause (2) 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" shall be deleted. | <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 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</p> |



APP's Comments and Suggestions on the 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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| | | | 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. |
| 7. | Regulation 15B to be inserted after Regulation 15 of the Principal Regulations | Provided also that if the capacity required for scheduling of power under LTA has already been allocated to any other person under MTOA/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 | <p>It is suggested that in such cases where the capacity required for scheduling of power under LTA has already been allocated to any other person under MTOA/STOA, then the original LTA consumer should not be liable to pay LTA charges for the same capacity already allocated under MTOA/STOA.</p> <p>Further, any sudden curtailment of the existing MTOA/STOA contracts would lead to uncertainty and adverse financial implications. Also, there is usually a significant time gap between signing of long term PPA and commencement of power supply under the long term PPA and hence it is suggested that the LTA should commence after the expiry of the existing MTOA/STOA contracts.</p> |
| 8. | Regulation 16B to be inserted after Regulation 16 of the Principal Regulations | | <p>On Page 14 of the Explanatory Memorandum, the following is mentioned:</p> <p><i>“If such capacity is released under MTOA, generator will not be liable towards LTA charges for such reallocated capacity under MTOA.”</i></p> |

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

| S.No. | Ref no. | Amendment Proposed by CERC | Comments |
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| 9. | Regulation 16B to be inserted after Regulation 16 of the Principal Regulations | 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 be curtailed in the event original LTA/MTOA customer seeks to utilize its capacity. | <p>However the above is not reflected in the proposed amendments and needs to be taken into account.</p> <p>It may be clarified that no curtailment of MTOA and STOA transaction should be carried out if the original LTA/MTOA customer seeks to utilize its capacity before the period specified by the original customer for reduced requirement.</p> |

APP's Comments and Suggestions on the Draft CERC (Sharing of Inter State Transmission Charges and Losses) (Fifth Amendment) Regulations, 2016

| S.No. | Ref no. | Amendment proposed by CERC | Comments |
|-------|---|--|---|
| 1. | Sub Clause (q) to Clause (1) of Regulation 7 of Principal Regulations | 1. Additionally, Reliability Support Charge shall also be 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 provided that the total quantum for the purpose of Reliability Charge shall not exceed the quantum of Connectivity granted to a DIC | <p>This amendment should be deleted due to the following reasons –</p> <ul style="list-style-type: none"> • At the time when connectivity was sought by the generator, there was no commitment charge payable by Generator on getting connectivity. • It would be inappropriate to bring the Reliability support charges after the connectivity has been sought. • There have been very few long term tenders floated by discoms in the market. In various cases, even after the finalization of the tendering process, the LoI's have not been issued. The short term prices in the market have reached an all-time low with supply far exceeding the demand. All these circumstances have led to a situation where in the generator is either compelled to sale the power at sub optimal prices in Short term market or take a shut down. Thus it would be unjust to burden the generator with the additional reliability support charges. |

APP's Comments and Suggestions on the Draft CERC (Sharing of Inter State Transmission Charges and Losses) (Fifth Amendment) Regulations, 2016



| S.No. | Ref no. | Amendment proposed by CERC | Comments |
|-------|---|---|---|
| 2. | Sub Clause (y) to Clause (1) of Regulation 7 of Principal Regulations | 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. | <p>The current Principal Regulations exempts transmission charges and losses for use of ISTS network by solar based generation projects commissioned till 30.06.2017 and the proposed amendment has not extended this relaxation for the solar based generation projects whereas for wind based generation such relaxation has been granted for projects commissioned till 31.03.2019.</p> <p>Such a discriminatory and differential approach would be counter-productive towards meeting the target of 100 GW of solar power by 2022. We need to promote inter-State sale of solar power generated in solar resource rich States like Rajasthan & Gujarat where abundant barren land is available. Extending the relaxation in transmission charges and losses for solar based generation till 31.03.2019 will help the low resource states meet their RPO obligations as per Tariff Policy.</p> |
| 3. | Clause (7) of Regulation 8 of Principal Regulations | For generators with LTA to target region whose POC rate has not been determined for the quarter, shall be billed at Average PoC rate of target region. | Generator should be charged minimum PoC rate of target region until its liability is determined. |

APP's Comments and Suggestions on the Draft CERC (Sharing of Inter State Transmission Charges and Losses) (Fifth Amendment) Regulations, 2016



| S.No. | Ref no. | Amendment proposed by CERC | Comments |
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| 4. | Sub Clause (1) of Regulation 9 of Principal Regulations | “(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>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>However, one must also take into account the present ground realities – the utilities prefer to enter into short term/medium term power procurement contracts as their poor financial health makes them wary of the risk and uncertainties associated with long term contracts. Due to non-availability of long term tenders by discoms in the market, the generators are compelled to relinquish their LTA quantum & sell the capacity in STOA/MTOA. The Hon’ble Commission in its SOR for the draft amendment has already mentioned the decline in Short term prices in the Power market. The trend is likely to continue with more generation coming up & supply exceeding the demand. Higher transmission charges for such transactions would increase the financial stress on the generators.</p> <p>At present, the Government is trying to improve the long term demand scenario through various distribution sector reforms initiated under the UDAY scheme. At the same time, the concept of General Network Access is also under consideration, which is expected to resolve many of the difficulties that have arisen in the transmission planning process followed in the past.</p> |
| 5. | Sub Clause (2) of Regulation 9 of Principal Regulations | (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. | |

APP's Comments and Suggestions on the Draft CERC (Sharing of Inter State Transmission Charges and Losses) (Fifth Amendment) Regulations, 2016



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| 6. | Clause (6) of Regulation 11 of Principal Regulations | "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 Approved Injection / Customer in proportion of its | <p>Further, STOA/MTOA is awarded on the margins of the system and there is no capacity which is reserved for such transactions. There is no rationale for charging higher for these transactions when they get no benefit of reserved capacity.</p> <p>Therefore, we suggest that at this stage, no further increase in transmission charges may be imposed and the Hon'ble Commission is requested to direct the CTU to undertake Transmission planning for STOA/power exchange/ rather than bringing additional financial implications upon the generators. The Hon'ble Commission may also consider implementing the GNA framework at the earliest.</p> |
| | | average Approved Injection / | <p>May be modified as follows to make it consistent with the existing Tariff Regulations: (changes highlighted in bold):</p> <p>"The third part of the bill shall be used to adjust any variations in interest rates, 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 Approved Injection / Approved Withdrawal Charges over the three months of PoC application period on quarterly basis. This part of the bill shall be</p> |

APP's Comments and Suggestions on the Draft CERC (Sharing of Inter State Transmission Charges and Losses) (Fifth Amendment) Regulations, 2016

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| | | 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.“ | raised on first working day of September, December, March and June for the previous PoC application period.“ |
| 7. | Sub para (2) of Para 4 of Regulation 11 of Principal Regulations | 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. =[Reliability Support Rate in Rs. /MW/Month] X [(Connectivity Quantum- (LTA + MTOA))] | As there are various cases where Connectivity is sought for installed capacity, this could be amended to include the impact of Auxiliary consumption- Therefore the formula may be modified as follows: =[Reliability Support Rate in Rs. /MW/Month] X [(Connectivity Quantum- (LTA + MTOA + Auxiliary Consumption))] |