<u>Comments On Draft Central Electricity Regulatory Commission (Sharing of InterState Transmission Charges and Losses) (Second Amendment) Regulations, 2023.</u>

The Tariff Regulations,2019 as well as the Sharing Regulations 2020 provide a regulatory framework whereunder transmission licensee, who achieves or gets approved CoD by the Commission, becomes entitled to receive full transmission charges from the date of CoD (including cases of deemed CoD).Further,in case of mismatch in date of CoD i.e where transmission system has been approved/declared CoD (deemed CoD) Regulation 6 of Tariff Regulations,2019 provides that such entity whose asset commissioning has been delayed shall pay the transmission charges of the asset having approved/declared deemed CoD. However, the draft Regulation 13(12)(a)) mentions that in case of deemed CoD the transmission licensee would be getting 20% of YTC only. This proposed reduced recovery and thus reduced liability to the defaulting entity to the extent of 20% of YTC (determined in accordance with Tariff Regulations 2019) does not seem to be aligned with Regulation 6 of Tariff Regulation. Moreover, for the sake of providing more clarity treatment of balance 80% of YTC (whether carrying cost will be applicable for deferred/delayed recovery etc.) is needed in the draft Regulation 13(12)(a).

Further, as per the draft Clause 12(c) of Regulation 13 , YTC as arrived under clauses 12(a) and 12(b) of Regulation 13(12) is to be disbursed from such bill amount (third bill i.e Transmission deviation bill charges, charges under T-GNA) which are to be reimbursed to DICS in terms of existing Regulation 12(3) and 11 (3).Therefore, the draft Regulation 13(12)(c) effectively proposes to pass on the YTC (under sub clause (a) and (b) of Regulation 13(12)) to DICs. This does not seem to be in line with the Explanatory Memorandum dated 24.03.2023 (more specifically para 1.11(b)) issued by the Hon’ble Commission.

It is worth mentioning that in the entire value chain of power sector it has been an accepted principle that defaulting entity bears the financial burden arisen out of such default. However, in contrary to this the proposed draft Regulation 13(12) aims to reduce the burden of defaulting entity to 20% only by effectively allowing recovery of balance 80% from DICs.

Therefore, in light of aforesaid, the proposed amendment may please be reviewed and aligned with the manner contained in Regulation 6 of Tariff Regulations and inherent objective thereof where under the defaulting entity is to pay YTC in full.