



KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under the Indian Companies Act, 1956)

TARIFF AND REGULATORY AFFAIRS CELL

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KSEBL/TRAC/CG/ Tariff Reg 2024-29/2023-24/

11.11.2024

To,

Secretary

CENTRAL ELECTRICITY REGULATORY COMMISSION

3rd & 4th Floor, Chanderlok Building, 36, Janpath, New Delhi -110 001

Sir,

Sub: Draft Central Electricity Regulatory Commission (Sharing of inter State Transmission Charges and Losses) (Fourth Amendment) Regulations, 2024 – KSEBL Remarks - Reg.

Ref.: - CERC Public notice File No L-1/250/2019/CERC dated 09.10.2024.

Kind attention is invited to the Draft Central Electricity Regulatory Commission (Sharing of inter State Transmission Charges and Losses) (Fourth Amendment) Regulations, 2024 notified by Hon'ble Commission vide reference.

As per the draft regulation amendment to Regulation 13 of the principal regulation, CERC has proposed waiver of interstate transmission charges for REGS or RHGS based on wind or solar source or Hydro PSP, ESS etc. The draft regulation also proposes waiver of interstate transmission charges to Green Hydrogen or Green Ammonia Plant. On this it is submitted that,

1. The waiver of Transmission charges for the electricity generated from the RE sources, as applicable to the drawee DIC is allowed as per the methodology specified in the Annexure-III of the 1st Amendment to Sharing Regulations, 2023.
2. The Central Transmission Utility (CTU) has implemented the billing of

transmission charges to the Designated ISTS Consumers (DICs) and has also initiated the waiver of transmission charges applicable to the drawee DICs starting from October 2023.

3. By allowing the waiver of inter-state transmission charges, normally CTU has to face short recovery of inter-state transmission charges. However, it is noticed that, the CTU has been recovering the amount of waiver of Inter-State transmission charges from the drawee DICs in proportion to the respective GNA/ GNARE.
4. At the same time, it is noted that, there is no explicit provisions in the CERC (Sharing of Inter State Transmission Charges and Losses) Regulation, 2020 and its first amendments in 2023 for recovering the amount of such waiver from the drawee DICs.
5. However, it appears that the PGCIL/CTU has relied on the paragraph (1)(f) of the Annexure-III to 1st amendment of the sharing Regulations, 2023, for recovering the waiver from the drawee DICs including DISCOMS. The relevant paragraph in the annexure-III of the Regulation is extracted below.

"(f) The first bill shall be sum of transmission charges as calculated at sub-clause (d) of this Clause and amount arrived at by apportioning the total amount of waiver as arrived under sub-clause (e), in proportion to transmission charges of each drawee DIC calculated as per sub-clause (d) of this Clause, and shall be used for billing under subclause (b) of Clause (2) of Regulation 15."

6. It is submitted that, KSEBL an incumbent licensee of the State of Kerala, is also charged by CTU for recovering the waiver amount in transmission charges.
7. The share of transmission charges payable by KSEBL for the nine months from October, 2023 to June, 2024, based on the GNA allocated is Rs. 902.56 Crore. However, the actual amount billed to KSEBL during the said period was Rs 947.43 Crore, which includes Rs 67.21 Crore billed for recovery by CTU against the waiver of transmission charges allowed to RE projects. As above, the actual transmission charges payable by KSEBL increased by Rs 44.87 Crore (about 5%) during the last nine months from October, 2023 to June, 2024, over the amount actually payable to the CTU for recovering the

approved Transmission Charges by the Central Commission in proportion of the GNA allotted.

8. The additional liability due to the waiver for the DICs/DISCOMs in the RE rich States could be much higher, since they mostly meet their RPO requirements from the sources within the State. As more RE power plants are likely to be commissioned and connected to the Inter-State Transmission system till 30th June, 2025, the percentage of waiver of transmission charges may increase further in the coming months.
9. It is also noted that, in the coming months, the cost of waiver of inter-state transmission charges and the unjust burden to be shared by DISCOMs as per the present methodology followed by CTU could increase substantially, due to the huge RE capacity addition and Green Hydrogen production, targeted to be connected to the inter-State transmission system, and are eligible for the waiver.
10. In the above circumstances, this Hon'ble Commission may kindly direct the CTU to stop recovering the cost of waiver of transmission charges allowed to RE projects from the DISCOMs and other DICs. Also amend the paragraph (1)(f) of the Annexure-III to 1st amendment of the sharing Regulations, 2023.
11. It is submitted that, the above said point may be considered while finalising the regulation.

Sd/-

Chief Engineer
Commercial & Tariff