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(भारत सरकार का उद्यम)

POWER GRID CORPORATION OF INDIA LIMITED

(A Government of India Enterprise)



पावरग्रिड

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Ref.: CC/RC/CERC/ Regulation

Date: 25/11/2016

To,

The Secretary

Central Electricity Regulatory Commission

3rd & 4th Floor, Chanderlok Building,

36 Janpath, New Delhi 110 001

Fax: 011 - 23753923

Subject : Draft amendment 6 of CERC (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) Regulations, 2015 & draft amendment 5 of CERC (Sharing of inter-State Transmission Charges & Losses) Regulations, 2016
- Seeking comments/suggestion thereof

Respected Madam,

Kindly refer to CERC public notice ref. L-1/(3)/ 2009 - CERC & L-1/ 44/ 2010-CERC dated 28th October 2016 vide which comments/ suggestions were sought on the subject proposed amendments.

The suggestions and comments of POWERGRID on various issues on the draft amendments proposed in the regulations are hereby submitted.

Thanking you.

Yours sincerely,

(H K Mallick)

GM (Commercial & Reg. Cell)

Comments on Proposed Amendments in
CERC (Grant of Connectivity, Long-term Access and Medium-term
Open Access in inter-State Transmission and related matters)
Regulations, 2009

The proposed amendments are a welcome step as it addresses some of the critical issues that have been experienced under the changed market environment. In this regard, CTU had earlier submitted a proposal for amendment to the Regulations inter-alia covering various directions issued by the Hon'ble Commission from time to time in different Orders especially in Petition No. 92/MP/2014. In this regard, consultative meetings were also held with officers of the Hon'ble Commission. The broad changes that have not been captured in the proposed Sixth Amendment are given at **Appendix A**.

The comments on the proposed amendments are as below –

- (1) Sub-clause (l) of clause (1) of Regulation 2 of the Principal Regulations shall be substituted as under:

“(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;

Sub Clause (o) of clause (1) of Regulation 2 of the Principal Regulations shall be substituted as under:

“(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;”

Clause (2) of Regulation 19 of the Principal Regulations shall be substituted as under:

“(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.”

Comment:

(a) *In this amendment, the time frame of the LTA and MTOA have been proposed as below –*

- *LTA –changed from 12 to 25 years → 7 to 25 years*
- *MTOA – changed from 3 months to 3 years → 1 year to 5 years*
- *Further, the start date of MTOA has been proposed to be revised from earlier provision of 1 year to 2 years.*

(b) *Though the amendment shall allow alignment of LTA/MTOA periods with the term of long term and medium term PPAs as per GoI guidelines, but at the same time, it is likely to cause a number of issues due to squeezing of the time-frame of LTA and expanding the time frame of MTOA, thus making the two access products very similar to each other, which essentially was not the idea when MTOA was introduced in 2009. This was primarily because as per Regulation 9(2), MTOA is to be granted only on the margins available and no augmentation is associated with grant of MTOA. Further, MTOA may or may not be granted depending upon the margins available but LTA is required to be granted through transmission augmentation if existing transmission system does not have adequate transmission capacity.*

(c) *Further, the above time periods i.e. 5 years for MTOA and 7 years for LTA may lead to operationalisation of LTAs for a comparatively less duration, whereas reserving the available capacity under MTOA for longer period. To illustrate, an MTOA application made in the month of January 2017 can have start date as late as January 2019 and can book transmission capacity upto December 2023. Whereas, an LTA application with a PPA of 7 years made in the month of February 2017 may seek LTA from March 2017 (as there is no bar on 'start date') up till February 2024. However, since the capacity has already been booked under MTOA, strengthening of the system shall be required for grant of LTA. Therefore, it may lead to a scenario where the system strengthening would require a minimum of 4-5 years from planning till commissioning i.e. LTA may operationalize at the earliest only by year 2021-22 leaving the utilization of LTA under long term PPA for a maximum period of 2-3 years only against the stipulated PPA*

period of 7 years, whereas PPA for MTOA being operationalised for the full term will discourage long term PPAs by the utilities.

- (d) Also, though the maximum period under MTOA (i.e. upto 5 years) and the minimum period under LTA (i.e. from 7 years) are almost similar, but the liability towards payment of relinquishment charges for MTOA (under Regulation 24) is capped at a maximum of 30 days whereas in the case of LTA, the liability for relinquishment charges (under Regulation 18) may extend upto 12 years. Accordingly, it is requested that the provisions for relinquishment charges in case of MTOA may be revisited.
- (e) Though in the present amendments to Sharing Regulations, enhanced MTOA charges have been proposed, with the objective of encouraging the applicants to seek LTA over MTOA/STOA, but the above anomaly may defeat this objective. Keeping the above in view, the duration of MTOA may be reduced to one year from the existing provision of three years.
- (f) Further, it may have to be seen whether the minimum period of 7 years of LTA may be sufficient for ensuring servicing of the debt obligations of transmission licensees, which appeared to be the reasoning behind keeping the minimum period as 12 years under the original Regulations (as also evinced from Para 100 of SOR dated 30.11.2009).
- (g) The provision under Regulation 18 may also need to be revisited to align with the reduction in the LTA period as per the proposed amendment.
- (h) Here, it may be pertinent to mention that the LTA processing time has been defined as 120 days and 180 days depending on whether existing transmission system is adequate to accommodate the LTA requirement or system strengthening of the transmission system is required for the same. As per the extant Regulations, no limitation has been prescribed on the 'start date of LTA' meaning whereby that an LTA applicant may seek LTA from the next day from the date of making an application. Therefore, it is proposed that the start date of LTA should at least be after a minimum period prescribed for processing the application from the date of LTA application.
- (i) The sub-clause for the proposed amendment of MTOA period was inadvertently indicated as 'o' which may be denoted as 'n' as per the principal regulations.

(j) *In view of the above, following is proposed for MTOA & LTA:*

- *MTOA - Period 3 months to 1 year, earliest start date - 5 months from the last date of the month in which the application was made.*
- *LTA - Period 12 to 25 years, earliest start date - after the processing time prescribed in the regulations*

(2) Clause (8) of Regulation 8 of the Principal Regulations shall be substituted as under:

"(8) 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:

(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.

Comments:

On first proviso –

- (a) *The proposed amendment stipulates that the maximum length of dedicated transmission line shall not exceed 100 km. In this regard, it may be stated that the length of the dedicated transmission line depends on a number of variables such as (i) location of generating station; (ii) location of pooling station; (iii) route length to be adopted by the implementing agency of dedicated line, etc. Under the scenario of implementation of pooling station under TBCB, none of the above variables are under the control of CTU. Therefore, it may not be prudent to stipulate a strict limit of 100 km for dedicated transmission lines that too during the conception stage. In this regard, it may be pertinent to mention that some of the litigations on account of length of dedicated transmission lines had been filed before the Hon'ble Commission viz. Petition No. 311/MP/2013 [East Coast Energy Private Limited] and Petition No. 348/2010 [Ind-Barath]. Therefore, length of dedicated line may be indicated as around 100km.*
- (b) *There may be cases, especially in Green Field Generation Plants, where in order to limit the length of the Dedicated Transmission Line, CTU may need to plan a pooling station within a radius of 100km from the proposed generating plant. Further, additional transmission system shall be required to be planned for inter-connecting this pooling station with the existing ISTS grid. Such transmission system planned to comply with the above condition of limiting the length of the Dedicated Transmission Line should be a part of co-ordinated planning by CTU as system strengthening scheme, and its transmission charges should be payable through PoC mechanism from the date of commissioning of such transmission system, irrespective of the commissioning of the generator.*
- (c) *Therefore, it is proposed that the said proviso may be modified and amended as under –*

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 the length of dedicated transmission line planned may be around 100 km from switchyard of the generating station till the nearest pooling substation of transmission licensee;

Provided further that any increase in the length of dedicated transmission line during the implementation of the same shall not by itself be construed as non compliance of the aforesaid provision.

Provided further that the additional transmission system planned to comply with the above, shall be part of coordinated planning by CTU as regional strengthening scheme, and its transmission charges shall be payable through PoC mechanism from the date of commissioning of such transmission system, irrespective of the commissioning of the generator.

On second proviso –

- (d) It has been stipulated in sub-clause (a) of Second Proviso that the transmission charges from the date of COD of line till operationalisation of LTA is to be borne by the generating company. In this regard, it is submitted that the dedicated transmission lines are planned as part of connectivity sought by the generator. As per the regulations, connectivity is granted to connect the generator to the ISTS grid, and is majorly used by the generator for drawing start-up power and testing its generation units on full loads. Further, mere connectivity does not automatically grant the right to use the ISTS transmission system. For transfer/sale of power, the generator has to apply for availing any form of 'access' – Short-Term, Medium-Term or Long Term. There are many cases, where the generator has applied for connectivity with the grid, but has not applied for LTA. Thus linking the recovery of transmission charges of the dedicated transmission line with operationalisation of LTA is not in consonance with the regulations. Further, the operationalisation of LTA may be contingent upon commissioning of number of transmission lines other than dedicated transmission lines and/or establishment of payment security mechanism etc.*

Moreover, before operationalisation of LTA the generating stations start utilizing the Grid for transfer of power under medium term or short term access.

- (e) POWERGRID had submitted this concern in several petitions associated with Generation scheme of Independent Power Producers. For instance, in petition no 229/RC/2015 CTU has taken up the issue of non-opening of Payment Security Mechanism for operationalisation of LTA of IPPs in high capacity corridors where all the transmission elements required for operationalisation of LTA have been commissioned. Thus, operationalisation of LTA is not in control of the transmission licensee who is only implementing the dedicated transmission line. Keeping this in view, Thus inclusion of dedicated line in PoC charges should not be linked with operationalisation of LTAs.*
- (f) It is pertinent to mention here that the dedicated lines being implemented as ISTS system under coordinated planning have been/ are being implemented as per the provisions introduced in CERC regulations, 2009; and as per the Regulations, bank guarantee of Rs. 5 lakh/ MW has been given by these generators. However, looking into the investment required for construction of transmission lines, the quantum of bank guarantee ought to have been substantially higher.*
- (g) These dedicated lines have been/ are being implemented after obtaining due regulatory approval of the Commission, wherein the order stipulates the sharing of transmission charges shall be as per the prevailing Sharing Regulations.*
- (h) Linking the recovery of transmission charges with the operationalization of LTA shall expose the transmission licensees to risk of payment recovery as the generation project may be abandoned or delayed inordinately. For example, in one of the instances, Essar-Bachau 400kV D/C transmission line was implemented under regulated tariff mechanism, however, the generator (Essar) has been inordinately delayed/ possibly abandoned. This line has also been built with a bank guarantee of only Rs 5 lakh/ MW as per the CERC regulations and after obtaining the regulatory approval of CERC. Now if the recovery of transmission charges is linked to operationalisation of LTA/ CoD of generation unit which may not materialise at all, it puts all the risks of*

implementing the transmission systems on the transmission licensee even though it has implemented the line as mandated in the CERC regulations.

- (i) As such, the proposed amendment in regulation 8 (8) shall create a prejudice towards the transmission licensee as recovery of transmission charges on bi-lateral basis from a generator who has abandoned his generation project is almost impossible. In light of this, it is proposed that the transmission charges for dedicated transmission lines should be included in the PoC from the date of COD of such Dedicated Transmission Line so that the cost of it is socialized and the transmission licensee alone does not suffer financial losses or deferred payments. The construction bank guarantee submitted by such defaulting generators should be encashed and returned back to pool to compensate for some of the transmission charges of the dedicated line.*
- (j) Further, a provision for raising separate bills upon the generator must be made so that the payments if any received from such defaulting generator can be returned back to the pool. Such generators should not be allowed to connect to the grid in future without clearing their pending dues.*
- (k) Further, under the present regulations, if a dedicated transmission line is constructed / implemented by the generation developer who has been granted connectivity, then there is no connectivity agreement that is signed between the generator and CTU. However, the bays at the ISTS grid point gets reserved for such connectivity. In number of cases it has been seen that even after four-five years of grant of connectivity, the applicant has not taken any physical action for implementation of connectivity line, but the bays at ISTS grid point remains reserved in his name. This situation leads to sub-optimal utilization of ISTS as the bays are reserved in the name of non-serious player and new bays/pooling point are to be planned for accommodating connectivity requests from new generators in the vicinity. The situation is acute in case of renewable generations coming in specific pockets in Tamil Nadu, Gujarat, Maharashtra etc where a large number of small capacity generators have planned their generation. In the Tuticorin/Tirunelveli area, CTU has received connectivity applications from 8 nos of applicants for about 2300MW capacity when already 5 nos of connectivity for 1700MW has already been granted. From the previous experience, it is highly unlikely that all the generators granted connectivity shall actually get materialized by the date they have indicated. On the other hand the*

Tirunelveli Sub-Station planned and being implemented for wind generation is already exhausted, even before its commissioning. Any further applications shall require planning and implementation of another pooling station with number of non-serious players securing connectivity in the earlier planned pooling stations. Therefore, it is proposed that necessary provisions may be incorporated for obligating the generators granted connectivity for intimating the CTU about the delays/abandonment of generating units/stations/projects and cancellation of connectivity of defaulting generators.

(l) Further, the generators needs to be incentivised for timely communication to CTU about their delays (beyond two years) and abandonment, so that CTU can plan efficiently and adhere to the guidelines of CERC for planning and implementing the Dedicated Transmission Lines, as far as possible. Accordingly, a provision may be inserted wherein if the generator who has been granted connectivity shall be required to approach CTU for construction of bays at least two years before the scheduled date of connectivity. In case of default, the grant of connectivity shall be revoked without any liability and the bays earmarked for the given generator shall be allocated to other applicants in the queue. In such cases, there shall be no levy of reliability charges.

(m) In view of the above, the proviso 2 (a) & (b) of Regulation 8(8) may be modified as below:

Provided that where the dedicated transmission lines is already commissioned or is under construction by CTU under coordinated transmission planning, the transmission charges of such dedicated transmission line shall be included in the POC pool from the date of commissioning of such dedicated transmission line and the disbursement of the same shall be governed as per the CERC (Sharing of inter-state transmission charges and losses) Regulations, 2010 as amended from time to time.

Provided further that CTU shall also raise separate bill upon the concerned generator for payment of such transmission charges for dedicated line and the payments received (if any) shall be returned back to the pool and such

generators shall not be allowed to get connected to the grid until all such pending bills are paid.

Provided further that any generator which has been granted connectivity shall be required to approach the concerned transmission licensee for construction of bays at least two years before the scheduled date of connectivity under intimation to CTU.

Provide further that in case of default of the above provision, the grant of connectivity shall be revoked without any liability and the bays earmarked for the given generator shall be allocated to other applicants and there shall be no levy of reliability charges.

Accordingly, the related provision may suitably be incorporated in the Sharing Regulations (at third proviso of clause 5 of Regulation 8.

- (3) Regulation 15B shall be inserted after Regulation 15 of the Principal Regulations as under:

"15B. 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:

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:

The above provision proposed in the amendments is inter-alia an enabling provision for utilization of the transmission capacity booked under the LTA on target region by MTOA customer having firm PPA.

(a) The explanatory memorandum at Para B.1.(2) explains the rationale behind the proposed amendment wherein it is stated that "the LTA customer with target region may firm up buyer through signing of PPA subsequent to start of LTA." The proposed amendment correctly captures the above situation, however, it leaves out the scenario wherein the LTA customer may firm up buyer through signing of PPA before the start of LTA. The second situation is incidentally being experienced on more occasions than the first situation. Such situation arises when the LTA customer whose LTA is yet to be started for want of the commissioning of transmission system firms up a PPA, then the customer chooses to avail MTOA in the intervening period against the transmission capacity available under Target LTA. Under such a situation, upon completion of transmission system, his LTA can be operationalised for which it is required to relinquish MTOA. Under such situation also, the relinquishment charges may not be levied. For example, KSK Mahanadi and M.B.Power generators, whose LTA's were contingent upon completion of Champa-Kurukshetra HVDC Pole-II / Jabalpur-Orai 765kV D/C Line, which is expected to be commissioned in March 2018. However, they had signed Long Term PPA with Uttar Pradesh with start date of delivery as 30.10.2016. For fulfilling their PPA obligations, in the intervening period they had sought MTOA from the scheduled date against the capacity of target LTA granted on existing/under construction transmission system. However, upon completion of Champa-Kurukshetra HVDC/ Jabalpur-Orai 765kV D/C Line their LTA shall get operationalised for which they shall be required to relinquish the MTOA and pay relinquishment charges. A uniform approach in line with proposed modifications in clause 15B needs to be adopted in this case also.

(b) The above situation gets captured if the words "to any other person" is deleted in the Third proviso.

(c) Accordingly, the Third Proviso may be amended as under –

“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:”

Therefore, the same may kindly be accepted by the Hon’ble Commission.

(4) A new regulation shall be added below Regulation 16A

“16B. Underutilisation 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 unutilized 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.

Comments:

(a) *The proposed amendment is aimed at efficient utilization of the transmission capacity in case of non-utilization of the same by the LTA/MTOA customers whose LTA/MTOA have been operationalised but are not being utilized for scheduling because of reasons such as delay in generation or forced outage for long periods. Such capacity is proposed to be utilized under medium term open access with the condition that the same shall be curtailed in the event of the original LTA/MTOA seeking to utilize its capacity.*

(b) *This provision is a welcome step for efficient utilization of the transmission capacity when it is not used by the customer to whom it was originally allocated. However, the provisions stipulated in the amendment covers only those generation projects for whom the scheduling is being carried out on regular basis by RLDCs. It does not cover the projects like Ind-Barath Energy Utkal Ltd, Lanco Babandh, whose LTA have been operationalised, however, power is not being scheduled as the generation project/dedicated transmission line is delayed. To address such situations, it is proposed that following proviso may be added in the proposed Regulation 16 B.*

“Provided that for those long term customers whose long term access has been operationalised but their scheduling has not started for any reason whatsoever, the notice may be issued by CTU and accordingly the unutilized transfer capability may then be released for scheduling under medium term open access/ short term open access.”

(c) *It is seen that in the explanatory memorandum it has been mentioned that “If such capacity is released under MTOA, generator will not be liable towards LTA charges for such reallocated capacity under MTOA.” However, no such stipulation or provision has been proposed in this regard in the regulations. Therefore, it is requested that necessary stipulation/ provision for the same may be inserted. Further, for greater clarity, it may specifically be provided that in case such un-utilised/under-utilized capacity cannot be released under MTOA, then the original liability for payment of transmission charges shall remain unaltered.*

(5) The following new regulation shall be added above Regulation 34 under the heading “Miscellaneous” and shall be numbered as Regulation 33B:

“33B. Power to Remove Difficulty:

If any difficulty arises in giving effect to the provisions of these regulations, the Commission may, by order, make such provision not inconsistent with the provisions of the Act or provisions of other regulations specified by the Commission, as may appear to be

necessary for removing the difficulty in giving effect to the objectives of these regulations.”

Comments:

It is requested that for greater clarity as well as to align the proposed Regulation 33B with proposed Regulation 33A, following change may kindly be accepted.

“If any difficulty arises in giving effect to the provisions of these regulations, the Commission may on its own motion or on an application made before it by the nodal agency, by order, make such provision not inconsistent with the provisions of the Act or provisions of other regulations specified by the Commission, as may appear to be necessary for removing the difficulty in giving effect to the objectives of these regulations.”

APPENDIX A

Broad Features of Amendments Proposed in the Connectivity Regulations by CTU

1. Connectivity permitted for Bulk Consumer requires to be looked into as the transmission line identified for connectivity of Bulk Consumer to the Grid though meant for dedicated use of Bulk Consumer is not covered under the definition of 'dedicated lines' in the Electricity Act, 2003 . Further, this being meant for dedicated use, cannot also be covered as an ISTS under the Regulation for grant of transmission license. Under such situation, the implementation of dedicated line for bulk consumer becomes a contentious issue. Additionally, the provision for connectivity to bulk consumer creates confusion for the distribution licensees to claim as bulk consumer for seeking connectivity to ISTS. Therefore, it is necessary that for the purposes of application for connectivity, the term **"Bulk consumer"** should not include **distribution licensees**.
2. Provisions for **cancellation of LTA** by CTU may be built in along with provisions for levy of cancellation charges.
3. Definition of 'stranded capacity' to be replaced with definition of 'relinquishment charges'.
 - a. New application for LTA/MTOA may not be permitted by an applicant defaulting in payment of relinquishment charges.
4. Provisions with respect to allocation/reallocation of power by MoP as stipulated in the CERC Order dated 16.02.2015 in Petition No. 92/MP/2014.
5. Provisions with respect to the requirement of fresh application in case of change in region stipulated in the CERC Order dated 16.02.2015 in Petition No. 92/MP/2014.
6. Provision to grant connectivity to STU network in case wherever it is relatively more techno-economical, specifically for renewable generation in consultation with the concerned STU.

**Comments on Proposed Amendments in
Central Electricity Regulatory Commission (Sharing of Inter-State Transmission
Charges & Losses) (Fifth Amendment) Regulations, 2016.**

The comments on the proposed amendments are as below –

- (1) Following sentence shall be added at the end of Sub-clause (q) of clause (1) of Regulation 7 of the Principal Regulations

“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:

Provided further that if Connectivity has been sought in a phased manner, Reliability charges shall be billed accordingly:

Provided also that Reliability Support Charge paid by a DIC under STOA shall be off-set against the quantum covered under Connectivity.”

Comments:

- a. *The proposed amendment is to be seen in light of the provisions of the 2004 and 2009 Open Access Regulations. As such, under the open access regulation, 2004, there was no provision for generators to apply for connectivity and Generators applied only for LTA. Under the Open access regulations, 2009, Connectivity was introduced and subsequently Generators have to apply for connectivity and LTA/MTOA if desired. All the generators connected to the ISTS grid prior to 2004 open access regulations have been continued to be treated as deemed LTA customers. Thus, there are three categories of generators in operation presently, i.e. 1) those connected prior to 2004 regulations, 2) those connected as per the 2004 regulations and 3) those connected as per the 2009 Connectivity Regulations.*
- b. *For the generators which were connected to grid prior to 2004 and between 2004 and 2009 under the 2004 open access regulations (1st and 2nd cases), there is no specific*

- quantum of Connectivity that was granted by CTU. Therefore, it is logical that in both the cases, the installed capacity of generator connected to the grid may be taken as the quantum of Connectivity for the purpose of calculation of Reliability Support Charge. Further, after 2009 regulations also, there was no guideline regarding the quantum of connectivity to be applied by the generators, and hence there is a variation in the quantum of Connectivity granted by the CTU. In some cases, it is gross installed capacity and in others it is installed capacity minus the auxiliary power consumption. It is pertinent to mention that the auxiliary consumption of various types of generators also varies. Hence, to evolve a uniform approach for arriving at the quantum of power on which the Reliability Support Charge is to be applied, it is proposed that Reliability Support Charge may be calculated on the basis of Generator Installed Capacity connected to the ISTS grid in case of all the three categories of generators. It also proposed that auxiliary power consumption may not be excluded from the Installed Capacity as the reliability benefits shall be accrued to the generator by way of getting connected to the ISTS grid including in the cases of drawing start up power before commissioning and start up after emergency conditions like black-outs. Further, the phrase '**provided that the total quantum for the purpose of Reliability Charge shall not exceed the quantum of Connectivity granted to a DIC**' may be deleted in view of the proposed suggestion.*
- c. *Accordingly, the Billing, Collection and Disbursement (BCD) procedure of the Sharing Regulations, 2010 and the detailed procedures of the Central Electricity Regulatory Commission (Grant of Connectivity, Long -term Access and Medium-term Open Access in inter-State Transmission and related matters) Regulations, 2009 needs to be amended appropriately to take care of above proposed suggestion.*

Therefore, it is proposed that the said proviso may be modified as under –

“Additionally, Reliability Support Charge shall also be payable by a DIC for the quantum of Installed Capacity from the date of physical Connection to ISTS including the case where DIC is not availing any LTA/MTOA:

Provided further that if Connectivity has been sought in a phased manner, Reliability charges shall be billed accordingly:

Provided also that Reliability Support Charge paid by a DIC under STOA shall be off-set against the quantum covered under Connectivity.”

- (2) Sub-clause (1) of Regulation 9 of the Principal Regulations shall be substituted as under:

“(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.

(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.

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

Comments:

- a. *This point is deliberated in the report of Committee under the Chairmanship of Shri Mata Prasad to review transmission planning, connectivity, long term access, medium term open access and other related matters. In the report, committee has recommended to increase the charges for MTOA & STOA. Accordingly this proviso may be revisited in the light of recommendations made by committee mentioned above.*
- b. *The surplus Transmission charges collected as above shall be reimbursed back to the DICs only in the next month bill after payment has been made by the concerned Generator(s).*

Therefore, it is proposed that the proviso proposed under sub clause (1) and (2) of Regulation 9 may be modified as under –

Provided that the surplus charges collected under above clauses shall be reimbursed back to DICs paying charges under first bill in the next month only after the payment has been made by the concerned generator(s).

(3) Amendment to Clause (4) to Regulation 11 of the Principal Regulations

The commission has added formulae for calculating reliability support charges for connectivity quantum as below :

(b) Following shall be added after subpara (2) of Para 4 of Regulation 11.

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.

$[\text{Reliability Support Rate in Rs MW month}] \times [(\text{Connectivity Quantum} - (\text{LTA} + \text{MTOA}))]$

Comments

In view of comment at point no. 1, the formula proposed to be added after subpara (2) of para 4 to Regulation 11 of principal regulation may be modified as under:

(b) For Generators having Installed capacity connected to ISTS grid over and above LTA + MTOA. The MTOA shall be considered in addition to LTA only if it is over and above LTA.

$[\text{Reliability Support Rate in Rs MW month}] \times [(\text{Installed Capacity connected to ISTS grid} - (\text{LTA} + \text{MTOA}))]$

(4) Amendment to Annexure of the Principal Regulations

The commission has substituted Sub clause under Para 2.8.1.c of Annexure of the principle regulation as follows:

“(i) 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 [Connectivity quantum - (LTA+MTOA)].

The above principle shall also apply for additional MTOA.”

Comments

In view of comment at point no. 1, Sub clause under Para 2.8.1.c of Annexure of the Principal Regulations may be modified as under:

“(i) 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 Installed capacity connected to ISTS grid is more than its LTA+MTOA, Reliability Support Charges shall be obtained by multiplying the above rate by [Installed Capacity connected to grid - (LTA+MTOA)].

The above principle shall also apply for additional MTOA.”
