

GUJARAT URJA VIKAS NIGAM LIMITED

Sardar Patel Vidyut Bhavan, Race Course, Vadodara 390007

CIN U40109GJ2004SGC045195

Tele. No. : 0265-2310582 to 86 (PBX) Fax : 0265-2344543, 2337918	Ref. No.: GUVNL : GM (Com.) : 1316 Date : 31.12.2019
---	---

To,
The Secretary
Central Electricity Regulatory Commission
Chanderlok Building,
36 Janpath,
New Delhi – 110001,

Fax no. - 011-23753923

Sub: Comments of GUVNL on Draft CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations - 2019.

Sir,

This has reference to Hon'ble CERC's public notice dated 31.10.2019 inviting comments / suggestions on the Draft CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations - 2019.

In this regard, the comments / suggestions of GUVNL are as under:

A) Preliminary Submission:

Under the existing CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations 2011, apart from other issues, there were issues related to transparency and clarity of the computation of the sharing of transmission charges by DICs.

Though, by way of the Draft Regulation, Hon'ble Commission has tried to address the issues, in order to have a better understanding of the transmission charges proposed to be worked out under the Draft Regulation, 2019 it is but obvious that a comparison of the various charges worked out under the proposed Regulation vis-à-vis the existing Regulation would have been carried out by the Task Force constituted by Hon'ble Commission to make suggestions and to prepare the Draft Regulation. It is imperative that irrespective of the fact as to whether the Task Force has carried out such exercise or not, it is requested that Hon'ble Commission may kindly provide the comparative computation of the transmission charges based on the actual data of the past six months. The implication of transmission charges is huge on the beneficiary DISCOMs and consequently on the end consumers, therefore the above detail is important in order to make it possible for the DISCOMs to have a better understanding of the

computation of charges under the proposed mechanism and to make suggestions / comments for the kind consideration of Hon'ble Commission. In absence of a comparative analysis, the issue of transparency and clarity in the computation of transmission charges under the mechanism would remain unaddressed. Therefore, it would be appropriate that the computation based on past actual data be made available before proceeding with the finalization of the proposed Regulation.

B) Submission:

In absence of a comparative computation of transmission charges, based on the documents made available by Hon'ble Commission, GUVNL's comments / views on the Draft Regulation are as under:-

- 1) Regulation 5 of the Draft Regulation provides for sharing of National Component. In this regard it is respectfully submitted that as stated in the Explanatory Memorandum, there are specific ISTS networks which are meant for point to point transmission of power. Therefore, it is appropriate that the entire transmission charges for such network elements created for point to point transfer of power is borne by the beneficiary for whom such network is created. Accordingly, all such point to point network elements may be identified and excluded from the general sharing mechanism and a mechanism for recovery of transmission charges of such elements may be provided. The network elements meant for general purpose of grid stability and security only may be included under the sharing mechanism.
- 2) In case of sharing of HVDS charges, Regulation 5 & 6 of the Draft Regulation provides for sharing of National Component & Regional Component in the ratio of 30 : 70. In this regard it is to mention that certain HVDS lines were planned / constructed based on commitment from generators / States for enabling Long Term Open Access for evacuation of contracted power from other region / in targeted region. Therefore, sharing of such HVDS elements should not be simply shared by DICs as National / Regional components, but the same should be recovered from the generator / States who committed for setting up of such HVDS. Only the charges of the HVDS which have been planned under system strengthening need to be shared by DICs as National / Regional components.
- 3) Regulation 7 of the Draft Regulation provides that Transformers Component shall comprise of transmission charges for inter-connecting transformers planned for drawl of power by the State and shall be borne by the State in which they are located.

In this regard the following is submitted for kind consideration of the Commission:

- a. There is no clarity in the Draft Regulation with regard to the Transformer Component which is located in the State, however is created for evacuation of Renewable Power as identified by CTU. Hon'ble Commission may clarify that such Transformer component shall not be included for computation of Transformer Component charges for the host State since the same is not utilized for drawl by the State.
- b. The Draft Regulation provides that transmission charges for the Transformer Component shall be borne by the State in which they are located. However, there could be transformers located in the State from which embedded entities may be drawing power. Therefore, it is appropriate that instead of recovery of transmission charges for such Transformer Component from the host State, the applicable charges may be proportionately recovered from the embedded entity as provided in Regulation 9 (9) of the Draft Regulation regarding recovery of AC - UBC.

4) The Draft Regulation provides for sharing of AC System Component

In this regard, following is submitted for kind consideration of the Commission:

- a. Regulation 9 provides for computation of AC-UBC considering the All India peak block of the month. Meaning thereby, it is proposed to recover the monthly AC-UBC considering the scenario prevailing in a single 15 minute time block of the entire month. The period of one block of 15 minute is too small for consideration of the data based on which the utilization of system and consequent sharing of charges for the entire month is proposed.

It is possible that the during the identified block the drawl may be distorted / significantly varying from the balance blocks of the month on account of host of reasons viz. sudden loss of generation, fluctuation in renewable generation, sudden change in demand etc. Therefore, based on the data of such single block, it is not reasonable to consider the usage by a DIC for the entire month and charge accordingly which will result in incorrect / unrealistic computation of utilization and resultantly the charges. Further to state that the computation of utilization based on a snap shot data under the existing POC mechanism has been a perennial issue and the same will remain unaddressed if utilization is proposed to be computed considering a single 15 minute time block.

Here it is pertinent to refer to the Para 1.2 (iv)(1) of the Explanatory Memorandum which in turn refers to the Bakshi Committee Report wherein it is proposed that computation of sharing by each DIC is to be worked out corresponding to the actual utilization of ISTS in each 15 minute time block. This suggestion in the report will give more accurate and realistic computation of utilization of ISTS by DICs and accordingly the sharing of charges also would be more accurate.

Accordingly, it is submitted to kindly consider the suggestion made by the Bakshi Committee for computation of actual utilization by DICs based on each 15 time block during the month.

- b. Regulation 9 of the Draft Regulation in respect of levy of AC-UBC charges from generators having untied LTA provides that the mode of recovery of charges shall be indicated separately by the Implementing Agency. There is no clarity in the Regulation as to how Implementing Agency will work out AC-UBC for the untied capacity by generator, however as mentioned in the Explanatory Memorandum and Para 9 (d)(1)(iii) of the Jha Committee Report, in case of generator having untied LTA, the actual generation by such generator corresponding to such untied LTA for peak block shall be considered for sharing of AC-UBC.

Accordingly, it appears that the Regulation intends to recover AC-UBC from untied LTA of generator based on actual injection only and in the event the generator having untied LTA does not inject any power, the utilization becomes 'NIL' and there is no recovery of AC-UBC and the entire charges would be socialized under AC-BC even when the transmission system may have been set up for the evacuation of power under LTA tied up by such generator.

In this regard it is to state that irrespective of actual generation, the generator has to share the AC-UBC based on untied LTA capacity considering deemed generation since in case of having no identified beneficiary, the injection by generator is depending on numbers of factors viz. power market economics etc. and injection of power remains uncertain. Hence the charges may not be linked to actual generation but should be based on deemed generation corresponding to the untied LTA, else the charges for the system developed for a particular generator will get socialized under AC-BC.

- c. Regulation 9 (5) of the Draft Regulation provides that percentage usage of each transmission line shall be computed by dividing power flow with Surge Impedance Loading (SIL) of the line.

In this regard it is submitted that the possibility of Actual loading being higher than SIL is not denied. There is clarity of recovery when the loading is lower than the SIL, hence on similar lines it is submitted that Commission may clarify the treatment in the scenario when the Actual loading is higher than SIL

- 5) With respect to the AC-BC (Balance Component), in the Explanatory Memorandum at Para 2.5.3 (iii) it is stated that Jha Committee has recommended that *“After carrying out a number of simulations, the Committee observed that difference in transmission charges liability for DICs considering MW-kM concept vs MW concept is not significant. As such the Committee recommends that Balance transmission charges should be allocated to different DICs in proportion to their Long term Access and Medium Term Open”*

In this regard it is to state that though Jha Committee has worked out the AC-BC based on MW-kM concept for sharing, the working of the same is not provided along with Memorandum / Committee Report. Hon'ble Commission is requested to kindly make it available on the CERC website for enabling stakeholders to study the same and offer comments since MW-kM is also capturing the distance.

- 6) As per Regulation 11 (1) (a) of the Draft Regulation, No transmission charges shall be payable for the use of ISTS by solar generation for the useful life of the projects commissioned from 1.07.2011 to 30.06.2017. It should be clarified that the exemption shall be applicable for 25 years of actual life whichever is earlier.
- 7) Regulation 11 (5) of the Draft Regulation provides for applicability of 10% transmission charges in case LTOA is granted to a generating company on existing margin and COD of the generating station is delayed.

In this regard it is to submit that from the date of grant of LTA, 100% transmission charges should be payable by the generator instead of 10% as it will lead to declaration of advanced date of commissioning for availing LTA on existing margin whereas the project would come only at a later stage. This would also deprive genuine applicants from availing LTA from existing margin.

- 8) As per Regulation 11 (12) of the Draft Regulation, in case of the Intra-State Transmission System already certified by the respective Regional Power Committees being used for inter-State transmission of electricity, such lines

shall be included only for the tariff period for which the tariff is approved by the Commission.

In the Explanatory Memorandum under the observation of Jha Committee, it is stated generally adequate interstate network is planned for transmission of interstate power, however intra-state network carries inter-state power due to meshed network. The intra-state assets are already covered under state ARR and therefore it is not appropriate to allocate charges of such system under Balance Component on other DICs.

In this regard it is respectfully submitted that when the flow of inter-state power through intra state network is more than 50% inspite of having adequate inter-state transmission capacity, it is reducing the utilisation of such intra-state lines for flow of intra-state power even after bearing of the transmission charges for such asset by the state. Therefore, it is imperative that when the flow of inter-state power through intra-state network is more than 50% as certified by respective Regional Power Committee, the same needs to be included for the purpose of sharing of charges under the Regulation, else the state will end up paying the charge of such intra-state without adequate utilisation by the state.

- 9) As per Regulation 13 (2)(c)(ii) of the Draft Regulation states that in case the 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. Moreover, as per Regulation 13 (2)(c)(vii), the charges for transmission deviations shall be calculated for a State as a whole. Further, Regulation 13 (3) provides that no transmission Charges shall be levied for Inter-State transmission system in respect of Short Term Open Access transactions. Meaning thereby, the charges towards Short Term Open Access are proposed to be accounted under Transmission Deviation Account.

In this regard it is to state that as regarding the Short Term Open Access availed by the DIC, the same may be allowed under existing LTOA + MTOA and accounted at Transmission Deviation account if actual drawl is more than the LTOA + MTOA. However, drawl of power under Short Term Open Access by an embedded entity may lead to issues regarding the recovery of transmission charges from such embedded entities on back to back basis as drawl of power by the embedded entity may lead to implication on the State towards (i) liability for payment of Transmission Deviation charges and (ii) increase in the AC-UBC on account of the increase in actual utilisation due to the Short Term transaction by the embedded entity. The absence of a mechanism for recovery of transmission charges on back to back basis from embedded customer tantamount to providing Short Term Open to the embedded customer at the cost and risk of the State DIC. Further, devising

an appropriate mechanism by the State to recover the charges on back to back basis from embedded entities would also may be difficult considering the computation of AC-UBC and Transmission Deviation account as per the proposed mechanism.

In view of above, it is respectfully submitted that Hon'ble Commission may stipulate the mechanism for recovery of Short Term Open Access charges under the proposed Regulation itself so as to ensure uniformity on Pan India basis. Alternatively, Hon'ble Commission may consider for applying the state Transmission Deviation Rate to the embedded customer towards Short Term Open Access.

Further, upon receipt of computation of transmission charges based on past actual data and discussions in the interactive session at CERC on 2.01.2020, GUVNL shall make further comments if any on the Draft Regulation.

Thanking You

Yours faithfully



(K. P. Jangid)

General Manager (Comm.)