

CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI

Coram: Dr. Pramod Deo, Chairperson
Shri V.S.Verma, Member
Shri M.Deena Dayalan, Member

No. L-1/44/2010-CERC

Date of Order: 29.6.2011

In the matter of

Approval of Transmission Service Agreement, Revenue Sharing Agreement, Billing, Collection and Disbursement Procedure under Central Electricity Regulatory Commission (Sharing of Transmission Charges and Losses), Regulations, 2010.

And

In the matter of

Power Grid Corporation of India Ltd. (PGCIL)

..... Respondent

ORDER

In accordance with the provisions of Chapters 5 and 6 of the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2010 (hereinafter "Sharing Regulations"), Power Grid Corporation of India Ltd. (PGCIL) in its capacity as the Central Transmission Utility (CTU) had submitted the draft Transmission Service Agreement, Revenue Sharing Agreement, and Billing, Collection and Disbursement Procedure after taking into consideration the comments received from the stakeholders upto 3.12.2010 vide its letter No. C/01/Tr.Sh dated 31.12.2010. The Commission had accorded approval to these documents vide Orders dated 29.04.2011 and 15.6.2011.

2. A number of Central generating companies, who are allocated power by the Government of India and hence have long-term Power Purchase Agreements (PPAs) with the beneficiaries, have brought to our notice that they are not in a position to sign the Transmission Service Agreement (TSA) due to Clause 2.2.1.3 in the Billing, Collection and Disbursement Procedure (BCD) assigning an additional financial liability on the generating companies. Clause 2.2.1.3 is reproduced below:

“Notwithstanding the Clauses 2.2.1.1 and 2.2.1.2 above, in the event of partial payment/ payment default by the DICs above, the liability of paying the charges shall be extended to the original DIC for whom the charges have been computed.”

3. We notice that the PPAs between the central generating companies and the beneficiaries indicate that the sale of power would be at the generator bus bar and the transmission charges and losses are to be borne by the beneficiaries. Therefore, we find merit in the argument of the central generating companies that this would be an additional financial liability on such generating companies, in case of non-payment of transmission charges by the beneficiaries of the long-term PPAs, since the off-take of power is at the generator bus bar. This provision did not exist earlier. Therefore, we approve the deletion of the above quoted provision in the BCD Procedure for the generators who have a long-term PPA and where sale of power is at the generator bus bar.

4. It has also been brought to our notice by NTPC that in the approved Transmission Service Agreement, there is no provision for any new transmission element of the non-ISTS Licensee whose asset has been certified by RPC as being used for inter-State transmission for

payment of transmission charges under Sharing Regulations, to become a party to the Transmission Service Agreement, as in the case of Deemed ISTS Licensees.

5. We have examined the relevant provision in the TSA document. Clause 2.3 of the TSA provides as under:

“Owners of Deemed ISTS shall be considered deemed signatories to this Agreement and therefore all such rights and obligations, as applicable to ISTS Licensees shall be applicable to them mutatis mutandis.”

6. In line with Clause 2.3 of the TSA for the Deemed ISTS Licensees, we observe that there should be a provision for the non ISTS Licensees also to be considered as deemed signatories to this Agreement. We therefore direct that the transmission assets certified by RPCs for carrying inter-State power shall also be included in the above clause.

7. We therefore direct the CTU to carry out the above modifications in the TSA and BCD procedure accordingly and post the updated versions on its website. The CTU is further directed to give wide publicity to the modified documents on their website and take necessary action for getting the Transmission Service Agreement and Revenue Sharing Agreement signed by the concerned parties at the earliest.

Sd/-
(M.DEENA DAYALAN)
MEMBER

sd/-
(V.S.VERMA)
MEMBER

sd/-
(Dr. PRAMOD DEO)
CHAIRPERSON