

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

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

No. L-1/44/2010-CERC

Date of Order: 22.6.2011

In the matter of

Removal of difficulties for giving effect to certain provisions of the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010.

And

In the matter of

National Load Despatch Centre

..... **Respondent**

ORDER

The Commission, in para 25 of the order dated 4.4.2011 for Removal of difficulties for giving effect to certain provisions of the Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 on the request of National Load Despatch Centre (hereinafter “the Implementing Agency”) had observed as under: -

“The Implementing Agency approached the Commission stating that the POC charges obtained vary widely between zones, which the stakeholders find difficult to comprehend as they vary in a wide range from 5 paisa to over 25 paisa, considering both injection POC and drawal POC separately. In order to smoothen the transition process, the Implementing Agency has suggested for initially creating slab rates in order to minimize the diversity of POC rates. The Commission advised the Implementing Agency to carry out sensitivity analysis and make a presentation before the Commission on the same. The Implementing Agency gave a presentation to the Commission on 16.3.2011. Taking into consideration the difficulties faced by

the stakeholders, we agree that, to start with, there could be, say, three slab rates for the first year. We direct the Implementing Agency to work out the POC charges slab-wise and obtain the approval of the Commission for the three slab rates.”

2. The Implementing Agency has now approached the Commission vide its letter dated 08th June 2011 proposing slab rates of ₹ 70,000/-, ₹ 85,000/- and ₹ 1,00,000/- per MW per month for NEW Grid and ₹ 80,000/-, ₹ 95,000/- and ₹ 1,10,000/- per MW per month for SR Grid. These equate to short term open access rates of 10, 12 & 14 paisa per unit for NEW Grid and 11, 13 & 15 paisa per unit for SR Grid respectively.

3. The Implementing Agency has clarified that the philosophy for arriving at its slab rates is “principle of minimum regret”, using algorithm such as minimization of the maximums, min-max fairness etc. For the purpose of arrival of the three slabs, the average or median PoC rates for the two Grids work out to ₹ 85,000/- and ₹ 95,000/- per MW per month respectively. Step size between the slabs for short term open access has been considered as one (1) paisa per unit. As per optimization formulation, a step size of ₹ 15,000/- two paisa (2) per unit has been found to be appropriate as it gives adequate differential between the slabs and ensures recovery very close to monthly transmission charges.

4. We notice that at present, the difference in regional pooled transmission charges for long term access in paisa per unit between the maximum and minimum of the three regions in the NEW Grid (excluding North-Eastern region) works out to be about four paisa (4) per unit. We are of the view that since the difference between regions also comes to be about the same under the new formulation, it would be justified to have similarly differential slabs, except that they

would be based on PoC rates rather than on the regional postage stamp method. Similar difference in slab rates has been applied in the Southern Region. We approve the slabs as suggested by the Implementing Agency.

5. The Implementing Agency has also requested for permitting slabs in the case of transmission losses on regional basis and has proposed losses in the slabs, average loss percentage, average -0.3% and average +0.3% for each Region.

6. The Implementing Agency has elaborated that it has arrived at the average of the weekly uniform losses from the special energy meter readings for the last 52 weeks and that would be applicable for entities falling in the "Average slab". Entities falling in the higher slab would have a loss percentage of average +0.3% and those in the lower slab would have a loss percentage of average -0.3%. The step size of 0.3% for loss slabs has been chosen as it gives adequate differentiation between the slabs.

7. We are inclined to agree with the formulation suggested by the Implementing Agency since the losses on regional basis were earlier being borne within the Region at a uniform rate and a small variation of percentage loss in transmission within the Region would be acceptable. We therefore approve the slabs of % losses as proposed by the Implementing Agency for the first year.

8. In exercise of power under Regulation 21 of Sharing Regulations, we direct that above clarifications given shall be given effect to for operationalizing the Sharing regulations. We also direct the staff of the Commission to initiate appropriate measures to amend the Sharing Regulations and other related Regulations, if required, to appropriately incorporate the charges approved above.

Sd/-
(M.Deena Dayalan)
Member

sd/-
(V.S.Verma)
Member

sd/-
(S.Jayaraman)
Member

sd/-
(Dr. Pramod Deo)
Chairperson