D B POWER LIMITED

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Ref: DBPL/CERC/15112016 15.11.2016

Smt. Shubha Sarma,
Secretary,
Central Electricity Regulatory Commisison,
3rd and 4th Floor, Chanderlok Building,
36, Janpath,
New Delhi – 110001

Sub:

(a) Draft CERC (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-state transmission and related matters) (Sixth Amendment) Regulations, 2016
(b) Draft CERC (Sharing of inter-state Transmission Charges & Losses) (Fift Amendment) Regulations, 2016

Dear Madam,

This is in reference to the proposed sixth amendment to the Grant of Connectivity, Long-Term Access & Medium-term Open Access in inter-state transmission and related matters, regulations and fift amendment to the sharing of inter-state transmission charges & losses regulations.

Our comments on these are attached and we request the Hon'ble Commission to take these views in to consideration while finalizing the amendments.

Thanking You.

Yours sincerely,

Authorised Signatory
D B Power Limited

Comments on Central Electricity Regulatory Commission (Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters) (Sixth Amendment) Regulations, 2016

S. No.	Proposed Amendment	Suggested Change	Remarks
1	Regulation 8 of Principal Regulations : 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	Regulation 8 of Principal Regulations : CTU shall plan the system such that maximum length of dedicated transmission line shall not exceed 50 km from switchyard of the generating station till the nearest pooling substation of transmission licensee	Tentative cost/km for constructing transmission line is about Rs. 8 Cr/km. For 100 kms dedicated transmission line, cost would be about Rs. 800 Cr. For a plant of capacity 500-1000 MW, dedicated line cost itself would add additional Rs. 1cr/MW of project cost. Hence, it is requested that CTU shall plan the system such that maximum length of dedicated transmission line shall not exceed 50 km.
2	New Clause – In case long-term customer does not open payment security mechanism (or) does not pay transmission charges, the LTA granted to target region should be used for grant of LTA against pending LTA applications.		The new clause 16B provides for grant of MTOA/STOA in case of underutilization of LTA/MTOA by existing customer when payment security mechanism has been opened by the existing customer, at least part of the LTA/MTOA is being utilized by customer & transmission charges are regularly paid for the entire capacity of LTA/MTOA. Similarly, regulation should also provide for a new clause "Non-utilization of Long Term Access and Medium term Open Access" where in case the payment security mechanism is not established (or) transmission charges not being paid against the LTA/MTOA as per the regulations, the LTA/MTOA shall be capacity allocated to pending LTA/MTOA/STOA applicants.
3	New Clause – No relinquishment charges should be applicable for change from MTOA to LTA when injection and drawl points are same.		As per existing regulations, margins in existing corridor due to "LTA granted against target region" is not utilized for "grant of LTA" but is used for "grant of MTOA". Further, grant of part-LTA is also not allowed as per existing regulations. So, LTA is generally granted based on new or upcoming transmission capacity which takes 3-4 years time. **So, under long-term PPAs, from start date of PPA till start date of LTA, power is generally supplied though MTOA.** As per existing regulations, MTOA applications are processed within 40 days after end of month. However, LTA applications are generally clubbed together and transmission system augmentation planning is considered twice a year based on all LTA applications received. **So, in most cases, before LTA is granted (or) is pending, MTOA application also had to be made.** Further, LTA is granted conditional on commissioning of the lines identified for development. So, even if LTA is granted from a particular date, since it is

			conditional on commissioning of the identified lines, the start date of LTA is not firm. **So, MTOA is applied for maximum allowable period of 3 years to take care of delay in commissioning of transmission lines.** Later during the term of MTOA, in case LTA is operationalized, MTOA is relinquished by the generator. Though the MTOA is relinquished, the same corridor is still used by same generator to the same customer for the same quantum under LTA. **So, when MTOA is relinquished by generator for moving over to LTA, there should be no relinquishment charges**

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

S. No.	Proposed Amendment	Suggested Change	Remarks
1	Reliability Support Charges shall be 10% of the Monthly Transmission Charges.	Reliability Support Charges shall be 1% of the Monthly Transmission Charges.	It has been suggested that Reliability Support Charges be paid from date of physical connection till actual start of LTA/MTOA/STOA. Typically, it takes about 1-1.5 years between physical connection to the grid and COD. Based on the current Reliability Support Charges of Rs. 25321/MW/Month, monthly reliability charge for a 1200 MW plant works out to Rs. 3 Cr/month (i.e.) total reliability charge paid even before start of COD works out to about Rs. 50 Cr. Further, as per CEA report, average PLF of thermal plant is about 60% and is only expected to go down with further thrust on renewables. For 1200 MW power plant, based on the current monthly reliability charges, reliability charges for 40% capacity for which there is no LTA/MTOA/STOA would work out to about Rs. 1 cr every month. A generator is running at low PLF not out of willingness but out of compulsion due to low-demand. For a generator who is already not able to recover the fixed cost for the balance 40% capacity, additional Rs. 1 cr/month of monthly reliability charges on the unutilized capacity is very high. Hence, it is requested that reliability support charges be reduced to 1% of the monthly transmission charges instead of the proposed 10% of monthly transmission charges.
2	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	No change in existing regulations	It is mentioned in the explanation to regulations that the rates of MTOA and STOA are increased so that generators apply for LTA and transmission planning can be done for LTA. In this regard, we would like to point out that as per the approach laid down by National Electricity Policy (NEP) and further emphasized under the Tariff Policy (TP), prior agreement with the beneficiaries should not be a precondition for network expansion and that CTU/STU should undertake network

	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.		expansion after identifying the demand requirement and generation coming up. Increasing the MTOA & STOA charges so that generators move to LTA and hence, transmission systems be planned based on LTA is against NEP and TP. Even as per current regulations, though LTA is not mandatory, connectivity is mandatory and to know how much of capacity is coming up, CTU already has details of upcoming capacity under connectivity granted. At present, short-term market rates are about Rs. 2.00/unit at the generator bus-bar and transmission charges are about Rs. 0.40-0.50/unit (i.e.) transmission charges already account for about 20-25% of the short-term power purchase cost. Hence, further increase in STOA charges is not warranted. Further, implementation of the regulation would be practically not possible. One simple scenario is shown below: • LTA granted for WR target region is 100 MW. Generator has firm LTA for 50 MW. Generator signs up intra-day contract for TB50-96 with ER customer for 100 MW and at the same time signs up intra-day contract from TB75-96 with SR customer for 100 MW and applies for STOA at same time. • As per proposed amendment, first 50 MW of STOA will be at normal rates and balance STOA will be at 1.35 of normal rate. Since contract is being processed simultaneous by ERLDC and SRLDC at same time, how will each RLDC know whether the STOA charge for first 50 MW should be at normal rate or higher rate? • In above example, for TB50, first 50 MW has to be at normal rate and next 50 MW has to be at higher rate. So, will STOA quantum for each time block have two different rates depending upon how much of the STOA quantum is within the LTA to target region and how much is out of the LTA to target region?