

CENTRAL ELECTRICITY REGULATORY COMMISSION

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Press Release

CERC Streamlines Open Access Regulations

On the basis of operational feedback received from various stakeholders and public hearing held in January, 2005 the Central Electricity Regulatory Commission (CERC) has streamlined the procedure for seeking Open Access in Inter-State transmission. Open Access in transmission was introduced by the CERC for the first time in February, 2004 in pursuance of the Electricity Act, 2003.

Transmission access is an important mechanism for opening up the electricity sector in the interest of the consumer. The Commission has tried to simplify the process and made it more user-friendly.

The highlights of the amended regulations are as follows:

1. Long Term and Short term Customers

- Transmission customers will be divided into two categories, namely, long term customers and short term customers.
- A long term customer is the one who has or intends to enter into long term bulk power transmission agreement with transmission service provider for use of inter-State transmission system. A long term customer shall have the exit option to relinquish or transfer his transmission right and obligations with the prior approval of the Commission subject to payment of compensation as may be determined by the Commission.
- Transmission customers other than long term customers shall be short term customers.

2. Criteria for grant of access

- A long term customer will be allowed access based on transmission planning criteria stipulated in the Indian Electricity Grid Code. Long term customers will have the right to use the transmission system.
- Access to short term customer shall be allowed subject to availability of transmission capacity if request can be accommodated by utilizing inherent design margin, margin available due to variation in power flow and margin available due to in-built spare capacity.

3. Priority in allotment and curtailment

Allotment priority of long term customers shall be higher than that of short term customers. Short term customers shall be the first to be curtailed in the event of transmission constraint.

4. Nodal Agency

- Nodal Agency for arranging long term access shall be the Central Transmission Utility (POWERGRID), if its system is used. Otherwise the nodal agency shall be the transmission service provider in whose system the drawal point is located.
- The nodal agency for short term access shall be the Regional Load Dispatch Centre (RLDC) of the Region, where the drawal point of electricity is situated.

5. Monthly time table for advance reservation of transmission capacity

A monthly timetable has been introduced for the first time for grant of transmission access to short-term customers in a transparent and organized manner.

- There will be provision for advance reservation for a period extending up to next three months for which applications can be submitted by 19th day of the month.
- All applications received up to 19th day of the month for advance reservation shall be processed together and access shall be granted by 26th day of the month.

6. Congestion management by e-bidding

For advance reservations for short term customers, congestion management shall be done through electronic bidding. However, the maximum bid price shall be capped at 125% of the rate applicable for long term customers to prevent volatility of transmission prices on the congested corridors.

7. Short term customers who do not make advance reservations are free to seek open access on first cum first served basis for a maximum period of one month subject to availability of transmission capacity.

8. Part-day charges to reduce cost of wheeling of peaking power

The transmission charges for short terms customers shall be declared in terms of Rupees/ MW/Day. However, the Commission has now decided that for part day users up to 6 hours in a day, only one fourth (1/4th) of the per day charges shall be applied. Similarly for part day users up to 12 hours in a day, only half the per day charges shall be applied.

9. Exit option granted to short term customers

With a views to providing flexibility to the parties engaged in electricity trading, an exit option has been provided where by a short term customer can surrender, cancel or reduce the reserved transmission capacity by payment of a minimum of 7 days charges or the balance period of reservation, which ever is shorter.

10. No change in pricing scheme for intra-regional transmission access

To avoid pan caking, the Commission has decided that for short term intra-regional transactions, the short term customer shall be charged at the rate of 25% of the last year's effective rate for long term customer, and average transmission losses shall be applied.

11. New pricing scheme for inter-regional links

Taking cognizance of the fact that there is a basic shift in the nature of use of inter-regional links from that of bilateral grid support to power trading and inter-regional allocations, the Commission has decided to revise the methodology for applying transmission charges for inter-regional links as follows:

- Beneficiaries using inter-regional links for allocations from Central generation stations or other long term contracts shall pay transmission charges pro-rata to their allocation and contracts vis-à-vis capacity of the inter-regional link.
- Balance capacity after allowing for security margin, shall be made available to short term Open Access customer for which the minimum rate shall be 50% of the last year's effective rate for long term use.

- Balance transmission charges for the inter-regional link if any, shall be shared on 50:50 basis by the two regions as reliability charges.

12. The new pricing scheme for inter-regional links shall significantly reduce the financial burden of the SEBs, who have the obligation to reimburse full transmission charges to POWERGRID but were not getting adequate relief, even when others were using the inter-regional links to the extent of 100%. It is also expected that the new pricing scheme will be more conducive to future investment in the inter-regional links.

13. "Same day" and "Next day" trading made simple

In addition to meeting their seasonal demand, the SEBs/ Discoms also need to enter into short term trading agreements on day to day basis in order to balance their demand-supply position as far as possible. The Commission has simplified the procedure for 'next day' and 'same day' transactions, in which no open access charges would be payable up front and the RLDCs shall accommodate such requests subject to technical feasibility. Now a composite request for Open Access and scheduling for the next day can be made through the concerned SLDC by 3 P.M. of the day. In respect of un-requisitioned generating capacity the request can be made by 10 P.M.

14. Application fee and Operating charges for short term customers
An application fee of Rs. 5000/- and operating charges at the rate of Rs.3000/- for each Regional Load Despatch Centre and at the rate of Rs.1000/- for each State Load Despatch Centre shall be levied. However, handling and service charges @ 2% levied so far have been abolished.

15. UI mechanism for balancing power

Mismatch between the scheduled and actual energy transaction at the point of injection and drawal shall be supplied by the grid at a frequency linked price as per the UI mechanism already in place.

16. Automatic rerouting on inter-regional links

Transmission capacity available for short term customers on the inter-regional corridors shall be regularly displayed on the RLDC web site and the customer may give standing instructions for automatic rerouting in the event of transmission congestion or constraints.

17. Commercial conditions simplified for short term customers

- There is no need to pay transmission charges along with application. Such charges can be paid within the next three working days of grant of access.
- Payment has been allowed through cheque or electronic transfer
- No up front application fee to be paid for "same day" and "next day" access.
- There is a provision for refund incase access is denied due to transmission constraint.

18. The amended regulations shall be effective from 1st April, 2005.

Sd/-
(A.K. Sachan)
Secretary