No. IEX/RA/060/22-23 Date: 03.10.2022

To,

The Secretary
Central Electricity Regulatory Commission
3rd & 4th Floor, Chanderlok Building
36, Janpath
New Delhi - 100 001,
Fax: 011-23753923

Sub: IEX Comments on Draft CERC 1st amendment to Sharing of Transmission Charges Regulations 2022 and the additional amendment proposed through Supplementary Draft Notification dated 18.08.2022

Dear Sir,

This has reference to Public Notice dated 11.06.2022 and extension granted thereof, for filing suggestions and comments from stakeholders on the Draft Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) (First Amendment) Regulations, 2022.

The comments on behalf of Indian Energy Exchange are hereby attached hereto for kind consideration of the Hon'ble Commission.

Thanking You
Yours Sincerely,

(Jogendra Behera)
CRO & VP (Regulatory & Market Economics)
Enclosures: As above

Comments on Draft CERC 1st amendment to Sharing of Transmission Charges Regulations 2022 and the additional amendment proposed through Supplementary Draft Notification dated 18.08.2022

1. Levy of Entity-wise T-GNA Charges payable in case of Collective Transactions

Regulation 11 of the Draft Amendments to Sharing Regulations is provided below:

"11. Transmission Charges for T-GNA (Sharing Regulations)

(1) T-GNA Rate (in Rs/MW/block) shall be published for each billing month by the Implementing Agency which shall be calculated State-wise as under:
Transmission charges for GNA for entities located in the State, for the billing month, under first bill (in rupees) X 1.10 / (number of days in a month X 96 X GNA quantum, in MW, for all such entities located in the State considered for billing, for the corresponding billing period.)

(2) Transmission charges for T-GNA shall be payable by drawee embedded entities located in the State, as per the last published T-GNA rate for the State, along with other charges or fees as per GNA Regulations and the Transmission Deviation charges, if any, as per these regulations.

(3) Transmission charges for T-GNA paid by an embedded intra-State entity during a month shall be reimbursed in the following billing month to the State in which such entity is located.

(4) Transmission charges for T-GNA collected in a billing month, shall be reimbursed to the DICs in proportion to their share in the first bill in the following billing month. "

Relevant extract of Regulation 34 of GNA Regulations is abstracted below:

"34. Transmission charges for T-GNA (GNA Regulations)

....

34.2 Transmission charges for T-GNA in case of bilateral and collective transactions, shall be payable only at the point of drawl as per the last published Transmission charges rate for T-GNA for the State where such point of drawl is located:
Provided that under collective transactions, transmission charges for T-GNA shall be payable for drawl schedules more than GNA quantum or T-GNA quantum or both, as applicable.

.....

34.4 Payment of Transmission Charges for T-GNA:

.....

(c) Under collective transactions, the power exchange shall deposit the transmission charges for T-GNA with the nodal agency by the 2400 Hrs of (D+2) day, (D) being the day of the application for grant of T-GNA:

Provided that under collective transactions, transmission charges for TGNA shall be payable for drawal schedules more than GNA quantum or T-GNA quantum or both, as applicable.

.....”

From the above, it is clear that

1. **For Drawee embedded entities** – In case of collective transactions Power Exchanges will collect T-GNA charges from the drawee embedded entity (even if the total drawal of the state is within GNA) and pay them to NLDC for reimbursing to the state in which the embedded entity is located.
2. **For GNA Grantees of the state** – In case of collective transactions Power Exchanges will collect the T-GNA charges from the GNA Grantees of the state for the drawl schedules more than GNA quantum or T-GNA quantum or both as applicable. Further, the transmission charges so collected shall be deposited with the nodal agency at the end of D+2, D being the day of the application for grant of T-GNA.

In the above regard, it is submitted that the exchange has no means to ascertain whether the drawl schedules of any entity is exceeding the GNA or not and accordingly the exact amount of T-GNA charges payable by the entity. In this scenario it is imperative that the nodal agency i.e., NLDC provides the information to the power exchanges regarding the drawl in excess of GNA and the quantum on which T-GNA charges are to be levied. However, there is a possibility that NLDC may be able to provide the information only at the State periphery i.e., whether the State as a whole which includes the Discoms, and intra-State entities are drawing in excess of GNA of the State or not and accordingly the T-GNA charges to be paid by the entities located in the State without providing the entity wise details. In such a scenario the power exchanges may be required to recover the T-GNA charges indicated by NLDC by allocating the same to the entities of the respective States.

In the above backdrop, following mechanism is proposed to recover the T-GNA Charges pertaining to collective transactions:

- NLDC to assess at the utilization of GNA at the State periphery
- In case the combined drawl of the entities located in the State is within the GNA for the State:
    - NLDC will not specify any T-GNA charges.
    - Exchange will collect the transmission charges from those intra-state entities who do not have GNA at the rate of T-GNA charges for the State published by the nodal agency and pass it on to the nodal agency in terms of Regulation 11(2).

    - Nodal Agency can pass on this amount to the CTU for reimbursement in the following billing month to the State in terms of Regulation 11(3).
    - Mechanism for allocation of T-GNA charges among the GNA Grantees of the state shall be devised by the respective SLDC.
- In case the combined drawl of the entities located in the State exceeds the GNA for the State:
    - NLDC will specify the T-GNA charges.
    - NLDC will allocate these charges to Power Exchanges based on the cleared volume of GNA grantees of the Exchange.
    - Respective Exchange will recover the specified T-GNA charges from the GNA grantees of the State in the ratio of their cleared volume. Exchange will pass this amount to the nodal agency as the T-GNA charges for the State within D+2 days in terms of Regulation 34.2 and 34.4(c) of GNA Regulations.
    - T-GNA charges collected in a billing month shall be reimbursed to the DICs in proportion to their share in the first bill in the following month in terms of Regulation 11(4)
    - Exchange will collect the transmission charges from those intra-state entities who do not have GNA at the rate of T-GNA charges for the State published by the nodal agency and pass it on to the nodal agency in terms of Regulation 11(2).
    - Nodal Agency can pass on this amount to the CTU reimbursement in the following billing month to the State in terms of Regulation 11(3).
    - Mechanism for allocation of T-GNA charges among the GNA Grantees of the state shall be devised by the respective SLDC.

The above is explained further with the following illustration:

Illustration:

Let's say the GNA for a State is 5000 MW. SLDC of the State has allocated the GNA across three Discoms as 1500 MW, 1500 MW and 2000 MW respectively.

On a particular day the GNA scheduling is 4500 MW. However, the 3 Discoms participated in the collective transactions across different power exchanges along with an intra-state entity and volume cleared become 1200 MW exceeding the State GNA by 700 MW.

NLDC will specify the T-GNA charges for this 700 MW for the State. NLDC will apportion the T-GNA charges amongst the power exchanges in ratio of their cleared volume. The scenario is captured in the Table below:

All Figures in MW

	X	Y	Z	GNA Grantees	Embedded Entity	Total
Cleared Volume in PXs						
Exchange 1	50	100	200	350	100	450
Exchange 2	50	200	100	350		350
Exchange 3	0	200	200	400		400
Total Exchange	100	500	500	1100	100	1200
Collective Vol more than GNA+TGNA as informed by NLDC						700

As proposed above the allocation of T-GNA charges corresponding to 700 MW for the State is to be allocated across the Power Exchanges which has to be recovered from the drawee entities located in the State.

NLDC will allocate the 700 MW in the ratio of the volume cleared by the GNA grantees in the Power exchanges. The transmission charges are to be levied from the GNA grantees in terms of their cleared volume in the respective Exchange. The exchange also to levy the T-GNA charges from the intra-state entity not having the GNA and pass it on to the nodal agency for reimbursement to the State in the first bill. This is captured in the Table below:

All Figures in MW

	Exchange 1	Exchange 2	Exchange 3	Total
Cleared Volume of the GNA Grantees	350	350	400	1100
Allocation of T-GNA Charges in ratio of Cleared Volume of GNA Grantees across Power Exchanges	223	223	255	700
T-GNA charges across Entities in ratio of Cleared Volume of respective Power Exchange				
X	32	32	0	64
Y	64	127	127	318
Z	127	64	127	318
Intra-State Entity	100	0	0	100
T-GNA Charges Collected by the Power Exchanges	323	223	255	800
T-GNA Charges towards reimbursement to State as per Regulation 11(3)				100
T-GNA Charges towards reimbursement to DICs as per their first bill as per Regulation 11(4)				700

In view of the above, Regulation 11 of the Sharing Regulations may be amended as follows:

11. Transmission charges for T-GNA

(1) T-GNA Rate (in Rs./MW/block) shall be published for each billing month by the Implementing Agency which shall be calculated State-wise as under:
Transmission charges for GNA for entities located in the State, for the billing month, under first bill (in rupees) X 1.10 / (number of days in a month X 96 X GNA quantum, in MW, for all such entities located in the State considered for billing, for the corresponding billing period.

(2) Transmission charges for T-GNA ~~shall~~ ~~be~~ payable by drawee ~~embedded~~ entities located in the State, as per the last published T-GNA rate for the State, along with other charges or fees as per GNA Regulations and the Transmission Deviation charges, if any as per these regulations in following manner:

a) For Advance and Exigency Application Category, Transmission Charges for T-GNA shall be payable by the applicant to the concerned nodal agency.

b) For Collective transactions, power exchange shall collect the Transmission Charges from states for T-GNA as indicated by Nodal Agency under Regulation 34.2 of CERC GNA Regulations from the GNA Grantees of the State in proportion to their drawl schedules through the exchange.

(3) Transmission charges for T-GNA paid by an embedded intra-State entity during a month shall be reimbursed in the following billing month to the State in which such entity is located.

(4) Transmission charges for T-GNA collected from in a billing month after adjustment of Clause (3) of this Regulation, shall be reimbursed to the DICs in proportion to their share in the first bill in the following billing month.

(5) The inter-se settlement between drawee entities located in the State who are GNA grantees shall be done by STU/SLDC considering utilisation of GNA by respective intra-state entity on monthly basis.

It is also urged that the above methodology may be adequately elaborated through illustrations in the Statement of Reasons of the Sharing Regulations and covered under the Detailed Procedure to be notified by NLDC under these Regulations to provide clarity in the levy and collection of T-GNA charges from the entities participating in the collective transactions without which disputes may arise affecting the smooth functioning of the power market.

2. Treatment of GNA corresponding to RE procurement-

a. **GNA$_{RE}$ quantum based on GNA and Scheduled Drawl-** Para 4 of the Supplementary Notification dated 18.08.2022 proposes to substitute Regulation 13(1) of the Principal Regulations stating that no transmission charges shall be levied for use of ISTS for the GNA$_{RE}$ and T-GNA$_{RE}$ quantum worked out in accordance with the prescribed formula, shown below for GNA-

$$\text{GNA}_{RE}\text{ (in MW)= GNA X}\frac{\sum_{n=1}^{T}\left(\frac{SDR_G}{SDT_G}\right)}{\text{T}}$$

The proviso to the above prescribed formula restricts the "total drawl schedule (MW) under GNA through ISTS" i.e., SDT$_G$ to 75% of maximum schedule in any time block for the period. It is noted in this regard that para 3.14 of the Explanatory Memorandum (EM) provides the illustrations for the above proposition of restricting SDT$_G$ to 75%, justifying the same for a case where a drawee may block GNA by utilising its total drawl requirements through RE power and thus evade paying the transmission charges all together.

However, for any case where the total drawl schedule (in MW) under GNA through ISTS from all sources, is more than 75% of Maximum schedule corresponding to GNA, and the ratio of SDR$_G$ and SDT$_G$ is close to 1, the formula would result in much higher waiver of GNA charges. For example -

State 'A' has GNA of 5000 MW. It has drawl schedule from identified RE sources in a time block for 3200 MW and total drawl schedule from all sources including RE sources is also 4000 MW. Suppose this is the schedule for all 96 blocks for entire month.
The GNARE shall be calculated as = 5000 X (3200/4000) = 4000 MW.
Hence, the State shall be liable to pay transmission charges for GNA quantum of only 1000 MW (5000 MW – 4000 MW) under Regulation 5 to 8 of these regulations.

In order to avoid socialization of a disproportionately large quantum of transmission charges, it is suggested that waiver may be extended purely on the basis of RE scheduled by the procurer as a proportion of GNA granted to entity instead of scheduled drawl of the entity. This would not require the adjusting the scheduled drawl to 75% of the GNA when the actual drawl is lesser than 75% of the GNA.

b. **Reimbursement of T-GNA charges/ corresponding to T-GNA$_{RE}$ for Power Exchange based transactions**- The proposed amendment in regulation 13(1) and 13(2) states that no transmission charges shall be levied for use of ISTS for the GNA$_{RE}$ and T-GNA$_{RE}$ quantum worked out in accordance with the prescribed formula. Second (2^{nd}) proviso to the proposed regulation 13(2) as reproduced below, suggests that the T-GNA charges paid on account of such T-GNA$_{RE}$ shall be reimbursed ex-post on finalization of schedules.

"..

Provided further that the reimbursement, from the already paid T-GNA charges, on account of T-GNA$_{RE}$ shall be made ex-post on finalization of schedules, by 15th day of the next month."

It is submitted that the exchange is operating GTAM, GDAM, and Green Intraday and Green DAC segments which are exclusively for the trading of RE and for the meeting the RPO requirement of the obligated entity. As the transactions are clearly identified to be RE the Transmission charges pertaining to these market segments should be exempted up front instead of collecting it and then reimbursing the same at a subsequent stage which will only make the process time consuming and cumbersome.

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