

Comments on Draft CERC (Sharing of Inter-State Transmission Charges and Losses) (First Amendment) Regulations, 2022

Annexure-I

The Hon'ble Commission, vide public notice dated 11th June 2022 has invited comments/suggestions/objections on the Draft Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) (First Amendment) Regulations, 2022.

After the notification of GNA Regulation 2022, amendment in Sharing Regulation 2020 was the need of hour. We are thankful to Hon'ble Commission for notification of draft amendment. In this regard, our comments on the same is as below:

Sl. No.	Clause/ Page No.	Clause as per Draft	Proposed Modification with Rational
1	Clause (3) of Regulation 3	<p>Long Term Access or Medium Term Open Access for projects covered under Clause (1) of Regulation 13 shall not be considered for apportionment of Yearly Transmission Charges under Regulations 5 to 8 of these regulations. (To be deleted)</p> <p>Bills for transmission charges shall be raised on the buyer in terms of this clause notwithstanding any provisions in the PPA and the settlement of the transmission charges inter se between the buyer and the generating station or the seller, wherever necessary, shall be made in terms of the PPA or as per the mutual agreement.</p>	<p>It is requested that Regulation 13(1) of Principal Regulation may be restored, and proposed Regulation 3(3) may be redrafted as below:</p> <p><i>"Bills for transmission charges shall be raised on the buyer in terms of this clause notwithstanding any provisions in the PPA and the settlement of the transmission charges inter se between the buyer and the generating station or the seller, wherever necessary, shall be made in terms of the PPA or as per the mutual agreement.</i></p> <p><u><i>Provided that drawee entities who are grantee of General Network Access and procuring power from projects covered under Clause (1) of Regulation 13 shall not be considered for apportionment of Yearly Transmission Charges under Regulations 5 to 8 of these regulations."</i></u></p> <p>Rationale: Ministry of Power vide its order dated 13.02.2018, 06.11.2019, 05.08.2020, 15.01 2021, 21.06.2021, and 23.11.2021 has notified waiver of transmission charges and losses on transmission of electricity for power generated</p>

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			<p>from various sources.</p> <p>Ministry of Power's Order dated 23.11.2021 inter-alia stated that waiver of inter-state transmission charges on transmission of electricity generated from solar and wind sources of energy. The power generated from such sources can be self-consumed or sold to any entity either through competitive bidding, Power Exchange or through bilateral arrangement.</p> <p>Further, transmission charges for electricity from solar and wind sources used by Hydro Pumped Storage plant (PSP) and Battery Energy Storage system (BESS) are also waived.</p> <p>As the waiver of transmission charges would give a much need impetus to the renewable energy sector and achieve the national targets by 2030, the incorporation of the waiver of transmission charges as stated in the Ministry of Power's order must be incorporated.</p> <p>Moreover, many Renewable energy supply contracts were signed where Delivery point for the energy was State Periphery of the buying state discom and developers submitted their bids considering the cost of transmission charge as zero for delivering power from other state to the buyer's state periphery. However, the proposed amendment may lead to numerous litigations as the buying discoms may demand the RE power supply to compensate for the</p>

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			Transmission Charge being paid by Buyer to CTU
	Clause (4) of Regulation 5	The Yearly Transmission Charges for the National Component shall be shared by all the drawee DICs in proportion to their quantum of GNA.	<p>As per this proposed regulation drawee entities would not get the benefit of RE waiver (National component of Yearly Transmission Charges (YTC) includes both NC-RE and NC-HVDC) on procurement of RE power in prospective and retrospective manner.</p> <p>This clause should be replaced as below:</p> <p><i>"The Yearly Transmission Charges for the National Component shall be shared by all the drawee DICs in proportion to their quantum of GNA <u>less quantum procured from generation sources mentioned in Regulation 13(1) of Principal Regulation.</u>"</i></p> <p>Alternatively,</p> <p><i>"The Yearly Transmission Charges for the National Component shall be shared by all the drawee DICs in proportion to their quantum of GNA <u>less quantum procured from waived sources mentioned in Regulation 13(1) of Principal Regulation.</u>"</i></p> <p>Rationale: Regulation 13(1) of Principal Sharing Regulation may be suitably amended by considering all MOP guidelines on waiver.</p> <p>Ministry of Power vide its order dated 13.02.2018, 06.11.2019, 05.08.2020, 15.01 2021, 21.06.2021, and 23.11.2021 has notified waiver of transmission charges and losses on transmission of electricity for power generated</p>

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			from various sources.
	Clause (8) of Regulation 9	Provided that drawee DICs other than the distribution licensees of the State, who have obtained GNA shall be apportioned the transmission charges under AC-UBC as per the transmission charges obtained at their drawl node(s) in accordance with Clause (7) of this Regulation and such transmission charges shall not be included in the aggregate transmission charges of the State.	<p>As per Regulation 17.1(iii) of GNA Regulation 2022, a distribution licensee can be granted direct connectivity and GNA; and as per Regulation 17.1(ii) of CGNA Regulation 2022, distribution licensee can be granted GNA directly. So, the AC-UBC charges should be applicable on distribution licensees and other drawing entities in proportion of their GNA quantum. Further, if the drawing entities is consuming renewable energy from the ISTS grid, the transmission charges for that quantum shall be waived off as per MoP's Order dated 13.02.2018, 06.11.2019, 05.08.2020, 15.01.2021, 21.06.2021, and 23.11.2021.</p> <p>Proposed Proviso of Regulation 9(8) is as below:</p> <p><i>"Provided that drawee DICs other than the distribution licensees of the State, who have obtained GNA <u>through STU</u> shall be apportioned the transmission charges under AC-UBC as per the transmission charges obtained at their drawl node(s) in accordance with Clause (7) of this Regulation and such transmission charges shall not be included in the aggregate transmission charges of the State."</i></p> <p>Rationale: As on date, there is no distribution licensee is directly connected to CTU. However, GNA regulation 2022 has made distribution licensee eligible to get connectivity from CTU. So, it is required to bill them separately otherwise this may lead inappropriate sharing of transmission charges and other drawee DIC may get burdened due to extra</p>

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			transmission charges.
4	Clause (2) of Regulation 12	<p>Transmission Deviation Rate</p> <p>Transmission Deviation Rate in Rs./MW, for a State or any other DIC located in the State, for a time block during a billing month shall be computed as under:</p> <p>1.35 X (transmission charges for GNA of entities located in the State, under first bill for the billing month in Rs.)/ (GNA quantum in MW of such entities located in the State, considered for billing, for the corresponding billing period X number of days in a month X 96)</p>	<p>It is requested to levy a step-wise increase of the deviation rate of the Transmission Charge to make the rate empathic to the current situation being faced by renewable developers where in a few time block the generation may cross the GNA granted. While the levy of charges is justified, a step-wise applicability of Transmission Deviation Rate would provide a slight cushion to Developers who have deviated for only a few time-block for reasons beyond their control. We suggest the applicability of charges as follows –</p> <p><i>“Transmission Deviation Rate in Rs./MW, for a State or any other DIC located in the State, for a time block during a billing month shall be computed as under:</i></p> <p><u><i>Deviation upto 5 Time-Blocks in a day- 1.10 Times of Transmission Charge</i></u></p> <p><u><i>Deviation for 5-10 Time-Block in a day- 1.20 Times of Transmission Charge</i></u></p> <p><u><i>Deviation beyond 10 Time-Blocks in a day- 1.35 Times of Transmission Charge”</i></u></p>
5	Clauses (1) of Regulation 13 of Principal Regulation	<p>No transmission charges and losses for the use of ISTS shall be payable for:</p> <p>(a) generation based on solar power resource for the</p>	<p>It is suggested to restore the Clauses (1) of the Regulation 13 of the Principal Regulation may be restored and suitably amended by considering by considering all MOP guidelines</p>

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		<p>useful life of the projects commissioned during the period from 1.7.2011 to 30.6.2017.</p> <p>(b) generation based on solar or wind power resources for a period of 25 years from the date of commercial operation, fulfilling the following conditions.....</p> <p>(To be Restored)</p>	<p>on waiver.</p> <p>Ministry of Power vide its order dated 13.02.2018, 06.11.2019, 05.08.2020, 15.01 2021, 21.06.2021, and 23.11.2021 has notified waiver of transmission charges and losses on transmission of electricity for power generated from various sources.</p> <p>Ministry of Power's Order dated 23.11.2021 inter-alia stated that waiver of inter-state transmission charges on transmission of electricity generated from solar and wind sources of energy. The power generated from such sources can be self-consumed or sold to any entity either through competitive bidding, Power Exchange or through bilateral arrangement.</p> <p>Further, transmission charges for electricity from solar and wind sources used by Hydro Pumped Storage plant (PSP) and Battery Energy Storage system (BESS) are also waived.</p> <p>As the waiver of transmission charges would give a much need impetus to the renewable energy sector and achieve the national targets by 2030, the incorporation of the waiver of transmission charges as stated in the Ministry of Power's order must be incorporated.</p> <p>Non-incorporation of waiver of transmission charges may</p>

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			have an impact on investor confidence which may hamper RE growth.
6	Clause (3) of Regulation 13	Where COD of a Connectivity grantee is delayed from start date of Connectivity in terms of GNA Regulations, and the Associated Transmission System has achieved COD, which is not earlier than such start date of Connectivity, the Connectivity grantee shall pay Yearly Transmission Charges for the Associated Transmission System corresponding to Connectivity capacity which have not achieved COD: Provided that Yearly Transmission Charges in respect of Associated Transmission System corresponding to the Connectivity capacity which have achieved COD shall be included for determination of transmission charges of DICs in accordance with Regulations 5 to 8 of these regulations."	<p>Since transmission Asset has achieved COD this may be included in determination of YTC of transmission pool independent of readiness of upstream or downstream system.</p> <p>Accordingly, proviso of Regulation 13(3) may be deleted or modified as below:</p> <p><i>"Provided that Yearly Transmission Charges in respect of Associated Transmission System corresponding to the Connectivity capacity which have achieved COD shall be included for determination of transmission charges of DICs in accordance with Regulations 5 to 8 of these regulations:"</i></p> <p>In continuation a new proviso may be added as below:</p> <p><i>"Provided further that the amount so received in a billing month corresponding to Connectivity capacity, which have not achieved COD, shall be reimbursed to the DICs in proportion to their share in the first bill in the following billing month."</i></p> <p><i>Alternatively,</i></p> <p><i>"Where COD of a Connectivity grantee is delayed from start date of Connectivity in terms of GNA Regulations, and the Associated Transmission System has achieved COD, which is not earlier than such start date of Connectivity, the Connectivity grantee shall pay Yearly Transmission Charges</i></p>

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			<p>to CTU for the Associated Transmission System corresponding to Connectivity capacity which have not achieved COD:</p> <p>Provided that Yearly Transmission Charges in respect of Associated Transmission System corresponding to the Connectivity capacity which have achieved COD shall be included for determination of transmission charges of DICs in accordance with Regulations 5 to 8 of these regulations.</p> <p>Provided further that, in case of non-payment of Yearly Transmission Charges to CTU for the Associated Transmission System corresponding to Connectivity capacity which have not achieved COD, the amount shall be deducted from Connectivity BG of delayed grantee and the proceeds of BG shall be used for reducing Monthly Transmission Charges under these Regulations."</p> <p>Rationale: Since transmission Asset has achieved COD this may be included in determination of YTC of transmission pool independent of readiness of upstream or downstream system and the corresponding amount should be billed by Nodal Agency on delayed grantee of Connectivity separately. Amount received from delayed grantee of Connectivity may be reimbursed to GNA grantee and Transmission Service Provider (TSP) may be paid from transmission pool. This</p>

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			<p>would reduce the risk of TSP.</p> <p>Regulation 16.3 and 16.4 of GNA Regulations 2022 also intended towards deduction of BG, in case of non-payment of transmission charges under Regulation 13 of the Sharing Regulations for more than 3 months from the due date and utilization of proceeds to reduce the MTC.</p> <p>For reference, Regulation 16.3 and 16.4 of GNA Regulations 2022 is quoted as below: "16.3. In case of non-payment of transmission charges under Regulation 13 of the Sharing Regulations for more than 3 months from the due date, such transmission charges shall be recovered by encashing Conn-BG1 (if subsisting), Conn-BG2 and Conn-BG3, as required. Connectivity shall be revoked from the date when Conn-BG2 and Conn-BG3, as available is not sufficient to cover transmission charges under Regulation 13 of the Sharing Regulations. 16.4. The proceeds of encashed Conn-BG1, Conn-BG2 and Conn-BG3 in terms of Regulation 16.3, shall be adjusted in Monthly Transmission charges under the Sharing Regulations."</p>
7	Clause (7) of Regulation 13	Where Connectivity is granted to a Connectivity grantee on existing margins and COD of such Grantee is delayed, the Connectivity grantee shall, corresponding to the capacity that is delayed, pay transmission charges from	<p>Proposed regulation may be replaced as below:</p> <p><i>"Where Connectivity is granted to a Connectivity grantee on existing margins and COD of such Grantee is delayed, for</i></p>

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		<p>the start date of such Connectivity at the rate of Rs. 3000/MW/month:</p> <p>Provided that the amount so received in a billing month, shall be reimbursed to the DICs in proportion to their share in the first bill in the following billing month."</p>	<p><u>reasons not attributable to the developer and Force Majeure events</u>, the Connectivity grantee shall, corresponding to the capacity that is delayed, pay transmission charges from the start date of such Connectivity at the rate of Rs. 3000/MW/month:</p> <p><i>Provided that the amount so received in a billing month, shall be reimbursed to the DICs in proportion to their share in the first bill in the following billing month."</i></p> <p>Rational: Developer should not be penalized for delay caused by Force Majeure or reasons not attributable to the Developer and time-extension is granted under the PPA. Suitable provision in the regulation will avoid litigations.</p>
8	Clause (10) of Regulation 13	<p>"(10) Regional entity Generating stations</p> <p>(a) drawing start-up power or</p> <p>(b) drawing power during shutdown after COD or</p> <p>(c) for REGS drawing power during non-generation hours or</p> <p>(d) injecting infirm power, through ISTS, shall pay transmission charges for injection or drawl beyond its T-GNA , at the rate of Transmission Deviation Rate for the State in which they are located:</p>	<p>Please clarify whether a generator having PPA with local Discom for supply of power during non-generating hours through CTU, have to declare T-GNA quantum on daily basis?</p> <p>Rationale: Gencos connected to ISTS can take connection from local Discom to draw power during non generating hours, which make it necessary to capture in the regulation to avoid levying unwarranted Transmission Deviation charges</p>
	Clause (12) of Regulation 13	<p>In case of a transmission system where COD has been approved in terms of proviso of Clause (3) of Regulation 4 of the Tariff</p>	<p>There is no contract or direct relationship between the defaulting party and the aggrieved. It is not proper to require a third entity not party to a contract to compensate either party to a contract.</p>

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		<p>Regulations, 2014 or Clause (2) of Regulation 5 of the Tariff Regulations, 2019 or where deemed COD has been declared in terms of Transmission Service Agreement under Tariff based Competitive Bidding, the Yearly Transmission Charges for the transmission system shall be:</p> <p>(a) paid by the transmission licensee whose transmission system is delayed till its transmission system achieves COD, or</p> <p>(b) paid by the generating company whose generating station or unit(s) thereof is delayed, till the generating station or unit thereof, achieves COD, or</p> <p>(c) shared in the manner as decided by the Commission on case-to-case basis, where more than one transmission licensee is involved or both transmission system and generating station are delayed.</p>	<p>GPTL (90/MP/2020): GPTL has commissioned its asset, however due to non-readiness at the end of downstream system of HVPNL, tariff can't be recovered through transmission pool. Also, GPTL has no agreement with HVPNL signed.</p> <p>NERSS (134/MP/2021): NERSS has commissioned its asset, however due to non-readiness at the end of upstream system of PGCIL, tariff can't be recovered through transmission pool. Also, NERSS has no agreement with PGCIL signed.</p> <p>We request Hon'ble CERC to consider that wherever there is no contract signed between the transmission licensees and defaulting entity whose system is delayed, transmission charges should be recovered through transmission pool irrespective of delay of associated generation or upstream or downstream transmission elements.</p> <p>This is due to reason that TSP don't have any agreement signed with them, then how can we recover transmission charges. Also, for transmission licensee default there is already liquidated damages as per TSA. However, there is not any penalty provision in the TSA or any agreement signed for payment by the defaulting agency (generating company/Upstream/downstream developers) to the transmission licensee.</p>

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9	New Clause in Regulation 13	New Clause to be included in Regulation 13	<p>It is requested that a new clause after Regulation 13(13) may be inserted as below:</p> <p><u>"Where a Captive consumers/ Bulk Consumers are connected to both ISTS and intra-State transmission system, only ISTS charges and losses shall be applicable on the quantum of GNA corresponding to capacity connected to ISTS."</u></p> <p>Rationale:</p> <p>To maintain continuous and reliable power supply for critical load such as smelter, captive/bulk consumer need to maintain connectivity with STU as well as CTU.</p> <p>Regulation 17.1(iii) of CERC GNA Regulations 2022, allows bulk consumer to get connected with ISTS. However, it is silent on captive consumer. Further, it is requested to clarify this either in GNA Regulation 2022 or through its SOR about dual connectivity of Bulk consumer/captive consumer in similar ways as Generator has been facilitated through first proviso of Regulation 5.1 of GNA Regulation 2022.</p> <p>Suppose a Captive Consumer having 200MW load requirement and connected to STU for Contract demand of 50MW may be allowed to get connected for the balance quantum (up to 150MW) with CTU. In this regard, ISTS charges and losses may be applicable only for the quantum of GNA corresponding to capacity connected to ISTS.</p>