

Ref. No. CE/PP/GNA/

No 2 0 6 2 9

Date: 4 AUG 2022

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

Sub: Submission of comments / suggestions on Draft Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) (First Amendment) Regulations, 2022.

Ref: 1) Public Notice L-1/250/2019/CERC dated 11.06.2022.

Respected Sir,

This is with reference to the draft regulation published by Hon'ble CERC in regards to the Draft Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) (First Amendment) Regulations, 2022. and accordingly comments sought from stakeholders vide ref. (1)

In the outset, MSEDCL would like to submit its comments/suggestion on the aforementioned draft regulations considering the impact on Discoms and seamless operations. Some of the major comments/suggestions of MSEDCL on the said draft regulations are as below:

1. T-GNA charges @1.10 times the GNA charge

T-GNA is availed by the Licensees only in case of contingency/exigencies situations. Imposing higher charges for T-GNA will restrict the flexibility of the Discoms to procure power through long term or short term sources within the limit of allotted GNA. Such condition would influence the decision of the Licensee to procure the power purely on the basis of cost of electricity and Licensee may have to consider the associated transmission cost as well before making its decision. Hence charges may be kept same for GNA and T-GNA.

2. Applicability of Transmission charges for T-GNA

The proposed Regulations do not provide any clarity with respect to applicability of T-GNA charges particularly on licensees such as state Discoms. As per Regulation 36.1 of CERC GNA Regulations, T-GNA charges should not be applicable to Licensees such as state Discoms like MSEDCL who have already paid for the part of transmission charges of existing transmission system. Hence, it is requested that since the drawee State Discoms is already paying for the total allotted GNA, any T-GNA within the allotted GNA may be availed with no additional payment of transmission charges. Further, if any entity draws power over and above GNA+T-GNA, it shall be dealt under Transmission Deviation Charges.

3. Adjustment of Charges for T-GNA

The existing Regulations has a provision for adjustment of any short term ISTS charges paid by embedded state entities against the monthly bill of the respective State. This adjustment would reduce the burden of Discom towards LTA charges. Similarly, it is requested that in case of T-GNA, the T-GNA charges paid by Discoms or embedded entities should be adjusted in the monthly GNA bill of the State and State DICs / STU and shall pass on such benefit to the respective Discom.

4. Transmission Deviation Rate

Discoms are already witnessing an increase in transmission charges after inclusion of RE quantum in the GNA Regulations which was not there before. Hence, it would not be justifiable to increase the multiplication factor from 1.05 to 1.35 as proposed in the Regulations. Further, CERC has notified the new CERC DSM Regulations which inter-alia requires to adhere to strict volume limits and in case of exceeding volume limits there are stringent penalties which have been increased manifold times. Hence, it is requested to reduce the multiplication factor from 1.05 times to 1.02 times as the deviations are fairly discouraged under the DSM Regulations notified by CERC.

5. Treatment of transmission charges and losses in specific cases.

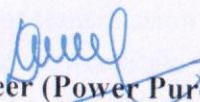
As per MoP notification, transmission charges are exempted for RE power up to 25 years from commissioning of the RE project. All PPAs signed by MSEDCL for RE power are having a provision of providing RE power at state periphery. Non consideration of these facts will burden drawee DICs and will increase dispute between RE Generators and Buyers. Hence, it is requested that RE power quantum should be subtracted from the GNA quantum for calculating transmission charges and same should be considered while calculating Transmission Deviation charges also.

The detailed comments/suggestions of MSEDCL on the draft regulations are attached herewith as **Annexure-A**.

It is requested to kindly consider the MSEDCL's comments/suggestion while finalizing the Draft Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) (First Amendment) Regulations, 2022

Thanking you,

Your's faithfully,


Chief Engineer (Power Purchase)
MSEDCL

Copy s.w.r.to,
Director (Commercial), MSEDCL.

Annexure-A

MSEDCL Comments on CERC's Draft (Sharing of Inter-State Transmission Charges and Losses) (First Amendment) Regulations, 2022.

Clause	Existing Provision (Principal regulations)	Proposed Provision in draft First Amendments	MSEDCL Comments/Suggestions
11(1)	Short Term Open Access Rate (in paise/kWh) shall be published for each billing month by the Implementing Agency which shall be calculated State-wise as under: Transmission charges of the State for the billing month (in rupees) / (7200 X the quantum, in MW, of Long Term Access plus Medium Term Open Access of the State for the corresponding billing period)	<i>Clause (1) of Regulation 11 of the Principal Regulations shall be substituted as under:</i> “(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.)”	<p>It is submitted that the draft amendment proposes to increase the T-GNA charges to 1.10 times the GNA charge for entities i.e. 10% more than the existing STOA charges. In this regards it is submitted that the T-GNA (short term open access) is only for a limited period and is availed to meet out any contingency/exigencies. Further, there is no certainty to get the requisite quantum of corridors for STOA transactions. Also, highest priority is given to this type of transactions especially regarding curtailment. Penalizing a scheduled short term open access transaction (under T-GNA) is not rational, particularly when the transmission asset is under-utilized and short term transactions aid in utilizing the under-utilized transmission assets.</p> <p>Imposing higher charges for T-GNA will restrict different modes i.e. long, medium or short term (within the limit of GNA) and will influence the decision based on the associated transmission cost.</p> <p>The Utilities will not be able to optimize their power procurement cost as power would not be procured purely based on the cost of electricity, rather it will be procured considering the impact of transmission charges. It is therefore requested that the T-GNA charges are to be maintained at the same level as at present i.e. same as the GNA charges.</p>
11(2)	Transmission charges for Short Term Open Access shall be payable by generating stations and embedded entities located in the State, as per the last published Short Term	<i>Clause (2) of Regulation 11 of the Principal Regulations shall be substituted as under:</i>	It is submitted that the proposed Regulation 11(2) of the Draft Regulations provides applicability of T-GNA transmission charges only on the embedded entities and Regulation 11(5) of the existing principal regulations has been proposed to be deleted which inter-alia provides

	<p>Open Access Rate for the State, along with other charges or fees as per Open Access Regulations, 2008 and the Transmission Deviation charges, if any, as per these regulations.</p>	<p><i>“(2) Transmission charges for T-GNA shall be payable by drawee embedded entities located in the State, as per the last published T-GNA rate for the State, along with other charges or fees as per GNA Regulations and the Transmission Deviation charges, if any, as per these regulations.”</i></p>	<p>that the STOA transmission charges are not applicable on Discoms like MSEDCL having LTA or MTOA. Therefore, as such no clarity is provided in the proposed regulations with respect to applicability of T-GNA charges on particularly distribution licensees such as state Discoms.</p> <p>Further, Regulation 36.1 of CERC GNA Regulations provides that GNA grantee can schedule power within GNA under any contract:</p> <p style="text-align: center;"><i>“36.1. GNA grantee shall be eligible to schedule power within the GNA granted to it under any contract subject to conditions specified in the Grid Code:</i></p>
<p>11 (5)</p>	<p><i>(5) No transmission charges for Short Term Open Access for inter-State transmission system, shall be payable by a distribution licensee which has Long Term Access or Medium Term Open Access or both, or by a trading licensee acting on behalf of such distribution licensee:</i></p> <p><i>Provided that other charges or fees as per Open Access Regulations, 2008 and the Transmission Deviation charges, if any, as per these regulations shall be payable.</i></p>	<p><i>Clause (5) of Regulation 11 of the Principal Regulations shall be deleted.</i></p>	<p>Since Regulation 36.1 provides that a GNA grantee can utilise its GNA to schedule power in any contract including short term contracts, therefore T-GNA charges should not be applicable on GNA grantees or at least to the distribution Licensees as state discoms like MSEDCL who already paid the part of transmission charges of existing transmission system. This proposition would be in line with the existing regulations.</p> <p>Hence, it is submitted that drawee state Discoms having balance GNA quantum may not be charged any transmission charges for applying to T-GNA for the remaining quantum.</p> <p>Since the drawee state Discoms is already paying for the total allotted GNA, any T-GNA within the allotted GNA may be availed with no additional payment of transmission charges. Further, if any entity draws power over and above GNA+T-GNA, it shall be dealt under Transmission Deviation Charges</p> <p>Illustration: In case, a drawee licensee such as state Discoms has allocated GNA of 8500 MW and is currently utilising (schedule) only 8000 MW, as 500 MW generator goes under outage. In such situation if the state Discom applies or have T-GNA to the extent of 600 MW (requested in anticipation of higher drawl), then transmission charges for</p>

			100 MW T-GNA shall only be made applicable to the drawee state Discoms.
11(3)	<i>Transmission charges for Short Term Open Access paid by an embedded intra-State entity during a month shall be reimbursed in the following billing month to the State in which such entity is located.</i>	<i>The words "Short Term Open Access" shall be substituted with the word "T-GNA" in clause (3) of Regulation 11 of the Principal Regulations.</i>	The proposed Regulations retained Regulation 11 (3) which inter-alia provides for adjustment of transmission charges paid by intra-state embedded entities with the long-term transmission charges of the respective State wherein such entity is located. Further, as per proposed Regulation 11(6), the T-GNA charges collected shall be socialised among the DICs in proportion of their share in the first bill. It means that the T-GNA charges are being proposed to be socialised among the GNA grantees.
11(6)	<i>Transmission charges for Short Term Open Access collected in a billing month, after adjustment as per Clauses (3) and (4) of this Regulation, shall be reimbursed to the DICs in proportion to their share in the first bill in the following billing month.</i>	<i>Clause (6) of Regulation 11 of the Principal Regulations shall be substituted as under: "(6) Transmission charges for T-GNA collected in a billing month, shall be reimbursed to the DICs in proportion to their share in the first bill in the following billing month."</i>	As per existing principal regulations, any Short term ISTS charges paid by embedded state entities are adjusted against the monthly bill of the respective State. This proposition reduces the burden of the Discoms towards LTA charges. Similarly, in case of GNA it is submitted that the Hon'ble Commission should adopt same practice i.e. T-GNA charges paid by Discoms or embedded entities should be adjusted in the monthly GNA bill of the State and State DICs / STU and shall pass on such benefit to the respective Discom.
12 (2)	<i>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: 1.05 X (transmission charges of the State for the billing month in Rs.) / (quantum in MW of Long Term Access plus Medium Term Open Access of the State for the corresponding billing period X 2880)</i>	<i>(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)</i>	It is submitted that the deviation charges have now been proposed to increase from existing multiplication factor of 1.05 to 1.35. Earlier Transmission Deviation Rate(TDR) were linked to transmission charges of the State, which did not include any RE quantum. However as per the recently notified GNA Regulations, the GNA is worked out based on drawal which also includes the RE quantum. Therefore, an increase in the overall transmission charges after the applicability of GNA Regulations is very likely. In the proposed amendments TDR would be applicable for the drawl quantum over and above GNA+T-GNA, it means it shall be applicable in case of over drawl under DSM. The Hon'ble Commission has notified new DSM regulations which inter-alia requires to adhere to stringent volume limits and in case of exceeding volume limits there are stringent penalties which have been increased manifold times. It is therefore

			<p>requested that such proposal to increase the TDR charges by 30% would not only detriment to the Discoms but also such cost would further increase the financial burden of the Discoms which is ultimately borne by the end consumers. Therefore, it is requested that the existing level of Transmission deviation charges with multiplication factor of 1.05 may be continued or be reduced to 1.02, since deviations are fairly discouraged under DSM Regulations notified by this Hon'ble Commission.</p>
13 (1) (2)	<p>13. Treatment of transmission charges and losses in specific cases (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</p>	<p>Clauses (1) and (2) of Regulation 13 of the Principal Regulations shall be deleted.</p>	<p>It is submitted that the waiver on transmission charges and losses for certain solar and wind generators are now effectively proposed to be deleted.</p> <p>As per MoP notification, transmission charges are exempted for RE power up to 25 years from commissioning of the RE project. All PPAs signed by MSEDCL for RE power are having a provision of providing RE power at state periphery. Non consideration of these facts will burden drawee DICs and will increase dispute between RE Generators and Buyers.</p> <p>Hence, it is requested that RE power quantum should be subtracted from the GNA quantum for calculating transmission charges and same should be considered while calculating Transmission Deviation charges.</p> <p>Illustration: In case a drawee state Discoms/entity has allocated GNA of 8500 MW and such Discom has 1500 MW PPA with different interstate RE generators which are not required to pay for transmission charges and losses as per MoP notification, then the transmission charges would be calculated for the quantum of (=8500 – 1500) 7000 MW only, as the associated transmission network for this 1500 MW RE quantum is considered in National Component of Principal Regulations.</p> <p>Further, while calculating transmission deviations charges this 1500 MW</p>

<p><i>date of commercial operation, fulfilling the following conditions:</i></p> <p><i>(i) Such generation capacity has been awarded through competitive bidding process in accordance with the guidelines issued by the Central Government; and</i></p> <p><i>(ii) Such generation capacity has been declared under commercial operation during the period from 13.2.2018 to 31.12.2022; and</i></p> <p><i>(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</i></p> <p><i>Where a generating station or any other seller has been granted Long Term Access or Medium Term Open Access and has entered into Power Purchase Agreement(s) for supply of power under such Long Term Access or Medium Term Open Access, the transmission charges towards such Long Term Access or Medium Term Open Access for components identified under Regulations 5 to 8 of these regulations shall be determined at the drawal nodes, and billed to the buyer(s) after COD of generating station or unit(s) thereof:</i></p> <p><i>Provided that where the generating station or any other seller is responsible to pay the transmission charges in terms of the Power Purchase Agreements, bills for transmission charges shall be raised on the buyer in terms of this clause notwithstanding the provision in the PPA and settlement of the</i></p>		<p>RE should considered in GNA quantum as RE power is included in total drawl of state/Discoms</p>
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	<i>transmission charges inter se between the buyer and the generating station or the seller shall be made in terms of the PPA or as may be mutually agreed</i>		
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