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November 14th, 2016

Ms. Shubha Sarma
Secretary,
Central Electricity Regulatory Commission,
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Subject- Comments on:

- 1) Draft Central Electricity Regulatory Commission (Grant of Connectivity, Long Term Access and Medium-term Open Access in inter-state) (Sixth Amendment), Regulations 2016.
- 2) Draft Central Electricity Regulatory Commission (Sharing of Inter State Transmission charges and Losses) (Fifth Amendment) Regulations, 2016.

Respected Madam,

This has reference to your aforementioned Draft Regulations dated 28th October'16, available on the Central Electricity Regulatory Commission (CERC) website for comments / suggestions / objections from the stakeholders and interested persons on the draft regulations.

We, at ADHPL, are operating 192 MW - AD Hydro Electric Project in the Kullu District of Himachal Pradesh, which is connected to CTU at Nalagarh S/s and it is being operated on merchant basis from the day one of its commissioning since September 2010. The comments on both aforementioned Draft Regulations (1) & (2) are enclosed as Annexure –I & Annexure – II respectively.

We sincerely hope that CERC would consider the same while finalizing the Draft Central Electricity Regulatory Commission (Grant of Connectivity, Long Term Access and Medium-term Open Access in inter-state) (Sixth Amendment), Regulations 2016 and Draft Central Electricity Regulatory Commission (Sharing of Inter State Transmission charges and Losses) (Fifth Amendment) Regulations, 2016.

Yours sincerely,

For AD Hydro Power Limited

Anil Kumar Garg

General Manager –Business Development

Enclosed: Annexure – I & Annexure - II

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- 1) **Comments on Draft Central Electricity Regulatory Commission (Grant of Connectivity, Long Term Access and Medium-term Open Access in inter-state) (Sixth Amendment), Regulations 2016.**

Proposal in Draft

1. In proviso no. 2 of the draft regulations it is stated that:

“2. Amendment to Regulation 2 of the Principal Regulations:

(1) Sub-clause (l) of clause (1) of Regulation 2 of the Principal Regulations shall be substituted as under:

*“(l) **“long-term Access”** means the right to use the inter-State Transmission system for a period exceeding 7 years but not exceeding 25 years;*

(2) Sub Clause (o) of clause (1) of Regulation 2 of the Principal Regulations shall be substituted as under:

*“(o) **Medium-Term Open Access** means the right to use the inter-State Transmission system for a period equal to or exceeding 1 year but not exceeding 5 years”*

ADHPL's Comments

1. As per the above proposed draft amendment, it can be understood that the period of LTA i.e. the right to use the Inter-State Transmission system has been proposed to be amended and now LTA means to use such inter-state transmission system for the period from 7 years to 25 years which was earlier from 12 years to 25 years. It is a welcome step that will surely provide the generators and distribution companies the required flexibility in their power budgeting more accurately.
2. Accordingly, the 12 years lock in period for relinquishment of LTA should also have been substituted with 7 years.



Therefore, it is requested by the honorable commission that the provision related to relinquishment of access rights which is reproduced as below, from the principle regulations itself, for your kind reference also needs to be amended in the line with the new definition of LTA.

"18. Relinquishment of access rights

(1) A long-term customer may relinquish the long-term access rights fully or partly before the expiry of the full term of long-term access, by making payment of compensation for stranded capacity as follows:-

(a) Long-term customer who has availed access rights for at least **12 / (7)** years

(i) Notice of one (1) year – If such a customer submits an application to the Central Transmission Utility at least 1 (one) year prior to the date from which such customer desires to relinquish the access rights, there shall be no charges.

(ii) Notice of less than one (1) year – If such a customer submits an application to the Central Transmission Utility at any time lesser than a period of 1 (one) year prior to the date from which such customer desires to relinquish the access rights, such customer shall pay an amount equal to 66% of the estimated transmission charges (net present value) for the stranded transmission capacity for the period falling short of a notice period of one (1) year.

(b) Long-term customer who has not availed access rights for at least **12 (twelve) / [7 (seven)]** years – such customer shall pay an amount equal to 66% of the estimated transmission charges (net present value) for the stranded transmission capacity for the period falling short of **12 (twelve) / [7 (seven)]** years of access rights:

Provided that such a customer shall submit an application to the Central Transmission Utility at least 1 (one) year prior to the date from which such customer desires to relinquish the access rights; Provided further that in case a customer submits an application for relinquishment of long-term access rights at any time at a notice period of less than one year, then such customer shall pay an amount equal to 66% of the estimated transmission charges (net present value) for the period falling short of a notice period of one (1) year, in addition to



66% of the estimated transmission charges (net present value) for the stranded transmission capacity for the period falling short of **12 (twelve) / [7 (seven)]** years of access rights.....”

A handwritten signature in blue ink, appearing to read "Gang", with a large circular flourish above the first letter.

2) Comments on Draft Central Electricity Regulatory Commission (Sharing of Inter State Transmission charges and Losses) (Fifth Amendment) Regulations, 2016.

Proposal in Draft

1. In proviso no. 4 of the draft regulations it is stated that:

“4. Amendment to Regulation 9 of the Principal Regulations:

(1) Sub-clause (l) of Regulation 9 of the Principal Regulations shall be substituted as under:

“(1) The transmission charges for MTOA customers who are not availing LTA to target region for the capacity under MTOA shall be charged 1.25 times of the LTA POC rates as notified by the Commission from time to time.

(2) The transmission charges for STOA customers who are not availing LTA to target region for the capacity under STOA shall be charged 1.35 times of the normal STOA POC rates as notified by the Commission from time to time.

Provided that the surplus charges collected under above clauses shall be reimbursed back to DICs paying charges under first bill in the next month.”

ADHPL’s Comments

1. As per the above proposed draft amendment, it can be inferred that those CTU connected Generators which have LTA for a target region and also paying the LTA charges for the same without utilizing the LTA and selling their power on short term open access will be charged at the rate of 1.35 times of the specified normal POC injection charges.
2. This arrangement of overcharging the STOA customers who are paying for STOA and LTA charges simultaneously is totally unfair. This will fail the motive



behind proposing the said draft regulation for incentivizing and improving number of LTA consumers and to ease the long term transmission planning.

3. ADHPL is of view that major reason of non utilization of LTA is the lack of Case-1 bidding for power procurement, especially hydro power, from state utilities and reluctance of distribution companies in signing long term PPAs, the Generators which have LTA for a Target region are left with no option other than to sell their power on short term contracts or on Energy Exchanges otherwise their financial viability will suffer badly.
4. For merchant hydro power projects, where cost of generation is on higher side when compared to the current market price of power, it will be a detrimental step for the project developers. It will also slow down the already lagging hydro power project development.
5. The issue needs further clarification from the honorable Commission that which type of DICs will be penalized under aforementioned draft provision and ADHPL is of view and requests honorable Commission that the Generating entities who are paying for the LTA but not using the same for power scheduling due to above mentioned reason of non utilization of LTA must be kept out of the ambit of such penalty.

Further, a small clarification is requested from the honorable commission regarding penal rate on STOA customers whether it will be applicable for Bilateral transactions or Collective transactions or both.

