



GRIDCO Limited

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No-SR.GM(PP)/61/2017/

4963 (CB) Dated 26.09.2018

To

The Secretary,
Central Electricity Regulatory Commission, Third Floor,
Chandralok Building, 36, Janpath, New Delhi - 110001
Email: secy@cercind.gov.in.

Sub : Views of GRIDCO on Draft CERC (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) (Seventh Amendment) Regulations, 2018.

Ref : Public notice ref. L-1/(3)/2009-CERC dated 09.08.2018 & public hearing conducted on 19.09.2018.


Sir,

Inviting reference to the above, Please find enclosed the views of GRIDCO on subject Draft regulations for necessary consideration of Hon'ble CERC, while taking up the finalisation of amendments in Connectivity Regulations 2018.

Thanking you.

Yours faithfully,

Encl: Views of GRIDCO in 8 pages


25.9.2018
Director (Commercial)

C.C to:-

1. Director (F & CA), GRIDCO, Bhubaneswar for information.
2. CGM (RT&C), OPTCL, Bhubaneswar for information.
3. CGM (Construction), OPTCL, Bhubaneswar for information.
4. Sr.GM(Planning), OPTCL, Bhubaneswar for information.
5. E.A. to CMD, GRIDCO for kind appraisal of CMD.

Views of GRIDCO
on
Draft CERC (Grant of Connectivity, LTA and MTOA
in ISTS and related matters) (7th Amendment)
Regulations, 2018

CERC has notified draft CERC (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) (Seventh Amendment) Regulations, 2018 and has sought for views of stakeholders on different issues at stake. GRIDCO here by offers its considered views on the aforesaid draft regulations:

Regulation 2.1.b.i.a : Connectivity by a CGP :

2.1.b.i.a : A generating station other than Renewable Energy Generating station, with installed capacity of 250 MW and above, including a captive generating plant of exportable capacity of 250 MW and above.

VIEWS:

Gridco suggest to include the definition of exportable capacity in case of CGP in the regulation as follows :

“Exportable Capacity” means the generation capacity available with a captive generating plant for sale after accounting for the consumption by its captive user and/ generation capacity intended for wheeling of power to its plant located at non-contiguous place.

In case of CGP having Captive consumption load at a different geographical place than its generating unit, the maximum exportable capacity for applying connectivity to ISTS should be considered rather than only exportable

capacity & the maximum exportable capacity should be treated as other generators i.e. installed capacity less auxiliary consumption.

Regulation 2.1.b.i.aa : Connectivity by a RE generating station :

2.1.b.i.aa : A Renewable Energy generating station with installed capacity of 50 MW and above;

VIEWS:

Gridco submits that the amendment suggesting **minimum qualifying criteria for RE generating stations to be connected to ISTS as 50MW** of installed capacity will severely skew the transmission system optimality. It will not only infuse a glaring inefficiency in terms of huge stranded /redundant transmission asset creation at ISTS level but as well pose humongous financial burden on existing DICs as RE generators availing ISTS connectivity are waived from transmission charge payment as per MoP order.

Moreover Electricity Act 2003 mandate CTU to ensure development of an efficient, coordinated and economical system of Inter-State transmission lines for smooth flow of electricity from generating stations to the load centers.

Hence in order to have an efficient & economic transmission system in place, as mandated under EA 2003, Gridco suggest to increase the limit of RE installed capacity (either individually or in group aggregate) to minimum 250 MW for ISTS connectivity. Anything less than 250 MW may be tied up with intra state network under coordinated planning to be carried out by CTU/CEA/STU and Discoms as per the CERC (Planning, Coordination and Development of Economic and Efficient Inter-State Transmission System by Central Transmission Utility and other related matters) Regulations, 2018.

It will not only avoid redundant transmission capacity creation but also help to develop planned robust Intra State transmission system giving effect to distributed energy sources.

Regulation 2.1.(k-a) : Implementing Agency :

2.1.(k-a) :Implementing Agency means a company or entity designated by the Central Government or the State Government for selection of Renewable Power Developer and to act as Intermediary Procurer who shall buy power from these developers and sell the same to one or more distribution licensees in accordance with the Guidelines issued from time to time by the Ministry of Power, Government of India or the Ministry of New and Renewable Energy, Government of India or the State Government;

VIEWS:

Gridco suggest that presently NLDC has been christened as Implementing Agency for ISTS charges calculation, so another IA term will create confusion. Hence Gridco suggest that the Implementing Agency Term defined here may be renamed as **RE Implementing agency cum Intermediary procurer** or any other suitable name.

Regulation 8.1 : Grant of connectivity :

2nd Proviso : Provided that an applicant connected with the grid or granted connectivity for a specific project can, with prior approval of CTU, utilize same Connectivity for additional generation capacity (for same or hybrid of renewable sources), **subject to the condition that net injection at any point of time does not exceed the quantum of total Connectivity granted for the existing project.** For such additional generation capacity, existing generating

station shall undertake all operational and commercial responsibilities for the additional capacity in following the provisions of the Indian Electricity Grid Code and all other regulations of the Commission, such as grid security, scheduling and dispatch, collection and payment/adjustment of Transmission charges, UI charges, congestion and other charges etc., and submit an undertaking in this regard to the CTU, with copy to the respective RLDC in whose control area it is located;

VIEWS:

Gridco humbly submits that the Regulation should clearly stipulate “What If in case the **net injection at any point of time does exceed the quantum of total Connectivity granted for the existing project ?** “

The associated financial repercussions of such variation is to be clearly mentioned in the Regulation & UI Charges should be replaced with deviation charges wherever it is referred. The Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) (Second amendment) Regulations, 2015, to be applicable for RE generators as well.

Regulation 8.8 (a) & (b): Transmission charge of Dedicated Transmission Line through Co-ordinated Transmission Planning :

8.8 (a) : The transmission charges for such dedicated transmission lines shall be payable by the concerned generating company to the transmission licensee (including deemed transmission licensee) from the date of COD of the dedicated line till operationalization of LTA of the generating station of the generating company:

8.8 (b) : After operationalization of the LTA, the 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.

VIEWS:

Dedicated Transmission Line is basically designed for power evacuation from particular generating station(s). The Transmission charge of such Dedicated Transmission Line should be borne by respective generators. Inclusion of the Payment of Transmission in PoC pool is absolutely Unjust & improper. Other DICs/users should not be burdened with Transmission charge of such Dedicated Transmission Line & more over it will violate the spirit & mandate of EA 2003.

Generators as such will be interested to pursue an option to get rid of responsibilities of constructing Dedicated Transmission Line & not to include such investment in their project cost so as to cast themselves in merit order dispatch list. By such major chunk of Transmission line will be grouped under Co-ordinated Transmission Planning.

Hence Gridco suggests that

- i. What is exactly meant by Co-ordinated Transmission Planning, that should be specifically & clearly defined in this context.
- ii. CTU to specify objectively, in what way Dedicated Transmission Line will enhance reliability even if generation project does not come up through cost benefit analysis.
- iii. Only when Dedicated Transmission Line is beneficial from reliability point of view, the same may be included in the reliability support

charge of respective beneficiaries who will gain in terms of reliability support from such line.

Regulation 27: Detail Procedure:

VIEWS:

Detail procedure (both, the one that was approved in 2010 & another approved in 15.03.2018 relating to the Detailed Procedure for RE Project's Grant of Connectivity to Inter-State Transmission System) need to be suitably changed to accommodate all the amendments in line with recent changes in regulations.

Regulation 27.2(d) : Payment security mechanism and bank guarantee :

27.2(d) : Aspects such as payment security mechanism and bank guarantee during the period of construction and operation:

Provided that the bank guarantee during construction phase shall not exceed Rs. 5 lakh per MW of the total power to be transmitted by that applicant through inter-State Transmission system.

VIEWS:

In case Generator didn't come up at all & the Transmission licensee / CTU has already invested for the required Transmission asset creation, then whether such meagre amount of construction BG (@ 5 lakh/MW) would be sufficient enough towards recovery of such investment made by Transmission licensee ?

In view of the above, Gridco suggest to **modify the BG amount, to be sufficient enough, for recovery of such Transmission charges in case of defaulting Generators so that the Recovery of Transmission charge of such**

- ☉ sunk investment should not be burdened on other DICs by pooling it in the PoC pool.

The BG amount may be fixed to at least minimum Rs. 20 lakh per MW at the initial phase towards such cost recovery in case it turns out to sunk investment & the amount may be reviewed for further increase with industry experience.

Regulation 30: Unscheduled Inter-change (UI) Charges :

IEWS:

Since UI has already been replaced by DSM Charges , the present amendment need to replace UI Charges with deviation charges wherever it is referred.

Regulation 30.5 : Unless specified otherwise by the State Commission concerned, the Unscheduled Interchanges rate for intra-State entity shall be 105% (for over-drawals or under generation) and 95% (for under-drawals or over generation) of the Unscheduled Interchanges rate at the periphery of regional entity.

IEWS:

Presently the aggregate installed capacity of CGP in Odisha is around 7000MW. With ISGS entitlement only to the tune of 1300 MW, the state utility is absorbing the effect/financial burden of variations of such high capacity embedded customers.

Without mentioning the necessary payment security mechanism for such intra state embedded entities in the extant Regulations, such clause (30.5)

becomes a prime instrument for CGP embedded inside State for charging 105% of UI rate towards over-drawals or under generation with deliberate variation in their schedule to take advantage of market condition. With High aggregated installed capacity the variations of CGP are heavily burdened on State.

Moreover respective State commissions are appropriate authority to take final call with respect of any unscheduled interchange of power of Intra state entities embedded in the state & related financial settlement of such UI transactions.

Hence Gridco suggest that clause 30.5 need to be deleted from the existing regulations.