Power Foundation of India

(An autonomous Society under the Ministry of Power, Govt of India)

Dated: 2nd September 2024

The Secretary

Central Electricity Regulatory Commission

7th Floor, Tower B, World Trade Centre,

Block F, Nauroji Nagar, New Delhi- 110029

Subject: Comments on Draft CERC Connectivity and General Network Access to the inter-State Transmission System) (Third Amendment) Regulations, 2024.

Ref: CERC Public Notice dated 31st July 2024

Dear Sir,

With reference to your above-mentioned Public Notice, Power Foundation of India, think–tank & policy advocacy working as a society under the aegis of Ministry of Power (GoI), led by Director General Shri Sanjiv Nandan Sahai (Former Secretary in MoP (GoI)), has analysed *Draft CERC (Connectivity and General Network Access to the inter-State Transmission System) (Third Amendment) Regulations, 2024.*

2) It is noted that Section 38(2)(c) of the Electricity Act, 2003 mandates CTU to *"ensure the development of an efficient, coordinated, and economical system of inter-State transmission lines for smooth flow of electricity from generating stations to load centres"*. However, *CERC GNA Regulations 2022* or the said draft Regulations does not have any provision to account for delay on the part of CTU. Significant delays have been observed in key transmission infrastructure projects, particularly those undertaken by CTU.

3) Delays on account of CTU compels DISCOMs to procure costly short-term power leading to tariff burden on end consumers. It further leads to non- fulfilment of RPO of DISCOMs for which they are levied penalties by SERCs without their fault.

Accordingly, our comments/suggestions on the said draft Regulations are enclosed herewith for your consideration as Annexure–I which have also been emailed to secy@cercind.gov.in and shilpa@cercind.gov.in.

Warm Regards,

encl: Annexure – I

Yours Sincerely,

2/9/2024

(Pardeep Jindal)
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Comments/Suggestions from Power Foundation of India (PFI) on the *Draft CERC (Connectivity and General Network Access to the inter-State Transmission System) (Third Amendment) Regulations, 2024*

1) PFI is a Policy Research and Advocacy entity, a registered society under the aegis of the Ministry of Power, Government of India, and supported by twelve leading Central Power Sector Organisations, to undertake evidence-based policy research and facilitate informed decision making by the Regulators, Ministry and stakeholders concerned with the Power Sector. It is led by Director General Shri Sanjiv Nandan Sahai (Former Secretary in Ministry of Power, Government of India).

2) Central Electricity Regulatory Commission (CERC) has sought comments / suggestions from various stakeholders on *Draft CERC (Connectivity and General Network Access to the inter-State Transmission System) (Third Amendment) Regulations, 2024*. PFI has reviewed and analysed the draft Regulations, and appreciates the certain modifications related to introduction of phase wise connectivity for Renewable Power Park Developers and web portal for GNA quantum sharing among grantees. Our detailed comments / suggestions in the proposed amendments are given below for consideration of the Commission :

General Comment – No checks for delay on account of CTU

3) Section 38(2)(c) of the Electricity Act, 2003 ("Act") mandates Central Transmission Utility (CTU) to *"ensure the development of an **efficient**, coordinated, and **economical** system of inter-State transmission lines for smooth flow of electricity from generating stations to load centres"*. However, it is observed that the principal or the said draft Regulation does not have any provision to account for delay on the part of CTU or ISTS licensee to grant connectivity and implement required transmission system for evacuation of power from the generating station which inter-alia is necessary for bringing **efficiency and economy** in ISTS as mandated by the Act.

4) PFI notes that there has been significant delays in the completion of critical transmission infrastructure projects undertaken by CTU which are required for evacuation of power, particularly Renewable Energy. As per Central Electricity Authority (CEA) report on Transmission sector, it is noted that various transmission projects did not meet their targets every year. For instance, during FY 2023-24, the target for 765 kV substations was 10,500 MVA, but only 4,500 MVA was achieved. Similarly, for 765 kV transmission lines, the target

was 404 ckt. kms but only 228 ckt. kms were completed. The information of target vis-à-vis achievement of Transmission network, based on CEA report, for Central Sector is as follows:

Table 1: Target v/s Achieved - Transmission Substations and Lines

Sr. No.	Particulars	FY 2021-22		FY 2022-23		FY 2023-24	
		Target	Achieved	Target	Achieved	Target	Achieved
1	**Transmission Substation (MVA)**						
a	765 kV	26000	18500	18000	13500	10500	4500
b	400 kV	7345	15845	17665	14850	12880	14620
c	230 kV/220 kV	730	1230	530	2020	210	600
2	**Transmission Lines (ckt. kms)**						
a	765 kV	1988	2337	273	282	404	228
b	400 kV	699	2207	2886	1475	2185	3693
c	230 kV/220 kV	784	132	876	2169	153	17

5) The lack of sufficient transmission infrastructure to evacuate power, particularly from high-capacity renewable energy zones compels DISCOMs to rely more on short-term power purchases which is often at significant higher rates during non-solar hours (high wind power time). Such increased power purchase costs, which could have been avoided due to timely completion of Transmission network, is passed through in ARR by SERCs and leads to tariff burden to the end consumers.

6) Delay on account of CTU in creation of sufficient Transmission network leads to non-supply of Renewable Energy and affects fulfilment of Renewable Purchase Obligations (RPO) by DISCOMs. Due to non-fulfilment of RPO penalties are levied to DISCOMs by SERCs which has to be borne by DISCOMs only without their fault.

7) In view of above, it is suggested that provisions to account for delay and compensation thereof on the part of CTU / ISTS licensees be introduced in the GNA Regulations. These provisions would hold CTU or ISTS licensees accountable for delays, thus ensuring that developers, DISCOMs, and ultimately consumers are not adversely affected by delayed transmission projects. Accordingly, suitable proviso may be introduced by CERC in Regulation 10.6 of its *Connectivity and General Network Access to the inter-State Transmission System Regulations, 2022*

A. Regulation 2.1 Clause (j-i) - "Complex of ISTS substations"

8) CERC in said draft *Regulations* has added the definition of Complex/Cluster of ISTS substations

"The group of ISTS sub-stations clustered together as a complex, ***based on geographical proximity and ISTS planning*** *undertaken by CTU, as declared by CTU on its website for the ISTS substations which have already been commissioned or are under construction or approved by National Committee on Transmission (NCT). On approval of a new ISTS substation by NCT, CTU shall declare the Cluster in which such new substation shall be included"*

9) It is to be noted that while the draft regulation is a step forward in refining the planning and operation of ISTS infrastructure, the term *"geographical proximity"* requires further clarification to ensure consistency and transparency in its application. These criteria may include, but not limited to the distance between substations, topographical considerations, existing network configurations etc. which should be defined upfront to avoid any subjectivity. Additionally, it would be beneficial if the National Committee on Transmission (NCT) could define the clusters during the planning stage itself, based on these standardized criteria. A well-defined cluster will provide greater predictability for developers in terms of connectivity planning and investment decisions.

B. New Regulation 11.3(b) – "Monitoring by Nodal Agency"

10) CERC in said draft Regulations has introduced a new Regulation stating :

"Respective ***RLDCs shall monitor the utilization of the connectivity quantum*** *by a connectivity grantee, and NLDC shall submit a* ***consolidated report*** *on the utilization pattern of the Connectivity by the Connectivity grantee to the Commission after one year of commissioning of the project by such entity."*

11) It is suggested that NLDC can bring out the Utilisation report on quarterly basis and publish on its website in a similar manner as their the *"Operational Feedback on Transmission Constraints"* report.

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