



Hare Krishna Metallics Pvt. Limited

AN ISO - 9001: 2008 & 14001 : 2004 CERTIFIED COMPANY

CIN NO: U27109GA2005PTC006063

Works : Survey No-20, Kasan Kandi Road, Hirebaganal,
Dist: Koppal - 583228 (Karnataka)

☎ : 08539 - 264123 / 24 / 25, Fax : 08539 - 264122

e-mail: admin@hkmetallics.com

(011) 28753923

To,
The Secretary,
Central Electricity Regulatory Commission
New Delhi.

Sub: Submissions for consideration in response to the Draft Central Electricity Regulatory Commission Sharing of Inter-state Transmission Charges and Losses (Fifth Amendment) Regulations, 2016

Ref: Public Notice dated 28th October 2016

Madam,

We, HAREKRISHNA METALLICS PRIVATE LIMITED, are a Co Gen IPP operating a 1 x 12 MW generating unit in the state of Karnataka (SR), respectfully submit our responses/suggestions to the above as under:

Since Commissioning, we have preferred to exercise the option of seeking Short Term Open Access in trading our surplus power, either through the Power Exchange (IEX) or through Bilateral Agreements. Intermittently, our surplus power was evacuated against short term tenders floated by Karnataka ESCOMs and Section 11 directives of Government of Karnataka.

It has been observed that the Open Access Regulations have brought about notable change in the Power Market benefitting both Buyers and Sellers. Open Access has facilitated inter regional power flow enabling balance between surplus and deficit regions and the flexibility of both buyers and sellers to choose business associates. This has been further aided by the drastic improvement in the Transmission Infrastructure.

With the transition of Regional Losses to POC Losses (slabs) and Charges (quarterly), the Open Access Regulations have offered the ease of calculations in the pricing for both buyers and sellers.

a) As is averred in the Explanatory Memorandum, there has been an almost three fold increase in the volume of Short term transactions from 2008-09 to 2014-15. Likewise there has been a drop of almost three fold in the Price during the period. The volume increase can be attributed to a multitude of reasons:

1. Increased PLF of existing Capacities
2. Increase in Generation Capacity
3. Increase in small Generators opting for Short Term Open Access.

Increase in exploring the Short Term Open Access will in no way lead to inefficient transmission planning as larger Generators are always under long term Power Purchase Agreements. The usage of Short Term Open Access is mostly by the small generators for shorter term owing to their seasonal operation due to multitude of reasons. In 2015-16, Power Grid has commissioned 12400 MW of Inter Regional Transmission Capacity and has targeted 12300 MW in the current financial year. Hence an increase in the MTOA & STOA Charges to 1.25 times & 1.35 times from the existing charges to wean away people from STOA to LTA shall be detrimental for the whole concept of Open Access.

If large capacity LTA is being surrendered to opt for MTOA/STOA putting the transmission planning in jeopardy, a cap can be put on the quantum that is to be surrendered above which the proposed charges of 1.25/1.35 times can be loaded on the MTOA/STOA Charges. This shall prove to be a deterrent on any such action.

1/2

- b) Transmission can be ensured looking into intra regional transmission capacities. Smaller generators look to sell their surplus power within the region so that the impact of the POC charges and losses is low on their net realization. This aids availability of cheap power within the region and reduces transmission losses due to long distance haulage. Moreover, the requirements of the DISCOMs have been targeted towards Short Term Purchases only. Even this avenue is restricted due to the imposition of hefty Cross Subsidy Surcharges by many states.

A significant portion of Short Term Open Access Consumers are buying/selling using the Power Exchanges. The Power Exchanges offer the flexibility of bidding for quantum in multiples of 0.1 MW which ensures that requirements of both generators for utilizing capacity and buyers for meeting their demand are closely met. There has been a significant increase in the number of buyers opting to buy/sell power through the exchanges in wake of favourable pricing linked to demand supply. Any increase in the STOA charges will have a direct bearing on the viability of many participants. Already 25,000 MW of thermal capacity running without LTPAs as per a report released by ICRA as reported in Economic Times report dated 11 November 2016.

- a) Recently, DISCOMs of Karnataka and Kerala have floated tenders for reverse e-bidding through the DEEP portal of Ministry of Power. Many a generator has failed the criteria of 'Minimum Quantity'. In such case, only means of evacuation of power left for them is through the Power Exchanges to avoid turning into NPAs. It is requested that STOA through Power Exchanges is exempted from the proposed increase in the Charges, at least for the Day Ahead Markets.
- b) Proposed STOA Charges increase for Inter State Bilateral for duration of more than 3 months may be assimilated to a certain extent by the way of increase in bidding tariffs. In such a case, the Clause 14 applicability, which arises during curtailment of schedules, needs to be looked into.

Thanking you,

Yours Sincerely,

For HARE KRISHNA METALLICS PRIVATE LIMITED


Sanjay Malpani
President

