



KERALA STATE ELECTRICITY BOARD LIMITED

Incorporated under the Companies Act, 1956

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KSEB/TRAC/CG/Draft Regulations/CERC Regulations/2021-22/ 741

25-2-2022

To

**The Bench Officer,
Central Electricity Regulatory Commission,
Chanderlok Building, Janpath Marg,
New Delhi.**

Sir,

Sub: Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2021– Comments –reg:

Ref: Notification No. L-1/261/2021/CERC Dated: 16-11-2021 of CERC.

Kind attention of the Hon'ble Commission is invited to the draft Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2021. KSEBL comments on the broad framework proposed are submitted below for kind consideration. Detailed comments on specific regulations are enclosed as **Annexure**. It is requested that the comments may kindly be considered while issuing final regulation.

Comments on the broad framework proposed in the draft Regulations:

The proposal for implementation of General Network Access (GNA) in place of the point-to-point open access regime is a progressive step and is likely to facilitate a more orderly development of inter state transmission system. It is also likely to meet, to a large extent, the varying requirements of stakeholders for better utilization of the evolving power market of the country. At the same time, addressing certain gaps and inconsistencies noted in the proposed draft, which are listed below, will resolve many legacy issues and ensure proper apportioning of costs and responsibilities of developing a robust inter-state transmission system, among various stakeholders.

1. Monthly transmission charges of Generators:

The Electricity (Transmission System Planning, Development and Recovery of Inter-State Transmission Charges) Rules, 2021, notified by Central Government (hereinafter mentioned as 'Rules, 2021') prescribed the mode of recovery of transmission charges of ISTS as below.

"5. Recovery of inter-state transmission charges.-

- (1) The entire Inter-State Transmission System shall be treated as one integrated system and any Designated Inter-state Customer seeking General Network Access shall pay the onetime General Network Access charges as prescribed by the Central Commission: Provided that existing Designated Inter-state Customers with existing Long Term Access quantum need not pay one time General Network Access charges.*
- (2) All Designated Inter-state Customers shall pay per Mega Watt tariff fixed by the Central Commission as monthly transmission charges in addition to one time General Network Access charges, as applicable.*
- (3) Where a Designated Inter-state Customer desires to relinquish the General Network Access, fully or partly, it may be allowed, subject to satisfactory grounds, upon making advance payment of reasonable relinquishment charges as specified by the Central Commission, such that other Designated Inter-state Customers are not burdened and after full relinquishment of General Network Access by a Designated Inter-state Customer, it shall be disconnected from the Inter-State Transmission System.*
- (4) The monthly transmission charges shall be paid by all Designated Inter-state Customers on per Mega Watt basis at the rates determined by the Central Commission.*
- (5) The monthly transmission charges shall be paid by the Designated Inter-state Customers for the General Network Access capacity sanctioned for them or drawal or injections as the case maybe, whichever is higher and all drawals or injections within the sanctioned capacity shall be at normal rate and excess drawal or injection over the capacity sanctioned shall be charged at rates, which are at least 25% higher, as determined by the Central Commission.*
- (6) The transmission charges shall be levied in such manner that the total transmission charges are fully recovered and the Central Commission shall true up the total Inter-State Transmission System charges every month after obtaining reports from Central Transmission Utility about the additions or reductions in generation or transmission capacity and the number or capacity of General Network Access Consumers.*
- (7) The liability to pay transmission charges, shall be effective from the date the General Network Access gets operationalised.*
- (8) The Central Transmission Utility shall be responsible for billing, collection and disbursement of the transmission charges as per the regulations made by the Central Commission in this regard.*
- (9) The Central Commission shall bring out Regulation on fees and charges for Central Transmission Utility to carry out the statutory functions as per provisions of the Act, and rules, regulations made there under.*
- (10) The General Network Access capacity, or part thereof, can be shared with, sold to or purchased from any other Designated Inter-state Customers in such manner as may be provided by regulations by the Central Commission.*

- (11) Any generator shall be allowed to be connected at the switchyard of another generator which is directly connected with Inter-State Transmission System, in such manner as may be provided by regulations by the Central Commission.
- (12) The Central Government may, if it is satisfied, waive Inter-State Transmission System charges and losses for notified sources of energy for a specified duration."

Further, the Rules, 2021 prescribe the DICs as:—Designated Inter-state Customer means the user of any element of the Inter-State Transmission System and include Generating Station, State Transmission Utility, Distribution Licensee, State Electricity Board and its successor company, Electricity Department of the State and Union Territory, Bulk Consumer and any other entity directly connected to the Inter-State Transmission System.

Accordingly, all Designated Inter-state Customers including generators availing GNA shall pay per Mega Watt tariff fixed by the Central Commission as monthly transmission charges in addition to one time General Network Access charges, as applicable.

Meanwhile, the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 notified by the Honourable Commission (hereinafter mentioned as 'Sharing Regulations, 2020') also identify DICs on the same basis. Further, the Sharing Regulations, 2020 provides the following framework for billing the monthly transmission charges:

- (a) Transmission charges determined under Regulations 5 to 8 will be shared among all drawee DICs and injection DICs having untied LTAs
- (b) Further, Regulation 13 specifies that the transmission charges of generators having LTA/MTOA and have entered into PPAs based on such LTA/MTOA will be determined at the drawal nodes and billed to the buyers for components under Regulations 5 to 8
- (c) Also Regulation 13 cast the liability of transmission charges related to associated transmission system, dedicated transmission line etc on Generators whose COD has been delayed beyond SCOD, till COD is achieved

However, in the proposed draft Regulations (Regulation 40.1) only buying entities are to share charges for transmission system. Further, the draft regulation (Regulation 10.7(c) and 16.3) limits the encashment of Conn-BG1, Conn-BG2 and Conn-BG3 only for instances covered under Regulation 13 of Sharing Regulations, 2020 (i.e. only in case of delay in COD beyond SCOD of generating station), while it misses to specify recovery of monthly transmission charges as specified under Regulations 5 to 8 of the Sharing Regulations, 2020.

This will lead to a situation of buying entities unnecessarily sharing the cost of associated transmission system built for meeting the untied LTA portion of generators also, once the generating station achieves COD. Even though the Sharing Regulations, 2020 treat LTA of drawee DICs and untied LTA of injection DICs on equal footing, the same is not recognised in the draft GNA regulations, which will lead to inequitable loading of burden on DISCOMs.

In the present scenario, there are large number of generators who have untied LTA occasionally selling power through short term markets including exchanges. Such sale of untied generation capacity is made possible only because of creation of transmission system to meet their entire LTA, including the untied portion also. The existing Regulations has provision for recovering transmission charges from generators with untied LTA against this right available to such generating stations. As per the proposed draft GNA regulations, once this untied LTA is converted to GNA, their existing liability is unreasonably shifted to all buying entities, even while none of them have a contract for buying the said generation capacity. This will adversely affect all drawal entities through unreasonable and higher transmission charges.

Thus, the following options are suggested to ensure equitable sharing of transmission charges.

- (1) All DICs shall pay monthly transmission charges in proportion to their GNAs. The charges paid by injecting DICs may be settled among buyers in accordance with the provisions in their respective contracts. This is the preferred option and will be in complete consonance with the Rules, 2021. The Regulations 10.7(c), 16.3 and 40.1 of proposed draft regulations may be modified to this extent. The Sharing Regulations, 2020 which anyway require amendments to align it with the GNA regime, may be suitably amended to enable sharing of transmission charges in accordance with entire GNA of both drawee and injection DICs.
- (2) Alternatively, the proposed Regulations 10.7(c), 16.3 and 40.1 may be modified to align it with Sharing Regulations, 2020 to the extent of injecting DICs paying monthly transmission charges for their untied portion of LTA (untied GNA in the new regime). However, this option requires amendment in Rules, 2021 and thus requires prior consent from Central Government.

2. Relinquishment charges payable by generators.

a) Relinquishment of Connectivity: As per the draft Regulations, if generators relinquish the connectivity, the connection BG-1, BG-2 or BG-3 as applicable are encashed. In case of revocation of Connectivity or relinquishment of Connectivity, corresponding GNA shall be reduced. In case a Connectivity grantee relinquishes the Connectivity in full, it shall be disconnected from the ISTS from the date of relinquishment of Connectivity. The proceeds of encashed Conn-BG1, Conn-BG2 and Conn-BG3 in terms of Regulations 24.2 or 24.3 of these regulations, shall be used for reducing Monthly Transmission Charges under the Sharing Regulations. This is a proper arrangement to ensure that burden of assets created for a particular beneficiary will not get saddled on other DICs.

However, it is pertinent to mention here that Connection BG2 was introduced only in 2019. Also, under amendment in 2019 Conn-BG2 was not applicable in certain case of connectivity, like connectivity without additional ATS, connectivity through the terminal bay or ATS created for another connectivity

grantee, connectivity granted through electrical switchyard of a generating station etc. Thus, there could be a situation wherein the BG available against many existing connectivity grantees may not be adequate to recover costs already incurred/committed in the ISTS in case such connectivity grantees opts out from the proposed regime under the GNA. Accordingly, it is submitted that a proper mechanism for recovering the costs incurred/committed in ISTS which get stranded due to relinquishment of connectivity (by exercising the option provided in the proposed regulations) by those applicants who have not provided adequate BG earlier may also be put in place while finalising the regulations for scenarios envisaged under proposed Regulations 37.2, 37.6(1)(b) and 37.6(2).

b) Relinquishment of GNA: All generators are deemed GNA grantees. However, there is no liability for payment of relinquishment charges by generators as per the draft GNA Regulations, which exist as per the present regulations. However, Regulation 25 imposes relinquishment charges for STU, Buying entities etc, even without considering whether the cost related to ISTS have already been recovered over a period. It is submitted that the proposed provisions in the draft GNA Regulations, allowing generators to come out of the GNA without paying relinquishment charges will adversely affect all the States and drawee entities as cost related to development of ISTS but got stranded due to such relinquishment will get loaded on the states as part of 'balance component' under Regulation 8 of the Sharing Regulations, 2020.

This is against the provisions in the Rules, 2021 (Rule 5(3)) which stipulates that where a Designated Inter-state Customer including generators desires to relinquish the General Network Access, fully or partly, it may be allowed, subject to satisfactory grounds, upon making advance payment of reasonable relinquishment charges as specified by the Central Commission, such that other Designated Inter-state Customers are not burdened and after full relinquishment of General Network Access by a Designated Inter-state Customer, it shall be disconnected from the Inter-State Transmission System.

Thus, it is submitted that relinquishment charges similar to that for demand entities may be incorporated in the regulations to ensure orderly development of system without creating unnecessary burden on state utilities in the long run. At the same time, considering that unlike demand entities the GNA of generators are likely to remain constant over a long period, the relinquishment charges for generators may be made duration sensitive, based on the duration for which monthly transmission charges were actually paid.

c) Relinquishment of existing LTA:

It is submitted that the existing transmission assets were mostly planned and constructed based on the LTA applications of generators and demand entities. The generation DICS applied for LTA, based on generation capability and need of expected demand customers while demand DICS apply based on their demand, internal generation and requirement from ISTS. As per the information available in the public domain around 36,118 MW of LTA has been relinquished/revoked so far.

The existing Regulations mandate paying relinquishment charges for all DICs relinquishing their LTA as per the Regulations. This relinquishment charges are used to reduce the burden of other DICs. CTU has billed relinquishment charges payable by the above relinquished generators, however, all of them have approached APTEL seeking exemption from payment. The matter is presently subjudice.

Things being so, the transitional provisions under the draft regulations (Regulation 37.3(2), 37.5, 37.6) proposes a free exit (free in most cases; with a meager recovery in other cases) for generators/traders from the legally fastened liability, as an option for existing LTA grantees. This will lead to transferring the cost of stranded or under utilised transmission capacities (meant for fulfilling the requirement of these LTAs) to the state utilities, which is not equitable nor legally tenable. It also treats similar parties under unequal terms as those who relinquished their LTAs earlier are to pay relinquishment charges as per notices already issued while those relinquishing similar LTAs after the proposed regulations come into force are allowed a free exit or after bearing a nominal cost.

Ideally, the relinquishment charges in such cases shall be based on principles applicable to similar cases but only differentiated by date of relinquishment. At the same time, since the new methodology proposed in the draft regulations for calculating relinquishment charges for demand entities are simple and reasonable, the same principle may be considered for cases covered under the proposed regulations 37.3(2), 37.5 and 37.6 also.

d) Clarity required under transition provisions (Regulation 37)

Various transition provisions under draft Regulation 37 mentions terms like 'effectiveness' of connectivity 'effectiveness' of LTA etc which are not defined anywhere and thus may lead to disputes. A term used by CTU which is uniformly understood by stakeholders and is appropriate in the given circumstances detailed under the proposed regulations is 'operationalisation' of LTA. It is submitted that the terms may be finely defined while finalising the regulations.

3. Duration of GNA for States:

As per the Rules, 2021, the General Network Access shall be applied for and provided for a specific capacity and the General Network Access shall be granted for a specific period. However, as per Regulation 19.2 of the draft GNA Regulations of CERC, the GNA granted to a State is found to be perpetual unless relinquished. Regulation 22.1 of the draft Regulations state that GNA granted to STU shall remain valid until relinquished. Therefore, there is no provision for access to the ISTS network for a specified period, which option was available in the existing Open Access Regulations of CERC and the GNA Rules issued by MoP. As per the existing Regulations of CERC, minimum period of availing LTA is 12 years and beyond which no relinquishment charges are payable for relinquishing LTA. Also, there is shorter duration access to ISTS like MTOA, wherein access to shorter duration of 5 years can be availed. However, there is no such provision in the draft GNA Regulations, whereby STU can take GNA for a specified duration (based on projected load generation balance within the state) and also no provision

for relinquishment of GNA without relinquishment charges after completion of a minimum period of GNA.

However, this option is seen to be available with other entities seeking GNA. As per Rule 4(4) of the Rules issued by MoP, the Central Commission may specify by regulations from time to time laying down the duration for which General Network Access can be granted and the procedure and fees thereof. However, the duration for which GNA is granted to States is not specified in the draft Regulations. This may be introduced.

4. Reimbursement or adjustment of T-GNA charges

T-GNA is similar to existing STOA as per the draft GNA Regulations. The provisions of the Sharing Regulations, 2020, on STOA are extracted below.

" (2)Transmission charges for Short Term Open Access shall be payable by generating stations and embedded entities located in the State, as per the last published Short Term Open Access Rate for the State, along with other charges or fees as per Open Access Regulations, 2008 and the Transmission Deviation charges, if any, as per these regulations.

(3) Transmission charges for Short Term Open Access 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 Short Term Open Access, paid by a DIC with untied LTA shall be offset against the transmission charges payable by the said DIC for untied LTA in the following billing month. (5) No transmission charges for Short Term Open Access for inter-State transmission system, shall be payable by a distribution licensee which has Long Term Access or Medium Term Open Access or both, or by a trading licensee acting on behalf of such distribution licensee: Provided that other charges or fees as per Open Access Regulations, 2008 and the Transmission Deviation charges, if any, as per these regulations shall be payable.

(6) Transmission charges for Short Term Open Access collected in a billing month, after adjustment as per Clauses (3) and (4) of this Regulation, shall be reimbursed to the DICs in proportion to their share in the first bill in the following billing month."

This is a well thought out framework after considering the views of all stakeholders. At the same time the draft GNA Regulations is silent on the reimbursement of transmission charges collected from T-GNA grantees to GNA grantees

It is submitted that the following framework may be considered for administering the payment and reimbursement of charges related to T-GNA.

- (a) Transmission Charges against T-GNA under advance application shall be payable by all eligible applicants (Already provided in the draft regulation)
- (b) Transmission Charges against T-GNA under exigency application shall be payable by all eligible applicants (Already provided in the draft regulation)

- (c) Transmission Charges against T-GNA for collective transactions through power exchanges shall be payable by (i) intra-state entities and (ii) for GNA grantees exceeding their GNA quantum (requirement under (i) is **not** provided and this could be missed from billing in the absence of specific provision as the drawal could be well within the GNA quantum of the state. Requirement under (ii) is provided in the draft regulation)
- (d) GNA grantees availing T-GNA under collective transactions through power exchanges drawing power within their GNA quantum shall not pay transmission charges (provided in the draft regulation)
- (e) Charges collected under (a) to (c) above from intra-state entities shall be reimbursed to the state in which such entity is located (**not** provided in draft regulation but can be accommodated through appropriate rewording in the Sharing Regulations, 2020)
- (f) The charges collected under (a) to (c) above after adjustment under (e) above shall be reimbursed to all DICs in proportion to their GNA (**not** provided in draft regulation but can be accommodated through appropriate rewording in the Sharing Regulations, 2020)

Accordingly, it is requested that modification in the draft regulation to accommodate the requirement under item c(i) above may be included in the draft regulation and amendment of wordings in the Sharing Regulations for including requirements under items c(i), e and f above may be considered.

5. Transmission Deviation charges

The draft GNA Regulations is silent on the charges for overdrawal by GNA grantees. As per the Rules, 2021, all drawals or injections within the sanctioned capacity shall be at normal rate and excess drawal or injection over the capacity sanctioned shall be charged at rates, which are at least 25% higher, as determined by the Central Commission. It is requested that charges for over-drawal/over-injection of GNA may be specified in the Regulations.

6. Implementation of Waiver of transmission charges for Renewable Energy

As per the Rules, 2021 and the prevailing Regulations of CERC, no transmission charges and losses for use of ISTS shall be payable for generation from prescribed solar and wind sources. The draft Regulations of GNA read with the Sharing Regulations does not provide clarity on how this is implemented.

At present the point to point LTAs against specified RE projects are excluded while working out the total LTA of respective DICs for billing purposes. However, once GNA is specified on the basis of total drawal requirement of demand entities (which includes drawal from RE projects excluded from payment of transmission charges) and payments are based on such GNA, it is apprehended that the exemption from payment of transmission charges will not get reflected in the billing.

A simple method appears to be introduction of Renewable Energy GNA (RE-GNA) as a separate product with appropriate safeguards. It is submitted that a suitable method may be specified for the smooth implementation of the related provisions in the Rules, 2021 and Sharing Regulations, 2020.

7. Need for assessing ATC and ATS for converting target region LTA to GNA

The proposed regulation 37(6)(2) under draft regulation specifies that existing target region LTA can be converted to GNA by furnishing Conn-BG 3 alone. It may be noted that the connectivity regulations as well as the detailed procedure notified under it envisages grant of target region LTA without assessing the need for system augmentation. It is provided that at least 50% of the LTA capacity shall be tied up and intimated by the LTA grantee at least 3 years prior to the intended date for operationalisation of the target region LTA. System studies and the augmentation requirements will be taken up by CTU only after the target region LTA grantee fulfills the said condition.

Existing provision being so, conversion of target region LTA into GNA by mere submission of Conn-BG3 will be insufficient. First, system studies to verify adequacy or otherwise of Associated Transmission System (ATS) for grant of GNA is necessary and in case it is observed that ATS is required for grant of GNA then furnishing of adequate Conn-BG2 will also become necessary.

It is submitted that the same may be considered.

The specific clause wise comments on the draft Regulation is attached as Annexure. It is humbly requested that the comments of KSEBL may kindly be considered while framing the Regulations.

It is humbly submitted that this is a preliminary submission and KSEBL prays liberty for filing additional submission based on the anticipated amendments in the Sharing Regulations, 2020 and Grid Code once the draft amendments are made available.

Yours faithfully,


Chief Engineer (Commercial & Tariff)

Acc: as above.

Sl. No.	Regulation/ Clause	Provisions in the draft Regulation	Comments of KSEBL	Reason/Justification
1	6.1: Inter connection study by the Nodal Agency and ATS	On receipt of applications for grant of Connectivity, the Nodal Agency shall carry out interconnection study as specified in the CEA Technical Standards for Connectivity along with requirement of augmentation to the existing ISTS, if any, for enabling transfer of power over ISTS under General Network Access:	Interconnection study may be carried out with the involvement of STU concerned.	ISTS development has to be in co-ordination with the development of intra state transmission system and the requirement of the States concerned.
2	8.2: Connectivity Bank Guarantee	Connectivity Bank Guarantee shall be submitted by an Applicant in three parts, Conn-BG1 amounting to Rs. 50 lakhs, and Conn-BG2 and Conn-BG3, as provided in Regulations 8.2 and 8.3 of these regulations.	There is no clarity on the Connectivity Bank Guarantee payable by a generator having an Installed Capacity, part of which can be evacuated through the existing system and for the remaining capacity additional bay/ATS is required to be constructed. Suppose a generator with IC of 1000MW seeks connectivity and the existing system can connect 500MW without any additional bay/ATS, the connectivity bank guarantee payable by the generator for connecting 1000MW is not specified.	
3	10.7(C) :	(c) Provision that in case of non-payment of transmission charges under Regulation 13 of the Sharing Regulations for more than 3 months from the due date, the same may be recovered by encashing Conn-BG1, Conn-BG2 and Conn-BG3, as required as per provision of Regulation 16.3 of these regulations.	<p>The Electricity (Transmission System Planning, Development and Recovery of Inter-State Transmission Charges) Rules, 2021, notified by Central Government (hereinafter mentioned as 'Rules, 2021') prescribed the mode of recovery of transmission charges of ISTS as below.</p> <p>"5. Recovery of inter-state transmission charges.-</p> <p>(1) <i>The entire Inter-State Transmission System shall be treated as one integrated system and any Designated Inter-state Customer seeking General Network Access shall pay the onetime General Network Access charges as prescribed by the Central Commission: Provided that existing Designated Inter-state Customers with existing Long Term Access quantum need not pay one time General Network Access charges.</i></p> <p>(2) <i>All Designated Inter-state Customers shall pay per Mega Watt tariff fixed by the Central Commission as monthly transmission charges in addition to one time General Network Access</i></p>	

- charges, as applicable.*
- (3) *Where a Designated Inter-state Customer desires to relinquish the General Network Access, fully or partly, it may be allowed, subject to satisfactory grounds, upon making advance payment of reasonable relinquishment charges as specified by the Central Commission, such that other Designated Inter-state Customers are not burdened and after full relinquishment of General Network Access by a Designated Inter-state Customer, it shall be disconnected from the Inter-State Transmission System.*
 - (4) *The monthly transmission charges shall be paid by all Designated Inter-state Customers on per Mega Watt basis at the rates determined by the Central Commission.*
 - (5) *The monthly transmission charges shall be paid by the Designated Inter-state Customers for the General Network Access capacity sanctioned for them or drawal or injections as the case maybe, whichever is higher and all drawals or injections within the sanctioned capacity shall be at normal rate and excess drawal or injection over the capacity sanctioned shall be charged at rates, which are at least 25% higher, as determined by the Central Commission.*
 - (6) *The transmission charges shall be levied in such manner that the total transmission charges are fully recovered and the Central Commission shall true up the total Inter-State Transmission System charges every month after obtaining reports from Central Transmission Utility about the additions or reductions in generation or transmission capacity and the number or capacity of General Network Access Consumers.*
 - (7) *The liability to pay transmission charges, shall be effective from the date the General Network Access gets operationalised.*
 - (8) *The Central Transmission Utility shall be responsible for billing, collection and disbursement of the transmission charges as per the regulations made by the Central Commission in this regard.*
 - (9) *The Central Commission shall bring out Regulation on fees and charges for Central Transmission Utility to carry out the statutory functions as per provisions of the Act, and rules, regulations made there under.*
 - (10) *The General Network Access capacity, or part thereof, can be shared with, sold to or purchased from any other Designated Inter-state Customers in such manner as may be provided by regulations by the Central Commission.*
 - (11) *Any generator shall be allowed to be connected at the switchyard of another generator which is directly connected with Inter-State Transmission System, in such manner as may be provided by regulations by the Central Commission.*

(12) The Central Government may, if it is satisfied, waive Inter-State Transmission System charges and losses for notified sources of energy for a specified duration."

Further, the Rules, 2021 prescribe the DICs as:—Designated Inter-state Customer means the user of any element of the Inter-State Transmission System and include Generating Station, State Transmission Utility, Distribution Licensee, State Electricity Board and its successor company, Electricity Department of the State and Union Territory, Bulk Consumer and any other entity directly connected to the Inter-State Transmission System.

Accordingly, all Designated Inter-state Customers including generators availing GNA shall pay per Mega Watt tariff fixed by the Central Commission as monthly transmission charges in addition to one time General Network Access charges, as applicable.

Meanwhile, the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 notified by the Honourable Commission (hereinafter mentioned as 'Sharing Regulations, 2020') also identify DICs on the same basis. Further, the Sharing Regulations, 2020 provides the following framework for billing the monthly transmission charges:

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- (b) Further, Regulation 13 specifies that the transmission charges of generators having LTA/MTOA and have entered into PPAs based on such LTA/MTOA will be determined at the drawal nodes and billed to the buyers for components under Regulations 5 to 8
- (c) Also Regulation 13 cast the liability of transmission charges related to associated transmission system, dedicated transmission line etc on Generators whose COD has been delayed beyond SCOD, till COD is achieved

However, in the proposed draft Regulations (Regulation 40.1) only buying entities are to share charges for transmission system. Further, the draft regulation (Regulation 10.7(c) and 16.3) limits the encashment of Conn-BG1, Conn-BG2 and Conn-BG3 only for instances covered under Regulation 13 of Sharing Regulations, 2020 (i.e. only in case of delay in COD beyond SCOD of generating station), while it misses to specify recovery of monthly transmission charges as

specified under Regulations 5 to 8 of the Sharing Regulations, 2020.

This will lead to a situation of buying entities unnecessarily sharing the cost of associated transmission system built for meeting the untied LTA portion of generators also, once the generating station achieves COD. Even though the Sharing Regulations, 2020 treat LTA of drawee DICs and untied LTA of injection DICs on equal footing, the same is not recognised in the draft GNA regulations, which will lead to inequitable loading of burden on DISCOMs.

In the present scenario, there are large number of generators who have untied LTA occasionally selling power through short term markets including exchanges. Such sale of untied generation capacity is made possible only because of creation of transmission system to meet their entire LTA, including the untied portion also. The existing Regulations has provision for recovering transmission charges from generators with untied LTA against this right available to such generating stations. As per the proposed draft GNA regulations, once this untied LTA is converted to GNA, their existing liability is unreasonably shifted to all buying entities, even while none of them have a contract for buying the said generation capacity. This will adversely affect all drawal entities through unreasonable and higher transmission charges.

Thus, the following options are suggested to ensure equitable sharing of transmission charges.

- (1) All DICs shall pay monthly transmission charges in proportion to their GNAs. The charges paid by injecting DICs may be settled among buyers in accordance with the provisions in their respective contracts. This is the preferred option and will be in complete consonance with the Rules, 2021. The Regulations 10.7(c), 16.3 and 40.1 of proposed draft regulations may be modified to this extent. The Sharing Regulations, 2020 which anyway require amendments to align it with the GNA regime, may be suitably amended to enable sharing of transmission charges in accordance with entire GNA of both drawee and injection DICs.
- (2) Alternatively, the proposed Regulations 10.7(c), 16.3 and 40.1 may be modified to align it with Sharing Regulations, 2020 to the extent of injecting DICs paying monthly transmission charges for their untied portion of LTA (untied GNA in the new regime).

			However, this option requires amendment in Rules, 2021 and thus requires prior consent from Central Government.
4	16.3	<p>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 is not sufficient to cover transmission charges under Regulation 13 of the Sharing Regulations.</p>	<p>The Electricity (Transmission System Planning, Development and Recovery of Inter-State Transmission Charges) Rules, 2021, notified by Central Government (hereinafter mentioned as 'Rules, 2021') prescribed the mode of recovery of transmission charges of ISTS as below.</p> <p>"5. Recovery of inter-state transmission charges.-</p> <p>(13) <u>The entire Inter-State Transmission System shall be treated as one integrated system and any Designated Inter-state Customer seeking General Network Access shall pay the onetime General Network Access charges as prescribed by the Central Commission: Provided that existing Designated Inter-state Customers with existing Long Term Access quantum need not pay one time General Network Access charges.</u></p> <p>(14) <u>All Designated Inter-state Customers shall pay per Mega Watt tariff fixed by the Central Commission as monthly transmission charges in addition to one time General Network Access charges, as applicable.</u></p> <p>(15) <u>Where a Designated Inter-state Customer desires to relinquish the General Network Access, fully or partly, it may be allowed, subject to satisfactory grounds, upon making advance payment of reasonable relinquishment charges as specified by the Central Commission, such that other Designated Inter-state Customers are not burdened and after full relinquishment of General Network Access by a Designated Inter-state Customer, it shall be disconnected from the Inter-State Transmission System.</u></p> <p>(16) <u>The monthly transmission charges shall be paid by all Designated Inter-state Customers on per Mega Watt basis at the rates determined by the Central Commission.</u></p> <p>(17) <u>The monthly transmission charges shall be paid by the Designated Inter-state Customers for the General Network Access capacity sanctioned for them or drawal or injections as the case maybe, whichever is higher and all drawals or injections within the sanctioned capacity shall be at normal rate and excess drawal or injection over the capacity sanctioned shall be charged at rates, which are at least 25% higher, as determined by the Central Commission.</u></p> <p>(18) <u>The transmission charges shall be levied in such manner that the total transmission charges are fully recovered and the Central Commission shall true up the total Inter-State Transmission System charges every month after obtaining reports from Central Transmission Utility about the additions or reductions in generation or transmission capacity and the number or capacity</u></p>

- of General Network Access Consumers.
- (19) The liability to pay transmission charges, shall be effective from the date the General Network Access gets operationalised.
- (20) The Central Transmission Utility shall be responsible for billing, collection and disbursement of the transmission charges as per the regulations made by the Central Commission in this regard.
- (21) The Central Commission shall bring out Regulation on fees and charges for Central Transmission Utility to carry out the statutory functions as per provisions of the Act, and rules, regulations made there under.
- (22) The General Network Access capacity, or part thereof, can be shared with, sold to or purchased from any other Designated Inter-state Customers in such manner as may be provided by regulations by the Central Commission.
- (23) Any generator shall be allowed to be connected at the switchyard of another generator which is directly connected with Inter-State Transmission System, in such manner as may be provided by regulations by the Central Commission.
- (24) The Central Government may, if it is satisfied, waive Inter-State Transmission System charges and losses for notified sources of energy for a specified duration."

Further, the Rules, 2021 prescribe the DICs as:—Designated Inter-state Customer means the user of any element of the Inter-State Transmission System and include Generating Station, State Transmission Utility, Distribution Licensee, State Electricity Board and its successor company, Electricity Department of the State and Union Territory, Bulk Consumer and any other entity directly connected to the Inter-State Transmission System.

Accordingly, all Designated Inter-state Customers including generators availing GNA shall pay per Mega Watt tariff fixed by the Central Commission as monthly transmission charges in addition to one time General Network Access charges, as applicable.

Meanwhile, the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 notified by the Honourable Commission (hereinafter mentioned as 'Sharing Regulations, 2020') also identify DICs on the same basis. Further, the Sharing Regulations, 2020 provides the following framework for billing the monthly transmission charges:

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| | | <ul style="list-style-type: none"> (d) Transmission charges determined under Regulations 5 to 8 will be shared among all drawee DICs and injection DICs having untied LTAs (e) Further, Regulation 13 specifies that the transmission charges of generators having LTA/MTOA and have entered into PPAs based on such LTA/MTOA will be determined at the drawal nodes and billed to the buyers for components under Regulations 5 to 8 (f) Also Regulation 13 cast the liability of transmission charges related to associated transmission system, dedicated transmission line etc on Generators whose COD has been delayed beyond SCOD, till COD is achieved |
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However, in the proposed draft Regulations (Regulation 40.1) only buying entities are to share charges for transmission system. Further, the draft regulation (Regulation 10.7(c) and 16.3) limits the encashment of Conn-BG1, Conn-BG2 and Conn-BG3 only for instances covered under Regulation 13 of Sharing Regulations, 2020 (i.e. only in case of delay in COD beyond SCOD of generating station), while it misses to specify recovery of monthly transmission charges as specified under Regulations 5 to 8 of the Sharing Regulations, 2020.

This will lead to a situation of buying entities unnecessarily sharing the cost of associated transmission system built for meeting the untied LTA portion of generators also, once the generating station achieves COD. Even though the Sharing Regulations, 2020 treat LTA of drawee DICs and untied LTA of injection DICs on equal footing, the same is not recognised in the draft GNA regulations, which will lead to inequitable loading of burden on DISCOMs.

In the present scenario, there are large number of generators who have untied LTA occasionally selling power through short term markets including exchanges. Such sale of untied generation capacity is made possible only because of creation of transmission system to meet their entire LTA, including the untied portion also. The existing Regulations has provision for recovering transmission charges from generators with untied LTA against this right available to such generating stations. As per the proposed draft GNA regulations, once this untied LTA is converted to GNA, their existing liability is unreasonably shifted to all buying entities, even while none of them have a contract for buying the said generation capacity. This will adversely affect all drawal entities through unreasonable and higher transmission charges.

			<p>Thus, the following options are suggested to ensure equitable sharing of transmission charges.</p> <p>(3) All DICs shall pay monthly transmission charges in proportion to their GNAs. The charges paid by injecting DICs may be settled among buyers in accordance with the provisions in their respective contracts. This is the preferred option and will be in complete consonance with the Rules, 2021. The Regulations 10.7(c), 16.3 and 40.1 of proposed draft regulations may be modified to this extent. The Sharing Regulations, 2020 which anyway require amendments to align it with the GNA regime, may be suitably amended to enable sharing of transmission charges in accordance with entire GNA of both drawee and injection DICs.</p> <p>(4) Alternatively, the proposed Regulations 10.7(c), 16.3 and 40.1 may be modified to align it with Sharing Regulations, 2020 to the extent of injecting DICs paying monthly transmission charges for their untied portion of LTA (untied GNA in the new regime). However, this option requires amendment in Rules, 2021 and thus requires prior consent from Central Government.</p>
5	17 : Eligibility for GNA	<p>17.1. The following entities shall be eligible as Applicants to apply for grant of GNA or for enhancement of the quantum of GNA: (i) State Transmission Utility on behalf of distribution licensees connected to intra-State transmission system and other intra-State entities; (ii) A buying entity connected to intra-State transmission system;</p> <p>(iii) A distribution licensee or a Bulk consumer, seeking to connect to ISTS, directly, with a load of 50 MW and above; (iv) Trading</p>	<p>A specific clause may be added under this Regulation stating that all generating stations are deemed GNA grantees for the quantum of their connectivity.</p>

		licensees engaged in cross border trade of electricity in terms of the Cross Border Regulations; (v) Transmission licensee connected to ISTS for drawal of auxiliary power	
5	18.1(d)	GNA deemed to have been granted to STU as per clause (c) of this Regulation, shall be published by the Nodal Agency within 30 days of notification of these regulations, as (i) GNA within the region and (ii) GNA from outside the region, in proportion to contracts, within the region or outside the region, under Long Term Access and Medium Term Open Access obtained in terms of the Connectivity Regulations	<p>It is requested that the segregation of GNA into GNA within the region and outside the region especially when the entire Indian grid is operating as a single grid is not desirable.</p> <p>It is requested that such segregation may be removed when the transmission corridor constraints are phased out.</p>
6	19: Application for grant of additional GNA by STU	19.1. Within 3 months of coming into force of these regulations, STU may, on behalf of intra-State entities including distribution licensees, apply for additional GNA over and above the GNA deemed to have been granted under clauses (a) to (e) of Regulation 18.1 of these regulations, with entity-wise segregation indicating GNA within the region and from outside the region.	<p>It is requested that the segregation of GNA into GNA within the region and outside the region especially when the entire Indian grid is operating as a single grid is not desirable.</p> <p>It is requested that such segregation may be removed when the transmission corridor constraints are phased out.</p>
7	19.2	STU, on behalf of intra-State	As per the Rules, 2021, the General Network Access shall be applied for and provided for a

		<p>entities including distribution licensees, may apply, once in a financial year (starting from the financial year following the financial year in which these regulations have become effective) by the month of September each year, for additional GNA for the next 3 (three) financial years, with entity-wise segregation indicating GNA within the region and from outside the region, as stipulated in the Detailed Procedure for Connectivity and GNA issued in accordance with Regulation 39.1: Provided that such additional GNA quantum to be added in each of the next three financial years shall be applicable from a specified date of the respective financial year</p>	<p>specific capacity and the General Network Access shall be granted for a specific period. However, as per Regulation 19.2 of the draft GNA Regulations of CERC, the GNA granted to a State is found to be perpetual unless relinquished. Regulation 22.1 of the draft Regulations state that GNA granted to STU shall remain valid until relinquished. Therefore, there is no provision for access to the ISTS network for a specified period, which option was available in the existing Open Access Regulations of CERC and the GNA Rules issued by MoP. As per the existing Regulations of CERC, minimum period of availing LTA is 12 years and beyond which no relinquishment charges are payable for relinquishing LTA. Also, there is shorter duration access to ISTS like MTOA, wherein access to shorter duration of 5 years can be availed. However, there is no such provision in the draft GNA Regulations, whereby STU can take GNA for a specified duration (based on projected load generation balance within the state) and also no provision for relinquishment of GNA without relinquishment charges after completion of a minimum period of GNA.</p> <p>However, this option is seen to be available with other entities seeking GNA. As per Rule 4(4) of the Rules issued by MoP, the Central Commission may specify by regulations from time to time laying down the duration for which General Network Access can be granted and the procedure and fees thereof. However, the duration for which GNA is granted to States is not specified in the draft Regulations. This may be introduced.</p>
	22.1	<p>"Grant of additional GNA to STU (a) The Nodal Agency shall process all applications received under Regulation 19.1 of these regulations together, within two months from last day of receipt of applications and grant additional GNA to STU based on available transmission capacity, or on pro-rata basis, if necessary. GNA once granted shall remain valid until</p>	<p>As per the Rules, 2021, the General Network Access shall be applied for and provided for a specific capacity and the General Network Access shall be granted for a specific period. However, as per Regulation 19.2 of the draft GNA Regulations of CERC, the GNA granted to a State is found to be perpetual unless relinquished. Regulation 22.1 of the draft Regulations state that GNA granted to STU shall remain valid until relinquished. Therefore, there is no provision for access to the ISTS network for a specified period, which option was available in the existing Open Access Regulations of CERC and the GNA Rules issued by MoP. As per the existing Regulations of CERC, minimum period of availing LTA is 12 years and beyond which no relinquishment charges are payable for relinquishing LTA. Also, there is shorter duration access to ISTS like MTOA, wherein access to shorter duration of 5 years can be availed. However, there is no such provision in the draft GNA Regulations, whereby STU can take GNA for a specified duration (based on projected</p>

		relinquished."	load generation balance within the state) and also no provision for relinquishment of GNA without relinquishment charges after completion of a minimum period of GNA. However, this option is seen to be available with other entities seeking GNA. As per Rule 4(4) of the Rules issued by MoP, the Central Commission may specify by regulations from time to time laying down the duration for which General Network Access can be granted and the procedure and fees thereof. However, the duration for which GNA is granted to States is not specified in the draft Regulations. This may be introduced.
8	24.2	Relinquishment of connectivity	As per the draft Regulations, if generators relinquish the connectivity, the connection BG-1, BG-2 or BG-3 as applicable are encashed. In case of revocation of Connectivity or relinquishment of Connectivity, corresponding GNA shall be reduced. In case a Connectivity grantee relinquishes the Connectivity in full, it shall be disconnected from the ISTS from the date of relinquishment of Connectivity. The proceeds of encashed Conn-BG1, Conn-BG2 and Conn-BG3 in terms of Regulations 24.2 or 24.3 of these regulations, shall be used for reducing Monthly Transmission Charges under the Sharing Regulations. This is a proper arrangement to ensure that burden of assets created for a particular beneficiary will not get saddled on other DICs. However, it is pertinent to mention here that Connection BG2 was introduced only in 2019. Also, under amendment in 2019 Conn-BG2 was not applicable in certain case of connectivity, like connectivity without additional ATS, connectivity through the terminal bay or ATS created for another connectivity grantee, connectivity granted through electrical switchyard of a generating station etc. Thus, there could be a situation wherein the BG available against many existing connectivity grantees may not be adequate to recover costs already incurred/committed in the ISTS in case such connectivity grantees opts out from the proposed regime under the GNA. Accordingly, it is submitted that a proper mechanism for recovering the costs incurred/committed in ISTS which get stranded due to relinquishment of connectivity (by exercising the option provided in the proposed regulations) by those applicants who have not provided adequate BG earlier may also be put in place while finalising the regulations for scenarios envisaged under proposed Regulations 37.2, 37.6(1)(b) and 37.6(2).
9	25.	Relinquishment of GNA	All generators are deemed GNA grantees. However, there is no liability for payment of relinquishment charges by generators as per the draft GNA Regulations, which exist as per the present regulations. However, Regulation 25 imposes relinquishment charges for STU, Buying

entities etc, even without considering whether the cost related to ISTS have already been recovered over a period. It is submitted that the proposed provisions in the draft GNA Regulations, allowing generators to come out of the GNA without paying relinquishment charges will adversely affect all the States and drawee entities as cost related to development of ISTS but got stranded due to such relinquishment will get loaded on the states as part of 'balance component' under Regulation 8 of the Sharing Regulations, 2020.

This is against the provisions in the Rules, 2021 (Rule 5(3)) which stipulates that where a Designated Inter-state Customer including generators desires to relinquish the General Network Access, fully or partly, it may be allowed, subject to satisfactory grounds, upon making advance payment of reasonable relinquishment charges as specified by the Central Commission, such that other Designated Inter-state Customers are not burdened and after full relinquishment of General Network Access by a Designated Inter-state Customer, it shall be disconnected from the Inter-State Transmission System.

Thus, it is submitted that relinquishment charges similar to that for demand entities may be incorporated in the regulations to ensure orderly development of system without creating unnecessary burden on state utilities in the long run. At the same time, considering that unlike demand entities the GNA of generators are likely to remain constant over a long period, the relinquishment charges for generators may be made duration sensitive, based on the duration for which monthly transmission charges were actually paid.

As per the draft Regulations, DISCOMs have to apply for T-GNA for short term power procurement. Whether DISCOMs can draw as per their short term contracts within the DISCOM's GNA quantum without applying for T-GNA is not clear.

T-GNA is similar to existing STOA as per the draft GNA Regulations. The provisions of the existing CERC(Sharing of Inter State Transmission Charges and Losses)Regulations, 2020, on STOA are extracted below.

" (2)Transmission charges for Short Term Open Access shall be payable by generating stations and embedded entities located in the State, as per the last published Short Term Open Access Rate for the State, along with other charges or fees as per Open Access Regulations, 2008

		<p>and the Transmission Deviation charges, if any, as per these regulations.</p> <p>(3) Transmission charges for Short Term Open Access 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.</p> <p>(4) Transmission charges for Short Term Open Access, paid by a DIC with untied LTA shall be offset against the transmission charges payable by the said DIC for untied LTA in the following billing month. (5) No transmission charges for Short Term Open Access for inter-State transmission system, shall be payable by a distribution licensee which has Long Term Access or Medium Term Open Access or both, or by a trading licensee acting on behalf of such distribution licensee: Provided that other charges or fees as per Open Access Regulations, 2008 and the Transmission Deviation charges, if any, as per these regulations shall be payable.</p> <p>(6) Transmission charges for Short Term Open Access collected in a billing month, after adjustment as per Clauses (3) and (4) of this Regulation, shall be reimbursed to the DICs in proportion to their share in the first bill in the following billing month."</p> <p>The draft GNA Regulations is silent on the reimbursement of transmission charges for T-GNA to GNA grantees.</p> <p>As per the draft Regulations, DISCOMs have to apply for T-GNA for short term power procurement. Whether DISCOMs can draw as per their short term contracts within the DISCOM's GNA quantum without applying for T-GNA is not clear.</p>
	37: Arrangements for transition	<p>It is submitted that the existing transmission assets were mostly planned and constructed based on the LTA applications of generators and demand entities. The generation DICs applied for LTA, based on generation capability and need of expected demand customers while demand DICs apply based on their demand, internal generation and requirement from ISTS. As per the information available in the public domain around 36,118 MW of LTA has been relinquished/revoked so far.</p> <p>The existing Regulations mandate paying relinquishment charges for all DICs relinquishing their LTA as per the Regulations. This relinquishment charges are used to reduce the burden of other DICs. CTU has billed relinquishment charges payable by the above relinquished generators, however, all of them have approached APTEL seeking exemption from payment. The matter is</p>

presently subjudice.

Things being so, the transitional provisions under the draft regulations (Regulation 37.3(2), 37.5, 37.6) proposes a free exit (free in most cases; with a meager recovery in other cases) for generators/traders from the legally fastened liability, as an option for existing LTA grantees. This will lead to transferring the cost of stranded or under utilised transmission capacities (meant for fulfilling the requirement of these LTAs) to the state utilities, which is not equitable nor legally tenable. It also treats similar parties under unequal terms as those who relinquished their LTAs earlier are to pay relinquishment charges as per notices already issued while those relinquishing similar LTAs after the proposed regulations come into force are allowed a free exit or after bearing a nominal cost.

Ideally, the relinquishment charges in such cases shall be based on principles applicable to similar cases but only differentiated by date of relinquishment. At the same time, since the new methodology proposed in the draft regulations for calculating relinquishment charges for demand entities are simple and reasonable, the same principle may be considered for cases covered under the proposed regulations 37.3(2), 37.5 and 37.6 also.

Clarity required under transition provisions

Various transition provisions under draft Regulation 37 mentions terms like 'effectiveness' of connectivity 'effectiveness' of LTA etc which are not defined anywhere and thus may lead to disputes. A term used by CTU which is uniformly understood by stakeholders and is appropriate in the given circumstances detailed under the proposed regulations is 'operationalisation' of LTA. It is submitted that the terms may be finely defined while finalising the regulations.

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Various transition provisions under draft Regulation 37 mentions terms like 'effectiveness' of connectivity 'effectiveness' of LTA etc which are not defined anywhere and thus may lead to disputes. A term used by CTU which is uniformly understood by stakeholders and is appropriate in the given circumstances detailed under the proposed regulations is 'operationalisation' of LTA. It is submitted that the terms may be finely defined while finalising the regulations.

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37.2: Arrangement for transition

If Connectivity has been granted but Long Term Access has not been granted in accordance with the Connectivity Regulations and Connectivity is yet to become effective as on the date of coming into effect of these regulations, the same shall be treated as

		under:"	
13	37.3	If Connectivity and Long Term Access have been granted in accordance with the Connectivity Regulations but either both Connectivity and Long term Access are yet to become effective or Connectivity is effective and Long term access is yet to become effective as on the date of coming into effect of these regulations, the same shall be treated as under:"	<p>The transitional provisions under the draft regulations (Regulation 37.3(2), 37.5, 37.6) proposes a free exit (free in most cases; with a meager recovery in other cases) for generators/traders from the legally fastened liability, as an option for existing LTA grantees. This will lead to transferring the cost of stranded or under utilised transmission capacities (meant for fulfilling the requirement of these LTAs) to the state utilities, which is not equitable nor legally tenable. It also treats similar parties under unequal terms as those who relinquished their LTAs earlier are to pay relinquishment charges as per notices already issued while those relinquishing similar LTAs after the proposed regulations come into force are allowed a free exit or after bearing a nominal cost.</p> <p>Ideally, the relinquishment charges in such cases shall be based on principles applicable to similar cases but only differentiated by date of relinquishment. At the same time, since the new methodology proposed in the draft regulations for calculating relinquishment charges for demand entities are simple and reasonable, the same principle may be considered for cases covered under the proposed regulations 37.3(2), 37.5 and 37.6 also.</p>
14	37.4	If Medium Term Open Access has been granted in accordance with the Connectivity Regulations, but is yet to become effective as on the date of coming into effect of these regulations, the same shall be treated as under:"	<p>Following comments are offered:</p> <ol style="list-style-type: none"> 1. There is no clarity on the meaning of 'Medium Term Open Access is yet to become effective'. 2. This provision gives the generators an option to surrender such MTOA without any liability of relinquishment charges on the generator. The existing CERC Open Access Regulations have provision for payment of relinquishment charges by generators relinquishing MTOA.
15	37.5	Long Term Access granted under the Connectivity Regulations, which has not become effective, to a trading licensee other than that covered under Regulation	<p>Relinquishment charges may be made applicable for surrender of MTOA.</p> <p>The transitional provisions under the draft regulations (Regulation 37.3(2), 37.5, 37.6) proposes a free exit (free in most cases; with a meager recovery in other cases) for generators/traders from the legally fastened liability, as an option for existing LTA grantees. This will lead to transferring the cost of stranded or under utilised transmission capacities (meant for fulfilling the requirement of these LTAs) to the state utilities, which is not equitable nor legally</p>

		<p>17.1 of these regulations shall be treated as withdrawn and bank guarantee furnished, if any, shall be returned.</p>	<p>tenable. It also treats similar parties under unequal terms as those who relinquished their LTAs earlier are to pay relinquishment charges as per notices already issued while those relinquishing similar LTAs after the proposed regulations come into force are allowed a free exit or after bearing a nominal cost.</p> <p>Ideally, the relinquishment charges in such cases shall be based on principles applicable to similar cases but only differentiated by date of relinquishment. At the same time, since the new methodology proposed in the draft regulations for calculating relinquishment charges for demand entities are simple and reasonable, the same principle may be considered for cases covered under the proposed regulations 37.3(2), 37.5 and 37.6 also.</p> <p>Clarity required under transition provisions</p> <p>Various transition provisions under draft Regulation 37 mentions terms like 'effectiveness' of connectivity 'effectiveness' of LTA etc which are not defined anywhere and thus may lead to disputes. A term used by CTU which is uniformly understood by stakeholders and is appropriate in the given circumstances detailed under the proposed regulations is 'operationalisation' of LTA. It is submitted that the terms may be finely defined while finalising the regulations.</p>
16	37.6	<p>If Connectivity granted in accordance with the Connectivity Regulations is effective and Long term Access has either not been granted for any capacity or has been granted for full/part capacity which has become effective as on the date of coming into effect of these Regulations, the following shall apply:</p> <p>....."</p>	<p>The transitional provisions under the draft regulations (Regulation 37.3(2), 37.5, 37.6) proposes a free exit (free in most cases; with a meager recovery in other cases) for generators/traders from the legally fastened liability, as an option for existing LTA grantees. This will lead to transferring the cost of stranded or under utilised transmission capacities (meant for fulfilling the requirement of these LTAs) to the state utilities, which is not equitable nor legally tenable. It also treats similar parties under unequal terms as those who relinquished their LTAs earlier are to pay relinquishment charges as per notices already issued while those relinquishing similar LTAs after the proposed regulations come into force are allowed a free exit or after bearing a nominal cost.</p> <p>Ideally, the relinquishment charges in such cases shall be based on principles applicable to similar cases but only differentiated by date of relinquishment. At the same time, since the new methodology proposed in the draft regulations for calculating relinquishment charges for demand</p>

		<p>entities are simple and reasonable, the same principle may be considered for cases covered under the proposed regulations 37.3(2), 37.5 and 37.6 also.</p> <p>Clarity required under transition provisions</p> <p>Various transition provisions under draft Regulation 37 mentions terms like 'effectiveness' of connectivity 'effectiveness' of LTA etc which are not defined anywhere and thus may lead to disputes. A term used by CTU which is uniformly understood by stakeholders and is appropriate in the given circumstances detailed under the proposed regulations is 'operationalisation' of LTA. It is submitted that the terms may be finely defined while finalising the regulations.</p>
	37(6)(2)	<p>Entities covered under Regulation 4.1 of these regulations which have been granted Long Term Access to the target region, shall furnish Conn-BG3 @ Rs. 2 lakh/MW. On furnishing such Conn-BG3, these entities shall be treated as Connectivity grantee under these regulations having GNA corresponding to such Long term access. Conn-BG3 shall be returned in five equal parts over the next five years starting from the year when such GNA becomes effective or in accordance with Regulation 16.2 of these regulations, whichever is later.</p> <p>....."</p> <p>Need for assessing ATC and ATS for converting target region LTA to GNA</p> <p>The proposed regulation 37(6)(2) under draft regulation specifies that existing target region LTA can be converted to GNA by furnishing Conn-BG 3 alone. It may be noted that the connectivity regulations as well as the detailed procedure notified under it envisages grant of target region LTA without assessing the need for system augmentation. It is provided that at least 50% of the LTA capacity shall be tied up and intimated by the LTA grantee at least 3 years prior to the intended date for operationalisation of the target region LTA. System studies and the augmentation requirements will be taken up by CTU only after the target region LTA grantee fulfills the said condition.</p> <p>Existing provision being so, conversion of target region LTA into GNA by mere submission of Conn-BG3 will be insufficient. First, system studies to verify adequacy or otherwise of Associated Transmission System (ATS) for grant of GNA is necessary and in case it is observed that ATS is required for grant of GNA then furnishing of adequate Conn-BG2 will also become necessary.</p> <p>It is submitted that the same may be considered.</p>
17	40	<p>Payment of charges:</p> <p>40. Payment of charges 40.1. The transmission charges and losses for use of the inter-State transmission system shall be</p> <p>1. Monthly transmission charges of Generators:</p> <p>The Electricity (Transmission System Planning, Development and Recovery of Inter-State Transmission Charges) Rules, 2021, notified by Central Government (hereinafter mentioned as 'Rules, 2021') prescribed the mode of recovery of transmission charges of ISTS as below.</p>

shared among buying entities of ISTS in accordance with the Sharing Regulations. 40.2. One time GNA charges shall be payable by entities covered under Regulation 4.1 and clause (iii) of Regulation 17.1 of these regulations in terms of clause (d) of Regulation 22.2 of these regulations. 40.3. The fees and charges for National Load Despatch Centre, Regional Load Despatch Centres (including the charges for Unified Load Despatch Scheme) and State Load Despatch Centres shall be payable by the GNA grantees as per the applicable Regulations. 40.4. Deviation charges shall be applicable as per the DSM Regulations

"5. Recovery of inter-state transmission charges.-

- (25) *The entire Inter-State Transmission System shall be treated as one integrated system and any Designated Inter-state Customer seeking General Network Access shall pay the onetime General Network Access charges as prescribed by the Central Commission: Provided that existing Designated Inter-state Customers with existing Long Term Access quantum need not pay one time General Network Access charges.*
- (26) *All Designated Inter-state Customers shall pay per Mega Watt tariff fixed by the Central Commission as monthly transmission charges in addition to one time General Network Access charges, as applicable.*
- (27) *Where a Designated Inter-state Customer desires to relinquish the General Network Access, fully or partly, it may be allowed, subject to satisfactory grounds, upon making advance payment of reasonable relinquishment charges as specified by the Central Commission, such that other Designated Inter-state Customers are not burdened and after full relinquishment of General Network Access by a Designated Inter-state Customer, it shall be disconnected from the Inter-State Transmission System.*
- (28) *The monthly transmission charges shall be paid by all Designated Inter-state Customers on per Mega Watt basis at the rates determined by the Central Commission.*
- (29) *The monthly transmission charges shall be paid by the Designated Inter-state Customers for the General Network Access capacity sanctioned for them or drawal or injections as the case maybe, whichever is higher and all drawals or injections within the sanctioned capacity shall be at normal rate and excess drawal or injection over the capacity sanctioned shall be charged at rates, which are at least 25% higher, as determined by the Central Commission.*
- (30) *The transmission charges shall be levied in such manner that the total transmission charges are fully recovered and the Central Commission shall true up the total Inter-State Transmission System charges every month after obtaining reports from Central Transmission Utility about the additions or reductions in generation or transmission capacity and the number or capacity of General Network Access Consumers.*
- (31) *The liability to pay transmission charges, shall be effective from the date the General Network Access gets operationalised.*
- (32) *The Central Transmission Utility shall be responsible for billing, collection and disbursement of the transmission charges as per the regulations made by the Central Commission in this regard.*

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| | | <p>(33) The Central Commission shall bring out Regulation on fees and charges for Central Transmission Utility to carry out the statutory functions as per provisions of the Act, and rules, regulations made there under.</p> <p>(34) The General Network Access capacity, or part thereof, can be shared with, sold to or purchased from any other Designated Inter-state Customers in such manner as may be provided by regulations by the Central Commission.</p> <p>(35) Any generator shall be allowed to be connected at the switchyard of another generator which is directly connected with Inter-State Transmission System, in such manner as may be provided by regulations by the Central Commission.</p> <p>(36) The Central Government may, if it is satisfied, waive Inter-State Transmission System charges and losses for notified sources of energy for a specified duration."</p> |
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Further, the Rules, 2021 prescribe the DICs as:—Designated Inter-state Customer means the user of any element of the Inter-State Transmission System and include Generating Station, State Transmission Utility, Distribution Licensee, State Electricity Board and its successor company, Electricity Department of the State and Union Territory, Bulk Consumer and any other entity directly connected to the Inter-State Transmission System.

Accordingly, all Designated Inter-state Customers including generators availing GNA shall pay per Mega Watt tariff fixed by the Central Commission as monthly transmission charges in addition to one time General Network Access charges, as applicable.

Meanwhile, the Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 notified by the Honourable Commission (hereinafter mentioned as 'Sharing Regulations, 2020') also identify DICs on the same basis. Further, the Sharing Regulations, 2020 provides the following framework for billing the monthly transmission charges:

- (g) Transmission charges determined under Regulations 5 to 8 will be shared among all drawee DICs and injection DICs having untied LTAs
- (h) Further, Regulation 13 specifies that the transmission charges of generators having LTA/MTOA and have entered into PPAs based on such LTA/MTOA will be determined at the drawal nodes and billed to the buyers for components under Regulations 5 to 8

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| | | | <p>(i) Also Regulation 13 cast the liability of transmission charges related to associated transmission system, dedicated transmission line etc on Generators whose COD has been delayed beyond SCOD, till COD is achieved</p> |
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However, in the proposed draft Regulations (Regulation 40.1) only buying entities are to share charges for transmission system. Further, the draft regulation (Regulation 10.7(c) and 16.3) limits the encashment of Conn-BG1, Conn-BG2 and Conn-BG3 only for instances covered under Regulation 13 of Sharing Regulations, 2020 (i.e. only in case of delay in COD beyond SCOD of generating station), while it misses to specify recovery of monthly transmission charges as specified under Regulations 5 to 8 of the Sharing Regulations, 2020.

This will lead to a situation of buying entities unnecessarily sharing the cost of associated transmission system built for meeting the untied LTA portion of generators also, once the generating station achieves COD. Even though the Sharing Regulations, 2020 treat LTA of drawee DICs and untied LTA of injection DICs on equal footing, the same is not recognised in the draft GNA regulations, which will lead to inequitable loading of burden on DISCOMs.

In the present scenario, there are large number of generators who have untied LTA occasionally selling power through short term markets including exchanges. Such sale of untied generation capacity is made possible only because of creation of transmission system to meet their entire LTA, including the untied portion also. The existing Regulations has provision for recovering transmission charges from generators with untied LTA against this right available to such generating stations. As per the proposed draft GNA regulations, once this untied LTA is converted to GNA, their existing liability is unreasonably shifted to all buying entities, even while none of them have a contract for buying the said generation capacity. This will adversely affect all drawal entities through unreasonable and higher transmission charges.

Thus, the following options are suggested to ensure equitable sharing of transmission charges.

- (5) All DICs shall pay monthly transmission charges in proportion to their GNAs. The charges paid by injecting DICs may be settled among buyers in accordance with the provisions in their respective contracts. This is the preferred option and will be in

complete consonance with the Rules, 2021. The Regulations 10.7(c), 16.3 and 40.1 of proposed draft regulations may be modified to this extent. The Sharing Regulations, 2020 which anyway require amendments to align it with the GNA regime, may be suitably amended to enable sharing of transmission charges in accordance with entire GNA of both drawee and injection DICS.

- (6) Alternatively, the proposed Regulations 10.7(c), 16.3 and 40.1 may be modified to align it with Sharing Regulations, 2020 to the extent of injecting DICS paying monthly transmission charges for their untied portion of LTA (untied GNA in the new regime). However, this option requires amendment in Rules, 2021 and thus requires prior consent from Central Government.

2. Transmission Deviation charges

The draft GNA Regulations is silent on the charges for overdrawal by GNA grantees. As per the Rules, 2021, all drawals or injections within the sanctioned capacity shall be at normal rate and excess drawal or injection over the capacity sanctioned shall be charged at rates, which are at least 25% higher, as determined by the Central Commission. It is requested that charges for over-drawal/over-injection of GNA may be specified in the Regulations.

3. Implementation of Waiver of transmission charges for Renewable Energy

As per the Rules, 2021 and the prevailing Regulations of CERC, no transmission charges and losses for use of ISTS shall be payable for generation from prescribed solar and wind sources. The draft Regulations of GNA read with the Sharing Regulations does not provide clarity on how this is implemented.

At present the point to point LTAs against specified RE projects are excluded while working out the total LTA of respective DICS for billing purposes. However, once GNA is specified on the basis of total drawal requirement of demand entities (which includes drawal from RE projects excluded from payment of transmission charges) and payments are based on such GNA, it is apprehended that the exemption from payment of transmission charges will not get reflected in the billing.

			<p>A simple method appears to be introduction of Renewable Energy GNA (RE-GNA) as a separate product with appropriate safeguards. It is submitted that a suitable method may be specified for the smooth implementation of the related provisions in the Rules, 2021 and Sharing Regulations, 2020.</p>
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