

No. 23/01/2022-R&R
Government of India
Ministry of Power

Shram Shakti Bhawan, Rafi Marg,
New Delhi, 17th August, 2022

To

The Secretary
Central Electricity Regulatory Commission
Chanderlok Building, 36 Janpath, New Delhi-110001

Sub: Comments on draft CERC (Sharing of Inter-State Transmission Charges and Losses) (First Amendment) Regulations, 2022–Reg

Sir,

I am directed to refer the draft CERC (Sharing of Inter-State Transmission Charges and Losses) (First Amendment) Regulations, 2022 circulated on 11th June, 2022. In this regard, the comments/suggestions of Ministry of Power on the proposed regulations are as follows:

I. **Amendment to Regulation 13 i.e. “Treatment of transmission charges and losses in specific cases”:-**

- a) The provisions related to **Waiver of ISTS charges and losses in specific cases** for use of ISTS by solar and wind resources, which was in Provision 13 (1) of the existing sharing Regulations, **have been deleted** vide Clause 12 (1).
- b) Ministry of Power (MoP) vide letter dated 23rd November, 21 and addendum dated 30th November, 21 (copy enclosed) has issued order regarding 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. According to this order the waiver of inter-state transmission charges to solar and wind projects commissioned up to 30th June, 2025 has been allowed. The relevant extract of the order is as under:

“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) *at least 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) *at least 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 / 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."

- c) In the aforesaid order by MoP, it has also been clarified that waiver is allowed for inter-state transmission charges only and not losses. However, waiver of losses shall be applicable for the projects whose bidding was completed upto 15.01.2021.
- d) The subject MoP order also provides that ISTS charges shall be levied for the Solar, Wind, Hydro PSP and BESS Projects commissioned after 30.06.2025, gradually with effect from 1st July, 2025.
- e) Vide MoP letter dated 6th June, 2022 (copy enclosed), CERC was requested to take appropriate action to amend the Regulations, in order to have regulatory clarity and long-term visibility regarding waiver of transmission charges and losses for ISTS use by Solar and Wind resources, in line with the aforesaid mentioned MoP order dated 23rd November, 2021 and addendum dated 30th November, 2021.
- f) However, in the draft CERC (Sharing of Inter-State Transmission Charges and Losses) (First Amendment) Regulations, 2022, the same has not been included and the existing provisions related to waiver of charges for using ISTS are also proposed to be omitted. The waiver of ISTS Charges for use of ISTS by solar and wind power resources should be in line with MoP order 23rd November, 2021 and addendum dated 30th November, 2021, in order to further accelerate India's renewable energy programmes.

- g) Therefore, aforementioned MoP order is required to be implemented through suitable regulatory provisions, in the proposed amendments.
- h) A direction under Section 107 of Electricity Act 2003 dated 15th January, 2021 was issued by MoP regarding sharing of transmission charges under force majeure conditions. In the aforesaid direction, CERC was directed to amend the Regulations related to the penalty provisions on delay of CoD due to mismatch in commissioning of generation Project and associated transmission system or down-stream transmission system. In the said direction, it was also mentioned that where a RE project, eligible for ISTS charges waiver, is granted extension in Commercial Operation Date by the competent authority, the commencement and period of Long Term Access shall also get extended accordingly, and it will be deemed that the period of ISTS charge waiver is extended by the said period. A letter dated 13th June, 2022 was also sent to CERC for implementation of aforesaid directions by amending the Regulations, in order to reduce the burden and risk of the transmission licensees. In the proposed amendments, the necessary changes to implement the aforesaid direction may be included.

- II. **Regulation 19 “Letter of Credit and other instruments of Payment Security Mechanism” and Regulation 21 “Consequences of non-payment of dues by a DIC”**:- The relevant provisions in Regulation 19(7) and Regulation 21 on regulation of access in case of default of dues, in the Principal Regulations, are proposed to be deleted vide clause 15 and 16 of the draft amendments. Keeping in view the importance of adequate payment security mechanism for financial viability of the power sector, instead of deleting Regulation 19 (7) and Regulation 21, the provisions may be modified in line with MoP Electricity (Late Payment Surcharge and Related Matters) Rules, 2022, for regulation of access in case of default in payment of dues.
- III. It may also be noted that the regulations of CERC need to be aligned to the relevant Rules framed under the Electricity Act 2003.

2. CERC is requested to consider and suitably incorporate the above mentioned suggestions in the final regulations.

3. This issues with the approval of competent authority.

Yours faithfully,



Encl:- as above

(D. Chattopadhyay)
Deputy Secretary to Government of India
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Copy to:

Sr. PPS Secretary(Power) Ministry of Power.