M. Devaraj, IAS
Chairman

Uttar Pradesh Power Corporation Ltd.
U. P. Power Transmission Corporation Ltd.
U. P. Rajya Vidyut Utpadan Nigam Ltd.
Uttar Pradesh Jal Vidyut Nigam Ltd.
Shakti Bhawan, 14-Ashok Marg, Lucknow- 01
☎ (O) 0522-4048612

No. 65 /RAU/Regulation Dated: 14.02.2022

Secretary,
Central Electricity Regulatory Commission,
3rd Floor, Chandralok Building,
36, Janpath,
New Delhi.

Sub: Draft Comments on CERC (Connectivity and General Network Access to the Inter-State Transmission System) Regulations, 2021.

Sir,

Please refer to letter no. L-1/261/2021/CERC dated 14h January, 2022 of Secretary, CERC, New Delhi on the above subject. The desired comments of U.P. Power Corporation Ltd. on the subject matter are enclosed herewith.

Thanking you.

Yours faithfully,

Encl : As above.

(M. Devaraj)
Chairman

No. /RAU/Regulation Dated: 2022

Copy to: Additional Chief Secretary (Energy), Govt. of U.P., Lucknow for information please.

(M. Devaraj)
Chairman

CERC has published the draft "Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2021", (herein after referred to as GNA regulations). Further, CERC has published the Explanatory Memorandum of the draft GNA regulations on 26th January 2022.

GNA regulations are proposed to regulate the connectivity and utilization of the inter-state transmission system. It is proposed to replace CERC (Grant of Connectivity, Long-term Access and Medium-term Access in inter-state Transmission and related matters) Regulations 2009 and CERC (Open Access in inter-state transmission) Regulations, 2008.

Comments on proposed draft GNA regulations are as below:

Clause/ Ref. Page	Existing Clause in Petition	Remarks
5.1 Application for Grant of Connectivity	*5.1 An Applicant, which is a generating station including REGS, shall apply for grant of Connectivity to the Nodal Agency for the quantum equal to the installed capacity of the generating station*	**Comments** – It is submitted that Maximum injectable capacity of a generator is Installed Capacity -- Auxiliary consumption. Hence it is requested to modify the clause as below *"An Applicant, which is a generating station including REGS, shall apply for grant of Connectivity to the Nodal Agency for the quantum equal to the installed capacity of the generating station* ***less auxiliary consumption"*** It is submitted that if the transmission line is created for the Installed capacity, then cost of the transmission system would increase and at the end Drawee entity such as the DISCOM would have to pay the additional cost. ISTS charges would increase due to increase in redundancy of ISTS, which would ultimately be borne by DISCOMs.
5.5 Application for Grant of Connectivity	*5.5 An Applicant, which is a Renewable Power Park Developer, shall apply for grant of Connectivity for the quantum for which it has been authorised by the Central Government or a State Government as a Renewable Power Park developer*	**Comments** – It is submitted that the adjoining clause may be modified stating that the Renewable Park Developer shall apply for connectivity for the quantum of installed capacity in its Renewable Park rather than the quantum authorised by the Central or State Government.

(डी० सी० वर्मा)
अधीक्षण अभियन्ता (आर०ए०यू०)

(नीरज अग्रवाल)
मुख्य अभियन्ता (आर०ए०यू०)

		There can be a case where the authorised quantum may be higher than the actual installed quantum since the project is being developed in phased manner. Under such circumstances, applying for the authorised quantum would lead to unnecessary blocking of additional connectivity than the required quantum. Hence it is requested to modify the said clause. The Renewable Park Developer can apply for additional quantum as stated in Clause 5.2 of these Regulations as and when the installed capacity reaches the authorised quantum.
5.8 Application for Grant of Connectivity	*5.8 The application for grant of Connectivity shall contain, inter alia, the following details, as applicable, duly supported with relevant affidavit, as stipulated in the Detailed Procedure for Connectivity and GNA issued in accordance with Regulation 39.1....* *.....(vii) In case of Renewable Power Park Developer, authorisation by the Central Government or the State Government, as applicable, to undertake infrastructural activities including arrangement for Connectivity on behalf of solar power generators or wind power generators;*	**Comments –** With reference to the above submission, it is submitted that additional phrase may be inserted stating that the proof of the installed capacity of the Renewable Park may also be sought along with the application for connectivity duly signed/authorised by each of the RE power station/unit operating in the park.
17 Eligibility for GNA	*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;* *(iii) A distribution licensee or a Bulk consumer, seeking to connect to ISTS, directly, with a load of 50 MW and above;* *(iv) Trading 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*	**Comments –** It is submitted that the eligible applicants for GNA also include Bulk consumer, seeking to connect to ISTS, directly, with a load of 50 MW and above. However, the bulk consumer is not included in the eligible list of parties allowed to connect to ISTS system directly under Regulation 4 of this draft Regulation. Allowing Bulk consumer with a load of 50MW for Connectivity and GNA to ISTS, DISCOM may lose its business by losing its valuable customers. Further, in case; if bulk consumer is allowed to connect directly to ISTS system, then in such case who would be responsible for construction of dedicated transmission line for the bulk consumer.

(डी० के० शर्मा)
अधीक्षण अभियन्ता (आर०ए०यू०)

(नीरज अग्रवाल)
मुख्य अभियन्ता (आर०ए०यू०)

18 Deemed Grant of GNA	*18.1 On the date, these regulations come into force,* *(a) GNA for a (i) State including intra-State entity(ies) and (ii) other drawee entities, shall be the average of 'A' for the financial years 2018-19, 2019-20 and 2020-21:* *where,* *'A' = {0.5 X maximum ISTS drawal in a time block during the year} + {0.5 X [average of (maximum ISTS drawal in a time block in a day) during the year]}*	**Comments –** GNA for the State is derived based on the given formula which includes the data/information for FY 2018-19, FY 2019-20 and FY 2020-21. It is submitted that it would not be appropriate for the State to allow GNA based on the past historical information. GNA shall be granted based on existing and near future estimated demand. As per draft regulation 18.1 (b) to (i), it is understood that Transmission Charges & Losses applicable on LTA/ MTOA quantum would be based on GNA quantum instead of LTA/MTOA. It is observed that GNA principle is silent about Sharing of ISTS Charges for the Injecting DICs / Merchant Generator having LTA without identified beneficiaries. The same need to be factor in calculating GNA. The outlier peak/ abnormal peaks arising out of contingency situation such as any calamity / disaster /State generator outage of DICs / fault should not be considered as yearly peak. Instead average of 4 seasonal peaks / or top 4-6 peak average may be considered in order to normalize such outlier cases of abnormal peak. It is observed that the quantum of GNA, as per the above computation method, there is likely over estimation of GNA as compared to approved LTA. For example, State having embedded customer with intermittent transactions through inter-state STOA shall have to pay excess ISTS charges due to higher GNA, despite the fact that there is no change in the deciding parameters like Demand, Self-Generation and Drawal from ISTS. The methodology of determination of GNA by estimating the past three years' data does not seem to be appropriate. It is similar to Ex-

(डी० सी० वर्मा)
अधीक्षण अभियन्ता (आर०ए०यू०)

(नीरज अग्रवाल)
मुख्य अभियन्ता (आर०ए०यू०)

		ante calculation adopted in the determination of ISTS Charges of DICs under "Sharing Regulations 2010." Although the fallacy was subsequently removed in "Sharing Regulations, 2020" by adopting Ex-post method. This needs to be reconsidered. Further, embedded Customers drawing power through inter-state STOA during peak hours cause serious impact on State GNA. Embedded drawee Customers availing 24 hrs round the clock will pay back the Transmission charge to the State. But if OA is availed for 1-2 hours during peak time by embedded drawee Customers, then GNA of the State increases resulting in higher GNA charges for State. Drawee STOA customer pays ISTS charges for a transaction time only (say 2 hrs) and for balance time for 22 hrs, State would bear the cost due to higher GNA. Accordingly, more rationality may be brought in the GNA regulation so as to avoid burden on the State because of allowance of STOA to its embedded drawee customer. Drawal of a States includes the drawal of embedded STOA Customers of State. Inter State transmission System is planned based on Long Term and Medium Term Customers. As rightly mentioned in STOA Regulation, itis not planned for Short Term Entities. The surplus Corridor left unused can only be used for transmission of Power by STOA Customers. So inclusion of drawal of STOA Customers for determination of GNA seems to be inconsistent with STOA Regulation and thus appropriate corrective measures need to be considered in calculating GNA.
23 Use of GNA by other GNA grantee(s)	*23.1. An entity covered under Regulation 17.1 which is a GNA grantee, may authorise other entities covered under Regulation 17.1 which are GNA grantee(s), to use its GNA, in*	**Comments –** It is a welcome move to allow GNA grantee to authorise other GNA grantees to use its GNA, in full or in part, with prior approval of the Nodal Agency. However, in the proviso of the said

(नीरज अग्रवाल)
मुख्य अभियन्ता (आर०ए०यू०)

	full or in part, with prior approval of the Nodal Agency, for a period not exceeding 1 (one) year at a time on mutually agreed terms and conditions: ***Provided that payment liability for transmission charges shall continue to be with the original GNA grantee that authorised its GNA to be used by other GNA grantee(s):***	clause it is mentioned that the payment liability for transmission charges shall continue to be with the original GNA grantee. It is submitted that payment liability for transmission charges shall also be transferred to the GNA grantee who is utilising the GNA. As mentioned in the clause 23.1, GNA can only to transferred to other GNA grantees which are eligible under Regulation 17.1. Hence, the Nodal agency shall have all the payment security mechanism in place for the other GNA grantee to whom the GNA is transferred by original GNA grantee. Hence there is no point in keeping the payment liability of transmission charges with the original GNA grantee if the rights to use the GNA are already transferred to other GNA grantee.
25 Relinquishment of GNA	*25.1. For an entity covered under Regulation 17.1, GNA once granted can be relinquished, in full or in part, on payment of relinquishment charges in advance as per following:* *(a) For an entity covered under clause (i) of Regulation 17.1 of these regulations, STU may relinquish GNA on behalf of identified intra-State* *entity. The relinquishment charges shall be equal to 60 times the transmission charges paid by such intra-State entity for the last billing month under the Sharing Regulations, corresponding to the relinquished quantum.*	**Comments –** It is submitted that the charges for relinquishment are kept equivalent to 60 times the transmission charges paid by such relinquishing entity for the last billing month. It is submitted to kindly review the exorbitant charges (60x) made applicable for relinquishment. There is no basis for recovery of such huge amount of charges from the entities. It is submitted that relinquishment of GNA is part and parcel of power portfolio management. In case Discoms is able to source power from different sources at any given point of time, other than the source for which GNA is sought, Discom may choose to relinquish the GNA. Discom at all times have to think in terms of consumer perspective and as far as possible make power available to the consumer from the cheapest sources. Discom understands that relinquishment leads to stranded assets and redundancy. However, recovery of 60 times the transmission charges would not be an appropriate approach. Moreover, it is not necessary that the assets which got stranded due to relinquishment will remain stranded till the completion of its useful life. Further, relinquishment may be based on the potential uses of the assets. Further, if new entity is utilising that assets; there shall be provision of reimbursement for original entity.

(डी० राज वर्मा)
अधीक्षण अभियन्ता (आर०ए०यू०)

(नीरज अग्रवाल)
मुख्य अभियन्ता (आर०ए०यू०)

28 Application for grant of T-GNA	*28.8 The application fees in case of rejection of application for T-GNA shall be forfeited*	**Comments –** It is submitted granting of T-GNA depends on various factors as mentioned in these Regulations including network availability, verification of Nodal Agency and priority to GNA grantees over T-GNA. Therefore in such case, it would not be appropriate to forfeit the application fees of T-GNA as allocation of the same is not entirely in the hands of the applicant.
29. Processing of applications for grant of T-GNA by Nodal Agency	*29.6. T-GNA for collective transactions under real time market shall be processed within a time block.*	Regulation 29.6 mentions the processing time of T-GNA for collective transactions under real time market but the time for making application is not mentioned anywhere in the Draft Regulation as well as in the Explanatory Memorandum. Currently timeline and application procedure is mentioned in the Regulation 13(B) of Open Access Regulation 2008 which was added vide its 6th Amendment dated 12.12.2019. But the Open Access Regulation 2008 would be repealed when GNA Regulations get effective. So, for the smooth function of RTM same must be included under GNA Regulations. Reg 13(B) of OA Regulation 2008 is quoted below: *"13(B) All the entities participating in the real-time market for a specified duration may place their bids and offers on the Power Exchanges for purchase and sale of power. The window for trade in real-time market for day (T) shall open from 22.45hrs to 23.00hrs of (T-1) for the delivery of power for the first two time-blocks of 1st hour of day (T) i.e., 00.00 hrs to 00.30 hrs, and will be repeated every half an hour thereafter. The bidding mechanism for the real-time market shall be double-side closed bid auction for each time block of the delivery period. The Nodal Agency shall indicate to the Power Exchange(s) the available margin on each of the transmission corridors before the gate closure, i.e. before the window for trade closes for specified duration. The power exchanges shall clear the real-time market from 23.00hrs till 23.15hrs based on the available transmission corridor and the*

(डी० राज० वर्मा)
अधीक्षण अभियन्ता (आर०ए०यू०)

(नीरज अग्रवाल)
मुख्य अभियन्ता (आर०ए०यू०)

		buy and sell bids for the real time market (RTM) for the specified duration. Then the cleared bids shall be submitted by the Power Exchanges to the Nodal Agency for scheduling. The Nodal agency in accordance with the detailed procedure shall announce the final schedule by 23.45 hrs of (T-1) and communicate to the RLDCs to prepare the schedule for dispatch.
40. Payment of charges	***40.1.** The transmission charges and losses for use of the inter-State transmission system shall be shared among buying entities of ISTS in accordance with the Sharing Regulations.*	Capitalize the term "buying entities" and define it. Whether buying entities are (i) all those entities who are GNA grantee (ii) drawee entities? Whether standalone ESS for the purpose of charging would be considered as buying entities or not?
11. Monitoring by the Nodal Agency	*11.1. Connectivity grantee shall update the status of implementation of work under its scope including dedicated transmission lines, every quarter to the Nodal Agency who shall update the same on its website.* *11.2. The Nodal Agency shall update the status of implementation of the ATS and terminal bays in respect of all Connectivity grantees, every quarter, on its website.* *11.3. The Nodal Agency shall review and take corrective action based on the status of implementation of work under the scope of the Connectivity grantee as submitted under Regulation 11.1 and status of implementation of the ATS and terminal bay(s) as updated under Regulation 11.2.* *11.4. For optimal utilisation of transmission system, the Nodal Agency with consent of the concerned Connectivity grantee(s), may rearrange the Connectivity across different terminal bay(s) of the same ISTS substation.*	Please Clarify: The word "corrective action" in Regulation 11.3 is subjective in nature. So, there must be some list of actions which comes under corrective action and for each action there must be some condition under which action would be taken. Due to rearrangement of the Connectivity across different terminal bay(s), length of Dedicated Transmission Line may get change. Further, if length of Dedicated Transmission Line get increase, cost would also increase. Which may be cost overrun for connectivity grantee.
17 Eligibility for GNA	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-	UPPCL is the holding Company of all the five Govt. owned UP Discoms. UPPCL is responsible for the procurement of power on behalf of all the 5 UP Discoms at a consolidated level. The entity wise segregation at this stage in case of UPPTCL is not feasible, as DISCOM wise allocations is not identified. Thus, provisos that State Transmission Utility on behalf of **distribution licensees** may be

(डी० के० शर्मा)
अधीक्षण अभियन्ता (आर०ए०यू०)

(नीरज अग्रवाल)
मुख्य अभियन्ता (आर०ए०यू०)

	State entities;	suitably amended as under: *"State Transmission Utility on behalf of distribution licensees/holding company connected to intra-State transmission system and other intra-State entities;*
19 Application for Grant of additional GNA by STU	STU, on behalf of intra-State 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 Draft Central Electricity Regulatory Commission (Connectivity and General Network Access to the inter-State transmission System) Regulations, 2021 P a g e | 19 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.	
Deemed Grant of GNA	GNA deemed to have been granted to STU under clause(d) of this Regulation, shall be segregated for each intra-State entity, including distribution licensee, by the respective SLDC, and intimated to STU, Nodal Agency and NLDC within 1 month of publication of details by the Nodal Agency under clause (d) of this Regulation.	The proposed regulations are silent on the mechanism for allocation and segregation of GNA for each intra-State entity, including distribution licensee, by the respective SLDC. A detailed mechanism for the allocation of GNA by SLDC among various intra-State entities may be included in the Regulations.
Allocation of Transmission Corridor	GNA grantee shall be eligible to schedule power within the GNA granted to it under any contract subject to conditions specified in the Grid Code:	As per the draft Regulations, GNA granted can schedule power under any contract within the GNA granted. Further, under the Short Term Open Access, there may be different sources of supply on different days/slots. It is suggested that a procedure may be included in the Regulations to ascertain the allocation of transmission systems for Short-term contracts under the GNA granted.
Additional Submission	*Additional Submission*	In the context of Draft GNA Regulations, sharing regulations also need to be changed. So, before implementing the Draft GNA Regulations, stakeholder consultation on sharing regulation is also required for better synchronism of liability and recovery of

(डी० सी० वर्मा)
अधीक्षण अभियन्ता (आर०ए०यू०)

(नीरज अग्रवाल)
मुख्य अभियन्ता (आर०ए०यू०)

		transmission charges.
Additional Submission	*Additional Submission*	As submitted in Annexure-I of these Regulations the average GNA for Uttar Pradesh has worked out to be 10165 MW. Before implementation of the above Regulation, Hon'ble CERC is requested to kindly clarify the impact of GNA of such derived quantum in Annexure -1 with respect to the existing transmission charges that are being paid by each Discom.
Additional Submission	*Additional Submission*	The said Regulation does not ascertain the utilisation of stranded assets by grid entities or ascertain the responsibility of stranded assets with respect to grid entities. It is necessary for the Regulation to capture scenarios where stranded assets of transmission would arise during implementation of GNA and the proposed mechanism to curtail the same. There is no regulation on utilization of transmission system made for generator. Suppose a generator is seeking connectivity then CTU would create transmission infrastructure for evacuation of power from generator as per Draft GNA regulation. Now, let generator is commissioned, transmission line is also commissioned but there is no beneficiary to draw the power from the generator then who would bear the cost of transmission infrastructure build for the generator. Since PPA is not mandatory to create the transmission infrastructure as per Draft GNA Regulation, hence CERC must protect the interest of Drawee entity. Unutilized capacity must not be passed on drawee entity. Further, in order to increase the utilization of ISTS, CERC may also direct CTU to publish margin in ISTS on monthly basis through suitable Regulation in the Draft GNA.

(डी० सी० वर्मा)
अधीक्षण अभियन्ता (आर०ए०यू०)

(नीरज अग्रवाल)
मुख्य अभियन्ता (आर०ए०यू०)