

# MB POWER (MADHYA PRADESH) LIMITED

Corporate Office: 239, Okhla Industrial Estate, Phase-III, New Delhi- 110020  
Tel: +91 11 47624100 Fax: +91 11 47624229

---

## **MB Power (Madhya Pradesh) Limited's comments on the Draft Central Electricity Regulatory Commission (Grant of Connectivity and General Network Access to the inter-State transmission system and other related matters) Regulations, 2017**

### **DEFINITIONS, GENERAL PROVISIONS & CONNECTIVITY**

#### **Proviso # 2: Definitions**

2.1(q): Definition of GNA: Definition of GNA stipulates that GNA is granted for a specific period. However, the draft GNA Regulations do not specify any such period for grant of GNA for which the customer will have access rights as well as liability to pay transmission charges.

It is suggested that the applicant be given the due option to upfront specify the period for availing GNA at the time of making application, which may be further extended on behest of customer before expiry of the granted GNA. This assumes even more significance in the current market scenario, where in hardly any Long Term and Medium Term PPAs are being executed and the utilities, by and large, are resorting to only short term power procurement, resulting in grave uncertainties in power tie-ups by the Generating Stations. In absence of specified period of granted GNA, the customer would be compelled to bear the corresponding transmission charges till eternity despite his project operating at sub-optimal levels due to restricted offtake of power on account of limited power tie-up opportunities. Such unwarranted financial implications on project developers for absolutely no fault on their part may lead to a spate of litigations as being currently experienced in the matter of relinquishment of LTA.

2.1(s): Definition of GNA Customer: This includes existing LTA Customers as per CERC Connectivity Regulations 2009. However, it is not clear how the existing MTOA/ Short-Term Customers as per CERC Connectivity Regulations 2009 would be treated after notification of these draft GNA Regulations.

# MB POWER (MADHYA PRADESH) LIMITED

Corporate Office: 239, Okhla Industrial Estate, Phase-III, New Delhi- 110020  
Tel: +91 11 47624100 Fax: +91 11 47624229

---

## **Proviso # 3: Scope**

**3.3: Generating Stations already connected to ISTS:** It is suggested that this Proviso be deleted. CERC Connectivity Regulations 2009 did not make it mandatory to avail Open Access for the entire installed capacity of any Generating Station. As such the currently operational IPPs were conceived and structured by the project developers with a flexibility to utilize full or partial quantum of generation based on various factors like the quantum tied up under long/ medium/ short term/ contracts, merchant sales, seasonal/ peaking loading, partial operation based on coal availability etc. However, this subject Proviso of the GNA Regulation is against the spirit as it restrains this flexibility thereby adversely impacting the viability of the existing Generating Stations. **Hence, this subject Proviso be deleted and the existing Generating Stations be given the option to apply GNA for the balance capacity as and when they deem fit.**

## **Proviso # 6: Timeframe for processing of application**

**6.2: Delay in processing of application by CTU:** There is need to put a strong deterrent to ensure expeditious processing of applications by CTU. In event of failure in timely processing of application, mere retuning of application fee(s) by CTU may not serve the intended purpose. **Hence, it is suggested that in event of failure by CTU to timely process the application, an amount equal to twice the application fees (paid by applicant) be returned back to the applicant by CTU in a time bound manner i.e. 15 days of expiry of the prescribed processing period. Further, in such cases, the application should be kept alive and be processed by CTU free of cost in maximum of 30 days from the date of expiry of the prescribed processing period.**

## **Proviso # 7 & 8: Grant of Connectivity & Construction of Dedicated Transmission Line**

**7.14: Material change in quantum of power:** Subsequent to making application/ grant of connectivity, a change up-to  $\pm 20\%$  of the applied/ granted quantum or  $\pm 500$  MW (whichever is lower) be allowed without necessitating filing of fresh application/ afresh processing. Such a change in quantum should not qualify as “Material Change”

# MB POWER (MADHYA PRADESH) LIMITED

Corporate Office: 239, Okhla Industrial Estate, Phase-III, New Delhi- 110020

Tel: +91 11 47624100 Fax: +91 11 47624229

---

8.1 & 7.25: Construction and O&M of Dedicated Transmission Line: There is a conspicuous disconnect between the draft GNA Regulations and its Explanatory Memorandum. While Para # 2.1.6 of the Explanatory Memorandum clearly casts it a responsibility of CTU to construct the Dedicated Transmission Line (from the Pooling Point to the Generating Station) as part of ISTS, however Proviso 8.1 of the draft GNA Regulations makes it incumbent upon the Generating Station to construct such Dedicated Transmission Line. It is to be appreciated that construction of transmission lines and generating stations are two different businesses altogether necessitating entirely different experience and expertise. The generation project developers largely do not possess that required experience and competence in construction of EHV transmission lines and dealing with the associated issues like Right of Way, clearances, terrain analysis etc. CTU/ PGCIL by virtue of its long association with transmission business has gathered the due experience and prowess towards execution of transmission projects in a timely, cost effective and efficient manner and such its experience needs to be utilized for construction of such Dedicated Transmission Lines and the generation project developers be allowed to execute the generation project in a timely manner by not burdening them with the additional task of construction of such Dedicated Transmission Lines.

It is accordingly proposed that this anomaly in the draft GNA Regulations be rectified and it should be amply clarified that for any Generating Station (with a minimum installed capacity of say 500 MW), it would be a responsibility of CTU to construct, operate and maintain such Dedicated Transmission Line as a part of ISTS and its transmission charges and losses be determined as per CERC Sharing (PoC) Regulations 2010. This is proposed in spirit of prevailing CERC Connectivity Regulations 2009 and it is further corroborated by the fact such Dedicated Transmission Line being an integral part of the national grid (ISTS) needs to be constructed, owned and operated by CTU at all the times. Since PGCIL/ CTU has the requisite experience and expertise in construction and operation of such EHV transmission lines and further owing to the fact that such Dedicated Transmission Line shall always remain an inherent part of ISTS, hence in view of the grid security it becomes essential that only CTU be made responsible to construct such Dedicated Transmission Line like any upstream and downstream ISTS.

Proposed construction of Dedicated Transmission Line by the Generating Station and its O&M by CTU appears extremely fallacious and skewed in the interest of PGCIL/CTU in view of the following:

- a) Para # 2.1.6 of the Explanatory Memorandum clearly casts it a responsibility of CTU to construct the Dedicated Transmission Line as a part of ISTS.

# MB POWER (MADHYA PRADESH) LIMITED

Corporate Office: 239, Okhla Industrial Estate, Phase-III, New Delhi- 110020  
Tel: +91 11 47624100 Fax: +91 11 47624229

---

b) Para # 2.8.5 (b) of the Explanatory Memorandum endorses such Dedicated Transmission Line as an integral part of grid, which should be under operational control of CTU to ensure grid security. If this is a genuine concern, then there is no rationale in not considering such Dedicated Transmission Line under the integrated ISTS planning by CTU and CEA and entrusting its construction on Generating Station, who have hardly any experience in construction of EHV transmission lines. Would this approach not be a serious compromise and threat on grid security??

c) This is further corroborated by Para # 2.8.1 (e) of the Explanatory Memorandum which cites the Committee Report as under:

*“An Applicant should be required to construct Dedicated Line(s) to the point(s) of connection to ISTS to enable connectivity to the grid. In case CTU envisages dedicated lines as lines which should be required to enhance the system reliability even if generation project does not come up or is delayed, CTU may consider such lines under coordinated transmission planning.”*

d) Para # 2.8.1 (b) of the Explanatory Memorandum indicates that responsibility of construction of Dedicated Transmission Line should lie with the Generating Station in line with Section 10 of the Electricity Act which provides:

*“Section 10. (Duties of generating companies): --- (1) Subject to the provisions of this Act, the duties of a generating company should be to establish, operate and maintain generating stations, tie-lines, substations and dedicated transmission lines connected therewith in accordance with the provisions of this Act or the rules or regulations made thereunder.”*

It is to be noted that the above quoted Section 10 of the Electricity Act 2003 also stipulates that O&M of such Dedicated Transmission Line shall be responsibility of the Generating Station. However this is in stark contraction to Proviso # 7.25 of the draft GNA Regulations, which makes it mandatory on a Generating Station to hand over such Dedicated Transmission Line to CTU for its O&M for which CTU shall be entitled normative O&M expenses as per CERC Regulations.

This kind of selective and skewed approach raises various concerns like:

(i) CTU is not made responsible for construction of Dedicated Transmission Line, thereby insulating CTU/ POWERGRID from any risks associated with such construction and compromising grid security by mandating a Generating Station to construct the same,

# MB POWER (MADHYA PRADESH) LIMITED

Corporate Office: 239, Okhla Industrial Estate, Phase-III, New Delhi- 110020  
Tel: +91 11 47624100 Fax: +91 11 47624229

---

who have hardly any experience in construction of EHV transmission lines. On the contrary after construction of the same, its O&M is assigned to CTU which entitles normative O&M expenses to CTU. This apparently amounts to safeguarding commercial interests of CTU/PGCIL in garb of grid security.

- (ii) This also is against the spirit of competition by favouring CTU/PGCIL over other ISTS licensee(s) for O&M of such Dedicated Transmission Line, who are equally equipped with the prowess and competence of O&M of such EHV transmission lines.
- (iii) If such Dedicated Transmission Line is to be considered as a part of ISTS, then in no way can a Generating Station be made responsible for construction of the same. In case, this is not considered as a part of ISTS, then handing over the same to CTU for its O&M is against Section 38 of the Electricity Act 2003, as per which role of CTU is limited to ISTS only and O&M of such a non ISTS asset by CTU is in a stark violation of The Electricity Act 2003.

**In view of the above, it is strongly suggested that construction, operation and maintenance of such Dedicated Transmission Line should continue to remain the responsibility of CTU, which has also been the spirit of CERC Connectivity Regulations 2009. Further, its transmission charges and losses shall continue to be governed under the prevailing CERC Sharing (PoC) Regulations 2010.**

7.32: Power transmission only after operationalization of GNA: This Proviso restricts interchange of firm power by a Generating Station till operationalization of GNA. This is an onerous Proviso as post making application of GNA and Generation Station has absolutely no control over operationalization of GNA. It is to be noted that operationalization of GNA is completely contingent upon timely construction of associated ISTS by POWERGRID/ ISIS Licensee.

In the past there have been cases where the Generating Station had achieved readiness to supply power to its beneficiaries but could not do the same due to delay in operationalization of LTA by CTU owing to delay in construction of associated ISTS by PGCIL. In such cases, despite generation capacity ready to supply power, restricting firm interchange of power (neither long/ medium term power sales under PPA, nor short term bilateral/ collective power transactions) due to non-operationalization of GNA by CTU, would result in unwarranted stranded capacity be absolutely no fault of Generating Station. Non-operationalization of GNA by CTU should not and cannot be a cause for restricting firm interchange of power by a Generating Station. **Hence this Proviso needs to be deleted and instead CTU be made**

# MB POWER (MADHYA PRADESH) LIMITED

Corporate Office: 239, Okhla Industrial Estate, Phase-III, New Delhi- 110020  
Tel: +91 11 47624100 Fax: +91 11 47624229

---

**responsible to operationalize GNA without any delays. In such cases, to avoid any stranded generation capacity, short/ medium term sales needs to be permitted till the time GNA is operationalized.**

7.34(b): Transmission Charges for start-up power: Computation of transmission charges for corresponding to quantum of start-up power drawn by any Generating Station is apparently a subjective exercise. There is a need to define the methodology (PoC or otherwise) for computation of monthly transmission charges for the quantum of Start-up power drawn by a Generating Station.

#### 8.4: Treatment of already constructed/ under construction Dedicated Transmission Lines:

The unwarranted imposition of transmission charges of the Dedicated Transmission Lines on the Generating Station for the period between COD of such lines and operationalization of GNA is heavily tilted in favour of PGCIL/ ISTS Licensee and has no merits whatsoever. The Ld. Commission needs to appreciate the basic fact that Generating Station has absolutely no role to play in either the COD of Dedicated Transmission Lines or in operationalization of GNA/ LTA. Both these activities are contingent upon timely construction and COD of the underlying transmission assets by PGCIL/ISTTS Licensee(s). There have been cases where the Generating Plant has achieved COD and COD of the Dedicated Transmission Lines has also been declared by PGCIL, however the LTA has not been operationalized by CTU due to delay in completion of the associated downstream ISTS by PGCIL. In such cases, the Dedicated Transmission Line is not fully serving its intended purpose thereby leading to stranding of a substantial generating capacity. In such cases, the Generating Station is already reeling under tremendous financial duress due to non-recovery of the Fixed/ Capacity Charges on account non-supply of power to its beneficiaries under PPA due to delay in operationalization LTA/ GNA. The further financial burden in terms of transmission charges of such Dedicated Transmission Lines corresponding to the period of mismatch between its COD and operationalization of GNA would completely jeopardize the commercials and viability of the Generating Station.

**In view of the same, it is strongly suggested that in such cases where operationalization of the GNA/ LTA has been delayed by CTU due to delay construction of the associated downstream ISTS by PGCIL, no financial liabilities in terms of the transmission charges of the associated Dedicated Transmission Line or otherwise be made incidental on the Generating Station till the time entire GNA/ LTA granted by CTU gets operationalized.**

# MB POWER (MADHYA PRADESH) LIMITED

Corporate Office: 239, Okhla Industrial Estate, Phase-III, New Delhi- 110020  
Tel: +91 11 47624100 Fax: +91 11 47624229

---

## **Proviso # 10: Point of Commercial Metering**

10(a) & 10(b): Metering at pooling sub-station for Dedicated Transmission Lines: There is apparently a disjoint between Proviso(s) # 10(a) & 10(b) of the draft GNA Regulations. While Proviso # 10(a) calls for metering of a Dedicated Transmission Line at pooling sub-station of ISTS Licensee, however Proviso # 10(b) provides that in case of a Generating Station being connected to more than one pooling sub-station, the metering point shall be the bus bar of such Generating Station. This discriminatory approach is leading to a differential treatment, thereby rendering a competitive disadvantage in terms of generation tariff of Generating Station connected to only one pooling sub-station, since the line losses would have to factor in the bid-out generation tariff.

Further, as brought out above, the draft GNA Regulations and its Explanatory Memorandum thereof repeatedly endorsed such Dedicated Transmission Line as an integral part of grid, which should be under operational control of CTU to ensure grid security.

In view of the above, it is extremely essential that for any Dedicated Transmission Line, the metering is done at bus bar of the Generating Station irrespective of the number of pooling sub-station(s) it is connected to.

## **GENERAL NETWORK ACCESS**

### **A. General Comments:**

- a) It is understood that GNA shall replace the existing regime of LTA, MTOA and STOA and shall invariably treat all three of them as one and the same product without any differential treatment with respect to relative priority and/ or transmission charges. The same needs to be amply clarified and addressed and the consequential amendments on account of the same be done in the other associated prevailing CERC Regulations like CERC Sharing (PoC) Regulations, CERC Short Term Open Access Regulations to avoid any disjoints and contradictions.
- b) Further, Para # 2.12.2 of the Explanatory Memorandum mandates Generating Stations to upfront apply for the GNA for the entire installed capacity of the Project (less Auxiliary Consumption), irrespective of the definitive location of the beneficiary and definitive

# MB POWER (MADHYA PRADESH) LIMITED

Corporate Office: 239, Okhla Industrial Estate, Phase-III, New Delhi- 110020  
Tel: +91 11 47624100 Fax: +91 11 47624229

---

quantum of power tied-up at the time of making GNA Application. This is a paradigm shift in the approach vis-à-vis the prevailing CERC Connectivity Regulations 2009.

Hence, with a view to ensure for smooth transition to GNA regime and to avoid any initial teething problems, the following is proposed:

- (i) The Generating Station may be permitted to seek GNA in a Phase-wise manner. A suitable approach may be allowing a Generating Station a time frame of up-to say 7 years from the date of first GNA Application to apply for the GNA corresponding to the entire installed capacity of the Project (less Auxiliary Consumption). This is imperative to address the concerns like time frame between multiple generation units of the Project, eliminating risks associated with timely construction of Generating Stations and fuel linkages, understanding the market scenarios with respect to future long-term/ mid-term/ short-term power tie-up opportunities etc.
- (ii) As brought out in our earlier submissions, definition of GNA under Proviso # 2.1(q) stipulates that GNA is granted for a specific period. However, the draft GNA Regulations do not specify any such period for grant of GNA for which the customer will have access rights as well as liability to pay transmission charges.

It is suggested that the applicant be given the due option to upfront specify the period for availing GNA at the time of making application, which may be further extended on behest of customer before expiry of the granted GNA. This assumes even more significance in the current market scenario, where in hardly any Long Term and Medium Term PPAs are being executed by the utilities. In absence of specified period of granted GNA, the customer would be compelled to bear the transmission charges till eternity despite his project operating at sub-optimal levels due to restricted offtake of power on account of limited power tie-up opportunities. Such unwarranted financial implications on project developers for absolutely no fault on their part may lead to a spate of litigations as being currently experienced in the matter of relinquishment of LTA.

- (iii) The draft GNA Regulations thrives on the wishful premise that post commissioning of any Generating Station, its entire installed capacity would be sold in the market under Long/ Medium/ Short Term PPAs. However this is a just an ideal position and is far from reality in the current market scenario marred with limited power offtake by utilities, thereby rendering operations of various IPPs at sub-optimal levels. Such a precarious situation merits due consideration and the

# MB POWER (MADHYA PRADESH) LIMITED

Corporate Office: 239, Okhla Industrial Estate, Phase-III, New Delhi- 110020  
Tel: +91 11 47624100 Fax: +91 11 47624229

---

GNA Regulations need to strike a balance between interests of PGCIL/ Transmission Licensee and Generating Station. **Accordingly situations like treatment of GNA and transmission charges thereof post expiry/ termination of PPA, limited power demand and power tie-up opportunities etc need to be suitably addressed at the stage of finalization of GNA Regulations only to avoid unwarranted litigations at subsequent states.**

- (iv) Treatment of short-term bilateral power sales and collective power transactions at power exchanges is conspicuously missing and the same needs to be duly addressed in the Final GNA Regulations.
- (v) **A very important provision which has eluded the consideration of the Ld. Commission while formulating the draft GNA Regulation is the prevailing mechanism of offsetting the LTA quantum (granted on Target Region basis) against the ongoing MTOA and STOA quantum. Post implementation of GNA regime, since there would not be any differentiation amongst Long Term, Medium Term and Short Term Open Access, hence it is not clear how this ongoing offsetting mechanism would operate for the existing Generating Station. This is very critical issues and needs to be duly addressed in the Final GNA Regulations.**

## **B. Proviso-wise Comments:**

### **Proviso # 11 & 25: Application for GNA & Transition between prevailing LTA Regulations (CERC Connectivity Regulations 2009) and GNA Mechanism**

11.5, 11.13 & 25.4: Treatment of Pending Applications: As per the prevailing CERC Connectivity Regulations 2009, LTA Applications have been made on “Target Region” basis and the LTA has accordingly been granted for such “Target Region”. The basic intent of GNA is to provide General Access to Generating Stations without any requirement of such “Target Region”. As such, various LTA Applications made on “Target Region” basis and the LTA granted by CTU on “Target Region” pending for operationalization would bear no relevance/ significance in the GNA mechanism. Hence it is proposed that keeping the basic spirit of GNA Regulations alive, for all such cases where LTA Applications have been made under “Target Region” and/ or LTA granted on “Target Region” pending for operationalization, the Applicant be given the option to:

# MB POWER (MADHYA PRADESH) LIMITED

Corporate Office: 239, Okhla Industrial Estate, Phase-III, New Delhi- 110020

Tel: +91 11 47624100 Fax: +91 11 47624229

---

- a) Either close the Application (In such cases if the LTA has already been granted on “Target Region” but has not been operationalized would stand null and void). In such a scenario, the Applicant shall afresh apply for GNA for such quantum getting freed under the new GNA Regulations. ; OR
- b) Get the already made LTA Application processed under the new GNA Regulations.

However, as an exception, all Generating Station already having relinquished the LTA granted on “Target Region” prior to GNA Regulations coming into effect may not be allowed this flexibility.

11.15: Timelines for Grant of GNA by CTU: This Proviso needs a correction to the effect that the GNA Application shall be processed by CTU within the timelines specified under Regulation 6 of these GNA Regulations.

## **Operationalization of GNA by CTU:**

A conjoint reading of Proviso(s) # 11.1, 16.1, 22.1, 22.2 and 22.5 etc. amply evidences that the draft GNA Regulations are skewed in favour of CTU/PGCIL. While definitive timelines are spelt for a Generating Station for making GNA Application (i.e. within 2.5 Years of grant of Connectivity, 5 Years prior to commissioning of the first unit of its Generating Station etc, however, CTU is not subjected to any firm timelines for operationalization of GNA post receiving a GNA Application. This becomes even more glaring owing to the fact that gestation timelines of any transmission system is far lesser than the gestation period of a conventional power project. Operationalization of GNA by CTU still remains non-committal with no definitive timelines as the same is made contingent upon commissioning of the associated transmission system by PGCIL. Even the draft Model GNA Agreement (FORMAT-GNA-7) dilutes the CTU’s obligation to provide timely GNA. This unilateral obligation mandated on Generating Stations to upfront commit liability of Transmission Charges and no such commitments by CTU to operationalize the granted GNA with in pre-committed timelines would only defeat the basic intent and spirit behind the proposed transition to GNA Regime.

This kind of skewed approach not only dilutes the obligations of CTU but also vitiates the spirit of National Electricity Policy (Clause # 5.3.2) & Revised National Tariff Policy 2016

# MB POWER (MADHYA PRADESH) LIMITED

Corporate Office: 239, Okhla Industrial Estate, Phase-III, New Delhi- 110020  
Tel: +91 11 47624100 Fax: +91 11 47624229

---

(Clause # 7.1(4)), which clearly spells out the roles and responsibilities of CTU and mandates:

*“The Central Transmission Utility (CTU) and State Transmission Utility (STU) have the key responsibility of network planning and development based on the National Electricity Plan in coordination with all concerned agencies as provided in the Act. The CTU is responsible for the national and regional transmission system planning and development. The STU is responsible for planning and development of the intra-state transmission system. The CTU would need to coordinate with the STUs for achievement of the shared objective of eliminating transmission constraints in cost effective manner*

*Network expansion should be planned and implemented keeping in view the anticipated transmission needs that would be incident on the system in the open access regime. Prior agreement with the beneficiaries would not be a pre-condition for network expansion”*

and

*“For smooth operation of the grid, efforts should be made to develop transmission system ahead of generation”*

**It is high time that the Ld. Commission plugs this anomaly which has been a major lapse in the prevailing CERC Connectivity Regulations 2009 and clearly spells out the responsibility of CTU to operationalize GNA within 3-4 Years of submission of GNA Application by the Generating Station and accordingly Proviso # 22.5 be duly amended.**

**Further, as per Proviso(s) 11.8(d), 11.17 and 17.1 mandates a Generating Station to furnish the PPA to CTU before operationalization of GNA. Since the concept grant of Open Access/ GNA on “Target Region” no more bears any significant in the GNA Regulations, hence it needs to be clearly spelt out in the final GNA Regulations that GNA so granted by CTU is irrespective of the PPAs furnished by the Generating Station and such GNA shall be operationalized by the CTU within a maximum period of say 6 months from furnishing of such PPA(s). However, such a maximum period of 6 months shall be within in the overall timelines (i.e. within 3-4 Years of submission of GNA Application by the Generating Station, as proposed above) available with CTU for operationalization of GNA.**

**Further, as per Proviso # 16.3, early operationalization of GNA (full/partial) by CTU should be subject to consent of the GNA Applicant for such quantum and Proviso # 16.3 be amended accordingly.**

# MB POWER (MADHYA PRADESH) LIMITED

Corporate Office: 239, Okhla Industrial Estate, Phase-III, New Delhi- 110020  
Tel: +91 11 47624100 Fax: +91 11 47624229

---

## **Proviso # 19: Access Bank Guarantee**

The proposed Access Bank Guarantee (BG) of Rs 20 Lacs/MW is exorbitantly high. For a typical 1200 MW project, this translates to a whopping Rs 240 Crores. In the current challenging market scenario for conventional fuel based Generating Station, no financial institution would be willing to issue such humungous BGs. **Accordingly, a practical approach needs to be adopted and such BG should be restricted to a maximum value of Rs 5 Lacs/MW as is the case in the prevailing CERC Connectivity Regulations 2009.**

## **Proviso # 24: Relinquishment of GNA**

The intent behind levying Relinquishment Charges should be to make good any commercial losses suffered by CTU/PGCIL/ Transmission Licensee due to relinquishment of granted GNA and not to impose any penalties on a Generating Station for relinquishing GNA. It is to be appreciated that even after exit of any Generating Station from GNA, the transmission system built by PGCIL/ Transmission Licensee shall continue to remain in service and earn revenue. Further CTU being a revenue neutral agency would not suffer any losses by virtue of recovery under PoC Mechanism.

It may further be appreciated that the root cause of Relinquishment of LTA under the prevailing CERC Connectivity Regulations 2009 was the grant of LTA on Target Region and subsequent change in location of beneficiary. However, since the proposed GNA Regime already pre-empts such situations by not restricting GNA to any particular "Target Region" and necessitating grant of GNA for the entire installed capacity of a project, hence the instances of relinquishment of GNA by are likely to reduce substantially. Hence, such limited relinquishments (if any) are not expected to cause any serious variation in PoC Charges.

As such, imposition of such hefty relinquishment charges is unwarranted and the same need to be reduced considerably. However, to eliminate the non-serious players, there is definitely a need to have an adequate deterrent in place.

**Accordingly, it is proposed that the entire BG be returned to the GNA Customer in maximum 1 Year after operationalization of GNA. Further, the partial relinquishment of GNA be allowed and the Relinquishment Charges be restricted to 2 months of prevailing PoC Charges corresponding to the quantum of GNA relinquished by any Generating Station. At the current prevailing average PoC rates of approx. Rs 3 Lacs/MW/Month, relinquishment of GNA by a typical 1200 MW Generation**

# **MB POWER (MADHYA PRADESH) LIMITED**

Corporate Office: 239, Okhla Industrial Estate, Phase-III, New Delhi- 110020

Tel: +91 11 47624100 Fax: +91 11 47624229

---

**Station would translate into relinquishment charges of Rs 72 Crores (@ 2 months of prevailing PoC Charges), which itself is serious deterrent.**

Further the Force Majeure Factors like unilateral termination of PPA by the utility, non-availability of fuel, derating of unit size/ project capacity etc over which the Generating Station has almost no control should be given due credence by the Ld. Commission before imposing such Relinquishment Charges.