



KERALA STATE ELECTRICITY BOARD LIMITED

Incorporated under the Companies Act, 1956

Corporate identity Number: U40100KL201 ISGC0272424

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KSEB/TRAC/CG/Draft Regulations/CERC Regulations/2019-20/585

31-12-2019

04-01-2020

To

*The Bench Officer,
Central Electricity Regulatory Commission,
Chanderlok Building, Janpath Marg,
New Delhi.*

Sir,

Sub: Draft Central Electricity Regulatory Commission(Sharing of Inter-State Transmission Charges and Losses) Regulations, 2019– Comments –reg:

Ref: Notification No.L-1/250/2019/CERC Dated: 31st October 2019 of CERC.

Kind attention of the Hon'ble Commission is invited to the draft Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2019. KSEBL general comments on the same are submitted below for kind consideration. Specific comments are enclosed as **Annexure**. It is requested that the comments may kindly be considered while issuing final regulation.

General Comments:

- A. Discarding the principle of recovery of cost of transmission lines based on usage:**
1. At the outset KSEBL submit that the proposed draft Regulations is not in consonance with the mandate of the EA, 2003 and the provisions of National Tariff Policy and not based on sound scientific principles.
 2. Hon'ble Commission is empowered under Section 79 of the 2003 Act to not only regulate inter-State transmission of electricity but also determine the tariff for inter-State transmission of electricity. The relevant portions of Section 79 are extracted as under:-
— 79. (1) *The Central Commission shall discharge the following functions,*

namely:-

...

(c) to regulate the inter-State transmission of electricity ;

(d) to determine tariff for inter-State transmission of electricity;

...

(k) to discharge such other functions as may be assigned under this Act.”

3. While doing so, Hon'ble Commission shall be guided by the National Electricity Policy and Tariff policy notified by the Central Government under section 3 of the 2003 Act. In this regard, Section 79(4) provides as under:-

“(4) In discharge of its functions, the Central Commission shall be guided by the National Electricity Policy, National Electricity Plan and tariff policy published under Section 3.”

4. The provisions of National Electricity Policy and National Tariff Policy in regards to sharing of transmission charges and losses are as follows :

(a) The National Electricity Policy under Section 3 of the Act notified vide Resolution No.23/40/2004-R&R (Vol.II) dated 12.1.2005 inter alia provides as follows:-

“—To facilitate cost effective transmission of power across the region, a national transmission tariff framework needs to be implemented by CERC. The tariff mechanism would be sensitive to distance, direction and related to quantum of flow. As far as possible, consistency needs to be maintained in transmission pricing framework in inter-State and intra-State systems. Further it should be ensured that the present network deficiencies do not result in unreasonable transmission loss compensation requirements.”

(b) The Tariff Policy notified vide Govt. of India Ministry of Power Resolution No.23/2/2005-R&R (Vol.III) dated 6.1.2006 by the Central Government under Section 3 of the 2003 Act, inter alia, provides as under:-

—7.1.

(2) The National Electricity Policy mandates that the national tariff framework implemented should be sensitive to distance, direction and related to quantum of power flow. This would be developed by CERC taking into consideration the advice of the CEA. Such tariff mechanism should be implemented by 1st April 2006.

(3) Transmission charges, under this framework, can be determined on MW per circuit kilometer basis, zonal postage stamp basis, or some other pragmatic variant, **the ultimate objective being to get the transmission system users to share the total transmission cost in proportion to their respective utilization of the transmission system.** The overall tariff framework should be such as not to inhibit planned development /augmentation of the transmission system, but should discourage non optimal transmission investment.

—7.2..(1) *Transactions should be charged on the basis of average losses arrived at after appropriately considering the distance and directional sensitivity, as applicable to relevant voltage level, on the transmission system. Based on the methodology laid down by the CERC in this regard for inter- state transmission, the Forum of Regulators may evolve a similar approach for intra-State transmission.*”

(c) The Tariff Policy was amended vide Notification dated 28.1.2016.
The amended policy provides as follows:

—7.1....

(2) *The National Electricity Policy mandates that the national tariff framework implemented should be sensitive to distance, direction and related to quantum of power flow. This has been developed by CERC taking into consideration the advice of the CEA. Sharing of transmission charges shall be done in accordance with such tariff mechanism as amended from time to time.*

(3) *Transmission charges, under this framework, can be determined on MW per circuit kilometer basis, zonal postage stamp basis, or some other pragmatic variant, **the ultimate objective being to get the transmission system users to share the total transmission cost in proportion to their respective utilization of the transmission system.** The utilization’ factor should duly capture the advantage of reliability reaped by all. The spread between minimum and maximum transmission rates should be such as not to inhibit planned development/augmentation of the transmission system but should discourage non-optimal transmission investment.*

5. The above statutory provisions and policy guidelines enjoin upon Hon’ble Commission to develop and implement a national transmission tariff framework sensitive to distance, direction and related to quantum of flow in such a manner that the charges of each DIC are in relation to their respective use of the transmission system. In compliance of the said mandate, Hon’ble Commission had framed Point of Connection charging mechanism vide CERC (Sharing of Inter-state transmission charges & losses) Regulations 2010, and the framework was in operation since 2011.
6. The sharing of transmission charges in respect of Inter-State Transmission System (ISTS) through Point of Connection mechanism is a scientific method which is sensitive to distance, direction and quantum of power flow and in compliance with the above legal mandates.

7. The efficacy of the existing PoC mechanism has been examined and acknowledged by the taskforce formed for reviewing the framework of Point of Connection charges and concluded that POC has served its purpose as enshrined in Tariff Policy namely sensitive to distance, direction and quantum of flow. Further the mechanism has enabled the power market and has helped in reducing congestion by improvement in investment in the sector. The taskforce further observed that the current mechanism has not inhibited the development of transmission system and has rather led to development of transmission system which grew @20% CAGR. And the congestion is almost nil with single market price across India for most of the time.
8. Being so, now proposing a revised PoC method which is not based on any scientific principle and against the mandate of the EA,2003 and the provisions of the Tariff Policy, only on the reason that only around 35% of the existing transmission asset is utilized, is illegal and will adversely affect all States who have taken due care in planning their LTA and MTOA and provided genuine data to aid optimum development of ISTS. It tries to incentivize those who through unrealistic projections of demand and generation has led to creation of over capacity which now remain under utilized.
9. As per the proposed mechanism, the transmission charges payable by a DIC is divided into
 - a. National Component : NC- HVDC & NC- RE
 - b. Regional Component
 - c. Transformer Component
 - d. AC system Component : AC- UBC & AC-BC
10. KSEBL understands the need for segregating the costs related to ISTS created for evacuating RE power as well and projects of National importance including HVDC systems and sharing such segregated costs among all DICs in proportion to their LTA&MTOA. However, the proposal to share the cost of under-utilized AC assets also on LTA+MTOA basis is highly unscientific and goes against the mandate in Tariff Policy to discourage non-optimum transmission investment.
11. It is noticed that, only AC-UBC component is shared based on usage of transmission asset and all other components are shared based on the contracted capacity (LTA+ MTOA). As per the report of Sri. I.S.Jha, Member, CERC, the amount coming under the above various components of transmission charges for the month of January 2019 is submitted below:

Transmission Charge Element	Rs.Cr	% of total
% Tr charges based on usage	656	21.93

Contracted capacity as per LTA+MTOA	1642	54.88
Downstream ICT	187	6.25
SVC+Statcom+Bus Reactor	123	4.11
RE System	25	0.84
HVDC System	360	12.03
Total	2992	

12. Thus, it can be seen that only around 22% of the total monthly transmission charge constitutes the charges based on usage and balance 78% is shared based on LTA and MTOA. This is against the provisions in the Tariff Policy.
13. As per the report of the task force, the proposal for sharing of transmission cost based on LTA and MTOA among all DICs in India is made in view of the following:
1. Large number of transmission assets are lying underutilized (only 35% utilization) due to actual demand during 12th Plan falling too short of projected demand as per 18th EPS and relinquishment of LTA by generators for whom nine high capacity transmission corridors were planned and constructed .
 2. Sharing of transmission cost of the under-utilized lines based on utilization will lead to step size increase in transmission charges of many states.
14. This rationale is very much against the principle enshrined in the Tariff policy and not only it will affect distance direction and usage sensitivity, it will transfer the burden of unutilized lines to those DICs who have no role either in planning and construction of these lines nor they are responsible for under utilization of line. The proposal will lead to socializing the lapse in planning philosophy of some DICs and its impact on State like Kerala is extremely high. Thus for benefitting some State from higher transmission charges arising out of their own laxity, the proposal puts this burden on some other DICs, who had no role in this process.
15. It is stated in the report of the Task force that out **of Monthly Transmission charge of approximately Rs. 2500 Crore, Lines worth Rs. 783 Crore were found to be marginally utilized.**
16. Most of these under-utilized lines will not benefit the other DICs in terms of (n-1) stability also. Transmission line which do not spread across regions or confined within a small portion of a region do not aid in provision (n-1) stability for DICs in other regions. Rather, it provides

(n-1) stability for that DIC only. Transmission lines in Northern or North Eastern Region do not aid in providing (n-1) support for SR.

17. In such a case, sharing 78% of the transmission charges without considering usage is against the legal mandate and not in order.
18. Hon'ble Commission has stated that cost of HVDC systems and transmission for RE systems are to shared Nation wide considering their purpose, policy for promotion of RE etc. Leaving HVDC and RE systems, and if transmission charges of AC system alone is considered which constitutes more than 50% of the total monthly transmission charges , the draft Regulation is proposing to share it based on LTA+MTOA, which has no rationale.
19. Transmission lines are planned and constructed based on the LTA request of DICs. Therefore the responsibility of bearing the cost of the transmission line has to be borne by the DIC for whom the transmission line is created. Putting the major burden of the cost of transmission lines on DICs who have no role in the planning of these lines and who are not benefitted by these lines will lead to an ironical situation that DICs will plan for construction of transmission lines without proper study and will lead to non optimal transmission investment which is against the provisions of Tariff Policy, which states that the overall tariff framework should be such as not to inhibit planned development /augmentation of the transmission system, but should discourage non optimal transmission investment.
20. Therefore, it is humbly requested that at least full cost of AC transmission lines may be shared based on usage of transmission system in line with Tariff Policy.

B. Exclusion of cost of transmission lines developed for Renewable Energy projects in load flow study

21. As per Regulation 5.9 of Annexure-I the draft Regulations, the transmission system developed for Renewable Energy projects shall be considered at "zero cost" in the line wise transmission charges in load flow study.
22. This proposal of assigning 'zero cost' to transmission systems developed for RE will double benefit the DICs using such transmission lines as submitted below.

- a. The cost of transmission system developed for RE is socialized and so the DIC is benefitted by not paying the entire transmission charges of the transmission systems developed for RE.
- b. Over and above this, due to existence of actual power flow in these lines, the power flow in the other lines of the DIC taken for computing AC-UBC is reduced, which leads to reduced usage based charges for the DIC.

23. Therefore, it is requested that the above fact may taken into due consideration and such double benefitting situations may kindly be avoided while framing the final Regulations. When the full cost of the transmission lines are shared by the users of the said lines, this double benefit will get automatically addressed. Accordingly, the request made under Paragraph 20 above is reiterated to address this anomaly also.

C. **Transmission deviation**

24. As per the proposed Regulation, '**Transmission Deviation**' means the deviation from the sum of LTA and MTOA. Therefore any short term open access transaction above the LTA plus MTOA capacity will be charged at Transmission Deviation rate which is 1.20 times the Transmission charges of the State.

25. It is submitted that STOA is a product that is approved by Hon'ble Commission and is availed by following the due procedure issued by Hon'ble Commission. As per the proposed Regulation, if a DIC avails STOA for drawing power for meeting its demand over and above its LTA and MTOA, it is forced to pay penal transmission charges for such drawal.

26. Penalizing a scheduled open access transaction is not legal, particularly when the transmission asset is only 35% utilized and short term transactions aid in utilizing the under-utilized transmission asset. In the existing Sharing Regulation penalty for deviation beyond a threshold limit was provided to restrain gaming by DIC while providing demand projections for load flow studies. However, as per the proposed Regulations, load flow studies in post facto is based on actual data and thus there is no need for penalty for deviation.

27. Therefore, it is requested that for DICs, transmission deviation may be defined as the drawal exceeding the sum of LTA, MTOA, STOA obtained after due procedure of CERC and STOA of intra state embedded consumers/intra state entities. Alternatively, deviation due to STOA may be charged at a rate equal to 1.0 times transmission charges of the State instead of 1.20 times.

28. Since STOA beyond LTA, MTOA and target region LTA as well as by intra state customers would be treated as 'Transmission Deviation', the deviation charges collected is to be reimbursed to DICs as existing in the existing Regulation. It may be noted that one of the underlying principle of Sharing Regulation is that CTU/PGCIL shall be revenue neutral in the Sharing philosophy. To put into practice the same, reimbursement of Transmission Deviation charges is necessary.
29. At the same time, as per proposed Regulation 13(3), no transmission Charges is to be levied for Inter-State transmission system in respect of Short Term Open Access transactions. Embedded open access consumers of the State are short term open access consumers. Exempting transmission charges for these consumers is not in accordance with the provisions of section 38(2)(d)EA,2003 which prescribes that open access is granted on payment of transmission charges.
30. It is submitted that as per Regulation 13(2) (c)(vii) of the proposed Regulation, 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. This is not in accordance with the provisions of the EA, 2003. As per EA, 2003, the charges for inter-state transmission of Electricity have to be determined by Hon'ble CERC. Leaving the responsibility to specify the same to States would lead to legal disputes and controversy. Therefore it is requested that this Hon'ble Commission may specify that Transmission Deviation rates applicable for respective states shall be the charges payable by embedded intra state open access customers who avail inter-state STOA, in the proposed Regulation.
31. Further, it is submitted that if transmission charges are not levied from embedded intra state short term open access consumers of the State, it will lead to socialization of these charges and is inequitably loaded on the ordinary consumers of the State.

E. Monitoring mechanism for accurate recovery of transmission charges

32. As per the existing Regulations, there is no monitoring mechanism for ensuring that there is no over recovery or under recovery of transmission charges by CTU as per the PoC method. In the proposed Regulations also, no provision for such mechanism is included. It is humbly requested that a monitoring mechanism which is transparent to the DICs may be included in the Regulation to monitor and ensure that there is no over recovery or under recovery of transmission charges by CTU/PGCIL.

F. Adjustment of Relinquishment charges

There is no provision in the draft Regulations to adjust the relinquishment charges collected by CTU/PGCIL in the monthly bills. It is requested that provision related to adjustment of relinquishment charges in the bills may be included in the proposed Regulation.

The specific clause wise comments on the draft Regulation is attached as Annexure. It is humbly requested that the comments of KSEBL may kindly be considered while framing the Regulations.

It is humbly submitted that this is a preliminary submission and KSEBL prays liberty for filing additional submission based on the interactive workshop on the draft Regulation scheduled on 6-1-2010.

Yours faithfully,



Deputy Chief Engineer (Commercial & Planning)
With full powers of Chief Engineer

Acc: as above.

Sl. No.	Regulation / Clause	Provisions in the draft Regulation	Comments of KSEBL	Reason/Justification
1	2(1)(n)	n) 'regional node' means a injection node or a drawal node which is directly under control area of Regional Load dispatch Centre.	Definition of 'regional node' may be made more specific. It appears that deleting the word 'area' would be appropriate.	
3	5(4)	(4) Transmission charges for the National Component shall be shared by the drawee DICs in the ratio of their quantum of Long term Access plus Medium Term Open Access.	(4) Transmission charges for the National Component shall be shared by all the drawee DICs and injecting DICs with untied LTA capacity in the ratio of their quantum of Long term Access plus Medium Term Open Access and untied LTA capacity	National component for all drawee DICs and injecting DICs with untied LTA capacity are the same. Therefore no need to specify separately, which could lead to ambiguities.
4	5(5)	(5) Transmission charges for National Component in respect of injecting DICs with untied LTA capacity shall be shared by such injecting DICs in the ratio of their untied LTA capacity		
5	6(2)	(2) Transmission charges covered under sub-clause (a) of clause (1) of this Regulation shall be shared by the Drawee DICs in the ratio of their quantum of Long Term Access plus Medium Term Open Access		As per the proposed clause, the transmission charges shall be shared by Drawee DICs. However, in the explanatory memorandum of the draft Regulations, it is specified that 70% of transmission charges of identified HVDC Transmission Systems shall be shared by DICs of receiving region. It is requested that the error in the explanatory memorandum may be corrected. Since HVDC lines benefit the entire Nation in terms of voltage stability and renewable integration, its cost may be socialized and entire 100% may be shared with all DICs. Alternatively, the sharing proportion may be modified as 50:50 for making the proposal equitable.
6	8(3) & 8(4)	(3) Transmission charges for AC-UBC shall be shared by DICs corresponding to their respective		<ul style="list-style-type: none"> The proposal is totally against the mandate of the EA, 2003 and the provisions of National Tariff Policy and not based on any scientific principles. The statutory provisions and policy guidelines enjoin upon Hon'ble Commission to develop and

		<p>usage of transmission lines, in accordance with Regulation 9 of these regulations.</p> <p>(4) Transmission charges under AC-BC shall be the balance transmission charges for AC transmission system after apportioning the charges for AC-UBC.</p>	<p>implement a national transmission tariff framework sensitive to distance, direction and related to quantum of flow. In compliance of the said mandate, Hon'ble Commission had framed Point of Connection charging mechanism vide CERC (Sharing of Inter-state transmission charges & losses) Regulations 2010, and the framework was in operation since 2011.</p> <ul style="list-style-type: none"> • The sharing of transmission charges in respect of Inter-State Transmission System (ISTS) through Point of Connection mechanism is a scientific method which is sensitive to distance, direction and quantum of power flow and in compliance with the above legal mandates. • The efficacy of the existing PoC mechanism has been examined and acknowledged by the taskforce formed for reviewing the framework of Point of Connection charges and concluded that PO C has served its purpose as enshrined in Tariff Policy namely sensitive to distance, direction and quantum of flow. Further the mechanism has enabled the power market and has helped in reducing congestion by improvement in investment in the sector. The taskforce further observed that the current mechanism has not inhibited the development of transmission system and has rather led to development of transmission system which grew @20% CAGR. And the congestion is almost nil with single market price across India for most of the time. • Being so, now proposing a revised PoC method which is not based on any scientific principle and against the mandate of the EA,2003 and the provisions of the Tariff Policy, only on the reason that only around 35% of the existing transmission asset is utilized, is illegal and will adversely affect all States who have taken due care in planning their LTA and MTOA and provided genuine data to aid optimum development of ISTS. It tries to incentivize those who through unrealistic projections of demand and generation has led to creation of over capacity which now remain under utilized. • As per the proposed mechanism, the transmission charges payable by a DIC is divided into <ul style="list-style-type: none"> i. National Component : NC- HVDC & NC- RE ii. Regional Component iii. Transformer Component iv. AC system Component : AC- UBC & AC-BC
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- KSEBL understands the need for segregating the costs related to ISTS created for evacuating RE power as well and projects of National importance including HVDC systems and sharing such segregated costs among all DICs in proportion to their LTA&MTOA. However, the proposal to share the cost of under-utilized AC assets also on LTA+MTOA basis is highly unscientific and goes against the mandate in Tariff Policy to discourage non-optimum transmission investment.
- It is noticed that, only AC-UBC component is shared based on usage of transmission asset and all other components are shared based on the contracted capacity (LTA+ MTOA). As per the report of Sri. I.S.Jha, Member, CERC, the amount coming under the above various components of transmission charges for the month of January 2019 is submitted below:

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Total	2992	

- Thus, it can be seen that only around 22% of the total monthly transmission charge constitutes the charges based on usage and balance 78% is shared based on LTA and MTOA. This is against the provisions in the Tariff Policy.
- As per the report of the task force, the proposal for sharing of transmission cost based on LTA and MTOA among all DICs in India is made in view of the following:
 1. Large number of transmission assets are lying underutilized (only 35% utilization) due to actual demand during 12th Plan falling too short of projected demand as per 18th EPS and relinquishment of LTA by generators for whom nine high capacity transmission corridors were planned and constructed .
 2. Sharing of transmission cost of the under-utilized lines based on utilization will lead to step size

increase in transmission charges of many states.

- This rationale is very much against the principle enshrined in the Tariff policy and not only it will affect distance direction and usage sensitivity, it will transfer the burden of unutilized lines to those DICs who have no role either in planning and construction of these lines nor they are responsible for under utilization of line. The proposal will lead to socializing the lapse in planning philosophy of some DICs and its impact on State like Kerala is extremely high. Thus for benefitting some State from higher transmission charges arising out of their own laxity, the proposal puts this burden on some other DICs, who had no role in this process.
- It is stated in the report of the Task force that out of **Monthly Transmission charge of approximately Rs. 2500 Crore, Lines worth Rs. 783 Crore were found to be marginally utilized.**
- Most of these under-utilized lines will not benefit the other DICs in terms of (n-1) stability also. Transmission line which do not spread across regions or confined within a small portion of a region do not aid in provision (n-1) stability for DICs in other regions. Rather, it provides (n-1) stability for that DIC only. Transmission lines in Northern or North Eastern Region do not aid in providing (n-1) support for SR.
- In such a case, sharing 78% of the transmission charges without considering usage is against the legal mandate and not in order.
- Hon'ble Commission has stated that cost of HVDC systems and transmission for RE systems are to shared Nation wide considering their purpose, policy for promotion of RE etc. Leaving HVDC and RE systems, and if transmission charges of AC system alone is considered which constitutes more than 50% of the total monthly transmission charges , the draft Regulation is proposing to share it based on LTA+MTOA, which has no rationale.
- Transmission lines are planned and constructed based on the LTA request of DICs. Therefore the responsibility of bearing the cost of the transmission line has to be borne by the DIC for

		<p>whom the transmission line is created. Putting the major burden of the cost of transmission lines on DICs who have no role in the planning of these lines and who are not benefitted by these lines will lead to an ironical situation that DICs will plan for construction of transmission lines without proper study and will lead to non optimal transmission investment which is against the provisions of Tariff Policy, which states that the overall tariff framework should be such as not to inhibit planned development /augmentation of the transmission system, but should discourage non optimal transmission investment.</p> <ul style="list-style-type: none"> • Therefore, it is humbly requested that <u>at least full cost of AC transmission lines may be shared based on usage of transmission system in line with Tariff Policy.</u> 	
7	9(4) proviso	<p>Provided that while carrying out the load flow studies, the Implementing Agency may make minor adjustment in the generation and demand data, if required, to ensure load generation balance.</p>	<p>It is requested that the limit of such adjustment to be made in generation and demand data may be fixed as +-2.5% of State demand.</p>
8	9(9)	<p>(9) Any other injecting DIC with Long Term Access to target region with untied LTA capacity shall be apportioned charges under AC-UBC which shall be separately indicated by the Implementing Agency</p>	<p>There is no clarity on this clause.</p>
9	11(1)(c)(iii)	<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</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 11-2019.</p> <p>To be in line with MoP notification no.23/12/2016-R&R dtd.6-11-2019.</p>

10	<p>years from the date of commercial operation of such generation projects if they fulfill the following conditions:</p> <p>.....</p> <p>(ii) Such generation capacity has been declared under commercial operation between 13.2.2018 and 31.3.2022; and</p>	<p>25 years from the date of commercial operation of such generation projects if they fulfill the following conditions:</p> <p>.....</p> <p>(ii) Such generation capacity has been declared under commercial operation between 13.2.2018 and 31.12.2022; and</p>	
11(2)	<p>(2) Where Generating Stations or sellers have been granted Long Term Access or Medium Term Open Access and have entered into Power Purchase Agreement for supply of power under such Long Term Access or Medium Term Open Access, the transmission charges attributable for such tied up power shall be calculated at drawal nodes for AC-UBC.</p> <p>Provided that prior to COD of the Generating Station, the transmission charges under AC-UBC shall be in terms of clause (4) of this Regulation.</p>	<p>(2) Where Generating Stations or sellers have been granted Long term Access or Medium Term Open Access and have entered into Power Purchase Agreement for supply of power under such Long Term Access or Medium Term Open Access, the transmission charges attributable for such tied up power shall be calculated at drawal nodes for AC-UBC.</p> <p>Provided that prior to COD of the Generating Station, the transmission charges under AC-UBC shall be in terms of clause (4) of this Regulation.</p>	<p>Prior to CoD of the generating station, the charges payable by the generating station comes under bilateral billing between generator and transmission licensee as per Regulation 11(4) and there will be no AC-UBC component.</p>
11	<p>(8) Where construction of dedicated transmission line has</p>	<p>Following may also be added:</p>	<p>Since LTA is not operational for such portion, the transmission charges of such portion may not be loaded on the DICs.</p>

	<p>The transmission charges of these dedicated lines may not be included in the transmission charges under Regulation 5 to 9.</p>	<p>been taken up by the Central Transmission Utility as part of coordinated transmission planning and is constructed by an inter-State transmission licensee, the Yearly Transmission Charges for such dedicated transmission line shall be payable by the generating station in proportion to the Connectivity granted and for which Long Term Access is not operational. Such transmission charges shall be payable to the inter-state transmission licensee who has constructed such dedicated line.</p>	
12	<p>Following may also be added:</p> <p>The transmission charges of such lines may not be included under the transmission charges under Regulations 5 to 9.</p>	<p>Where a transmission system has been declared to have achieved deemed COD in terms of Transmission Service Agreement under Tariff Based Competitive Bidding (TBCB) or the Commission has approved the date of commercial operation of such transmission system in terms of clause (2) of Regulation 5 of Tariff Regulations, 2019 or proviso (ii) to clause (3) of Regulation 4 of the Tariff Regulations, 2014, the transmission licensee or</p>	

13	13(2)(a)	generating company whose transmission system or generating station or unit thereof is delayed shall pay the transmission charges of the transmission system till the generating station or unit thereof or the transmission system achieves COD.	(a) The First Bill shall contain the transmission charges for the Billing month based on the Methodology detailed under Regulations 5 to 8 of these Regulations.	(a) The First Bill shall contain the transmission charges under AC-UBC also come under First Bill.
2	13(2)(c)	ii. In case aggregate metered 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 @ Transmission Deviation Rate as determined below.	(a) The First Bill shall contain the transmission charges for the Billing month based on the Methodology detailed under Regulations 5 to 9 of these Regulations.	Transmission charges under AC-UBC also come under First Bill.
			<ul style="list-style-type: none"> As per the proposed Regulation, 'Transmission Deviation' means the deviation from the sum of LTA and MTOA. Therefore any short term open access transaction above the LTA plus MTOA capacity will be charged at Transmission Deviation rate which is 1.20 times the Transmission charges of the State. It is submitted that STOA is a process that is approved by Hon'ble Commission and is availed by following the due procedure issued by Hon'ble Commission. As per the proposed Regulation, if a DIC avails STOA for drawing power for meeting its demand over and above its LTA and MTOA, it is forced to pay penal transmission charges for such drawal. Penalizing a scheduled open access transaction is not legal, particularly when the transmission asset is only 35% utilized and short term transactions aid in utilizing the under-utilized transmission asset. In the existing Sharing Regulation penalty for deviation beyond a threshold limit was provided to restrain gaming by DIC while providing demand projections for load flow studies. However, as per the proposed Regulations, load flow studies in post facto is based on actual data and thus there is need for a penalty for deviation. Therefore, it is requested that for DICs, transmission deviation may be defined as the drawal exceeding the sum of LTA, MTOA, STOA obtained after due procedure of CERC and STOA of intra 	

			<p>state embedded consumers/intra state entities. Alternatively, deviation due to STOA may be charged at a rate equal to 1.0 times transmission charges of the State instead of 1.20 times.</p> <ul style="list-style-type: none"> • Since STOA beyond LTA, MTOA and target region LTA as well as by intra state customers would be treated as 'Transmission Deviation', the deviation charges collected is to be reimbursed to DICs as existing in the existing Regulation, it may be noted that one of the underlying principle of Sharing Regulation is that CTU/PGCIL shall be revenue neutral in the Sharing philosophy. To put into practice the same, reimbursement of Transmission Deviation charges is necessary. • At the same time, as per proposed Regulation 13(3), no transmission Charges is to be levied for Inter-State transmission system in respect of Short Term Open Access transactions. Embedded open access consumers of the State are short term open access consumers. Exempting transmission charges for these consumers is not in accordance with the provisions of section 38(2)(d)EA,2003 which prescribes that open access is granted on payment of transmission charges. • It is submitted that as per Regulation 13(2) (c)(vii) of the proposed Regulation, 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. This is not in accordance with the provisions of the EA, 2003. As per EA, 2003, the charges for inter-state transmission of Electricity have to be determined by Hon'ble CERC. Leaving the responsibility to specify the same to States would lead to legal disputes and controversy. Therefore it is requested that this Hon'ble Commission may specify that Transmission Deviation rates applicable for respective states shall be the charges payable by embedded intra state open access customers who avail inter-state STOA, in the proposed Regulation. • Further, it is submitted that if transmission charges are not levied from embedded intra state short term open access consumers of the State, it will lead to socialization of these charges and is inequitably loaded on the ordinary consumers of the State. • As per the proposed Regulation, any short term open access transaction above the LTA plus MTOA capacity will be charged at Transmission Deviation rate which is 1.20 times the Transmission charges of the State. • It is submitted that STOA is a process that is approved by Hon'ble Commission and is availed by
14	13(2)(c)(iii)	<p>Transmission Deviation Rate shall be calculated as follows: a. Transmission Deviation Rate for a State shall be charged at 1.20 X (transmission charges of the State</p>	

		<p>for the Billing month)/ (quantum of Long Term Access plus Medium Term Open Access of the State for the Billing month)</p>	<p>following the due procedure issued by Hon'ble Commission. As per the proposed Regulation, if a DIC avails STOA for drawing power for meeting its demand over and above its LTA and MTOA, it is forced to pay penal transmission charges for such drawal.</p> <ul style="list-style-type: none"> • Penalizing a scheduled open access transaction is not legal, particularly when the transmission asset is only 35% utilized and short term transactions aid in utilizing the under-utilized transmission asset. • As submitted under clause 13(2)(c), it is requested that Transmission deviation rate may be made same as Transmission charges instead of penalizing at 1.20 times. • Further, the deviation charges collected by CTU may be reimbursed to DICs as existing in the existing Regulation.
15	13(2)(c) (vi)	<p>vi. The agency(ies) of the State responsible for intimating deviations under the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) Regulations, 2014 as amended from time to time, shall also be the agency responsible for intimating transmission deviation to the respective Regional Power Committee Secretariat for preparation of Regional Transmission Deviation Account.</p>	<p>No clarity on the agencies of the State specified in the Regulation.</p>
16	13(2)(c)	<p>vii. The charges for transmission</p>	<p>The proposal that the charges for transmission deviation for an embedded intra-State entity shall</p>

			<p>be as determined in accordance with the regulations or orders of the respective State Commission is not in accordance with the provisions of the EA, 2003. As per EA, 2003, the charges for inter-state transmission of Electricity have to be specified by Hon'ble CERC. It is requested that Hon'ble Commission may specify that Transmission Deviation rates applicable for respective states shall be the charges payable by embedded intra state open access customers who avail inter-state STOA, in the proposed Regulation.</p>
17	13(3)	<p>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> <p>No transmission Charges shall be levied for Inter-State transmission system in respect of Short Term Open Access transactions</p>	<p>Exempting transmission charges for short term open access transaction is not in accordance with the provisions of section 38(2)(d)EA,2003 which prescribes that open access is granted on payment of transmission charges. Non levy of transmission charges from STOA Consumers will prompt entities to prefer STOA instead of LTA/MTOA, which will adversely affect network planning and transmission corridor congestion. The proposal will work effectively only if GNA comes into picture. Hence, in order to build sufficient transmission system for evacuation of all generators in future, it is important that the short term transmission rates are levied. This will give a signal to the generators to seek long term access and get the transmission built for future.</p> <p>Further, if transmission charges are not levied from short term open access consumers including embedded intra state entities of the State, it will lead to increase in the transmission charge of other DICs, and this increase is loaded on the ordinary consumers of the State. Accordingly, it is suggested that deviation rate applicable for the State shall be payable by intra state embedded customers who avail inter-state STOA.</p>
18	22	<p>Information to be published by the Implementing Agency</p>	<p>Following may also be included under the information to be published by the Implementing Agency:</p> <ol style="list-style-type: none"> 1. Power System Study case file of the peak block considered for arriving at the transmission charges. 2. Transmission asset considered for National Component, Regional Component, Transformer Component and AC charges 3. New generating stations added during the billing month. 4. Details of Transmission deviation block wise

19	5.9 of Annexure-I	The transmission system covered under clause (2) of Regulation 5 and clause (4) of Regulation 11 shall be considered at "zero cost" in the line wise transmission charges and modified line wise transmission charges at clause (3) and clause (6) of Regulation 9.	<ol style="list-style-type: none"> 5. State generation 6. State Transformer component 7. Regional nodes considered. 8. Loss study details 9. Transmission charge computation details <ul style="list-style-type: none"> • This proposal of assigning 'zero cost' to transmission systems developed for RE will double benefit the DICs using such transmission lines as submitted below. <ol style="list-style-type: none"> i. The cost of transmission system developed for RE is socialized and so the DIC is benefitted by not paying the entire transmission charges of the transmission systems developed for RE. ii. Over and above this, due to existence of actual power flow in these lines, the power flow in the other lines of the DIC taken for computing AC-UBC is reduced, which leads to reduced usage based charges for the DIC. • Therefore, it is requested that the above fact may taken into due consideration and such double benefitting situations may kindly be avoided while framing the final Regulations. When the full cost of the transmission lines are shared by the users of the said lines, this double benefit will get automatically addressed. Accordingly, if the entire cost of AC transmission lines are shared based on usage it will address this anomaly also.
20	5.20 of Annexure-I	5.20 For generating stations having no Long term access or medium term access, the transmission charges attributable to such generators shall be calculated as injection charges (as for generators with LTA to target region with untied	<p>There is no clarity. As per the proposed Regulations, if transmission charges are payable by generating stations availing STOA over and above LTA(target region or otherwise) or MTOA, it is accounted as transmission deviation rates. In that case, there is no requirement for including the same as AC-UBC and scaling up the charges of other DICs due to this.</p>

		capacity) under AC-UBC Component. The charges of other DICs on whom AC-UBC charges have been computed shall be scaled up to the extent of charges attributable to such generators.	
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