**TAMIL NADU GENERATION AND DISTRIBUTION CORPORATION LTD**

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To
The Secretary,
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4th Floor, Chanderlok Building,
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New Delhi- 110001.

Lr. No. CFC/RC/SE/CERC/EE/ AEE1/AEE2/F.SR2019 /D. 488 /19 dt: 31.12.2019

Sir,

Sub: CERC – Draft CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2019 - Submission of comments and suggestions of TANGEDCO – Regarding.

Ref: CERC's notice No. L-1/250/2019/CERC dt: 31.10.2019

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This has reference to the public notice of Hon'ble CERC dated 31st October 2019, inviting comments / suggestions on the draft Central Electricity regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2019.

In this context, the comments, objections and suggestions of TANGEDCO are submitted herewith. In the larger interest of the Indian power sector, it is requested to consider the views of TANGEDCO and revisit the draft regulations.

Thanking you,

Yours faithfully,

31/12/19

Chief Financial Controller / Regulatory Cell

Encl: 1) General Comments/ objections /views of TANGEDCO
2) Regulation wise comments

## General comments, objections and suggestions of TANGEDCO on the draft CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2019

1) TANGEDCO would like to bring on record, that the Hon'ble Commission has earnestly and timely constituted a committee under the Chairmanship of Shri.A.S.Bakshi then Member(CERC) to review the framework of Point of Connection (PoC) charges with certain terms of reference (ToR).
2) The Terms of Reference for the Committee were as follows:

    i) To critically examine the efficacy of the existing PoC mechanism to see whether the mechanism has served its purpose as enshrined in Tariff Policy namely sensitive to distance, direction and quantum of flow;
    ii) The role of the existing mechanism in improving the power market;
    iii) Deficiency in the existing mechanism if any, and in the light of issues and concerns of various stakeholders.
    iv) To assess the status of availability of data and data telemetry in order to facilitate shifting towards actual scenario than the estimated scenario as done currently;
    v) Suggest modifications required in the Existing mechanism in due consideration of future market scenario, large scale capacity addition of renewable, introduction of GNA concept for transmission planning, Introduction of ancillary services and reserves, supported by international experience in this regards;
    vi) Specify reliability benefit in a large connected grid and provide methodology for determination of quantum of Reliability Support Charges and its Sharing by constituents and to provide Methodology of Sharing of HVDC Charges by constituents;
    vii) Final Recommendations on Transmission pricing;
3) In addition, the Commission has also been assigned tasks to study the following and make recommendations to the Commission:

i) To assess the utilization of transmission system and suggest measures to improve the utilization of transmission system;
ii) To assess the reactive power requirement in integrated grid and examine the adequacy of available reactive power management resources;
iii) To assess the available transfer capability and the measures to improve the same;

4) The "Bakshi Committee" has done an extensive analysis on the efficacy of the present PoC mechanism, its shortcomings, and in light of the issues and concerns of the stakeholders in the existing mechanism vis-à-vis International experiences in Transmission pricing mechanism.

5) The report gives an insight on the inefficiencies and drawbacks of the old postage stamp method (uniform charges method) as prior to implementation of the PoC methodology of sharing of transmission charges, a **simple, primitive** Regional postage stamp method was used to allocate transmission charges among the users of the transmission system **within a region and the charges were flat rate per MW for all users**. Over the time, **due to faster expansion of transmission network on pan India basis, increased inter regional power transfers, rapid growth of electricity markets, increased complexity of power system owing to restructuring and deregulation and pancaking of transmission charges, the postage stamp method became obsolete and paved way for evolution of the present PoC methodology**.

6) The Committee has observed through various case studies thatthe States using more ISTS network are placed in higher PoC slabs whereas the States/ drawee close to generating stations and using less ISTS network are placed at lower slabs. It has been proved that the present PoC mechanism is sensitive to distance and quantum of flow as enshrined in the Tariff Policy.

7) Through another case study, the Committee has concluded that the PoC mechanism is sensitive to direction. Further it has been ascertained that the PoC mechanism has led to the development of the transmission system @ 20% CAGR whereas LTAs and demand have not increased as projected and anticipated. Due to relinquishment of LTA by IPPs, existing DICs have been burdened by higher transmission charges sharing leading to increase in PoC

rates. Demand has also not increased as projected in the 18th EPS. There is also an impact on account of waiver of transmission charges for RE.

8) The Committee has also observed that the PoC mechanism has contributed for the following also: (i) Promotion of competition (ii) Promote Renewable Energy resources (iii) Elimination of pancaking of charges and losses (iv) Accommodates multiple transmission licensee region (v) facilitates development of High Capacity Corridor (vi) facilitates international interconnection (vii) Contribution to the society by creating a platform to the academic institutions, research scholars and other stakeholders for carrying out studies.

9) The Committee has examined the concerns of various stake holder regarding high PoC rates, "black box" nature of software, high variability, averaging of the cost of different voltage class of lines, separate component for associated transmission system for RE, slabbing, peak Vs average demand, Ac Vs DC power flow, Loss sharing, separate rates for STOA/MTOA, separate component for ICTs, connectivity assets and Ex-ante Vs Ex-post.

10) The Committee has clearly stated that in spite of their good understanding on the legitimacy and accuracy of the PoC mechanism, the stake holders having higher PoC rates are complaining that it is a black box. Further, the above mentioned issues are clearly dealt and clear recommendations are given after due consultation with stake holders, academicians and international experts.

11) During the consultative process, one of the Committee members stated that due to less than expected growth of demand , flow in line is much less than its capacity , the utilisation of ISTS is 35% , so in place of recovering full charges through flow based POC method , only 35% may be computed using POC and rest should be allocated to all on postage stamp method.

12) In this context, the Committee has stated that this suggestion is **very much against the principle of Tariff policy and not only it will affect distance direction and usage sensitivity, it will transfer the burden of unutilized lines to those DICs who have no role either in planning and construction of these lines nor they are responsible for under utilization of line**. Any attempt to bifurcate a line utility as utilized and

unutilized is not in line with how planning of infrastructure assets is done. As already stated postage stamp method is an inefficient mechanism and it has many externalities like transfer of burden of charges from actual user to all members of pool.

13) The Committee has reiterated in many places in the report that the uniform charges (postage stamp) method is a primitive method suitable for small regional based network and has become obsolete, where the usage based PoC mechanism is a scientifically proven, efficient method which fulfills the mandate of the EA 2003 and its sub ordinate Regulations and policies.

14) The Committee has also given its recommendation on treatment of HVDC assets. The Committee has given its final recommendation on modifying the present PoC mechanism with four different component viz(i) *Point of Connection charge (ii)Reliability charge (iii) Residual charge (iv) HVDC charge.*

15) However, in spite of the strong observations and recommendations of the Bakshi Committee against splitting the cost of the transmission lines into used and unused categories and socialising the cost of underutilised assets created at the behest of the concerned drawee entities / generators and inefficient planning and implementation by the concerned agencies, in the draft regulations, the findings of Bakshi Committee has been overruled and recommended for uniform charges methodology for the major portion of the transmission assets.

16) Under these circumstances, TANGEDCO, having understood the concepts of transmission pricing methodology and the crux of the Bakshi Committee report, submits its comments, objections and suggestions as below:

**Comments and objections:**

i) The Bakshi Committee, which has done an extensive analysis of the present PoC methodology has strongly advocated for the usage-based methodology. Almost, throughout the report, it has been justified that PoC mechanism is the best suited mechanism for Indian power sector.

ii) The methodology cannot be changed for the trivial reasons as stated above. Once the method is proved to be efficient and just and in compliance with the mandate under the Electricity Act 2003 and

subordinate statutes / policies, then any discrepancies shall be cleared without changing the fundamental structure of the method.

iii) The postage stamp (Uniform charges) method is proved to be a primitive, inefficient and rudimentary method which is suitable for an under developed power system within small region or zone. It does not provide any market signals and is against the mandate of the EA 2003 and National Electricity Policy and Tariff Policy.

iv) It can be observed from the findings of the Committee that after introduction of the PoC mechanism, the Indian Power Sector has achieved many milestones and in particular, the transmission sector has grown at the rate of 20% CAGR.

v) The Hon'ble Commission cannot introduce any new regulation/ modify the existing regulation against the mandate of the Statute. The Hon'ble Commission while notifying the Sharing Regulations, 2010 has strongly advocated for the PoC based transmission pricing methodology against the uniform charging method(postage stamp) and implemented the PoC methodology in spite of strong reservations / objections by some of the stake holders.

vi) Now, going back to the stone age with the primitive uniform pricing methodology just for the sake of satisfying some of the stakeholders who are paying higher charges on account of higher usage of ISTS assets is unjust and unacceptable. Just because the transmission service providers have invested in inefficient transmission assets / redundancy created due to various reasons including relinquishment of LTA by the generators and improper planning and implementation, the cost of such systems cannot be shared by all the beneficiaries across the country.

vii) The proposed transmission pricing methodology will bring in inequality, inhibit the growth of the power sector in India, de-stabilize the reforms and restricting activities and is in toto against the interest of the Nation.

viii) The proposed methodology is against the mandate of the Act / National electricity policy and National tariff policy in terms of the following reasons:

a) Does not satisfy the mandatory requirements of "sensitive to direction, distance and quantum of flow" as enshrined in the Statutes.

b) Highly cross subsidizes the transmission tariff at the cost of the low users of ISTS which is against the mandate of the Act.

c) Discourages any further development in transmission sector due to the fact that every utility will be forced to bear the cost irrespective of usage and will create a turmoil at planning stage itself.

d) The RE rich states will be put into blocking mode due to the fact that apart from providing the green energy to the country and also facilitate in all respect to harness the resource, they will be forced to bear the transmission charges for the assets created to transfer of power to the non RE rich states

e) Discourages competitive market.

f) Hugely impact the finances of TANGEDCO and other similar law-abiding entities.

ix) In view of the above, TANGEDCO suggests the following:

a) TANGEDCO welcomes the move to migrate to ex-post methodology and considering the actual All India peak demand for computing the transmission charge rates.

b) However, it is suggested that instead of considering single All India Peak demand, the aggregate of the peak demands of all States scaled down to meet the All India peak demand(along with minor changes in LGB as required) may be considered.

c) TANGEDCO is not agreeing for segregation of the assets into Usage Based and Balance components. The transmission assets are so designed and built based on the specific requirements of generators and drawing entities and also system security and

operational requirements. The system has inherent capacity margin which is built as an essential component to cater the requirements of the entities only and in compliance of the Planning criteria. Any marginal utilisation of the assets shall also be billed to the entities based on their usage by scaling up their transmission charges.

d) it has been proposed to share the transmission charges for RE evacuation also by the LTA customers in proportion to the LTA+MTOA quantum. Without deriving any benefit from the RE evacuation system, in particular for the RE rich states are forced to bear the burden. The entities who are actually drawing power from the RE generators to comply with their RPO obligations and also to meet out their deficit are legitimately liable to pay the transmission charges in respect of these assets. RE generators have also become dispatchable units and attained grid parity. Hence an usage based component particularly for RE transmission system which can capture the utilisation of the transmission assets by scaling up the transmission charges of the drawee entities, based on the MTC of the assets for RE would be just and appropriate.

e) The Raigarh- Pugalur HVDC corridor shall be declared as asset of national importance since it is going to be used for transfer of RE power from Southern region to rest of the country.

f) The present procedure of sharing the transmission losses on regional basis which is just and proper, shall be continued.

g) The draft Regulation proposes dispense with levy of separate charges for STOA transactions. As stated in the Bakshi Committee Report, transmission systems are planned on the basis of Long Term Access(LTA) sought by the generators but not for medium term and short term open access (STOA). Most of the Independent Power Producers (IPPs)/generators have got connectivity to Inter-State Transmission System (ISTS) network

without corresponding Long Term Access (LTA). These IPPs are transacting through STOA as there is no obligation to a long term commitment for transmission charges. Hence, TANGEDCO suggests that transmission Charges shall be levied for Inter-State transmission system in respect of Short Term Open Access transactions @ 1.40 X (transmission charges of the State for the Billing month)

Apart from the above comments and views, the Regulation wise comments and suggestions are also enclosed.

TANGEDCO requests that the draft Regulations may be revisited taking into considerations the above genuine submissions and the modified draft regulations may be issued accordingly in the larger interest of the nation.

31/12/15

Chief Financial Controller
Regulatory cell

| **OBSERVATIONS, COMMENTS, OBJECTIONS AND SUGGESTIONS OF TANGEDCO ON THE DRAFT CERC (SHARING OF INTER STATE TRANSMISSION CHARGES AND LOSSES) REGULATIONS 2019:** | | | |
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| **Regulation No** | **Description** | **Remarks/suggestions of TANGEDCO** | **Justifications** |
| 2.Definitions:<br>(b) Basic Network | **'Basic Network'** means the power system of the country at voltage levels 132 kV and above including HVDC transmission network, to which the Generating Stations and loads are connected; and at voltage level of 110 kV and above to which Generating Stations are connected; | The definition may be modified to include network at voltage level of 110 kV and above where generating stations and loads are connected. | Most of STU's network are at the basic voltage level of 110 kV |
| (f) 'Designated ISTS Customer' or 'DIC' | 'Designated ISTS Customer' or 'DIC' means the user of any element(s) of the Inter-State Transmission System (ISTS) and shall include generating station, State Transmission Utility, Distribution Licensee including State Electricity Board or its successor Company, Electricity Department of State, Bulk Consumer and any other entity directly connected to the ISTS and shall further include any intra-State entity or any trading licensee who has obtained Medium Term Open Access or Long Term Access to ISTS; | 1. RE generators who are not eligible for waiver of transmission charges as specified in Regulation 7 of Fifth Amendment to Sharing Regulations may also be included in the definition of DIC.<br>2. Also, Solar / Wind Power Park Developers (SPPDs/WPPDs) may be included in the definition of DICs. | 1. If the generator is not eligible for waiver, the transmission charges for the asset developed at the behest of the generator shall be borne such generator also.<br>2. The SPPDs and WPPDs are the authorized agencies for signing LTAs on behalf of RE generators. Hence they may also be included in the list of DICs. |
| (q) 'Target Region" | 'Target Region' means the region to which a Generating Station proposes to sell power after obtaining Long-term Access from the Central Transmission Utility and for which beneficiaries in the said region have not | 'Target Region' means the region to which a Generating Station / SPPDs/ WPPDs propose to sell power after obtaining | The SPPDs and WPPDs are the authorized agencies for signing LTAs on behalf of RE generators |

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| | been identified. | Long-term Access from the Central Transmission Utility and for which beneficiaries in the said region have not been identified | |
| 5. Components and sharing of National Component | Components and sharing of National Component (NC):<br>(1) National Component shall be the sum of following components:<br>(a) National Component-Renewable Energy (NC-RE); and<br>(b) National Component-HVDC (NC-HVDC). | … | … |
| | (2) National Component-Renewable Energy shall comprise of transmission charges for transmission systems developed for renewable energy projects as identified by the Central Transmission Utility. | **To be modified as:** "National Component-Renewable Energy shall comprise of transmission charges for transmission systems developed for renewable energy projects ***including the Associated System Strengthening*** as identified by the Central Transmission Utility ***and approved by Standing Committee, RPCs and CERC"*** | Since the transmission charges for RE projects are waived for RE generators and beneficiaries, the project (including the Associated System Strengthening) has to be approved by the appropriate forum with the participation of all constituents of the forum. |
| | (3) National Component-HVDC shall comprise of the following:<br>(a) 100% transmission charges for "Back to | **To be modified as:**<br><br>a) 100% transmission | 100% transmission charges for Biswanath Chariali /Agra and proportionate charges for |

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| | Back HVDC" Transmission System;<br><br>(b) 100% transmission charges for Biswanath Chariali/Alipurdwar – Agra HVDC Transmission System;<br><br>(c) Proportionate transmission charges of Mundra–Mohindergarh HVDC Transmission System corresponding to 1005 MW capacity; and<br><br>(d) 30% of transmission charge for all other HVDC Transmission Systems except those covered under subclauses (a), (b) and (c) of this Clause of these regulations. | charges for "Back to Back HVDC" Transmission System;<br><br>(b) 100% transmission charges for Biswanath Chariali/Alipurdwar – Agra HVDC Transmission System;<br><br>(c) Proportionate transmission charges of Mundra–Mohindergarh HVDC Transmission System corresponding to 1005 MW capacity;<br><br>(**d) 100% transmission charges for ± 800 kV Raigarh– Pugalur HVDC Bipole link with 6000 MW capacity**<br><br>(e) 30% of transmission charge for all other HVDC Transmission Systems except those covered under sub clauses (a), (b) (c) and (d) of this Clause of these regulations. | Mundra-Mohindergarh HVDC transmission system has been included in the national component despite the fact that the Southern Region constituents are not benefitted by the corridor.<br>Similarly, the ±800 kV Raigar – Pugalur HVDC Corridor is being constructed as a system strengthening scheme for inter regional power transfer between SR and NR. The corridor has become redundant as there are no generators/ beneficiaries identified for utilization of the corridor. In the present scenario of achieving the RE Target of 175 GW fixed by GoI, new RE corridors are being developed for transfer of RE power from SR to WR and NR and this Raigar-Pugalur HVDC corridor has become the asset of national importance. The SR constituents are not benefitted due to power transfer through this corridor. Hence the transmission charges for this corridor may be included under 100% National |

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| | | | Component category and shared by all DICs. |
| 5(4) | Transmission charges for the National Component shall be shared by the drawee DICs in the ratio of their quantum of Long term Access plus Medium Term Open Access. | **To be modified as:**<br><br>Sharing of transmission charges for the National Component shall be divided as<br>(a) NC – RE<br>(b) NC-HVDC<br><br>(a) Sharing of NC- RE shall be shared by the drawee DICs based on usage based component particularly for RE transmission system<br><br>(b) Sharing of NC-HVDC be shared by the drawee DICs in the ratio of their quantum of Long term Access plus Medium Term Open Access. | The LTA customers are already paying the transmission charges for usage of the ISTS lines for the full quantum of the LTA+ MTOA. Now it has been proposed to share the transmission charges for RE evacuation also by the LTA customers in proportion to the LTA+MTOA quantum, without deriving any benefit from the RE evacuation system, in particular for the RE rich states. The entities who are actually drawing power from the RE generators to comply their RPO obligations and also to meet out their deficit are legitimately liable to pay the transmission charges in respect of these assets. Hence an usage based component particularly for RE transmission system which can capture the utilisation of the transmission assets / scaling up the transmission charges of the drawee entities, based on the MTC of the assets for RE would be just and appropriate. |

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| 5(5) | Transmission charges for National Component in respect of injecting DICs with untied LTA capacity shall be shared by such injecting DICs in the ratio of their untied LTA capacity | **NC in respect of injecting DICs with untied LTA capacity shall be shared by such injecting DICs based on the usage component** | An usage based component particularly for RE transmission system which can capture the utilisation of the transmission assets / scaling up the transmission charges of the drawee entities, based on the MTC of the assets for RE would be just and appropriate. |
| 6(1)(b) | (1) Regional Component shall be the sum of the following components:<br>(a) Regional Component of HVDC (RC-HVDC) -70% of transmission charges of HVDC Transmission Systems except those covered under clause (3) of Regulation 5 and clause (6) of Regulation 6;and<br>(b) Transmission charges for Static Compensator (STATCOM), Static VAR Compensator (SVC), Bus Reactors, and any other transmission element(s)identified by Central Transmission Utility being critical for providing stability, reliability and resilience in the grid. | …..<br><br>This may be modified as<br>(b) Transmission charges for Static Compensator (STATCOM), Static VAR Compensator (SVC), Bus Reactors, and any other transmission element(s) identified by Central Transmission Utility and **approved by Standing Committee, RPCs and CERC** being critical for providing stability, | …….<br><br>Regional components identified by CTU for grid stability etc., has to be approved by the appropriate forum with the participation of all constituents of the forum. |

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| | | reliability and resilience in the grid. | |
| 6(1)(b) proviso | Provided that where separate transmission charges are not available in respect of specific elements, the transmission charges shall be computed based on indicative capital cost to be provided by Central Transmission Utility. | **To be modified as:**<br>**1.** Provided that where separate transmission charges are not available in respect of specific elements, the transmission charges shall be computed based on indicative capital cost to be provided by Central Transmission Utility**, as per bench mark norms.**<br>**2. Proviso for sharing of cost of spare transformers shall be included** | 1. Indicative cost is to be in line with the bench mark norms to be stipulated by the Commission.<br><br>2. There is no provision for sharing the cost of the spare ICTs. |
| 6(4) | Transmission charges covered under sub-clause (b) of clause (1) of this Regulation shall be shared by the Drawee DICs in the ratio of their quantum of Long Term Access plus Medium Term Open Access. | **The transmission charges covered under sub-clause (b) of clause (1) of this Regulation shall be shared by the Drawee DICs based on the usage basis along with all other components** | Calculation of transmission charges based on usage shall be fair and equitable rather than calculating the same on the basis of LTA+ MTOA. This has been deliberated in other Regulations, wherever applicable below. |
| 6(5) | Transmission charges covered under sub-clause (a) of clause (1) of this Regulation in respect of injecting DICs with untied LTA | **The transmission charges covered under sub-clause (b) of clause** | Calculation of transmission charges based on usage shall be fair and equitable. |

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| | capacity, shall be shared by such injecting DICs in the ratio of their untied LTA capacity for the respective target region. | **(1) of this Regulation** in respect of injecting DICs with untied LTA capacity, shall be shared by such injecting DICs based on the usage based component of the target region. | |
| 7(1) | Transformers Component shall comprise of transmission charges for inter-connecting transformers planned for drawal of power by the State. The list of such transformers for each State shall be provided by the Central Transmission Utility to the Implementing Agency. | **To be modified as:**<br>1. Transformers Component shall comprise of transmission charges for inter-connecting transformers planned **exclusively** for drawal of power by the State. The list of such transformers for each State shall be provided by the Central Transmission Utility, to the Implementing Agency, **duly certified by the RPC concerned.**<br>2. **Proviso for sharing of cost of spare transformers shall be included** | The transformers exclusively used by the states for drawal of power shall be certified by RPCs. Moreover, cost sharing for spare transformers may also be included. |

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| 7(3) | Where separate transmission charges under clause (1) of this Regulation are not available, the transmission charges shall be computed based on indicative capital cost to be provided by the Central Transmission Utility. | **To be modified as:**<br>Where separate transmission charges under clause (1) of this Regulation are not available, the transmission charges shall be computed based on indicative capital cost to be provided by the Central Transmission Utility **as per bench mark norms of the Commisison**<br>. | Indicative cost is to be in line with the **bench mark norms to be stipulated by the Commission**. |
| 8(2) | AC System Component shall be the divided into the following components:<br><br>Usage Based Component (AC-UBC); and<br>Balance Component (AC-BC). | To be modified as:<br><br>AC System Component shall be Usage Based Component (AC-UBC);<br><br>**Balance Component to be deleted** | TANGEDCO is not agreeing for segregation of the assets into Usage Based and Balance components. The transmission assets are so designed and built based on the specific requirements of generators and drawing entities and also system security and operational requirements. The system has inherent capacity margin which is built as an essential component to cater the requirements of the entities only and in compliance of the Planning criteria. The present PoC mechanism captures the |

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| | | | usage of each entity connected to ISTS and apportions the YTC of assets based on the usage. This is in line with the statutes. Any marginal utilisation of the assets shall also be billed to the entities based on their usage by scaling up their transmission charges. |
| 8(3) | Transmission charges for AC-UBC shall be shared by DICs corresponding to their respective usage of transmission lines, in accordance with Regulation 9 of these regulations. | To be deleted | In line with the above. |
| 8(4) | Transmission charges under AC-BC shall be the balance transmission charges for AC transmission system after apportioning the charges for AC-UBC. | To be deleted | In line with the above. |
| 8(5) | Transmission charges covered under AC-BC shall be apportioned to all drawee DICs in the ratio of their quantum of Long term Access plus Medium Term Open Access | To be deleted | In line with the above. |
| 8(6) | Transmission charges covered under AC-BC in respect of injecting DICs with untied LTA capacity shall be shared by such injecting DICs in the ratio of their untied LTA capacity. | To be modified as:<br>Transmission charges covered under AC **UBC** in respect of injecting DICs with untied LTA capacity shall be shared by such injecting DICs **on usage based component (AC-** | Since the BC component is to be removed, the proposed modification is made. |

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| | | **UBC) of the Target region** | |
| 9(1) | (1) The Base Case file shall be prepared by the Implementing Agency for the Peak Block of the month comprising of the following:<br><br>(a) Basic Network, which shall be the network file for the power system for the peak block of the month; and.<br><br>(b) Actual generation and demand, in MW, at each node of the Basic Network for the Peak Block. | To be modified as:<br><br>(1) The Base Case file shall be prepared by the Implementing Agency for **the aggregate of Peak Blocks of all the states scaled down to match with the All India Peak Block** for the month comprising of the following:<br><br>(b) Actual generation and demand, in MW, at each node of the Basic Network for the Peak Block **of each state to be proportionately scaled down to match with the All India Peak Block**. | The proposed method of calculating the charges based on actual All India peak demand instead of projected peak demand is a **welcome move,** at the same time is contrary to the existing PoC mechanism in terms of capturing the usage of the transmission assets by Utilities. Since it is proposed to consider the Peak Block on All India Basis for the month, some of the utilities may be in their off-peak block while capturing this All India Peak Block resulting in disproportionate allocation of UBC for those states who may be actually drawing more during other blocks of the month and will pay less. Hence the adoption of one single peak block for determination of UBC may not be realistic and fair for all Utilities and lead to inequitable sharing.<br>Instead of considering one All India peak demand, which may not reflect the peak of all |

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| | | | States, the Peak blocks of all States may be considered. All such peaks may be added to arrive at the All India peak, which may be higher than the actual All India Peak. The average All India Peak may be scaled down proportionately to match with the Actual All India peak. |
| 10 | Sharing of Transmission Losses:<br>(1) All India Average Transmission losses for ISTS shall be calculated by Implementing Agency for each week, from Monday to Sunday, as follows:<br>{(Sum of injection into the ISTS at regional nodes for the week) minus (Sum of drawal from the ISTS at regional nodes for the week)}/ Sum of injection into the ISTS at regional nodes for the week X 100 %<br>(2) Drawal Schedule of DICs shall be worked out as per provisions of Grid Code after taking into account the transmission losses of previous week as calculated in accordance with clause (1) of this Regulation.<br>(3) No transmission loss for ISTS shall be applicable while preparing schedule | **To be modified as:**<br>(1) **Regional Transmission losses** for ISTS shall be calculated by Implementing Agency for each week, from Monday to Sunday, as follows:<br>{(Sum of injection into the ISTS at regional nodes for the week) minus (Sum of drawal from the ISTS at regional nodes for the week)}/ Sum of injection into the ISTS at regional nodes for | The losses may be calculated on **regional basis instead of All India basis** as is being followed now, as calculation of loss on National basis will force the entities not involved in the planning process of transmission lines in other Regions and not at all using those lines to share the burden of losses. This is against the mandate of law and unjust to share those losses. |

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| | for injection node including that for Collective Transactions over the Power Exchanges | the week X 100 % | |
| 11(1)(a) | No transmission charges and losses for the use of ISTS shall be payable for solar generation for the useful life of the projects commissioned from 1.7.2011 to 30.6.2017. | **To be modified:**<br>No transmission charges and losses for the use of ISTS shall be payable for **solar generators** for the useful life of the projects commissioned from 1.7.2011 to 30.6.2017. | The regulation does not stipulate waiver of Transmission charges for the Drawee DICs.<br>The LTA customers are already paying the transmission charges for usage of the ISTS lines for the full quantum of the LTA+ MTOA. Now it has been proposed to share the transmission charges for RE evacuation also by the LTA customers in proportion to the LTA+MTOA quantum, without deriving any benefit from the RE evacuation system, in particular for the RE rich states. The entities who are actually drawing power from the RE generators to comply their RPO obligations and also to meet out their deficit are legitimately liable to pay the transmission charges in respect of these assets. Hence an usage based component particularly for RE transmission system which can capture the utilisation of the |

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| | | | transmission assets / scaling up the transmission charges of the drawee entities, based on the MTC of the assets for RE would be just and appropriate. |
| 11(1)(b) | No transmission charges and losses for the use of ISTS shall be payable for the capacity of the generation projects based on solar or wind resources for a period of 25 years from the date of commercial operation of the such generation projects if they fulfill the following conditions<br>…..<br>…..<br>….. | **To be modified**<br>No transmission charges and losses for the use of ISTS **shall be payable for the solar or wind generators** for a period of 25 years from the date of commercial operation of the such generation projects if they fulfill the following conditions:<br>…..<br>….<br>….. | Same as above |
| 11(1)(c) | No transmission charges and losses shall be payable for the generation projects based on solar or wind resources for the use of ISTS, for a period of 25 years from the date of commercial operation of such generation projects if they fulfill the following conditions:<br>….<br>…..<br>….. | **To be modified**<br>No transmission charges and losses for the use of ISTS **shall be payable for the solar or wind generators** for a period of 25 years from the date of commercial operation of the such generation projects if they fulfill the following conditions:<br>…. | Same as above |

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| 11(5) | Where Long Term Access to ISTS is granted to a generating station on existing margins and COD of the generating station or unit(s) thereof is delayed, the generating station shall pay transmission charges @10% of transmission charge for the State where it is located for the quantum of such Long Term Access. | **To be modified;** Where Long Term Access to ISTS is granted to a generating station on existing margins and COD of the generating station or unit(s) thereof is delayed, the generating station shall pay transmission charges **@20%** of transmission charge for the State where it is located for the quantum of such Long Term Access. | When a generator applies for LTA, proportionate quantum is blocked in the transmission network which is not utilized is there is delay in commissioning of the Unit(s) This results in blocking of the network capacity for proportionate quantum which cannot be allocated to other LTA applicants, which leads to loss of opportunity cost to existing DICs and hence have to be recovered @ 20% from such generators. |
| 11(6) | Where operationalization of Long Term Access granted to a generating station is contingent upon COD of Associated Transmission System consisting of several transmission elements and only some of the transmission elements have achieved COD, the generating station may seek part operationalisation of Long Term Access. The Central Transmission Utility shall part operationalize Long Term Access corresponding to the capacity sought to be operationalised by the generating station, subject to availability of transmission system. The Yearly Transmission Charges for such transmission elements shall be included in Regulations 5 to 8 of these | **.....** | |

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| | Regulations.<br>Provided that for cases not covered above, when only some of the elements of the Associated Transmission System have achieved COD and if such transmission system is certified by the respective Regional Power Committee(s) for improving the performance, safety and security of the grid, such transmission system shall be included under Regulations 5 to 8 of these regulations. | **Proviso to be deleted** | If an Associated Transmission system is developed for power evacuation from a generating station and only when some of the elements of the ATS have achieved COD, the transmission charges are to borne by the Generator and not included in Regulations 5 to 8. |
| 11(12) | An Intra-State Transmission System already certified by the respective Regional Power Committees being used for inter-State transmission of electricity and for which tariff has already been approved by the Commission, shall be covered under these Regulations:<br><br>Provided that such intra-State Transmission System shall be included under these Regulations only for the tariff period for which tariff has already been approved by this Commission. | **Proviso to be deleted** | An Intra-State Transmission System already certified by the respective Regional Power Committees being used for inter-State transmission of electricity shall be continued to be covered under these Regulations, as the assets are to be continuously used for transmission of ISTS power.<br><br>Removal of such Intra State lines (deemed ISTS) from the UBC of Transmission charges will hamper the evacuation/conveyance of ISTS connected RE power. |
| 13(2)(c)(iii) | iii. Transmission Deviation Rate shall be calculated as follows: | To be modified:<br>a. **There is no deviation rate for injection/** | In the present scenario of huge RE penetration, 'Must Run' |

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| | 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)<br><br>b. Transmission Deviation Rate for generating stations and bulk consumers shall be charged @Transmission Deviation Rate for the State where the generating station or bulk consumer is located. | **drawal exceeding 100% upto 120%**<br><br>b. 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) beyond 120%<br>c. Transmission Deviation Rate for generating stations and bulk consumers shall be charged @Transmission Deviation Rate for the State where the generating station or bulk consumer is located. | status of the RE generators and deviation in forecasting, it is justified to retain a deviation margin of 20% as per the present Regulation. |
| 13(3) | No transmission Charges shall be levied for Inter-State transmission system in respect of Short Term Open Access transactions. | **To be modified:**<br>Transmission Charges shall be levied for Inter-State transmission system in respect of Short Term Open Access transactions @ 1.40 X (transmission charges of the State for the | As stated in the Bakshi Committee Report, transmission systems are planned on the basis of Long Term Access. (LTA) sought by the generators but not for medium term and short term open access (STOA). Most of the Independent Power |

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| | | Billing month) | Producers (IPPs)/generators have got connectivity to Inter-State Transmission System (ISTS) network without corresponding Long Term Access (LTA). These IPPs are transacting through STOA as there is no obligation to a long term commitment for transmission charges. In the absence of any long term access for such generators, transmission systems do not get built leading to constraints in evacuation. In other cases, it has been observed that IPPs having LTA are relinquishing either part LTA or full LTA as they see certainty in getting STOA, higher prices in power exchanges/STOA-bilateral market and no long term commitment for transmission charges. Under LTA, transmission charges are payable irrespective of power flow while STOA payments are linked to energy volumes.<br><br>Hence, in order to build sufficient transmission system |

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| | | | 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. |
| 17 | Relinquishment charges – Addition of new Sub-regulation | **17(7)** The relinquishment charges to be collected from entities relinquishing part or full of their LTA quantum shall form a part of the RTA. The same shall be reduced in the Yearly Transmission Charges and the amount shall be directly collected from the relinquishing entity . | Self explanatory |

31/12/13

for Chief Financial Controller
Regulatory Cell