

**Draft CERC Regulations 2015 & 2016 on Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters & sharing of inter-State Transmission Charges & Losses**

CERC have framed certain changes to the above mentioned regulations for interstate transmission and connectivity regulations (LTOA, MTOA & STOA). Beginning with 2004 when first regulations came into effect, CERC has made amendments to the regulations in 2008 & 2009. Thereafter, a significant impact happens in developing competition and choice for consumers in the electricity markets in meaningful manner.

A very strong and clear mandate has been given to CERC to bring about competition through robust Open Access regime in truly effective manner across the inter-state geographic areas in the country.

It is expected from the Federal / Central Regulator that it would facilitate encourage competition in the interest of consumer, for where competition is restricted / faces constrain consumer interest get effected, inevitably. EA,03 has vested the full authority in the CERC over all interstate transmission networks and including all the intervening facilities in the state networks.

Some small incentives, such as were incorporated in 2016 regulation. CERC is fully aware that network externalities are acutely felt by STOA consumers with unjustified levies by the Discoms / SERCs that act as barriers to competition. Despite the handicaps, short term power trading has created a robust competition in a period of five years, from 24.69 BUs in 2008-09 to 64 Bus in 2014-15.

The proposed changes to the Regulations before the CERC have been dictated from narrow prospective. It has been stated in the EM that the objective is to improve inter-State transmission capacity based on LTPPAS. There is inherent contradiction in this approach. Firstly, there is no studies or empirical data to suggest losses to the System Operator by / from STOA & MTOA. Justification for proposed changes is not sound nor is it rational when no data has been put in public domain to enable it contest by all stake holders. Therefore, simply on System Operators report on constrains or congestion arising out of STOA would not be correct view. More so, system planning heretofore, based on LTPPAs has become a subject of review. Secondly, the commission is also aware of fact that of the total national transmission capacity only 30-33 % can be utilizes for OA or transfer of power, largely because of the inadequacies in intra state level and gaps in the regional grid. It is this area required greater planning to address the factors coming in the way of achieving optimal transfer of power from / by the national transmission capacity. Thirdly, commission is also aware there is no level playing condition of STOA and MTOA customers in the existing regulations– only residual capacity of STOA or MTOA and not identifying ante such capacities to meet requirements of these categories

defeat the objective of NEP. More so, it has failed to address disadvantages to avail of interstate OA transfer of power.

CERC is aware that expert committee submitted its report which has suggested a complete departure from existing principles for transmission planning. In the new proposed policy frame work, obviously the commission will taking a decision on its recommendation and also provide opportunity to all stake holders. Thus, it seems inadvisable that for interim period the CERC proposed to go ahead with the proposed change. Any such move by commission is ill advised. It is also untimely, as it well aware that existing assets in the form of installed capacity is underutilised with its adverse financial impact on private and public investments in the sector. At this time, the commission should be finding ways and means to incentivise more offtake of the unrequisioned capacity.

Therefore, it is urged upon the CERC to defer its decision on the proposed amendment to the OA regulations until the time a new policy frame work based on the expert committee recommendation is formulated.