

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Draft Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) (First Amendment) Regulations, 2022 along with Draft Supplementary Amendment**

**No.L-1/250/2019/CERC**

**Dated: 19.09.2022**

**Explanatory Memorandum**

**1.0 Background**

1.1 Central Electricity Regulatory Commission vide Notification No. L-1/250/2019/CERC, dated 4.05.2020 notified Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020, (hereinafter referred to as “2020 Sharing Regulations”) was notified on 4.5.2020 and effective from 1.11.2020.

1.2 After notification of the 2020 Sharing Regulations, some issues have been brought to the notice of Commission vide letters dated 22.7.2020 by CTU and letter dated 4.2.2021 by NLDC.

1.3 Further CERC notified Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2022 (hereinafter referred to as ‘GNA Regulations) vide notification dated 7.6.2022. Consequential changes were required in the 2020 Sharing Regulations in order to align it with the GNA Regulations and the same were proposed vide the draft first amendment.

1.4 Further based on a few representations and comments including that received from the Ministry of Power, Supplementary Draft Amendment was notified on 18.8.2022. The Explanations and rationale for each of the proposed amendments including the Supplementary Amendment have been detailed in subsequent paragraphs.

1.5 The abovesaid amendments comprise of following broad proposals:

- (a) Sharing of ISTS charges by drawee DICs
- (b) Methodology for waiver of ISTS charges for drawl of power from specified RE sources
- (c) Alignment of LTA, MTOA with Connectivity and GNA under the GNA Regulations.
- (d) Other Amendments

The proposed amendments under each of the above are dealt together in subsequent paragraphs.

## **2.0 Sharing of ISTS charges by drawee DICs**

2.1 The 2020 Sharing Regulations provides sharing of ISTS charges amongst DICs which may include distribution licensee, generating station and other entities. Under GNA Regulations, the ISTS charges shall be paid by drawee DICs.

2.2 Regulation 40.1 of GNA Regulations provide as follows:

### *“40. Payment of charges*

*40.1. The transmission charges and losses for use of the inter-State transmission system shall be shared among drawee DICs of ISTS including entities covered under Regulation 17.1(iii) of these regulations, in accordance with the Sharing Regulations.”*

The rationale for above said Regulation was provided vide Explanatory memorandum dated 26.1.2022 to the Draft GNA Regulations as follows:

### *“6.3 Payment of transmission charges under GNA*

*(a) Transmission charges towards ISTS are proposed to be paid by the entities drawing power from ISTS. The entities injecting power shall not be charged for the power injected till such injection remains within the GNA of such entities. Under the prevailing arrangement, the buying entities pay the transmission charges either explicitly or implicitly by way of transmission charge being embedded in the sale price of the seller. Thus, the transmission charges are ultimately paid by the buying entities, which is being explicitly recognised under the proposed arrangement.*

*(b) The proposed arrangement will enable the sellers to compete purely on the basis of energy charges and efficiency, which will ultimately benefit the buyers. At the same time, the buyers have the scheduling flexibility based on merit order within their GNA*

*under the proposed mechanism. This will eventually lead to optimisation of the system cost. Further, the proposed system will mainstream the new technology-based projects, as they would need to focus on their technology and cost efficiency.*

*(c) The payment of transmission charges has thus been proposed with due regard to the emerging needs of scheduling flexibility for the buyers, encouraging generators to compete on the basis of their energy charges and enhancing cost efficiency of the new technology-based projects. The international practice in this context has also been studied at length. The international practices of sharing of network operator charges is summarised in Annexure-I.*

*(d) Augmentation of the transmission system may be required when a new generator seeks Connectivity. In the event a generator is not able to achieve COD of its generating station, full or a part capacity of the augmented transmission system may become redundant. To ensure that in such a situation, the consumers are not burdened with additional liabilities of transmission charges and due diligence is exercised by the generator while seeking any augmentation of the transmission system, it has been proposed that in case Associated Transmission System (ATS) is identified with a particular generator, it shall be required to deposit bank guarantee equivalent to the estimated cost of the ATS, which shall be liable to be forfeited as per the provisions of the 2021 Draft GNA Regulations in case the generator is not able to achieve COD of its generating station, either in full or in part.*

*(e) As the transmission system charges are ultimately borne by buying entities directly or as part embedded in energy costs, it has been proposed under the GNA that the transmission charges shall be payable by the buying entities. Sufficient safeguards have been provided in the 2021 Draft GNA Regulations so that consumers do not get burdened with additional liabilities of transmission charges of the ATS identified with a particular generator which fails to achieve COD of its generating station, either in full or in part.*

*(f) The transmission charges shall be shared by the buying entities broadly in proportion to their GNA in terms of the Sharing Regulations.”*

2.3 The amendments have been proposed to align the abovesaid principles in the 2020 Sharing Regulations in Regulation 2(1)(h), Regulation 3(1), Regulation 3(2), Regulation 3(3), Regulation 5(4), Regulation 6(2), Regulation 6(3), Regulation 7(2), Regulation 8(3), Regulation 8(5), Regulation 9(7), Regulation 9(8), Regulation 9(9), Regulation 19(1), Annexure-I of 2020 Sharing regulations.

2.4 New Definition of ‘Drawee DIC’ is proposed to be added:

(a) ‘Drawee DIC’ has been proposed to be defined as follows:

*“Drawee DIC’ shall mean the DICs which draw power through ISTS but does not include ESS ”*

(b) The term “drawee DIC” was already used in the 2020 Sharing Regulations, however the same was not defined. The same is now proposed to be defined. Further, drawee DIC has been defined for the purpose of these

Regulations i.e. for Sharing of transmission charges. It has been proposed that ESS shall not be counted as drawee DIC for the purpose of sharing of ISTS charges. ESS have been considered to be granted Connectivity at par with a generating station under the GNA Regulations. However, ESS may also draw power through ISTS for its charging, for which it shall not be considered as drawee DIC for the purpose of payment of ISTS charges. However, it shall be eligible to request the drawl schedule as a drawee entity under the Grid Code.

## 2.5 Amendment to Regulations 3(1) and 3(2) of the 2020 Sharing Regulations

(a) Existing provisions of Regulations 3 (1) and 3(2) of the 2020 Sharing Regulations provide as under:

“

- (1) *The transmission charges shall be shared amongst the DICs on monthly basis based on the Yearly Transmission Charges such that:-*
  - (a) *The Yearly Transmission Charges are fully recovered; and*
  - (b) *Any adjustment on account of revision of the Yearly Transmission Charges are recovered.*
  
- (2) *Yearly Transmission Charges for transmission system shall be shared on monthly basis by DICs in accordance with Regulations 5 to 8 of these regulations subject to the exceptions provided in Clauses (3), (6), (9) and (12) of Regulation 13 of these regulations.”*

It is proposed to delete the words ‘amongst the DICs’ from Regulation 3(1) since DICs would include entities such as generating stations, ESS etc. However, under the proposed Regulations, transmission charges shall be recovered from the drawee entities. Similarly word ‘drawee’ is proposed to be added before the word ‘DICs’ in Regulation 3(2) based on the same rationale.

## 2.6 Amendment to Regulations 3(3) of the 2020 Sharing Regulations

(a) Regulation 3(3) has been proposed to be substituted as follows:

*“3) Bills for transmission charges shall be raised on the buyer in terms of this clause notwithstanding any provisions in the PPA and the settlement of the transmission charges inter se between the buyer and the generating station or the seller, wherever necessary, shall be made in terms of the PPA or as per the mutual agreement.”*

The above implies that bills towards ISTS under the 2020 Sharing Regulations

shall be raised towards the buyers i.e. the drawee DICs. However, in case a seller has entered into a PPA with a buyer wherein the generation tariff quoted by it includes the transmission cost i.e. implicit tariff and that it recovers generation charges from buyer at such a rate which includes the transmission charges which generator was supposed to pay, buyer and seller may enter into mutual agreement to offset such charges considered by the generator in its generation charges since generator would not be paying ISTS transmission charges after COD under the proposed amendments.

2.7 It is clarified that inadvertently Regulation 3(3) was proposed to be substituted by two different clauses under draft First amendment dated 11.6.2022 and then vide Supplementary amendment dated 18.8.2022. However, both the clauses as quoted below are proposed for comments and necessary numbering correction, as required, shall be taken care while finalising the amendment:

- *“Bills for transmission charges shall be raised on the buyer in terms of this clause notwithstanding any provisions in the PPA and the settlement of the transmission charges inter se between the buyer and the generating station or the seller shall be made in the terms of the PPA or as per the mutual agreement.*
  
- *GNA<sub>RE</sub> as computed under Clause (1) of Regulation 13 shall not be considered for apportionment of Yearly Transmission Charges under Regulations 5 to 8 of these regulations.”*

2.8 Regulation 5(4), Regulation 6(2), Regulation 6(3), Regulation 7(2), Regulation 8(3), Regulation 8(5), Regulation 9(7), Regulation 9(8), Regulation 9(9), Regulation 19(1) have been proposed to be amended as per the following broad principles:

- (a) ‘Injecting DICs with untied LTA’ have been deleted from various regulations.
- (b) ‘Long Term Access plus Medium Term Open Access and untied LTA, respectively’ have been replaced with ‘GNA’.

2.9 Regulation 13(2) has been proposed to be deleted since linkage between specified LTA and its PPA for raising ISTS charges on buyer, will no longer remain relevant post implementation of the GNA Regulations.

2.10 Annexure-I, Clause 5.16.3 (d) has been modified and Clause 5.16.4 has been deleted since transmission charges will not be calculated at generating station nodes post implementation of the GNA Regulations.

### **3.0 Methodology for waiver of ISTS charges for drawl of power from specified RE sources**

3.1 2020 Sharing Regulations provides for waiver ISTS charges and losses for specified generating stations. However post implementation of GNA Regulations one to one link between the Access and PPA does not hold good. Accordingly amendments have been proposed in Regulation 3(3), Regulation 10(1), Regulation 10(2), Regulation 13(1) of the 2020 Sharing regulations.

3.2 Existing Regulation 13 (1) of the 2020 Sharing Regulations provides as under:

- (1) *No transmission charges and losses for the use of ISTS shall be payable for:*
- (a) *generation based on solar power resource for the useful life of the projects commissioned during the period from 1.7.2011 to 30.6.2017.*
  - (b) *generation based on solar or wind power resources for a period of 25 years from the date of commercial operation, fulfilling the following conditions:*
    - (i) *Such generation capacity has been awarded through competitive bidding; and*
    - (ii) *Such generation capacity has been declared under commercial operation during the period from 1.7.2017 to 12.2.2018 for solar based resources or during the period from 30.9.2016 to 12.2.2018 for wind based resources; and*
    - (iii) *Power Purchase Agreement(s) have been executed for sale of power from such generation capacity to the Distribution Companies for compliance of their renewable purchase obligation.*
  - (c) *generation based on solar or wind power resources , for a period of 25 years from the date of commercial operation, fulfilling the following conditions:*
    - (i) *Such generation capacity has been awarded through competitive bidding process in accordance with the guidelines issued by the Central Government; and*
    - (ii) *Such generation capacity has been declared under commercial operation during the period from 13.2.2018 to 31.12.2022; and*
    - (iii) *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.*

3.3 Regulation 3(3) of the 2020 Sharing regulations provides as under:

*“Long Term Access or Medium Term Open Access for projects covered under Clause (1) of Regulation 13 shall not be considered for apportionment of Yearly Transmission Charges under Regulations 5 to 8 of these regulations.”*

3.4 Further Regulation 10 of the 2020 Sharing Regulations provides as follows:

**“10. Sharing of Transmission Losses**

- (1) *Transmission losses for ISTS shall be calculated on all India average basis by the Implementing Agency for each week, from Monday to Sunday, as under:*

$$[(In - Dr) / (Ir)] \times 100$$

*Where:*

*‘In’ denotes sum of injection into the ISTS at regional nodes for the week;*

*‘Dr’ denotes sum of drawal from the ISTS at regional nodes for the week;*

*‘Ir’ denotes sum of injection into the ISTS at regional nodes less injection from projects covered under Clause (1) of Regulation 13 of these regulations for the week.*

- (2) *Drawal schedule of DICs shall be prepared as per provisions of the Grid Code taking into account the transmission losses of the week preceding the last week as calculated in accordance with Clause (1) of this Regulation:*

*Provided that while preparing drawal schedule of DICs in respect of projects covered under Clause (1) of Regulation 13, transmission losses shall be considered as zero.”*

3.5 The above regulations were included in the 2020 Sharing Regulations to operationalise the framework of waiver of ISTS charges and losses satisfying specific conditions such as setting up of generator under competitive bidding and requirement of PPA with distribution companies. Such conditions were in accordance with the Orders issued by MOP under clause 6.4 (6) of the revised Tariff Policy. The waiver of ISTS charges and losses is for use of the transmission system on the electricity generated from identified sources. Such waiver was given in form of nil ISTS charges to be billed for LTA or MTOA quantum for corresponding PPA which qualified for waiver. We have received letter dated 4.2.2021 from NLDC vide which NLDC stated as under:

**“6. Treatment of RE exemption in RTDA: either by LTA or by schedule**

*As per Regulation 13(1), no transmission charges and losses for the use of ISTS shall be payable by generation based on wind or solar power sources on meeting certain conditions as stipulated in the Regulation. Transmission deviation is the net ex-bus injection/ drawal in excess of the sum of LTA/MTOA/STOA as applicable to different*

*entities. While calculating transmission deviation of DICs, the exempted RE LTA shall also be considered in order to give exemption to RE in RTDA bill. However, Schedule of power from RE sources is way less than the LTA taken for evacuation of the RE power. If exemption for RE on the basis of LTA is given in deviation, it will actually subsidize the power from conventional sources. Thus the basic intention of giving exemption to RE based power will not be fulfilled and the entities having RE LTA will get undue advantage.*

*The above issue raised may kindly be looked into through a suitable direction, if necessary.”*

3.6 We observe that if a State is availing power under Long term Access from a generating station covered under Regulation 13(1) of these Regulations, the State should not be charged towards such Long term Access. However, such a State may be drawing power from other thermal stations during non-RE generation hours. If while calculating transmission deviation for such State, the Long Term Access (which was from generating station under Regulation 13(1)) is also taken, the State which is not paying transmission charges for such Long term Access shall be using the buffer of such Long term Access to draw power without paying any transmission charges, which is ultimately paid by other states. Since there have been no charges for STOA and the same was taken under transmission deviation in case of drawl over and above LTA plus MTOA, there are a few States who have been drawing conventional power under such LTA buffer of exempted RE, without paying any charges for such use. This is not correct as the ISTS pool is paid for DICs in the ISTS and if a State is not paying the charges for use of ISTS by itself, the liability is shifted to other States. This issue has been addressed with the proposed amendment.

3.7 Further, under the GNA Regulations, the access has been delinked from PPA. The GNA is based on ISTS drawl requirement of a State and it can schedule power under any contract as per its requirement. Hence, LTA taken by RE generator covered under Regulation 13(1) does not correspond to GNA of a buyer who may draw such RE power under its prevailing GNA quantum. In case a State needs to draw more power due to increase in its demand or due to shutdown of its own generation, or as per its power portfolio management, it may take additional GNA. However, it need not take additional GNA specifically to cater to a particular PPA, i.e. to schedule power under Long term Access under a particular PPA. A State would be able to schedule power under any PPA with equal priority within its GNA.

This is aimed at ensuring that the merit order despatch decision of a discom is not constrained by its transmission access agreement. Once the Access of the State/buyer has been delinked from the corresponding PPA, the methodology for waiver under the 2020 Sharing Regulations demands reconsideration.

3.8 Suppose, a State has GNA for 5000 MW., It may draw power from RE generating stations under Regulation 13(1) of the existing 2020 Sharing Regulations during the day time or evening time, but may draw conventional power during non-generation hours of such RE generators. Hence, a State may utilise its GNA for drawl of RE power or conventional power. If a particular GNA quantum is to be waived off for RE drawl, such GNA cannot be used to draw conventional power at the cost of other States. Such a proposition does not go with the concept of GNA which provides flexibility to draw power from any source under any contract. Hence, the traditional waiver for corresponding LTA under prevailing Regulations does not gel with the idea of GNA regime. Further, since the transmission charges have been proposed to be levied only on the drawee DICs, it implied waiver of ISTS charges for all generating stations including specified REGS after its COD, as far as payment of ISTS charges by generating stations are concerned. Accordingly. It was proposed to delete the Regulation 13(1) under draft first amendment dated 11.6.2022.

3.9 We have received a few representations from ASSOCHAM, CPPA, CEA, MOP and a few generating stations to retain Regulation 13(1). They have further referred to MOP Order dated 23.11.2021 and 30.11.2021. Some States sought clarity on implementation of waiver under the proposed dispensation. In this regard, we have stated above that with GNA Regulations one to one correspondence of GNA with LTA and PPA has been done away with for drawee DICs, who were given exemption of ISTS charges. However, keeping in view concerns of MOP, CEA and other entities, supplementary amendment was issued vide notification dated 18.8.2022.

3.10 The proposed supplementary amendment dated 18.8.2022 provides as follows:

“

1. Clause (1) of Regulation 13 of the Principal Regulations shall be substituted with the provisions as under:

“(1) No transmission charges for the use of ISTS shall be levied for the following GNA quantum ( $GNA_{RE}$ ), for scheduling power from (i) REGS or RHGS based on wind or solar sources or (ii) ESS charged with REGS or RHGS based on wind or solar sources:

$$GNA_{RE} \text{ (in MW)} = GNA \times \frac{\sum_{n=1}^T \left( \frac{SDR_G}{SDT_G} \right)}{T}$$

Where

- $SDR_G$  is drawl schedule (in MW) through ISTS under GNA from entities covered under subclauses (i) and (ii) of this Regulation in  $n$ th block.
- $SDT_G$  is total drawl schedule (in MW) under GNA through ISTS from all sources in  $n$ th block.
- ‘ $n$ ’ is the  $n$ th time block
- $T$  is number of time blocks in a month = 96X number of days in a month

Provided that in case total drawl schedule (in MW) under GNA through ISTS from all sources, for  $n$ th time block, is less than 75% of Maximum schedule corresponding to GNA, the “ $SDT_G$ ” shall be taken as 75% of maximum schedule corresponding to GNA for the  $n$ th block.

- (2) No transmission charges for the use of ISTS shall be levied for the following T-GNA quantum, for scheduling power from (i) REGS or RHGS based on wind or solar sources or (ii) ESS charged with REGS or RHGS based on wind or solar sources:

$$T-GNA_{RE} \text{ (in MW)} = T-GNA \times \frac{\sum_{n=1}^T \left( \frac{SDR_{TG}}{SDT_{TG}} \right)}{T}$$

- $SDR_{TG}$  is drawl schedule (in MW) through ISTS under T-GNA from entities covered under subclauses (i) and (ii) of this Regulation in  $n$ th block.
- $SDT_{TG}$  is total drawl schedule (in MW) under T-GNA through ISTS from all sources in  $n$ th block.

- 'n' is the nth time block
- T is number of time blocks in a month = 96X number of days in a month or part of the month, as the case may be.

*Provided that in case total drawl schedule (in MW) under T-GNA through ISTS from all sources for a time-block, is less than 75% of maximum schedule corresponding to T-GNA for the time-block, the "SDT<sub>TG</sub>" shall be taken as 75% of maximum schedule corresponding to T-GNA.*

*Provided further that the reimbursement, from the already paid T-GNA charges, on account of T-GNA<sub>RE</sub> shall be made ex-post on finalization of schedules, by 15<sup>th</sup> day of the next month.*

*(3) Clauses (1) and (2) of this Regulation shall be applicable for scheduling of power from (i) REGS or RHGS based on wind or solar sources or (ii) ESS charged with REGS or RHGS based on wind or solar sources which have declared commercial operation upto 30.6.2025."*

- 2. Clause (3) of Regulation 3 of the Principal Regulations shall be substituted with the provisions as under:*

*"GNA<sub>RE</sub> as computed under Clause (1) of Regulation 13 shall not be considered for apportionment of Yearly Transmission Charges under Regulations 5 to 8 of these regulations."*

- 3. Following proviso shall be added in Clause (2) of Regulation 10 of the Principal Regulations":*

*"Provided that while preparing drawl schedule of DICs in respect of (i) REGS or RHGS based on wind or solar sources or (ii) ESS charged with REGS or RHGS based on wind or solar sources, whose bidding was completed before 15.1.2021, transmission losses shall be considered as zero". "*

3.11 MOP Order dated 23.11.2021 provides as follows:

***"Subject: Waiver of inter-state transmission charges on transmission of the electricity generated from solar and wind sources of energy under Para 6.4(6) of the Tariff Policy,2016.***

*1.0 In exercise of the powers conferred under section 3(3) of Electricity Act, 2003, the Central Government notified the revised Tariff Policy on 28.01.2016.*

*2.0 In accordance with the Para 6.4(6) of the Tariff Policy 2016, Ministry of Power issued Order No. 23/12/2016-R&R dated 30.09.2016 on waiver of inter-state transmission charges on transmission of the electricity generated from solar and wind sources of energy. This order was amended vide orders dated 14.06.2017, 13.02.2018, 06.11.2019, 05.08.2020, 15.01.2021 and 21.06.2021.*

*3.0 With a view to encourage faster capacity addition based on solar or wind energy sources, in supersession of aforesaid orders and in accordance with para 6.4*

(6) of the Tariff Policy, 2016 and sub-rule 12 of rule 5 of the Electricity (Transmission System Planning, Development and Recovery of Inter-State Transmission Charges) Rules, 2021, the following are notified:

3.1 For the solar, wind, Hydro PSP and BESS Projects commissioned upto 30.06.2025, the waiver of inter-state transmission charges shall be applicable for the following:

- (i) Solar or wind energy generation set up by any person/entity. The power generated from such sources can be self consumed or sold to any entity either through competitive bidding, Power Exchange or through bilateral agreement.
- (ii) Electricity from solar and/or wind sources used by Hydro Pumped Storage Plant (PSP) and Battery Energy Storage System (BESS) projects and subject to the following conditions:
  - (a) atleast 51% of the annual electricity requirement for pumping of water in the Hydro Pumped Storage Plant is met by use of electricity generated from solar and/or wind power plants.
  - (b) atleast 51 % the annual electricity requirement for charging of the Battery Energy Storage System is met by use of electricity generated from solar and/or wind power plants.
- (iii) Electricity generated I supplied from such Hydro PSP and BESS power plants as mentioned in (ii) above.
- (iv) For trading of electricity generated/supplied from solar, wind and sources mentioned in (ii) and (iii) above, in Green Term Ahead Market (GTAM) and Green Day Ahead Market (GDAM) are upto 30.06.2025.
- (v) For Green Hydrogen production plants commissioned upto 30.06.2025. i.e Hydrogen produced using the electricity produced from solar, wind and sources mentioned in (ii) and (iii) above. This waiver shall be applicable for a period of 8 years from the date of commissioning of such hydrogen plant.
- (vi) For the power generated from solar and wind energy as per RE bundling scheme issued by Ministry of Power on 16.11.2021. Provided that the evacuation of this solar and/or wind power is being made from the main substation of the Thermal/Hydro power plant and this does not lead to any additional cost in augmentation of transmission system.

Further, no transmission charges for use of Inter State Transmission System (ISTS) shall be levied, when solar and/or wind power from power plant situated at one Thermal/Hydro Generating Station is supplying to procurers of another Generating Station, of the same Generating Company, located at a different location.

3.2 In order to have long term visibility and certainty to the renewable power generation, it is also provided that ISTS charges shall be levied for the solar, wind, Hydro PSP and BESS Projects commissioned after 30.06.2025, gradually as per following trajectory:

<b>S.No.</b>	<b>Period of Commissioning</b>	<b>Inter-State Transmission Charges</b>
1	01.07.2025 to 30.06.2026	25 % of the applicable ISTS charges
2	01.07.2026 to 30.06.2027	50% of the applicable ISTS charges
3	01.07.2027 to 30.06.2028	75% of the applicable ISTS charges
4	From 01.07.2028	100% of the applicable ISTS charges

*4.0 The waiver shall be applicable, for a period of 25 years for solar, wind and Hydro PSP or for a period of 12 years for BESS or for a period subsequently notified for future projects by the Central Government, from the date of commissioning of the power plant.*

*5.0 It is also clarified that waiver is allowed for Inter-state transmission charges only and not losses. However, it is clarified that waiver of losses shall be applicable for the projects whose bidding was completed upto 15.01.2021.*

*6.0 This order shall be applied prospectively i.e. from the date of issue of order.*

*7.0 This issues with the approval of Minister for Power and NRE.”*

3.12 MOP vide Order dated 23.11.2021 has provided waiver of ISTS charges for specified RE projects and BESS who declare COD up to 30.6.2025 and for ISTS losses for projects whose bidding was complete prior to 15.1.2021. Accordingly, the same dates have been proposed vide the above quoted supplementary amendment. We observe that the central idea of Tariff policy to include waiver of ISTS charges is promotion of renewable energy. The paragraph 6.4(6) of the Tariff Policy 2016 is extracted as under:

*“In order to further encourage renewable sources of energy, no inter-State transmission charges and losses may be levied till such period as may be notified by the Central Government on transmission of the electricity generated from solar and wind sources of energy through the inter-state transmission system for sale.”*

3.13 Accordingly, the proposed draft promotes consumption of power from specified RE sources. The waiver is to the extent of scheduling of power from specified RE sources since schedule corresponds to electricity generated and the Tariff policy provides waiver for ‘electricity generated’. The draft amendment has proposed to cap the denominator as 75% of maximum schedule corresponding to GNA for the following reasons:

- Suppose, a drawee entity have GNA for 2000 MW, however it draws RE for only 100 MW in a block and total drawl schedule is also 100 MW, in such a case it shall get waiver for entire 2000 MW.
- This condition will lead to the situation where entities may seek higher GNA and by changing their total drawl equal to RE drawl would block the transmission capacity without paying any charges and without drawing RE also.
- This would defeat the policy objective behind waiver. However, there may be some variations in demand and hence a cushion of 25% has been proposed.
- If total drawl schedule is less than 75% of GNA capacity, denominator shall be taken as 75% of the schedule corresponding to GNA.

3.14 Illustrations are provided herewith for clarity on proposed amendment as follows:

**Illustration 1:**

Suppose, State 'A' has GNA of 5000 MW. It has drawl schedule from identified RE sources in a time-block for 2000 MW and total drawl schedule from all sources including RE sources is 4000 MW. Suppose this is the schedule for all 96 blocks for entire month.

The  $GNA_{RE}$  shall be calculated as =  $5000 \times (2000/4000) = 2500$  MW.

Hence, the State shall be liable to pay transmission charges for GNA quantum of 2500 MW ( 5000 MW – 2500 MW) under Regulation 5 to 8 of these regulations.

**Illustration 2:**

Suppose, a State 'A' has GNA of 5000 MW and drawl schedule from identified RE sources in a time-block is 2000 MW. Suppose it has total drawl schedule from all sources including RE sources is for 4000 MW, injection schedule for 1000 MW, hence has net drawl schedule of 3000 MW. Suppose, this is the schedule for all 96 blocks for the entire month. While calculating  $GNA_{RE}$ , only the drawl schedule shall be considered and not the net schedule.

The  $GNA_{RE}$  shall be calculated as =  $5000 \times (2000/4000) = 2500$  MW.

Hence, the State shall be liable to pay transmission charges for 2500 MW under Regulation 5 to 8 of these regulations.

**Illustration 3:**

Suppose, State 'A' has GNA of 5000 MW and it has drawl schedule from identified RE sources in a time-block through ISTS for 2000 MW. State 'A' also has an injection schedule of its internal RE generating stations for 1000 MW.

Suppose 'A' has total drawl schedule from all sources including RE sources through ISTS of 4000 MW. The net schedule for State 'A' works out as '3000 MW'. Suppose, this is the schedule for all 96 blocks for entire month.

Since, the State has RE injection schedule as well as RE drawl schedule, while calculating  $GNA_{RE}$ , in numerator, only the RE drawl schedule shall be considered and not the net schedule.

The  $GNA_{RE}$  shall be calculated as  $= 5000 \times (2000/4000) = 2500$  MW.

Hence, the State shall be liable to pay transmission charges for 2500 MW (5000 MW-2500 MW) under Regulation 5 to 8 of these regulations.

**Illustration 4:**

Suppose State 'A' has GNA of 5000 MW and it has a drawl schedule from identified RE sources in a time-block through ISTS for 2000 MW. Suppose 'A' has total drawl schedule from all sources including RE sources through ISTS as 3000 MW. Suppose, this is the schedule for all 96 blocks for entire month.

Since, the State has total drawl schedule of 3000 MW which is less than  $0.75 \times 5000$  MW = 3750 MW, while calculating  $GNA_{RE}$ , in denominator, 3750 MW shall be considered.

The  $GNA_{RE}$  shall be calculated as  $= 5000 \times (2000/3750) = 2666.67$  MW.

Hence, the State shall be liable to pay transmission charges for 2333.33 MW under Regulation 5 to 8 of these regulations.

3.15 The abovesaid calculations are proposed for each time block and hence waiver shall be available only to the extent of RE schedule, thereby promoting drawl of power from RE.

**4.0 Alignment of LTA, MTOA with Connectivity and GNA under GNA Regulations**

4.1 2009 Connectivity Regulations provides for Connectivity, Long term Access (LTA) and Medium term open access (MTOA). Under GNA Regulations entities such as generating stations shall obtain Connectivity and they shall be deemed to be granted GNA equal to quantum of Connectivity. The terms LTA and MTOA have also been done away with under GNA Regulations, under which access shall be as GNA or T-GNA.

4.2 Accordingly, to align with the abovesaid principle, amendments have been proposed to Regulation 2(1)(b), Regulation 2(1)(h), Regulation 2(1)(j), Regulation 2(1)(p), Regulation 2(1)(y), Regulation 2(1)(dd), Regulation 11, Regulation 12,

Regulation 13, Regulation 14(1), Regulation 19, Regulation 24(4)(b), Regulation 25(1) of the 2020 Sharing Regulations.

#### 4.3 Amendment to definition of ‘Associated Transmission System’ or ‘ATS’

(a) ATS was defined in the 2020 Sharing regulations as follows:

*“Associated Transmission System’ or ‘ATS’ means the transmission system identified for a generating station by the Central Transmission Utility in the Long Term Access grant;”*

(b) The GNA Regulations have redefined ATS as follows:

*“Associated Transmission System” or “ATS” for Applicant(s) for Connectivity means the ATS as determined in accordance with Regulation 6 of these regulations;”*

Accordingly, the definition in the 2020 Sharing Regulations has been aligned to the definition of ATS in accordance with the GNA Regulations.

4.4 Definition of the Connectivity regulations, 2009 and the Open Access Regulations, 2008 have been proposed to be deleted since the same shall be repealed on coming into effect of the GNA Regulations.

4.5 Definition of DIC has been modified to replace the words “Medium term open access or Long-term access” with words “GNA or T-GNA” to align with the GNA Regulations.

4.6 Definition of the Power Supply Regulations, 2010 has been deleted since the said Regulations have been repealed.

4.7 Definitions of ‘Target Region’ and ‘Untied LTA’ have been deleted since the said terms do not remain valid under the GNA Regulations once the transition of entities under Regulation 37 of the GNA Regulations is completed.

#### **4.8 Proposed Amendment to Regulation 11: Transmission charges for Short Term Open Access**

(a) Regulation 11 of the 2020 Sharing Regulations pertains to rate of transmission charges for STOA transactions by generating stations or drawee DICs. The GNA Regulations repeal the CERC (Open Access in inter-State transmission

system) Regulations, 2008 under which STOA is granted. The GNA Regulations have included an access namely T-GNA whose rate is to be notified under the 2020 Sharing Regulations. Under the 2009 Connectivity Regulations and the 2010 Grid Code, drawee DICs could not use its LTA with specific PPA to schedule power under short term contract. However, once the GNA Regulations are effective along with the Grid Code, such short term contracts can be scheduled within GNA itself. If a drawee DIC needs more access for its temporary additional drawl requirement, it may obtain T-GNA. The rate of T-GNA has been proposed to be a little higher than GNA rate. If T-GNA rate is kept the same as GNA rate, an entity may opt for T-GNA even for its regular requirement, thereby burdening other drawee DICs for the period when T-GNA is not being taken. The charges collected under T-GNA shall be reimbursed back to GNA grantees under the first bill who pay for ISTS charges broadly on basis of its GNA quantum. Accordingly, it is proposed that Clause (1) of Regulation 11 of the Principal Regulations shall be substituted as under:

*“(1) T-GNA Rate (in Rs./MW/block) shall be published for each billing month by the Implementing Agency which shall be calculated State-wise as under:  
Transmission charges for GNA for entities located in the State, for the billing month, under first bill (in rupees) X 1.10 / (number of days in a month X 96 X GNA quantum, in MW, for all such entities located in the State considered for billing, for the corresponding billing period.)”*

(b) Other consequential changes have been proposed in other clauses of Regulation 11 of the 2020 Sharing regulations.

#### **4.9 Proposed Amendment to Regulation 12: Transmission Deviation**

(a) The Regulation pertains to calculation of transmission deviation charges for injecting DICs as well as drawee DICs. Under the GNA Regulations injecting entities shall have deemed GNA equal to the quantum of Connectivity. Further Drawee DICs may have GNA and T-GNA or only T-GNA. The drawee DICs shall pay transmission charges under the first bill for their GNA plus T-GNA. Hence, transmission deviation need to be calculated for drawl beyond GNA plus T-GNA. Any Drawee DICs having only T-GNA, net metered drawal of

Drawee DICs in a time block in excess of T-GNA shall be considered as transmission deviation.

- (b) Similarly, the injecting DICs shall have a GNA quantum for which they can get their power scheduled. Any injection beyond such GNA is a deviation which shall be charged under transmission deviation. The rate of such transmission deviation has been proposed as 1.35 times the GNA rate of the State keeping in view Electricity (Transmission System Planning, Development and Recovery of Inter-State Transmission Charges) Rules, 2021 dated 1.10.2021 which provides as follows:.

“

*(2) The monthly transmission charges shall be paid by the drawee Designated Inter-state Customers for the General Network Access capacity sanctioned for them or drawal or injections as the case maybe, whichever is higher and all drawals or injections within the sanctioned capacity shall be at normal rate and excess drawal or injection over the capacity sanctioned shall be charged at rates, which are at least 25% higher, as determined by the Central Commission.”*

The above Rules suggest charges for excess drawl or injection at at least 25% higher rate. Accordingly, the rate has been proposed as 35% higher than the normal rate. Regulation 12(2) has been proposed to be substituted as follows:

*“(2) Transmission Deviation Rate in Rs./MW, for a State or any other DIC located in the State, for a time block during a billing month shall be computed as under:*

*1.35 X (transmission charges for GNA of entities located in the State, under first bill for the billing month in Rs.)/ (GNA quantum in MW of such entities located in the State, considered for billing, for the corresponding billing period X number of days in a month X 96)”*

#### **4.10 Proposed Amendment to Regulation 13: Treatment of transmission charges and losses in specific cases**

(a) Amendment to Regulation 13(3)

- (i) Existing Regulation 13 (3) of the 2020 Sharing Regulations, provides as under:

***“13. Treatment of transmission charges and losses in specific cases***

*(3) 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 Long Term Access granted for the generating station or unit(s) thereof, which have not achieved COD:..”*

(ii) Regulation 13 (3) provides for treatment of transmission charges in case generating station is delayed but its Associated Transmission System (ATS) has achieved commercial operation. Such charges are proposed in proportion to Long term Access granted for such generating station since under the 2009 Connectivity regulations ATS was planned and executed pursuant to Long term Access and not Connectivity.

(iii) Under the GNA Regulations, ATS shall be identified under Regulation 6.2 of the said Regulations, on application of Connectivity by the generating station or any other Connectivity applicant as per Regulation 4.1 of GNA Regulations.

(iv) Accordingly, the consequential changes have been proposed in Regulation 13(3) of the GNA Regulations as follows:

*“(3) Where COD of a Connectivity grantee is delayed from start date of Connectivity in terms of GNA Regulations, and the Associated Transmission System has achieved COD, which is not earlier than such start date of Connectivity, the Connectivity grantee shall pay Yearly Transmission Charges for the Associated Transmission System corresponding to Connectivity capacity which have not achieved COD:*

*Provided that Yearly Transmission Charges in respect of Associated Transmission System corresponding to the Connectivity capacity which have achieved COD shall be included for determination of transmission charges of DICs in accordance with Regulations 5 to 8 of these regulations.”*

(b) Amendment to Regulation 13(4)

Regulation 22.2 of the GNA Regulations provides as follows:

*“22.2. Grant of GNA to entities other than STU*

*(a) Connectivity grantees covered under Regulation 4.1 of these regulations shall be deemed to have been granted GNA, equal to the quantum of Connectivity from the start date of Connectivity. In the event of split or transfer of Connectivity in terms of Regulation 15 of*

*these regulations, the corresponding GNA shall be deemed to have been split or transferred, as the case may be. “*

As per the above, Connectivity grantee shall have deemed GNA equal to quantum of Connectivity from start date of the Connectivity. As per the draft CERC (Indian Electricity Grid Code) Regulations 2022, a generating station shall be able to schedule its power only upto effective GNA quantum. Hence, in case ATS is getting delayed due to which effective date of GNA for full quantum of Connectivity is getting delayed, however the generating station has commissioned part or full capacity, it would wish to schedule its power which is not possible till GNA is effective. Hence, it is proposed that such Connectivity grantee may seek part operationalisation of Connectivity i.e. GNA becomes effective for such part to enable it to schedule the power. Accordingly Regulation 13(4) has been proposed to be amended as follows:

*“(4) Where only some of the transmission elements of the Associated Transmission System have achieved COD before the COD of the Associated Transmission System and the Connectivity grantee seeks part effectiveness of its Connectivity as per Clause (a) of Regulation 22.4 of GNA Regulations, Yearly Transmission Charges in respect of such transmission elements of the Associated Transmission System shall be included for determination of transmission charges of DICs in accordance with Regulations 5 to 8 of these regulations.”*

(c) Regulation 13(6) has been proposed to be amended to replace words ‘generating station’ with words ‘Connectivity grantee’ since a Connectivity grantee may be a generating station or ESS or Renewable power park as per Regulation 4.1. of GNA Regulations. Accordingly, Regulation 13(6) has been proposed to be read as under:

*“If any transmission element(s) of the Associated Transmission System is required by the Connectivity grantee prior to COD of the Associated Transmission System, the Yearly Transmission Charges for such transmission element(s) shall be payable by the- Connectivity grantee from the COD of the said transmission element(s) of the Associated Transmission System till the Connectivity grantee achieves COD.”*

(d) Amendment to Regulation 13(7)

(i) Existing Regulation 13 (7) of the 2020 Sharing Regulations provides as under:

**“13. Treatment of transmission charges and losses in specific cases**

*(7) Where Long Term Access 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, corresponding to the capacity that is delayed, pay transmission charges at the rate of 10% of transmission charge per MW for the State where such generating station is located:*

*Provided that the amount so received in a billing month, shall be reimbursed to the DICs in proportion to their share in the first bill in the following billing month.”*

- (ii) Regulation 13 (7) provides for treatment of transmission charges in case generating station is delayed and Long Term Access (LTA) customer is granted LTA on existing margins. Under the GNA Regulations, generating stations or Connectivity applicants shall be granted Connectivity which would be deemed as GNA, the transmission charges for delay in declaring COD has to be linked to Connectivity quantum. Further it has been submitted by stakeholders that the transmission charges *at the rate of 10% of transmission charge per MW for the State where such generating station is located* is high for the existing system since no identified augmentation has been carried out for such an entity and the entity may get delayed for genuine reasons and should not be levied such high transmission charges. We observe that transmission charges are required to be levied in case the Connectivity grantee gets delayed in declaring its COD as on start date of Connectivity sought by it to bring seriousness in the requested start date. Since once a capacity is granted to a particular entity from a particular date, it cannot be released for other entities who seek such capacity subsequently and may lead to squatting. Accordingly, Clause (7) of Regulation 13 of the Principal Regulations is proposed to be substituted as under:

*“(7) Where Connectivity is granted to a Connectivity grantee on existing margins and COD of such Grantee is delayed, the Connectivity grantee shall, corresponding to the capacity that is delayed, pay transmission charges from the start date of such Connectivity at the rate of Rs. 3000 /MW/month:*

*Provided that the amount so received in a billing month, shall be reimbursed to the DICs in proportion to their share in the first bill in the following billing month.”*

(e) Amendment to Regulation 13(9)

Existing Regulation 13 (9) of the 2020 Sharing Regulations provide as under:

***“13. Treatment of transmission charges and losses in specific cases***

*.(9) Where a dedicated transmission line has already been constructed or is under construction by an inter-State transmission licensee under coordinated transmission planning of the Central Transmission Utility, the Yearly Transmission Charges for such dedicated transmission line shall be payable by the concerned generating station to the inter-State transmission licensee (including deemed inter-State transmission licensee) from the COD of the dedicated transmission line till operationalization of Long Term Access of the generating station. After operationalization of Long Term Access, Yearly Transmission Charge for the dedicated transmission line proportionate to the quantum of Long Term Access operationalized qua the quantum of Connectivity for the dedicated transmission line shall be considered in accordance with Regulations 5 to 8 of these regulations and the balance transmission charges shall continue to be paid by the generating station.”*

The above said regulation provides that Yearly Transmission Charges for the dedicated transmission line proportionate to the quantum of Long Term Access not operational qua the Connectivity is to be recovered from such generating station. Under the GNA Regulations, dedicated line shall be constructed by such Connectivity Grantee only. Hence, the transmission charges for such dedicated line constructed by the Connectivity grantee is borne by the Connectivity grantee itself. Further, the GNA Regulations provides that generating stations have liability to pay ATS charges till COD post which ISTS charges shall be recovered from the drawee DICs. Accordingly, if a dedicated transmission line has already been constructed or is under construction by an inter-State transmission licensee under coordinated transmission planning of the Central Transmission Utility i.e. as ISTS, its charges post COD of generating station shall be given treatment of transmission charges for the entire ISTS. Accordingly, Clause (9) of Regulation 13 of the Principal Regulations shall be substituted as under:

*“(9) Where a dedicated transmission line has already been constructed or is under construction by an inter-State transmission licensee under coordinated transmission planning of the Central Transmission Utility, the Yearly Transmission Charges for such dedicated transmission line shall be payable by the concerned generating station to the inter-State transmission licensee (including deemed inter-State transmission licensee) from the COD of the*

*dedicated transmission line till COD of such generating station after which Yearly Transmission Charge for the dedicated transmission line shall be considered in accordance with Regulations 5 to 8 of these regulations.”*

(f) Amendment to Regulation 13(10)

- (i) Existing Regulation 13 (10) of the 2020 Sharing Regulations provides as under:

**“13. Treatment of transmission charges and losses in specific cases**

*(10) Generating stations drawing start-up power from ISTS shall pay transmission charges at the rate of Transmission Deviation Rate for the State in which they are located:*

*Provided that the amount so received in a billing month, shall be reimbursed to the DICs in proportion to their share in the first bill in the following billing month.”*

- (ii) The regulation covers the case of drawl of start-up power. However, a generating station may be injecting infirm power into ISTS or drawing power from ISTS during shutdown after COD. Accordingly, these cases are proposed to be added in the said Clause for clarity. Further, the GNA Regulations provide that a generating station may obtain T-GNA for such drawl of power. Accordingly, Clause (10) of Regulation 13 of the Principal Regulations except proviso is proposed to be substituted as under:

*“(10) Regional entity Generating stations (a) drawing start-up power or (b) drawing power during shutdown after COD or (c) for REGS drawing power during non-generation hours or (d) injecting infirm power, through ISTS, shall pay transmission charges for injection or drawl beyond its T-GNA , at the rate of Transmission Deviation Rate for the State in which they are located:...”*

- (g) Regulation 13(11) of the 2020 Sharing Regulations provides as under:

*“Where a generating station is connected to both ISTS and intra-State transmission system, only ISTS charges and losses shall be applicable on the quantum of Long Term Access and Medium Term Open Access corresponding to capacity connected to ISTS.”*

Under the GNA Regulations, a generating station which has declared COD shall not be liable to pay ISTS charges or losses and hence the clause has been proposed to be deleted.

## 5.0 Other Amendments

### 5.1 Amendment to Regulation 7

- (a) Existing provisions of Regulation 7 (1) of the 2020 Sharing Regulations provide as under:

***“7. Components and sharing of Transformer Component (TC)***

*(1) Transformer Component for a State shall comprise of Yearly Transmission Charges for inter-connecting transformers (ICTs) along with their associated bays and downstream bays planned for drawal of power by the concerned State. A list of such transformers for each State shall be provided by the Central Transmission Utility to the Implementing Agency.”*

- (b) It was clarified in the Statement of Reasons dated 10th August 2020 to the 2020 Sharing Regulations that Transformer Component shall include its associated bays and downstream bays such as 220 KV bays wherever constructed as part of ISTS. The Statement of Reasons provided as follows:

*“18.3.1 Transformers Component for a State shall be borne and shared by the drawee DICs (Discoms) located in that State in proportion to their LTA plus MTOA and shall not be payable by injecting DICs. Charges towards such transformers can be levied on an embedded customer only if such an embedded customer is availing LTA or MTOA from ISTS. The rationale for billing transformers Component on State Discoms is the fact that such transformers have been planned by CTU specifically for drawl of power by the State as per the requirement of the State. The details of transformers to be included under Transformers Component shall be worked out by CTU after consultations with stakeholders. It is further clarified that transformers shall include its associated bays and downstream bays such as 220 KV bays wherever constructed as part of ISTS.”*

In order to formalize the same in the Regulations, the clause has proposed to be amended accordingly.

### 5.2 Amendment to Regulation 13(12)

- (a) Existing Regulation 13 (12) of the 2020 Sharing Regulations provides as under:

*“(12) In case of a transmission system where COD has been approved in terms of proviso (ii) of Clause (3) of Regulation 4 of the Tariff Regulations, 2014 or Clause (2) of Regulation 5 of the Tariff Regulations, 2019 or where deemed COD has been declared in terms of Transmission Service Agreement under Tariff based Competitive Bidding, the Yearly Transmission Charges for the transmission system shall be:*

- (a) *paid by the inter-State transmission licensee whose transmission system is delayed till its transmission system achieves COD, or*
- (b) *paid by the generating company whose generating station or unit(s) thereof is delayed, till the generating station or unit thereof, achieves COD, or*
- (c) *shared in the manner as decided by the Commission on case to case basis, where more than one inter-State transmission licensee is involved or both transmission system and generating station are delayed.”*

(b) CTU vide letter dated 22.7.2020 to Secretary, CERC has stated as under:

**“ Mismatch involving STU/Intra state network:**

*Regulation 13(12) covers cases covering mismatches between set of Generators and ISTS transmission licensee only. However, in past there have been instances of mismatches with downstream network of STUs/Intra State transmission licensee(s) also. It appears that the sub regulation for STUs/Intra State transmission licensee(s) has been inadvertently omitted in the Regulation So a new sub clause covering mismatches by STUs/Intra State transmission licensee may be added as below:*

*‘paid by the STUs/intra-State transmission licensee whose transmission system is delayed till its transmission system achieves COD’ “*

(c) The Regulation provides for treatment of transmission charges in case of transmission system which has been approved in terms of proviso (ii) of Clause (3) of Regulation 4 of the Tariff Regulations, 2014 or Clause (2) of Regulation 5 of the Tariff Regulations, 2019 or where deemed COD has been declared in terms of Transmission Service Agreement under the Tariff based Competitive Bidding. Such cases may happen due to delay of intra-state transmission licensee in addition to inter-state transmission licensee. Accordingly words “inter-state” is proposed to be deleted from sub-clauses (a) and (c) of the said Regulation so as to include both intra-state transmission licensee and inter-state transmission licensee.

### **5.3 Amendment of Regulation 15(2)(b)**

(a) Existing Regulation 15 (2) (b) of the 2020 Sharing Regulations provides as under:

**“15. Billing**

*(2) The bills for transmission charges for the DICs shall be raised by the Central Transmission Utility under the following three categories:*

...

*(b) The second bill shall be raised in the months of April, July, October and January every year for the quarter ending on 31st March, 30th June, 30th September and 31st*

*December respectively to adjust variations on account of any revision in transmission charges allowed by the Commission, including incentives as applicable.”*

(b) CTU vide letter dated 22.7.2020 to Secretary, CERC stated as under:

*“ the Second bill is envisaged to be raised in the next month immediately after completion of the quarter i.e. Second bill for quarter Jan-March to be raised in April, for quarter Apr-Jun to be raised in July etc. Such raising of second billing in the next month immediately after completion of the quarter is not practicable in view of the following:-*

*a) The second bill includes the billing component towards the monthly incentives based on the availability certificates. As per the Clause 6 of Appendix-II of Tariff Regulations, 2019, time frame for certification of Availability certificate for a month by RPC is given upto 3rd of second month after lapse of that month. For e.g., the time provided for issuance of Availability certificate for the month of March is till 3rd of May, as per the regulations. Hence, the incentive for last month of a quarter cannot be included in the second bill if it is raised as per the regulations.*

*b) As per the Sharing Regulations, the Bill1 for a month is raised in the first week of second month after the billing month, for e.g. the March bill is raised in the first week of May. The second bill for the quarter needs to be apportioned in proportion to the first bill of relevant months of the quarter, which is not feasible if the second bill is to be raised in the next month immediately after the end of quarter.*

*c) CTU is required to collect & verify the details of second bill for the relevant quarter from each ISTS Licensee prior to raising the consolidated second bill as per the regulations...*

*In view of above and considering the practical timelines for implementation in raising second bill, it is requested to modify the Clause 2(b) of Regulation 15 as per the following :-*

*“The second bill shall be raised in the first week of June, September, December and March every year for the quarter ending on 31st March, 30th June, 30th September and 31st December respectively to adjust any variations in FERV, variations on account of any revision in transmission charges, etc allowed by the Commission, including incentives as applicable.”*

(c) Accordingly, it is proposed to amend the Clause to state that the second bill shall be raised in the month of June, September, December and March every year.

5.4 Regulation 19(7) and Regulation 21 of the 2022 Sharing Regulations provides for treatment of DIC in case of payment default. It is observed that MOP has issued LPS Rules which **cover** the treatment of payment default and accordingly said Regulations have been proposed to be deleted.

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