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(भारत सरकार का एक नववर्त्त उद्यम)
NHPC Limited
(A Government of India Navratna Enterprise)

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NH/Comml./Tariff/29/2024/1179

11.11.2024

The Secretary
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New Delhi- 110 029
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Sub:-Comments on draft Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) (Fourth Amendment) Regulations, 2024 - Reg.

Ref:- Public Notice No L-1/250/2019/CERC dated 09.10.2024

Sir,

In reference to above public notice dated 09.10.2024, the comments / suggestions / objections of NHPC on the draft CERC (Sharing of Inter-State Transmission Charges and Losses) (Fourth Amendment) Regulations, 2024 are enclosed for further necessary action. The comments / suggestions / objections have been uploaded through SAUDAMINI portal under 'e-Regulation'.

Thanking You,
Encl: As above

Yours Sincerely,

(Ranjeet Thakur)
General Manager (Comml.)

स्वहित एवं राष्ट्रहित में ऊर्जा बचाएं / Save Energy for Benefit of Self and Nation
बिजली से संबंधित शिकायतों के लिए 1912 डायल करें / Dial 1912 for Complaints on Electricity
CIN: L40101HR1975GOI032564

Power Behind Green Power

Comments of NHPC on draft Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) (Fourth Amendment) Regulations, 2024

Hon'ble Commission has issued draft Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) (Fourth Amendment) Regulations, 2024. In the draft amendment, CERC has amended Regulation 12 and 13 of CERC Sharing Regulations 2020 and amendment thereof. The Comments/ suggestions/ observation of NHPC on draft fourth amendment are as under:

1. Waiver of ISTS Charges for Hydro Power Plants

Hon'ble CERC has proposed amendment in Regulation 13(2)(e) of CERC Sharing Regulations as under:

Quote

"(5) The words 'on or after 1.12.2022 but' shall be added after the words "(b) construction work is awarded" in sub-clause (e) of Clause (2) of Regulation 13 of the Principal Regulations."

Unquote

After incorporation of the amendment, the principal regulation shall be modified as under:

"(e) Hydro generating station where (a) PPAs are signed on or after 1.12.2022 but on or before 30.06.2025 and (b) construction work is awarded on or after 1.12.2022 but on or before 30.06.2025 shall be considered for waiver of transmission charges under this Regulation, for a period of 18 years from the date of COD of the hydro generating station."

This means that in case of hydro generating station both the signing of PPA and award of work should be on or after 1.12.2022 and should be before 30.06.2025.

Regulation 13(2)(e) has been added in the Principal Regulations vide First Amendment after issuance of order dated 01.12.2022 by MoP vide which waiver of ISTS Charges has been extended to Hydro power plants. The extract of the order has been reproduced as under:





Quote

"Subject: Waiver of ISTS charges for transmission of power from Hydro Power Plants.

This is in continuation to this Ministry's Orders No. 23/12/2016-R&R dated 23.11.2021 and dated 30.11.2021 regarding Waiver of inter-state transmission charges on transmission of the electricity generated from solar and wind sources of energy.

2. Large Hydro Projects (>25 MW) have been declared as Renewable Energy sources vide MoP O.M. no 15/2/2016-H-(Pt.) dated 08.03.2019. With a view to encourage faster capacity addition of hydro power projects, the following is notified in accordance with sub-rule 12 of rule 5 of the Electricity (Transmission System Planning, Development and Recovery of Inter-State Transmission Charges) Rules, 2021:

*(i) No ISTS charges shall be levied for the transmission of power from Hydro Power **Projects where construction work is awarded and PPA is signed till 30.06.2025.***

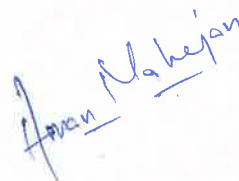
(i) ISTS charges shall be levied for transmission of power from Hydro Power Projects where construction work is awarded and PPA is signed after 30.06.2025 as per the following trajectory:

S. No.	Award of construction work + Signing of PPA	ISTS charges
1	01.07.25 to 30.06.26	25% of applicable ISTS charges
2	01.07.26 to 30.06.27	50% of applicable ISTS charges
3	01.07.27 to 30.06.28	75% of applicable ISTS charges
4	from 01.07.28	100% of applicable ISTS charges

(i) The waiver/or concessional charges as shown in table above shall be applicable for a period of 18 years from the date of commissioning of the hydro power plants.

(iv) The waiver shall be allowed for Inter-state transmission charges only and not losses.





(v) *The waiver would be made applicable from prospective date. **No waiver would be provided to the capacity where PPAs have already been signed.***

3. *This issues with the approval of Competent Authority."*

Unquote

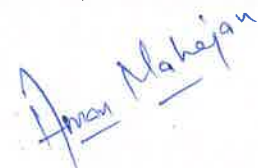
From reading of the order, it can be seen that 100% waiver of ISTS charges is applicable on projects where construction work is awarded before 30.06.2025 and the capacities for which PPAs are signed between 01.12.2022 (i.e. the date of MoP notification) and before 30.06.2025. Further, as per Clause (v) of the order the waiver has been made applicable from prospective date in terms of signing of PPA only. Thus, the interpretation of MoP order is clear that the waiver of ISTS Charges is applicable for the project for which PPAs have been signed on or after 01.12.2022 but on or before 30.06.2025 and work has been awarded on or before 30.06.2025.

It is pertinent to mention that this has been the interpretation of Hon'ble CERC before the draft amendment.

In respect of plants which should be allowed waiver of ISTS Charges, attention of Hon'ble CERC is drawn towards MoP O.M. no 15/2/2016-H-(Pt.) dated 08.03.2019. '08.03.2019' is the date when Large Hydro Power Projects (>25 MW) have been declared under as renewable sources of energy. In the order dated 08.03.2019, Ministry of Power introduced Hydropower purchased obligation. The HPO benefit has been granted to projects which are commissioned after 08.03.2019. **NHPC is of the view that as HPO benefits has been linked with COD of the plant. Similarly, waiver of ISTS charges should also be linked with COD of the plant.** Therefore, plants which been commissioned on or after 01.12.2022 should be extended the benefit of waiver of ISTS charges subject to that these plants meet other conditions i.e. signing of PPA on or after 1.12.2022 but on or before 30.06.2025 and award of construction work on or before 30.06.2025.

It will be pertinent to mention that these measures have been introduced to make hydro projects viable so that PPA of these projects which are to be commissioned can be signed. Therefore, linking waiver of ISTS charges with award of work after 01.12.2022 shall make the under-construction projects which are about to be commissioned unviable.





In view of above, Hon'ble Commission is requested to amend the Regulation 13(2)(e) as under:

*“(e) Hydro generating station **which have been commissioned on or after 01.12.2022** where (a) PPAs are signed on or after 1.12.2022 but on or before 30.06.2025 and (b) construction work is awarded on or before 30.06.2025 shall be considered for waiver of transmission charges under this Regulation, for a period of 18 years from the date of COD of the hydro generating station.”*

2. Addition of new sub-clause (h) under Clause (2) of Regulation 13 of the Principal Regulation

Hon'ble Commission has added new sub-clause (h) under Clause (2) of Regulation 13 of the Principal Regulation as under:

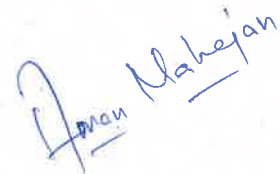
Quote

“(h) Any REGS based on wind or solar source which is eligible for a waiver of inter-state transmission charges under Regulation 13(2) of these regulations and is having its scheduled date of commissioning on or before 30th June 2025 is granted extension of time to achieve COD by the competent authority in terms of the Power Purchase Agreements (where PPA has been entered into with, a Renewable Energy Implementing Agency or a distribution licensee or an authorized agency on behalf of distribution licensee, consequent to tariff based competitive bidding) or the Commission (for cases other than specified PPA, on an appropriate application made by the entity), on account of any Force Majeure event including non-availability of transmission or for reasons not attributable to the REGS, and the project achieves COD before the extended date, it shall be eligible for a waiver of inter-state transmission charges as if the said REGS had achieved COD on 30.6.2025:

Provided that, for the purpose of this Clause, such extension shall not exceed a period of six months at a time and not more than two times.”

Unquote

In the proposed amendment, the waiver of ISTS charges shall be allowed if the extension does not exceed a period of six months at a time and not more than two times. However,



there is no clarity as from where the extension shall be considered. Whether, it is from original SCOD of the project or from 30.06.2025.

It is pertinent to mention that many RE projects have been stranded from last few years due to various reasons such as GIB, non-availability of transmission corridor or any other force majeure event. Time extension has been granted to these projects from time to time if the delay is beyond the control of the developer. Therefore, if the extension of 1 year for waiver of ISTS charges is taken from original SCOD, then waiver of ISTS charges shall not be applicable for most of the projects which has been one of the bases for signing of PPAs.

In view of above, it is requested to kindly consider extension of 6 months to be provided up to two times for waiver of ISTS Charges from 30.06.2025 i.e up to 30.06.2026.