

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

No. SLDC/CERC/ 231

Date: 24th Nov'16

Ref: No.L-1/44/2010-CERC; dtd 28-10-2016.

To

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

It is observed that Hon'ble Commission proposes a 35% increase of Short-term open access charges in terms of POC charges in the Fifth Amendment of sharing of inter-state Transmission charges & losses, Regulation 2016. It is our submission to the Hon'ble commission that such increase in STOA charges will not only harm the already beleaguered state Discoms but also put a brake to the short-term market development. Few points are enumerated below as comments for consideration of the Hon'ble Commission:

a) Survival of Discoms:

With most of the DISCOMs are found lack of fund to meet any power purchase obligation to bridge the short -fall of power at their respective state. It is open secret that Country is running with power surplus (thermal) and Discoms are not buying power to the significant level. Further, LT share surrender by the Discoms are also high. As a consequence, the generators are trying to push some quantum of power through the power exchange or Bilateral STOA from the existing un-allocated power for recovery of at least fuel cost. Therefore, if POC charge for STOA is increased , it will have adverse effect on Discoms as well as generators.

1. Introduction of General Network Access (GNA) :

It is understood that if GNA is introduced then POC charges will be rationale to a great extent and will also address the problem related with evacuation of power from one region to other. Building of transmission capacity by the CTU will be judicious. Therefore, it is submitted to the Hon'ble Commission for consideration of framing the GNA regulation.

2. Promotion of short-term power Market in the country:

The National Electricity Policy (2016) also encourages to sale the Un-requisitioned capacity of the generators to the market and benefit/gain is to be shared with the beneficiaries beyond fuel cost. Therefore, if POC charge is increased Discoms/generators may not feel encouraged as the demand from the buyers/Discoms will be depleted further. Moreover, if the Discoms do not get cheaper power then ultimately the consumers has to bear the brunt.

It has been noticed that last few years the Discoms are not coming with long-term power purchase agreements and without such long-term PPA it will not be viable for the generators to go for signing the long-term transmission agreements (TSA). Thus, the current necessity is to have Discoms to come out with bids for long-term power purchase agreements with the generators and such action will entails the actual requirement of building transmission lines/corridors by CTU and will also end the volatility in the power market. So, any increase in STOA charges will further aggravate the volatility and suffering to consumers, the end users.

3. Impact of increase in CTU charges on STU Charges:

It is observed that State regulatory commission have been using CERC Regulations as guiding principles. Therefore, the increase of STOA charges will have impact on the STU charges since, most of the SERCs adopt similar trend in determining STU and wheeling charges for state utilities. Now, with the proposed increase in STOA charges by 35% and similar increase is likely to be done by SERCs. Under the circumstances, it can be proved that for a particular consumer if any open-access power is wheeled through STU network from a source outside STU network, an exorbitant high Charges on account of POC injection, POC withdrwal and STU charges, may deter CPP to use their excess power for their own use. In such a scenario, Open Access will virtually become unviable.

In view of above, it is submitted to the Hon'ble commission that may kindly consider the points of concern as indicated above, before implementing the proposed increase of 35% in Short-term Open-Access charges.

Regards,


24/11/16

Chief Engineer(SLDC), DVC