



H.P. POWER TRANSMISSION CORPORATION LIMITED

(A State Government Undertaking)

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No.: - HPPTCL/C&M/CERC/General correspondence/13549-52 Dated: - 28/2/24

To

The Secretary, CERC,
3rd & 4th Floor, Chanderlok Building,
36, Janpath, New Delhi-110001.

Subject: - Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 for the tariff period from 1.4.2024 to 31.3.2029.

Reference: - CERC letter No. L-1/236/2022/CERC Dated 30.01.2024.

Sir,

This is with reference to Draft Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2024 for the tariff period from 1.4.2024 to 31.3.2029 under reference above which objections/suggestions has been invited or on for the said draft regulation.

The comments on the said regulations on behalf of HPPTCL are enclosed as **Annexure-A**.

This is for kind consideration at your end please.

DA:- As Above

Yours faithfully,


**Dy. General Manager (C&M),
HPPTCL, Shimla-5**

Copy of above is forwarded to following for information please: -

1. Director (P&C/ Projects), HPPTCL, Shimla-05.
2. GM (C&D), HPPTCL, Shimla-05.


**Dy. General Manager (C&M),
HPPTCL, Shimla-05.**

• **Comments on Draft CERC Tariff Regulations 2024**

CERC has notified draft CERC (Terms and Conditions of Tariff) Regulations, 2024 wherein under Section 93 Conditions have been established regarding Approval process of non-ISTS line carrying Inter-State Power. In said regard it is submitted as under: -

- (i) The regulatory landscape governing the issues highlighted herein i.e. Approval Process of non-ISTS lines carrying Inter-State Power has been volatile and needs proper redressal in order to mitigate adverse impact on development of Hydro Power Plants.
- (ii) It is relevant to mention that Ministry of Power, GoI vide Office Memorandum dated 08.03.2019 has declared Hydro Power as Renewable Energy for all capacities of Hydro Power Projects in addition to earlier HEPs upto 25MW. Further, CERC (Sharing of Inter-State Transmission Charges & Losses) Regulations, 2020 has defined National Component as sum of National Component-Renewable Energy and National Component-HVDC out of which National Component-Renewable Energy is for the purpose of sharing of Transmission charges of Transmission systems developed for renewable energy projects as identified by CTU.

Now since Hydro Power is a renewable source as notified vide Office Memorandum dated 08.03.2019, thus evacuation of Hydro Power should also be part of National Component and must be declared as deemed ISTS whether developed by STU or CTU, irrespective of any criteria set in the draft Regulations,2024.

- (iii) CERC (Sharing of Inter-State Transmission Charges & Losses) Regulations, 2010 provided for consideration of an intra-State transmission system as an inter-State transmission system on the basis of percentage of power flow to be decided by RPC. It was decided in the said regulation that a transmission line shall be deemed to be utilized for inter-State purposes only if the average

utilization for inter-State purposes, as determined through studies for the 2nd and 4th quarters, exceeds 50%. However, considering 2nd & 4th quarter is unreasonable for Hydro rich States since, nature of HEPs is such that generation is maximum for the period from April to September (6 months) and minimal thereafter.

Also, it is pertinent to mention that requirement of States such as Himachal Pradesh is different from other States and hilly States, due to substantial hydro generation capacity have peak generation during April-September & transmission corridor is majorly utilised for evacuation of hydro power during said period. During minimal/low generation period (October-March), the same corridor is utilised for State drawl purpose which should be ignored for the purpose of calculation of requisite criteria of ISTS as the quantum of drawl is low and effect is considered in the calculation of quantum of allocated GNA for the purpose of transmission charges. Thus, methodology of criteria decided is irrelevant in view of fact that Hydro power is Renewable in nature and is equivalent to the rated capacity or more, during 1st two quarters of the year.

- (iv) Thus, considering peculiarity of Hydro rich States, if at all some criteria is to be made, only generation period i.e. from April to September must be considered as criteria of declaration of Transmission asset planned/constructed for evacuation of Hydro Power as ISTS and if system is majorly being used for evacuation of power to ISTS.
- (v) Hydro Power for all States must be part of National Component-Renewable Energy. However, if required in any case, if as per draft CERC Regulations 2024 some criteria is to be specified then only peak season i.e. April to September is required to be considered while ignoring minimal generation period i.e. drawl period of October to March.
- (vi) It is also added that CERC has laid out Draft Tariff Regulations, 2024 containing provisions with regard to certification of non-ISTS line carrying

ISTS power, however any such regulation should be prospective and should be applicable for projects whose investment approval is on or after 01.04.2024.

It is therefore asserted that the Transmission System whose Investment approval was before 31.03.2024 and is being developed by State Transmission Licensees (STUs) the same may be considered as part of ISTS system upon fulfilment of certain criteria as laid out by CERC. In absence of such an exemption, hydropower generators shall be forced to pay dual transmission charges.

- (vii) Ministry of Power vide Notification dated 01.12.2022 has waived off the Payment of Inter-State Transmission Charges for 18 Years from the Date of Commissioning of Hydro Projects in a bid to further realise the GoI's commitment to achieve its power requirement from Renewable Sources of Energy.

Consequently, a scenario has emerged, wherein, Govt. of India has exempted the new hydropower projects from payment of Inter-State Transmission Charges, while concurrently, some hydropower plants will have to pay dual transmission charges. This will jeopardise GoI's commitment to achieve its power requirement from Renewable Sources of Energy.

CERC through its approach paper has also acknowledged the issue of non-signing of Power Purchase Agreements (PPAs) by Distribution licensees due to higher upfront tariffs of Hydro Power Plants. CERC has also acknowledged the need to incentivize expeditious implementation of hydro projects to reduce front loading of tariffs, thus relieving the burden on the consumer.

However, on the other hand by applying these conditions retrospectively CERC has put barriers to the promotion of hydropower sector within the States. This contributes to regulatory uncertainty within the sector as the incentives provided to promote Hydro sector in the draft Tariff Regulations is outweighed by the risk of dual transmission charges.