MINUTES OF THE THIRD MEETING OF THE COORDINATION FORUM HELD ON 9TH JUNE,2009 AT 1500 HRS. IN THE CONFERENCE HALL OF CERC, NEW DELHI

List of participants is attached as Annexure-I

Dr. Pramod Deo, Chairperson, CERC was in Chair.

1) **Review of discussions/decisions held in the meeting on 12th August, '08.**

i) The Forum was apprised that CERC had decided to undertake a comprehensive revision of IEGC wherein the grid standards notified by CEA would also be duly considered.

ii) It was felt that in case of long term open access, the applicant may be asked to indicate the States in a region and the capacity proposed to be supplied to each of the State. However, the applicant would have freedom to change state-wise allocation and this would be accommodated subject to transmission capacity being available. In case transmission capacity is not adequate, a 30 month period would be allowed to the transmission service provider for providing last mile connectivity.

iii) Accordingly, CEA advised that in the LTOA Regulations to be issued by CERC, connectivity and open access should be desegregated.

iv) It was noted that Ministry of Power is in the process of finalizing the rules enabling construction of dedicated transmission line by a group of generating companies through SPV mode in which such generating companies would have equity participation.

2) **Review of the decisions/discussions held in the meeting held on 13th January, 2008**

i) On the issue of further narrowing the frequency band, CEA was of the view that

(a) CERC has recently narrowed the frequency band by 0.2 Hz (each on lower and higher end) and we should fully assess its impact before proceeding further, particularly because in a shortage scenario further narrowing down could result in more load shedding and hardship to the consumers.

(b) CEA observed that huge generating capacity of 80,000 MW was under construction and hopefully power situation should ease by 2011-12. That would be the appropriate time for contemplating further narrowing the frequency band.

(c) CEA pointed out that original frequency range of 49.0 – 50.5 specified in the IEGC was based on the concept of voluntary response of self-despatched entities. In order to effectively move towards narrowing the frequency range, the system operators should be directed to despatch (i) unrequisitioned power of generating stations in operation and (ii) to enter into capacity contracts for

summoning additional power, and charge it appropriately to the over-drawing utilities.

(d) CEA explained that for operating the grid in a narrow frequency band, it would be imperative to introduce automated generation control and a scheme for financially compensating the generating stations who provide frequency response by automatically picking up/reducing generation.

On the other hand, it was felt by some of the Members of the Forum that the available data regarding load shedding did not establish any co-relation between the narrowing down of frequency range and increase in load shedding. They felt that the time was opportune for further narrowing down the frequency with the objectives of proper grid discipline and improved quality of supply.

The forum also discussed the instances of congestion in inter-State grid being reported by the power exchanges. The forum felt that analysis of actual data was necessary for arriving at any conclusion regarding increase in congestion in inter-State grid.

In the light of the above discussion, it was agreed that the system operator would be requested to make presentations in the next meeting of the Forum on (a) instances of congestion if any, in the inter-state transmission system (b) the need and various aspects for further narrowing down the band for permissible frequency range from 49.2 Hz to 49.5 Hz to 50.3 Hz.

ii) The potential difficulties in transmission planning on account of uncertainty regarding actual drawal point of power being reserved by the resource rich states like Orissa and Chhattisgarh as a condition of MOUs for new generating station, were discussed in detail. The following three points emerged :

a) if such power is obtained by the State Government, there could be a possible of dominance in power markets and the Regulatory Commissions will not be in a position to intervene in view of the fact that such State governments would neither be generating station nor licensees.

b) FOR may deliberate the feasibility of SERCs directing the utilities to procure adequate power and come out with Case-1 bid quickly so that the procurement is finalized and in the process power projects are able to achieve financial closures and adequate transmission is planned and provided for LTOA applicants..

c) Ministry of Power may also take up this subject with the States for (i) accelerating the procurement process under Case-1 procurement and (ii) persuading the States not to put such conditions in MOU which would cause difficulties in planning of transmission system and regulation of power markets.

iii) In view of the fact that in future there would be multiple transmission service providers (coming through competitive bidding) as part of the inter-State grid, it was agreed that we should move towards centralised collection and disbursement of inter-State transmission charges.

3) **Agenda Item No. 3 : Issues in transmission planning etc.**

i) It was felt that despite shortages procurement of power by Discoms through competitive bidding (Case-1) was proceeding at a slow pace resulting in difficulty in transmission planning

ii) Even cases where the Discoms have procured power from IPPs under long term PPAs, the States were not developing the state grid in time to receive the contracted power.

iii) Master Plans for transmission system have to be changed when the States do not develop matching intra-state transmission system in time for evacuating power.

iv) It was felt that as per tariff policy the focus of the States should now shift to procurement of power through competitive bidding rather than investing in setting up their own generating stations, and money saved could be optimally utilized in upgrading the transmission and distribution systems in which private sector is not investing.

v) There was a consensus that if RPCs hold up concurrence to transmission system augmentation for unduly long time the nodal agency (CTU) should approach CERC for approval and undertake execution of transmission line accordingly. CERC may consider making suitable provision in LTOA Regulations.

vi) M/s Adani suggested that CTU should extend the interstate transmission system upto the large sized IPPs in the same way as is being done for CPSU owned power plants. It was pointed out that in the case of CPSU's, they were generally Regional projects and as such all the States in the Region had shares in the projects and there were no issue in sharing of transmission costs by the beneficiaries from the system. In case, where CPSU's were developing merchant plants/dedicated gas projects, they were required to construct their own dedicated lines up to Regional grid point (i.e. Jhajjar, Dadri Extn.) as was the case with IPPs. While laying down the Regulations for LTOA, CERC may like to ensure level playing field.

vii) Adani Power Ltd. Suggested that more number of IPPs should be invited to the Forum meeting for better appreciation of the difficulties being faced by the IPPs in getting connectivity and Open Access.

The meeting ended with a vote of thanks to the Chair.

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Annexure-I

LIST OF PARTICIPANTS

1. Dr. Pramod Deo, Chairman, CERC
2. Shri R. Krishnamoorthy, Member, CERC
3. Shri S. Jayaraman, Member, CERC
4. Shri Rakesh Nath, Chairman, CEA
5. Shri G. B. Pradhan, Addl. Secretary, MOP
6. Shri S. K. Chaturvedi, CMD, POWERGRID
7. Shri V. Ramakrishna, Member(Power System), CEA
8. Shri Alok Kumar, Secretary, CERC
9. Shri I. J. Kapoor, Dir.(Comml.), NTPC
10. Shri R. K. Madan, Director, Adani Enterprises Ltd.
11. Shri S. K. Soonee, Exec. Dir.(SO), POWERGRID
12. Shri D. Chowdhury, ED(Engg.), POWERGRID
13. Shri Ashok Pal, DGM(Engg.), POWERGRID
14. Shri Pankaj Kumar, GM(Engg.-SEF), POWERGRID
15. Shri M.K. Agrawal,Ch.Manager, POWERGRID
16. Shri A.B.L. Srivastava, Director(F),.NHPC
17. Shi M.S. Babu, ED,NHPC
18. Shri R.K. Gupta, GM,NHPC