



Prayas (Energy Group)

Prayas

Initiatives in Health, Energy, Learning and Parenthood

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Dear Sir/Madam

Sub: Prayas comments on Draft Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2021

At the outset, we welcome the initiative taken by CERC to progressively improve the regulatory framework for ISTS transmission access and usage charges. Publishing the 2021 Draft GNA Regulations in December 2021 for comments, sharing the Explanatory Memorandum in January 2022 and conducting a series of workshops for different stake holders in February 2022 are appreciated. We look forward to many other Regulatory Commissions also taking up a similar approach, especially when Regulations or major amendments involving new concepts are introduced.

We enclose our brief comments on the Draft GNA Regulations. These are drawn out of our concern to protect consumer interest. We request the honorable CERC to take this on record, allow us to make supplementary submissions and also to participate in the public hearing.

Thanking you,

Yours truly,

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Prayas (Energy Group) comments on Draft CERC GNA Regulations, 2021

February 25, 2022

We appreciate efforts of CERC from 2014 to prepare a robust regulation on transmission network access, culminating in a draft GNA regulation in 2017. It is good that CERC has picked up the effort again by publishing a revised Draft GNA Regulations in December 2021 for comments, sharing the Explanatory Memorandum in Jan 2022 and conducting a series of workshops conducted for different stake holders in February 2022.

Our brief comments are and suggestions (in bold) are given below.

1. Need for synchronous efforts in Inter-state transmission system planning, operation, access and pricing

Planning, operation, connectivity and cost sharing should work in consonance for a healthy transmission system. As per the [MoP Rules](#) dated 1/10/21 on ISTS, CEA has key role in planning, and CERC in operation, access, as well as pricing. CERC has been regularly revising the IEGC, which has significant bearing in ISTS operation and use by connected entities. Since planning, operation and pricing are closely inter-linked, it is best if the draft regulations or procedures for these are prepared in same time frame, and finalised after considering the feedback from all stake holders.

Collecting structured feedback through stake holder comments and unstructured comments through workshops and public hearings are no doubt effort intensive and time taking. But it is extremely important, considering the current and upcoming complexities in ISTS use. These complexities include stranded capacity, concessions for renewables and storage - the price for which is borne by all users, growth of distributed renewable capacity in states, expected demand pattern changes (due to load shifting, electric vehicles etc) etc.

Suggestion: Along with the GNA regulation, CERC could start the process for finalising transmission pricing regulation and updating IEGC. CEA could initiate preparing the detailed planning guidelines.

2. Flexibility and empowerment of states to adapt GNA regulations

The concept underlying GNA is good in the long run for transmission sector, but needs time to adapt and implement, especially since there would be some winners and losers. It would be good if the states are given a five-year stabilisation window, during which there is some flexibility in implementing these Regulations. A few examples on flexibility are mentioned below. This approach may result in revenue shortfall for ISTS, during the stabilisation period, but considering the importance of stabilising a regime which ensures long term sustainability of ISTS, the Central government should provide financial support to meet the shortfall.

- a. On deciding the GNA, the draft Regulations suggest the use of ISTS drawal for FY19-FY21 (that is the past three years) for calculation of GNA. The formula suggested gives equal weight (of 0.5) to annual maximum drawal and average of daily maximum drawal. GNA requirement of a state actually depends on future drawal requirements. This in turn depends on plans for: 1) inter-state generation purchase arrangements, 2) intra-state generation, 3) intra-state transmission, 4) managing stranded capacity and 5) demand shifts. Hence states should be allowed to propose the GNA requirement based on their own assessment and revise if needed, during the stabilisation time.
- b. The charges for relinquishing GNA could be reduced for the first five years, especially if some other user(s) is/are identified to use the transmission capacity.
- c. CERC could prepare a general spreadsheet-based scenario analysis tool and assist ISTS users, especially states through workshops, guides etc, to use them. This could be used by states to understand the implications in load-demand balance and finances, under different scenarios covering parameters like GNA, transfer of GNA, Relinquishment, Additional GNA, Temporary GNA, Curtailment etc.
- d. Dispute resolution provisions should to be understood by all, and process needs to stabilise at national (for example, transfer of GNA) and state levels (for example, segregation of state GNA)

Suggestion: Allow the states to propose their required GNA, have flexibility for first five years for adaptation and stabilisation so that states can make informed decision about their GNA requirements. CERC could prepare calculation tools for use by states to explore different possible scenarios. During this time, if there is a short-fall in ISTS revenue, the central government could compensate it. If there is surplus, it could be shared with users. Dispute resolution processes to be made clear at national and state levels.

3. Urgent need to develop similar framework for Intra-state Transmission Systems

It is good the ISTS planning and operation has been improving over the years, through various initiatives. This includes separation of load dispatch from transmission utility, periodic revision of IEGC, planning process and regulations on access and pricing. But similar efforts are unfortunately not observed in many states in areas like load dispatch separation, planning state electricity grid code revisions and regulations on access and pricing.

Suggestion: Use the GNA process and FoR to encourage and support states to adopt similar measures covering load dispatch separation, timely revisions in state electricity grid code, and regulations on transmission access and pricing.