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Subject: TPTCL additional Comments on Draft CERC (Sharing of ISTS Charges and losses) Regulations, 2019

Dear Ma'am,

This has reference to today's public hearing No.L-1/250/2019/CERC Dated: 09.01.2020 at CERC on Sharing of Inter-State Transmission Charges and Losses) Regulations, 2019.

In this regard, please find enclosed additional comments from TPTCL for your kind perusal.

Regards,

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TPTCL's Additional Comments on Draft CERC (Sharing of ISTS Charges and losses) Regulations, 2019

Clause 13.2.c.(iii) Transmission Deviation Rate shall be calculated as follows:

Additional Comments: It is mentioned in Bakshi Committee report that Transmission planning is based on Long term Access. However, it is evident that after allocating the transmission capacity to LTA/MTOA beneficiaries, there has been spare transmission margin available for Short term Open Access transactions.

The above spare capacity or ATC margin is an idle capacity and would be unutilized in case no one uses it for short term Open Access. Therefore, as per Hon'ble CERC, total cost of transmission system is to be recovered from DICs having firm LTA/MTOA (with or without PPA) and not from Merchant generators (**No LTA/MTOA**) or other generators (**E.g. a Generator having 1000 MW Installed capacity - 600 MW is under LTA and balance 400 MW having no LTA/MTOA**).

In the prevailing Regulations, transmission deviation is being worked out as difference between actual generation and sum of LTA, MTOA and approved STOA quantum. However, in the proposed new Regulations, deviation is computed as the difference between actual generation and sum of LTA and MTOA quantum. In this regard, transmission deviation should not be levied on account of STOA schedule, for Merchant Generators (**No LTA/MTOA**) or other Generators (**E.g. a Generator having 1000 MW Installed capacity - 600 MW is under LTA and balance 400 MW having no LTA/MTOA**).

Further, it is suggested that the transmission pricing for the use of idle transmission asset should be established on the basis of sound economic principle instead of 1.2 times of state's transmission charges under proposed Regulations. In this regard, currently also transmission auction methodology is being used for price determination for STOA in case of transmission congestion only. The methodology is explained below for ready reference.

Let's consider ER-NR regional link where NR is the importing region and ATC is 2000 MW for importing region, in a month. Further, let's consider the demand by all northern region utilities under short term is 3000 MW. In such a case, as per current practice, NRLDC as a nodal RLDC invites e bidding from all the STOA applicants seeking booking of the corridor in advance for a month. Under e-auction, all the STOA applicants in the drawl region participate in e-bidding and some base price like Rs 10 per MWh (one paise per kWh) is quoted. During auction, bidders have the option to increase the bid price and depending upon the bid quantum and discovered prices as H1, H2, H3 etc. the available transmission capacity gets allocated to H1, H2, H3 bidders.

The above methodology or any other market-based practices used for price determination for STOA may be introduced in place of 1.2 times of state's transmission charges under the proposed Regulations.



Clause 13(3): No transmission Charges shall be levied for Inter-State transmission system in respect of Short-Term Open Access transactions.

Additional Comments:

As proposed in the Regulations, transmission charges would be determined post facto on the basis of actual generation and demand i.e. two months after the power flows.

As per the current market practice, Open Access Consumers buying power on Exchanges or through Bilateral route are aware of total open Access charges and losses before bidding on Power Exchange or finalizing contract under bilateral arrangement. In this regard, it would not be possible for such Open Access consumers to place buy bids on Exchanges as transmission charges based on actual demand of the state would be determined after two months. Hence, the uncertainty regarding ISTS charges and STU charges would hamper the Open Access consumers from participating in the market.

At the time of bidding the OA consumers need to be fully aware of the exact cost he is going to incur for procurement of power. The Charges for OA consumers under only STOA should be determined through appropriate bidding mechanism as proposed above. Thus, transmission charges would be known in advance and this would facilitate the participation of OA Consumers.