



एनटीपीसी लिमिटेड

(भारत सरकार का उद्यम)

NTPC Limited

(A Govt. of India Enterprise)

केन्द्रीय कार्यालय/ Corporate Centre

To,

Date: 31.12.2019

The Secretary,
The Central Electricity Regulatory Commission,
New Delhi.

Sub: Comments / Suggestions on the Draft "CERC (Sharing of Inter-state Transmission Charges and Losses) Regulations 2019"

Dear Sir,

Please find enclosed herewith our comments /suggestions on Draft "CERC (Sharing of Inter-state Transmission Charges and Losses) Regulations 2019" circulated by the Hon'ble Commission seeking comments / suggestions from all concerned.

Thanking you,

Yours sincerely,

(Rajnish Bhagat)
ED (Commercial)

NTPC Comments
on
Draft CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2019.

1. **Regulation 3 (3)** -The transmission charges for transmission system after such transmission system has achieved COD with regular service, shall be shared by DICs in accordance with Regulations 5 to 8 of these regulations.

Comment: It is suggested that the Regulation 3 (3) may be reworded as under:

*The transmission charges for transmission system after such transmission system has achieved COD with regular service, shall be shared by **Drawee DICs and Injecting DICs with untied LTA** in accordance with Regulations 5 to 8 of these regulations.*

This will give more clarity and is as per the intent of these Regulation.

2. **Regulation 3 (1) (a)**

(3) Principles of sharing transmission charges

(1) The transmission charges shall be shared amongst the Designated ISTS Customers such that:-

(a) The Yearly Transmission Charges are fully recovered; and

Comment: It is suggested that Regulation 3(1) (a) may be modified as under:

*The Yearly Transmission Charges are fully **and exactly** recovered.*

3. **Regulation 5(2)**

5(2) National Component-Renewable Energy shall comprise of transmission charges for transmission systems developed for renewable energy projects as identified by the Central Transmission Utility.

Comment - National Component-Renewable Energy (NC-RE) Transmission capacity & YTC blocked in existing ISTS to grant transmission access to RE capacity should also be included in NC-RE in addition to new transmission systems developed for RE projects as identified by CTU. Then only, it shall give true reflection of transmission charges earmarked for solar capacity.

4. **Regulations 5(4), 6(2), 6(4) & 8(5):**

Comment – The Draft Regulations have proposed that the Transmission charges shall be shared by the drawee DICs in the ratio of their quantum of Long term Access plus Medium Term Open Access. It is suggested that sharing should be based on peak demand of the DIC as peak demand indicates utilization of the Asset by a DIC.

5. **Regulation 6 (4)** – *Transmission charges covered under sub-clause (b) of clause (1) of this Regulation shall be shared by DICs of the same region in the ratio of their quantum of Long Term Access plus Medium Term Open Access.*

Comment: Draft Regulations have proposed sharing of transmission charges for the Regional Component by the Drawee DICs and the Injecting DICs with untied LTA. Accordingly, Regulations 6 (2) and 6 (4) provide for sharing of transmission charges for the Regional Component by Drawee DICs while Regulations 6(3) and 6(5) provide for sharing of transmission charges for the Regional Component by Injecting DICs with untied LTA. It is therefore suggested that clause 6(4) may be reworded by inserting the word “**drawee**” before the word “DICs” as under:

*6 (4) Transmission charges covered under sub-clause (b) of clause (1) of this Regulation shall be shared by **Drawee** DICs of the same region in the ratio of their quantum of Long Term Access plus Medium Term Open Access.*

This will give more clarity and is as per the intent of these Regulations. The same has also been mentioned in sharing of transmission charges for National Component at Regulation 5 (4) & at Regulation 8(5) for sharing of transmission charges for AC system component (AC-BC).

6. **Regulation 8 (3)** - *Transmission charges for AC-UBC shall be shared by DICs corresponding to their respective usage of transmission lines, in accordance with Regulation 9 of these regulations.*

Comment: Transmission charges for AC-UBC shall be shared by **Drawee** DICs corresponding to their respective usage of transmission lines, in accordance with Regulation 9 of these regulations.

This will give more clarity and is as per the intent of the Regulation. The same has been mentioned in sharing of National component 5 (4) & AC system component (AC-BC).

7. **Regulation 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.

Comment - It is usual to load the short lines above SIL and long lines lower than SIL. Therefore, load ability of transmission line should be assumed as per the methodology adopted by CERC vide order dated 08.03.2019 in petition no 92/MP/2015 or it may be taken as stability limit for long lines and thermal limit for short lines.

8. **Regulation 11(5)** - Where Long Term Access to ISTS is granted to a generating station on existing margins and COD of the generating station or unit(s) thereof is delayed, the generating station shall pay transmission charges @10% of transmission charge for the State where it is located for the quantum of such Long Term Access.

Comment -As the long term access has been granted based on existing margins and delay in COD of generating station has not caused any extra burden on the existing users, no transmission charges may be charged during the period of delay of the generating station. The margin may be used by other DICs till such time. It is suggested that Regulation 11(5) may be reworded as under:

Where Long Term Access to ISTS is granted to a generating station on existing margins and COD of the generating station or unit(s) thereof is delayed, the generating station shall not be required to pay transmission charges for the period of such delay.

9. **Regulation 11 (6)** -Where operationalization of Long Term Access granted to a generating station is contingent upon COD of Associated Transmission System consisting of several transmission elements and only some of the transmission elements have achieved COD, the generating station may seek part operationalisation of Long Term Access. The Central Transmission Utility shall part operationalize Long Term Access corresponding to the capacity sought to be operationalised by the generating station, subject to availability of transmission system. The Yearly Transmission Charges for such transmission elements shall be included in Regulations 5 to 8 of these Regulations.

Comment – In case of Central Generating Stations (CGS), PPA for sale of power to beneficiaries or Discoms is at ex-bus and on long-term basis. The responsibility of arranging the evacuation of power is entirely on the beneficiaries. Through the PPA the beneficiaries have authorised the generating station to initially apply for long-term access on their behalf. After grant of LTA, LTA / other Agreements are signed by the beneficiaries and the transmission licensee. As the sale is ex-bus, the responsibility of power evacuation rests entirely on the beneficiaries. The liability of payment of transmission charges lies on the beneficiaries as per provisions of CERC Regulations. In view of the above, it is suggested that Regulation 11 (6) may be modified to include Long Term Customers (who have signed the LTA Agreement) for operationalization the part LTA. Under such circumstances, CTU may operationalize the part LTA based on availability of transmission system on request made by CGS for scheduling of power. In such cases, this will avoid bottling up power of CGS where beneficiaries are long term customers. It is suggested that Regulation 11 (6) may be modified as under:

*Where operationalization of Long Term Access granted to a generating station **including generating stations for which LTA Agreement has been entered by its long-term customers** is contingent upon COD of Associated Transmission System consisting of several transmission elements and only some of the transmission elements have achieved COD, the generating station may seek for part operationalisation of Long Term Access. The Central Transmission Utility shall part operationalize Long Term Access corresponding to the capacity sought to be operationalised by the generating station, subject to availability of transmission system. The Yearly Transmission Charges for such transmission elements shall be included in Regulations 5 to 8 of these Regulations.*

10. **Regulation 11 (7)** -*In case the generating station or unit(s) thereof has achieved COD and transmission system is delayed, the concerned transmission licensee(s) shall make alternate arrangement for dispatch of power in consultation with Central Transmission Utility at the cost of the transmission licensee(s).*

Comment: In case of central generating stations, the beneficiaries are long term customers / DICs who are long-term users of the transmission system. In other words they are the signatories of the LTA Agreement or TSA with the transmission licensee. Therefore, scheduling of such power through alternate arrangement shall also be under

long term access. Accordingly, to avoid any ambiguity, the regulation 11 (7) may be reworded as under:

*In case the generating station or unit(s) thereof has achieved COD and transmission system is delayed, the concerned transmission licensee(s) shall make alternate arrangement for dispatch of power in consultation with Central Transmission Utility at the cost of the transmission licensee(s). **In case of scheduling of such power shall be on long term basis.***

Moreover, in case of delay in generating station, the generating station pays 100% transmission charges whereas in case of delay in transmission there is no such compensation. This lack of level playing field needs to be addressed suitably. In case alternate arrangement is not made, then the transmission licensee needs to compensate the generator. It is suggested that compensation may be fixed at certain percentage of fixed charges payable by the transmission licensee to the generator in case of delay in transmission and the same percentage of transmission charges payable by generator to the transmission licensee in case of delay in generation.

11. Regulation 11 (8) - *Where construction of dedicated transmission line has 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.*

Comment - Liability of payment of transmission charges for dedicated line by the generator should be restricted only up to the commercial operation of the generating unit as non-operationalization of long term access is beyond the control of generator. Further as per the Regulation 6 (a) of Terms and Condition of Tariff Regulation 2019, generator is required to pay transmission charges of associated transmission system till its commercial operation. Accordingly, Regulation 11 (8) may be reworded as under:

Where construction of dedicated transmission line has 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 **corresponding to the capacity of the generating station or unit(s) thereof which have not achieved COD.***

12. **Regulation 11 (11)** -Where a transmission system has been declared to have achieved deemed COD interms 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 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.

Comment - The liability of the Generator should be restricted corresponding to the generating units which have not achieved commercial operation. Transmission Charges for the capacity which has achieved commercial operation should be recovered through the PoC Mechanism. Accordingly, it is suggested that Regulation may be modified as under:

*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 generating company whose transmission system or generating station or unit thereof is delayed shall pay the **Yearly** transmission charges of the transmission system till the generating station or unit thereof or the transmission system achieves COD **corresponding to capacity of generating station or unit(s) thereof which have not achieved COD.***

13. Regulation 13(2)(c)(iii)(b) - *Transmission Deviation Rate for generating stations and bulk consumers shall be charged @Transmission Deviation Rate for the State where the generating station or bulk consumer is located.*

Comment - A Generator can be scheduled up to its normative Capacity i.e. (Installed Capacity – Normative APC) as per the IEGC. Now to provide primary frequency response /RGMO/FGMO, a Generator has to ramp up its Generation up to 5% of its current Generation or up to 105% of Normative Capacity. This 5% spinning reserve has to be maintained mandatorily in every machine as frequency response to comply the IEGC mandate in case of Grid requirements. So in this case a machine will inject more than its LTA /Normative capacity and it should be exempted from any transmission deviation charge liability. Moreover, as per extant DSM regulation a Generator can deviate unintentionally up to +/- 12% in a block, as maintaining generation level at scheduled generation(SG) is not possible all the time. So considering compliance of above two regulatory provisions a generator should not be penalised to pay transmission charge for injecting above LTA and it shall be allowed to inject up to 105% i.e. machine over load capability and transmission charge liability shall start beyond that point of over injection. Generators having LTA for full capacity should be provided some dead band for transmission deviation charges like provided in DSM Regulation. Further the Generator should not be required to pay the transmission charges for drawing the power under RSD or due to scheduled maintenance as both are beyond the control of generator. The drawl of power under scheduled maintenance was exempted earlier also. Under the requirement of RSD generator has to keep certain auxiliaries in running condition to meet the requirement of early start up hence generator should not be burdened with extra transmission charges liability.

In view of the above, Regulation 13(2)(c)(iii)(b) may be reworded as under:

Transmission Deviation Rate for generating stations and bulk consumers shall be charged @Transmission Deviation Rate for the State where the generating station or bulk consumer is located after considering PFR requirement of 5% over quantum of Long Term Access and Medium Term Open Access.

Provided further that the transmission deviation rate shall not be applicable for the generators drawing power for auxiliary power consumption under reserve shutdown or due to scheduled maintenance as certified by RPC.

14. Regulation 11(1)(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:*

(I) Such generation capacity has been declared under commercial operation between 13.2.2018 and 31.12.2022; and

(II) 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.

Comment: Renewable Energy projects developed through EPC mode under competitive bidding also provide for capacity addition of RE projects. If transmission charges and losses are not waived for such projects, they become uncompetitive as compared to projects where waiver is available. Therefore, Regulation 11(1)(c) may be revised to include transmission charge and losses waiver for Renewable Energy Projects awarded through competitive bidding EPC projects also and time line may be extended till Dec-22 as per GOI order issued already or till further date 31.03.2024. Following additional provisions to facilitate renewable energy generation through various policy interventions of GOI may also be included as under:

Additional Clauses –

- a. 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 the renewable power generated is used for replacement of thermal power supplied to beneficiaries as per GOI Scheme on Flexibility in generation to and Scheduling of Thermal Power Stations to reduce emissions dated 5th April 2018.
- b. 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 the renewable power generated is used for replacement of Auxiliary Power in a thermal generating station.

- c. No transmission charges and losses shall be payable for Solar Photo Voltaic generation projects based on domestically manufactured content (solar modules and panels) for the use of ISTS, for a period of 25 years from the date of commercial operation of such generation projects under the CPSU Scheme.

15. Regulation 5.11 of Annexure-I

Comment: Regulation 5.11 of Annexure-I provides that the transmission charge per circuit kilometre for a transmission line for each voltage level and conductor configuration shall be made uniform. This is against the provisions of the Tariff Policy and against the principle of 'causer pays'.