

Central Electricity Regulatory Commission

7th Floor, World Trade Centre, Tower B, Nauroji Nagar, New Delhi-110029

Minutes of the Meeting of the Commission held on 31st May 2024

1.0 The following were present:

1. Shri Jishnu Barua, Chairperson In Chair
2. Shri Arun Goyal, Member
3. Shri Ramesh Babu V, Member
4. Shri Harpreet Singh Pruthi, Secretary
5. Dr. Sushanta K. Chatterjee, Chief (RA)
6. Shri Awdhesh Kumar Yadav, Chief (Engg.)
7. Mrs. Shilpa Agarwal, Jt. Chief (Engg.)

2.0 Issues related to Sharing CERC (Sharing of Inter-State Transmission Charges and Losses) Regulation, 2020

2.1 MoP has issued a letter dated 30th May 2024 referring to Orders dated 29.05.2023, 09.06.2023, and 06.12.2022 regarding waiver of inter-State transmission charges for transmission of electricity generated from solar and wind sources of energy, requesting the Commission to take suitable regulatory action as per the referred Orders.

2.2 The Commission observed that the First Amendment to the 2020 Sharing Regulations was issued on 7.2.2023, and the waiver of inter-State transmission charges for transmission of electricity generated from solar and wind sources of energy, considering the previous Orders of MoP, has already been incorporated into the 2020 Sharing Regulations.

2.3 The Commission discussed the implementation modalities for the recommendations of the Ministry of Power for the Grant of waiver of ISTS charges Orders dated 29.05.2023, 09.06.2023, and 06.12.2022.

3.0 Eligibility of ISTS charges waiver for any solar, wind, and sources mentioned in para 3.1 (i), (ii), and (iii) of the Order dated 23.11.2021, having its scheduled date of commissioning on or before 30th June 2025, but delayed on account of Force Majeure or for the delay on the part of the transmission provider in providing the transmission

3.1 MoP's Order dated 9th June 2023 issued under Para 6.4(6) of the tariff policy, provides as follows:

“for any solar, wind and sources mentioned in para 3.1 (i), (ii) and (iii) of the Order dated 23.11.2021, which is eligible for waiver of inter-state transmission charges and is having its scheduled date of commissioning on or before 30th June 2025 is

granted extension of time from the commissioning by Ministry of New and Renewable Energy after careful consideration, on account of Force Majeure or for delay on the part of the transmission provider in providing the transmission even after having taken the requisite steps in time; or on account of delays on the part of any Government Agency, and the power plant is commissioned before the extended date; it will get benefit of waiver of inter-state transmission charges on the transmission of electricity generated by such power plant as if the said plant had been commissioned on or before 30th June 2025....”.

- 3.2 MoP's letter dated 30.05.2024 provides that RE projects that had applied for connectivity up to 30th June 2023 and whose commissioning dates may go beyond 30th June 2025 due to delay in transmission system should be considered for 100% waiver if they commission as per the date of commissioning of the associated inter-state transmission system or scheduled date of commissioning, as mentioned in the connectivity application, whichever is later.

3.3 Discussions of the Commission

- (i) The Commission observed that RE projects which had applied for connectivity up to 30th June 2023 and whose commissioning dates may go beyond 30th June 2025 due to delay in the transmission system are covered under the MoP's Order dated 9.06.2023, which provides that MNRE may grant extension of time due to the delay on the part of transmission provider. Such cases shall be considered for waiver of interstate transmission charges.
- (ii) The Commission further observed that if a RE generating station is granted extension of time by MNRE as per provisions of the MoP's Order dated 9.06.2023 and such extension is covered under Force Majeure clause of the PPA (wherever signed) other than due to delay of transmission system, such generating station shall be considered for waiver of interstate transmission charges on a case to case basis by the Commission subject to the condition that the COD of the generating station is declared before such extended date. Consideration of ISTS waiver on electricity generated from such generating stations, on a case-to-case basis, is necessary since the extension of SCOD could be due to various other factors that might have an impact on other aspects of the project, all of which are a matter of adjudication of the Commission.
- (iii) The Commission directed the staff of the Commission to process an Amendment to the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulation, 2020 to incorporate the necessary changes.

4.0 Eligibility of ISTS charges waiver for Offshore wind power projects commissioned on or before 31.12.2032 for a period of 25 years

4.1 MoP's Order dated 29.05.2023 provides that electricity generated from Offshore wind power projects commissioned on or before 31.12.2032 shall be granted exemption from the payment of Inter-State Transmission (ISTS) Charges for a period of 25 years, starting from the date of commissioning of the project. For offshore wind power projects commissioned after 31.12.2032, ISTS charges shall be levied as per the trajectory specified in the order.

4.2 Discussions of the Commission

(i) Commission directed the staff of the Commission to process an Amendment to the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulation, 2020 to incorporate the necessary changes for electricity generated from Offshore wind power projects.

5.0 Eligibility of ISTS charges waiver for Green Hydrogen/ Green Ammonia Plants commissioned on or before 31.12.2033

5.1 MoP's order dated 29th May 2023 provides that the Green Hydrogen/Green Ammonia Plants commissioned on or before 31.12.2030, and which utilize renewable energy from Solar, Wind, Large Hydro commissioned after 8th March, 2019, or Energy Storage Systems (ESS) (such as Pump Storage Plants or Battery Energy Storage Systems) or any hybrid combination of aforementioned technologies, for the production of Green Hydrogen or Green Ammonia, shall be granted exemption from the payment of ISTS Charges for a period of 25 years, starting from the date of commissioning of the project. The Green Hydrogen/Green Ammonia Plants commissioned after 31.12.2030 shall be levied ISTS charges as per the trajectory specified below:

S. No.	Period of Commissioning of Green Hydrogen/ Green Ammonia Plants	Applicable ISTS Charges
1	01.01.2031 to 31.12.2031	25% of applicable ISTS charges
2	01.01.2032 to 31.12.2032	50% of applicable ISTS charges
3	01.01.2033 to 31.12.2033	75% of applicable ISTS charges
4	From 01.01.2034	100% of applicable ISTS charges

5.2 Discussions of the Commission

(i) MOP's Order dated 29.5.2023 on green hydrogen /green ammonia plants provides 100% waiver to green hydrogen /green ammonia plants (as consumer), commissioned by 31.12.2030 (which utilize renewable energy from Solar, Wind, specified large hydro) and from 1.1.2031 and beyond as per specified trajectory.

(ii) MoP's Order dated 23.11.2021, provides 100% waiver of inter-State transmission charges for electricity generated from the solar, wind, Hydro PSP and BESS projects commissioned up to 30.6.2025 and beyond 30.06.2025 as per the trajectory. This provision has already been incorporated in the 2020 Sharing Regulations vide the First Amendment.

(iii) A combined reading of MoP's Orders dated 23.11.2021 and 29.05.2023 provide as follows:

a) Consumption by a green hydrogen /green ammonia plant commissioned by 31.10.2030 is eligible for 100% waiver of transmission charges for electricity if such consumption is from specified sources (irrespective of commissioning date of such sources). However, the electricity generated from solar generating station commissioned during the period July 2027-June 2028 is exempted for only 25% ISTS charges.

b) Similarly, a green hydrogen /green ammonia commissioned on 1.2.2031 is not eligible for 100% waiver ISTS charges as per Order dated 29.5.2023, whereas if it consumes power generated from a solar source that was commissioned before 30.6.2025, such green hydrogen plant becomes eligible for waiver for 100% charges for such consumption (under MoP's Order dated 23.11.2021).

(iv) The Commission observed that if the MoP's orders dated 23.11.2021 and 29.05.2023, are read together, the waiver of transmission charges for drawl of power by a Green Hydrogen/ Green Ammonia Plant from solar, wind, Large Hydro, Hydro PSP and BESS projects needs clarification which may be sought from MoP for further consideration.

6.0 Eligibility of ISTS charges waiver for the electricity generated from Hydro PSP Project:

6.1 MoP's order dated 29.05.2023 provides that waiver of ISTS charges for Hydro PSP project shall be subject to 'award of construction work' instead of 'commissioning' as mentioned in Order dated 23.11.2021.

6.2 Discussions of the Commission

The Commission directed the staff of the Commission to process an Amendment to the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulation, 2020 to incorporate the changes.

7.0 Waiver of transmission charges for intra-state transmission system

7.1 MoP's Order dated 06.12.2022 provides that an intra-State transmission system which is used for the conveyance of electricity across the territory of an

intervening State as well as conveyance within the State which is incidental to such inter-State transmission of electricity, shall be included for sharing of inter-state transmission charges. Any waiver of inter-state transmission charges that applies to inter-state transmission system shall also be applicable to such part of intra-state transmission. The transmission charges of such Intra-state transmission system shall be reimbursed by the CTU as is being done for ISTS system. The concerned Regional Power Committee may undertake studies to identify such lines.

7.2 Discussions of the Commission

- (i) The Commission noted that Regulation 13(13) of the 2020 Sharing Regulations effective from 1.11.2020 provides that an intra-State transmission system for which tariff is approved by the Commission, shall be included for sharing of transmission charges under the 2020 Sharing Regulations. Further, vide Regulation 93 of the CERC (Terms and Conditions of Tariff Regulations) 2024, the detailed methodology to identify such intra-state transmission lines which can be considered as ISTS systems has also been included.
- (ii) The Commission observed that once an intra-State transmission line is considered under ISTS after following the due process as per the Tariff Regulations and 2020 Sharing regulations, it shall have the same treatment as ISTS system as per provisions of the 2020 Sharing Regulations.

8.0 Eligibility of ISTS charges waiver for the electricity generated from Hydro Power Plants

8.1 MoP, vide order dated 01.12.2022, provides that no ISTS charges shall be levied for transmission of power from hydro power projects where construction work is awarded and PPA is signed till 30.06.2025. However, ISTS charges shall be applicable for transmission of power from hydropower projects where construction work is awarded, and PPA is signed after 30.06.2025 as per the trajectory given in the order. Further, the waiver shall be applicable for a period of 18 years from the date of commissioning of the hydropower plants.

8.2 Representations are received from the stakeholders seeking clarifications on whether a hydro project commissioned before 01.12.2022, which signs PPA till 30.06.2025 shall also be eligible for the 100% waiver of the ISTS charges as per the MoP order dated 01.12.2022.

8.3 Discussions of the Commission

- (i) The Commission observed that the 100 % waiver of transmission charges for hydropower projects as per MoP's order dated 1.12.2022 is subject to the award

of construction work and signing of the PPA by 30.06.2025 and as per the specified trajectory beyond that.

- (ii) Clarity is required on whether a hydro project that were commissioned before 1.12.2022 and sign a PPA after 1.12.2022 should be considered eligible for a waiver for such capacity for which PPA is signed after 1.12.2022. Necessary clarification on the same may be sought from the MoP.

9.0 Impact of Waiver of ISTS charges

9.1 The Commission observed that waiver of ISTS charges is for the electricity generated from the specified generating stations which is scheduled to drawee DICs (mainly distribution licensees). Waived ISTS charges are required to be billed to the drawee DICs since the total ISTS Transmission charges of the ISTS licensees are to be recovered in full.

9.2 The total amount of waiver for the billing month of April 2024 was ~Rs 258 Crore on a Monthly Transmission charge of ~Rs 3600 Crore, which works out to approximately 7% of Monthly transmission charges.

9.3 The Monthly transmission charges might increase by ~ Rs. 2000 crore by 26-27, considering envisaged ~Rs. 1,25,000 crore of investment. With the increase in Monthly transmission charges and increase in penetration or eligible sources for waiver, the percentage of the waiver on total Monthly transmission charges and the total amount waived off, are likely to increase further.

9.4 The Commission observed that waiver of transmission charges was introduced as a promotional measure. However, going forward, renewable generation is going to become a major source of power in the country. The Government has introduced a gradual levy of transmission charges on electricity generated from RE sources to be commissioned after 30.06.2025. The Commission felt that waiver leads to cross-subsidisation and unless supported through budgetary subventions/subsidy, impacts all discoms including those availing waiver of transmission charges. There is, therefore, a need to introduce a capping on the generation capacity, which should be considered for a waiver of ISTS charges. Further, the Government of India may be requested to consider direct subsidy to fund such subsidy to avoid cross subsidisation burden on the drawee DICs.

10.0 The meeting ended with vote of thanks to the chair.