

Ref: IGT/R&C/2024-25/36

Date:06/05/2024

To,
The Secretary
Central Electricity Regulatory Commission,
New Delhi- 110001

Kind Attn: Shri Harpreet Singh Pruthi

Sub: Comments/Suggestion on Draft Central Electricity Regulatory Commission (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations, 2024

Ref: Public Notice: No. L-1/271/2024/CERC Dated: 4th April, 2024

Respected Sir,

Comments/suggestion were invited from the stakeholders in reference to “**CERC (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations, 2024**” vide the above public notice. IndiGrid (on behalf of all of its SPV) as a transmission licence and direct stakeholder is eager to provide its comment, keeping in view the far-reaching consequences of the draft regulation. Our comments/suggestions are enclosed in Annexure-I.

We, therefore, request Hon'ble commission to kindly consider our comments while finalizing the draft regulations.

Thanking you,

Yours sincerely



Lokendra Singh Ranawat
Head- Regulatory Affairs
IndiGrid

Annexure-I: Comments/Suggestions

Sl.No	Clause as per Draft Circulated	Proposed Suggestive Changes by IndiGrid	Rationale
1	<p>21 (1) Operation and maintenance (O&M) allowed for the year 2023-2024 shall be escalated by 5.25% every year to arrive at permissible operation and maintenance expenses for each year of the control period 2024-2029.</p> <p>22 (1) Human Resource Expenses allowed for year 2023-2024 shall be escalated by 5.25% every year to arrive at a permissible Human Resource expenses for each year of the control period 2024-2029.</p>	<p>21 (1) Operation and maintenance (O&M) allowed for the year 2023-2024 shall be escalated by 5.0% every year to arrive at permissible operation and maintenance expenses for each year of the control period 2024-2029.</p> <p>22 (1) Human Resource Expenses allowed for year 2023-2024 shall be escalated by 5.0% every year to arrive at a permissible Human Resource expenses for each year of the control period 2024-2029.</p>	<p>The O&M and HR expenses has increased from 4.77% to 5.25% compared to previous control period i.e. (10% increase in O&M expenses escalation rate.)</p> <p>It may be kindly noted that the average inflation rate for FY 23 is 5.66% (as per Ministry of Statistics and Programme). However, there is a significant increase in O&M escalation rate i.e. almost doubled the inflation rate.</p> <p>Further, The Government of India has already implemented the 7th pay commission for all the govt employee so escalation of 5.25% for HR expenses is not tenable.</p> <p>Therefore, it is requested to Hon'ble commission to consider the O&M escalation rate to be 5.0% and Human resource expense escalation same as previous control period i.e. 4.77%</p>
2	<p>25 (1) The distribution licensees, Bulk Consumers, and inter State transmission licensees shall pay</p>	<p>25 (1) The distribution licensees, Bulk Consumers, and inter State transmission licensees shall pay non-refundable one-time registration fees of Rs.10</p>	<p>Hon'ble Commission while finalizing the tariff regulation for 24-29, the ROE for transmission licence business has been reduced from 15.5% to 15%, and same has been approved to</p>

SI.No	Clause as per Draft Circulated	Proposed Suggestive Changes by IndiGrid	Rationale
	non-refundable one-time registration fees of Rs.15 Lakh along with application for commencement of grid access:	Lakh along with application for commencement of grid access.	<p>15% in the final regulation however, the one-time fees has been increased from 10 lakh to 15 lakh. This will create a hindrance for the investment in the infrastructure sector, while Govt of India has set an ambitious target to achieve the renewable energy evacuation of 500 GW till 2030.</p> <p>Therefore, hon'ble commission may consider the one-time transmission fees of 10 lakh i.e. same as earlier.</p>
3		<p>New Inclusion: The percentage increase in annual RLDC Fees & Charges has increased by 4 times as charges as compared the earlier computation methodology i.e. for the Control period 2014-19. The unprecedented increase in annual RLDC fees & charges due to change in computation methodology shall be waived off / reimbursed for transmission licensees awarded through competitive bidding. The comparison of Formulae that have been used in the previous regulations has been provided as Annexure-II.</p>	<p>Transmission projects awarded under TBCB route are adversely impacted because of this unprecedented increase in the sharing philosophy that has been provided in the proposed draft regulations. This provision should be modified in such a manner that the TBCB licensee that have attained commissioning in previous RLDC Regulation Regimes are allowed to pay the RLDC charges based on the methodology provided in respective period in which the projects were being bid.</p>



Annexure – II: Formula Comparison

Control Period	Assumed Approved Annual LDC Charges (ALC)	Computation as per the Regulation	Annual LDC Charges (in crores) for TL
2009-14	100	1. Annual charges towards system operation function shall comprise 80% of the annual charges 2. Collection of SOC for ISTS Licensee - 10% of SOC	8.00
2014-19	100	$SOC(Transmission) = (10\%)[70\% \times AFC/(Ckt_Km)]/12$	7.00
2019-24	100	$(1/3)[ALC/(Ckt_Km)]/12$	33.33
2024-29	100	1. Transmission $(1/6)[ALC/(Ckt_Km)]/12$ 2. Transformation Capacity $(1/6)[ALC/(Ckt_Km)]/12$	33.33

