

No. IEX/CRO/008/17-18

25.05.2017

To,

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

**Subject: Comments on Draft CERC (Transmission Planning and other related matters) Regulations, 2017**

Dear Sir,

This has reference to Draft CERC (Transmission Planning and other related matters) Regulations, 2017 (No. L-1/220/2017-CERC) dated 26.04.2017, wherein the Hon'ble Commission vide Public Notice dated 26.04.2017 had invited suggestions/comments from the stakeholders and interested persons on the draft regulations.

In this regard, the comments of Indian Energy Exchange Ltd (IEX) are attached as Annexure for kind consideration of the Hon'ble Commission.

Yours Sincerely,

  
**Indranil Chatterjee**  
(Chief Risk Officer)



IX Comments on Draft CERC (Transmission Planning and other related matters) Regulations, 2017 notified by CERC on 26.04.2017

At the outset we would like to compliment the Hon'ble Commission for taking up the issue of transmission planning and coming up with a detailed and exhaustive regulation on same. We welcome this initiative of the Hon'ble Commission.

We believe, the need of the hour is clearly a transparent and inclusive approach to transmission planning at all levels with consideration to development of Power Market. Facilitating all stakeholders to participate in the process of transmission planning would surely help in improving the transmission system in terms of reliability, economy, utilization and upgradation.

With the reference to the Public Notice inviting comments/ suggestions from the stakeholders and interested persons on Draft Central Electricity Regulatory Commission (Transmission Planning and other related matters) Regulations, 2017, please find our comments below:

**1. Information Exchange Timelines:**

**Regulation 26.1. provides as under:**

*"The timeline for exchange of information and other activities involved in the transmission planning shall be on yearly basis. The indicative timeline is given below:"*

	Activity	Entity Responsible	Suggested Timeline
1	Period for consideration of injection application filed by DICs	DICs	Received upto 31st March
2	Data to be submitted by Regional Study Committee to CTU to be shared with Central	Regional Study Committee	30th April
	Operational issue to be submitted by NLDC/RLDC to Central Study Committee	NLDC/RLDC	
3	Validation of data including meeting between Regional Study Committee and Central Study Committee	Central Study Committee	15th May
4	Study and proposal of new transmission Plan including uploading of options on CTU Website seeking comments of stakeholders	Central Study Committee	5th June
5	Recommendation of new transmission plan to be included in Agenda of Standing Comm Meeting	Central Study Committee	30th June



6	<i>Issue of Agenda of Standing Committee Meeting</i>	<i>CEA</i>	<i>15th July</i>
7	<i>Standing Committee Meeting</i>	<i>CEA</i>	<i>1st August</i>
8	<i>Approval of transmission Plan</i>	<i>CEA</i>	<i>30th August</i>
9	<i>Approval of CERC</i>	<i>CERC</i>	<i>15th December</i>

**Note:**

- (i) *The study files of final accepted network configuration in Standing Committee along with assumption files shall be retained at CEA for next 10 years.*
- (ii) *In case data is not provided by STU by the specified timeline, CTU/CEA may approach CERC for enforcing non-compliance of Regulations.*

IEX Comment: The draft regulations aim at an integrated ISTS and intra-state transmission planning. This would require inputs from STUs, SLDCs and state DISCOMs to be forwarded to Regional Study Committees in a timely manner for maintaining the efficacy of the transmission planning procedure. However, the draft regulations do not stipulate any specific timeline for transfer of information from the state level agencies to the Regional Study Committees.

**2. Regulatory approval of transmission system:**

**Regulation 24.2. provides as under:**

*"Based on the above, the ISTS should be undertaken for implementation either through TBCB or Cost-Plus route as decided by the Empowered Committee."*



IEX Comments: The draft regulations mention that CTU would be required to approach the Commission for approval of new transmission assets in respect of ISTS which would be taken for implementation either through TBCB or Cost-Plus route as decided by the empowered committee. Section 63 of the Electricity Act, 2003 envisages competition in transmission and creates conducive environment for investments in all segments of the industry, both for public sector and private sector participants and the Guidelines for Encouraging Competition in Development of Transmission Projects by Ministry of Power also aim at facilitating competition in this sector through wider participation in providing transmission services and tariff determination through a process of tariff based bidding. We believe that it is right time to make a shift from cost-plus to TBCB route for implementation of ISTS.

### 3. Scope of Regulations:

**Regulation 2.2. provides as under:**

*"These Regulations shall be applicable to CEA, CTU, Inter State Transmission Licensees , SEBs/STUs, SLDC, RLDCs, NLDC, RPCs, NPC, DICs, and other utilities involved in transmission planning process."*

IEX Comments: We understand, one of the prime objectives of these regulations is to make transmission planning more participatory and inclusive. In this regard we would like to request that IEX, which now trades about 4% of the total electricity produced in India through its trading platform but is the one which is at the end of the queue when considered for transmission capacity allocation, has better view of transmission availability issues, may also be included in the Regional Study Committees and Central Study Committee so as to provide vital inputs for the better transmission network in India.

### 4. Classification of Transmission Plans:

**Regulation 22. provides as under:**

*"The Transmission plans shall be classified under following categories:*

- (a) Reliability Upgrade: These are the transmission plans which shall make the system compliant to transmission planning criteria. This shall be done for older systems. New systems shall be planned as per Transmission planning criterion.*
- (b) Economic Upgrade: These are the transmission plans which shall relieve congestion to avoid market splitting in power exchanges or decrease transmission losses.*
- (c) Interconnection Upgrade: These are the transmission plans which shall be planned to interconnect new generating station with the grid. The new connection should not adversely affect the existing grid.*



(d) *International Interconnections: These are the transmission plans which shall be planned for international interconnections.*

(e) *Public policy Upgrade: These are the transmission plans which are planned as public policy assets.*

*The priority of implementation may be decided depending on type of upgrade.”*

IEX Comments: The draft regulations talk about classification of transmission plans into different types of upgrades but do not specify the priority of implementation of these plans. Criteria of cost benefit, issues of public interest and also the quantification of benefits of reliability are as often as not conflicting and therefore we would also request on clarity on the methodology for priority of implementations as we understand that, as per the draft regulations it is not clearly coming out.

**5. Procedure for Transmission Planning:**

**Regulation 23. (e) provides as under:**

*“The Central Study Committee shall validate the projected import/ export requirement from ISTS provided by STU / assessed by CTU considering the comments received from stakeholders on the uploaded data. The Central Study Committee shall finally approve the projected import/ export requirement for each state which shall be uploaded on the website of CEA and CTU and shall be used for planning.”*

IEX Comments: Here we would request to clarify that whether the data uploaded on the website of CEA and CTU would be accessible to public; and if yes we suggest that this data uploading exercise may be according to a specific timeline and much before the actual implementation of the plan in order to maintain the purpose of the information dissemination. Here we would request that these regulations may define specific format for data being uploaded on the website of CEA and CTU. An IT enabled database may be maintained in the specified format integrating and accumulating data from all participants at all levels. This compilation shall available to all and may be used for future reference and for transmission system planning.



**6. Procedure for Transmission Planning:**

**Regulation 23.1. (f) provides as under:**

*The import/ export requirement assessment shall be an Annual rolling exercise to be completed by 31<sup>st</sup> March of each year.*

IEX Comments: The draft regulations mention that import/export requirement assessment as an Annual rolling exercise and it also specifies the timelines for exchange of information and activities to be carried out but do not lay down the time horizon for the transmission plans. Here we understand that these regulations must mention the time horizon of the transmission plans. We would like to highlight that the time frequency and horizon of the review must also be clearly stipulated and the criteria of the review must be defined.

**7. Role of Central Study Committee:**

**Regulation 15. Role of Central Study Committee:**

- (a) To prepare a detailed procedure covering detailed time-line of activities, studies to be carried out based on laid down standards/criteria, outputs to be declared, etc., for planning of transmission system.*
- (b) To prepare format for the data base to be filled up and updated by the Regional Study Committee (for Intra-state system) and CTU (open access data) every year.*
- (c) To prepare year-wise/quarter-wise data base and corresponding system studies files.*
- (d) Validation of the data including drawal LTA/GNA of states, Studies and Proposal of New Transmission Plan submitted by Regional Study Committee, conducting meetings between the Central and Regional Study Committee for discussion on the New Transmission System.*
- (e) To discuss results of the studies carried out by CTU and recommend the decision of the Central Study Committee to CEA for discussion in the Standing Committee*

IEX Comments: We understand that there exists a significant mismatch in terms of capacity, as planned by CEA and capability, as made available by POSOCO of the transmission corridor. There has been significant difference between figures published by CEA and POSOCO on regular basis. To reduce this mismatch we would suggest the same may be brought under the ambit of Central study committee, where periodic review would be done on capacity and capability mismatch, and in case of significant mismatch the same should be highlighted to the concerned authorities along with reasons for the mismatch and suggestions to reduce the gap.

