No. TUL/CERC-GNA/2017018/180228

Dated 28.02.2018

To,
The Secretary
Central Electricity Regulatory Commission
3rd & 4th Floor, Chanderlok Building
6, Janpath, New Delhi-110 001

Sub: Comments on “Draft CERC (Grant of Connectivity and General Network Access to the inter-State transmission system and other related matters Regulations, 2017”).


Sir,

With reference to Hon’ble Commission’s Public Notice under reference above, please find annexed the comments of Teesta Urja Ltd. on the “Draft CERC (Grant of Connectivity and General Network Access to the inter-State transmission system and other related matters) Regulations, 2017”.

Yours faithfully

[Signature]

(Jaideep Lakhtakia)
General Manager

Enclosures: As above.
ANNEXURE

Comments of Teesta Urja Ltd. on the “Draft CERC (Grant of Connectivity and General Network Access to the inter-State Transmision System and other related matters) Regulations, 2017”

1. Regulation 5.2 The steep increase in the application fee as proposed in the Regulation for Connectivity and GNA is not justified, particularly considering that the same is non refundable and also that a steep Access Bank Guarantee is also being imposed. Such hike in the fees upfront would put an avoidable upfront financial burden on the Applicant and also increase the cost of electricity.

The reason given for imposition of upfront application fees is to meet the cost of system studies conducted by the CTU. There is no clarity as to whether in all cases, there is a requirement of system studies and even if there is such requirement in some cases, the cost of such studies is not known. Therefore, it is, suggested that the cost of studies, if any, conducted by CTU should be recovered as a part of the POC charges and no upfront application fee should be charged from the Applicants.

Under any event, there is no justification to increase the application fees and in fact, the same should be reduced by 50%. However, in case any such application fees continues to be imposed, the same should be made refundable upon operationalization of GNA and any expenditure incurred on system studies etc. should be recovered as part of the POC charges collected by the CTU.

2. Regulation 7.32 As per this Regulation, an Applicant shall be able to interchange firm power with the grid only after its GNA is operationalized.

The proposed regulation will result in difficulty for existing generating stations like 1200 MW Teesta-III of Teesta Urja Ltd. in whose case the LTA has not been operationalized and power is being sold in short term market utilizing the margins available on the transmission system. Such a stipulation will only will only result in the unintended spillage of water and wastage of zero cost of energy even when margins are available on the transmission system to evacuate its power.

It is therefore, suggested that generating stations which are already connected with the grid but have not been granted LTA or whose LTA has not been operationalized, may be allowed to transact power in short term market till the GNA is granted and operationalized. It is suggested that the applicant may be allowed to interchange power in short term market subject to availability of margin on the transmission system.

3. Regulation 8.4 where dedicated transmission lines have already been constructed or under construction by ISTS licensee under coordinated transmission planning, the transmission charges for such dedicated transmission lines shall be payable by the generator to the transmission licensee till operationalization of GNA of the generating
station and after operationalization of GNA the transmission charges shall be included in the POC pool.

Operationalization of GNA is beyond the control of the Generator. In the event of inordinate delay in operationalization of GNA, the Generator would end up paying transmission charges to the Transmission Licensee for the dedicated transmission line or part thereof, that is declared under COD, and in addition may also have to pay transmission charges under short term sale. It is therefore, suggested that in such instances, the Transmission Licensee should continue to receive POC charges for the dedicated line or part thereof, that has been declared under COD.

4. Regulation 10 (a) & (b) it has been proposed that in case of dedicated transmission line owned/constructed by the generator, the metering will be at the pooling sub-station of ISTS licensee and in case a generator is connected to more than one pooling sub-station, metering may be at the generating station.

This will result in disparity between the power stations which are to be connected to one pooling sub-station and those which are connected to more than one pooling sub-station. In both situations, the GNA quantum shall be the installed capacity minus the Auxiliary Consumption. However, in the case of dedicated transmission line of the Generator being connected only one pooling sub-station of ISTS licensee, the Generator is not allowed to deduct the losses on the dedicated line from the GNA quantum. It is therefore, suggested that either the metering in all cases should be done at the generating station only or the Auxiliary Consumption as well as losses on the dedicated transmission losses both should get deducted from the installed capacity for computing the GNA.

5. Regulation 11.7 GNA application has to be accompanied by Access Bank Guarantee of Rs 20 lacs/MW for the quantum of GNA. This is to cover the risk of investment made by CTU in development of the transmission system for evacuation of power from the generating station.

The amount of Access Bank Guarantee has been increased substantially for the generators to cover the risk of investment of the transmission licensee at the cost of the generating companies. This is despite the fact that in the proposed regulation, the responsibility of construction of the dedicated line is on the generator as against the prevailing regulations where the evacuation from the bus bars of a power project of specified capacity is the responsibility of CTU. Thus, the generating station is required to make investment on the dedicated transmission line and providing of such high Access Bank Guarantee would only put additional financial strain on the Generator. Therefore, it will not be desirable to burden the generator any further. The Access Bank Guarantee should continue to be for amount Rs. 5 lakhs only.

6. Regulation 11.8 The Generator is also required to furnish a copy of PPA or Sale Purchase Agreement along with the application of GNA.

The National Electricity Policy advocates the need to keep part of new generating capacities (to start with) outside long-term PPAs in order to promote market development. An investor may opt to develop a generating station for 100% merchant
sale in the Power Exchange etc, in which case he may not enter into any long term or medium term PPA.

_It is therefore, suggested that furnishing of PPA/SPA should not be mandatory as the PPA/SPA may not have been signed at the stage of filing of application for GNA. The provision may be modified that PPA/SPA, if available, may be submitted along with the application._

7. **Regulation 17.1** As per Regulation 17.1, GNA itself does not entitle any generator to interchange any power to the grid till it signs a PPA or PSA and informs the same to CTU and concerned RLDC or sells power through Power Exchange. Information regarding PPA shall be considered by CTU not later than a week and confirm the schedule priority (**Regulation 17.3**).

_Similar provision should be kept for consideration of short term agreements by RLDC not later than 1 day from the date of intimation. Further, a Letter of Award should also be considered in lieu of PPA or PSA._

8. **Regulation 19.3** Access Bank Guarantee for GNA shall be subsisting for 5 years from the date of operationalization of GNA, after which 1/5th of the amount shall be returned back to the applicant till the 4th year. 1/5th amount is proposed to be kept as a security till the 12th year towards the relinquishment charges.

_There is little possibility of relinquishment of GNA after the power station is commissioned. The generator will not be able to schedule any power and remain connected to the grid if it relinquishes the GNA. Imposition of such high value Bank Guarantee on the Generator; its further retention for a period of 5 years and also retention of 1/5th amount for 12 years puts an avoidable burden on the already Generator and also increases the cost of generation. There seems to be no need to retain Access Bank Guarantee after commissioning of the generator. It is suggested that once the Generator has been commissioned and GNA is operationalized, the Access Bank Guarantee may be returned._

9. **Regulation 22.3** This Regulation provides that the inability of GNA applicant to guarantee or supply electricity shall not absolve it from liability to pay transmission charges.

_More clarity is required as to how the transmission charges will be computed for a generator who is not able to generate power due to high cost of generation, non-availability of fuel and non-offtake of power by the beneficiary. A large capacity of thermal power projects is stranded due to non-availability of PPAs and coal linkage. If the transmission charges are levied on the installed capacity, it would create a distress for the stranded power projects which are already suffering. It will be unreasonable to levy transmission charges on the quantum of GNA of such stranded generator. Hydro projects particularly run of the river projects have to also bear high POC charges. States which have wide seasonal variations in load demand have also to bear high transmission charge. It is therefore, suggested that two part transmission tariff may be devised with say 30% of AFC to be recovered on the basis of GNA and 70% by energy charges._
9. **Regulation 27.3** This provides for payment of transmission charges from the date of operationalization of GNA in case of delay in commissioning of generating station/dedicated transmission line.

*It needs to be explicitly clarified that in cases where the extension of scheduled date of GNA is allowed, the transmission charges will not be levied for the period extended by the Commission.*

10. Under the prevailing regulations for sharing of transmission charges, there are different methodologies and charges for long/medium term transactions and short term transactions. After enactment of GNA regulations the methodology for sharing of transmission charges will undergo a change. It is suggested that the proposed modifications in the Sharing Regulations may also be indicated by CERC to understand clearly the impact of proposed GNA Regulations on the sharing of transmission charges and offer our comments on the same.