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Ref: DBPL/ISTS/2019/Comments/ 01 31.12.2019

To,
Secretary,
Central Electricity Regulatory Commission,
3rd & 4th Floor, Chandralok Building, 36,
Janpath, New Delhi -110001

Sub: Draft Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2019

Ref: No. L-1/250/2019/CERC Dated: 31st October 2019

Sir,

This is with reference to the draft regulation on sharing interstate charges and losses, 2019, dated 31st Oct 2019, where in comments/suggestions/objections were invited.

As such, comments / views from DB Power is herein enclosed

Thanking You,

For **DB Power Limited**

Authorized Signatory

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Ref: No. L-1/250/2019/CERC Dated: 31st October 2019

Comments on Draft regulation for sharing of inter-state transmission charges and losses regulation published by CERC

The draft regulations published on CERC more or less rationalise the process of determination of transmission charges. It also rationalises the components of transmission network considered for calculation of POC charges to achieve more transparency in the existing process. As we understand, the primary difference between the existing regulations and the draft regulations is the way the POC charges would be collected by CTU for short term transactions.

It is noted by the taskforce, formed to study the POC charges, that during past seven years the transmission charges have increased by 260% while the LTA quantum has increased by only 100%. This has led to considerable increase in average transmission rate. The DICs which have taken LTA are thus paying higher transmission rate for the same quantum of LTA year on year. For a generating company, LTA is normally allocated by PGCIL based on the transmission system planned by CTU for evacuating power from that generating station and the charges are collected based on the transmission network planned and commissioned for evacuating power from the generating plant for next 25 years. Hence ideally, any change in the transmission network thereafter in future should not affect the charges paid by the generating company for transmitting its power. On the contrary the charges paid could reduce with depreciation of the assets. Any new DIC for whom the network augmentation is taking place should be asked to pay the transmission charges for this augmentation of the transmission network being carried out. Today it's not only socialised for all DICs but the burden of payment of transmission charges for renewable energy is also being passed on to the conventional coal-based power stations and distribution companies. Distribution companies while selling this renewable energy may be in a position to recover these transmission charges but a coal-based generator has no means to recover these charges especially if these charges are levied on the untied capacity for a target region. It is surprising that in the name of encouraging the renewable energy the cost of transmission charges for RE power is being recovered from the conventional sources of energy. This is not only for first few years of commissioning but for the lifetime of the RE plant. This subsidy is detrimental to the very basis of just and reasonable transmission charge regime.

Hence, the Transmission charges for already allocated LTA customers should remain same over the period and the DIC should not be made to pay for any additional transmission network not established for the DIC. Further, they should not be burdened with transmission charges for RE generators.

The task force report mentions that "Hence, in order to build sufficient transmission system for evacuation of all generators in future, it is important that the short-term transmission rates are kept higher than the long-term transmission rates. This will give a signal to the generators to seek long term access and get the transmission built for future." However, the generators who do not have PPA with any purchaser have no incentive to seek LTA since no generator would like to commit to pay transmission charges for 25 years period. Thus, the generators who have only indicated the target region for part quantum are forced to pay long term charges while the generators who are using short term route do not have to commit to pay these charges for long term and pay only for a short duration. Thus, one fails to understand how this signal to seek LTA would reach the generator without any commitment by the distribution companies to purchase power on long term basis. Today no new tenders are seen for power procurement on long term.

We understand that Commission has issued the draft regulation to reduce the burden of LTA on DICs, who are having the LTA on firm basis or Target region basis and to stop the relinquishment of the LTA granted to DICs.

Generators had asked the connectivity and LTA looking at the future power sales opportunity to sell the power under the Long term/Medium term contracts while there are no major Long terms or medium terms tenders in past 5 years. The Hon’ble Commission is well aware about this issue. Based on above many Generators are relinquishing their LTOA which do not have firm tie up with purchaser. Generally, generators sell the power under ST tenders when they are able to at least recover the coal cost or even lower to meet technical minimum requirement.

In the Fifth Amendment to sharing of inter-state transmission charges and losses regulation 2010, after considering the submissions of stakeholders on refund against the untied LTA, the Hon’ble commission had decided to refund the LTA charges collected for the untied capacity and to the extent of the quantum sold by the generator under MTOA/STOA/ Collective transaction on monthly basis. Because of this provision in the regulations DICs having the LTA on target region basis have preferred not to relinquish the LTOA and try to sell the equivalent quantum under the MTOA/STOA/ Collective transaction.

In the present draft regulation, offset of quantum against the LTA for target region, is block wise instead of monthly average schedule basis. Due to coal shortage, outage of generating plant or very low market rates compared to coal price, generators may not be able to sell full target region LTA quantum under MTOA/STOA/ Collective transaction, in each time block. Thus, they may incur additional cost for such shortage even after selling higher quantum in some time blocks under MTOA/STOA/Collective transaction as compared to LTA quantum for target region.

Hence, we request the Hon’ble commission to keep the same provision of monthly average supply calculation for target region customers instead of time block wise calculation for refund of transmission charges against the LTA for target region. (Ref: 13.2. (c) iii (a), may be modified accordingly)