



SIMHAPURI
ENERGY LIMITED

POWER TO PROSPER

Ref: SEL/PTD/CERC/2014-15/414

Date: 29th November, 2014

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

Sub: Comments on the staff paper on Transmission Planning, Connectivity, Long/Medium Term Open Access and Other related issues.

Dear Madam,

This has reference to the public notice (Ref.: Engg./DP-Transmission/2014-CERC dated 19-09-2014) inviting comments of the stakeholders on the subject matter of 'Transmission Planning, Connectivity, Long Term Access, Medium Term Open Access & other related issues'.

We have studied the staff paper, which is very comprehensive, and we herewith are submitting our comments in this regard for the Hon'ble Commission to take a view up on.

Thanking you,

Yours Faithfully
For Simhapuri Energy Limited

Ch.D. Srinivas

S Arun Kumar
F. GM - Power Trading.

Encl: Comments of SEL.

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Comments of Simhapuri Energy Limited

The staff paper has majorly dealt with many issues faced by the transmission sector and the discussion is made regarding, inter-alia, connectivity without any liability to pay transmission charges, lesser requisition of LTA and non-declaration of drawl requirement. One of the reasons for lesser requisition is the binding factor to applicant that makes them obligated to pay the transmission charges as also the reason that a generator needs to pay the transmission charges for both the injection and withdrawal when the generator could not get through a long-term bid and he thus is able to supply only in the Medium-Term/Short-Term (though the effective charges get adjusted to some extent). Also there is no special incentive to the applicant apart from preference in scheduling the power which is also available only when he gets tied-up through a long-term PPA with an ultimate buyer.

To address this issue, the prospect of having a mechanism where we have lesser PoC charges for Long-term customers as compared to the medium/short term customers may be looked into. This will be an encouraging factor for the generating companies who are not at fault when there are very few long-term tenders around being floated by utilities. This facility will also prompt the utilities to float more long term tenders.

Our replies to the questionnaire are as follows:

Question No. 1:

Whether Connectivity should be retained as a separate product:

(A) Yes (B) No

Answer: (A) Yes

Question No. 2(a)

If yes, what are in your opinion the advantages of Connectivity as a separate product?

Answer: If connectivity is clubbed with open access, the process time for the grant of connectivity may get increased which can impact the achievement of Financial Closure for a generating station.

Question No. 2(b)

If connectivity is retained as a separate product, then what whether it should be free or transmission charges should be borne by generator or drawee entity which is applying for connectivity?

Answer: The connectivity should be free from any transmission charges of the meshed network. However, the cost of connectivity line has to be borne by the entity applying for connectivity.

Question No. 2(c)

Whether for connectivity, only transmission charges corresponding to connectivity transmission system should be charged or some part of Grid transmission charges (25% as proposed) should also be charged ?

Answer: As mentioned above, only transmission charges corresponding to connectivity transmission system has to be charged.

Question No. 3:

If no, what are in your opinion are the dis-advantages of Connectivity as a separate product?

Answer: Not Applicable.

Question No. 4: Bank Guarantee

What should be amount of sufficient construction bank guarantee to safe guard against the risk of stranded asset in case generating project fails to get commissioned?

- (a) Is existing construction bank guarantee amount (Rs 5 lakh per MW) sufficient when transmission cost is about Rs 1 cr per MW?
- (b) Is proposed bank guarantees equivalent to cost of transmission line is sufficient?
- (c) Is proposed bank guarantees are very high?

Answer:

- (a) It is low no doubt; however it should not be raised too much.
- (b) Sufficient but very high.
- (c) Yes.

Question No. 5: Bank Guarantee

What should be amount of sufficient construction bank guarantee to safe guard against the risk of stranded asset or transfer of liability to other consumer in case generating project wants to exit/ downscale LTA after commissioning (Please give justification for your views)

- (a) NPV equivalent to 12 year transmission charges
- (b) NPV equivalent to 7 year transmission charges
- (c) X Rs per MW of installed capacity –One time charge
- (d) Five years Average Injection and withdrawal charges
- (e) Five years Average injection charges only

Answer: (c) X Rs per MW of installed capacity – One time charge.

Question No. 6: Delay in Commissioning

In case of delay in generating unit(s) / project:

- (a) Date of LTA should be firm and no relaxation should be provided
- (b) If information of delay is provided sufficiently in advance some staggered relief can be granted
- (c) Issue should be decided mutually between generating company and transmission licensee subject to condition that no burden is transferred to other users.

Answer:

- (c) Issue can be discussed and decided between the generating company and transmission licensee and no burden is transferred to other users. It should not be firm

as there can be reasons beyond the control of the generator while some relief can also be thought of with a maximum limit.

Question No. 8:

- a. Whether you are an injecting entity or Drawee entity or both?

Answer: Injecting Entity.

Question No. 9: GNA

- a. What is your opinion on General Network Access (GNA) proposed by CEA?
- b. Whether it should be adopted for transmission access and transmission charges?
- c. What should be bank guarantees and Exit Charges under GNA mechanism?
- d. Whether it would be possible to plan transmission system to give assured access in all directions?

Answer:

- a. Prima-facie, it seems adequate and is a welcome step for better transmission planning for a congestion free network.
- b. It should be adopted only for transmission access, as if it is applied to transmission charges also then it will be similar to the case of LTA where the applicant is under-declaring their LTA requirement for the reasons discussed in the paper.
- c. One time charge made known in advance at the time of providing OA.
- d. With proper planning and regulatory foresight, it should be possible to give assured access in all directions.

Question No. 10: Transmission Planning:

- a. How Transmission planning in the country needs to be reviewed under present condition to take care of future need of robust transmission system?
- b. Whether there is need for a separate Regulation for transmission planning to make it more participative?
- c. Whether transmission planning should mandatorily make margins available for short term power market?
- d. Whether transmission system planned by CEA /CTU need to be adequately explained from cost benefit point of view?
- e. Is there requirement of making submission of information related to transmission planning legally binding?

Answer:

- a. System demand forecast/information about load centers also need to be provided by utilities to be considered for transmission planning instead of LTA applications alone.
- b. Yes.
- c. It is a need of the hour since some of the contracts already executed in the short-term are stranded for want of transmission corridor. Hence, margins are needed but possibly at slightly higher levels of transmission charges made known well in advance.
- d. Yes for optimal planning and utilization of transmission assets.
- e. Yes.

Question No. 11 : Utilization of Congestion charges

a. Whether proposal of using congestion charges to reduce the long term ISTS transmission charges acceptable? Or

b. ~~Whether Congestion charges are to be utilized for creation of specific transmission assets for relieving the congestion? How should this be treated- as equity, loan or grant?~~

Answer: (b) and it can be treated as a grant, which ultimately reduce the long term ISTS transmission charges.

Question No.12:

Transmission corridor allocation for Power market:

a. Whether participants of Power exchanges should be allowed to participate in e-bidding for transmission corridor? or

b. For power market development, certain quantum of corridor may be reserved for power market with all participant of Power Exchange sharing the transmission charges of reserved corridor.

Answer:

a. If the participants of power exchanges booked the corridor in e-bidding there is a drawback of stranding the transmission capacity if their volume bid in the exchange does not get cleared.

b. Under this option the participants will not know the transmission charges in advance. Due to this it is not possible for the participants to know the landed realization for the price quoted by them.