
----- Forwarded Message -----

From: vishal dev <vishal.dev@ficci.com>

To: Sanoj Kumar Jha Secretary <secy@cercind.gov.in>

Cc: Shilpa Agarwal <shilpa@cercind.gov.in>, rita roychoudhury <rita.roychoudhury@ficci.com>, kalyan verma <kalyan.verma@ficci.com>, power@ficci.com

Sent: Tue, 31 Dec 2019 21:41:10 +0530 (IST)

Subject: FICCI's Representation on Draft Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2019

Dear Sir,

This has reference to the Central Electricity Regulatory Commission (CERC) Notification inviting comments on Draft Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2019, due for submission by December 31, 2019.

In this regard, FICCI's comments/suggestions are attached herewith for your kind perusal.

As per the requirement, these are also being uploaded on the SAUDAMINI Portal.

We would be more than happy to offer any clarification in this regard, if required.

Thanking you,

With kind regards,

Vishal Dev

Additional Director - Power

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Federation of Indian Chambers of Commerce and Industry

Industry's Voice for Policy Change

Federation House, 1, Tansen Marg, New Delhi 110001, INDIA

M: +91 9990656411; T: +91-11- 23487201; F: +91-11- 23320714



**FICCI's Representation on
“Draft Central Electricity Regulatory
Commission (Sharing of Inter-State
Transmission Charges and Losses)
Regulations, 2019”**

Submitted to:

Central Electricity Regulatory Commission



Recommendations on 'Draft Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2019'

- A) A Notification on 'Draft Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2019' was published by Central Electricity Regulatory Commission on 31st October 2019. CERC had invited comments/suggestions from the stakeholders on the Draft Regulation due for submission by 31st December 2019.
- B) In this regard, FICCI's comments/suggestions are the following:

Sl. No.	Draft Regulation	Proposed Changes to Draft Regulations	Comments
1	<p><u>Chapter 1: Preliminary</u></p> <p><u>Regulation 3 (3)</u></p> <p>Principles of sharing transmission charges:</p> <p>The transmission charges for transmission system after such transmission system has achieved COD <u>with regular service</u>, shall be shared by DICs in accordance with Regulations 5 to 8 of these regulations.</p> <p>Provided that in case of a transmission system where COD has been approved in terms of proviso (ii) of clause (3) of Regulation 4 of the Tariff Regulations, 2014 or clause (2) of Regulation 5 of</p>	<p>The term "regular service" needs to be appropriately defined.</p>	<ul style="list-style-type: none"> • CERC Tariff Regulations 2014 had defined "Regular Service" as (53) "Regular Service" means putting into use a transmission system or element thereof after successful trial operation and a certificate to that effect has been issued by the concerned Regional Load Dispatch Centre; • With the notification of CERC Tariff Regulations 2019, the 2014 Regulations are no longer in force. Further, Tariff Regulations 2019 have not provided or used the term "Regular Service". • The term "regular service" needs to be appropriately defined.

	<p>the Tariff Regulations, 2019 or transmission system which has been declared deemed COD in terms of Transmission Service Agreement under Tariff based Competitive Bidding, the Yearly Transmission Charges shall be shared by DICs in accordance with clause (11) of Regulation 11 of these regulations.</p> <p>Provided further that the transmission charges for transmission system governed by provisions of clause (4) and clause (8) of Regulation 11 of these regulations shall not be shared by DICs in accordance with Regulations 5 to 8 of these regulations</p>		
2	<p><u>Chapter2: Components and Sharing of ISTS Charges and Losses</u></p> <p><u>Regulation 4</u></p> <p>Components of transmission charges:</p> <p>Transmission charges for each DIC shall have the following components:</p> <p>a. National Component(NC); b. Regional Component(RC); c. Transformers Component (TC);and d. AC System Component(ACC).</p>	<p>The draft regulations categorize the transmission charges into four different components. The National Component and Regional Component are proposed to be shared in in the ratio of Long-term Access (LTA) plus Medium Term Open Access (MTOA) quantum of the respective drawee DICs and injecting DICs having untied LTA capacity. Transformers Component is proposed to be shared by the State in which they are located. The AC System component is further divided into the Usage Based Component (AC-UBC) and Balance</p>	<ul style="list-style-type: none"> • The suggested mechanism is a quantum change and likely to have financial consequences for the states and generators having untied LTA capacity. In such a transition, there needs to be clarity through a detailed study about the amount of Yearly Transmission Charges (YTC) that are being socialized and the amount of YTC that are being allocated as per the actual usage of the grid. In the absence of such information, intuition would point out that the DICs which currently have higher POC charges will probably gain financially while those with lower POC charges will lose. • The Draft Regulations have proposed a paradigm shift in the way the YTC shall be allocated to the DIC. It has been proposed that the YTC shall be broken into four components i.e. National, Regional, State and AC System component and shall be allocated to the drawee DICs on the basis of LTA and MTOA of respective DICs on an ex post basis There shall be no ISTS

		<p>Component (AC-BC). The AC-UBC is to be shared by DICs corresponding to their respective usage of transmission lines and AC-BC is to be apportioned to all drawee DICs in the ratio of their quantum of LTA plus MTOA and to injecting DICs with untied LTA capacity.</p>	<p>charges for undertaking short term transactions provided it is within the quantum of LTA and MTOA and in case the actual injection exceeds the quantum the DICs shall be required to pay Transmission Deviation Charges at 1.2 times the transmission charges.</p> <ul style="list-style-type: none"> • Further, it is also suggested that for an equitable allocation of various transmission components across the drawee and injecting DICs, the allocation should be computed based on the maximum of the LTA plus MTOA and net ISTS drawal by the DICs rather than on LTA plus MTOA only. This will result in better representation of the reliability considerations of the grid usage. • Since allocation of YTC charges and the transmission charges to be borne by the DICs would undergo significant change; it is humbly submitted that the <i>Hon'ble Commission as an illustration may kindly provide indicative transmission charges based on past 3-6 months data available with CTU or the implementing agency. This will enable the stakeholders in setting their expectations right and raising pertinent questions.</i> • To provide transparency in the information availability and avoid asymmetry in the information, the CTU should provide the details of information used for computation of charges on its web site: • In view of the above rationale, the suggested proviso should be added and the details of LTOA and MTOA shall be updated on monthly basis.
<p>3</p>	<p><u>Chapter 2: COMPONENTS AND SHARING OF ISTS CHARGES AND LOSSES</u></p>	<p>-</p>	<ul style="list-style-type: none"> • The current practice adopted by the Implementing Agency is to collect data corresponding to the non-coincident peak demand and peak injection of the respective DICs. The peak demand of various DICs is then normalized with respect to the National

<p><u>Regulation 9</u></p> <p>Computation of share of transmission charges under AC-UBC</p> <p>(1) The Base Case file shall be prepared by the Implementing Agency for the Peak Block of the month comprising of the following:</p> <p>(a) Basic Network, which shall be the network file for the power system for the peak block of the month; and,</p> <p>(b) Actual generation and demand, in MW, at each node of the Basic Network for the Peak Block.</p> <p>Further, the Peak Block has been defined in the Regulation 2 (m) as following:</p> <p>(m) 'Peak Block' means the block in which sum of net ISTS draws by all States is maximum during the month</p> <p>(4) Implementing Agency shall run AC load flow studies on the Base Case file stated at clause (1) of this Regulation for the month and determine power flow on each transmission line. Provided that while carrying out the load flow studies, the Implementing Agency may make minor adjustment in</p>		<p>Peak Demand while adjusting the peak injection for the transmission losses in order to obtain a load generation balance in the Power Flow Case. It may so happen that the timing of Peak Demand occurring in various states is different from that of the timing of the National Peak Demand. Thus, to fully reflect the operating characteristics and usage of the transmission system by various DICs, it is proposed that the Implementing Agency notify the timing of the Peak Block of each individual drawee and injecting DIC rather than the national Peak Block. The transmission charges may then be computed iteratively for all the DICs with respect to their peak blocks while keeping the other DICs at the demand level witnessed corresponding to the DIC for which the transmission charges are being computed. The above methodology will also help in avoiding wide undue variations in the submitted and normalized data of the DICs which has been a challenge in the past framework.</p> <ul style="list-style-type: none"> • The provision proposes minor adjustments to be made by the Implementing Agency to ensure load generation balance. It is requested that Commission may identify norms for usage of such adjustments so that equitable modifications are made in the generation and demand data for benefit of market participants.
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	the generation and demand data, if required, to ensure load generation balance.		
4	<p><u>Chapter 3: SPECIFIC CASES</u></p> <p><u>Regulation 11.(1) (c)...</u></p> <p>(ii) Such generation capacity has been declared under commercial operation between 13.2.2018 and 31.3.2022; and</p>	<p>11.(1) (c)...</p> <p>(ii) Such generation capacity has been declared under commercial operation between 13.2.2018 and 31.3.2022; and</p>	<ul style="list-style-type: none"> Ministry of Power came out with a notification on 06.11.2019, wherein it was notified that the date specified for waiver of interstate transmission charges and losses on transmission of the electricity generated from Solar and Wind sources of energy is to be read as 31.12.2022 instead of 31.03.2022. In view of that Regulation should also be in same line as specified in the notification issued by Ministry of Power & modify that "such generation capacity has been declared under commercial operation Between 13.2.2018 and 31.12.2022"
5	<p><u>Chapter 3: SPECIFIC CASES</u></p> <p><u>Regulation 11</u></p> <p>Transmission charges in specific cases:</p> <p>(7) In case the generating station or unit(s) thereof has achieved COD and transmission system is delayed, the concerned transmission licensee(s) shall make alternate arrangement for dispatch of power in consultation with Central Transmission Utility at the cost of the transmission licensee(s). Provided that till such alternative arrangement is made, the transmission licensee(s) shall pay to the generating station the transmission charges proportionate to Long Term Access for the transmission system which is</p>	<p>11.(7) In case the generating station or unit(s) thereof has achieved COD and transmission system is delayed, the concerned transmission licensee(s) shall make alternate arrangement <u>which shall be acceptable to the generator</u> for dispatch of power in consultation with Central Transmission Utility at the cost of the transmission licensee(s).</p> <p>Provided that till such alternative arrangement is made, the transmission licensee(s) shall pay to the generating station the transmission charges proportionate to Long Term Access for the transmission system which is</p>	<ul style="list-style-type: none"> The changes proposed in the regulation is for the purpose of protecting the interest of the generator and such arrangement between the parties shall be through a proper commercial agreement. Hence it is requested to consider generation loss of developer due to unavailability of Transmission System and concerned transmission licensee(s) shall compensate revenue loss based on the tariff in the PPA's entered by the generating station

	delayed.	delayed <u>and shall ensure that the generator is compensated for the entire loss on account of power generation which could not be dispatched during that period.</u>	
6	<p><u>Chapter 4: ACCOUNTING, BILLING AND COLLECTION OF TRANSMISSION CHARGES</u></p> <p><u>Regulation 12</u></p> <p>Accounting:</p> <p>(5) Timelines for preparation of base case, notification of transmission charges, issue of Regional Transmission Accounts and raising bills shall be as under:</p> <p>(a) Base case for the Billing month shall be prepared by the Implementing Agency by 15th day of the month following the Billing month.</p> <p>(b) Payable transmission charges shall be notified by the Implementing Agency by 25th day of the month following the Billing month.</p> <p>(c) Based on the notified allocation of charges by the Implementing Agency, Regional Power Committee Secretariat shall issue Regional Transmission Accounts by</p>	<p>We humbly request the Honourable Commission for the following: (Appropriate changes to be made in CERC Tariff Regulations 2019 and also a clarification is to be issued for section 63 projects)</p>	<ul style="list-style-type: none"> As per current practice, the RTA accounts are usually finalized and notified by RPCs by 5th/6th of the second month following the billing month, which in turn equips the CTU to raise invoices within 7-10 days of the second month following the billing month. Such invoices are raised with a due date of 45 days which in turn makes the usual recovery cycle of the Transmission licensee's monthly bills to vary from 52 to 60 days as against a receivables built up of 45 days in Interest on Working Capital for Transmission projects built under section 62 as per CERC Tariff Regulations. However, as per the proposed cycle, the usual recovery cycle of the Transmission licensee's monthly bills will increase to 75 - 80 days (30 to 35 days +45 days) from earlier cycle of 52 - 60 days i.e an increase of 15-20 days. <p><i>Hence, we humbly submit that in such case the Tariff Regulations shall be amended to provide additional Interest on Working Capital for such additional period. Also, for Transmission projects built/bid out under section 63 shall be allowed a change in law to compensate for such additional number of days.</i></p>

	<p>the end of the month following the Billing month.</p> <p>(d) Central Transmission Utility shall raise bills on DICs based on Regional Transmission Accounts in first week of the second month following the Billing month.</p> <p>Read with 14. Due date Due date in relation to any Bill shall mean the forty fifth (45th) day from the date on which such Bill is raised by the Central Transmission Utility.</p>		
7	<p><u>Chapter 4: ACCOUNTING, BILLING AND COLLECTION OF TRANSMISSION CHARGES</u></p> <p><u>Regulation 13</u></p> <p>Billing:</p> <p>(2) (c)</p> <p>(ii) In case aggregate metered ex-bus MW injection or the aggregate metered MW drawal of a DIC, in any time block exceeds the sum of Long Term Access and Medium Term Open Access, the concerned DIC shall be charged for such deviations @ Transmission Deviation Rate as</p>	-	<ul style="list-style-type: none"> • The treatment of TDR charges collected from DIC or generator is not explained. • TDR is a penal rate, the recovery of TDR will result in excess recovery above YTC and it cannot be used to reimburse DICs or to reduce the transmission charges for the following month, since it would lose its penal nature and mean cross-subsidization amongst the DICs. • Since the YTC is to be recovered completely through NC, RC, TC, AC-UBC and AC-BC components, in the proportion of LTA/MTOA and untied LTA, there would be situations when the MTC/ YTC is not fully recovered, leading to a shortfall in the pool. In such scenarios, without extinguishing the liability on the defaulting DICs, the TDR charges should be added to the pool to ensure complete recovery of transmission charges. • Any excess TDR remaining in the pool should be routed to the PSDF fund, and once the outstanding liability on the defaulting DIC is paid, the proportionate TDR portion should flow to the

	<p>determined below.</p> <p>(iii) Transmission Deviation Rate shall be calculated as follows: a. Transmission Deviation Rate for a State shall be charged at 1.20 X (transmission charges of the State for the Billing month)/ (quantum of Long Term Access plus Medium-Term Open Access of the State for the Billing Month)</p>		<p>PSDF fund.</p> <p>Transmission charges for the State or DIC:</p> <ul style="list-style-type: none"> Regulation 13(2)(c)(ii) provides that the transmission deviation charges shall be applicable for each DIC, if such DIC exceeds its drawl from the sum of Long-Term Access and Medium Term Open Access. As per definition of DIC in Regulation 2(1)(f), an intra-state entity who has obtained Medium Term Open Access or Long-Term Access to ISTS is a DIC. However, aforementioned Regulation 13(2)(c)(vii) provides that <i>“The charges for transmission deviations shall be calculated for a State as a whole”</i>. Therefore, Regulation 13(2)(c)(ii) and Regulation 13(2)(c)(vii) is contradicting with each other as one provides for DIC wise transmission deviation charges and other provides State wise transmission deviation charges. Similarly, there are few other places in the Draft Regulations where the terminology ‘State’ has been used instead of ‘DIC’. <p><i>The Hon’ble Commission is humbly requested to kindly remove such anomalies and bring clarity.</i></p>
8	<p><u>Chapter 4: ACCOUNTING, BILLING AND COLLECTION OF TRANSMISSION CHARGES</u></p> <p><u>Regulation 13</u></p> <p>Billing:</p> <p>(2) (c)</p> <p>vii) The charges for transmission</p>	-	<p>Short Term Open Access Transmission Charges for State Embedded Entities:</p> <ul style="list-style-type: none"> Regulation 13(2)(c)(vii) has provided for transmission deviation charges to be determined by State Commission for embedded entities as extracted below: “vii. The charges for transmission deviations shall be calculated for a State as a whole. The charges for transmission deviation for an embedded intra-State entity shall be as determined in accordance with the regulations or orders of the respective State Commission.”



	<p>deviations shall be calculated for a State as a whole. The charges for transmission deviation for an embedded intra-State entity shall be as determined in accordance with the regulations or orders of the respective State Commission.</p>		<ul style="list-style-type: none"> In this regard, the Explanatory Memorandum has proposed that in case a state has embedded consumer which does not have LTA or MTOA and it schedules power under collective transactions the charges to be levied for such embedded customer to be determined by the State keeping in view of the following: <table border="1" data-bbox="1308 464 2069 1187"> <thead> <tr> <th>S.No</th> <th>Scenario of (LTA+MTOA) of the State Vs. Drawl</th> <th>Deviation Charges in the State</th> <th>Suggestion for STOA Charges Collection from Embedded entities</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>$(LTA+MTOA) \geq$ Actual Drawl</td> <td>State does not pay deviation transmission charges</td> <td></td> </tr> <tr> <td>2</td> <td>$(LTA+MTOA) <$ Actual Drawl</td> <td>State pays for transmission deviation charges @TDR for drawl in excess of its LTA+MTOA</td> <td>The transmission deviation charges paid by the State may be divided among embedded entities and State based on actual charges by the State or STOA charges @rate of TDR may be collected by the State upfront</td> </tr> </tbody> </table> The Draft Regulations/Explanatory Memorandum have not specified how the inter-state transmission charges incurred by DICs shall be allocated to the intra-state embedded entities. 	S.No	Scenario of (LTA+MTOA) of the State Vs. Drawl	Deviation Charges in the State	Suggestion for STOA Charges Collection from Embedded entities	1	$(LTA+MTOA) \geq$ Actual Drawl	State does not pay deviation transmission charges		2	$(LTA+MTOA) <$ Actual Drawl	State pays for transmission deviation charges @TDR for drawl in excess of its LTA+MTOA	The transmission deviation charges paid by the State may be divided among embedded entities and State based on actual charges by the State or STOA charges @rate of TDR may be collected by the State upfront
S.No	Scenario of (LTA+MTOA) of the State Vs. Drawl	Deviation Charges in the State	Suggestion for STOA Charges Collection from Embedded entities												
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			<ul style="list-style-type: none">• The Draft Regulations/Explanatory Memorandum have proposed that the charges to be levied for intra-state embedded entities shall be determined as per the Regulations or Orders of the respective State Commission. Further, it has also been proposed that the sharing of charges on account of transmission deviation shall also be determined by the State Commission.• The above approach of 'leaving the determination of charges for embedded entities open ended' shall add to the uncertainties of the open access consumers who are embedded in the state network. This will further create difficulties for the embedded entities to avail open access which is already under a lot of strain. Unless specified in these Regulations, the State Commissions may follow different approaches to determine the charges to be levied from their respective embedded entities. This may lead to non-uniform development of the market across different states leading to further fragmentation of the market. The worse is that the Discoms may stop giving open access on the pretext that State Commission has not provided method for allocating and determination of ISTS charges.• As per the Electricity Act 2003 the determination of transmission charges for use of ISTS vests with the Hon'ble Commission. The Electricity Act has mandated the Hon'ble Commission to take suitable measures for development of national level power market. Besides, the Hon'ble Commission is also equipped with all the necessary information for effectively determining the ISTS charges.• In view of the above the Hon'ble Commission may kindly consider specifying the broad principles in these Regulations
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			<p>based on which the charges related to usage of ISTS shall be levied to the embedded consumers. Our suggestions in this regard are provided below:</p> <ul style="list-style-type: none"> - An embedded open access consumer avails open access without ceasing to be a consumer of the Discom. Accordingly, the concerned Discom or the DIC has to plan for the physical infrastructure including quantum of LTA and MTOA for catering to the demand of the embedded entities. Hence, the inter-state transmission charges proposed to be borne by the DIC in terms of Rs/MW/Month should be proportionately recovered from the embedded open access consumers in Rs/MWh i.e. depending on the duration for which these consumers are going to avail the open access. Under no circumstances these charges should be levied in terms of Rs/MW/Month as this will increase overall transmission charges payable for the embedded consumers and will make open access unviable. As short-term open access is given least priority so there is no case of charging transmission charges in Rs/MW/Month. - As the embedded entities shall be fully paying the transmission charges for corridor booked by the DIC, no addition additional charges should be levied in case the DIC were to exceed the quantum of LTA and MTOA and pay the transmission deviation charges (1.2*transmission charges) as proposed in the Draft Regulations. - Open Access consumers buying through DAM, need to know charges payable ex-ante the bidding and NoC issued by SLDC contains all information. This helps consumers bid on the DAM, keeping in view, all charges payable including ISTS charges. We propose same should continue and CERC may specify in regulations that SLDC will indicate normal ISTS charges (in Rs/MWh) in NoC. -There should be a provision of returning (socializing) additional
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			transmission charges collected by states to embedded consumers in case of over recovery of charges from consumers through fixed demand charges and or additional surcharge.
9	<p><u>Chapter 4: ACCOUNTING, BILLING AND COLLECTION OF TRANSMISSION CHARGES</u></p> <p><u>Regulation 13</u></p> <p>Billing:</p> <p>(4) Central Transmission Utility shall be responsible for raising the bilateral bills for transmission systems covered under Regulation 11 of these regulations.</p>	-	<ul style="list-style-type: none"> Based on our understanding of the draft regulations, bilateral bills are bills raised under Regulation 11 (4), (7) (9) and (11), these will be raised by CTU as per Regulation 13(4). It is submitted that recovery of these bills too should be routed through CTU. In case the generator fails to pay the bilateral bills or becomes insolvent, what is the recourse available to the transmission licensee? It is suggested that in such a scenario, since the project has been commissioned as per the TSA, the LTTCs should pay the transmission charges due. This is in line with the Clause 6.2.2 of the TSA "6.2.2 Once any Element of the Project has been declared to have achieved deemed COD as per Article 6.2.1 above, such Element of the Project shall be deemed to have Availability equal to the Target Availability till the actual charging of the Element and to this extent, shall be eligible for payment of the Monthly Transmission Charges applicable for such Element."
10	<p><u>Chapter 4: ACCOUNTING, BILLING AND COLLECTION OF TRANSMISSION CHARGES</u></p> <p><u>Regulation 14</u></p> <p>Due date:</p> <p>Due date in relation to any Bill shall mean the forty fifth (45th) day from the date on which such Bill is raised by the Central Transmission Utility</p>	<p>Proposed Amendment:</p> <p><i>"Due date in relation to any bill shall mean THIRTY (30th) day from the date on which such Bill is raised by the Central Transmission Utility</i></p>	<ul style="list-style-type: none"> Billing, Collection and Disbursement Procedure under CERC (Sharing of ISTS Charges & Losses) Regulations, 2010, Para 3.1.1, "Due date in relation to any Bill shall mean the thirtieth (30th) day from the date on which such Bill is raised and published on the website of CTU for payment by the DIC." Further, as per the TSA, the due date is defined as 30th day after the date on which any Invoice is received. Hence, to maintain consistency, we propose that the definition of the due date should be amended to 30th day from the date on which bill is raised. Proposed <u>Amendment</u>:

			<p><i>"Due date in relation to any bill shall mean <u>THIRTY (30th) day</u> from the date on which such Bill is raised by the Central Transmission Utility</i></p>
11	<p><u>Chapter 4: ACCOUNTING, BILLING AND COLLECTION OF TRANSMISSION CHARGES</u></p> <p><u>Regulation 16</u></p> <p><u>Letter of Credit:</u></p> <p>(1) Not later than 1 (one) month prior to the date of operationalization of Long Term Access or Medium Term Open Access, as the case may be, each DIC shall, through a scheduled bank, open an irrevocable, unconditional and revolving Letter of Credit or any other acceptable payment security mechanism in favour of the Central Transmission Utility, to be made operative from a date prior to the Due Date of its First Bill and shall be renewed annually.</p> <p>(2) The Letter of Credit shall have a term of 12 (twelve) months and shall be for an amount equal to 1.05 (one point zero five) times the average amount of the First Bill for a year, where tripartite agreement for securitization on account of arrears</p>	<p>Suitable provision regarding waiver of LC may please be incorporated as the LTA charges are waived off for Wind and Solar projects.</p>	<ul style="list-style-type: none"> • <i>It may be clarified if Wind and Solar Projects exempted from payment of transmission charges in terms of Regulation 11 (1) are also required to furnish such LC against LTOA or MTOA</i>

	<p>against the transmission charges with the Government of India exist.</p> <p>Provided that where such tripartite agreement does not exist, the DIC shall open the Letter of Credit for an amount equal to 2.10 (two point one times) the average amount of First Bill for a year</p>		
<p>12</p>	<p><u>Chapter 4: ACCOUNTING, BILLING AND COLLECTION OF TRANSMISSION CHARGES</u></p> <p><u>Regulation 16</u></p> <p><u>Letter of Credit:</u></p> <p>(7) If a DIC fails to pay any bill or part thereof on or before the Due Date, the Central Transmission Utility may encash the Letter of Credit, and, for amount of the bill or part thereof that is overdue plus Late Payment Surcharge, if applicable, by presenting to the scheduled bank issuing the Letter of Credit, the following documents:</p> <p>(a) a copy of the Bill, which has remained unpaid or partially paid by such DIC; and</p> <p>(b) a certificate from the Central Transmission Utility to the effect that the Bill at item (a) above, or specified</p>	<p>-</p>	<ul style="list-style-type: none"> • The proposed regulation mentions that the CTU '<i>may encash Letter of Credit</i>' if a DIC fails to pay any bill. • It is requested that the Hon'ble Commission must replace the word "<i>may</i>" with "<i>shall</i>" to ensure that the spirit of the regulation is maintained. • The regulation also states failure on part of CTU to present the documents for LC will not attract any Late Payment Surcharge. • It is to be noted by the Hon'ble Commission that the transmission licensee would suffer in case the documents for LC are delayed on account of CTU. <p><i>Hence, we request that the Transmission Licensee shall be eligible for the Late Payment Surcharge.</i></p>

	<p>part thereof, is in accordance with these Regulations and that it has remained unpaid or partially paid beyond the Due Date; and (c) Calculations of applicable Late Payment Surcharge, if any. Provided that the failure on the part of the Central Transmission Utility to present the documents for encashment of the Letter of Credit shall not attract any Late Payment Surcharge, for the duration of such failure on part of the Central Transmission Utility, on the DIC.</p>		
<p>13</p>	<p><u>Chapter 4: ACCOUNTING, BILLING AND COLLECTION OF TRANSMISSION CHARGES</u></p> <p><u>Regulation 17</u></p> <p>Collection:</p> <p>(1) The Central Transmission Utility shall collect transmission charges on account of the First Bill and redistribute the transmission charges collected to inter-State Transmission Licensees in proportion to their Yearly Transmission Charges; (2) The Central Transmission Utility shall collect transmission charges on account of the Second Bill and transfer</p>	<p>-</p>	<ul style="list-style-type: none"> Billing, Collection and Disbursement Procedure under CERC (Sharing of ISTS Charges & Losses) Regulations, 2010, Para 4.4.1 “The disbursement of transmission charges to ISTS Licensees for each Bill shall be made within three (3) Working Days of receiving the payment from the DIC on a rolling basis. For the avoidance of any doubt, after the day of raising and uploading the Bill, any payment that is received from the DICs during a day shall be disbursed within three (3) Working Days from the date of such receipt to all the ISTS Licensees on a rolling basis.” <i>As there is no mention on the timelines for disbursement by the CTU, we request the Hon’ble Commission to include the same para as given in the BCD Procedure for Disbursement of transmission charges.</i>

	<p>the same to respective inter-State Transmission Licensees; (3) The Central Transmission Utility shall collect transmission charges on account of the Third Bill raised in accordance with sub-clause (c) of clause (2) of Regulation 13 of these regulations and the transmission charges collected shall be reimbursed to the DICs, in the following month, in proportion to the First Bill of the respective month.</p>		
<p>14</p>	<p><u>Chapter 4: ACCOUNTING, BILLING AND COLLECTION OF TRANSMISSION CHARGES</u></p> <p>Regulation 17</p> <p>Collection:</p> <p>(5) If payment against any bill raised by Central Transmission Utility under this Regulation is outstanding, the Central Transmission Utility may undertake Regulation of Power Supply on behalf of inter-State Transmission Licensees under the provisions of the Central Electricity Regulatory Commission (Regulation of Power Supply) Regulations, 2010 as amended from time to time and any subsequent enactment thereof.</p>	<p>-</p>	<ul style="list-style-type: none"> • It is submitted that number of days from due date be specified for CTU to invoke Regulation of Power Supply, as was provided for in the Model TSA approved by CERC. • The proposed modification is as follows: • “If payment against any bill raised by Central Transmission Utility under this Regulation is outstanding <i>for 30 days after due date</i>, the Central Transmission Utility may undertake Regulation of Power Supply on behalf of inter-State Transmission Licensees under the provisions of the Central Electricity Regulatory Commission (Regulation of Power Supply) Regulations, 2010 as amended from time to time and any subsequent enactment thereof..”

<p>15</p>	<p><u>Chapter 4: ACCOUNTING, BILLING AND COLLECTION OF TRANSMISSION CHARGES</u></p> <p><u>Regulation 18</u></p> <p>Event of Default of a DIC:</p> <p>(1) The occurrence and continuation of the following events shall constitute a DIC Event of Default:</p> <p>(a) A DIC fails to comply with the prevailing regulations including the provisions of the Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2010 as amended from time to time including any subsequent re-enactment thereof or is in material breach of these Regulations and such material breach is not rectified by the said DIC within 60 (sixty) days of receipt of notice in this regard from the concerned inter-State Transmission Licensee or the Central Transmission Utility; or</p> <p>(b) DIC fails to make payments against bills raised by the Central Transmission Utility under these Regulations within 60 days beyond Due Date.</p> <p>(2) Upon the occurrence and continuance of a DIC Event of Default,</p>	<p>-</p>	<ul style="list-style-type: none"> • As per the draft regulations, 45 days is the due date given to the DIC from the date CTU has raised the bill. • Failure to make payments against bills raised by CTU within <u>60 days</u> beyond Due Date is construed as an Event of Default. • In such case, the CTU shall serve notice on the concerned DIC, and the concerned DIC shall take steps to remedy the default within 60 days of issue of such notice. • After the expiry of <u>60 days</u> from the date of issue of notice, the concerned DIC shall cease to be a DIC under these Regulations and CTU shall issue a Termination Notice of <u>30 days</u> to this effect with a copy to the Commission. • This indicates that the total time available for a DIC to remedy the default is 150 days (60+60+30) from the due date of the bill and 195 days (45+60+60+30) days from the date of issuance of the bill. • It is submitted that 195 days for remedying the default is unreasonably long. The cash flows would be impacted leading to increase in working capital requirement for the transmission licensee, which would manifest in increase in the tariffs. • Following revised timelines are proposed for consideration. <ul style="list-style-type: none"> ○ a due date of 30 days from the date of issuance of bill ○ failure to make payments against bills raised by the CTU under these Regulations within 15 days beyond Due Date is construed as an Event of Default. ○ Upon the occurrence and continuance of a DIC Event of Default, the CTU may serve notice on the concerned DIC, specifying the circumstances giving rise to such Notice. ○ DIC to take steps to remedy the default within 15 days from issue of such notice. ○ After the expiry of 15 days from the date of issue of notice, termination as DIC of an entity on account of DIC's event of default, the Long-Term Access or Medium-Term Open
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	<p>the Central Transmission Utility may serve notice on the concerned DIC, specifying the circumstances giving rise to such Notice.</p> <p>(3) Following the issue of such notice by the DIC, the concerned DIC shall take steps to remedy the default within 60 (sixty) days of issue of such notice.</p>		<p>Access or both of such entity shall be cancelled.</p> <ul style="list-style-type: none"> The revised timeline available to a DIC is 90 days (30+15+15+30) from date of billing.
16	<p><u>Chapter 4: ACCOUNTING, BILLING AND COLLECTION OF TRANSMISSION CHARGES</u></p> <p><u>Regulation 18</u></p> <p><u>Event of default of a DIC</u></p> <p>(5) Upon termination of the status of DIC, the entity shall not be eligible for interchange of power under any form of open access unless such entity remedies the default and makes payment of all outstanding charges including relinquishment charges</p>	-	<ul style="list-style-type: none"> As the relinquishment charges may be huge and DIC may not be able to make all the payment in one go but agreed to make payments in some segments. Then entity shall be entitled for inter change power under open access. In view of that, the suggested clause is “Upon termination of the status of DIC, the entity shall not be eligible for interchange of power under any form of open access unless such entity remedies the default and makes an agreement with the transmission licensee for payment of all outstanding charges including relinquishment charges”
17	<p><u>Chapter 5: INFORMATION AND PROCEDURES</u></p> <p><u>Regulation 21</u></p> <p>Timeline for furnishing the information:</p> <p>(6) If a DIC does not provide the</p>	<p>If a DIC does not provide the required data, including injection or drawal data for intra-State points within stipulated time period, it shall be levied an additional transmission charge @ 1% of the transmission charges under the First Bill for the month <u>provided the reason for DIC not</u></p>	<ul style="list-style-type: none"> There does not seem to be any major/substantial reason for delaying or avoiding such data submission. Hence, in most of the cases there would be some substantial reason/hurdle beyond the control of DIC for not submitting such data. However, the onus to prove that the matter was beyond its own control shall be put on the DIC.

	required data, including injection or drawal data for intra-State points within stipulated time period, it shall be levied an additional transmission charge @ 1% of the transmission charges under the First Bill for the month.	<u>submitting such data is a controllable parameter of DIC.</u>	
18	<u>Others</u> Permission of Location Change for Wind / Solar Project.	-	<ul style="list-style-type: none"> • The Green energy corridor is being developed to accommodate the Renewable energy projects wherein the high potential states would be targeted for setting up projects and supply to less potential states. This facilitates developers to choose any location pan India where there is high potential of renewable energy generation. • With the same intent, the bidding guidelines have come up with a provision for change of location of project due to Force Majeure/unforeseen events and/or reasons which are beyond the control of developers, subject to submission of necessary supporting documents to the satisfaction of bidding agencies - SECI/NTPC/Procurer with necessary extension of SCOD. <p><i>The Hon'ble Commission is requested to take cognizance of above provision and make necessary changes in the draft Regulations with directions to CTU to accommodate the request for change in location in line with the acceptance of SECI/Bidding agency without imposing any transmission/relinquishment charges/penalties on account of delay to the Project Developer wherein the reasons for delay are not attributable to the Project Developer.</i></p>
19	Additional Comment	-	<ul style="list-style-type: none"> • CERC should clarify the apportionment of the charges collected through TDER mechanism to the LTA + MTOA DICs.