



एनटीपीसी लिमिटेड

(भारत सरकार का उद्यम)

NTPC Limited

(A Govt. of India Enterprise)

केन्द्रीय कार्यालय/ Corporate Centre

NTPC Ref: 01:CD :717

Dated: 15th Nov. '2016

To

The Secretary
Central Electricity Regulatory Commission
3rd & 4th Floor, Chanderlok Building
36, Janpath, New Delhi-110001

Sub: Comment on Draft Regulations of CERC (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) (Sixth Amendment) Regulations, 2016. and CERC (Sharing of Inter-State Transmission Charges and losses) (Fifth Amendment) Regulations, 2016.

Respected Madam

This has reference to the public notice dated 28.10.2016 on the above mentioned subject posted on CERC's web-site requesting for comments / suggestions / objections.

Our comments/suggestions are enclosed as Annexure-A and B for your consideration.

Thanking You



Yours faithfully

(Rajnish Bhagat)
GM (Commercial)

Encl: Comments on Draft Amendments Regulations (Annexure-A and B)

Comments on proposed 6th amendment of CERC (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) (Sixth Amendment) Regulations, 2016.

CERC vide its public notice dated 28.10.2016 has proposed draft amendments to above mentioned regulations and has invited comments/ objections/ suggestions from stakeholders by 15.11.2016.

NTPC's comments with regard to the proposed amendments are as follows:

Proposed Amendment

1. 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;

Comment: NIL

Proposed Amendment

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;"

Comment: NIL

Proposed Amendment

3. Amendment of Regulation 8 of Principal Regulations: Clause (8) of Regulation 8 of the Principal Regulations shall be substituted as under:

"(8) The dedicated transmission line from generating station of the generating company to the pooling station of the transmission licensee (including deemed transmission licensee) shall be developed, owned and operated by the applicant generating Company. The specifications for dedicated transmission lines may be indicated by CTU while granting Connectivity/ Long term Access/Medium term Open Access:

Provided that in case of a thermal generating station of 500 MW and above and a hydro generating station or a generating station using renewable sources of energy of capacity of 250 MW and above, CTU shall plan the system such that maximum length of dedicated transmission line shall not exceed 100 km from switchyard of the generating station till the nearest pooling substation of transmission licensee:

Provided that where the dedicated transmission lines have already been Constructed/are under construction by CTU under coordinated transmission planning:

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- (a) The transmission charges for such dedicated transmission lines shall be payable by the concerned generating company to the transmission licensee (including deemed transmission licensee) from the date of COD of the dedicated line till operationalisation of LTA of the generating station of the generating company:
- (b) After operationalisation of the LTA, the dedicated transmission line shall be included in the POC pool and payment of transmission charges for the said dedicated transmission line shall be governed as per the CERC (Sharing of inter-state transmission charges and losses) Regulations, 2010 as amended from time to time.

Comment

Section 10 of the EA-2003 provides as under:

"Section 10. (Duties of generating companies): --- (1) Subject to the provisions of this Act, the duties of a generating company shall be to establish, operate and maintain generating stations, tie-lines, sub-stations and dedicated transmission lines connected therewith in accordance with the provisions of this Act or the rules or regulations made thereunder."

Further, the dedicated transmission line as defined in the EA-2003 is as below:

"(16) "dedicated transmission lines" means any electric supply line for point to point transmission which are required for the purpose of connecting electric lines or electric plants of a captive generating plant referred to in section 9 or generating station referred to in section 10 to any transmission lines or sub-stations or generating stations or the load centre, as the case may be"

It is inferred from the above that a generating company's duty with regard to construction, operation and maintaining of dedicated transmission line, sub-stations etc. is for facilitating evacuation of its own generated power to the envisaged pooling point i.e. point to point transmission of power. In the event the nature of transmission line changes from "point to point transmission" to a meshed network (multi point) transmission, generating company is no longer entitled to own such an asset without a valid transmission license.

The existing provision in the Connectivity Regulations [Regulation 8(8)] exempts a thermal generating station of 500 MW and above and a hydro generating station of 250 MW and above, other than a captive generating plant from construction of dedicated transmission line. Such stations are taken into account for coordinated transmission planning by CTU and CEA.

The following difficulties are likely to be encountered in case the large generating stations/ UMPPs are also required to construct their own dedicated transmission line up to the pooling point (up to 100 Km long)

1. In current scenario, transmission systems for any New Generating Stations are planned based on Connectivity and LTA applications wherever more than one beneficiaries/states are involved. The transmission lines emanating from

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Generating Stations are presently part of ISTS lines only as recorded in various Standing Committee Meetings because these lines are part of meshed networks of entire grid. It is generally not possible to identify lines for connectivity and LTA separately. Evacuation system from large thermal generating units is being planned in line with CEA manual on transmission planning criteria to meet reliability criteria of (N-1/ N-1-1). Large power projects should ideally have interconnections with two distinct substations/ pooling points to mitigate credible contingencies like simultaneous outage of both the buses at remote station. This philosophy has in general been followed for all large ISGS projects, UMPP.

2. In case of ISGS owned by Central Government, Power Allocation is being done to multi-beneficiary states. In case of many such projects, the intra-state transmission lines are being laid by Home State for drawl of its share of power and power to other states is planned for evacuation through ISTS by using switchyard as a pooling station. These aspects are very important from the point of view of reliability and security aspects of grid and Govt. of India Initiative for 24x7 Power supply and development of Smart City Project. So the requirement of dedicated transmission line does not arise, as power flow will be governed by law of physics. The examples are Meja, Kudgi, Unchahar, Tanda, Kanti Switchyards which are working as a pooling station as well as Generating switchyard.
3. Many a times existing lines from a particular Generating stations are being LILoed or modified based on system requirement. Many of the subsequent System strengthening schemes/ bays are also located in the switchyards of large generating stations. As Generating companies are not transmission licensee execution/ co-ordination issues would arise in such cases.
4. If the dedicated transmission lines are not LILoed, it would lead to creation of no. of dedicated lines in the vicinity of Generating Stations exclusively and would derail the concept of power development because of severe ROW Issues and Land Acquisition Issues. Construction of new pooling stations for this purpose may lead to duplicity in investment in the transmission system and by the generator.
5. In case of multistage generating stations, provision of dedicated evacuation line for each stage shall prohibit sharing of common facilities for deriving station auxiliary supply. This will result in higher cost and reduced reliability. Accordingly transmission assets shall not be optimally utilized. Construction of new pooling stations for this purpose may lead to duplicity in investment in the transmission system and by the generator.
6. As brought out in the SOR of draft regulations, rational behind bringing the dedicated transmission lines under the ownership of Generating Companies is to avoid situation of stranded assets creation due to abandonment of project by Generating Company. In case of CGS/ CPSUs like NTPC, NHPC etc. where the power is being allocated by MoP-Gol, such a situation has no relevance and no such situation has been encountered till date. Therefore, It is appropriate to consider exemption with regard to constructing dedicated transmission line in case of CGS/ CPSUs where Power is allocated by Gol.

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7. As regards to coordination with generator is concerned, it shall still be required (through JCC, IA, TSA as applicable) since financial risk involved due to delay of generation project is not completely mitigated with the enactment of proposed regulation for dedicated transmission line. The transmission system from pooling station onwards (ISTS Portion) shall still be required to be implemented as per schedule.
8. There are adequate provisions already available in the CERC regulations for dealing of mismatch in commissioning of Generating Station bays and Transmission line and its bays commissioning through IA and sharing of transmission charges by Generators till commissioning. The cases of abandonment by generators (other than CGS) can be dealt by suitably enhancing the construction BG in such a manner to recover the transmission charge for the period for which LTA/PPA has been applied/signed. The encashment of BG should be linked with coordinated development of generation project and associated ATS. In view of the above and to keep away non-serious developers, suitable regulatory provisions may be considered to streamline the BG encashment in case of default.
9. Issues related to Metering of power: Under the existing provisions of IEGC regulations as the Connectivity with ISTS gets shifted, the metering of Ex-bus Schedule energy(SG) for such generating station will also be considered at the far-end substation (up to 100 Km away). This will lead to increase in tariff (FC & VC) of these generating stations affecting merit order despatch and enhanced impact under DSM regulations as the Station Actual Generation (AG) will also have to make good the line-losses to meet its scheduled generation.

It will be therefore required to incorporate commensurate amendments in IEGC Regulations to consider metering of Ex-Bus energy for these generating stations at generating switchyard as deemed Injection (SG) in ISTS to neutralise the DSM impact & impact on Merit Order Despatch (MOD) maintaining parity with existing generating stations wherein generation switchyards are itself pooling point.

However in spite of above mentioned grid operation & technical issues, Statute /Regulatory issues and commercial/ cost related issues, it is decided to get the dedicated transmission lines constructed by Generators, the following aspects needs to be addressed:

- Consideration of Power Plant availability and metering of power at generating switchyard as schedule generation for Station.
- In the event the dedicated transmission line is required to be LILoed or the Asset loses its dedicated nature or becomes deemed ISTS, Tariff of dedicated transmission line in such situation may be recovered through POC.
- Hence, to reduce such instances, there is need for re-considering the maximum length of dedicated transmission line up to 20KM that may be built and owned by Generating Company.

Proposed Amendment

Amendment of Regulation 9 of the Principal Regulations: In Clause (2) of

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Regulation 9 of the Principal Regulations, the words "or the transmission system under execution" shall be deleted.

Comment

NIL

Proposed Amendment

5. Insertion of a new Regulation in the Principal Regulations: Regulation 15B shall be inserted after Regulation 15 of the Principal Regulations as under:

"15B. Firming up of Drawl or Injection by LTA Customers:

The Long Term Access Customer who has been granted long term access to a target region shall, after entering into power purchase agreement for supply of power to the same target region for a period of not less than one year, notify the Nodal Agency about the power purchase agreement along with copy of PPA for scheduling of power under LTA:

Provided that scheduling of power shall be contingent upon the availability of last mile transmission links in the target region:

Provided further that on receipt of the copy of the PPA, CTU shall advise concerned RLDC for scheduling of power at the earliest, but not later than a period of one month:

Provided also that if the capacity required for scheduling of power under LTA has already been allocated to any other person under MTOA and/or STOA, then MTOA and/or STOA shall be curtailed in accordance with priority for curtailment in accordance with Regulation 25 of these Regulations Corresponding to the quantum and the period of the PPA:

Provided also that when capacity under existing MTOA are curtailed for considering scheduling of power under the PPA of the Long term Access Customer, such MTOA customer shall be permitted to relinquish its MTOA Without any relinquishment charges."

Comment

The requirement of PPA duration for more than 1 year for Long Term Access customer having LTA in target region towards curtailment of existing MTOA/ STOA contracts has been kept citing that period less than one year will cause uncertainties of access. However such conditionality will put the LTA customer at disadvantage in terms of STOA/ MTOA transaction despite fulfilling obligation of transmission (LTA) charges on long term basis. Therefore PPA duration requirement for LTA customer should not be there. STOA/ MTOA customers have the alternatives under STOA regulations e.g. day-ahead contingency etc. The concerned para in regulation may be modified as:

"The Long Term Access Customer who has been granted long term access to a target region shall, after entering into power purchase agreement for supply of power to the same target region notify the Nodal Agency about the power

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purchase agreement along with copy of PPA for scheduling of power under LTA:"

Proposed Amendment

6. Insertion of new Regulation 16 B in the Principal Regulations

A new regulation shall be added below Regulation 16A

"16B. Underutilisation of Long term Access and Medium term Open Access:

In case it is observed by RLDCs that the LTA / MTOA customer's request for scheduling is consistently (for more than 5 days) lower than the capacity granted by the Nodal Agency (i.e. CTU), RLDC may issue a notice to such LTA/MTOA customer asking the reasons for such under-utilization. The LTA/MTOA customer shall furnish the reasons for such under-utilization and will provide such details like the reduced requirement, likely period, etc. by the following day. The un-utilized transfer capability will then be released for scheduling of Medium term and Short-term open access transaction depending upon the period of such underutilization with a condition that such transaction shall be curtailed in the event original LTA/MTOA customer seeks to utilize its Capacity.

Comments

The basis for deciding under-utilization by LTA customers (average/peak SG) and restoration of LTA on recall (curtailment of STOA/ MTOA) needs to be defined explicitly to avoid subjectivity and varied interpretation by RLDCs and others and to avoid litigations/petitions.

Proposed Amendments

7. Amendment of Regulation 19 of the Principal Regulations: Clause (2) of

Regulation 19 of the Principal Regulations shall be substituted as under:

- "(2) The start date of the medium-term open access shall not be earlier than 5 Months and not later than 2 years from the last day of the month in which Application has been made."

Comment: NIL

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Comments on proposed CERC (Sharing of Inter-State Transmission Charges and losses) (Fifth Amendment) Regulations, 2016.

CERC vide its public notice has proposed draft amendments to above mentioned regulations. NTPC's observations are as follows:

Proposed Amendment

1. Amendment to Regulation 7 of the Principal Regulations:

(1) Following sentence shall be added at the end of Sub-clause (q) of Clause (I) of Regulation 7 of the Principal Regulations:

"Additionally, Reliability Support Charge shall also be payable by a DIC for the Quantum of Connectivity granted by CTU from the date of physical Connection to ISTS including the case where DIC is not availing any LTA / MTOA provided that the total quantum for the purpose of Reliability Charge shall not Exceed the quantum of Connectivity granted to a DIC:

Provided further that if Connectivity has been sought in a phased manner, Reliability Charges shall be billed accordingly:

Provided also that Reliability Support Charge paid by a DIC under STOA shall be off-set against the quantum covered under Connectivity."

Comment:

The following may please be added at the end of proposed regulation

"The Reliability Support charges shall be applicable only on those generators which are granted Connectivity after notification of these regulations and for those generators which have already been granted connected Connectivity but connectivity has not yet been established, the charges would correspond to max. Drawl of Start-up power quantum sanctioned by RLDC."

Proposed Amendment

2. A New Sub clause (y) to Clause (1) to Regulation 7 of Principal Regulations shall be added as under:

"No transmission charges and losses for the use of ISTS network shall be attributed to wind based generation for the projects awarded through competitive bidding and commissioned till 31.3.2019. This shall be applicable for a period of 25 years from the date of commissioning of such projects.

Provided that such waiver will be available only for the projects entering into Power Purchase Agreements (PPAs) for sale of electricity to the Distribution Companies for compliance of their renewable purchase obligation."

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Comment:

This is a welcome step for promotion of renewable energy. However, the benefit should also be extended to small hydro projects up-to 25MW capacity where no augmentation is being taken up in ISTS for power transfer.

3. Amendment to Regulation 8 of the Principal Regulations:

(1) Fourth proviso to Clause (5) to Regulation 8 of Principal Regulations shall be substituted as under:

"Provided also that during the period when a generating station draws start-up power or injects infirm power before commencement of LTA, withdrawal or injection charges corresponding to the actual injection or withdrawal shall be payable by the generating station and such amount received shall be reimbursed to the DICs in the following month, in proportion to the monthly billing of the respective month."

(2) A new Clause (7) shall be added after Clause (6) to Regulation 8 of Principal Regulations:

"(7) For generators with LTA to target region whose POC rate has not been Determined for the quarter, shall be billed at Average PoC rate of target region."

Comment:

The following may please be added in new clause(7) after clause (6) of Regulation-8

"However, after determination of actual POC charge in the next quarter, the same shall be adjusted if actual POC rate is different than Avg. POC rate.

Proposed Amendments

4. Amendment to Clause (5) to Regulation 11 of the Principal Regulations:

Second proviso to clause (5) of Regulation 11 of the Principal Regulations shall be substituted as under:

"Provided further that while billing transmission charges for next month, the quantum of Medium-term Open Access to any region shall be adjusted against the quantum of Long-term Access to the target region without identified beneficiaries limited upto quantum of Long Term Access:"

Comments: NIL.

Proposed Amendments

5. Amendment to Clause (6) to Regulation 11 of the Principal Regulations:

Clause (6) of Regulation 11 of the Principal Regulations shall be substituted as under:

"The third part of the bill shall be used to adjust any variations in FERV, Incentive, rescheduling of commissioning of transmission assets etc. as allowed by the Commission for any ISTS Transmission Licensee. Total amount to be recovered / reimbursed because of such under recovery / over recovery shall be billed by CTU to each Designated ISTS Customer in proportion of its average Approved Injection / Approved Withdrawal Charges over the three months of PoC application period on quarterly basis. This part of the bill shall be raised on first working day of September, December, March and June for the previous PoC application period."

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Comments: NIL.

Proposed Amendments

6. Amendment to Clause (9) to Regulation 11 of the Principal Regulations:

First, Second and third proviso to clause (9) of Regulation 11 of the Principal Regulations shall be substituted as under:

"Provided that a DIC which has been granted LTA to a target region and is paying injection charges for Long Term Access avails Short Term Open Access to any region, the quantum of Short Term Open Access shall be adjusted in the following month against the quantum of Long Term Access to target region limited to quantum of Long Term Access to the extent of the quantum for which DIC has paid charges.

Provided further that a DIC, who has been granted Long-term Access to a target region, shall be required to pay PoC injection/ withdrawal charge for the Approved Injection/Withdrawal for the remaining quantum after offsetting the quantum for Medium-term Open Access, and Short-term open access to the extent of the quantum for which DIC has paid charges.

Provided also that the Withdrawal PoC charges paid by DIC towards Short term open access given to a DIC shall be offset against the corresponding Withdrawal PoC charges to be paid by the Withdrawal DICs for Approved withdrawal limited to difference of Approved Withdrawal and Net withdrawal (load minus own injection) considered in base case, if Approved withdrawal is less than the Net Withdrawal:"

Comment

The following may also be added at the end "STOA Charges against URS sale by Generating Company as per consent of beneficiary to be offset against withdrawal charges of consenting beneficiaries." This is important so that Regulation is in synch with GoI Policy Guidelines.

7. Amendment to Annexure of the Principal Regulations:

(1) Sub clause under Para 2.8.1.c shall be substituted as follows:

"(i) Reliability Support Charges shall be 10% of the Monthly Transmission Charges. The Reliability Support Rate, in Rs/MW/month shall be as under:

Reliability Support Charge for Withdrawal DIC shall be obtained by multiplying the above rate (in Rs/MW/month) by Approved Withdrawal (LTA/MTOA). For Generator with Long term Access to target region shall be obtained by multiplying these charges by Approved Injection. For Generators whose Connectivity is for quantum more than its LTA+MTOA, Reliability Support Charges shall be obtained by multiplying the above rate by [Connectivity quantum – (LTA+MTOA)].The above principle shall also apply for additional MTOA."

Comments: NIL.

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