

**Comments of Himachal Pradesh Power Transmission Corporation Limited (HPPTCL) on
Draft CERC Tariff Regulations,2019**

S. No	Clause	Provision in CERC Draft Regulations	Comments/Suggestions
1	6	<p>Treatment of mismatch in date of commercial operation:</p> <p>(1) In case of mismatch of the date of commercial operation of the generating station and the transmission system, the treatment of the transmission charges shall be determined as under:</p> <p>a) Where the generating station has not achieved the commercial operation as on the date of commercial operation of the associated transmission system (which is not before the SCOD of the generating station) and the Commission has approved the date of commercial operation of such transmission system in terms of Regulation 5(2) of these regulations, the generating company shall be liable to pay the transmission charges of the associated transmission system in accordance with clause (5) of Regulation 14 of these regulations to the transmission licensee till the generating station or unit thereof achieves commercial operation;</p> <p>b) Where the associated transmission system has not achieved the commercial operation as on the date of commercial operation of the concerned generating station or unit thereof, the transmission licensee shall make alternate arrangement for the evacuation from the generating station at its own</p>	<p>HPPTCL would like to submit that chances that the generating station as well associated transmission system will achieve the COD exactly on the same day is remote and therefore the present provision shall result in increased litigation. Therefore, it is suggested that the generating station and transmission system should be allowed at least 3 months matching period to plan their COD in tandem with each other. It is suggested that during this period no compensation shall be payable either wise. This will result into lesser cases of litigations and save considerable time.</p> <p>Further, The Draft Regulations mentions that even if the Transmission Licensee is able to make alternate arrangements for evacuation of power in case of delay in COD, Transmission licensee has to achieve COD within six months otherwise it has to pay applicable transmission charges to the generating company in addition to making alternate arrangement.</p> <p>HPPTCL would like to submit that majority of delays in COD of Transmission system occur due to Right of Way (ROW) and Land acquisition issues which are beyond the control of any licensee. There</p>

	<p>cost, failing which, the transmission licensee shall be liable to pay the transmission charges to the generating company at the rate of the applicable transmission charges of the region as determined in accordance with the Sharing Regulations till the transmission system achieves the commercial operation.</p> <p>Provided that despite making alternative arrangement of evacuation, if the associated transmission system does not achieve the date of commercial operation within the six months of date of commercial operation of the generating station, the transmission licensee shall be liable to pay to the generating company the applicable transmission charges of the region as determined in accordance with the Sharing Regulations in addition to the above.</p> <p>2)</p> <p>In case of mismatch of the date of commercial operation of the transmission system and the transmission system of other transmission licensee, the treatment of the transmission charges shall be determined as under:</p> <p>a) Where an interconnected transmission system of other transmission licensee has not achieved the commercial operation as on the date of commercial operation of the transmission system (which is not before the SCOD of the interconnected transmission system) and the Commission has approved the date of commercial operation of such transmission system in terms of Regulation 5(2) of these</p>	<p>are numerous litigations by Land owners against the developers which require significant time to resolve. Hence, HPPTCL requests the Hon'ble Commission that in case alternate arrangement is made there should not be any additional liability on the licensee.</p>
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2	8	<p>Tariff Determination:</p> <p>(1) (ii): In case of commercial operation of units of generating station or elements of the transmission system on or after 1.4.2019, the generating company or the transmission licensee shall file a consolidated petition, in accordance with the provisions of Procedure Regulations, combining all the units of the generating station or all elements of the transmission system which are anticipated to achieve the date of commercial operation during the next two months from the date of application</p>	<p>HPPTCL would like to submit that filing a detailed Petition takes considerable time and prudence and therefore two months time shall not be adequate to file the same and therefore request the Hon'ble Commission to allow at least 4 months time for filing the Petition.</p>

3	11	<p>In-principle Approval in Specific circumstances: The generating company or the transmission licensee undertaking any additional capitalization on account of change in law events or force majeure conditions may file petition for in-principle approval for incurring such expenditure after prior notice to the beneficiaries or the long-term customers, as the case may be, along with underlying assumptions, estimates and justification for such expenditure if the estimated expenditure exceeds 10% of the admitted capital cost of the project or Rs.100 Crore, whichever is lower.</p>	<p>HPPTCL would like to submit that for a transmission company wherein tariff is determined project wise the admitted capital cost may be very less and 10% of the same may be in lakhs and would not be prudent to seek in-principle approval of the Hon'ble Commission. It is requested that either the limit be increased to 20% for transmission projects or a ceiling lower limit of 25 Crores should be included for seeking in-principle approval.</p>
4	21	<p>21(2) Controllable and uncontrollable factors: The "uncontrollable factors" shall include but shall not be limited to the following: a. Force Majeure events; b. Change in law; and c. Time and cost over-runs on account of land acquisition except where the delay is attributable to the generating company or the transmission licensee;</p>	<p>HPPTCL would like to submit that in the present scenario delay on account of land acquisition and ROW cannot be termed as uncontrollable as rightly included in the draft regulations. However, in addition to land acquisition word ROW and Public Unrest is proposed to be added.</p>
5	22	<p>Initial Spares: (d) Transmission system (i) Transmission line - 1.00% (ii) Transmission Sub-station - 4.00% (iii) Series Compensation devices and HVDC Station - 4.00% (iv) Gas Insulated Sub-station (GIS) - 5.00% (v) Communication system - 3.50% (vi) Static Synchronous Compensator - 3.50%</p>	<p>It is suggested that the norm for initial spares in capital cost for Transmission substation in case of Brown field projects be retained at the rate of 6% instead of merging the norm for both Green Field & Brown Field.</p>

6	30	Return on Equity: (2) Return on equity shall be computed at the base rate of 15.50% for thermal generating station, transmission system including communication system and run of the river hydro generating station, and at the base rate of 16.50% for the storage type hydro generating stations including pumped storage hydro generating stations and run of river generating station with pondage:	As in the present circumstance, timely execution of project is of prime importance, therefore, It is suggested to retain the provision for additional return of 0.5% on projects which have commissioned before the specified time in order to incentivize the project developer for timely competition of the project.												
7	34	Interest on Working Capital: 1(c) Hydro generating station (including pumped storage hydroelectric generating station) and transmission system: (i) Receivables equivalent to 45 days of annual fixed charges; (ii) Maintenance spares @ 15% of operation and maintenance expenses specified in Regulation 35 of these regulations; and (iii) Operation and maintenance expenses for one month.	It is suggested that in the norm of working capital calculation, Receivables equivalent to 60 days should be retained. This is because there has been no change in the payment cycle for a transmission company vis-a-vis FY 2014-19 and therefore the same may be kept as 60 days.												
8	35	Operation and Maintenance Expenses: (3) Transmission system: <table border="1"><tr><td><i>Norms for substations (in Rs Lakh per bay)</i></td><td>FY 2019-20</td><td>2020-21</td><td>2021-22</td><td>2022-23</td><td>2023-24</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>	<i>Norms for substations (in Rs Lakh per bay)</i>	FY 2019-20	2020-21	2021-22	2022-23	2023-24							The normative O&M expenses have been reduced to nearly half as compared to the norms prescribed in the Regulation for control period FY 2014-19. It is suggested that the same may be feasible for bigger licensees however for small licensees this will gravely impact the finances. Therefore, it is suggested that for State transmission licensees having very few Inter-State transmission network there should be a separate O&M benchmarking done before approving the norm.
<i>Norms for substations (in Rs Lakh per bay)</i>	FY 2019-20	2020-21	2021-22	2022-23	2023-24										

		<table><tr><td>765 kV</td><td>42.03</td><td>43.37</td><td>44.76</td><td>46.19</td><td>47.67</td></tr><tr><td>400 kV</td><td>30.02</td><td>30.98</td><td>31.97</td><td>32.99</td><td>34.05</td></tr><tr><td>220 kV</td><td>21.01</td><td>21.69</td><td>22.38</td><td>23.1</td><td>23.83</td></tr><tr><td>132 kV and below</td><td>15.01</td><td>15.49</td><td>15.99</td><td>16.5</td><td>17.02</td></tr></table>	765 kV	42.03	43.37	44.76	46.19	47.67	400 kV	30.02	30.98	31.97	32.99	34.05	220 kV	21.01	21.69	22.38	23.1	23.83	132 kV and below	15.01	15.49	15.99	16.5	17.02	
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9	61	<p>Normative Annual Transmission System Availability Factor (NATAF):</p> <p>For recovery of Annual Fixed Charges:</p> <p>(1) AC system: 98%</p> <p>(2) HVDC bi-pole links and HVDC back-to-back stations: 95%</p> <p>For incentive consideration:</p> <p>(1) AC system: 98.50%</p> <p>(2) HVDC bi-pole links and HVDC back-to-back Stations: 97.50%</p> <p>Provided further that no incentive shall be payable for availability beyond 99.75%</p>	It is suggested that the norms for incentives in case of HVDC bi pole links and HVDC back to back stations to be retained as 96%																								