

## Comments on Draft Regulations on Grant of Connectivity and GNA

### General Comments

The Explanatory Memorandum (EM) has stated that present system for transmission planning would change from the existing approach of developing the network based on long term PPAs to a philosophy based on anticipated load demand and generation and flexibility shall be provided in the power system to allow operation of generating stations on economic principle of least cost of generation and supply. However, the proposed Regulations strengthen the old approach wherein applications are to be supported with PPAs/ PSAs. It is necessary to have an idea on the structure of future electricity market that would cater to electricity demand increasingly from RE resources. It should be clear as to whether the future electricity market would continue to remain inter-locked with current long term PPA models. In several countries, power market has moved away from the conventional market linked to long term PPAs.

Perusal of the draft Regulations suggests that the Commission has attempted to insulate CTU and Transmission Licensees from business risks by ensuring that the investments made by them are fully protected at the cost of other stakeholders specifically the generators. The regulations need to be evenhanded, balancing the interests of all stakeholders' equitability. Transmission planning needs to be done based on the demand projections made by the Discoms and the recovery of costs of transmission system should be from the discoms and bulk consumers. Generators should not be burdened with recovery of transmission costs for underutilized or unutilized transmission assets built to cater the discom/ consumer demand to the extent it is not solely attributable to them and also duly factoring in the emerging power market scenario of higher renewable and distributed generation.

Most of the provisions in the draft regulations relate to new generators and those which are yet to be commissioned. Mixing of provisions which relate to generators only with the provisions which relate to STUs, DISCOMs and Consumers could be avoided. For example, the provision relating to BG. The purpose of BG is to safe guard the investment of CTU. Accordingly, it should be applicable only to entity which is yet to be connected to the grid. It would not be applicable to entities including generators, STUs and DISCOMs which are already connected to grid and paying transmission charges. It would, therefore, be desirable that that the Regulations are split into Sections. One Section deals with generators, other with STUs and Discoms and another for Consumers apart from what has been covered as transition phase between prevailing LTA Regulations and new proposed GNA mechanism.

### **Sharing Regulations, recovery of charges and alignment of Open Access Regulations**

The draft regulations and the EM have not discussed about the changes necessary in the sharing regulations to implement GNA. Under the prevailing regulatory framework, three kinds of access are provided i.e. Long-Term Access (LTA) (>7 years), Medium Term Open Access (MTOA) (3 months – 5 years) and Short Term Open Access (STOA) (1 month and less). The

charges are recovered under the PoC regime based on capacity allocated (in Rs/MW/Month) from LTA and MTOA consumers and on usage basis (paise/unit) from STOA consumers.

Under the draft regulations, General Network Access (GNA) will replace LTA, MTOA and STOA. All generators connected to ISTS will have to obtain GNA for their installed capacity less the auxiliary consumption. Similarly, DISCOMs, consumers and generators embedded in intra-state transmission system intending to transact power through inter-state transmission system will also have to seek GNA either directly or through STU. Once GNA has been obtained, transactions can be carried out under long term or medium term or short-term contracts. The methodology of recovery of transmission charges from the GNA holders must be commensurate to the usage of transmission system for a particular period and should be same for all kind of transactions. The total recovery from GNA users should be equivalent to the ARR approved by CERC for the year. It is suggested that the CERC Sharing of Inter-State Transmission Charges and Losses Regulations, 2010, related grid regulations including DSM regulations and IEGC code need to be simultaneously amended and published for stakeholder consultations for taking a holistic view of this important area with the GNA regulation. Similarly, regulations issued by CERC for Open Access in Inter-state transmission system and by various SERCs on Grant of Open Access to Intra-State Transmission and Distribution Systems need to be aligned to the proposed GNA regulations and philosophy.

Many consumers and generators, including captive generating plants embedded within intra-state transmission system transact power through inter-state transmission system in short term market not on continuous basis and pay transmission charges as and when they transact power. Such embedded consumers and generators will have to seek GNA and take liability of transmission charges for inter-state transmission system round the year. This may have impact on short term power trade.

Further, introduction of GNA shall have no impact on the generating stations which have long term PPAs for the entire capacity as their existing LTA will be converted into GNA. The generating stations which are not fully tied under long term PPAs, would apply for GNA and be granted GNA for the net capacity connected to the ISTS. Non-operation of a generating station having GNA will not absolve it from payment of transmission charges. Thus, the generating stations which do not have any long term/medium term PPAs and are selling only part of power in short term will have liability to pay transmission charges corresponding to the GNA even if entire capacity is not scheduled. Under the prevailing regulations, such generators bear transmission charges applicable to short term transaction on the scheduled capacity only. The liability of stranded power stations would increase as they would now have to pay transmission charges corresponding to the GNA granted.

It is suggested that the GNA regime should provide adequate flexibility to accommodate varied stakeholder needs and adapt to the evolving power market structure, which is expected to move away from long term power tie-ups to medium/ short term structure.

### **Cross border trade through trading licensees**

As per the draft GNA regulations, Trading Licensee are not eligible entities to apply for GNA as only grid connected entities can apply for GNA and existing LTAs granted to trading licensees

would be converted into GNA in favor of the concerned grid connected entities (generators). Trading licensees can however, carry out trading for the grid connected entities. There are trading licensees having long term PPAs with hydro generators in neighboring countries and trade that power in India under long term as well as short term contracts. Draft regulation permitting only grid connected entity to seek GNA would have impact on trading licensees who are involved in cross-border trade as the generator is in foreign country where these regulations are not applicable. Provisions need to be introduced permitting trading licensees to seek connectivity and GNA at the interconnection point of Indian grid and facilitate cross-border trading.

### Specific Comments to Draft Regulations

Our comments specific to regulations are detailed below.

#### 1. Regulation 2.1

(c) *“Applicant for Connectivity means:*

- (i) *A thermal generating station with installed capacity of 250 MW and above, including a captive generating plant of exportable capacity of 250 MW and above; or*
- (ii) *A hydro generating station or renewable energy generating station having installed capacity of 50 MW and above individually or with an aggregate installed capacity of 50 MW and above through a lead generator; or*
- (iii) *Any renewable energy generating station of 5 MW capacity and above but less than 50 MW capacity developed by a generating company in its existing generating station of the description referred to in sub-clauses (i), (ii) above and seeking connectivity to the inter-State transmission system through the electrical system of the existing generating station; or*
- (iv) *Any company authorised by the Central Government or the State Government as:*
  - a. *Solar Power Park Developer or*
  - b. *Wind Power Park Developer or*
  - c. *Wind-Solar Power Park Developer*
- (v) *Distribution Licensee who intends to avail supply for a minimum load of 250 MW from the inter-State transmission system*
- (vi) *Consumer who intends to avail supply for a minimum load of 250 MW from the inter-State transmission system*

(d) *Applicant for GNA means the following in respect grant of GNA:*

- (i) *Applicants covered under Regulation 2(1) (c); or*
- (ii) *State Transmission Utility on behalf of intra-state entities who intend to seek GNA through STU (distribution licensee, consumers, embedded generator etc.); or*
- (iii) *Consumer; or*
- (iv) *A generating station including a captive generating plant irrespective of installed capacity; or*
- (v) *Distribution licensee*

#### **Comment – Applicant for Connectivity and GNA**

The proposed Regulation 2.1(c)(i) permits only generators having installed capacity of more than 250 MW and above to have connectivity with grid owned/ controlled/ operated by CTU. As per Regulation 2.1(d)(i) applicants under Regulation 2.1(c) would be the applicants for GNA as well. In other words, generators with less than 250 MW installed capacity cannot apply for connectivity as well as GNA. It is submitted Section 38(2)(d)(i) of the Electricity Act 2003 (Act) provides that it shall be duty of CTU to provide non-discriminatory open access to generators and licensees. Therefore, the capacity restriction proposed under these Regulations are not in line with the Act and need to be corrected.

Further, Section 9(2) of the Act provides that every person, who has constructed a captive generating plant and maintains and operates such plant shall have a right to open access for carrying electricity from its captive generating plant to destination of its use. According to these provisions of the Act if a generator or CPP of less than 250 MW capacity requires to be connected with CTU system directly (to save state transmission and wheeling charges), he cannot be denied connectivity and open access.

Again, Regulation 2.1(c)(vi) permits a Consumer having a load of more than 250 MW to get connected with the ISTS directly. EM also provides that the transmission line from consumer premises to CTU point shall be constructed by CTU and would become part of ISTS. In this regard it is submitted that Section 2(19) read with Rule 4 of Electricity Rules 2005 clearly establish that any line between a transmission node to the consumer premises is a part of the distribution network of the Distribution Licensee and it cannot be part of the transmission system. Section 2(19) of the Act along with Rule 4 of Electricity Rules 2005 are reproduced below for ready reference.

**“Section 2 (19) “distribution system” means the system of wires and associated facilities between the delivery points on the transmission lines or the generating station connection and the point of connection to the installation of the consumers;**

#### **Electricity Rules 2005**

**Rule 4. Distribution System** - *The distribution system of a distribution licensee in terms of sub-section (19) of Section 2 of the Act shall also include electric line, sub-station and electrical plant that are primarily maintained for the purpose of distributing electricity in the area of supply of such distribution licensee notwithstanding that such line, sub-station or electrical plant are high pressure cables or overhead lines or associated with such high pressure cables or overhead lines; or used incidentally for the purposes of transmitting electricity for others”.*

The matter relating to status of a 132 kV line from OPTCL substation to consumer premises came before APTEL in Appel No. 30 of 2012. APTEL in its judgment has held as under:

*“35 According to these provisions the Distribution network is a system of wires between delivery point on the transmission lines or generating station and point of connection to*

the consumer's installation. It also includes the electric line, sub-station and electric plant that are primarily maintained for the purpose of distributing electricity notwithstanding that such line... is high pressure cables or overhead lines. We have to examine as to whether an EHT line emanating from an EHT substation of the transmission licensee and connects a consumer's installation fits in to this definition of distribution network or not. Evidently, the last mile connection is a line is between delivery point on the transmission line and point of connection on the consumer's premises and is primarily used for distribution of electricity to such consumer. Therefore, it qualifies to be part of distribution network.

36 The learned Counsel for the Respondent no.10 contended that any EHT line connecting generating station and substation directly or through other sub-stations is a transmission line. Every EHT consumer would necessarily have a substation within its premises. Therefore, an EHT line from a substation owned by transmission licensee to consumer's substation would qualify to be a transmission line within the meaning of transmission line defined by Section 2(72) read with definition of sub-station defined in Section 2(69) of the Act. These subsections are quoted below:

**(69) "sub-station"** means a station for transforming or converting electricity for the transmission or distribution thereof and includes transformers, converters, switchgears, capacitors, synchronous condensers, structures, cable and other appurtenant equipment and any buildings used for that purpose and the site thereof;

**(72) "transmission lines"** means all high pressure cables and overhead lines (not being an essential part of the distribution system of a licensee) **transmitting electricity** from a generating station to another generating station or a sub-station, together with any step-up and step-down transformers, switch-gears and other works necessary to and used for the control of such cables or overhead lines, and such buildings or part thereof as may be required to accommodate such transformers, switch-gear and other works.

37 Bare reading Section 2(72) would indicate that the definition of transmission line a residual definition. All high pressure cables and over head lines which are not essential part of distribution system of a licensee are transmissions lines. Therefore, we have to examine as to whether a line in question is a part of distribution network or not. If it is not a part of distribution network, only then it could be transmission line. As we have observed in para 35 above that last mile connection is part of distribution network, therefore, it cannot be a transmission line.

38 Next requirement for a line to be a transmission line is that the line must be transmitting electricity. Can supply to consumer be treated as transmission of electricity? The answer is 'no'. Supply of electricity to a consumer is universal service obligation casted upon distribution licensee under section 43 of the Act and

*accordingly, supply to a consumer is distribution and cannot be termed as transmission of electricity.*

*39 Next requirement is that it must be connected with a generating station or a substation. According to the learned Counsel for the Respondent, every EHT consumer would necessarily have a substation. Substation has been defined in Section 2(69) as a station for transforming electricity for transmission or distribution thereof. Can an arrangement for stepping down electricity at consumer's installations be held as substation as defined in Section 2(69) of the Act? Does this arrangement meant for transmission or distribution of electricity? The answer would again be 'no'. No person can transmit or distribute electricity without a license under the Act. Therefore, the arrangement of stepping down electricity for consumer's own use cannot be held to be a substation as defined in the Act.*

...

*40 In the light of above discussion we are of the view that a line between transmission system and a consumer's premises is a part of distribution system."*

The issue relating to construction of this last mile connection had also been dealt with by the APTEL as under:

*41 Natural offshoot of above finding would be lead to the question as to whose responsibility would be to erect, operate and maintain such EHT lines. Section 42 of the Act mandates the distribution licensee to develop, operate and maintain distribution network. Thus it would be the duty of the distribution licensee to erect, operate and maintain the EHT lines as part of its distribution network. However, if the distribution licensee decides that it does not have expertise to carry out these jobs, it can entrust the same to the transmission licensee on mutually agreed terms duly approved by the Commission. We would like to mention that many generating companies have entrusted these assignments in relation to dedicated transmission lines to concerned STU.*

The above views of the APTEL has been upheld by the Hon'ble Supreme Court in Civil Appeal No. 5479 of 2013 in the matter of Sesa Sterlite vs OPTCL. In Sesa Sterlite matter the line in question was 220 kV line. It is therefore established that any line at any voltage level connecting the premises of consumer with transmission system or generating unit is part of distribution network of concerned distribution licensee and only such distribution licensee has right to construct such line and CTU would have no role to play and line cannot be a part of ISTS. Accordingly, sub-clause (vi) of Clause (c) of Regulation 2.1 need to be deleted.

#### **Connectivity and GNA for Cross Border Transaction:**

The proposed draft regulations do not cover the prevailing cross border transactions which are currently operational in long term as well as short term. It is relevant to point out here

that most of the cross-border transactions are being managed by Trading Licensees. Hence, suitable provisions need to be incorporated in the draft regulations, for Trading licensees having long term PPAs with Generators in the neighboring countries, and selling power in India on long term as well as Short term basis. In such cases, provisions need to be introduced permitting trading licensees to seek connectivity and GNA at the interconnection point of Indian grid and facilitate cross-border trading.

Further, in case of import of power from run of the river Hydro power plant, if Trading licensee is required to seek GNA for installed capacity less Aux. power consumption, it is our submission that since generation from run of the river plant is dependent on season/ rainfall, payment of transmission charges in this case shall be based on monthly scheduled energy and not based on approved GNA quantum. For e.g. in case of Dagachhu Hydro Power plant which is a run of the river hydro plant selling power to TPTCL, for onwards sale in short term market in India; during winters, when generation is at minimum, payment towards transmission charges against full approved GNA quantum shall make the hydro power uncompetitive, when scheduled energy during winters is normally at around 20% PLF.

Further, Pump Storage System and Battery Storage Plants should be included under the definition of Applicant for Connectivity and GNA.

**2. Regulations: 2.1. (d)(i) - Applicants covered under Regulation 2(1) (c);**

**Comment:** Once connectivity has been granted by CTU, an applicant as per Regulations 2.1(c) shall apply for GNA. However, clarity is sought as whether the quantum to be applied for GNA shall be same as per the connectivity limits like 250 MW for Thermal, 50 MW for RE/Hydro, 250 MW for consumer etc. or any access quantum below the aforesaid limit can be considered for GNA application.

**3. Regulations: 2.1. (d)(iii) Consumer**

**Comment:** The term "Consumer" should be defined as - means any consumer eligible to avail open access as specified by the State Commission under sub-section (2) of section 42 of the Act.

**4. Regulations: 2.1. (f) "Central Repository" means a database maintained by Central Electricity Authority in case of conventional energy and by any other authority as notified by the Central Government in respect of renewable energy.**

**Comment:** It is submitted that under section 73(i) of the EA, 2003, CEA has been assigned the function to collect and record data concerning generation, transmission, trading, distribution and utilization of electricity. The database in respect of renewable energy can also be maintained by CEA as it has been authorized under the Act to collect and record data in respect of any generation, which includes generation from renewable energy

sources. Thus, CEA can be Central Repository for conventional as well as renewable generation and there is no requirement to notify a separate authority for renewable energy.

5. **Regulation 2.1(o)** *“Exportable Capacity” means the generation capacity available with a captive generating plant for sale after accounting for the consumption by its captive user.*

**Comment:** The definition may be modified to define "exportable capacity" as the net generation capacity that is available for injection to the grid by the captive generating plant. The present definition assumes the captive user to be co-located as the generating plant and hence excludes the quantum consumed by its captive user, which may be located at anywhere within the country. Further, the present definition is not in line with Regulations 7.39 and 16.5. Alternatively, the term 'exportable' may be replaced with term 'saleable'.

6. **Regulations 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/ drawal for a specified period.*

**Comment:** Connectivity Regulations 2009 defined Long term access, medium term open access and short term open access. Draft GNA regulations have not defined the period of access and mentions “for a specified period” only. Duration of this specified period for various DICs has not been indicated. It is suggested that it could be for the life of the generation asset, perpetual for STUs and remaining term of license for Distribution Licensees.

7. **Regulation 2.1 (s)** *“General Network Access Customer or GNA Customer” means a person who has been granted GNA and shall also include the Long-Term Customers as defined in CERC (Grant of Connectivity, Long term Access, Medium term open access and other related matters) Regulations, 2009.*

**Comment:** As understood, the concept of GNA is irrespective of duration of access and does not classify access users into LT/MT/ST users. With this understanding, there is no rational for definition to specifically mention long term customers as defined under CERC (Grant of Connectivity, Long term Access, Medium term open access and other related matters) Regulations, 2009. This definition saves LTA consumers/ contracts only and not Medium-term customers which are also defined under 2009 regulations. It is suggested that existing MTOA and STOA granted to consumers should be saved till their natural term.

8. **Regulation 2.1 (w)** *“Lead Generator” means a generator who is authorized through a formal agreement by other generators located in a geographically contiguous area for seeking interconnection with the ISTS at a single connection point and undertakes all operational and commercial responsibilities in following the provisions of the Indian Electricity Grid Code and all other regulations of the Central Commission, such as grid security, scheduling and dispatch, collection and payment or adjustment of Transmission charges, deviation charges, congestion and other charges etc.*



**Comment:** The concept of "Lead Generator" is w.r.t to Hydro or RE generators. Hence for clarity, the term hydro and RE generators may be introduced in line with Regulations 2.1(c) (ii) and modified as follows;

"Lead Generator" means a hydro generating station or a renewable energy generating station ~~generator~~ who is authorized through a formal agreement by other generators located in a geographically contiguous area for seeking interconnection with the ISTS at a single connection point and undertakes all operational and commercial responsibilities in following the provisions of the Indian Electricity Grid Code and all other regulations of the Central Commission, such as grid security, scheduling and dispatch, collection and payment or adjustment of Transmission charges, deviation charges, congestion and other charges etc."

9. **Regulation 3.2** *Persons who are already connected to the state grid may be allowed to seek Connectivity and GNA to ISTS subject to payment of transmission charges corresponding to additional Connectivity and GNA and applicable state charges.*

**Comment:** The regulation may be reworded for better clarity as

*"Persons who are already connected to the state grid may be allowed to seek Connectivity and GNA to ISTS subject to payment of transmission charges corresponding to additional connectivity and GNA to ISTS and applicable state charges.*

10. **Regulation 3.7** *The existing Long-Term customers of ISTS shall be deemed to be GNA customers subject to fulfilment of conditions as per the Regulation 25 hereof.*

**Comment:** Under this regulation, existing MTOAs, which as per the Connectivity Regulations 2009 defined as access for a period exceeding 3 months but not exceeding 5 years, deemed to be also given the same treatment It is suggested that MTOA/STOA existing as on date of notification be saved and allowed to complete their term or they too be considered as deemed to be GNA customers for the remaining period.

11. **Regulation 5.2** *The application shall be accompanied by a non-refundable application fee specified hereunder for the quantum applied, and shall be payable by Applicant along with the application for Connectivity and GNA: -*

	Quantum of Power to be injected/ drawal from ISTS	Application fee (Rs. lakh)	
		Connectivity	GNA
1	Up to 100 MW	4	4
2	> 100 MW up to 500 MW	6	6
3	> 500 MW up to 100 MW	12	12
4	> 1000 MW	18	18

**Comment:** Regulations 2.1 (c) put 250 MW as the min quantum for seeking connectivity. The slabs for application fees need to be corrected accordingly unless the minimum quantum as per Regulation 2.1 (c) is altered as commented above.

Purpose of providing fees with applications is to discourage non-serious applicants. Fees for connectivity and GNA should be commensurate with the efforts indulged by CTU in approving application and should not be arbitrary. Further, efforts of CTU in granting approval for connectivity and GNA would be same for 100 MW or 1000 MW. Therefore, there should not be slabs in fees and ideally it should be same for all applications. The amount so collected in a year should be adjusted in the ATC of the CTU transparently.

**12. Regulation 5.3** *STUs on behalf of distribution licensees and other intra-State entities seeking GNA to ISTS, shall apply for GNA every year for the next 5-year period. The Application fee shall not be levied on STUs. STUs shall indicate quantum of GNA sought at each interconnection point of STU with ISTS.*

**Comment:** Under the draft regulations, it is proposed that STUs shall seek GNA at each of its interconnection point with ISTS to facilitate transmission planning. STU is required to indicate quantum of GNA sought at each interconnection point of STU with ISTS for effective transmission planning. STU shall provide GNA data for 5 years period on Annual rolling basis after considering the anticipated demand figures from each DISCOM in the State, other intra state entities and likely generation from the generating companies having generating stations in the State. It is required to be discussed as to how the STU will be able to indicate break up of GNA at each interconnection point. It would be difficult for any STU to indicate GNA at each interconnection point for five years rolling. System planning is done on seasonal basis and accordingly STU will be required to indicate GNA at each interconnection point for all the four seasons. At most STU may be required to indicate maximum anticipated GNA at each interconnection point. That would be sufficient for system studies. For the purpose of charging transmission charges, coinciding peak GNA at all interconnection points may be considered.

Since, STU has to provide GNA figure for the entire State and as explained in the Explanatory Memorandum, additional transmission surcharge @ 25% of POC charges have to be paid for excess drawl/ injection over 120% of the approved GNA, it is important to assess the GNA accurately. In a State having more than one Discom, there may be some Discoms who do not project their GNA accurately or do not furnish the same to the STU which may result in excess drawl of the State over the specified margin. The Regulation may provide that the STU may provide entity-wise GNA, the summation of which will be the GNA for the State to help in identifying the entity which is drawing in excess of 120% of its GNA for the purpose of bearing the excess transmission charges.

As per the EM (para 2.25.4), the STUs are required to submit seasonal GNA every year. This aspect needs to be brought out in the GNA regulation explicitly. It is understood that Discoms would be levied transmission charges based on the seasonal GNA granted to them

for the year. It is submitted that the provision of seasonal GNA may be extended to intermittent generators like hydro stations especially run of the river projects, which have varying generation dependent on water availability in the river during the year as also ancillary units etc. The liability of transmission charges on such generators would be limited to the seasonal GNA and relieve them from payment of full transmission charges during the lean generation season. It should be evaluated, if this concept of seasonal GNA could be extended to all GNA users, which provides adequate flexibility to all stakeholders. The concept of seasonal GNA which is understood be as GNA for a quarter (3 months) may be further shorten to a monthly GNA and correspondingly the POC charges which are determined on quarterly basis may be notified on monthly basis.

The Draft Regulations give option to the state entities (Discoms, consumers and embedded generators) to seek GNA either directly or through the STU. STU is exempted from submission of Access Bank Guarantee. Thus, when a Discom applies for GNA through STU there is no Access Bank Guarantee but when it applies directly, it has to pay the Access BG. It is suggested that Access BG may be exempted for all Discoms who apply for GNA directly. The very purpose of BG is to safe guard the investment made by CTU in the event of exit of a GNA seeker. Since DISCOMs are licensee of SERC and cannot exit (in case license of a licensee is terminated, the SERC would appoint another licensee in the area), there is no rational for collecting BG from DISCOMs as well whether connected through STU or directly. This needs to be clarified.

- 13. Regulation 7.2** *An applicant shall apply for Connectivity to the nodal agency for a quantum equal to installed capacity of generating station less auxiliary power consumption in the specified format as approved by the Central Commission. A captive power plant shall apply for Connectivity for a quantum of maximum exportable capacity proposed to be connected to ISTS.*

**Comment:** For generating stations whose tariff is determine under CERC regulations, the connectivity quantum should be revised automatically based on the auxiliary power norms specified in the regulations. It needs to consider scenario of additional power being injected, wherein a generating station operates at better auxiliary power as compared to the normative norm. The definition of "Exportable capacity" for a captive power plant needs to be modified submitted earlier?

- 14. Regulation 7.4** *In order to assess preparedness of applicant making application for the connectivity to the ISTS, an applicant (other than renewable generating station, Solar Power Park Developer, Wind Power Park Developer or Wind-Solar Power Park Developer) shall submit along with its application, documents in support of having initiated specific actions for project preparatory activities in respect of the following milestones as applicable:*
- (a) *Site identification and land acquisition: Details about the land required for the generation project along with extent to which the same have been acquired and taken possession of. The "requirement" of land would be considered as indicated in the proposal filed with the competent authority for seeking environmental clearance.*

*In case of land to be acquired under The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement, Act, 2013, copy of notification issued for such land under Section 11 of the said Act. In all other cases, the documentary evidence in the form of certificate by concerned and competent revenue / registration authority for the acquisition / ownership / vesting of the land.*

- (b) Environmental clearance for the generating station: Status on submission of requisite proposal, for the environmental clearance, to the concerned administrative authority (first level submission), as applicable.*
- (c) Forest Clearance (if applicable) for the land for the generating station: Status of proposal for the forest clearance to the concerned administrative authority (first level submission), as applicable.*
- (d) Fuel Arrangements: Details on fuel arrangements for the quantity of fuel required to generate power from the power station for the total installed capacity intended for connectivity, as applicable.*
- (e) Water linkage: Status of approval from the concerned state irrigation department or any other relevant authority for the quantity of water required for the power station, as applicable.*

**Comment:** It is submitted that the requirement of fuel arrangement for grant of connectivity may be reconsidered in view of the provisions of the SHAKTI policy which stipulate that coal supplies for plants to be commissioned till 31.03.2022 be allowed at 75% of the ACQ against the FSA. Further, future coal linkages would be granted on auction basis and power plant may not be able to secure coal for full installed capacity. It would, therefore, be too onerous for a generator who cannot generate due to shortage of coal and is required to pay transmission charges as per its installed capacity. On the other hand, it would also not be proper to invest in system corresponding to its installed capacity and charge him for lesser quantity. To balance the interests of Generators as well as transmission licensee, generator be permitted to seek connectivity as per his projections and he would be allowed to transmit only the quantum that he has sought connectivity for.

**15. Regulation 7.24** *More than one generator can use the dedicated transmission line connecting their generating station to pooling station of ISTS after formalising all aspects including sharing of the transmission charges and losses of the transmission line among the generators. The transmission charges shall be decided amongst themselves after taking into account the norms specified in the Tariff Regulations issued by Central Commission from time to time*

**Comment:** Section 2 (16) of the Act defines dedicated line as point to point line from generating station to any transmission lines or sub-station or generating stations, or the load center. Therefore, once a dedicated line from a generating station is LILO to another generating station for evacuation of its power, the line loses its dedicated character and would become an ISTS or InSTS line. Difficulty Removal Order Number 5 dated 9<sup>th</sup> June 2005 provides that no transmission license would be required for a dedicated transmission line. However, when the same line is used for two or more generators it becomes ISTS or InSTS

as line of one generator would be transmitting power from other generating station and accordingly transmission license would be required as per Section 14 of the Act.

It should also be considered that the generator who has constructed the Dedicated Transmission Line would have included its cost in the tariff while bidding for its power in competitive bidding. The bid is for 25 years and later if the Dedicated Transmission Line is also used by another generator on payment of transmission charges to generator who built the Dedicated Transmission Line, how would such payment be adjusted in the bid tariff?

Further, in case a dedicated transmission line is used by another generator, to save RoW, then it would become ISTS or InSTS and transmission charges need to be determined by appropriate Commission as per relevant Regulations and it cannot be left to the parties to decide amongst themselves, as proposed in the draft regulations.

**16. Regulation 7.25** *On completion of the dedicated transmission line the generator(s) shall be required to hand over the dedicated transmission line to CTU for the purpose of operation and maintenance. CTU shall be entitled to normative operation and maintenance expenses as per CERC Tariff Regulations. The line shall be under the operational control of CTU for all the purposes.*

**Comment:** It is submitted that this Regulation is against Section 10(1) of the Electricity Act 2003 which states that the operation and maintenance of the dedicated line is to be done by the generator. The provision of the EA 2003 is reproduced below:

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

Under the proposed draft regulation 7.25 the dedicated transmission line post completion is to be handed over to the CTU for operation and maintenance, which is not in accordance to the EA 2003 as submitted above and need to be appropriately modified as under:

*“Regulation 7.25 On completion of the dedicated transmission line, the line shall be under the operational control of CTU for all the purposes as ISTS under Section 2(36) of the Act.”*

**17. Regulation 7.26.** *An “Applicant for Connectivity” may be connected to both inter-State transmission system and intra-State transmission system. In such cases, “Applicant for Connectivity” shall apply for Connectivity for demarcated quantum to CTU and STU such that total Connectivity quantum equals installed capacity less auxiliary consumption. However commercial liability of generator including CGP towards ISTS shall be corresponding to the quantum proposed to be evacuated through CTU network. Applicant shall clearly indicate the quantum of Connectivity with inter and intra state transmission*

*system in its application to CTU. CTU shall take confirmation from concerned STU regarding application for connectivity made for connectivity to intra-state transmission system before grant of Connectivity to ISTS. If such confirmation is sought by CTU, STU shall confirm the same within a period of 15 days.*

**Comment:** When a generator is connected both to STU and CTU then he is required to give quantum of GNA for power likely to be evacuated through CTU system and pay charges as per GNA. However, it would be appreciated that in a meshed network power flows as per Kirchhoff's law and there could be instances when, due to changed system conditions, power flow towards CTU network would be more than approved GNA although his total injection into STU and CTU networks remains equal to or less than sum of CTU GNA and STU LTA. Such condition is beyond control of the generator and he should not be penalised for the same by charging 25% higher for excess quantum. For this purpose, any deviation charges beyond a stipulated level should on total injection on both (CTU & STU) rather than only on CTU GNA. This needs to be clarified in the Regulations.

- 18. Regulation 7.32** *The applicant shall be able to interchange firm power with the grid only after its GNA is operationalized. The applicant may be allowed to draw start-up power or inject infirm power by respective RLDC prior to operationalization of GNA subject to Regulation 7.34 and Regulation 7.35.*

**Comment:** According to Regulation 7.32, an applicant generator shall be able to interchange firm power with the grid only after its GNA is operationalized. This will adversely affect the power plants which are connected to the grid, but their LTA has not been operationalized. Such power plants which are already connected to the grid should be allowed to transact power in short term market, subject to availability of margin on the transmission system.

Further, under this regulation drawl of start-up power or injection of infirm power has been permitted on payment of transmission charges (Regulation 7.32 to 7.35). Clarity is sought on as to how these transmission charges would be calculated specially when GNA has not been operationalized.

- 19. Regulation 8.1:** *The dedicated transmission line from switchyard of generating station or Solar Power Park Developer or Wind Power Park Developer or Wind Solar Power Park Developer to the pooling station of the transmission licensee (including deemed transmission licensee) shall be developed and owned and by the applicant and shall be operated by CTU as per Regulation 7.25. The specifications for dedicated transmission lines shall be indicated by CTU while granting Connectivity.*

**Comment:** Regulation needs to be corrected in light of our comments against Regulation 7.25. Proposed corrected Regulation is given below:

*“8.1 The dedicated transmission line from switchyard of generating station or Solar Power Park Developer or Wind Power Park Developer or Wind Solar Power Park Developer to the pooling station of the transmission licensee (including deemed transmission licensee) shall be developed and owned maintained and operated by the applicant. “*

**20. Regulation 8.2** *CTU shall plan the system such that maximum length of dedicated transmission line shall not exceed 100 km from switchyard of the generating station or pooling station of the solar power park or wind power park till the nearest pooling substation of transmission licensee for “Applicant for Connectivity” in accordance with Regulation 2(1)(c).*

**Comment:** Planning including Transmission Planning is function of CEA as per Section 3(4) of the Act. All proposals for transmission lines and substations by CTU are placed before Regional Standing Committee on Transmission under Chairmanship of CEA and gets its approval. CTU can implement the proposal only after it is approved by Standing Committee. System proposed by CTU to bring dedicated line of one generator within 100 kms may not be accepted by other beneficiaries of the Region as they have to bear the cost of the additional system. Thus, the Regulations needs to be rephrased as under:

*“Regulation 8.2 CTU shall **endeavor** to plan the system such that maximum length of dedicated transmission line **may** not exceed 100 km from switchyard of the generating station or pooling station of the solar power park or wind power park till the nearest pooling substation of transmission licensee for “Applicant for Connectivity” in accordance with Regulation 2(1)(c).”*

Alternately, it is suggested to not specify any restriction in length of dedicated transmission line and leave it to the discretion of Standing Committee to take optimal and appropriate decision on case to case basis.

**21. Regulation 8.4** *Where the dedicated transmission lines have already been constructed or are under construction by ISTS Licensee (including deemed licensees) under coordinated transmission planning:*

- (i) The transmission charges for such dedicated transmission lines shall be payable by the concerned generating company to the transmission licensee from the date of COD of the dedicated line till operationalisation of GNA of the generating station in terms of Regulation 22 of these Regulations;*
- (ii) After operationalization of GNA, such dedicated transmission line shall be included in the POC pool and payment of transmission charges for the said dedicated transmission line shall be governed as per the CERC (Sharing of inter-state transmission charges and losses) Regulations, 2010 as amended from time to time.*

**Comment:** It is submitted that operationalization of GNA is beyond the control of the generator. If the intention is to put the burden on the generator for use of dedicated line for

testing and commissioning and start up power, then the loading of transmission charges on the generator may be restricted to the period till the COD of the first generating unit.

## **22. Regulation 10 – Point of Commercial Metering**

*Metering shall be done at the interface point of connection of the generator with transmission system of licensee as specified in the CEA Metering Regulations subject to following:*

- (a) In case dedicated transmission Lines are owned/ constructed by a generator, such metering point shall be at the pooling sub-station of ISTS licensee.*
- (b) In case generator is connected to more than one pooling station, metering shall be at the bus bar of the generating station.*

**Comment:** Under Regulation 10 (a) & (b), it has been proposed that in case of dedicated transmission line owned/ constructed by the generator, the metering will be at the pooling sub-station of ISTS licensee and in case a generator is connected to more than one pooling sub-station, metering may be at the generating station. This will result in disparity between the power stations which are to be connected to one pooling sub-station and those which are connected to more than one pooling sub-station. It is suggested that metering may be done at the generating station only as per CEA's Metering Regulations. It is felt that if due to commercial contract, the loss on the dedicated transmission line is to be borne by the generator, the estimated losses for such dedicated line may be computed and booked to the generator.

Further, it is also submitted that Regulations 10 and 13 may be merged since both deals with the issue of metering.

## **23. Regulations 11: Application for General Network Access**

**Comment:** In the proposed regulations, it is mentioned that the applicant seeking GNA to Inter-State Transmission system shall file application within two and half years from the date of intimation of grant of connectivity. Also processing time of GNA application is brought out in the draft. However, period (No. of years) of seeking GNA by the applicant is not clear in the draft.

The applicant shall prefer to seek GNA as per its requirement i.e. applicant would generally seek GNA for 25 years in case of new thermal projects while in case of Hydro and others it could be different. In case of consumer/State entity, no. of years required for seeking GNA may vary depending on requirement of the consumers.

Further, existing generation stations/IPPs those who have LTAs and those who do not have LTAs, in all such cases, the requirement of period for GNA shall be different for different cases. Like, generating station/IPPs nearing to their retirement may like to have GNA for only few years while others may prefer to seek GNA for balance period of life of their plants.



**24. Regulation 11.7.** *The GNA Application shall be accompanied by Access Bank Guarantee of Rs. 20,00,000/- (Rupees Twenty Lakh only) per MW for the quantum of GNA sought. The Access Bank Guarantee shall be in favour of “Central Transmission Utility”, as per FORMAT-GNA-4. The Access Bank Guarantee shall be issued by...*

**Comment:** As already brought out above the purpose of BG is to safe guard the investment likely to be made by the CTU in providing additional network for long term contracts (more than 7 years). It cannot be made applicable to applications for medium term contracts (1 year to 5 year) and short term contracts where CTU would not add any transmission element and GNA would be provided on the margins available in the system. CERC need to clarify this in the Regulations itself.

**25. Regulation 11.8** *Documents to be submitted along with the application shall include*

- (a) Scanned copy of Notarized affidavit as per FORMAT-A for each application;*
- (b) Proof of payment of Application fee through NEFT/RTGS by giving UTR No. of the Bank remitting the fees.*
- (c) Scanned copy of Access Bank Guarantee of Rs. 20,00,000/- (Rupees Twenty lakh only) per MW as applicable. Physical copy should be submitted separately within 2 working days of submission of online application.*
- (d) PPA or Sale-Purchase Agreement of power as applicable. Letter of Intent (LOI) shall not be accepted as a PPA or Sale-Purchase Agreement.*
- (e) Copy of the allocation letter issued by Ministry of Power, Govt. of India, wherever applicable.*
- (f) Authorization by the allocatees in favour of the Central Generating Company to make GNA application, wherever applicable.*

**Comment:** It is suggested that furnishing of PPA/PSA should not be mandatory as the PPA/PSA may not have been signed at the stage of filing of application for GNA. The provision may be modified that PPA/PSA, if available, may be submitted along with the application. It is submitted that most of the bilateral and short-term transactions are undertaken based on Lol, Lols should be accepted for grant of GNA.

Further, as per Regulation 17.1, “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”, which implies that the GNA has been granted without submission of PPA/PSA as required under regulation 11.8. Hence, Regulations 11.8 and 17.1 are not in sync. Regulation 17.1 is more rational and should be retained and requirement of submission of PPA along with application to be deleted.

**26. Regulation 11.17** - *A generating company after firming up the beneficiaries through 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.*

**Comment:** The Long term and medium-term contracts are finalized through PPAs, however in case of short term contracts the obligations between parties is usually established through LOIs and exchange of emails/letters. Under short term contract, power may be scheduled for as short a period as 15 minutes through Contingency Applications under STOA. In such cases signing of PPAs are not practical. Moreover, as per scheduling process under STOA, the parties endorse and give concurrences on Format-II of Open Access Application. This fulfills the objective of establishing the contractual relation between transacting parties.

Further, number of transactions under Short term are very high as compared to number of transactions under Long term and medium-term and these short-term contracts become irrelevant to Nodal agency once the period of supply is over. Keeping the record all such short-term contracts would be taxing on the resources of Nodal agency. Hence, it is submitted that the provision of notifying short-term contracts/PPAs to Nodal agency be removed from Draft regulations and accordingly, the Regulation 23.1 be so modified. However, if the draft regulation is to be retained, the draft regulations should allow notification of Short term contract by way of submission of PPA and also LOI, Letters, email copies or any other communication which establish contractual relation between parties.

**27. Regulations 12.3** - *If an intra-State entity is applying for GNA, concurrence of the STU shall be obtained in advance and submitted along with the application to the nodal agency. The concurrence of the STU shall be as per the FORMAT-GNA-3.*

**Comment:** Regulation 12.3 is a repetition of Regulation 11.6. Requirement of regulations 12.3 or 11.6 may be revisited.

**28. Regulation 12.6** - *In case STU has not communicated concurrence or "no objection", as the case may be, within the specified period of thirty (30) working days, from the date of receipt of the application, concurrence or "no objection" as the case may be, shall be deemed to have been granted.*

**Comment:** The term "no objection" has not been defined or used in any regulation. The usage may be revisited.

**29. Regulation 12.7 (a)** - The Access Bank Guarantee may be encashed by the nodal agency

- a. If the application is withdrawn by the applicant after 9 months of grant of GNA by the Nodal Agency.
- b. If the applicant fails to submit the extension letter of the earlier furnished BG at least 30 days prior to its expiry.

**Comment:** As per Regulation 21, the applicant shall sign the GNA agreement with CTU within 30 days of grant of GNA failing which, the GNA granted shall be cancelled and 1/10th

of ABG shall be forfeited and balance ABG refunded. In view of Reg 21, Regulations 12.7(a) would not operate. Further, it may please be clarified what does "earlier furnished BG" is being referred to? Does this refer to the BG submitted with LTA application submitted under 2009 regulations?

- 30. Regulation 25.5** *In case the existing LTA customer happens to be a trading licensee, the existing LTA shall be converted by CTU into GNA of the concerned generating company or the distribution licensee or intra-State entity, as the case may be.*

**Comment:** Trading Licensee under the prevailing regulations is eligible to apply for Long Term Access (LTA) or Medium Term Open Access (MTOA). In the draft regulations, it has been proposed that only grid connected entities can apply for GNA and the trading licensees will not be entitled to obtain GNA. Trading Licensees can, however, buy and sell power on behalf of the grid connected entities. It has been proposed that the existing LTA with trading licensees will be deemed to be the GNA of the concerned grid connected entities. The above modification may result in difficulty in many cases where the Trading Licensee has long term/ Medium Term/ Short Term PPA with the generating companies/DISCOMs and has obtained LTA/ MTOA/ STOA in terms of the PPA. It is suggested that in such cases the MTOA and STOA may be saved and considered valid for scheduling and granting new GNA.

- 31. Regulations 26 Sharing of Transmission charges in transition phase:**

**Comment:** Currently, POC rates for LTA/MTOA transactions are different from STOA transaction, as per determination of POC rates on quarterly basis by Implementing Agency in accordance with third amendments to Sharing Regulations. For LTA/MTOA transaction, there are no separate POC rates for injection and drawl points, e.g. Rajasthan as a state has a single POC rate for LTA/MTOA while in STOA, Rajasthan state has different injection POC rate and different withdrawal POC rate.

In view of above, it is our humble submission that suitable changes are required in sharing regulations to address the issue mentioned above, before finalizing GNA regulations because in the proposed GNA regime, POC charges shall not be dependent upon LTA/MTOA and STOA as all transactions would be executed based on contracts and transmission charges liability should as per GNA granted to the applicants.

- 32. Regulations 17.1:** *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.*

**Comment:** As per prevailing regulations, transmission planning is based on the requirement of long term Access customers having firm beneficiaries. The short-term electricity market

has a contribution of around 10% in total electricity transaction and all the avenues of the market i.e. Short term Bilateral and Short-Term Power Exchanges have been treated at par to enable the development of a competitive market.

In the draft regulations, it is proposed that after the grant of GNA, sale of power on day collective is permitted when Generators do not have any PPAs. In this regard, it is submitted that sale of power must also be permitted through Short term bilateral i.e. to Open Access consumers and DISOCMs. In OTC market, executing PPA or Sale Purchase Agreement is not a precondition for scheduling power on day ahead bilateral basis or as per Intra and Inter-State Open Access Regulations, for bilateral transactions. Hence, provision of having a PPA/SPA must be relaxed in case of short term contracts as presently many transactions particularly to Open Access consumers are being governed based on "Letter of Acceptance" or Acceptance through Email as the same are also considered as a contract for sale and purchase of power.

It is sought to kind attention of Hon'ble Commission that bilateral contract in short term market have been instrumental in shaping the power market and meeting the demand of Open Access consumers who prefer a fixed contracted rate without any price fluctuations which are prevalent on Exchanges. Even States DISCOMs having finalized contracted with Traders through Reverse Auction on DEEP portal are dependent on day ahead bilateral scheduling in case power flow is to be started in few days after issuing the LOI/signing of PPA.

In view of above it is submitted that the draft provision must also include the sale of power on Bilateral i.e. to Open Access consumers and DISCOMs. Further, as requested earlier, both short term PPAs and LOIs must be allowed while scheduling power in short term bilateral, after grant of GNA.

**33. Regulation 17.3:** *The information regarding PPA shall be considered by CTU not later than a week and confirm the scheduling priority for the Generator or distribution licensee or bulk consumer.*

**Comment:** It is submitted that if the suggestion of 'removal of the provision of notifying the short-term contract/PPA to nodal agency (i.e. RLDC) ' under the Regulation 11.17 is accepted and consequent amendments made to Regulation 23.1, then the Regulation 17.3 may be kept as it is.

However, if the suggestion is not agreed to then, it is requested that Regulation 17.3 be amended as *"The information regarding Long term and medium term PPA shall be considered by CTU not later than a week and confirm the scheduling priority for the Generator or distribution licensee or bulk consumer"* and a separate Regulations be introduced to provide for taking up of short term PPA/ LOI/ contract/ letters/ emails and any other communication by concerned RLDCs. This separate regulation is required for Short term contracts since the existing time lines of scheduling process under STOA are not in

sync with the proposed one week's time in Regulation 17.3. The applications under STOA especially Contingency and Day ahead are decided and applied with in very small-time window as compared to one week proposed in Regulation 17.3.

Regulation 23.1 may be amended as: *"Where the entire or part of the Power Purchase Agreement (PPA) of the GNA customer is terminated in accordance with the provisions of their Agreement or through determination by a court or Tribunal or Appropriate Commission of competent jurisdiction or in the event of mutual termination, it shall be incumbent on the GNA customer to give intimation about such termination of PPA/LOI/letter/contract/emails etc. to CTU and respective RLDC immediately and not later than one week from the date of such termination. CTU and RLDCs shall utilize the corridor for scheduling of power for other customers depending on period and quantum."*

**34. Regulations 17.4:** *CTU shall give priority to long term PPAs over medium term PPAs and to medium term over short term PPA and among PPAs of same category under pro-rata basis. A Generator /DISCOM/bulk consumer may also transact power through power exchange which shall be scheduled as per available corridor. The information for Long Term and Medium Term PPA shall be registered with CTU and for short term PPA registration shall be done with respective RLDC.*

**Comment:** CTU has to give priority to long term PPAs over medium term and medium over short term PPA (regulation 17.4). With the operationalization of GNA, SLDC may be able to schedule power under long, medium or short term, as the case may be. (Regulation 18.1). However, in case of transmission congestion, curtailment has to be done on the basis of tenure of PPA, viz., long term, medium term and short term. However, the transmission charges for all transactions is same. This may have adverse impact on the short-term market. It is suggested that curtailment required during the scheduling process one day in advance may be done as per the choice of the GNA holder. Curtailment, if required in real time operation may be carried out by RLDC on pro-rata basis on all transactions affecting transmission constraint.

**35. Regulations 18.2 -** *If it is not possible to accommodate the quantum requested by a state on day ahead basis because of transmission constraint in the ISTS, the SLDC shall provide its revised schedule with equal priority to all type of transactions as per the relative economics of the transactions to the SLDC on day ahead basis.*

**Comment:** It is requested to provide clarity in the above regulations in respect of extending equal priority to all type of transaction, which is in contradiction to Regulation No. 29: Curtailment, where in it is mentioned as *"When for the reason of transmission constraints, it becomes necessary to curtail power flow on a transmission corridor after finalization of day ahead schedule and in real time, the transactions already scheduled may be curtailed by the Regional Load Despatch Centre. The transactions shall be curtailed on the basis of duration of transaction with short term transactions shall be curtailed first, followed by curtailment of medium term transactions and thereafter curtailment of long term customers"*.

As mentioned, revision in the schedule in case of transmission constraint shall be as per relative economics of the transaction; here the relative economics may be clarified as the merit order. In this regard, we would like to submit that there could be transactions like Group Captive, Short term power banking etc. which do not have any pricing and therefore how these transactions to be covered in relative economics need a clarity. Further, tariff in short term transaction is single part unlike two-part tariff in long term contracts; in such situation, how would we assess the single part tariff in short term with respect of two part tariff in long term contracts.

- 36. Regulation 19.3** - *The Access Bank Guarantee shall be kept subsisting for 5 years from the date of operationalisation of GNA. After operationalisation of GNA, Access BG equivalent to 1/5th of amount shall be returned back to the Applicant till 4th year. The amount equivalent to 1/5th of Access BG shall be kept subsisting till the end of 12th year as security towards relinquishment charges. The Applicant shall submit revised Access BG accordingly.*

**Comment:** It is suggested that once the generator has been commissioned and GNA operationalized, the access bank guarantee may be returned as there is no question of relinquishment of GNA, except in case where an IPP is converted into a CGP with co-located captive load. As the generator will not be able to schedule any power and remain connected to the grid if it relinquishes the GNA, there seems to be no need to retain Access Bank Guarantee after commissioning of the generator.

- 37. Regulation 22.1** - *GNA shall be operationalized from the date provided in GNA Agreement. In cases where operationalisation of GNA is contingent upon commissioning of several transmission lines or systems and only some of the transmission lines or elements have been declared to be under commercial operation, GNA to the extent which can be operationalised without affecting the security and reliability of the grid shall be operationalised by CTU and the GNA customer shall pay transmission charges for the quantum of GNA operationalised.*

**Comment:** It is suggested that the part operationalised GNA should consider the technical minimum limits of the generating station. In case of delay in corresponding transmission network affecting operationalization in part or full, the Generator should be compensation for the loss of generation. In this regard, Cl 5.5 of “Guidelines for Tariff Based Competitive Bidding Process for procurement of power from grid connected Solar PV Power Projects” dated 03.08.2017 may also be referred which provides for compensation to the Renewable generator related to offtake constrains

- 38. Regulation 22.3** - *The inability of a GNA Applicant to generate or supply electricity shall not absolve it from liability to pay transmission charges.*

**Comment:** A large capacity of thermal power projects is stranded due to non-availability of PPAs and coal linkage. If the transmission charges are levied on the installed capacity, it

would create a distress for the stranded power project which is already suffering due to capital investment made. It will also be unreasonable to levy transmission charges on the quantum of GNA of such stranded generator.

**39. Regulation 22.5:** *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.*

**Comment:** In view of Hydro plants (Run of the river, Pumped Storage and Reservoir based) and other infirm generation, it is suggested that payment towards transmission charges may follow the principle similar to two-part tariff in generation. It is hereby proposed that an applicant may be levied transmission charges (as per sharing regulations) as follows

- a) Capacity charges – This component of transmission charges should be as per seasonal capacity approved for applicants for which GNA is approved by CTU.
- b) Energy Charges – This component of transmission charges should be as per energy scheduled, on a monthly basis. Energy Scheduled as per final implemented schedule may vary from month and month and from one technology to other one, according to PLF/CUF of the plant/station.
- c) It is further proposed that POC charges as per sharing regulations should be split between Capacity and Energy charges in the ratio of 25:75.

It is submitted that the above approach may be looked upon and extended to all grid connected generators, if it leads to equitable recovery of transmission charges from the users.

Alternatively, transmission charge recovery could be differentiated on the basis of must-run status of the power plants. Must-run stations like run-of-river plants, pump storage, peaking plants etc. may be charged on usage basis and other plants basically base-load plants be charged on capacity basis.

Also, as has been highlighted, availing GNA for a particular capacity, there should be overall flexibility of how the beneficiary/Applicant effects power sale in terms of different region, duration, LT or ST etc.

Further from equitable considerations following proviso may be added:

“Provided the compensation to be paid by Transmission Licensee to the Generator under Regulation 27.7 and 27.8 shall commence from the date indicated under letter of grant of GNA irrespective of date of operationalization. “

It is suggested that the CERC Sharing of Inter-State Transmission Charges and Losses Regulations, 2010 and related grid regulations including DSM regulations and IEGC code need to be published for stakeholder consultations for taking a holistic view of this important area and simultaneously amended with the GNA regulation

**40. Regulation 22.6** - *In case a transmission system or a generator is delayed beyond the scheduled date of GNA due to reasons beyond the control of the transmission licensee or a generator as per provisions in the GNA Agreement, the date of operationalisation of GNA may be correspondingly extended with the approval of Central Commission.*

**Comment:** Conditions beyond the reasonable control of the generator/ transmission licensee for which extension is permissible need to be specified. It is felt that besides force majeure and change in law, delay in grant of statutory clearance and delay in land acquisition for reasons beyond the control of the generator/transmission licensee may be considered for grant of extension.

**41. Regulation 23.1 & 23.3**

**Regulation 23.1** - Where the entire or part of the Power Purchase Agreement (PPA) of the GNA customer is terminated in accordance with the provisions of their Agreement or through determination by a court or Tribunal or Appropriate Commission of competent jurisdiction or in the event of mutual termination, it shall be incumbent on the GNA customer to give intimation about such termination of PPA to CTU and respective RLDC immediately and not later than one week from the date of such termination. CTU and RLDCs shall utilise the corridor for scheduling of power for other customers depending on period and quantum.

**Regulation 23.2.** On termination of the PPA the GNA customer shall be liable to pay the transmission charges as per applicable Regulations.

**Comment:** It is felt that termination of PPA by the generator after complying with the terms of the PPA should be adequate for diversion of power to another purchaser and the RLDC should not insist for an order from the concerned regulatory Commission. If the purchaser is aggrieved by the termination of PPA, then it should challenge the termination before the Appropriate Commission and obtain. Unless the stay is granted, the RLDC should accept the termination, provided the conditions laid down in the PPA for termination have been fulfilled. Appropriate provision in the regulations in this regard will help in averting the difficulty caused to the generators due to non- payment/ inordinate delay in payment of dues of the generators and not providing the payment security as per the PPA.

Since termination of PPA does not lead to relinquishment/ cancellation of GNA granted to the Generator, the existing GNA holder should not be denied access and restricted to sell and schedule the freed-up power capacity under short-term bilateral or exchange transactions. Ideally the GNA should not be used for scheduling any other power of other consumers, but in case the corridor is used for scheduling of power for other customers depending on period and quantum, the transmission charges for such period and quantum of GNA should not be recovered from the incumbent GNA holder (i.e. the Generator).



**42. Regulation 24.1:** *In case GNA Customer intends to exit from GNA it shall be disconnected from the grid from the intended date of exit and the GNA Customer shall be liable to pay relinquishment charges as follows:*

- a. *In case GNA Customer exits after the grant of GNA but before operationalization of GNA: Complete Access Bank Guarantee (ABG) encashed + 1 year tx charges toward exit charges*
- b. *In case GNA Customer exits prior to completion of 5 years after GNA is operationalized: remaining / available ABG encashed + 1 year tx charges toward exit charges*
- c. *In case a GNA Customer exits after 5 years after GNA is operationalized: 1 year tx charges toward exit charges*

**Comment:** It is suggested that by giving one-year notice for relinquishment the exit charges equivalent to 1-year transmission charges should not be levied. In case of retirement of a unit/ station on completion of its commercial life, relinquishment charges should not be charges. Further, exit charges for relinquishment could be considered only in event of non-utilisation or part stranded event without substitute possibility.

Further, the regulations have not provided for reduction of GNA except in case of deration or conversion of IPP to CPP with co-located captive load. A provision needs to be included providing for reduction on GNA by an entity.

Total amount of recovery due to exit to be adjusted in the ATC of CTU transparently and passed on the other beneficiaries.

**43. Regulation 25.1 -** *For generating stations with full capacity tied up including CGS, their GNA for Installed Capacity minus auxiliary power consumption shall be deemed to have been granted. Corresponding LTA quantum for beneficiaries shall also be deemed to have been granted as GNA. A list of such GNAs of generators and beneficiaries shall be published by CTU within one (01) months of notification of these regulations.*

**Comment:** Many generating stations have their full capacity tied up under LT and MT contracts and have LTA and MTOA granted to them for these contracts. While the draft regulations provide for LTA to be automatically converted to GNA, what happens to the MTOA granted and currently under operation? It is suggested that the existing MTOA should be saved till the contract term and then be converted into GNA as applied for by the Generator.

**44. Regulation 25.5 -** *In case the existing LTA customer happens to be a trading licensee, the existing LTA shall be converted by CTU into GNA of the concerned generating company or the distribution licensee or intra-State entity, as the case may be.*

**Comment:** Trading Licensee under current regulations is eligible to apply for LTA/ MTOA. Under Draft GNA regulations only grid connected entities can apply for GNA and existing

LTA with trading licensees will be deemed to be the GNA of the concerned grid connected entities. The above modification may result in difficulty where the Trading Licensee has LT/MT/ST PPA with the generating companies/DISCOMs and has MTOA/STOA under the PPA. It is suggested that in such cases the LTA/MTOA and STOA may be saved and considered valid for scheduling and granting new GNA.

In case of a trading licensee buying power from the neighboring country through LTPPA and not having LTA and LTPSA, there is no clarity as to how GNA will be obtained. For e.g. in case of sale of power from Dagachhu HEP, there will be no entity which will be able to take Connectivity and GNA as the generating company is in Bhutan where these regulations are not applicable. It is suggested that in such cases, trading licensee may be permitted to obtain Connectivity and GNA.

- 45. Regulation 27.3:** *In case any of the developer fails to construct the generating station/ dedicated transmission system by the scheduled date of GNA operationalisation, it shall be liable to pay transmission charges from the date of operationalization of GNA.*

**Comment:** It needs to be clarified that if extension of scheduled date of GNA is allowed, the transmission charges will not be levied for period extended by the Commission. The draft regulation may please be modified as follows

*"In case any of the developer fails to construct the generating station/ dedicated transmission system by the scheduled date of GNA operationalization or as extended by the Commission, it shall be liable to pay transmission charges from the date of operationalization of GNA.*

- 46. Regulation 27.5** *The transmission licensee should keep provision of foreclosure in the contract made by it with EPC contractor. In case the augmentation has been awarded but CTU assesses that it is not required fully or partly keeping in view progress of generating station, the CTU shall intimate the licensee to foreclose its EPC contract based on the status of transmission line. The CTU shall get the details of investment made in the transmission project and the liquidated damages payable for termination of the contract with the EPC contractor assessed and shall reimburse the same to licensee from relinquishment charges received by it.*

**Comment:** It is suggested that the investments made by the transmission licensee should be fully compensated and not limited to the relinquishment charges received which may not be adequate to recover the investment made.

- 47. Regulation 27.8** - *In case the alternative arrangement as provided in the Regulation 27.7 cannot be provided, the transmission licensee shall pay proportionate transmission charges to the generator.*

**Comment:** In the event the identified transmission system not provided or commissioned by the COD of the generator, the generator would be unable to commission/ synchronise the

unit/station and hence would continue to incur IDC and not be able to meet its commitments under the PPA/ PSA. It is suggested that the Generator should be compensated for increased IDC and any LD imposed by procurer for delayed CoD due to non-availability of transmission system.

Further, as per regulations 22.5, the effective date of GNA and liability to pay transmission charges shall be the date indicated in the letter of grant of GNA or GNA Agreement or from the availability of the transmission system whichever is later. Since the identified transmission system is not available, there is no liability on the generator to pay the transmission charges, and hence in such instances the applicability and extent of charges that transmission licensee would have to pay to the generator needs to be clarified

**48. Regulations 34 - Transmission Corridor Allocation for Power Markets:** *5% of each corridor for which separate ATC is declared shall be reserved for day ahead collective transactions at the power exchanges. In case of non-utilization of the corridor by exchanges, National Load Despatch Centre (NLDC) shall release the capacity for contingency market. The percentage of reservation shall be reviewed after five years of operation.*

**Comment:** It is submitted that the reservation in corridors should not be restricted to 5% of ATC and that to only for collective transactions done through Power Exchange. The reservation may be increase to atleast 15% for facilitate exigency procurement by Discom or large OA customer on bilateral basis, cross border trade, captive power flows for bilateral, ancillary units etc. which have lowest priority and get curtailed under congestion situations subject to periodic review based on the future market trend.

As one of the benefits of GNA is to relieve transmission congestion and to provide adequate redundancy and margin in the system, in such scenario, all short-term participants must have equal opportunity in term of transmission availability and access for all kind of ST transactions.

Further, a provision for scheduling and booking transmission corridor for express or premium power may be explored to meet the future market evolution, including a pricing and corridor booking procedure.