

To,

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

Kind Attention: Mr. Sanoj Kumar Jha

Sub: Draft CERC regulations Sixth Amendment 2018 on "Sharing of Inter-state transmission charges and losses" – Comments

Ref: 1. CERC notification no. – L-1/44/2010-CERC dated 27/04/2018
2. Ministry of Power, Govt. of India order no. 23/12/2016-R&R dated 13/02/18

Respected Sir,

National Aluminium Company Limited (NALCO) is a Navratna CPSE under Ministry of Mines. It was established on 7th January, 1981 in the Public Sector, with its registered office at Bhubaneswar. The Company is a group 'A' CPSE having integrated and diversified operations in mining, metal and power with sales turnover of Rs 7,933 crore in financial year 2016-17. Presently, Government of India holds 60.20% equity of NALCO.

NALCO is one of the largest integrated Bauxite-Alumina-Aluminium- Power Complex in the Country having the following plant capacity:

Type of Plant Facility	Location	Capacity
Bauxite Mines	Panchpatmali, Koraput, Odisha	68.25 Lakh TPA
Alumina Refinery	Damanjodi, Koraput, Odisha	22.75 Lakh TPA
Aluminium Smelter	Angul, Odisha	4.6 Lakh TPA
Captive Power Plant	Angul, Odisha	1200 MW (10 x 120 MW)

Besides above, the company is having its own port facilities at Vizag for export of Alumina and import of caustic soda.

In order to harness the potential renewable energy sources and as a part of its green energy initiative, the company, has successfully established 198 MW Wind Power Plants in the states of Andhra Pradesh (50.4 MW), Rajasthan (97.60 MW) and Maharashtra (50.4 MW). Further in this sojourn of noble endeavour to reduce carbon foot-print as a responsible corporate, the company is going ahead for setting up of additional 50 MW Wind Power Project (WPP) in the state of Tamilnadu.

As per the Orissa Electricity Regulatory Commission (Renewable & Cogeneration Purchase Obligation and its compliance) Regulations, 2010 and amendments thereafter, Nalco under para (2) h (2) is categorized as an Obligated Entity and as such is required to comply with the said OERC RPO Regulations. Orissa being a non-windy state renders it necessary for Nalco to generate or procure renewable power from other states for the Non Solar RPO.

In view of above, we have certain comments on the proposed amendment to the CERC Regulation on "Sharing of Transmission Charges & Losses" that provide for waiver of ISTS Transmission Charges & Losses to Solar and Wind generators.

नेशनल एल्युमिनियम कम्पनी लिमिटेड National Aluminium Company Limited

(भारत सरकार का एक उद्यम)

(A Government of India Enterprise)

निगम कार्यालय

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CIN:L27203OR1981G01000920

CERC vide notification dated 27-Apr-18 has also proposed the 6th amendment to the Sharing Regulations, to be made effective from 13-Feb-18. The relevant provisions are as follows.

"2. Amendment to Regulation 7 of the Principal Regulations:

- (1) ..
- (2) ..
- (3) A new sub clause (aa) to Clause (1) of Regulation 7 of Principal Regulations shall be added as under :
 - (aa) No transmission charges and losses for the use of ISTS network shall be payable for the generation based on solar and wind power resources for a period of 25 years from the date of commercial operation of such generation projects if they fulfil, the following conditions:
 - (i) Such generation capacity has been awarded through competitive bidding;
 - (ii) Such generation capacity has been declared under commercial operation between 13-Feb-18 till 31-Mar-22;
 - (iii) Power Purchase Agreement(s) have been executed for sale of such generation capacity to all entities including Distribution Companies, for compliance of their renewable purchase obligations."

Reference is drawn to the communication of Ministry of Power, Govt. of India vide its Order dated 13-Feb-18. The relevant extract of the MoP Order is as follows:

"4.0 In supersession of Ministry of Power's earlier order No. 23/12/2016- R&R dated 30th September, 2016 and Order No. 23/12/2016- R&R dated 14th June, 2017, it is hereby notified that—

- (i) For generation based on solar and wind resources, no interstate transmission charges and losses will be levied on transmission of the electricity through the inter-state transmission system for sale of power by such projects commissioned till 31-Mar-22.

Provided that the above waiver will be available for a period of 25 years from the date of commissioning of such projects.

Provided further that the above waiver will be available for solar and wind projects entering into PPAs with all entities, including Distribution Companies, for sale of power from solar and wind power projects for compliance of their renewable purchase obligation.

Provided further that the above waiver will be allowed only to those solar and wind projects that are awarded through competitive bidding process in accordance with the guidelines issued by Central Government."

5.0 This Order, irrespective of the purchasing entity, shall be applied prospectively i.e. from the date of issue of Order."

NALCO, in its capacity, as an Obligated Entity under the "all entities" requires to fulfil its Renewable Purchase Obligation (RPO) in State of Orissa, requests for following modifications to the proposed draft of CERC 6th amendment on "Sharing of Transmission Charges & Losses" Regulation:

Proposed Amendment by CERC	Suggested modification
2. Amendment to Regulation 7 of the Principal Regulations:	2. Amendment to Regulation 7 of the Principal Regulations:
(1) ..	(1) ..
(2) ..	(2) ..



Proposed Amendment by CERC	Suggested modification
<p>(3) A new sub clause (aa) to Clause (1) of Regulation 7 of Principal Regulations shall be added as under :</p> <p>(aa) No transmission charges and losses for the use of ISTS network shall be payable for the generation based on solar and wind power resources for a period of 25 years from the date of commercial operation of such generation projects if they fulfil, the following conditions:</p> <p>(i) Such generation capacity has been awarded through competitive bidding;</p> <p>(ii) Such generation capacity has been declared under commercial operation between 13-Feb-18 till 31-Mar-22;</p> <p>(iii) Power Purchase Agreement(s) have been executed for sale of such generation capacity to all entities including Distribution Companies, for compliance of their renewable purchase obligations.</p>	<p>(3) A new sub clause (aa) to Clause (1) of Regulation 7 of Principal Regulations shall be added as under :</p> <p>(aa) No transmission charges and losses for the use of ISTS network shall be payable for the generation based on solar and wind power resources for a period of 25 years from the date of commercial operation of such generation projects if they fulfil, the following conditions:</p> <p>(i) Such generation capacity has been awarded through competitive bidding <u>for procurement of equipment or for selection of developer/contractor for setting up of such projects.</u></p> <p>(ii) Such generation capacity has been declared under commercial operation between 13-Feb-18 till 31-Mar-22;</p> <p>(iii) Power Purchase Agreement(s) have been executed for sale <u>or captive consumption</u> of such generation capacity to all entities including Distribution Companies, for compliance of their renewable purchase obligations.</p>

Thanking you,

Yours sincerely,


(DEBASHIS MOHANTY)
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