

**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**

Date: 21.11.2011

In the matter of

The Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) (First Amendment) Regulations, 2011

Statement of Reasons

1.0 INTRODUCTION

1.1 The Commission had notified on 7.6.2010 the Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010 (hereinafter “the Sharing Regulations”). The Sharing Regulations were to come into force initially with effect from 1.1.2011. However, due to the requirement of putting in place the appropriate mechanisms and procedures, the Sharing Regulations came into force with effect from 1.7.2011.

1.2 During the process of finalizing the appropriate mechanisms and procedures for implementation of the Sharing Regulations, a number of problems were encountered by the Implementing Agency, the Central Transmission Utility (CTU) and the State Utilities. They wrote letters and made presentation to the Commission highlighting these problems and requested the Commission for Removal of Difficulties under Regulation 21 of the Sharing Regulations. The difficulties in implementation are summarized below:

- (i) Definitions of Approved Injection and Approved Withdrawal;
- (ii) Definition of Yearly Transmission Charge (YTC);
- (iii) Computation of YTC for the purpose of computation of PoC charges of CTU, transmission licensees and non-ISTS licensees whose assets have been certified by the RPCs for carrying the inter-State power;
- (iv) Signing of Transmission Sharing Agreements with State Transmission Utility or Distribution Companies or Power Procurement Agency;

- (v) Allocation of YTC of sub-station to the transmission lines;
 - (vi) Date of raising of first part of the bill;
 - (vii) Charges for MTOA and STOA in the target region for already granted LTA by the CTU to the target region without identified beneficiaries;
 - (viii) Frequency of disbursement of excess recovery;
 - (ix) Allocation of charges for HVDC back-to-back stations at Chandrapur and Gazuwaka
- 1.3 For smooth implementation of the Sharing Regulations from 1.7.2011, the Commission issued orders dated 4.4.2011, 2.6.2011, 22.6.2011 and 29.6.2011 under Regulation 21 of the Sharing Regulations. In the said orders, the Commission directed the Staff to carry out suitable amendments in the Sharing Regulations.
- 1.4 The Commission published the draft Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) (First Amendment) Regulations, 2011 and invited suggestions and comments from the public on the draft regulations through public notice dated 19.08.2011. The Explanatory Memorandum accompanying the Sharing Regulations explained the reasons for the proposed amendments.
- 1.5 Various stakeholders numbering 21, which included Independent Power Producers (IPPs), Utilities, POSOCO, Powergrid, RPCs, etc filed their written submissions. The Commission conducted a Public Hearing on draft Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) (First Amendment) Regulations, 2011 on 12.10.2011. Some of the stakeholders made Power Point Presentations and some made oral submissions before the Commission. The list of stakeholders who submitted their comments and made presentation and oral submission during Public Hearing is enclosed as *Annexure-I*.
- 1.6 The Sharing Regulations have been finalized after detailed deliberations and due consideration of the various issues raised by the stakeholders. These are discussed in the succeeding paragraphs.
- 2.0 AMENDMENT TO REGULATION 1 OF PRINCIPAL REGULATIONS:**
- 2.1 In clause (2) of Regulation 1, it was proposed to make the first amendment to the Sharing Regulations, 2011 effective from 1.7.2011.

- 2.2 Rajasthan Rajya Vidyut Prasaran Nigam Ltd. (RRVPL) has suggested that the word "Retro effectively" may be added in the end of Clause (2) of Regulation (1).
- 2.3 The Commission had issued orders dated 4.4.2011, 2.6.2011, 22.6.2011 and 29.6.2011 under Regulation 21 of the Sharing Regulations for removal of the difficulties for operationalisation of the Sharing Regulations. The Sharing Regulations and the Removal of Difficulties orders have come into effect from 1.7.2011. Since the amendments made through these regulations primarily contain the provisions in the Removal of Difficulty orders, we have decided that the Regulations shall come into effect from the date of its publication in the Official Gazette.

Amendment to Regulation 2 of Principal Regulations:

- 3.1 It was proposed in the draft regulations that sub-clauses (c) of Regulation 2 of the Principal Regulations would be substituted as under:

‘Approved Injection’ means the injection in MW vetted by Implementing Agency (IA) for the Designated ISTS Customer for each representative block of months, peak and other than peak scenarios at the ex-bus of the generator or any other injection point of the Designated ISTS Customer into the ISTS, and determined based on the generation data submitted by the Designated ISTS Customers incorporating total injection into the grid, considering the Long-term Access and Medium-term Open Access;”

- 3.2 Power System Operation Company Ltd. (POSOCO) on behalf of NLDC and RLDCs has suggested that the definition may be modified as under:

‘Approved Injection’ means the injection in MW for the Designated ISTS Customer for each month at the ex-bus of the generator or any other injection point of the Designated ISTS Customer into the ISTS, incorporating the Long-term Access and Medium-term Open Access;

It is clarified that the amendment was proposed due to the operational problems which have cropped up as the long-term access given to the generators/Independent Power Producers (IPPs) by the Central Transmission Utility (CTU) in some cases does not match with the Power Purchase Agreements (PPAs)/ contracts signed with the States/bulk consumers. This was the case when long-term access was being granted to a target region, before the Central Electricity Regulatory Commission (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) Regulations, 2009 (hereinafter “Connectivity Regulations”) came into force. Even under the Connectivity Regulations, the detailed

procedures provide for granting Long-term Access to a generator for each target region for the full quantum of Long-term Access sought even when Power Purchase Agreements (PPAs) were signed to the extent of 50% or more. Further, under the Central Electricity Regulatory Commission (Grant of Regulatory Approval for execution of inter-State Transmission Scheme to Central Transmission Utility) Regulations, 2010, the Commission has the discretion to approve investment in a transmission scheme for evacuation of power from a generating project or for grid strengthening, if the same is considered essential, but for which PPAs have not been signed. Hence, the words 'contract' and 'transactions' have been replaced by the term 'Access' in case of Long-term Access and 'Open Access' in case of Medium-term.

- 3.3 POSOCO has suggested for removal of the words "vetted by Implementing Agency", removal of the various scenarios, and also removal of words "data submitted by the Designated ISTS Customers".

It is observed that the scope of the amendment was limited to replacing the word "contracts" with "Access/Open Access". The role of Implementing Agency for vetting the approved injection acts as a check to ensure that the quantum of injection provided by the DICs is realistic. The change suggested by POSOCO with respect to removal of various scenarios would dilute the intents and purpose of Sharing Regulations and also would go against the "Removal of Difficulties" orders of the Commission in which the average scenario for the computation has been provided only for the first year of implementation of Sharing Regulations. Replacing five scenarios by one scenario is not in line with the philosophy of Sharing Regulations. This cannot be done as the power flows vary widely across the seasons for the reasons mentioned below:

- (i) High Summer demand in Northern Region;
- (ii) High winter demand in Southern Region;
- (iii) High hydro generation during monsoon in North Eastern Region, etc.

If the removal of the portion "data to be submitted by the DICs" is accepted, there would be no role of the DICs for forecasting the approved injection. It is also clarified that the quantum of 'Approved Injection' in MW provided by the DICs shall provide the information considering the Long-term Access which may not always be equal to Long-term Access, because the injection can be less than the Long-term Access in the scenario when all beneficiaries are not yet tied up.

- 3.4 West Bengal State Electricity Distribution Company Ltd. (WBSEDCL) has suggested for adding the words "in accordance with Regulations" after 'vetting by Implementing Agency (IA)' in the definition of 'Approved Injection'.

It is observed that nothing specific has been specified in the Sharing Regulations for vetting. Hence, there is no need for writing "in accordance with Regulations". However, for cross checking the approved injection data by the Implementing Agency, the word "vetted" has been replaced by the word "validated" in the amended definition of "approved injection".

- 3.5 WBSEDCL has also suggested that Implementing Agency/ Validation Committee has increased the approved capacity by 5% for Thermal Generation and 10% for Hydro Generation which is not in accordance with the Regulations and it should consider the ex-bus capacity only.

NTPC Ltd. has suggested adding the following proviso in the definition:

"Provided that the overload capability is to be considered for Long-term Access (LTA) of ISGS (where specifically LTA has not been sought as application under Grant of Connectivity, Long term Access and Medium term Open Access in the inter-State transmission and related matters Regulations, 2009) to the extent of 105% for thermal generation and 110% for hydro generation, after deducting the normative auxiliary consumption."

We are of the view that all thermal generating units are allowed to inject upto 105% of the Maximum Continuous Rating (MCR) and all hydro generating units are allowed to inject upto 110% of the MCR, as provided in the Central Electricity Authority (Technical Standards for Connectivity to the Grid) Regulations, 2007, which are to be complied with as provided in the CERC Connectivity Regulations, 2009. It is observed that the definition only defines the quantum of power the DIC proposes to inject. It has nothing to do with the margins available with the generating units. Hence, there is no need for this provision in the definition of "Approved Injection". This provision, however, is not clearly mentioned in the regulations. The 105% for thermal generating stations and 110% for hydro generating stations is the overload capability and is not expected to be in continuous operation at this capacity. However, this suggestion will be considered at the time of future amendment to the Sharing Regulations. RRVPNL has submitted that the definition includes injection approved by the DIC and does not

take into account generation, inter-regional exchange or generation specific sanctions considered at nodes other than injection point of ISTS.

It is clarified that the definition takes care of all the injection by the DIC. Further, inter-regional exchange would have no effect on what a DIC proposes to inject or draw. Hence, no change is required.

- 3.6 Power Grid Corporation of India Ltd. (Powergrid) has suggested that the definition should include the adjustments to be made against the Long-term access granted to the target region without identified beneficiaries.

It is clarified that the Approved Injection is in terms of quantum of power (MW) whereas the adjustment is for transmission charges of Open Access and; hence no change is required in the definition of approved injection.

- 3.7 Regulatory Research India (R2I) has suggested that the proposed amendment in the definition of approved injection may be dropped because calculating PoC rate on load flow studies and applying on LTA (contract) would distort the intended signal. Power Company of Karnataka has submitted that the Implementing Agency (IA) may consider exact date of commissioning of the new projects after consultation with generator, CEA and Designated ISTS Customer. Thermal Powertech Corporation India Ltd. has requested to recalculate PoC charge not only based on LTA but actual usage of the grid.

We observe that these comments are related to the computation of PoC charge and not to the proposed amendment in definition of approved injection per se. It is clarified that after the transmission charges attributable to a node have been established, the PoC rate in ₹/ MW has been calculated by dividing by the Long-term Access (LTA) and the transmission charge is calculated by multiplying this rate by the LTA for the average scenario in the year 2011-12. We, however, feel that there is a need to make certain provisions in the Sharing Regulations so as to fix the methodology, which would be considered at the time of future amendment to the Sharing Regulations.

WBSEDCL has suggested to define the term 'Target Region'. Since the term 'Target Region' has now been used in the provisos to clauses (5) and (9) of Regulation 11 of Sharing Regulations, we feel the need to define the same. Accordingly, a new sub-clause (ti) under clause (1) of Regulation (2) has been included as under:

"(ti) 'Target Region' means the region to which a generator proposes to sell power after obtaining Long-term Access from the CTU and for which beneficiaries in the said region have not been identified."

- 3.8 It was proposed in the draft regulations that sub-clauses (f) of Regulation 2 of the principal regulations would be substituted as under:

'Approved Withdrawal' means the simultaneous withdrawal in MW vetted by Implementing Agency for any Designated ISTS Customer in a control area aggregated from all nodes of ISTS to which Designated ISTS Customer is connected for each representative block of months, peak and other than peak scenarios at the interface point with ISTS, and where the Approved Withdrawal shall be determined based on the demand data submitted by the Designated ISTS Customers incorporating Long-term Access and Medium- term Open Access;

- 3.9 POSOCO has suggested that the definition may be modified as under:

'Approved Withdrawal' means the withdrawal in MW for any Designated ISTS Customer in a control area for each representative block of months, incorporating Long-term Access and Medium- term Open Access;

For the reasons mentioned at Para 3.2 and 3.3, we do not accept the suggestion. To bring this clarity, the word 'incorporating' has been replaced by the word 'considering' in the amended definition of approved withdrawal. Further, for cross checking the approved withdrawal data by the Implementing Agency, the word "vetted" has been replaced by the word "validated" in the amended definition.

- 3.10 Powergrid has suggested that the definition should include the adjustments to be made against the long term access granted to the target region without identified beneficiaries. It is clarified that the Approved Withdrawal is in terms of quantum of power (MW) whereas adjustment is for transmission charges of open access and hence no change is required in the definition on this account. Moreover, the drawee DIC is not allowed LTA to a target region from where to draw power while seeking LTA.
- 3.11 NHPC Ltd. has requested that the definition of 'Approved Withdrawal' may be revised so that the negative SEM reading during shutdown of the total power station, which does not have drawal provisions from the grid, is not considered as deviation from approved withdrawal. NHPC has further submitted that the negative injection shown by the SEM is not actual withdrawal by the power station but is appearing due to the variation in accuracy of the metering system. However, the same is being billed as

deviation from 'Approved Withdrawal' in the Regional Transmission Deviation Account (RTDA).

RRVPNL has submitted that the control area is the physical definition of ISTS customers. If injection point of ISGS or ISTS is within control area of customers, then non-ISTS lines has to be taken into account.

Regulatory Research India (R2I) has submitted that the amendment proposed in definition of approved withdrawal may be dropped because calculating PoC rate on load flow studies and applying on LTA (contract) would distort the intended signal.

Power company of Karnataka has submitted that the approved withdrawal of the designated Customer shall not include the power flow to other States using State own network i.e. 220 kV/ 110kV/ 66 kV. In this scenario, demand of such State would be more and PoC charges are also high. From State of Karnataka, power is flowing to Kerala, Andhra Pradesh and Government of Goa. PoC charges are high since the implementing agency has truncated upto 132 kV level. Implementing Agency may consider the above factors before determining the PoC charges.

We observe that these comments are related to the computation of PoC charge and not to the proposed amendment in definition of approved withdrawal per se. We have already clarified the position in respect of R2I in Para 3.8. We, however, feel that there is a need to make certain provisions in the Sharing Regulations so as to fix the methodology, which would be considered at the time of future amendment to the Sharing Regulations.

WBSEDCL has suggested for adding "in accordance with Regulations" after 'vetting by Implementing Agency (IA)' in the definition of 'Approved Withdrawal'. In our view, the definition of 'approved withdrawal' is self contained and hence there is no need for incorporating the words "in accordance with Regulations" in the definition.

- 3.12 NTPC has suggested that the proposed proviso to clause (b) of Regulation 3 of the Principle Regulations may be added to the definition of DIC.

We agree with the suggestion of NTPC. Accordingly, following provisos are added:

"Provided that where the ISTS charges were being billed to the distribution companies or any designated agency in the State for purchasing power before implementation of these regulations, the distribution companies or the designated agency, as the case may be, shall be treated as Designated ISTS Customer in that State for the purpose of preparation of Regional Transmission Account (RTA) by RPCs and for the purpose of billing and collection by the CTU.

Provided further that after implementation of these regulations, the State may designate any agency as Designated ISTS Customers for the above purpose."

- 3.13 It was proposed in the draft regulations that sub-clauses (f) of Regulation 2 of the principal regulations would be substituted as under:

'Yearly Transmission Charge (YTC)' means the Annual Transmission Charges for the existing transmission assets of the transmission licensees including deemed transmission licensees, determined by the Appropriate Commission under section 62 of the Act or adopted by the Appropriate Commission under section 63 of the Act"

- 3.14 POSOCO has suggested to include new transmission assets and RPC certified non-ISTS lines in the definition of YTC. Powergrid has also suggested for including new transmission assets in the definition of YTC.

The suggestions made are in order and hence, we have included the same. Further, 'deemed ISTS Licensees' also have to be included in the definition, as they have been also used elsewhere in the Sharing Regulations. Regulation 2(1) (f) is modified as under:

'Yearly Transmission Charge (YTC)' means the Annual Transmission Charges for the existing and new transmission assets of the transmission licensees and deemed ISTS Licensees including non-ISTS lines certified by Regional Power Committees for carrying inter-State power determined by the Appropriate Commission under section 62 of the Act or adopted by the Appropriate Commission under section 63 of the Act".

- 3.15 RRVPNL has submitted that the words "or where it is not determined by non -ISTS lines it should be based on average standard rates" may be added at the end of the definition.

It is clarified that this need not be mentioned in the definition of 'Yearly Transmission Charges' as it is already covered under the proposed amendment in last sub-para under Para 2.1.2 (g) of the Annexure to the Sharing Regulations and hence no change is required.

- 3.16 Power Company of Karnataka Ltd. (PCKL) has submitted that as per Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (hereinafter “2009 tariff regulations”), incentive shall be paid on monthly basis along with transmission charges. In the revised PoC charges, incentive is not included. If any claim is made thereafter, interest shall not be paid by the Distribution Licensee. In case transmission charges collected are more during the year due to non-commissioning of the line or non achieving of the availability as per the regulations, the Transmission Utility shall refund transmission charges along with the interest as prescribed by the CERC. The determination of PoC charges should therefore be considered on half yearly basis.

It is clarified that incentive is covered in the definition of Monthly Transmission Charge in sub-clause (p) of clause (1) of Regulation 2 of the Sharing Regulations. The same is also provided in the BCD Procedures. The details of this would be brought out in the BCD Procedures under the Sharing Regulations. We direct the CTU to put up a proposal for modification of BCD Procedures for approval of the Commission.

- 3.17 Power Company of Karnataka has submitted that the calculation should be done on half yearly basis.

R2I has also submitted that amendment proposed in YTC may be modified to include Capital Cost benchmark otherwise all assets for next year could not be covered in YTC even with provisional tariff orders.

We notice that the benchmarked capital costs of CERC do not cover the financing costs and hence cannot be used. We feel that more frequent revision of the YTC may be

required and accordingly, the following proviso is added under sub-clause (l) of clause (1) of Regulation 7 of the Sharing Regulations:

Provided that the YTC shall be revised on a six monthly basis i.e. on 1st April and 1st October in the first full year and later on quarterly basis, i.e. on 1st April, 1st July, 1st October and 1st December.

3.0 AMENDMENT TO REGULATION 3 OF PRINCIPAL REGULATIONS.-

4.1 The draft amendment proposed the following proviso to be added after clause (b) of Regulation 3 of the Principal Regulations:

“Provided that where the ISTS charges were being billed to the distribution companies or any power purchasing agency in a State before implementation of these regulations, the distribution companies or the power purchasing agency, as the case may be, shall be treated as Designated ISTS Customers in that State for the purpose of billing and collection by the CTU.”

4.2 POSOCO has submitted that State Transmission Utility (STU) may be made responsible for payment of transmission charges.

It is clarified that since CTU and some States wanted the billing and payment of charges to be done directly to the distribution companies, as was being done earlier, the Commission allowed the same as under the "Power to Remove Difficulties" order dated 2.6.2011. We do not feel the necessity to disturb the existing arrangement. Therefore, no change in the proposed amendment is required.

4.3 WBSEDCL has suggested to add the following proviso:

ISTS charges billed on account of deviation shall be preferred to the Nodal Agency (SLDC) of the State where State ABT mechanism has been implemented

The suggestion has been considered in the amendment to clause 7 of Regulation 11.

4.4 Powergrid has suggested to add the words "for the purpose of computation of RTA/ RTDA by RPCs and" in the proviso. The RTDA is dealt separately in clause 7 of Regulation 11 and hence RTDA is not considered here. We agree to this but feel that it would be more appropriate to put these provisos in the definition of Designated ISTS Customers (DICs).

4.5 Powergrid has suggested to include a new proviso to include any new entity emerging as a DIC due to unbundling of existing SEBs.

We agree to the suggestion but feel that it would be more appropriate to put these provisos in the definition of Designated ISTS Customers (DICs). Accordingly, two provisos have been added in the definition of DICs as indicated at Para 3.15 above. In view of this amendment, the amended clause (b) of Regulation 3 shall be substituted as under:

"(b) State Electricity Boards/ State Transmission Utilities connected with ISTS or designated agency in the State (on behalf of distribution companies, generators and other bulk customers connected to the transmission system owned by the SEB/ STU/ intra – State transmission licensee);"

4.0 AMENDMENT TO REGULATION 7 OF PRINCIPAL REGULATIONS

5.1 The following amendment in sub-clause (1) of clause (1) of Regulation 7 was proposed as the tariff for transmission lines and sub-station could not be determined separately:

Overall charges to be shared among the nodes shall be computed based on the Yearly Transmission Charges apportioned to each of the lines of the ISTS Licensees. The Yearly Transmission Charges, computed for the assets at each voltage level and conductor configurations in accordance with the provisions of these regulations shall be provided by the respective ISTS transmission licensees. The transmission licensees shall give the total Yearly Transmission Charges of their transmission assets, whose charges are to be recovered through the mechanism of PoC charges in the next year along with circuit kilometers at each voltage level and for each conductor configuration. The total Yearly Transmission Charges shall be apportioned for each voltage level and conductor configuration based on the ratio of the indicative cost levels furnished by CTU at the beginning of each year.

5.2 Powergrid has suggested that the frequency of calculation of YTC to be made quarterly and hence the words "next year" may be replaced by "next period" i.e. "next quarter". We agree that the words "next year" should be replaced by "next period" and a proviso as explained at Para 3.17 has been included in the Regulation.

5.3 WBSEDCL has suggested that the indicative cost furnished by the CTU to be approved by the Commission. We agree to this.

5.4 GRIDCO and Mahavitaran have submitted that the determination of the indicative cost by averaging concept put the old DICs in a very disadvantageous position and the new DICs with huge advantage and hence actual value of YTC should be considered instead of average value so that DICs using older lines are not unnecessarily burdened.

In our view, GRIDCO and Mahavitaran are against the averaging concept of old and new transmission lines and are implying amending clause sub-clause (p) of clause (1) of Regulation 7, which is not part of the proposed draft amendments. This clause pertains to the fixing of the ratio of transmission charges of 765 kV lines, 400 kV lines, 220 kV lines, etc. of different conductor configuration since the line and sub-station costs cannot be isolated accurately. We have therefore suitably reworded the amended Regulation. The amended sub-clause (1) of clause (1) of Regulation (7) is as given below:

“Overall charges to be shared among the nodes shall be computed based on the Yearly Transmission Charges apportioned to each of the lines of the ISTS Licensees. The Yearly Transmission Charges, computed for the assets for each voltage level and conductor configuration shall be provided by the respective ISTS transmission licensees. The ISTS Licensees, deemed ISTS Licensees and owners of the non-ISTS Lines certified by the RPCs shall give the total Yearly Transmission Charges of their transmission assets, whose charges are to be recovered through the PoC mechanism charges in the application period along with circuit kilometers at each voltage level and for each conductor configuration. The total Yearly Transmission Charges shall be apportioned for each voltage level and conductor configuration based on the ratio of the indicative cost levels furnished by CTU at the beginning of each year or applicable period and approved by the Commission.

Provided that the YTC shall be revised on a six monthly basis i.e. on 1st April and 1st October in the first full year and subsequently on quarterly basis, i.e. on 1st April, 1st July, 1st October and 1st December. ”

- 5.5 It was proposed to delete sub-clause (m) of clause (1) of Regulation 7 of the Principal Regulations in light of the proposed amendment in sub-clause (l) of clause (1) of Regulation 7. No comment was received and therefore this sub-clause shall stand deleted.
- 5.6 Sub-clause (o) of clause (1) of Regulation 7 of Sharing Regulations provides for computation of Point of Connection nodal and zonal charges and losses separately for five seasons and for peak and other than peak scenarios. Even after two or more levels of Capacity building workshops, many utilities and generators were not able to provide complete data for the five scenarios, peak and off-peak separately, which were required for computation of PoC charges. After repeated requests by Implementing Agency, some of the utilities were unable to provide the data for even a single scenario. Due to non submission of data, the complete process of PoC computation was at a standstill. The Commission in the Removal of Difficulties Order dated 4.4.2011 had allowed the

Implementing Agency to adopt a single scenario for the entire year based on average generation and demand data published by CEA.

- 5.7 APTRANSCO in its comments has submitted that as the DICs are yet to be geared up to forecast the withdrawal data for ten different scenarios (peak and other than peak for five seasons) one year in advance and also improper forecasting will have severe financial implications on them, the Commission may consider to modify the provisions of the regulation for computing PoC charges based on one representative scenario only based on yearly charges. MSEDCL has submitted that considering average energy data for base load flow studies instead of season wise forecasted demand/generation data will have financial implications on the DICs. It has been suggested that instead of using average energy data for base case load flow studies, forecasted data of the DICs should be used. POSOCO (NLDC) has submitted in its written comments and presentation that single scenario based on the average generation and demand data published by CEA may be continued as it would be difficult to comprehend the volatility of PoC charges for different load generation scenario (for 5 seasons and peak and off-peak). Further, a consistent PoC rate for the entire year would be market friendly and would also help in the Case-I competitive bidding process. NLDC has further submitted that it was observed during the implementation phase that some of the entities kept changing the load generation balance to suit their interests. NLDC has proposed that following proviso may be added after Regulation 7(1)(o):

“Provided that till such time the Commission specifies, Point of Connection nodal and zonal rate shall be computed for one representative scenario of the year based on the yearly average”.

- 5.8 We have considered the above submissions. Despite the best efforts by the Implementing Agency, many DICs were not able to provide complete data for the five scenarios, peak and off-peak separately, which were required for computation of POC charges. Under the circumstances, computation based on one average scenario is the best option available. However, we direct the Implementing Agency to make more concerted efforts to educate DICs to furnish the data as per Regulation 7(1)(o) of the Sharing Regulations to facilitate more accurate computation of Point of connection charges. Till the DICs are able to provide the data for the five scenarios, we consider it necessary to

provide the following proviso under sub-clause (o) of clause (1) of Regulation 7 of the Principal Regulations:

"Provided that a single scenario based on average generation and demand data published by the Central Electricity Authority shall be considered for determination of PoC charges for the year 2011-12 or for such further period as the Commission may decide based on the availability of node-wise forecast data for different scenarios from the DICs."

5.0 AMENDMENT TO REGULATION 11 OF PRINCIPAL REGULATIONS

6.1 The following amendment in clause (4) of Regulation 11 was proposed for the time period when the first part of the Bill would be raised.

This first part of the bill shall be raised based on the Point of Connection charges, Approved Withdrawal and Approved Injection for each Designated ISTS Customer, provided by the Implementing Agency on the next working day of uploading of the Regional Energy Accounts by the respective RPCs in each month for the previous month and determined prior to the commencement of the application period. Further, the details of Monthly Transmission Charges for each of the ISTS licensees shall be provided by the Implementing Agency:

Provided that in case of a generator, where the quantum of the long-term contract does not match with the long-term access, the billing shall be done on the basis of long-term access.

6.2 POSOCO has suggested to modify the above proposed amendment as under:

This first part of the bill shall be raised based on the Point of Connection rates, Approved Withdrawal and Approved Injection for each Designated ISTS Customer, computed by the respective RPCs in each month for the previous month. Further, the details of Monthly Transmission Charges shall be provided by ISTS Licensees, deemed ISTS Licensees and owners of RPCs certified lines to CTU and CTU, in turn shall furnish the data to all RPCs and NLDC.

It is clarified that the amendment was proposed for raising the first part of the Bill on the next working day of uploading of the Regional Energy Accounts, instead of the first day of the month, since the bills are to be raised on the basis of weighted average allocation, so that there is no delay in raising this Bill. The proposal of POSOCO cannot be considered, since the comment is not on the proposed amendment. We agree with the suggestion for furnishing the details of Monthly Transmission Charges by ISTS Licensees, deemed ISTS Licensees and owners of RPCs certified lines to CTU and CTU, in turn to all RPCs and NLDC. However, this needs to be provided for in the

Procedures. We direct the CTU to submit a proposal for modification of BCD Procedures for approval of the Commission.

- 6.3 Powergrid has suggested that the 'Regional Energy Accounts' be replaced by 'Regional Transmission Accounts'. Powergrid has also suggested to replace the words 'does not match with' by 'less than' in the first proviso. We agree to these suggestions as 'Regional Transmission Accounts' is appropriate for transmission charges. Since the LTA can only accommodate the contracted power upto the LTA, the words 'less than' are more appropriate.
- 6.4 R2I has submitted that if the assets are to be included only on final and provisional tariff order, then CTU while billing must provide an assets list with CERC order details so that the stakeholders can check it. At present, the list posted at CTU website lacks this information and for few assets no CERC tariff is available as checked from CERC website.

Power Company of Karnataka has also requested for furnishing the line wise details of transmission charges.

We agree to these suggestions for ensuring transparency. Accordingly, the clause (4) of Regulation 11 is amended as under:

“This first part of the bill shall be raised based on the Point of Connection charges, Approved Withdrawal and Approved Injection for each Designated ISTS Customer, provided by the Implementing Agency on the next working day of uploading of the Regional Transmission Accounts by the respective RPCs on their websites in each month for the previous month and determined prior to the commencement of the application period.

Provided that the list of transmission assets along with the approved transmission charges for which billing has been done shall be enclosed with the first part of the bill.

Provided further that in case of a generator, where the quantum of the Long-term contract is less than the quantum allowed under Long-term access, the billing shall be done on the basis of Long-term Access. ”

- 6.5 RRVPNL has requested that the words 'actual injection of power' may be added at the end. It is clarified that if the actual injection of power is more than the approved injection, then the excess injection above the approved injection would be billed in Bill for Deviation and hence no change is required.

- 6.6 The following amendment in clause (5) of Regulation 11 was proposed for dealing with the revenue from the additional Medium-term Open Access and also adjustment of Medium-term Open Access against the long term access granted by the CTU without identified beneficiaries:

The second part of the bill shall be raised on the designated ISTS Customers alongwith the first part of the bill:

Provided that the revenue from approved additional Medium Term Open Access which has not been considered in the Approved Injection/Approved Withdrawal shall be reimbursed to the DICs in the following month, in proportion to the monthly billing of the respective month:

Provided further that the quantum of Medium Term Open Access shall be adjusted against quantum of the Long Term Access granted to the target Region without identified beneficiaries and not against Long Term Access granted to any other Region.

- 6.7 WBSIEDCL has requested to add words 'of the target region' in the first proviso.

It is clarified that the amount would not be reimbursed to the DICs in the target Region but to all DICs which are connected to the synchronously connected grid. Necessary changes for greater clarity have been made, as given below.

Provided that the revenue collected from the approved additional Medium-term Open Access customers in the synchronously connected grid, which has not been considered in the Approved Injection/Approved Withdrawal, shall be reimbursed to the DICs located in the same synchronously connected grid having Long-term Access in the following month, in proportion to the monthly billing of the respective month:

- 6.8 Powergrid has requested to add word 'realised' after revenue in the first proviso and to add words 'reimbursed by way of credit' in the second proviso.

We agree with the suggestions and the first proviso has been modified accordingly. The suggestion of Powergrid in the second proviso would be more in the nature of a procedure. Therefore, it would be appropriate to incorporate the same in the BCD Procedures. The CTU is hereby directed to put up to the Commission for approval, the Procedures under Sharing Regulations immediately incorporating the second suggestion.

6.9 POSOCO has requested that second Proviso to be modified as under:

Provided further that the Medium Term Open Access shall be adjusted against the charges on account of Long Term Access granted to the target Region without identified beneficiaries.

6.10 GUVNL has requested to levy both injection and drawal PoC charges on such LTOA customers (generator) not having long term, medium term, or short term contracts. Mahavitrans has also made similar request.

GUVNL has submitted that the transmission system is built based on long-term access requirement of the Designated ISTS Customer to the point of a connection of the beneficiary or a target Region in case the beneficiary is not identified. The investment made in creation of new transmission asset is a sunk investment and if a generator does not use the infrastructure to a Region which it got built, then it must be held accountable for it. If we accept the suggestion of POSOCO, this would lead to inefficient planning and unnecessary creation of the transmission assets. Therefore, the charges of Medium Term Open Access cannot be offset against Long Term Access without identified beneficiaries to another Region. Therefore, the generator has to pay for the demand POC charge also of the target Region.

We agree to this. It is clarified that there are generators which have been granted Long-term Access based on the targeted beneficiaries in the same Region and/ or to other Regions. We understand that before granting the LTA, the CTU carries out the system studies for system strengthening/creation of new sub-station, augmentation of transformer capacity/ additional inter-Regional transmission system, etc. and proposes the same for approval by the Standing Committee on Transmission Planning. Based on the approval, capital investment is made by the transmission licensee for the creation of the transmission system. It is also clarified that before the implementation of the Sharing Regulations, the Long-term Access Customers (generators) were billed for the transmission charges corresponding to the LTA. With the coming into force of the Sharing Regulations from 1.7.2011, the total transmission charge is sum total of the injection charge and drawal charge and in the absence of any beneficiary (Long-term, Medium-term Open Access or Short-term Open access) for such generator, the drawal PoC charge remains un-serviced and has to be paid by all DICs. We have therefore made a suitable proviso in the amended Regulation.

Since the DICs in the target Region have different PoC charges, we are of the view that the lowest demand PoC charge of the DIC in the target region should be paid by such generator. However, the injection PoC for the generator remaining the same irrespective of which region it is going to sell power to. This is also in line with the fact that the transmission system from a generator is normally made upto a pooling point, where it enters the grid and no dedicated corridor normally goes from the generator to the load. Therefore, we feel that the injection PoC for LTA to a target region granted to a generator can be offset by the injection PoC for MTOA to any region. Accordingly, additional proviso is provided in the Regulation.

6.11 Adani Power Limited has proposed that MTOA/ STOA generation zonal charges may be allowed to be set off against LTA charges if the access point of the transaction is in the region of the LTA granted. MB Power has requested to relax this restriction of offsetting the MTOA charges against the LTA charges within the same region and allow the same within NEW Grid and SR Grid respectively. Jindal Power has requested that the offsetting of MTOA may be allowed irrespective of the region of LTA granted. We do not agree for the reasons mentioned at Para 6.9 above.

6.12 Powergrid has requested that the third proviso to clause (5) of Regulation 11 should be modified as under:

Provided further that the NLDC shall intimate to CTU within a week of following month, the details of MTOAs actually scheduled against the unscheduled LTA quantum and eligible for such adjustments.

It is observed that this is a procedural provision and is to be included in the BCD Procedures. The CTU is hereby directed to put up to the Commission for incorporating this clause in the Procedures and put up the same for approval of the Commission.

6.13 NTPC has requested that the third proviso to clause (5) of Regulation 11 should be modified as under:

Provided that this adjustment shall not be done for collective transactions and bilateral transactions done through traders who have a portfolio of generators in a State for which LTA was obtained to a target region.

This was already a part of the Order dated 4.4.2011 under "Power to Remove Difficulties". We therefore agree with the suggestion of NTPC and accordingly, a suitable provision has been made in clause (5) of Regulation 11. The amended clause (5) of Regulation 11 is as given below:

“The second part of the bill shall be raised on the designated ISTS Customers alongwith the first part of the bill:

Provided that the revenue collected from the approved additional Medium-term Open Access customers in the synchronously connected grid, which has not been considered in the Approved Injection/Approved Withdrawal, shall be reimbursed to the DICs located in the same synchronously connected grid having Long-term Access in the following month, in proportion to the monthly billing of the respective month:

Provided further that the Injection POC charges and Demand POC charges for Medium-term Open Access to the target region for which Long-term Access has been granted to the generator shall be adjusted against Injection POC charges and Demand POC charges for the Long-term Access to the target region without identified beneficiaries and not against Long-term Access granted to any other target region without identified beneficiaries:

Provided also that the injection POC charge for Medium-term open access given to a generator to any region shall be offset against the injection POC charge for LTA granted to the generator to the target region:

Provided also that a generator who has been granted Long-term Access to a target region without identified beneficiaries, shall be required to pay PoC injection charge plus the lowest of the PoC demand charge among all the DICs in the target region for the remaining quantum after offsetting the quantum of Medium-term Open Access subject to the last two provisos of clause (4) of Regulation 11:

Provided also that this adjustment shall not be allowed for collective transactions and bilateral transactions carried out by the trading licensees who have a portfolio of generators in a State for which LTA was obtained to a target region.”

- 6.14 Power Company of Karnataka has submitted that Regulation does not cover the sharing of Short-term Open Access (STOA) charges and has requested for incorporation of the said provision in the Sharing Regulations.

It is clarified that the same is already covered in clause (9) of Regulation 11 of the Sharing Regulations.

- 6.15 It was proposed that the last para under Clause (7) of Regulation 11 of the Principal Regulations would be substituted as under for making provision for the raising Bill for Deviation and also the agency in the State responsible for payment of the deviation charge:

This bill shall be raised by the CTU within 3 (three) working days of the issuance of the Regional Transmission Deviation Account by the RPCs:

Provided that the agency responsible for the intimation of deviation on account of Unsheduled Interchange energy shall continue to be responsible for the intimation of deviation on account of the transmission charges:

Provided that the revenue collected against the Deviation Bill shall be reimbursed to the DICs having long-term access in the following month, in proportion to the monthly billing of the respective month.

- 6.16 Powergrid has submitted that the first proviso may be modified by adding "intimation of deviation account of transmission charges to the respective RPCs, for inclusion of the same in their RTDA" in the end. Powergrid also submitted that second proviso may be modified by adding the words "by way of credit". Powergrid has suggested for adding a third proviso as under:

Provided further that the RPCs shall provisionally allocate the deviation to concerned entities in case of non-receipt of deviation account details by 15th of month from the Agency responsible for intimation.

- 6.17 We agree to the first two submissions made by Powergrid. First proviso has been modified accordingly. For the second proviso, it is observed that this is a procedural provision and needs to be included in the BCD Procedures. The CTU is hereby directed to put up to the Commission for approval of the Procedures under Sharing Regulations immediately. We do not agree to the suggestion regarding third proviso as RPCs may not have the requisite data for the purpose of provisional allocation of deviation.

- 6.18 NTPC has requested for another proviso in clause (7) of Regulation 11 as given below:

Provided that a generator if instead of injecting withdraws from the grid, it should lead to net withdrawal by the generator at the generator node for such computations.

NTPC has also requested for adding a proviso after clause 4 of Regulation 8 as under:

Provided that deviations for a generator before Commercial operation of a generator shall be calculated based on net injection at the generator node.

It is clarified that this is not related to the proposed amendment and has to be dealt with separately for the calculation of deviation in case a number of generators are connected to the same node. This would be dealt through a separate amendment that the Commission is proposing to bring out.

- 6.19 The deletion of clause (8) of Regulation 11 of the principal regulations was proposed because this clause has become superfluous due to proposed amendment for adjustment

of account of additional MTOA on monthly basis. No comment was received and hence this clause stands deleted.

- 6.20 It was proposed that the following proviso would be added in Clause (9) of Regulation 11 of the Principal Regulations for offsetting of Short-term Open Access against the Long-term Access granted to the target Region without identified beneficiary in the synchronously connected grid:

Provided that the quantum of Short Term Open Access shall be adjusted against quantum of the Long Term Access granted to the target Region without identified beneficiaries and not against Long Term Access granted to any other Region.

- 6.21 POSOCO has submitted that this proviso may be modified as under:

Provided that the Short-term Open Access shall be adjusted against the charges on account of Long Term Access granted to Region without identified beneficiaries.

PTC has submitted that this proviso may be modified as under:

Provided that charges for Short-term Open Access and for collective transactions (Power Exchange) shall be adjusted against charges for the Long Term Open Access granted to the target Region without identified beneficiaries including such cases where beneficiaries are identified but transaction is not taking place due to the contractual disputes. However, this adjustment will not be allowed against Long-term Open Access granted to any other Region.

We do not agree with the submission made by POSOCO and PTC for the reasons mentioned at Para 6.8 and 6.9 above. It is reiterated that the charges of Short-term Open Access is to be offset against the charges for the Long-term Access to a target Region without identified beneficiary, hence the finally amended proviso is as as given below:

“Provided that the charges for Short-term Open Access to the target region for which Long-term Access has been granted to the generator shall be adjusted against the charges from the Long-term Access for the target region without identified beneficiaries and not against Long-term Access to any other region.:

Provided also that a generator who has been granted Long-term Access to a target region without identified beneficiaries, shall also be required to pay PoC injection charge plus the lowest of the PoC demand charge among all the DICs in the target region after offsetting the quantum of Medium-term Open Access and Short-term Open Access charges:

Provided also that the generation injection charge shall be offset to LTA granted to the generator to any region:

Provided further that this adjustment shall not be allowed for collective transactions and bilateral transactions carried out by the trading licensees who

have a portfolio of generators in a State for which LTA was obtained to a target region.”

- 6.22 Adani Power Limited, MB Power, Jindal Power and Torrent Power have submitted for offsetting charges of Short-term Open Access similar to the offsetting charges of Medium-term Open Access at Para 6.8 and 6.9 above.
- 6.23 RRVPNL has enquired about the accounting of the Short-term Open Access availed through Energy Exchange. RRVPNL has submitted that the recovered amount for STOA may be forwarded to STU/transmission Licensee on Quarterly basis. WBSEDCL and R2I have submitted that 100% revenue is to be reimbursed to the DIC of the respective region. R2I has also submitted that as STOA charges are now high and equal to LTOA, this is extra income of CTU for about ₹ 220 Crore in 2010-11 which may be restricted to 10% from the present 25%.

It is clarified that the Short-term Open Access shall be dealt with as per the provisos of clause (9) of Regulation 11. The amount would be reimbursed to all DICs having Long-term Access in the synchronously connected grid. The percentage of STOA charge to be retained by the CTU and timeline for reimbursement of the amount collected against STOA shall be dealt with as per the provisions of Open Access Regulations.

- 6.24 Powergrid has submitted that second and third provisos may be added in clause (9) of Regulation 11 as given below:

Provided further that the NLDC shall intimate to CTU within a week of following month, the details of STOAs actually scheduled against the unscheduled LTA/MTOA quantum and eligible for such adjustments (including same direction) with DIC-wise and Region-wise breakup

Provided also that the NLDC & concerned RLDCs shall transfer all the STOA charges collected and the actual interest accrued thereon, within one week of following month to CTU along with Region-wise breakup

It is observed that these are procedural provisions and need to be included in the BCD Procedures. The CTU is hereby directed to immediately incorporate these provisions in the BCD Procedures and put up the same to the Commission for approval.

- 6.25 R2I has submitted that the drawl customers should also get STOA adjustment if Central Sector schedule is less than LTA.

It is clarified that STOA adjustment is given to the generators against the LTA granted to a target Region without identified beneficiaries and not against identified beneficiaries. No such practice exists for drawee DICs. Hence the contexts are different and cannot be accepted.

6.0 AMENDMENT TO ANNEXURE OF PRINCIPAL REGULATIONS

- 7.1 It was proposed that the last sub-para under Para 2.1.2 (g) of the Annexure of the Principal Regulations under the head “Network Data” shall be substituted as under:

Overall charges to be allocated among nodes shall be computed by adopting the YTC of transmission assets of the ISTS licensees, and any other non-ISTS licensees’ lines that have been certified by the respective RPCs as the inter-State transmission system. The Yearly Transmission Charge, computed for assets at each voltage level and conductor configuration in accordance with the provisions of these regulations shall be calculated for each ISTS transmission licensee based on indicative cost level provided by the Central Transmission Utility for different voltage level and conductor configuration. The YTC for the RPC certified non-ISTS lines which carry inter-State power shall be approved by the State Electricity Regulatory Commissions. In case the tariff for the RPC certified non-ISTS lines have not been specified by the SERCs, the average YTC as computed for the relevant voltage level and conductor configuration shall be used. The recovery of the YTC of the transmission assets expected to be commissioned in the Application Period shall be incorporated by the IA on the basis of provisional approvals using the regulations of the Commission.

For certifying non ISTS lines for carrying inter-State power, which were not the approved lines on the day of publication of these regulations, this shall be determined through the process of load flow studies. The results of the load flow studies, on an annual average basis, should show these lines carrying more than 50% of the total power carried by it to be inter-State power. This shall be vetted by the NLDC in consultation with the respective RLDC on the proposal made by the respective RPC.

- 7.2 POSOCO has submitted that the following proviso may be added:

Provided that the disbursement to the owners of RPC certified non-ISTS lines shall be done after the tariff is approved by the appropriate Commission.

It is clarified that even though the lines may be in existence, the tariff may not have been approved by the respective Appropriate Commission. Usage of such lines cannot be at zero cost. Recovery of cost of use of these lines uptill the time tariff is determined by the Appropriate Commission shall be at the average rate. However, payment to the RPC certified non-ISTS lines would be at the tariff determined by the Appropriate

Commission. We therefore agree with the suggestion of POSOCO since this will incentivize the States to seek tariff for RPC certified non-ISTS lines from the Appropriate Commission. Accordingly a proviso has been added to para 2.1.2(g) of the Annexure to the Principal Regulations.

- 7.3 PTC has submitted that in case the tariff for the RPC certified non-ISTS lines have not been determined by the SERCs, the average YTC as computed by the Implementing Agency for the relevant voltage level and conductor configuration shall be used.

It is observed that this is already covered in the amendment to the clause and hence no change is required.

- 7.4 SRPC has submitted that the proposal for certification of non-ISTS line may be jointly made by respective RLDC and RPC which would subsequently be vetted by NLDC.

We are of the view that there is no need to change the provision as the provision does not prevent them from mutually agreeing.

- 7.5 WBSEDCL has submitted that the recovery of YTC shall be done only after COD of the transmission assets subject to yearly truing up.

The PoC charges are calculated through load flow studies done in advance. If a transmission asset is proposed to be commissioned during the application period, the PoC charges are calculated for the asset and YTC collected assuming the same. However, the payment to the owners would be done only after the transmission assets have been put under commercial operation.

- 7.6 RRVPNL has submitted that the utility of calculating the ratio for each conductor configuration is not understood and needs to be explained further.

We clarify that the reason for calculating the ratio for each conductor configuration has been suitably explained in the Explanatory Memorandum issued alongwith the draft first amendment of the Sharing Regulations.

- 7.7 RRVPNL has further submitted that the non-ISTS lines may be certified as per the actual power flow recorded on the line vis-a vis the methodology in which Load Flow

Studies indicate annual average loading of the line carrying more than 50% of the total power carried by it to be inter-State power.

Mahavitaran has submitted that the Hybrid methodology should be utilized for determining the RPC certified non-ISTS lines. All the non-ISTS lines carrying ISTS power to all the DICs of CTU should be considered for PoC charges.

GRIDCO has submitted that the criteria that the entire non-ISTS line if carrying 50% of the total power carried by it to be considered as non-ISTS lines carrying inter-State power may not be appropriate one and suggested that the non-ISTS lines if carrying inter-State power be charged on pro-rata basis.

R2I has submitted that the defining 50 % criteria to say a line is ISTS, is totally against the provision of Act and contrary to provision of equality. Also amazingly no justification is given for 50%, what will happen if it is 48%. When utilization level is not considered for CTU line why it is to be considered for State lines and if Commission is sure that this Average Annual flow could be found and segregated, then it must also inform what will be the source for this data as no line wise power flow measurement record is kept by any agency. For RPC certified line, all Interstate line must be included with immediate effect and RPC decision in this regard shall be final. For YTC either CTU line average cost or ARR based average cost may be taken.

BBMB has submitted that the all those lines which have been proposed/ certified by RPCs before the implementation of said regulations need to be considered under POC tariff w.e.f 1.7.2011. The condition of carrying more than 50 % of total power to be inter-state power on the non-ISTS (RPC proposed lines) is very stringent and without any logic. All those transmission lines which carry inter-State power, irrespective of the percentage of total power carried by them, should be considered for recovery of their YTC under POC methodology from the current year on the recommendations of respective RPC. Moreover, no such condition is imposed on CTU lines. Significant usage of any transmission line has not been taken care of even if it carries 10% of inter-State power corresponding to a certain node (if total power is less than 50%).

It is clarified that the RPCs certified a lot of non-ISTS lines of their Regions for carrying inter-State power in the Implementation and Validation Committee Meetings. However, SRPC, which had already certified non-ISTS lines for carrying inter-State

power, withdrew the lines already certified by them. Since, it was desired to have a uniform criteria, it was decided that a uniform methodology would be devised by all Regions agreeing on a common methodology. Since the POC rates had to be calculated before 1.7.2011, it was decided that all lines which were already certified by RPCs as on the date of publication of the Sharing Regulations and not on the date of implementation of the Sharing Regulations would continue. For lines certified for the new scenario, when system studies would next be done, the new methodology would be used.

7.8 Para 2.1.2.(g) of Annexure 1 has been amended as under:

“Overall charges to be allocated among nodes shall be computed by adopting the YTC of transmission assets of the ISTS licensees, deemed ISTS licensees and owners of the non-ISTS lines which have been certified by the respective Regional Power Committees (RPC) for carrying inter-State power. The Yearly Transmission Charge, computed for assets at each voltage level and conductor configuration in accordance with the provisions of these regulations shall be calculated for each ISTS transmission licensee based on indicative cost level provided by the Central Transmission Utility for different voltage levels and conductor configuration. The YTC for the RPC certified non-ISTS lines which carry inter-State power shall be approved by the Appropriate Commission.

In case the tariff for the RPC certified non-ISTS lines have not been specified by the Appropriate Commission, the average YTC as computed for the relevant voltage level and conductor configuration shall be used.

The non-ISTS lines certified by the RPCs as on 15.06.2010 shall continue to be treated as RPC certified non-ISTS lines carrying inter-State power. The YTC of such RPC certified non-ISTS lines shall remain the same and be governed by the same principles as it existed as on 15.6.2010.

For certifying non-ISTS lines for carrying inter-State power, which were not approved by the RPCs on the date of notification of the Principal Regulations, this shall be determined through the process of load flow studies. The results of the load flow studies, on an annual average basis, should show these lines carrying more than 50% of the total power carried by it to be inter-State power. This shall be vetted by the NLDC in consultation with the respective RLDC on the proposal made by the respective RPC, through a common methodology to be adopted by the NLDC. The YTC for such RPC certified non-ISTS lines which carry inter-State power, shall be approved by the Appropriate Commission.

The recovery of the YTC of the transmission assets expected to be commissioned in the Application Period shall be incorporated by the Implementing Agency on the basis of the approved tariff including provisionally approved tariff:

Provided that the disbursement to the owners of new RPC certified non-ISTS lines shall be done after the tariff is approved by the Appropriate Commission.”

7.9 It was proposed to amend Para 2.7 Step 4 of Annexure to the Sharing Regulations by adding the following provision:

"The charges of the HVDC back to back inter-Regional links at Chandrapur and Gazuwaka shall be included in the YTC of the NEW grid and the SR grid in the ratio of 1:1 and charges for Talcher – Kolar HVDC bi-pole link shall be shared by DICs of SR only."

7.10 ERPC has submitted that the charges of the HVDC back to back inter-Regional links at Gazuwaka should be shared by the DICs of Southern Region only as there is no LTA from SR to ER and power flow from SR to ER is only for safe and efficient grid operation. GRIDCO has submitted that any power flow from SR to ER on Gazuwaka HVDC is only as per SRLDC's directions and is for optimization of transmission of power and its loss. R2I has submitted that it is totally in contravention of Commission's earlier order in Petition No. 85/2007 on the subject and also it is a total deviation from the basic principle of transmission usage and access. No long term contract exists in ER or NEW grid for power from SR and power flow mentioned in the amendment proposed is entirely due to system operation. This was substantiated by reasoning in the CERC order in Petition No.85/2007 on the issue. The detailed reasons of flow from SR to ER can be examined by taking data of scheduling and actual flow from ERPC and SRPC and it may prove that hasty conclusion drawn in explanatory memorandum is erroneous and hence Gazuwaka transmission charges should be borne entirely by SR constitutes. WBSIEDCL has submitted that sharing of charges should be based on the ratio of transfer of power as derived through load flow study.

7.11 For clarification, the relevant portion of Order in Petition No. 85/2007 is reproduced below.

"Many respondents have strongly opposed this proposal on the ground that these links have benefitted the ER as well (by enabling ER States to export surplus power and to draw reliability support). The Commission has therefore collected the energy exchange data for these links from the RLDCs, and the same is tabulated in Annexure – I. -----It would be seen that power flows and their future trend in these links are substantially unidirectional (the reverse flow being less than 2%). For Gazuwaka it was 0%."

7.12 However, the situation has now changed. It is seen that the power flows indicated flows in both directions in the last about one year, i.e. during April 2010 to May 2011, ER to SR 1570 MUs and SR to ER 923 MUs. The power flow on this link was analysed by obtaining data from SRPC. The flow from SR to ER through HVDC back-to-back at Gazuwaka is due to three reasons, namely, export by IPPs in SR to ER/other Regions, power flow during surplus periods in SR, and due to congestion problem in the Andhra Pradesh system. Therefore, we do not see any reason to bring about a change in the amendment.

7.13 Apart from the above suggestions/ comments on the proposed draft amendment, many suggestions were received for amending other provisions of the Sharing Regulations. The Commission would, in due course, be floating draft amendments to address the issues raised by the stakeholders. These shall follow the due process of law.

Sd/-	sd/-	sd/-	sd/-
(M Deena Dayalan) Member	(V S Verma) Member	(S Jayaraman) Member	(Dr Pramod Deo) Chairperson

List of Stakeholders who made written submissions on draft Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) (First Amendment) Regulations, 2011:

- (i) Adani Power Ltd. (APL)
- (ii) Bhakra Beas Management Board (BBMB)
- (iii) Eastern Regional Power Committee (ERPC)
- (iv) GRIDCO Ltd.
- (v) Gujarat Urja Vikas Nigam Ltd. (GUVNL)
- (vi) Jindal Power Ltd. (JPL)
- (vii) Mahavitaran
- (viii) Moserbear Power Ltd. (MB Power)
- (ix) NCC Infra Ltd.
- (x) NHPC Ltd.
- (xi) NTPC Ltd.
- (xii) Power Company of Karnataka Ltd.
- (xiii) Powergrid Corporation of India Ltd. (Powergrid)
- (xiv) Power System Operation Company Ltd. (POSOCO)
- (xv) PTC India Ltd.
- (xvi) Regulatory Research India (R2I)
- (xvii) Rajasthan Rajya Vidyut Prasaran Nigam Ltd.
- (xviii) Southern Regional Power Committee (SRPC)
- (xix) Thermal Powertech Ltd.
- (xx) Torrent Power Ltd.
- (xxi) West Bengal State Electricity Distribution Company Ltd. (WBSEDCL)

Presentation made by the Stakeholders during Public Hearing on 12.10.2011

- (xxii) Moserbaer (MB) Power Ltd.
- (xxiii) Adani Power Ltd.

Oral Submissions made by the Stakeholders during Public Hearing on 12.10.2011

- (i) POSOCO/ NLDC
- (ii) Powergrid Corporation of India Ltd. (Powergrid)