

Ref. No.- MPL/DEL/2018/0125

Dated: 15th Jan, 2018

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

Sub: Comments and Suggestions on Draft (Grant of Connectivity and General Network Access to the Inter-State Transmission System and other related matters) Regulation, 2017

Dear Sir/Ma'am,

This letter is with reference to the Draft Regulation published by CERC, bearing notification No. No. L-1/229/2017-CERC dated 14/12/2017 titled "Grant of Connectivity and General Network Access to the Inter-State Transmission System and other related matters Regulation, 2017" which is aimed to advance to a market friendly approach from the prevailing mechanism of transmission connectivity and operation. The Hon'ble Commission has called for stakeholder's comments and suggestions before finalizing the regulation.



MANIKARAN POWER LIMITED

Corp. Office: 2nd Floor, D21, Corporate Park, Sector-21, Dwarka, New Delhi - 110075, T: +91 11 65651994, F: +91 11 45768467
CIN - U45208JH2005PLC011713 | www.manikaranpowerltd.in

Formed in 2005, Manikaran Power Limited (MPL) is a Trading Member of Indian Energy Exchange (IEX) and Power Exchange India Ltd (PXIL). MPL is also a Category-II Inter State Trading Licensee. MPL has been efficaciously implementing the power trading concept in India and has successfully demonstrated its capability in optimally utilizing the existing infrastructure within the country for the benefit of all. MPL has maintained a remarkable position in the market in electricity trading since its inception in 2008. It seeks to provide comprehensive services in the power trading market to fulfil the Short term, Medium term as well as Long term energy requirements of its customers. As a power trader, MPL supports their clients with data driven power market analysis to help them get best returns. It is not only providing power in Day Ahead Market (DAM) through Exchanges but is also imparting the services to its clients in Term Ahead Market (TAM) of the Power Exchanges. MPL is adept at providing a wide range of services to its clients vide Sale/Purchase of power through Short/medium term trades, bilateral contracts and banking of power.

Under this circumstances, we put forward our comments and suggestions on the above-mentioned subject matter:

1. **Exclusion of Trading Licensee as an Applicant for GNA**

In the Explanatory Memorandum published by Hon'ble Commission on GNA, the Hon'ble Commission has specifically mentioned that henceforth, traders



will not be allowed to apply for GNA on behalf of generators as the contracted capacity may remain un-utilized. We would like to request Hon'ble Commission to ponder upon the following rationale for inclusion of Trading Licensee as an Applicant:

- i. It must be noted that in the Format specified by the Hon'ble Commission viz. **FORMAT GNA-1 & FORMAT GNA-5**, the details of the applicant is required to be furnished such as nature of the applicant, details for GNA, capacity details etc. and also the intimation format of the grant of GNA consists of specific details as mentioned above. It can be inferred that when a trading licensee is applying for GNA on behalf of a generator and the same application is getting approved, the Network Access so granted will be reserved for the generator only and lies with the discretion of the generator to be utilized. Hence, the relation persisting between the trader and the generator should not be a deciding factor on its operationalization.
- ii. Also, implementation of GNA procedure will result in a revamping of procedures, which may lead to confusion resulting a loss in efficiency. Allowing Traders to participate on behalf of the generators will mitigate this problem. As per Sec 81(i) and Sec 79 (2) of the Electricity Act, 2003, it is the duty of the Central Commission and the Central Advisory Committee to advise Central Government on the promotion of



competition, efficiency & economy in activities of Electrical Industry and to question major policy decisions. Hence, considering national, economical and business implication of the said amendment/repealing of the existing regulation, we urge the Hon'ble Commission and Advisory Committee to ponder upon including Trading Licensee in the definition of Applicant for GNA under Clause 2.1 (d).

2. **As per Regulation 2.1 (q): "General Network Access or GNA"** means the non-discriminatory access to the ISTS granted by the CTU to an Applicant for an estimated maximum injection/ drawl for a specified period. However, it has not been elucidated that what specific period amounts to, for applicants other than STU's and Distribution Licensees, therefore, it requested to the Commission to elucidate the same.

3. **Application for General Network Access**

As per Clause 11 of the Draft Regulation, the period for which an application for seeking GNA should be applied for is not clear. Therefore, it is requested to the Hon'ble Commission to shed light on the same.

4. **Allocation of Power by MoP**

As per Clause 11.4, In case of allocation of power by Ministry of Power, Govt. of India in respect of generating stations owned or controlled by Central



Government, the concerned generating company may make application to CTU for GNA on behalf of the allocatees on the basis of their written authority for making the application. After the grant of GNA, it shall be the responsibility of the concerned generating company to facilitate the signing of GNA Agreement by the allocatees with CTU within the stipulated period as prescribed in these Regulations.

It is submitted that there are cases wherein reduction in allocation also takes place in one region and increase in allocation takes place in another region. Therefore, it is requested to the Commission to clarify the consequences in case such an event takes place.

5. **Notification to Nodal Agency regarding PPA's**

As per Clause 11.17, "A generating company after firming up the beneficiaries through the signing of long or medium or short-term Power Purchase Agreement(s) or Sale Purchase Agreement(s) shall be required to notify the same to the nodal agency along with the copy of the PPA."

It is submitted that Hon'ble Commission should consider obliterating Short-term power purchase agreement from the Clause as many of the Short-term transaction takes place on the basis of Letter of Intent and e-mail exchanges. It is further submitted that the Nodal Agency should consider such documents as a proof of contractual understanding between the parties.



6. As per Clause 17.1 “Network Services for Transfer of Power”, “Grant of GNA shall, by itself, not entitle any generating station to interchange any power with the grid till it either signs a PPA or sale purchase agreement (SPA) and inform the same to CTU and concerned RLDCs or sells power through exchange. An online portal for obtaining the information regarding PPA by a Generator or distribution licensee or trading licensee or consumer or any other entity shall be developed by CTU.”

It is submitted that requirement of the signing of PPA/SPA and submitting the same to CTU should be relaxed in case of the Short-term Bilateral transaction as most of these transactions are taking place in the market through LoI.

7. Effective date of General Network Access

As per Clause 22.5 of the draft regulation “The effective date of GNA shall be the date indicated in the letter of grant of GNA or GNA Agreement or from the availability of the transmission system for operationalization of GNA, whichever is later and the liability of payment of transmission charges shall begin from this date.”

In view of the Hydro-generating Plants infirm nature of generation, it is submitted that transmission charges to be levied upon such plants only when



they are generating and transmitting the power otherwise it will unjustifiably put the burden on such plants.

8. Allocation of 5% Transmission Corridor:

The Hon'ble Commission in Clause 34 of the Draft regulation has proposed to allocate 5% of Transmission Corridor for Power Markets. Needless to say, this is a bold and reformative step which is bound to promote Open Access and Power Market performance. This will not only act against the problem of Transmission Congestion but also help to secure the Market Clearing Price as the Supply available for any particular day will not fall below a certain limit due to Transmission Congestion. Although this is a welcome step, we propose the Commission to consider an increase in the allocated percentage.

- i. CERC Market Monitoring Report, 2016-17, provides us with data on the percentage of total short-term transaction volume w.r.t total electricity generation 2016-17. It can be meticulously observed that the percentage has a minimum value of 9% and a maximum value of 11% over the span of years from 2009-10 to 2016-17. Hence, we humbly propose the Hon'ble Commission to allocate a Transmission Corridor of 15% for Power Exchange considering the growth of the market and average of the total percentage from the said period.



- ii. Through a simple observation, we find that the Power Scenario of India is always a deficit in terms of Peak power availability and demand met. Allocation of a certain percentage of transmission corridor will allow the efficient transition of power from the state of surplus to paucity. Hence, this will effectively mitigate the power deficit situation of India in peak time.

9. Inclusion of provision for Information System

The focus is requested of the Hon'ble Commission that there is no specific provision laid down relating information system except a mention of Central Repository. It must be noted that the prevailing regulation had a specific Chapter, Chapter 8, related to the Information system and its detailed guidelines to provide clarity and ease of access for the stakeholders and developers alike. The inclusion of detailed guidelines will also provide clarity in the process flow. As per Clause 2.1 (f) of the draft regulation the Central Repository will have the database of Conventional Energy Sources. It is requested that Central Repository System should also include Renewable Energy Sources information as it will be more expedient and viable to access the data at one portal only.



Adoption of the draft procedure will undoubtedly mitigate the problems of being faced by CTU, CEA, POSOCO and IPPs and will encourage the effectuation of CEA and CTU from the role of beneficiaries of Inter-State Generating Stations (ISGS) to a more market friendly approach. We humbly request the Hon'ble Commission to take our views into consideration and we shall be grateful if the Hon'ble Commission provides us with an opportunity to be heard in person during the public hearing.

Yours Faithfully



Vedant Sonkhiya

(Authorised Signatory)