

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Draft Central Electricity Regulatory Commission Cross Border Trade of Electricity  
(Second Amendment), Regulations 2024**

**No. 13/2/7/2015-PM/CERC**

**Dated: 31.12.2024**

**Explanatory Memorandum**

**1. Background**

- (a) The Central Electricity Regulatory Commission (Cross Border Trade of Electricity) Regulations, 2019 ('Principal Regulations') was notified on 8.03.2019 and the first amendment to the Principal Regulations was notified on 15.12.2023 (hereinafter collectively referred to as "CBTE Regulations").
- (b) Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2022 (hereinafter referred to as 'GNA Regulations) was issued vide notification dated 7.6.2022. Consequential changes are required in the CBTE Regulations in order to align it with the GNA Regulations.
- (c) Further, MoP vide OM dated 12.08.2024 has issued amendments to the "Guidelines for Import/Export (Cross Border) of Electricity-2018-regarding" (hereinafter referred to as "Cross Border Guidelines") dated 18.12.2018. MoP vide letter dated 12.08.2024 issued amendments to the DA Procedure issued under the Cross Border Guidelines and requested CERC to issue necessary amendments to the CBTE Regulations.
- (d) In this light, draft amendments to the CBTE Regulations have been proposed vide the draft Central Electricity Regulatory Commission (Cross Border Trade of Electricity) (Second Amendment) Regulations, 2024 (hereinafter referred to as "Draft Regulations"). The explanations for each of the proposed amendments is covered in detail in the subsequent paragraphs. However, the broad amendments proposed are as follows:
- A. Amendments to align the CBTE Regulations with the GNA Regulations – Alignment of LTA, MTOA, STOA with Connectivity / GNA and processing of the application and grant of Connectivity, GNA / T-GNA under the GNA Regulations;

- B. Amendments in light of amendment to Cross Border Guidelines dated 12.8.2024;
- C. Planning and implementation of Cross Border Transmission Link (CBTL) and the transmission charges for use of CBTL;
- D. Other Amendments

Each of the above amendments is explained in subsequent paragraphs.

**A. Amendments to align the CBTE Regulations with the GNA Regulations – Alignment of LTA, MTOA, STOA with Connectivity/ GNA and processing of the application and grant of Connectivity, GNA / T-GNA under the GNA Regulations.**

2. In view of the implementation of the GNA Regulations from 1.10.2023, the CERC (Grant of Connectivity, Long term Access and Medium term Open Access in inter-State Transmission and related matters) Regulations, 2009 (hereinafter referred to as “2009 Connectivity Regulations”) and CERC (Open Access in inter-State Transmission) Regulations, 2008 (hereinafter referred to as “2008 Open Access Regulations”) have been repealed. The terms “LTA, MTOA, and STOA” are no longer applicable, and the terms “GNA /T-GNA” have come into being under the GNA Regulations. Considering the above, there is a requirement to align the subject Cross border regulations by replacing the terms ‘LTA and MTOA’ with ‘GNA,’ and ‘STOA’ with ‘T-GNA’. Further, the definition of ‘Connectivity Regulations,’ ‘Long term Access,’ ‘Medium term Open Access,’ ‘PoC charges,’ ‘Power market Regulations,’ ‘Short term Open Access’ and ‘STOA Regulations have been proposed to be removed, and the new definition of GNA Regulations, GNA, T-GNA, Sharing Regulations, Communication Regulations have been proposed to be added under the Draft Regulations.

**Grant of Connectivity**

3. Relevant extract of Regulation 17.1, 20.2 and Regulation 26.1 of the GNA Regulations provides as under:

*“17.1. The following entities shall be eligible as Applicants to apply for grant of GNA or for enhancement of the quantum of GNA:*

*.....  
(iv) Trading licensees engaged in cross border trade of electricity in terms of the Cross Border Regulations;*

*.....  
20.2. Entities covered under Regulation 17.1(iv) of these regulations, may apply separately for GNA for injection into Indian grid or drawal from Indian grid, for a specified quantum, and for a specified period of more than eleven months.*

*.....  
26.1. The following entities shall be eligible as Applicants to apply for T-GNA to ISTS:  
.....(b) Trading licensee (i) on behalf of buyer(s) covered under clause (a) of this*

Regulation, and (ii) engaged in cross border trade of electricity in terms of the Cross Border Regulations for injection into or drawal from the Indian grid.

.....”

As per the above, a trading licensee engaged in cross border trade of electricity in terms of the Cross Border Regulations can seek GNA or T-GNA for injection into or drawal from the Indian grid.

4. Regulation 8(1) of the CBTE Regulations provides as under:

*“8 General provisions for Connectivity, Long Term Access, Medium Term Open and Short Term Access*

*(1) A Participating Entity located in a neighbouring country shall be required to seek connectivity or long-term access or medium-term open access or short-term open access, as the case may be, through separate applications.”*

As per the above, a participating entity located in a neighbouring country may seek Connectivity to the Indian Grid, and the entity is required to seek access to the Indian Grid through a separate application. Similar provisions were applicable under the 2009 Connectivity Regulations, where Connectivity and LTA/MTOA were required to be sought by the generator through separate applications.

5. Under the GNA Regulations, a generating station applies for Connectivity to ISTS and is not required to make separate applications for Access to ISTS, and Connectivity is considered as deemed GNA since the generator evacuates entire power through ISTS. However, in the case of an entity located in a neighbouring Country, such an entity may not wish to evacuate the entire Installed capacity to the Indian grid. Hence, flexibility needs to be considered where such an entity may seek access as per its requirements. Accordingly, it is proposed that the Connectivity granted under the CBTE Regulations shall allow connection to the Indian grid but shall not confer any rights towards transmission access (GNA or T-GNA) for Indian Grid, which shall be required to be obtained separately.
6. Further, in order to consolidate the applications for connectivity, GNA or T-GNA in the course of Cross border trade in electricity, the trading licensee of India shall also make separate applications for injection into or drawl from the Indian grid under Cross Border regulations. On finalization of this amendment, the provisions related to cross border trade shall be deleted from the GNA Regulations. If any electricity trading licensee of India has been granted GNA or T-GNA under the GNA Regulations, the same shall be transitioned under the CBTE Regulations. For such transition, the Conn-BGs submitted by such trading licensee under the GNA Regulations shall be considered under the CBTE Regulations.

7. Considering the above inter-alia, the following amendments have been proposed:

(b) Regulation 8 (1) is proposed to be amended as follows:

*“8. General provisions for Connectivity, General Network Access (GNA) and Temporary General Network Access (T-GNA)*

*(1) A Participating Entity located in a neighbouring country, for the purpose of injection into or drawl from the Indian grid, shall be required to seek connectivity or GNA or T-GNA, as the case may be, through separate applications:*

*Provided that an electricity trading licensee of India engaged in cross border trade of electricity, may seek GNA or T-GNA, in accordance with these Regulations.”*

(c) A new Regulation 8(4) is proposed to be inserted after Regulation 8(3) as under:

*“(4) Connectivity granted under these regulations shall allow connection to the Indian grid but shall not confer any rights towards transmission access (GNA or T-GNA) for Indian Grid which shall be required to be obtained separately.”*

### **Application Fee**

8. To simplify the application fee for applications for varying quantum of Connectivity /GNA/T-GNA, it is proposed to take an application fee of Rs 5 lakh for each application for grant of Connectivity or GNA and an application fee of Rs. 5000/- for each application for T-GNA. Accordingly, amendments are proposed in Regulation 9(1) and Regulation 9(3) of the CBTE Regulations.

### **Grant of GNA/T-GNA**

9. The entity that has been granted Connectivity under the CBTE Regulations or the electricity trading licensee of India involved in Cross Border trading is required to apply for GNA to the CTUIL or T-GNA to the NLDC, CTUIL is required to process the GNA applications received under CBTE Regulations as per the provisions of the GNA Regulations, except for the provisions specifically provided for under the CBTE Regulations, which shall be processed as per the CBTE Regulations. Similarly, T-GNA applications received under the CBTE Regulations shall be processed by the NLDC as per provisions of the GNA Regulations except provided otherwise in the CBTE Regulations. It is clarified that a participating entity located in a neighbouring country may seek Connectivity, GNA or T-GNA under these regulations. However, the transactions under Power Exchange shall be governed as per Regulation 6 of CBTE Regulations, where only an electricity trading licensee of India is an eligible entity.

10. It is proposed that the entity who seeks GNA shall enter into an agreement with CTUIL

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on the grant of GNA, specifying the date of commencement of GNA and other terms and conditions.

11. Considering the above, suitable amendments have been made in Regulations 11, 12, and 13 of the CBTE Regulations.

### **One time Connectivity charges**

12. Clause (d) of Regulation 22.2 of the GNA Provides as under:

*“(d) Entities covered under Regulation 4.1 and clause (iii) of Regulation 17.1 of these regulations shall furnish one-time GNA charge for Rs. one lakh per MW for the quantum of GNA one month prior to the start date of GNA. In case, such charges are not furnished by the entity within the specified timeline, the same shall be recovered by encashment of Conn-BG1, Conn-BG2 and Conn-BG3 as required. The proceeds of such one-time GNA charge shall be used for reducing Monthly Transmission Charges under the Sharing Regulations;  
.....”*

As per the above, the entities covered under Regulation 4.1 of the GNA Regulations, i.e., the injecting entities and entities covered under Regulation 17.1(iii) of the GNA Regulations, i.e., distribution licensee or a Bulk consumer seeking to connect to ISTS, directly, are required to furnish the one-time GNA charges of Rs. One lakh per MW.

13. On similar lines, it is proposed that the Participating Entities located in neighbouring countries and getting connected to the Indian grid through dedicated transmission systems for injection of power or drawl of power into/from the Indian grid are required to pay one-time connectivity charges of Rs. one lakh per MW.

### **B. Amendments to align the CBTE Regulations with the MoP Cross Border Guidelines**

14. Ministry of Power vide OM dated 12.08.2024 has amended Clause 8.9 of the Cross Border Guidelines as under:

*“8.9 Indian Generating Station(s) supplying electricity exclusively to neighbouring country may be allowed to build dedicated transmission line for connecting to the transmission system of neighbouring country keeping in view technical and strategic considerations.*

*Provided that such construction of dedicated transmission line shall be allowed subject to approval of the Designated Authority, in accordance with the provisions the Electricity Act, 2003 at the cost inbuilt in the contract agreement signed between Entity(ies)of Indian and the neighbouring countries.*

*Provided further that Government of India may permit connection of such generating station to the Indian Grid (inter-State or intra-State grid) to facilitate sale of power within India in case of sustained non-scheduling of full or part capacity or default notice issued by the Generator for any default including delayed payment under the PPA., subject to complying the technical and safety standards notified under various sections of the said Act.”*

As per the above, an Indian generating station supplying electricity exclusively to

neighbouring countries through the dedicated transmission line may be permitted connection to the Indian Grid subject to specified conditions.

15. Further MoP vide letter dated 12.8.2024 stated as follows:

**“Sub: Amendment in the “Procedure for Approval and Facilitating Import/Export (Cross Border) of Electricity by the Designated Authority”- reg.**

*The undersigned is directed to refer to the “Guidelines for Import/ Export (Cross Border) of Electricity-2018” (IECBE Guidelines-2018), issued by Ministry of Power, Government of India on 18.12.2018 and amended on 03.07.2019; and the “Procedure for Approval and Facilitating Import/Export (Cross Border) of Electricity by the Designated Authority” (DA Procedure), issued on 26.02.2021 and amended on 31.07.2023.*

*2. In this regard, I am directed to state that the clause 5.2(a) & clause 8.9 of the IECBE Guidelines-2018, and Clause 7.3.3 of the DA Procedure have been modified with the approval of Minister of Power. The modification in DA Procedure is as under:*

*7.3.3 The electricity system owned by the Applicant shall not be electrically or by any other means connected with Indian Grid (inter- state or intra-state grid).*

*Provided that connection of such generating stations to Indian Grid may be allowed by Government of India, under provision in clause 8.9 of the guidelines.*

*3. In this regard, the changes in the aforesaid Guidelines and Procedure may be noted for the following actions:*

- (i) CERC may carry out necessary corresponding amendments in the CERC (Cross Border Trade of Electricity) Regulations, 2019 and CERC (Connectivity and General Network Access to the Inter State Transmission System) Regulations, 2022.*
- (ii) CEA, CTUIL and GRID-INDIA may prepare a detailed Standard Operating Procedure (SOP) for standby connectivity of a Thermal Power Plant with the Indian Grid.*

*---.”*

As per above, MoP suggested carrying out necessary amendments in the said CERC Regulations. MOP also directed CEA, CTUIL, and Grid-India to prepare a Standard Operating Procedure (SOP) for the standby Connectivity of a thermal power plant with the Indian Grid.

16. Considering the above changes and requirements to include “standby Connectivity” to Indian Grid for such generating stations supplying electricity exclusively to neighbouring countries through the dedicated transmission line, amendments have been proposed in the CBTE Regulation.

17. Since ‘standby Connectivity’ is to be considered, such generating station may utilize

Connectivity with Indian Grid for a limited time period when the power from such generating station is not scheduled to the concerned neighbouring country due to reasons provided in Cross Border Guidelines. Such Connectivity is to be treated in a different manner as compared to Connectivity granted under the GNA Regulations to a generating station connected only to the Indian grid, where Connectivity equal to Installed capacity is mandatory and is considered as deemed GNA with evacuation of full Installed capacity. In the case of an export-oriented generating station supplying electricity exclusively to neighbouring countries through a dedicated transmission line, evacuation of power for full Installed capacity is not envisaged due to 'standby connectivity,' and accordingly, it is proposed that if such entity seeks connectivity to Indian Grid, the same may be allowed without any deemed GNA for the quantum of Connectivity granted. Such entity may seek GNA or T-GNA separately, as per its requirements, to inject power into the Indian Grid. Such an applicant is required to develop, operate and maintain the dedicated transmission system up to the ISTS point, along with associated bay(s) at the ISTS substation for getting Connectivity with the Indian Grid. Further, if there is any augmentation required under the ISTS grid for the grant of the GNA, the concerned entity is required to submit an Access Bank guarantee for the amount equal to the capital cost of such augmentation. However, if such GNA is granted on the existing system for injection of power into the Indian grid, such entity is required to submit an Access Bank Guarantee of Rs. 5 lakh/MW. The Access Bank Guarantee is proposed to be returned in five years after the commencement of the effectiveness of GNA.

18. Accordingly, detailed provisions have been proposed in Annexure-I to the CBTE Regulations, including application fees, Conn-BGs, treatment of Conn-BGs, and one-time GNA charges.

19. Considering the above following amendments have been proposed:

(a) Regulation 2(i)(u) is proposed to be substituted as under:

*'Dedicated Transmission System' means (i) the transmission system developed by a Participating Entity for transacting electricity between a generating station or a drawee facility located in a neighbouring country to a specified point in the Indian grid or (ii) the transmission system developed by a Participating Entity for transacting electricity between a generating station or a drawee facility located in the Indian grid to a specified point located in a neighbouring country or (iii) transmission system to connect , with Indian Grid under Regulation 10(7) of these regulations for a generating station located in India but electrically directly connected to neighbouring country;'*

(a) A new Clause (7) shall be inserted after Clause (6) in Regulation 10 of the CBTE Regulations as under:

*“(7) A generating station supplying power exclusively to a neighbouring country through a dedicated transmission system may seek connectivity and access to Indian Grid as per Annexure-I to these regulations.*

.....

Annexure-I

**Modalities for Connectivity, GNA, T-GNA for an entity under Regulation 10(7) of these regulations**

- (a) *Such entity shall take approval from the Government of India for such additional connectivity and access with the Indian Grid. The Applicant shall be required to make a separate application for a grant of connectivity to the Indian Grid and Access to the Indian system (GNA or T-GNA).*
- (b) *The application for a grant of connectivity to the Indian Grid shall be accompanied by an application fee of Rs 5 lac, Application Bank Guarantee of Rs 50 lacs*
- (c) *CTU, within 60 days of receipt of an application for connectivity, shall grant the connectivity.*
- (d) *Grant of connectivity to such applicant shall not confer the right for the transaction of power into the Indian Grid. Such Applicant shall separately apply for GNA or T-GNA for transaction power into Indian Grid.*
- (e) *The application for a grant of GNA shall be accompanied by an application fee of Rs 5 lac in Indian Rupees and Access Bank Guarantee as per Regulation 15(1) of these regulations.*
- (f) *In case the grant of GNA requires augmentation of ISTS, CTU, within 90 days of receipt of an application for GNA, shall inform the applicant of the amount of Access Bank Guarantee to be furnished by the Applicant as per Regulation 15(2) of these regulations. Applicant shall be required to furnish such Access Bank Guarantee within one month of such intimation by CTU and upon submission of the revised Access Bank Guarantee, the Access Bank Guarantee submitted along with the application shall be returned.*
- (g) *Applicant may seek T-GNA under Advance application or Exigency Application as per timelines provided in the GNA Regulations for the purpose of injection in the Indian Grid or drawl of power from Indian Grid (drawl only for the purpose of startup power or auxiliary consumption). Each application for T-GNA shall be accompanied by a non-refundable application fee of Rs. 5000 in Indian Rupees per application.*
- (h) *The grant of GNA or T-GNA shall be limited up to the quantum of connectivity granted;*
- (i) *Applicant shall develop, operate, and maintain the dedicated transmission system up to the ISTS point, along with associated bay(s) at the ISTS substation;*
- (j) *Applicant shall submit one time connectivity charges for Rs. one lakh per MW for the quantum of connectivity granted one month prior to a physical connection to the Indian Grid.*
- (k) *The one time charges paid by such entity shall be adjusted in Monthly Transmission Charges under the Sharing Regulations.*
- (l) *In case the entity withdraws the connectivity and GNA (if any), subsisting Application Bank Guarantee and Access Bank Guarantee shall be encashed.*
- (m) *Application Bank Guarantee shall be returned within one month of the effective date of GNA. In case GNA is not obtained for any capacity, Application Bank Guarantee shall be returned after five years from the date of connection with the Indian Grid.*
- (n) *Access Bank Guarantee shall be returned in five equal parts over five years after the effective date of GNA.*
- (o) *The mode of operation of the dedicated transmission system connecting to the Indian*



Grid shall be as per the Standard Operating Procedure (SOP) issued in this regard.

### C. Planning and implementation of Cross Border Transmission Link (CBTL) and the Transmission Charges towards the utilisation of CBTL

#### Tariff Determination

20. Regulation 5(3) and Regulation 5(4) of the CBTE Regulations provide as under:

***“5. Tariff Determination***

.....

*(3) Where the tariff for import or export of electricity is mutually agreed between the Government of India and the Government of any neighbouring country involving the participating entities of the two countries, the same shall be final.*

*Provided that the tariff for import or export of electricity already determined through Government to Government negotiations including under Inter Government Agreements (IGA) shall continue to be determined through Government to Government negotiations till the expiry of the Agreement or as may be decided by the two countries including determination of tariff through competitive bidding.*

***Provided further that on expiry of the Agreement, if not extended further, the tariff may be determined through the process of competitive bidding or mutual agreements or Government to Government negotiations.***

***(4) The tariff for the Cross Border Transmission Link from the pooling station within India till the Indian border may be determined through a process of competitive bidding or through Government to Government negotiations or by the Commission.”***

As per the above, on the expiry of the existing Inter-Government Agreements for determination of the tariff for import or export of electricity, the same is to be determined through the process of competitive bidding or mutual agreements or Government-to - Government negotiations. Further, in the case of tariff for the Indian portion of the Cross Border Transmission Link, it is to be determined through a process of competitive bidding or through Government-to-Government negotiations or by the Commission.

21. The Commission determines the tariff for the projects (generation project or transmission project) covered under Section 62 of the Electricity Act, 2003, in terms of the prevailing Tariff Regulations by applying prudence check.

22. It is proposed under Regulation 5(3) of the CBTE Regulations that if the concerned governments agree, the Commission may determine the transmission tariff for CBTL for the import or export of electricity after the expiry of the existing Inter-Government Agreements.

23. Accordingly following amendments have been proposed:

- (i) The words “*or by the Commission if agreed by both parties.*” shall be added in the end in the first proviso to Regulation 5(3) of the CBTE Regulations.

## **Planning and implementation of Cross Border Transmission Link (CBTL)**

24. Regulation 7(2) of the CBTE Regulations provides as under:

*“7. Planning and implementation of Cross Border Transmission Link*

*(2) The Cross Border Transmission Link between India and any neighbouring country shall be planned jointly by Transmission Planning Agencies of the two countries with the approval of the respective Governments keeping in view the future need for electricity trade between India and the neighbouring country.*

*(2) The manner of implementation of Cross Border Transmission Link between the pooling station within India till the Indian border and the implementing agency shall be decided by Government of India.*

*Provided that a participating entity having a generating station located in a neighbouring country may develop, operate and maintain the dedicated transmission system from their generating station to the pooling station within India at its own cost after obtaining all the necessary approvals from respective countries.”*

As per the above, CBTL is to be planned jointly by the Transmission Planning Agencies of the two countries after obtaining the necessary approval from the respective countries. Further, a participating entity having a generating station located in a neighbouring country may develop, operate, and maintain the dedicated transmission system from its generating station to the pooling station within India at its own cost.

25. Keeping in view the new requirements of the sector, enhancing cross border capacity, and optimal utilization of such capacity, including that of CBTL, it is proposed that CBTL can be planned and constructed in the following manner:

- (a) CBTL planned and constructed after planning jointly by transmission planning agencies of two countries with payment of charges for such CBTL as decided between Government-to-Government negotiations.
- (b) CBTL planned as a dedicated transmission line to be constructed, owned, and operated by the entity where such entity can be of the following types:
  - (i) A generating station located in neighbouring Country that wishes to connect to the Indian Grid directly through a dedicated line from the generating station till the pooling station in India.
  - (ii) A generating station located in India that wishes to connect to neighboring Country Grids directly through a dedicated line from the generating station to the pooling station in the neighbouring Country.
  - (iii) A drawee entity located in neighbouring Country who wishes to connect

to the Indian Grid directly through a dedicated line from the substation of such drawee entity to the pooling station in India.

(iv) A drawee entity located in India who wishes to connect to the neighboring Country Grid directly through a dedicated line from the substation of the drawee entity to the pooling station in the neighbouring Country.

(c) CBTL owned, constructed, and maintained by a transmission licensee, which proposes to construct such CBTL on a merchant basis and utilize the same for carrying out transactions between the Countries connected through such CBTL.

26. Under the above categories, the CBTL covered under Paragraph 25(a) of this Explanatory Memorandum is already in vogue, where the tariff is paid for the entity as agreed in Government-to-Government negotiations.

27. The CBTL covered under Paragraph 25(b) of this Explanatory Memorandum is a dedicated transmission system to be paid for by the entity that is constructing it for the purpose of injection or drawl of power by its own facility. However, in such a case, there may be a possibility that such a generating station/drawee entity has excess capacity in its dedicated transmission system. To maximize the utilisation of such transmission assets, some other entity may be allowed to transact power with Indian Grid over such spare capacity of the dedicated transmission system, for which such incumbent entity should pay the appropriate transmission charges to the entity which owns the dedicated system, corresponding to the allotted capacity of the transmission assets.

28. The CBTL covered under Paragraph 25(c) of this Explanatory Memorandum is to be constructed by an entity which, upon assessing the potential of transactions across Countries, after obtaining necessary approval from the respective country, develops, operates, and maintains a transmission line from pooling station of a neighbouring country to a pooling station in India. The participating entity which uses such CBTL shall pay transmission charges for such utilisation. Under the proposed draft Regulations, the Indian portion of such CBTL is covered with respect to the development and sharing of charges. An enabling provision for a portion of CBTL in the neighbouring country is also proposed, in case agreed by Governments of both Countries.

29. Considering the above, the existing Regulation 7 has been proposed to be amended under the Draft Regulations.

## Transmission Charges

30. The concept of PoC injection charges and PoC withdrawal charges, as provided for in Regulation 30(1) of the CBTE Regulations, have undergone a change after notification of CERC (Sharing of inter-State transmission charges and losses) Regulations, 2020 on 4.5.2020 and subsequent amendment issues on 17.2.2023 (referred to as '2020 Sharing Regulations'). The CBTE Regulations are required to be amended accordingly to incorporate the changes brought in due to the 2020 Sharing Regulations. Under the 2020 Sharing Regulations, the drawee entity is required to pay the transmission charges for the ISTS. Any injecting entity is required to furnish the Bank Guarantees as a security for achieving Commercial Operation. After such an injecting entity has declared commercial operation of its facility, it is not required to pay the transmission charges. However, if the injecting entity gets delayed beyond the date from which it sought GNA, which has become effective, such injecting entity is required to pay charges for the delayed period till it achieves COD. Accordingly, it has been proposed that transmission charges shall be paid for by the drawl entities as per the 2020 Sharing Regulations.
31. 2020 Sharing regulations do not explicitly cover the treatment of charges for CBTL, which has been included in CBTE Regulations.
32. The transmission charges for the CBTL covered under Paragraph 25(a) of this Explanatory Memorandum are recovered as per the agreed arrangement in Government-to-Government negotiations.
33. The transmission charges for the CBTL covered under Paragraph 25(b) of this Explanatory Memorandum do not form part of the ISTS charges pool under the Sharing Regulations and are to be paid for the entity constructing it. However, for the spare capacity being utilized for other entities, there is a need to have a regulated mechanism for payment of charges by such incoming entities keeping in view consumer interest. Similarly, there is a need to have a regulated mechanism for recovery of charges for CBTL covered under Paragraph 25(c) of this Explanatory Memorandum.
34. It is proposed to recover the transmission charges for CBTL covered under Paragraph 25(b) of this Explanatory Memorandum in the following manner:
  - (a) The capital cost of the Indian portion of such CBTL shall be approved by the

- Commission, and Yearly transmission charges (YTC) shall be determined for the full capacity of the CBTL. Full capacity would include quantum for dedicated transactions. The other Cross border customer(s) availing open access over such CBTL or transacting power into the Indian grid under the Collective transactions are required to pay the YTC corresponding to the capacity under open access (which will be determined on a pro-rata basis).
- (b) The transmission charges for such open access will be determined on a per-unit basis by dividing such pro-rated YTC divided by the capacity of open access granted.
  - (c) Any recovery over and above the tariff approved for the CBTL shall be shared in a ratio of 20:80 between the owner of the CBTL and entities that scheduled injection/drawl through such CBTL under the open access.
  - (d) An injecting entity that is injecting power into the Indian Grid under a bilateral transaction is not required to pay transmission charges for ISTS under 2020 Sharing regulations since transmission charges for such cases are paid for by the buying entity. However, if such injecting entity shall be transacting power in collective transactions, such entity is required to pay transmission charges for the CBTL since the buying entity for such transaction is not identified and charges for CBTL would remain unrecovered for such quantum.
  - (e) There is a possibility that the actual drawl/ actual injection by an entity may be more than the approved access quantum, thereby leading to excess utilization of CBTL by such an entity. Such an entity is required to pay charges @1.25 times the normal rate for such excess utilization.
  - (f) The recovery of charges for the excess capacity is proposed to be at a regulated rate. If transactions are less, there may be under-recovery of charges corresponding to such excess capacity for some periods and over-recovery of charges in some periods. To address such a scenario, it is proposed that such under-recovery and over-recovery shall be squared off for a period of five years, post which treatment of excess charges recovered shall be shared in a ratio of 20:80. The principle is to return back the excess charges to entities who paid these charges with some portion to be retained by the owner of CBTL.

35. It is proposed to recover the transmission charges for CBTL covered under Paragraph 25(c) of this Explanatory Memorandum in the following manner:

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- (a) The Capital cost of the Indian portion of such CBTL shall be approved by the Commission, and Yearly transmission charges (YTC) shall be determined. For the capacity booked on a dedicated basis by Participating entities over such CBTL, the YTC corresponding to such booked capacity will be paid by such Participating entity to such transmission licensee. Further, the other Cross border customer(s) availing open access over such CBTL or transacting power into the Indian grid under the Collective transactions are required to pay the YTC corresponding to the capacity under open access (which will be determined on a pro-rata basis).
- (b) The transmission charges for such open access will be determined on a per-unit basis by dividing such pro-rated YTC divided by the capacity of open access granted.
- (c) Any recovery over and above the tariff approved for the CBTL will be shared in a ratio of 20:80 between the owner of CBTL and entities that scheduled injection/drawl through such CBTL under the open access.
- (d) An injecting entity utilizing such CBTL is required to pay charges for CBTL in case it utilizes the CBTL under collective transactions.

36. Considering the above, Regulation 30(1) has been proposed to be amended as under:

“(1)

- (a) Transmission charges towards the use of ISTS of India shall be payable for drawl from Indian Grid by Cross Border Customer as per provisions of the Sharing Regulations.
- (b) The transmission charges for the Cross Border Transmission Link(s) covered under Clauses (1) and (2) of Regulation 7 of these regulations shall be payable as per Government-to-Government negotiations.
- (c) The transmission charges for the use of the Cross Border Transmission Link developed under Clause (2-i) and (2-ii) of Regulation 7 of these regulations shall be recovered as detailed in Annexure-II to these regulations.”

The detailed methodology for sharing transmission charges is proposed under Annexure-II to the Draft Regulations.

#### **D. Other Amendments**

## Treatment of delay in the Transmission system and Generation projects

37. Regulation 14 of the CBTE Regulations provides for the treatment of delay in generation projects vs transmission systems and vice versa. Considering the changed regime under the GNA Regulations and the alignment of CBTE Regulations with the GNA Regulations, amendments have been proposed in Regulation 14 of the CBTE Regulations. For GNA obtained by a trading licensee on behalf of an injecting entity located in a neighboring Country, in case of delay in achieving COD for such injecting entity, the amount of transmission charges applicable for such delayed period after the GNA has become effective have also been provided in the Draft Regulations. It is clarified that the case for GNA obtained by a generating station or a trading licensee on behalf of such generating station, where such generating station or unit thereof gets delayed, and GNA has become effective, has been covered under Regulation 14 of the CBTE Regulations. In case a buying entity located in a neighbouring country that has obtained GNA for Indian Grid or a trading licensee has obtained GNA for the purpose of a drawl from the Indian Grid on behalf of such buying entity, and such buying entity gets delayed in achieving COD or in off taking the power from /through Indian Grid, such entity which has obtained GNA shall be liable for payment of transmission charges calculated as per the Sharing Regulations for the quantum of GNA which is effective.

38. Regulation 14(3) and Regulation 14(5) are proposed to be amended as under:

*“(3) In case of delay in achieving commercial operation date of generating station or unit(s) thereof and associated dedicated transmission system in the neighbouring country beyond the scheduled date agreed in the GNA Agreement, the generator or the trading licensee which has obtained GNA for the purpose of injection into the Indian Grid under Regulation 17.1(iv) of the GNA Regulations, shall be liable to pay transmission charges as under:*

*(a) In case where augmentation has been taken up under ISTS for grant of such GNA for the purpose of injection into the Indian Grid, the Yearly transmission charges for such augmentation which has achieved COD proportionate to the quantum of GNA from the date of effectiveness of GNA till the generating station or unit thereof achieves COD;*

*(b) In the case where GNA for the purpose of injection into the Indian Grid has been granted on existing ISTS with no identified augmentation to ISTS for such GNA, the transmission charges shall be payable till the generating station or unit thereof achieves COD at 2% of T-GNA rate for the State where injection point is located in Indian Grid where GNA is granted.*

.....

*(5) In the event of delay by the transmission licensee in commissioning of transmission system within India beyond its scheduled date and the generating company is ready with its generating station or unit(s) and is not able evacuate its power due to such delay, the transmission licensee shall pay transmission charges (which such transmission licensee would have received after achieving COD) to generating company or the trading licensee on behalf of such generating company, proportionate to commissioned generation capacity in*

*case no alternative arrangement is made by the transmission licensee in consultation with CTU.*

*Provided that in case of non-payment of transmission charges by the transmission licensee to the generating company or the trading licensee, as the case may be, such charges shall be recovered by the CTU from the Contract Performance Guarantee furnished by the transmission licensee and paid to the generating company.”*

## **Access Bank Guarantee**

39. Regulation 15(1) and Regulation 15(2) provide as under:

### **“15. Access Bank Guarantee**

*(3) An Applicant seeking long term access for cross border trade of electricity shall be required to furnish to the CTU, along with the application, an Access Bank Guarantee valid for five (5) years from the date of operationalization of long term access for an amount of Rs. Five (5) Lakhs/MW corresponding to the quantum of GNA sought.*

*(4) In case the grant of long term access requires augmentation of the transmission system in India, the CTU shall intimate the cost of augmentation within ninety (90) days from the date of the month in which the application is made, and the Applicant shall furnish a fresh Access Bank Guarantee valid for five (5) years for an amount equivalent to the cost of such augmentation within one (1) month of intimation of the cost of augmentation by CTU.*

*Provided that on receipt of the Access Bank Guarantee in pursuance to above, CTU shall return the Access Bank Guarantee submitted in terms of Clause (1).”*

As per the above, an applicant seeking long term access to the Indian Grid is required to submit an Access Bank Guarantee for an amount of Rs. Five (5) Lakhs/MW and in case augmentation is required in the Indian Grid for grant of such long term access, for an amount equivalent to the cost of such augmentation.

40. Under the GNA Regulations, an Indian trading licensee has been included as an applicant for seeking GNA to Indian Grid on behalf of a Cross border entity. Such trading licensee is obtaining GNA on behalf of cross border injecting entity or drawee entity, and such GNA under the GNA Regulations is required to be aligned with the CBTE Regulations. To ensure the security for the augmentation carried out in the Indian Grid to grant GNA to the Indian trading licensee for cross border transactions, the Access Bank Guarantee is required to be furnished by the Indian trading licensee, seeking GNA for cross border transactions under the GNA Regulations. Thus, it is proposed that such trading licensee shall submit the Conn-BGs under the GNA Regulations as well as the Access Bank Guarantee under the CBTE Regulations.

41. Further, GMR Energy Limited vide letter dated 31.07.2023 to Secretary CERC submitted as under:



“ .....

- c. Pursuant to an MoU executed between Bangladesh Power Development Board (BPDB, a part of Govt. of Bangladesh), NVVN India and GMR Upper Karnali Hydropower Ltd. (GUKHL, the SPV developing the 900 MW Upper Karnali Hydropower project located in Nepal) in April 2017, the parties have negotiated, finalized and initialled a Power Supply Agreement (PSA) in April 2022. There is an urgent need to execute this PSA at the soonest.
- d. As per this PSA, in line with the provisions under (a) above, it was agreed that GUKHL, being the Participating Entity from Nepal, shall submit the application for seeking LTA and submit the required Bank Guarantee along with it.
- e. However, consequent to the Notification of the new GNA Regulations as per (b) above, it was required that NVVN, being the Trading Licensee and Indian Entity, shall submit the application for seeking Connectivity and GNA for transmission of the electricity through the Indian Grid, and also submit the required Bank Guarantee along with it.
- f. This provision has put a significant financial obligation and risk on NVVN, which is far higher than the commercial stake of NVVN in the aforementioned transaction with BPDB and NVVN (as per 'c' above). This clearly is avoidable.
- g. In order to address this concern, it may kindly be clarified that while NVVN (as Indian Trading Licensee and Indian Entity) can make the application for GNA (as per GNA Regulations), the supporting Bank Guarantees can be submitted by the Participating Entity(ies) of the Neighbouring countries with the condition that such Bank Guarantee(s), shall be unconditional and issued by any scheduled commercial bank recognized by Reserve Bank of India, in favour of CTU. This will provide necessary relief to NVVN and will help expedite the execution of the PSA.

.....”

As per the above, it has been requested that the trading licensee involved in the Cross border transactions be allowed to make the application for GNA and concerned Participating Entity(ies) of the neighbouring countries to provide unconditional Bank Guarantees issued by any scheduled commercial bank recognized by Reserve Bank of India in favour of CTU. Similar concerns and suggestions have also been raised by NVVN.

Accordingly, it has been proposed that trading licensees involved in Cross border trade may furnish the Conn-BGs and the Access Bank Guarantee (issued by any scheduled commercial bank in India recognized by the Reserve Bank of India in favour of CTU) issued by the Entity on whose behalf such trading licensee has sought GNA.

42. Considering the above, a new Regulation 15(9) has been proposed under the Draft Regulations, as under:

*“(9) In case an Indian trading licensee is making an application for a grant of GNA, it may furnish the Access Bank Guarantee issued by the Entity on whose behalf such trading licensee has sought GNA, subject to a condition that Access Bank guarantee shall be issued by any scheduled commercial bank in India recognized by Reserve Bank of India.”*

## Regulatory Compliances

43. The CBTE Regulations were notified in 2019, and since then, certain new Standards and Regulations have been notified by the Central Electricity Authority (CEA) and CERC. Accordingly, the same have been incorporated through amendments in Regulation 18(2), Regulation 21(1), Regulation 25(2), Regulation 26(6) and Regulation 31 of the CBTE Regulations.

## Transmission losses

44. The concept of PoC injection loss and PoC withdrawal loss, as provided for in Regulation 31 of the CBTE Regulations, has undergone a change after notification of CERC (Sharing of inter-State transmission charges and losses) Regulations, 2020 on 4.5.2020. The CBTE Regulations are required to be amended accordingly to incorporate the changes brought in due to the 2020 Sharing Regulations. Under the 2020 Sharing Regulations, the average all-India transmission loss is calculated for the ISTS, which is attributed to the drawee entity while scheduling the power through ISTS. Accordingly, Regulation 31 has been proposed to be amended as under:

*“In line with the provisions of Scheduling and Despatch Procedure of Grid Code and Regulation 10 of Sharing Regulations, the transmission losses shall be applied at the rate of Average all India ISTS losses for drawal schedules at the Indian end of the Cross Border Transmission Link.”*

## Coordination Between System Operators

45. Regulation 29 of the CBTE Regulations provides as under:

### **“29. Coordination Between System Operators**

*The System Operator of India (NLDC) and its counterpart in the neighbouring country shall hold six-monthly operational coordination meetings to discuss various aspects associated with the operation of the cross border interconnection(s), including any protection and commercial related issues.”*

The above provides for six-monthly operational coordination meetings.

46. It is felt that there may be a requirement to hold meetings earlier than six months, and accordingly, the words “or earlier as per requirements” are proposed to be inserted after the words “six-monthly operation coordination meetings” in Regulation 29 of the CBTE Regulations.

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