

STAKEHOLDER COMMENT

Regulation No. : L-1/4/2021/CERC

Reference No. : 4/2021

Reference No.	Stakeholder Name	Added By	Comment On	Added On	ACTION
SH/CO/193/2022	Southern Power Distribution Company of Andhra Pradesh Ltd (APSPDCL)	Southern Power Distribution Company of Andhra Pradesh Ltd (APSPDCL)	Full Comment	25/02/2022	View

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Comment Details

Type : Stakeholder Comment
Stakeholder Name : Southern Power Distribution Company of Andhra Pradesh Ltd (APSPDCL)
Order Date / Direction of Commission / Compliance Date :
Brief of Comments/Objections/Suggestions :

Attachment

Document Type	Description	File Name
Comment		Consolidated Draft Comments - GNA Regulation-converted.pdf

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Full Comments from Andhra Pradesh Power DISCOMs

Regulation No.	Brief - as in draft Regulation	Comments / Suggestions / Objections
2	Definitions on Long Term Access, Medium Term Access & Short Term Access are missing	<p>The Terms & Time Periods associated with Long Term/Medium Term / Short Term are missing in the definitions. These were present in the old Connectivity, Open Access Regulations. The existing Open Access Regulations, Grant of Connectivity and Long Term Access Regulations are repealed. Hence, the same may be incorporated.</p> <p>In view of change of scenario and technological advancements in Energy Mix particularly deep penetration of RE sources and likely influx of Storage Systems (Battery/Pumped Storage Hydro) the Long Term access may be described as the tenure between 1 year to 5 Years. Short Term can be below One Year and the tenure of Medium Term shall be dispensed with.</p>
8	Connectivity Bank Guarantee	<p>With reference to Regulation 8.2: In a 400/220 kV Substation, if empty terminal bay is there, the cost mentioned Rs. 6 Crores may be sufficient. Otherwise, if terminal bay along with tie bay to be constructed for new 400kV dia, then the amount indicated may not be sufficient and hence to be increased suitably based on the estimated construction cost. The construction cost may be notified separately once in an year by Hon'ble commission depending on the variations in construction cost.</p>
9	<p>Final grant of connectivity by nodal agency</p> <p>9.1. Within 15 days of receipt of Conn-BG2 and Conn-BG3, as applicable, the Nodal Agency shall intimate the final grant of Connectivity to the entity that has been intimated in-principle grant of Connectivity</p>	<p>As per the Regulations 8.3 & 9.1, ATS and terminal bay(s) are planned for more than one entity, Conn-BG2 shall be furnished in proportion to the quantum of Connectivity applied for by such entities. Here, there is no clarity on payment of Conn-BG2 for the entities who will apply for grant of connectivity in between these 7 months 15 days (the period given to the earlier entity to submit their BGS for ATS or Terminal Bay(s) ? Whether new entity asking for the same connectivity has to pay the BG in proportion to the quantum of connectivity applied or need not submit Conn-BG2 at all for the above period. Further, the BGs validity and claim period is also not mentioned in the Regulation. There shall be provision that the BGs shall be suitably extended for its validity whenever it is requested by the Nodal Agency in advance.</p>
10	Connectivity agreement 10.5. Where Connectivity	<p>In reality, the location cannot be finalised at once due to RoW issues and other constraints. Hence the</p>

	is granted at a proposed ISTS sub-station, the Nodal Agency, shall confirm the final coordinates within 2 months of signing of the Connectivity Agreement and such coordinates shall not be outside the radius of 5 km of the tentative coordinates already intimated.	Regulation 10.5 may please be reviewed for exigency conditions keeping in view of RoW issues.
15	Transfer of connectivity 15.1. A Connectivity grantee shall not transfer, assign or pledge its Connectivity and the associated rights and obligations, either in full or in parts, to any person except as provided under Regulations 15.2 and 15.3 of these regulations. Provided that Connectivity granted to a parent company may be utilised by its subsidiary and Connectivity granted to a subsidiary may be utilised by its parent company.	Regulation 15.1 may be modified as follows: A Connectivity grantee shall not transfer, assign or pledge its Connectivity and the associated rights and obligations, either in full or in parts, to any person except as provided under Regulations 15.2 and 15.3 of these regulations. Provided that Connectivity granted to a parent company may be utilised by its subsidiary and Connectivity granted to a subsidiary may be utilised by its parent company. Provided that there should not be any litigation/legal history on others/ transferee.
17	Eligibility for GNA 17.1.(iii) A distribution licensee or a Bulk consumer, seeking to connect to ISTS, directly, with a load of 50 MW and above	The provision in the draft Regulation contemplates granting of GNA to Bulk Consumers without the concurrence / feasibility from the incumbent Distribution Licensee. Cross Subsidy u/s 42 of the Act is associated with Open Access Consumers. Incumbent DISCOM licensee is obligated to provide stand by supply to the Bulk consumer undertaking Open Access. In view of this the clause may be modified to include receiving of concurrence from incumbent DISCOM while allowing GNA to the Bulk Consumers directly connected to ISTS with a load of 50 MW and above.
18	Deemed Grant of GNA 18.1 On the date, these regulations come into force (a) As per the formula specified which includes Short Term drawals also.	Whereas in the calculation for GNA as mentioned in the Draft Regulation, Maximum ISTS drawal which includes drawal from Bilateral & Collective transactions (Short Term purchase) was also included, which tends to overstate the GNA requirement of a State on Long Term basis. The methodology of estimation of GNA needs to be linked to Long Term / Medium Term contracted

		<p>capacity of DISCOMs from the Inter State Generating Stations.</p> <p>Further, the DISCOMs have the liberty to surrender costly CGS power or seek additional allocation of the same or allocation from Un allocated share or declaration of COD's of new plants (RE/Thermal/Others) connected to STU from time to time.</p> <p>In such conditions, approved GNA needs to be altered / revised in accordance with the allocation of Ministry of Power. If this is not considered, the DISCOMs have to pay unnecessarily the relinquishment charges, which will financially burden them.</p> <p>To the extent of Short Term purchases the GNA gets over stated in the calculation.</p> <p>Since temporary GNA is separately defined and distinctly contracted for, the permanent GNA or just GNA may be limited to the notified allocated quantum of Generating Capacities to the DISCOMs by the Ministry of Power, Govt. of India, as in the present case.</p>
	18.1.(e) Provided that in case an SLDC fails to provide such segregation, the pro rata GNA shall be allocated to each intra-State entity in the ratio of their Long Term Access and Medium Term Open Access, as included in the first bill raised in the previous month under the Sharing Regulations.	Presently procurement by DISCOMs from RE projects is exempted from payment of ISTS charges and losses. But in the proposed GNA calculations based on drawals such exemption in respect of RE drawals is not negated. Clarity is requested to be provided on how this exemption given by either MoP Govt. of India or through amendments to CERC Sharing Regulations would be effected.
	18.1.(e) Provided that in case an SLDC fails to provide such segregation, the pro rata GNA shall be allocated to each intra-State entity in the ratio of their Long Term Access and Medium Term Open Access, as included in the first bill raised in the previous month under the Sharing Regulations.	Regulation 18.1 (e) may be modified as follows: GNA deemed to have been granted to STU under clause(d) of this Regulation, shall be segregated for each intra-State entity, including distribution licensee, by the respective STU, and intimated to SLDC, Nodal Agency and NLDC within 1 month of publication of details by the Nodal Agency under clause (d) of this Regulation.
19	Application for Grant of additional GNA by STU	The procedure for applying additional GNA by STU may be clearly defined. The consideration of additional GNA for arriving transmission charges as per Sharing Regulations, 2020 before and after addition of GNA may be illustrated in detail in the

		annexure.
22	Grant of GNA 22.1. Grant of additional GNA to STU	The additional clause proposed to included in 22.1: Details of grant of granted GNA to STU along with quantum, details of surplus GNA available with the states shall be published by the Nodal Agency, on its website for transparency in availability of surplus GNA with states.
23	Use of GNA by other GNA Grantees	The draft regulation provides for transfer of GNA from one entity to other entity. But the payment liability for transmission charges will be with the original GNA grantee and the payment of deviation charges lies with the transferee entity. This clause is expected to create black market situation wherein an entity can book the entire corridor and again resale the rights at a higher price since there is no control on the transfer price. More clarity is to be provided in this regard. This is an akin to treating the GNA / Right to Access as a tradable commodity.
24	Relinquishment of connectivity 24.3.(b): In case of relinquishment of part quantum of Connectivity, subsisting Conn-BG2 shall be encashed in proportion to the relinquished quantum of Connectivity corresponding to the ATS and terminal bay(s), construction of which has already been awarded for implementation. Conn-BG1 shall be returned in terms of Regulation 16.1 considering full capacity after excluding such relinquished quantum.	With reference to Regulation 24.3 (b): When a Substation or Terminal Bay is taken up (under construction or under implementation) as a part of ATS, even after relinquishment of part quantum of GNA Grantee, those under construction Substation and Bays are to be completed in full shape to evacuate / transmit the remaining GNA quantum. In this context, it is not justifiable to return the proportionate BG to the GNA grantees for the quantum relinquished and hence total BG amount shall be forfeited.
25	Relinquishment of GNA	The proposed relinquishment charges are very high. The quantity of GNA may be permitted to be declared as one time Voluntary Disclosure Scheme (VDS) with a flexibility to correct/revise the same after three months. If the change of GNA is warranted on account of change of capacity allocation /expiry of contracts, additional charges for incremental GNA shall not be levied and relinquishment charges also shall not be collected, as these charges will unduly burden the financially ailing DISCOMs and also to end consumers. 25.1 (a) For an entity covered under clause (i) of Regulation 17.1 of these regulations, STU may

		<p>relinquish GNA on behalf of identified intra-State entity. The relinquishment charges shall be equal to 12 times the transmission charges paid by such intra-State entity for the last billing month under the Sharing Regulations, corresponding to the relinquished quantum.</p> <p>(b) For an entity covered under clauses (ii) to (iv) of Regulation 17.1 of these regulations, the relinquishment charges shall be equal to 12 times, the transmission charges paid by such entity for the last month under the Sharing regulations, corresponding to the relinquished quantum.</p>
26	<p>Eligibility for Temporary GNA</p> <p>26.1 The following entities shall be eligible as Applicants to apply for T-GNA to ISTS:</p> <p>(a) As buyers,</p> <p>(ii) Bulk consumer directly connected to ISTS;</p>	<p>The provision in the draft Regulation contemplates granting of T-GNA to Bulk Consumers without the concurrence / feasibility from the incumbent Distribution Licensee. Cross Subsidy u/s 42 of the Act is associated with Open Access Consumers. Incumbent DISCOM licensee is obligated to provide stand by supply to the Bulk consumer undertaking Open Access.</p> <p>In view of this the clause may be modified to include receiving of concurrence from incumbent DISCOM while allowing T-GNA to the Bulk Consumers directly connected to ISTS.</p>
28	<p>Application for grant of T-GNA</p> <p>28.7 Application for grant of T-GNA for collective transactions by a power exchange shall contain Regional entity-wise injection or drawal (in MW) for each block</p>	<p>Since GNA is a requirement for drawal entities, it should be allotted to only Drawal entities and not for any intermediaries such as Traders / OTCs and Exchanges. Anyhow, in the market transactions the transmission charges are payable by the applicants as per the relevant regulations hence there is no separate requirement for GNA to be allocated to the Exchanges.</p> <p>Hence the provision may be removed.</p>
34	<p>Transmission charges for T-GNA</p>	<p>Clause 34.2. states that Transmission charges for T-GNA, in case of bilateral and collective transactions, shall be payable only at point of drawal, as per the last published Transmission charge rate for T-GNA for the State where such point of drawal is located: Necessary amendment may be accorded in the CERC Sharing Regulations,2020 in computation of transmission deviation charges at Regulation 12 (1) (b) that the</p> <p>For a State net metered ex-bus injection or net metered drawal excluding RE injection, in a time block, in excess of the sum of granted GNA and T-GNA.</p> <p>And at Regulation 12 (2) that the 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</p>

		under: 1.05 X (transmission charges of the State for the billing month in Rs.)/ (quantum in MW of deemed GNA plus T-GNA of the State for the corresponding billing period X 96 X Number of days in corresponding billing period)
43	Repeal and Savings	Existing Transmission Service Agreements (TSAs) entered into with ISTS licensees govern the commercial obligations between the beneficiaries (DISCOMs) and the ISTS licensees. The draft regulation contemplates a separate commercial parameter in the name of GNA. It is requested to provide clarity whether the existing TSAs are still valid or the DISCOMs have only the obligation towards GNA.

Detailed Comments on Regulation 22: Grant of GNA

- All the Regulations proposed on Wind and Solar and Transmission Charges are impacting the Discoms and ultimately the end consumers.
- Transmission charges for STOA would have to be paid for T-GNA by States, against no charges in current STOA, if State is drawing within LTA. As per current sharing regulations, transmission charges need not be collected for short term bilateral/collective transactions if application is made on behalf of buyer who have LTA. But from the draft regulation, it is understood that transmission charges need to be collected from all buyers.
- States have to keep track of growth in demand/drawl and have a fair prediction since the penalty for under-declaration of GNA capacity is huge. State discoms also find it challenging to assess the number of open access customers that may source power from outside the state, thereby impacting accurate assessment of GNA requirements. Similarly, the power requirement or supply of/from captive consumers is difficult to gauge accurately. Demand variability, coupled with supply variability due to the growth of renewables will present a double whammy for system planners and may lead to over planning of the ISTS. Penalties is to be reduced to certain extent for RE rich states like AP.
- Forecasts need to be done till 11 months ahead against current day 3 months ahead. Studies to be carried out taking inputs of total Generation capacity and projected drawl of States up to 11 months ahead. It may not be possible for states to accurately estimate GNA requirements and may become increasingly complex because of uncertainty in the assessment of demand, generation availability due to coal issues, RE generation forecast errors due to its intermittency.
- States like Andhra Pradesh, having less LTA/MTOA but depend more on short-term market would be getting high GNA based on drawl pattern of last three years. This would benefit the state in terms of their RTDA charges but they have to pay more monthly Transmission charges (almost three times of present value). Hence there shall be

provision to fix up GNA to States for the first time before implementation of this Regulation instead of deemed GNA. Thereafter there shall be a provision to fix GNA based on earlier month ISTS drawl by the State.

- States like Karnataka, which are not scheduling their drawl till the LTA/MTOA granted, on account of higher internal generation that too from Hydro Plants, would be getting low GNA based on drawl pattern of last three years. This would benefit the state in reducing their monthly transmission charges.
- All types of bilateral approval processes may need to be done in real time as T-GNA applications under advance category to be processed within 1 day.
- ATC has to be declared for 11 months ahead instead of every month.
- Revision notice period is minimum of one month instead of 2 days as of now and transmission charges are forfeited for one month instead of 2 days. This earlier provision may please be restored to RE rich states like AP to revise based on demand and RE generation.
- With the growing integration of renewable energy generation, DISCOMs naturally will rely on short term market to offset the uncertainties with these generation. And also, there has been a debate in the country to encourage the short term market to the extent of 30% of the DISCOMs power purchase portfolio.