



West Bengal State Electricity Distribution Company Limited
(A Government of West Bengal Enterprise)

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Regulation Cell

Memo No-REG/CERC/Draft Regulation/ 302

Dated: 30/11/2019

To
The Secretary,
Central Electricity Regulatory Commission,
3rd & 4th Floor, Chanderlok Building,
36, Janpath, New Delhi-110001.

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

Ref: Public Notice issued under Memo No. L-1/250/2019/CERC dated 31.10.2019.

Respected Sir,

With reference to public notice dated 31.10.2019 on the above mentioned matter, comments/ suggestion of WBSSEDCL are enclosed for your consideration, please.

Encl: As above

Yours faithfully,

(S. Mukhopadhyay)
Chief Engineer (Reg)

Comments/Suggestions/Objections by West Bengal State Electricity Distribution Company Ltd. (WBSEDCL) on Draft CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2019

A. INTRODUCTION

1. On 31.10.2019, this Hon'ble Commission issued a Public Notice under Section 178(3) of the Electricity Act, 2003 (“**Act**”) read with Section 23 of the General Clauses Act, 1897 (“**Public Notice**”), seeking comments / objections / suggestions to the Draft Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2019 (“**2019 Regulations**”). The following submissions / comments / objections / suggestions are being submitted pursuant to the Public Notice.

2. It is submitted that the CERC (Sharing of Inter State Transmission Charges and Losses) Regulation, 2010 (“**2010 Regulations**”) has been challenged by different Distribution Companies (“**Discoms**”), including WBSEDCL, before the Hon'ble Delhi High Court in W.P. No. 5396 of 2012 and batch (“**Writ Petitions**”). It is submitted that the Writ Petitions are pending before the Hon'ble Delhi High Court and the following comments / objections / suggestions to the 2019 Regulations are being made without prejudice to WBSEDCL's rights and the pending Writ Petitions.

B. COMMENTS / OBJECTIONS / SUGGESTIONS TO THE 2019 REGULATIONS

Sl. No.	Regulation	Description	WBSEDCL Comments/Suggestions/Objections
1.	Definitions	Definition of 'Loss Allocation Factor' to be included.	1. It is submitted that Regulation 10(1) talks about the sharing of transmission losses and its calculation. In terms of the said Regulation, the method for calculation of the All India Average Transmission loss has been set out taking into consideration all Designated ISTS Customers (“ DICs ”). However, this may pose the following difficulties

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Sl. No.	Regulation	Description	WBSEDCL Comments/Suggestions/Objections
			<p>for the DICs: -</p> <ul style="list-style-type: none"> a) If actual loss of a particular region differs from the National Average Loss, in such a case, the Drawal Schedule computed based on the National Average Loss may differ from that based on actual loss of a particular region, which may attract DSM charges for the concerned DICs for the drawal of power beyond the Drawal Schedule. b) In view of the forgoing, the power availability of a particular region may also differ based on the implementation of the National Average Loss. <p>2. Hence, transmission loss ought to be computed region-wise and such transmission loss should be further shared among all the DICs of a particular region based on an Allocation Factor in line with the National Electricity Policy and the Act, so as to avoid the burden of sharing of transmission losses by a DIC for another region. It is submitted that the losses or the burden of losses of different regions should not be imposed on other regions.</p> <p>3. In view of the foregoing, a definition of ‘Loss Allocation Factor’ ought to be included and appropriate amendment to Regulation 10 may be</p>

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Sl. No.	Regulation	Description	WBSEDCL Comments/Suggestions/Objections
			carried out, in line with WBSEDCL's comments / suggestions above.
2.	Definitions	Definition of 'Transmission Service Agreement' to be included	Transmission Service Agreement has been referred at Regulation 3 (3) and 11 (11). However, the 2019 Regulations do not define the same.
3.	Definitions	Definition of 'Transmission Deviation Rate' to be included	Transmission Deviation Rate has been referred to in Regulation 13 (2) (c). However, the 2019 Regulations do not define the same.
4.	Definitions	Definition of Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2014 as amended and Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008 as amended to be included.	The 2019 Regulations do not define the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2014 as amended and Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008.
5.	Definition of 'Surge Impedance Loading' or 'SIL'	The definition of SIL is currently defined to mean the loading on transmission line for various configurations as per Annexure-III to the 2019 Regulations.	The definition of SIL makes a reference to Annexure-III to the 2019 Regulations that do not exist. Instead, it appears that the said reference relates to Annexure-II. The same may be modified accordingly.
6.	5. Components and	Regulation 5(4) states that transmission	1. It is submitted that transmission charges for the National Component

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	sharing of National Component (NC)	charges for the National Component is to be shared by all DICs in the ratio of their quantum of Long-Term Access (“LTA”) plus Medium Term Open Access (“MTA”).	<p>ought to be shared by DICs in regions which are being directly benefited by the concerned National Component, taking into consideration power flow and SIL and the same ought to be computed through the Hybrid Methodology.</p> <ol style="list-style-type: none"> 2. It is submitted that DICs in regions that are not being directly benefited by the National Component ought not to bear the burden of payment of transmission charges, since the same would amount to cross-subsidizing. Cross-Subsidizing one set of DICs by another is contrary to Section 61(g) of the Act read with Clause 8.3 (2) of the Tariff Policy, 2016. This also impacts tariff, which would ultimately have a bearing on consumers. 3. Section 61(g) of the Act states that the tariff determined by the Appropriate Commission should progressively reflect the cost of supply of electricity and reduce cross-subsidies. Clause 8.3 of the Tariff Policy states that Direct subsidy is a better way to support the poorer categories of consumers than the mechanism of cross subsidizing the tariff across the board. 4. It is submitted that subsidies ought not to be granted to Solar and other Renewable Energy Generators through transmission charges. If such

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Sl. No.	Regulation	Description	WBSEDCL Comments/Suggestions/Objections
			<p>subsidies to Solar and Renewable Energy Generators are to be granted the same may be done by giving a direct subsidy. It bears mention that Discoms are already promoting Renewable Energy through its Renewable Purchase Obligations. Thus, such a subsidy should be given directly to generators and not be made part of these regulations.</p>
8.	6. Components and sharing of Regional Component (RC)	<p>a) Regulation 6(1)(a) states that the Regional Component shall <i>inter-alia</i> consist of 70% of the Regional Component of HVDC (RC-HVDC) Transmission Systems except those covered under clause (3) of Regulation 5 and clause (6) of Regulation 6.</p> <p>b) Regulation 6(2) states that transmission charges covered under Regulation 6(1)(a) shall be shared by the Drawee DICs in the ratio of their quantum LTA plus MTA.</p> <p>c) Regulation 6(6) states that for the</p>	<p>1. Similar to WBSEDCL’s comments in Sl. No. 7 above, sharing of transmission charges for the Regional Component should be borne by those DICs in a particular region that are benefited with the concerned HVDC line and determined through Hybrid Methodology. WBSEDCL’s submissions <i>qua</i> cross-subsidies in Sl. No. 7 above are being reiterated and not being repeated for the sake of brevity.</p> <p>2. It is further submitted that since Regulation 6(6) ought to be considered as a separate component to be borne by Adani Power only. The Mundra-Mohindergarh HVDC transmission system should neither be considered as part of the National Component or the Regional Component.</p>

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		Mundra-Mohindergarh HVDC transmission system, proportionate transmission charges towards 1495 MW shall be borne by M/s Adani Power (Mundra) Limited or its successor company.	
9.	7. Components and sharing of Transformers Component (TC)	Regulation 7(2) states that the Transformers Component of transmission charges shall be borne by the State in which they are located.	It is submitted that the transmission charges for Transformer Component ought to be computed on regional basis instead of a State specific computation. The regional computation may be apportioned among the DICs in the same region based on Hybrid Methodology.
10.	8. Components and sharing of AC System Component (ACC)	<p>a) Regulation 8(2) states that the AC System Component shall be divided into (i) Usage Based Component (AC-UBC); and (ii) Balance Component (AC-BC).</p> <p>b) Regulation 8(3) states that the transmission charges for AC-UBC shall be shared by DICs</p>	1. It is submitted that in terms of the 2019 Regulations, AC-UBC is proposed to be charged to the State by aggregating modified transmission charges of all nodes within the State by considering load flow of all India transmission lines, SIL of the particular configuration of transmission line and YTC of concerned transmission line through Hybrid Methodology. In this regard, the Hybrid Methodology to be followed for sharing of transmission charges related to nodes of a State requires clarification.

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Sl. No.	Regulation	Description	WBSEDCL Comments/Suggestions/Objections
		<p>corresponding to their respective usage of transmission lines, in accordance with Regulation 9.</p> <p>c) Regulation 8(4) states that the transmission charges under AC-BC shall be the balance transmission charges fir AC transmission system after apportioning the charges for AC-UBC.</p> <p>d) Regulation 8(5) states that the Transmission charges under AC-BC shall be apportioned to all drawee DICs in the ratio of their quantum of LTA plus MTA.</p>	<p>2. As regards transmission charges for AC-BC, the charges ought to be shared by regions which are being directly benefited by the concerned AC-BC, taking into consideration power flow and SIL. Regions which are not being directly benefited by that AC-BC ought not to be burdened with transmission charges for that particular AC-BC. In this regard, WBSEDCL’s submissions <i>qua</i> cross-subsidies in Sl. No. 7 above are being reiterated and not being repeated for the sake of brevity.</p>
11.	10. Sharing of transmission losses	a) Regulation 10 (1) states that the All India Average transmission losses for ISTS shall be calculated by the Implementing Agency for each week,	WBSEDCL’s submission in Sl. No. 1 are being reiterated and not being repeated for the sake of brevity.

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		<p>form Monday to Sunday as follows: {(Sum of injection into the ISTS at regional nodes for the week) minus (Sum of drawal from ISTS at regional nodes)} / Sum of injection into the ISTS at regional nodes for the week X 100%.</p> <p>b) Regulation 10(2) states that the Drawal Schedule of DICs shall be worked out as per provisions of the Grid Code after considering the transmission losses of the previous week as calculated in accordance with clause (1) of Regulation 10.</p> <p>c) Regulation 10(3) states that no transmission loss for ISTS shall be applicable while preparing a schedule for injection node including that for Collective Transaction over the</p>	

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Sl. No.	Regulation	Description	WBSEDCL Comments/Suggestions/Objections
		Power Exchange.	
12.	11. Transmission charges in specific cases	<p>a) Regulation 11 (1)(a) states that no transmission charges and losses for the use of ISTS shall be payable for solar generation for the useful life of the projects commissioned from 01.07.2011 to 30.06.2017.</p> <p>b) Regulation 11 (1)(b) states that 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 fulfil certain conditions.</p> <p>c) Regulation 11 (1)(c) states that transmission charges and losses shall be payable for the generation projects</p>	<p>1. Regulation 11(1) states that there will be no inter-state transmission charges and losses for Solar and Wind based generating stations for 25 years. It is submitted that this would amount to cross-subsidizing one set of users by another. In this regard it is pertinent to note that the report dated 09.04.2019 prepared by a Task Force constituted by this Hon'ble Commission to review the framework pertaining to Point of Connection (PoC) Charges, clearly states that waiver of transmission charges to Wind and Solar generators has been granted not through an explicit subsidy infusion into transmission but through an element of cross-subsidizing one set of users by another. Further, WBSEDCL's submissions <i>qua</i> cross-subsidies in Sl. No. 7 above are being reiterated and not being repeated for the sake of brevity.</p> <p>2. As regards Regulation 11(6) and (7), it is submitted that the Central Transmission Utility ought to compensate the generating station for all the revenue losses, on account of, interest, RoE, Depreciation etc. for delay in evacuation of said quantum of power, so that this cost is not passed on to the beneficiaries / Discoms</p> <p>3. As regards Regulation 11(11), it ought to be clarified that any costs for</p>

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		<p>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 fulfil certain conditions.</p> <p>d) Regulation 11(6) states that where operationalization of LTA 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 operationalization of LTA. The Central transmission Utility shall part operationalize LTA corresponding to the capacity sought to be operationalized by the generating</p>	<p>any delay pursuant to the said regulation shall not be passed on or borne by the beneficiaries or Discoms.</p>

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		<p>station, subject to availability of the transmission system.</p> <p>e) Regulation 11(7) states that in case the generating station or unit(s) thereof has achieved COD and transmission system is delayed, the concerned transmission licensee(s) shall alternate arrangement for dispatch of power in consultation with the Central Transmission Utility at the cost of the transmission licensee(s).</p> <p>f) Regulation 11(11) states that where a transmission system has been declared to have achieved deemed COD in terms of the Transmission Service Agreement under Tariff Based Competitive Bidding, or this Hon'ble Commission has approved</p>	

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		<p>the commercial operation of such transmission system in terms of the Tariff Regulations, 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>	
13.	13. Billing	<p>a) Regulation 13(2) states that the 'billing' for transmission charges for DICs shall be raised by the Central Transmission Utility.</p> <p>b) Regulation 13(3) states that no transmission charges shall be levied for Inter-State transmission system in</p>	<p>1. As regards Regulation 13(2), it is submitted that the word 'billing' may be replaced by the word 'bills'.</p> <p>2. As regards Regulation 13(3), it is submitted that transmission charges for STOA transactions must be incorporated as part of the 2019 Regulations, failing which STOA transactions undertaken by STOA customers, Trading Licensees, Power Exchanges etc. will not pay any transmission charges despite using the transmission assets. It is</p>

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		respect of Short-Term Open Access (“STOA”) transactions.	<p>submitted that such charges will be borne by the Discoms and consumers. In view of the foregoing, it is submitted that the provisions for offsetting the transmission charges for STOA transactions ought to be is required to be included in the 2019 Regulations, in line with the CERC (Open Access in inter-State Transmission) Regulations, 2008.</p> <p>3. Further, this Hon’ble Commission may consider including this Regulation under Regulation 11 (transmission charges in specific cases) since Regulation 13 only talks about billing.</p>
14.	21. Timeline for furnishing information	Regulation 21(6) states that if the DIC does not provide the required data, including injection or drawal data for intra-state points within the stipulated time period, an additional transmission charge at the rate of 1% of the transmission charges under the First Bill for the month shall be levied.	<p>1. It is submitted that this provision ought to be deleted since all the data/information related with LTA/MTOA/STOA and actual injection/withdrawal is available with the Central Transmission Utility as well as with POSOCO. Hence, the Implementing Agency may utilise the information available for computation of transmission charges.</p> <p>2. It is further submitted that if this provision is not deleted, it will unnecessarily penalize Discoms for the fault of the Central Transmission Utility and POSOCO. If at all any penalty is to be included the same should only be levied on the Central Transmission Utility and POSOCO.</p>
15.	Annexure I – Para 5(9)	Annexure I – Para 5(9) states that the	It is submitted that this provision ought to be modified to the extent of

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Sl. No.	Regulation	Description	WBSEDCL Comments/Suggestions/Objections
		transmission system covered under clause (2) of Regulation 5 and clause (4) of Regulation 11 shall be considered at “zero cost” in line wise transmission charges and modified line wise transmission charges at clause (3) and clause (6) of Regulation 9.	inclusion of the National Component to the Regional Component, as proposed by WBSEDCL in Sl. No. 10 above, for the purposes of considering the concerned transmission system to be at ‘Zero Cost’ under AC-UBC.
16.	Annexure I – Para 5(11)	Annexure I – Para 5(11) states that the transmission charge per circuit kilometre for a transmission line for each voltage level and conductor configuration shall be made uniform, in terms of the methodology prescribed therein.	It is submitted that the transmission charge per circuit kilometre for a transmission line of each voltage level and conductor configuration for a particular region may be made uniform to avoid any additional burden of transmission charges of one region being borne by another region in line with the National Electricity Policy and the Act.