

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 137/MP/2017

**Coram:
Shri P.K.Pujari, Chairperson
Shri A.K.Singhal, Member
Shri A.S.Bakshi, Member
Dr. M.K.Iyer, Member**

Date of order: 20th of April, 2018

In the matter of

Petition for modification in calculation of Point of Connection (POC) transmission charges applied in collective transactions.

**And
In the matter of**

Indian Energy Exchange Limited
Fourth Floor, TDI Centre,
Plot No. 7, Jasola, New Delhi-110 025

The following was present:

Shri Indranil Chatterjee, IEX

ORDER

The Petitioner, Indian Energy exchange Limited (IEX) has filed the present petition for seeking modification in the methodology for calculation of transmission charges for the energy approved at the regional periphery for collective transaction as specified in Regulation 16 (1) of the Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008 (hereinafter referred to as 'Open Access Regulations'). The Petitioner has made the following prayers:

“(a) In case of bi-lateral transactions, transmission charges for the energy approved at the regional periphery for transmission separately for each point of injection and for each point of drawal, shall be payable in accordance with the provisions of the Central Electricity Regulatory

Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010 as amended from time to time.

While in case of collective truncations, transmission charges for the energy approved at the regional periphery for transmission from each Regional Entity/State on net schedule basis, shall be payable in accordance with the provisions of the Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010 as amended from time to time.”

2. The Petitioner has submitted that Regulation 16 (1) of the Open Access Regulations provides that these regulations will be applicable for grant of Short Term Open Access for energy transfer schedule commencing on or after 1.4.2008 for use of the transmission lines or associated facilities with such lines on the inter-State transmission system. The Commission has also specified the transmission charges applicable in the regional periphery in case of bilateral and collective transactions. Further, as per Para 5.3.4 of the National Electricity Policy dated 12.1.2005, to facilitate cost effective transmission of power across region, a national transmission tariff framework needs to be implemented by the CERC which would be sensitive to distance, direction and related to quantum of flow. The Petitioner has submitted that POC charges calculation methodology in collective transactions are not aligned with the above Policy, where for any State, the point of connection charges are calculated on gross basis in a 15 minutes block for all sellers and buyers individually and results in higher PoC charges to the participants of collective transactions.

3. The Petitioner has submitted that as per Para 3.2 and 3.3 of the Procedure for Scheduling of Collective Transaction, collective transaction requisition and availability of corridor information shared between NLDC and Power Exchange(s) are on net basis for ISTS. The Petitioner has submitted that while calculating POC injection and drawal rates, the demand zones are considered as the State control areas and

generation zones are formed by combining the generators connected to ISTS. Further, approved withdrawal for any State control area is calculated on net basis where simultaneous withdrawal/injection from/ to all nodes of ISTS to which a State Control area is connected is considered in peak scenario.

4. The Petitioner has submitted that the current practice of application of POC charges is conflicting with the fundamental concept of “perfectly competitive market”, as it is providing benefits to intra-State bilateral transactions where POC charges are not levied resulting in low cost of delivery for these transactions. In case of collective transactions, each participant pays the transmission charges, separately for each point of injection and each point of drawal, irrespective of the net energy available at the regional periphery. This is making collective transactions inefficient and is creating distortions in the market.

5. The Petitioner has proposed the following methodology for apportionment of POC charges amongst the participants of collective transactions:

“For a State where buy trade volume is greater than sell trade volume in a 15-minute time block then the net POC charges will be apportioned on those group of buyers pro-rata to their buy volume and no POC charges will be applicable on group of seller. In case of net sell volume being higher in a 15 minute time block, the net POC charges will be apportioned on those group of seller pro-rata to their sell volume and no POC charges will be applicable on group of buyers”

6. The Petitioner in para 14 of the Petition has given illustration depicting the current and proposed methodology.

7. We have perused the Petition and heard the representative of the Petitioner. It is observed that in the present petition, the Petitioner is seeking amendment of

Regulation 16 (1) of the Open Access Regulations in order to implement POC charges for collective transactions on net basis. Without going into the merit of the issues raised, we intend to clarify that filing of the Petition is not the proper process for initiating the amendment to the existing regulations. The Commission under Section 178 of the Act has been vested with the power to make, amend and repeal the regulations on the subjects which have been authorized under various provisions of the Act. Action to make or amend the regulations is initiated when the Commission is satisfied that there is a need for such regulations or amendment to the existing regulations.

8. The Commission has constituted a committee under the Chairmanship of Shri A.S. Bakshi, Member, CERC consisting of representatives from CEA, CTU and POSOCO to review the framework of POC charges. The Petitioner may take up the matter with the Committee and bring out the difficulties experienced in application of current methodology to POC charges for its consideration.

9. With the above, Petition No. 137/MP/2017 stands disposed of.

Sd/-
(Dr. M.K.Iyer)
Member

sd/-
(A.S. Bakshi)
Member

sd/-
(A. K. Singhal)
Member

sd/-
(P.K.Pujari)
Chairperson