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Sent: Tue, 31 Dec 2019 16:43:07 +0530 (IST)

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

Dear Sir/Madam,

In reference to the Public Notice (No.L-1/250/2019/CERC) dated 31 October 2019 issued to invite comments on the "Draft Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2019", please find attached detailed comments on behalf of Sembcorp.

Regards,  
Raman Gulati

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**Sembcorp Comments / Suggestions on "Draft Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2019."**

<b>Sl. No.</b>	<b>Reference</b>	<b>Relevant Extract</b>	<b>Proposed Change in the Draft Regulation (in Red)</b>	<b>Comments / Suggestions</b>
<b>1</b>	Insert Regulation 2.(1). (e)	-	<p><b>"Commercial Operation of the renewable project"</b> means the Scheduled Date of Commissioning (SCOD) of renewable project, as defined in the respective bidding documents of state or central bidding agencies. The commercial operation and LTA / MTOA operationalization of the renewable generator shall automatically get reset if the SCOD of the project is moved by the bidding agencies.</p> <p>However, the generator shall have the option of early commissioning in accordance with bidding documents subject to readiness and availability of the transmission system.</p>	<p>The procedure of connectivity/ LTA for renewable projects, identify the LoA of the state and central bidding agencies, as one of the primary requirements and the basis of said permission. In this context, if any change in the timeline of SCOD approved/announced by the bidding agency then the same shall be allowed in LTA / MTOA operationalization by the CTU.</p> <p>Further based on mutual agreement and availability of transmission system, the advancement of commercial operation date and LTA / MTOA operationalization should be allowed.</p>
<b>2</b>	Regulation 5.(2), 5.(4) and 5.(5)	Components and sharing of National Component (NC) (2) National Component-Renewable Energy shall comprise of transmission charges for		We understand that as per the proposed Regulation, the Transmission System developed exclusively for RE projects shall be borne by the Drawee

		<p>transmission systems developed for renewable energy projects as identified by the Central Transmission Utility.</p> <p>(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.</p> <p>(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.</p>		<p>DICs as well as by the Injecting DICs with untied LTA capacity.</p> <p>We would like to suggest to the Commission, that Since the benefit from RE projects are being taken by Drawee DICs in order to meet their RPO and hence the Transmission charges for the Transmission System developed for evacuation of power from RE projects need to be borne only by the Drawee DICs and should not be shared with the injecting DIC.</p> <p>It is also to bring in the notice of the Commission that the delivery point under most of the Short-term power procurement bids is State Periphery and till this point, all the transmission charges are to be borne by the generator. Adding the cost of a dedicated RE Transmission system in the National component will put an additional burden on thermal generators who are neither generating RE power nor consuming RE power.</p>
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				<b>In view of the above, we request the Commission to exempt the injecting DICs with untied LTA capacity from sharing of NC - RE component.</b>
<b>3</b>	Regulation 11. (4)	“Where COD of a generating station or unit(s) thereof is delayed, and the Associated Transmission System has achieved COD, which is not earlier than its SCOD, the generating station shall pay Yearly Transmission Charges for the Associated Transmission System corresponding to capacity of generating station or unit(s) thereof which have not achieved COD.”	“Where COD of a generating station or unit(s) thereof is delayed, beyond Scheduled Date of Commissioning (SCOD) and the Associated Transmission System has achieved COD, which is not earlier than its SCOD, the generating station shall pay Yearly Transmission Charges for the Associated Transmission System corresponding to capacity of generating station or unit(s) thereof which have not achieved COD. However, neither party shall be liable to pay any charges, in case of Force Majeure or Change in Law as may be adjudicated by the competent authorities.”	For any delay from either party due to the reason not attributed to them and qualify the Force Majeure or Change in Law condition, no payment liability shall arise in such cases.
4	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	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	In case a generator is applying for MTOA on existing margins or voluntarily opt-out to utilize existing or partial Associated Transmission

		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.”	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.”  Provided no charges shall be applicable, where Medium Term Open Access to ISTS is granted to a generating station on existing margins and COD of the generating station or unit(s) thereof is delayed	System, then a generator is effectively improving the utilization of transmission network which exists without any augmentation or utilization. Hence, generation delay in case of MTOA on the existing network should not be subject to transmission charges as it will discourage the generators from availing the opportunity of utilizing transmission system which was otherwise stranded.
5	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	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	For optimal utilization of available transmission margins created due to partial commissioning of transmission elements, and to utilize the stranded generation capacity, operationalization of LTA / MTOA at partial transmission elements should be promoted.  Applicability of transmission charges in case of delay in achieving revised COD will discourage, generating station to seek revised COD resulting non-utilization of partial transmission elements.

		<p>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.</p>	<p>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.</p> <p>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 early operationalisation of Long Term Access. However in case of delay in achieving such revised COD by the generating station, the generating station shall not be subject to payment of any transmission charges till the commissioning of balance transmission elements.</p>	
6	Regulation 11(11)	Where a transmission system has been declared to have achieved deemed COD in terms of Transmission Service Agreement	Where a transmission system has been declared to have achieved deemed COD in terms of Transmission Service Agreement	In case part of the transmission system required for operationalization of LTA is not ready then the generator shall not be penalized for the incomplete system.

		<p>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.</p> <p>Provided that where more than one transmission licensee or both transmission licensee and generating station are getting delayed, the proportionate sharing of above transmission charges shall be as decided by Commission.</p>	<p>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 <del>or generating company</del> whose transmission system <del>or generating station or unit</del> thereof is delayed shall pay the transmission charges of the transmission system till the <del>generating station or unit thereof or</del> the transmission system achieves COD.</p> <p>Provided that where more than one transmission licensee <del>or both transmission licensee and generating station</del> are getting delayed, the proportionate sharing of above transmission charges shall be as decided by Commission.</p>	
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7	Regulation 12. (5). (b)	<p>(5) Timelines for preparation of base case, notification of transmission charges, issue of Regional Transmission Accounts and raising bills shall be as under:</p> <p>(b) Payable transmission charges shall be notified by the Implementing Agency by 25th day of the month following the Billing month.</p>		<p>In regard to the ST power procurement bids, the generators under the existing Regulations consider the applicable ISTS charges which are determined in advance for next quarterly while preparing their bids. Such charges to a large extent reflect the actual charges levied on the generator for using ISTS network for actual supply of power. However, in the proposed amendment the Commission will issue the ISTS charges only after the end of the month and the applicable charge would not be known to the generators even for the next month. Further, it is expected that because of charge determination being shifted to actual load flow study, the variation in charges will be high on the month to month basis. This would unnecessarily increase the risk for generators for participating in ST bids.</p> <p>Given the above, it is requested to the Commission to make corresponding amendments in the Standard Bidding Documents to align such uncontrollable change in transmission charges shall be passthrough to the procurer or</p>
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				beneficiaries as “change in transmission charge”.
<b>8</b>	Regulation 13. (2).(c).(iii).(b)	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.	<p>Transmission Deviation Rate for generating stations and bulk consumers who are Designated ISTS Customer (DIC) shall be charged 1.20 X (transmission charges of the DIC for the Billing month)/ (quantum of Long-Term Access plus Medium-Term Open Access of the DIC for the Billing month)</p> <p>Transmission Deviation Rate for generating stations and bulk consumers who are not a DIC shall be charged @Transmission Deviation Rate for the State where the generating station or bulk consumer is located.</p>	<p>We understand that in case the quantum of power sold by generator under STOA is less than the untied LTA capacity then no transmission charges shall be levied on the generator as the generator will be charged for entire untied LTA capacity.</p> <p>However, in case the actual injection exceeds the untied LTA capacity of the generator, then for the capacity over and above untied LTA capacity shall be levied at @ TDR which will be calculated on the Transmission charges of the State where the generator is located. Whereas, under the existing regulations, STOA charges are separately provided for the generator with untied LT capacity.</p> <p>Following points are worth noting, (a) since a generator is connected to the ISTS system, it is not fair to determine its charges based on its geographical location,</p>

				<p>(b) TDR charges applicable for STOA (over and above untied LT capacity) are already proposed to be 20% more than LT charges, further linking it with the charges applicable to the State in which it is located may in many cases put additional burden on ISTS generator. This may be due to the fact the State in which such generator is located has not optimized its LTOA/MTOA because of which its charges for the State may be higher.</p> <p>It is requested to the Commission that under the proposed amendment, as the Commission continues to recognize generators with untied LT capacity as a separate DIC and will also provide separate LT transmission charges the same should be linked to computing the TDR instead of the charges applicable on the State in which it is located.</p> <p>We request the Commission that as the Transmission charges for the injecting DICs with untied LTA capacity are to be determined separately, in case of any deviation by the injecting DICs, the</p>
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				such injecting DICs shall pay the Transmission charges @ 1.2 times of the Transmission charges that are determined for that particular DIC.
<b>9</b>	Insert Regulation 18 (6)	-	(6) Provided in case of force majeure or due to the event not attributable to the generator or if the PPA is terminated subsequent to unforeseen events beyond the control of generators should be allowed to relinquish the LTA without any penalties and it should not be considered as DIC Event of Default.	It is being observed that some of the projects were abended or PPAs were terminated due to various unforeseen events beyond the control of the generator and the bidding agencies. In such cases, DICs shall not be considered as in default and shall be allowed to relinquish the LTA without any liability.
<b>10</b>	Regulation 20. (2)	20 (2) The software for the implementation of these regulations shall be audited or cause to be audited by the Commission before it is put to use, and thereafter from time to time as may be decided by the Commission	20 (2) The software for the implementation of these regulations shall be audited or cause to be audited by the Commission before it is put to use, and thereafter from time to time as may be decided by the Commission. <b>DICs will also be provided access to such software and Implementing Agency will conduct the training on this New Methodology for determination of Transmission Charges &amp; Losses.</b>	Software that is used for determination of AC-UBC should be available with all the DICs and further, we request Commission to conduct extensive training/workshop or to direct Implementing Agency to conduct the training on this New Methodology for determination of Transmission Charges & Losses.

11	<b>Regulation 21.</b> <b>(6)</b>	(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.	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 <b>provided the reason for DIC not submitting such data is a controllable parameter of DIC.</b>	It is reasonable to say that DICs would most likely submit the required data within stipulated time period unless there is some uncontrollable reason. It is requested to the Commission to exempt a DIC for such charges for delay in case it is able to prove that the delay in submission resulted due to reason beyond its control.
12	Additional suggestion	-	In cases where terminal bay at ISTS substation and/or dedicated transmission line are built by generators considering the time constraint, the transmission licensee shall reimburse the normative cost of such bay and/or dedicated transmission line to the generator and transmission charges for such elements shall be added to National Component for the purpose of sharing and recovery of cost.	As per the procedure for grant of Connectivity to RE generators clause 5.3 reproduced below:  <i>“5.3 Scope of bays for dedicated transmission line 5.3.1 For the connectivity system, the dedicated transmission line including line bays at generation pooling station shall be under the scope of the applicant and the terminal bays at the ISTS sub-station shall be under the scope of transmission licensee owning the ISTS sub-station subject to compliance of relevant provision of tariff policy.”</i>

			<p>Further, as per the CERC ((Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) (Amendment) Regulations, 2010 regulation 8 (8) reproduced below:</p> <p><i>“8 (8) Provided that a thermal generating station of 500 MW and above and a hydro generating station or a generating station using renewable sources of energy of capacity of 250 MW and above, other than a captive generating plant, shall not be required to construct a dedicated transmission line to the point of connection and such station shall be taken into account for coordinated transmission planning by the Central Transmission utility and Central Electricity Authority”.</i></p> <p>As per above provisions, terminal bay at ISTS SS and dedicated transmission line are in the scope of transmission licensee. However, it has been observed that on many occasions due to time constraint,</p>
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				<p>RE generators are not only required to construct the terminal bays and dedicated transmission line at their own cost but also bear O &amp; M charges for bays. Therefore, it is requested to reimburse the normative cost of such transmission elements to the generator.</p>
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