

**H.P.POWER TRANSMISSION CORPORATION LIMITED**

(A State Government Undertaking)

Regd. Office: HIMFED BHAWAN, PANJARI, SHIMLA-171005.

(CIN):U4010HP2008SGC030950

Phone No:- 0177-2831284, FAX:- 0177-2832384

No. HPPTCL/C&M/ CERC/2019-20 *20150-55*

Dated : *15-1-2020*

To

The Secretary,  
Central Electricity Regulatory Commission,  
3<sup>rd</sup> and 4<sup>th</sup> Chandernagore Building, 36 Janpath,  
New Delhi-110001

**Subject:- Comments on Draft Central Electricity Regulatory Commission(Sharing of Inter-State Transmission Charges and Losses) Regulations,2019.**

**Reference:- a) CERC Draft Sharing Regulations,2019 dated 31.10.2019.**

Sir

The draft CERC(Sharing of Inter-State Transmission Charges and Losses) Regulations,2019 have been examined and the same are as under:-

S.No.	Clause No.	Clause as per Draft Amendment	Comments of HPPTCL
1	3	<b>Principles of sharing transmission charges</b> (1) The transmission charges shall be shared amongst the Designated ISTS Customers such that: (a) The Yearly Transmission Charges are fully recovered; and (b) Any adjustment towards Yearly Transmission Charge on account of revision of transmission charges as allowed by the Commission are recovered.	The recovery of entire transmission charges through scaling has been proposed even in case the asset is grossly underutilized which is against the objectives of Tariff Policy. It is proposed that some cut-off below which if asset is underutilized considering the entire year loading, the proportionate impact may be borne by the developers.
2	5 & 6	<b>5. Components and sharing of National Component (NC)</b>  (3) National Component-HVDC shall comprise of the following:	The proposed recovery of HVDC System in the National Component is a deviation from the very

		<p>(a) 100% transmission charges for "Back to Back HVDC" Transmission System;</p> <p>(b) 100% transmission charges for Biswanath Chariali/Alipurduar - Agra HVDC Transmission System;</p> <p>(c) Proportionate transmission charges of Mundra-Mohindergarh HVDC Transmission System corresponding to 1005 MW capacity; and</p> <p>(d) 30% of transmission charge for all other HVDC Transmission Systems except those covered under subclauses (a), (b) and (c) of this Clause of these regulations....</p> <p><b>6. Components and sharing of Regional Component (RC)</b></p> <p>(1) Regional Component shall be the sum of the following components:</p> <p>(a) Regional Component of HVDC (RC-HVDC) -70% of transmission charges of HVDC Transmission Systems except those covered under clause (3) of Regulation 5 and clause (6) of Regulation 6; and</p> <p>(b) Transmission charges for Static Compensator (STATCOM), Static VAR Compensator (SVC), Bus Reactors, and any other transmission element(s) identified by Central Transmission Utility being critical for providing stability, reliability and resilience in the grid.</p>	<p>principle of One Nation One Grid. It is also not in line with the views presented by the System Operator (POSOCO) and CTU of the Nation as discussed in the Bakshi Taskforce Report attached with the Draft Regulations.</p> <p>The proposed methodology is analogous to Pick and Choose philosophy between postage stamp method and PoC principle and this will only make things complex.</p> <p>Further, it is observed that an arbitrary allocation of 70% of bipole HVDC system charges to DICs of drawing region has been proposed. No proper justification has been provided for the same in the explanatory memorandum.</p> <p>It is proposed that the same be kept as 90:10 as being done currently.</p>
3	7	<p>Components and sharing of Transformer Components(TC)</p> <p>(1)Transformers Component shall comprise of transmission charges for inter-connecting transformers planned for drawl of power by the State. The list of such transformers for each State shall be provided by the Central Transmission Utility to the Implementing Agency.</p> <p>(2) Transformers component of transmission charges shall be borne by the State in which they are located.</p> <p>(3) Where separate transmission charges under</p>	<p>Computation of transformer charges should be usage based. Transformer should be treated on monthly peak loadings for transformers installed in hydro-rich states.</p> <p>It is also proposed that the Transformer components to be identified by CTU and the indicative capital cost to be considered</p>

		clause (1) of the Regulation are not available, the transmission charges shall be computed based on indicative capital cost to be provided by the Central Transmission Utility.	by CTU should be finalized in consultation and approval of the State.
4	9	<p>The Base case file shall be prepared by the Implementation Agency for the Peak Block of the month comprising of the following :</p> <p>(a) Basic Network which shall be the network file for the power system for the peak block of the month and</p> <p>(b) Actual generation and demand, in MW at each node of the basic network for the Peak Block</p> <p>Peak block means the block in which sum of net ISTS draws by all states is maximum during the month.</p>	Peak block should be based on regional peaks. Himachal being hydro rich state gets its peak power during winter season for drawl purpose whereas for other states peak power occurs in summer season for similar condition of drawl.
5	9 (3)	The Monthly Transmission Charges covered under AC-UBC shall be apportioned on transmission lines of the Basic Network whose charges have been included in Yearly Transmission Charge. Such apportionment shall be made on per circuit kilometer basis for each voltage level and conductor configuration as per methodology in Annexure-I to obtain line-wise transmission charges for each voltage level and conductor configuration respectively.	<p>The sharing of transmission charges of remaining transmission assets would be in two parts</p> <p>(i) usage-based charges to be recovered based on the capacity of transmission system used by the State/Generators, on MW basis. and</p> <p>(ii) the balance part to be socialized.</p> <p>While calculating transmission charges cost of specific transmission assets which are to be borne by specific state users i.e., 400/220 kV substation etc. and HVDC system would be taken as zero. The Principle of socialization should be allocation in proportion to the minimum of LTA+ MTOA or actual drawl by the state in the month else it will lead to large scale surrendering of LTA's by State as the</p>

			<p>Transmission Charges for State like Himachal Pradesh will increase significantly.</p> <p>The excess drawl over and above LTA+MTOA shall be treated as STOA for the purpose of transmission charges. STOA charges would be higher than LTA charges by a factor as decided by CERC. STOA charges of embedded customers to be set off against the state charges as they have already been paid through state charges.</p>
6	9(5)	Percentage usage of each transmission line shall be computed by dividing power flow in the Base case as obtained at clause (4) of this regulation by Surge Impedance Loading of the line	Instead of using Surge Impedance Loading, Thermal loading should be used. Thermal loading limits are on higher end than Surge Impedance loading.
7	10	<p><b>Sharing of transmission losses</b></p> <p>(1) All India Average Transmission losses for ISTS shall be calculated by Implementing Agency for each week, from Monday to Sunday, as follows:  <math display="block">\frac{\{(Sum\ of\ injection\ into\ the\ ISTS\ at\ regional\ nodes\ for\ the\ week)\ minus\ (Sum\ of\ drawal\ from\ the\ ISTS\ at\ regional\ nodes\ for\ the\ week)\}}{Sum\ of\ injection\ into\ the\ ISTS\ at\ regional\ nodes\ for\ the\ week} \times 100\ \%</math></p> <p>(2) Drawal Schedule of DICs shall be worked out as per provisions of Grid Code after taking into account the transmission losses of previous week as calculated in accordance with clause (1) of this Regulation.</p> <p>(3) No transmission loss for ISTS shall be</p>	<p>The concept of averaging of losses will only defy the objective of losses being sensitive to distance and direction which is basic objective of the development of PoC mechanism and hence both slab wise tariff and losses should continue.</p> <p>If at all it is to be done the same should be done on the basis of region and not on the basis of nation as a whole.</p>

		applicable while preparing schedule for injection node including that for Collective Transactions over the Power Exchanges.	
8	11 (1)	<p>(b) No transmission charges and losses for the use of ISTS shall be payable for the capacity of the generation projects based on solar or wind resources for a period of 25 years from the date of commercial operation of the such generation projects if they fulfill the following conditions:</p> <p>(i) Such generation capacity has been awarded through competitive bidding; and  (ii) Such generation capacity has been declared under commercial operation between 1.7.2017 and 12.2.2018 for solar based resources or between 30.9.2016 till 12.2.2018 for wind based resources; and  (iii) Power Purchase Agreement(s) have been executed for sale of power from such generation capacity to the Distribution Companies for compliance of their renewable purchase obligation.</p> <p>(c) No transmission charges and losses shall be payable for the generation projects based on solar or wind resources for the use of ISTS, for a period of 25 years from the date of commercial operation of such generation projects if they fulfill the following conditions:</p> <p>(i) Such generation capacity has been awarded through competitive bidding process in accordance with the guidelines issued by the Central Government; and  (ii) Such generation capacity has been declared under commercial operation between 13.2.2018 and 31.3.2022; and  (iii) Power Purchase Agreement(s) have been executed for sale of such generation capacity to all entities including Distribution Companies for compliance of their renewable purchase obligations.</p>	<p>Extension of waiver of Solar and Wind Energy from payment of Transmission Charges and losses is no more required as the cost of RE generation has dropped below tariff of conventional power plants and beneficiaries of such power should be paying the charges on causer pays basis.</p> <p>It is further submitted that it is impossible to pin point which RE source power has been utilized to meet the third condition i.e., b(iii) and c(iii). The same needs to be looked into from enforcement point of view.</p> <p>Even if the waiver is granted it is suggested that the impact of the same needs to be loaded directly on the state consuming such RE Power as some of the State being RE rich state do not use such power for meeting its RPO.</p>
9	11 (6)	Provided that for cases not covered above, when only some of the elements of the	It is submitted that Regional Power

		Associated Transmission System have achieved COD and if such transmission system is certified by the respective Regional Power Committee(s) for improving the performance, safety and security of the grid, such transmission system shall be included under Regulations 5 to 8 of these regulations.	Committee is not a body under the Act and entrusting it with certifying whether the transmission system will serve the purpose of system strengthening may not be appropriate. The work should be entrusted with CEA in consultation with STU.
10	11 (10)	Where a generating station is connected to both ISTS and intra-State Transmission System, the ISTS charges and losses shall be applicable only on quantum of Long Term Access and Medium Term Open Access connected through ISTS and STU charges and losses shall not be applicable on such capacity connected through ISTS.  Provided that this provision shall be subject to availability of adequate capacity in the intra-State Transmission System to draw allocated quantum of Long Term Access or Medium Term Access as certified by the Central Transmission Utility.	Applicability of Inter or Intra or both charges and losses to be determined on the basis of actual flow of power and not as proposed in the regulation as the same will result in loading of STU lines and loss accounting may get affected.
11	11(12)	An Intra-State Transmission System already certified by the respective Regional Power Committees being used for inter-State transmission of electricity and for which tariff has already been approved by the Commission, shall be covered under these Regulations:  Provided that such intra-State Transmission System shall be included under these Regulations only for the tariff period for which tariff has already been approved by this Commission.	HPPTCL strongly object to the proposal to discontinue the certification of the interstate line as part of ISTS. HPPTCL is constructing a number of power whose power will go outside state of HP and these projects have been designed considering them a part of interstate system. Hence any proposal for discontinuing certification by RPC will have negative impact on cash flow of hydro-rich states.
12	13 (2)(c)	ii. In case aggregate metered ex-bus MW injection or the aggregate metered MW drawal of a DIC, in any time block exceeds the sum of Long Term Access and Medium Term Open Access, the concerned DIC shall be charged for such deviations @	Application of Deviation Charges on variation in actual drawal vis-a-vis sum of LTA & MTOA despite paying for reliability charge

		Transmission Deviation Rate as determined below.	<p>corresponding to peak drawal is not sound. The current mechanism should continue when it comes to dealing with variation and no TDR to be applicable to State as transmission assets pricing do include the reliability margin too.</p> <p>It is further suggested that Embedded consumers having no LTA or MIOA should necessarily pay TDR rate irrespective of whether State overdraws or not. The present provision tantamount to free access to such IPPs and disincentivizes signing of LTAs which is not desirable for proper grid management.</p>
13	13 (2)(c)	vii. The charges for transmission deviations shall be calculated for a State as a whole. The charges for transmission deviation for an embedded intra-State entity shall be as determined in accordance with the regulations or orders of the respective State Commission.	<p>It is submitted that such regulation does not exist at present and therefore Hon'ble CERC should specify some mechanism which can be implemented to recover such impact from the embedded consumers till the time State Regulations are in place as a stop gap arrangement.</p> <p>Further, it is suggested that the charges should be such that the impact on the State is revenue neutral.</p>
14	16(2)	The Letter of Credit shall have a term of 12 (twelve) months and shall be for an amount equal to 1.05 (one point zero five) times the average amount of the First Bill for a year,	It is suggested that there is no rationale of having 2.10 times the average bill in case of absence of

		where tripartite agreement for securitization on account of arrears against the transmission charges with the Government of India exist. Provided that where such tripartite agreement does not exist, the DIC shall open the Letter of Credit for an amount equal to 2.10 (two point one times) the average amount of First Bill for a year.	any agreement and therefore the proviso should be deleted as 1.05 times LC is more than sufficient to provide revenue security.
15	21(4)	(4) On or before 7(seven) days after end of Billing Month, DICs shall submit following data: (a) MW and MVAR Data for injection or drawal at various nodes or a group of nodes for peak block for each Billing Month. (b)	It is suggested that Hon'ble CERC specifies whether the data to be reported is SEM data or any other reference data so that consistency is maintained by all the States.
16	21(6)	(6) If a DIC does not provide the required data, including injection or drawal data for intra-State points within stipulated time period, it shall be levied an additional transmission charge @ 1% of the transmission charges under the First Bill for the month.	It is submitted that no penal provision should be in place due to practical difficulty that utility may face in getting these data as the same at some instances are not readily available and the process will take time to streamline.


It is requested that the above points may be look into while finalizing the draft regulations.

Yours faithfully

  
**Dy. General Manager (C&M)**  
**HPPTCL, Shimla-5**

Copy to following for information please;

1. PS to Secretary, Ministry of Power, Government of India, Shram Shakti Bhawan, Rafi Marg, New Delhi-1
2. PS to Managing Director, HPPTCL, Shimla-5.
3. PS to Director (Projects), HPPTCL, Shimla-5.
4. PS to Director(P&C), HPPTCL, Shimla-5.
5. The General Manager (Projects), HPPTCL, Shimla-5.

  
**Dy. General Manager (C&M)**  
**HPPTCL, Shimla-5**