

Ref: VL/CERC/Sept/2024/01

Date: 17.09.2024

To,
The Secretary,
Central Electricity Regulatory Commission
6th, 7th & 8th Floors, Tower B, World Trade Centre,
Nauroji Nagar, New Delhi- 110029

Ref: Public notice No. L-1/261/2021/CERC

Subject: Comments on Draft Central Electricity Regulatory Commission
(Connectivity and General Network Access to the inter-State Transmission System)
(Third Amendment) Regulations, 2024.

Dear Sir,

This is with reference to the above subject wherein Hon'ble Central Commission by way of the Notice cited under ref above dated 31.07.2024 sought comments on the Draft Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) (Third Amendment) Regulations, 2024

Thus, Vedanta Limited, Jharsuguda hereby submits comments on Draft Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) (Third Amendment) Regulations, 2024

Thanking you.

Yours faithfully,

For Vedanta Limited, Jharsuguda


(Authorized Signatory)



Comments/Inputs on Draft Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) (Third Amendment) Regulations, 2024

In reference to the above cited draft regulation issued by Hon'ble CERC for grant of connectivity and General network access to the inter-State Transmission System) (Third Amendment) Regulations, 2024 we submit our comments as under:

After implementation of the Electricity Act, 2003 and Open Access in Inter-state Transmission System (ISTS), for development of a robust transmission system in the country, the Commission in 2004 framed Regulations on Open Access in inter-state transmission system which were modified in 2009 through the Central Electricity Regulatory Commission (Grant of Connectivity, Long-term Access and Medium term Open Access to the inter-State Transmission and related matters) Regulations, 2009 (Connectivity Regulations). The Commission also notified regulations such as Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010 (Sharing Regulations) and Central Electricity Regulatory Commission (Grant of Regulatory Approval for execution of Inter-State Transmission Scheme to Central Transmission Utility) Regulations 2010.

In the above context, it is stated that CERC proposed the concept of General Network Access. Further, Hon'ble CERC invited suggestions and comments from all stakeholders on the said draft regulation and accordingly has notified GNA Regulations, 2022 and subsequently amended the principal regulation vide Connectivity and General Network Access to the inter-State Transmission System (First Amendment) Regulations, 2023 and second amendment on 19.06.2024.

Further, Hon'ble CERC has come up with the draft (Connectivity and General Network Access to the inter-State Transmission System) (Third Amendment) Regulations, 2024.

We appreciate the consistent efforts taken by Hon'ble Commission in order evolve the connectivity regulations in an easier way to implement the mandate of the Electricity Act, 2003 with respect to open access.

We are hereby submitting our following comments on draft regulations:

S.No.	Draft Regulation	Stakeholder's Comments	Rationale
1.	<p>a. Amendment to Regulation 5.1 (Clause 6 of the Draft Third Amendment Regulations),</p> <p>b. Amendment to Regulation 5.6 (Clause 8 of the Draft Third Amendment Regulations),</p> <p>c. Amendment to Regulation 8.3 (Clause 12 of the Draft Third Amendment Regulations),</p> <p>d. Amendment to Regulation 12.5 (Clause 22 of the Draft Third Amendment Regulations),</p> <p>e. Amendment to Regulation 17.1 (Clause 25 of the Draft Third Amendment Regulations),</p> <p>f. Amendment to Regulation 25.1 (Clause 32 of the Draft Third Amendment Regulations).</p>	<p>We highly appreciate the changes brought to these regulations vide the Draft Third Amendment Regulations, 2024</p>	

2.	<p>29. Amendment to Regulation 23 of the Principal Regulations:</p> <p>“29.1.A new Regulation 23.3 shall be inserted below Regulation 23.2 of the Principal Regulations as under:</p> <p>“23.3 NLDC shall make a web portal where a list of GNA grantees with their GNA quantum shall be displayed. The GNA Grantees shall be able to indicate the GNA quantum, dates, and time blocks for which such quantum can be made available, for use by other GNA grantees. GNA grantees who wish to use the GNA of another GNA grantee shall also be able to indicate their requirement of GNA quantum along with dates and time blocks for which such quantum is required.”</p>	<p>A clarification is required as follows:</p> <p>Whether the GNA grantee (<i>who offered its GNA in part to other GNA grantee</i>), will be allowed to utilize its balance GNA quantum on same dates for which the other GNA grantee has been allowed to use the offered GNA quantum?</p>	
3.	<p>33. New Regulation 25.4</p>	<p>As per GNA regulation clause 25.1 “(e)</p>	

	<p>33.1 A new Regulation, namely, Regulation 25.4, shall be added after Regulation 25.3 of the Principal Regulations as under:</p> <p>“25.4 The transmission charges for the last billing month under the Sharing Regulations to be considered for the purpose of relinquishment charges under Regulation 25.1 of these regulations shall be the transmission charges calculated under Clause (1)(a) of Annexure-III to the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020.</p>	<p>Relinquishment charges shall be paid one month prior to effective date of relinquishment failing which relinquishment shall not be effective.”</p> <p>In view of the above regulation wherein an entity is mandated to pay the relinquishment charges prior to effective date of relinquishment of GNA, a clarification is required regarding the consideration of the last billing month. Whether the last billing month will be the month in which relinquishment of GNA will be sought?</p>	
4.	<p>Amendment to Regulation 10.5 of the Principal Regulations:</p> <p>16.1. Regulation 10.5 of the Principal Regulations shall be substituted as under:</p> <p>“10.5 Where Connectivity is</p>	<p>The proposed changes in the Regulation 10.5 of principal regulation is as follows:</p> <p>“10.5 Where Connectivity is granted at a proposed ISTS sub-station, the Nodal Agency shall confirm the</p>	<p>The original clause limits the distance of ISTS sub-station within a radius of 5 kms and if the said limit is removed, it may lead to a possibility of grant of connectivity beyond 5 kms which may potentially increase the cost of construction and maintenance of dedicated transmission line.</p>

	<p>granted at a proposed ISTS sub-station, the Nodal Agency shall confirm the final coordinates within 2 months of award of contract for construction of such ISTS substation.”</p>	<p>final coordinates <i>nearer to the generating station</i> within 2 months of award of contract for construction of such ISTS substation.”</p>	
5.	<p>Amendment to Regulation 36.1 of the Principal Regulations:</p> <p>37.1. The proviso to the Regulation 36.1 of the Principal Regulations shall be substituted as under:</p> <p>“Provided that in case of constraint in the transmission system within the region, the available transmission corridor shall be allocated to the GNA grantees in proportion to their total GNA, and in case of constraint in the transmission system outside the region, the available transmission</p>	<p>We humbly request the Hon’ble CERC to remove the bifurcation of GNA between GNA outside the region and GNA within the region for bulk consumers (having captive generating plant) as it is difficult for them to plan the source of power beforehand, in the instance connectivity has been sought with the underlying principle of security, RPO fulfilment, and rationalization of power cost.</p>	

	<p>corridor shall be allocated to the GNA grantees in proportion to their GNA from the outside region and the GNA grantee shall be eligible to schedule power under any contract within such allocated transmission corridor.”</p>		
6.	<p>35. Amendment to Regulation 26.2 of the Principal Regulations:</p> <p>35.1.A proviso shall be added under Regulation 26.2 of the Principal Regulations as under:</p> <p>“Provided that the entity covered under clause (ii) of Regulation 26.1(a) may seek T-GNA maximum up to 30% of the GNA granted.”</p>	<p>It is proposed that the clause 26.2 of the principal regulation shall be kept as per existing regulation and need not require any amendment accordingly GNA grantee shall be eligible to apply for T-GNA as per principal regulation.</p>	<p>It is humbly submitted that a Permanent/mandatory GNA is not essential/required for a bulk consumer with inter-connected captive generation (referred to as “Bulk Captive Load”) on the basis of the following reasons:</p> <ul style="list-style-type: none"> ➤ The number of Bulk Captive Load consumer connected to CTU in India are very limited. ➤ These Bulk Captive Load Consumer are mainly into the business of metal refining, smelting, etc. wherein the dependency on power as a raw material is extremely high, along with its high demand. Factors like energy security, cost effectiveness, sourcing green power and regulatory compliance (RPO) are the major drivers for obtaining connectivity with CTU.

			<ul style="list-style-type: none">➤ Under the earlier regime, i.e., Connectivity Regulations 2009 and the OA Regulations 2008, connectivity and open access (LTOA/ MTOA/ STOA) could be separately availed. Accordingly, as an industry, a Bulk Consumer was taking STOA for its open access transactions, subject to availability of transmission corridor.➤ Under Sections 38(2)(d) and 42(2) of the Electricity Act 2003, Open Access is a choice provided to the consumers, which means that a Bulk Consumer is free to avail such access as per its requirements.➤ Connectivity to the Grid/ transmission corridor ensures the power security to a Bulk Consumer, such as Vedanta Limited which has Aluminium Smelters, especially in case of emergency/ forced outages of captive generation. Thus, the power requirement for such consumers (<i>Vedanta in the present case</i>) is intermittent and the quantum can vary .➤ Under GNA Regulations 2022, a drawee entity
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			<p>(including a Bulk Consumer) is eligible to apply for GNA, which, if granted, includes connectivity. This is with the premise that a drawee entity connected to the ISTS shall be continuously drawing power to meet its requirement. which is correct in case of Distribution Licensees which have tie ups with Inter State Generating stations (Both Public and Private).</p> <p>However, this does not hold true for a Bulk Consumer which has its own captive generation and requires power from third parties only on an intermittent basis.</p> <p>➤ It is submitted that under the regulation many Captive Users (Bulk Consumers) who have setup Captive Generators are seeking GNA primarily for availing mandated share of green power of their captive consumption in compliance of Renewable Purchase Obligations. It is noteworthy that RE power is intermittent and the best available CUF with</p>
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			<p>hybrid technology is up to 35% to 45% of the installed capacity. Consequently, during the hours when RE power is not generated, the consumer is not able to utilize the full GNA quantum therefore the consumers ought to be allowed to utilize the T-GNA.</p> <ul style="list-style-type: none">➤ Therefore, the proposed cap of availing T-GNA to the extent of 30% of GNA is arbitrary for a Bulk Consumer. Since, as per Regulation 40.1, only drawee entities have to pay transmission/ GNA Charges, a Bulk Consumer may not avail GNA for a higher quantum as the same would entail mandatory transmission charges and would instead wish to avail T-GNA for a higher quantum, even more than the GNA. The said T-GNA ought to be permitted to be availed by Bulk Consumers, subject to availability of transmission corridor.➤ The purpose of EA 2003, especially the provisions related to open access, are for enabling cost effective and continuous supply
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			<p>of power to consumers. By capping T-GNA quantum, the draft regulations are coercing Bulk Consumers to avail a greater quantum of GNA, whether they need it or not, so that the T-GNA quantum can be increased. However, since Regulation 40.1 of the GNA Regulations entails only drawee entities to pay transmission/ GNA charges, the increased quantum of GNA will burden the Bulk Consumers with such mandatory charges. This is counter productive to the intent of the EA 2003, which is to freely promote open access and be non-onerous.</p> <p>In the above sense, the draft regulations are contrary to the law laid down by the Full Bench (3 Judges) of Hon'ble APTEL in Judgment dated 05.07.2007 in Appeal Nos. 169,170,171,172 of 2005 & 248 and 249 of 2006 passed in RVK Energy Pvt. Ltd. v. Central Power Distribution Co. of Andhra Pradesh Ltd. & Ors. (<i>para 24-44</i>). The said Judgment culls out the purpose for which open access was introduced under the</p>
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			<p>EA 2003, and that the same should not be made onerous so as to unnecessarily burden the consumers.</p> <ul style="list-style-type: none">➤ Bulk consumers specifically Aluminium Industries who are having subcritical units of 600 MW and more for the captive use in Aluminium Smelter needs to schedule bulk power under Open Access during the outage of captive units wherein the sudden power requirement will be in the range of 500 MW to more than 1200 MW. Therefore, sufficient T-GNA (<i>atleast up to 100% of GNA</i>) is highly critical to meet such contingencies to save the production. Ideally, there should not be a cap on availing T-GNA.➤ During unprecedented situations such as coal crisis, water crisis, Captive bulk consumers will have to avail power through Open Access under T-GNA mode. <p>In view of the above it is requested to kindly consider removing the cap for availing T-GNA</p>
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			altogether. It is also suggested to propose a separate category for captive bulk consumer.
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Place: Bhubaneswar

Date: 17.09.2024

Amal Kumar
Authorized Signatory

