

Ref.: ED(Comm)/PP/GNA/Comments/ **30583-**

Date:- 14.12.2017

To,
The Secretary,
Central Electricity Regulatory Commission,
New Delhi.

Subject: Comments on Draft Central Electricity Regulatory Commission (Grant of Connectivity and General Network Access to the inter-State transmission system and other related matters) Regulations, 2017

Reference: No. L-1/229/2017-CERC Dated: 14th November, 2017

Respected Sir,

With reference to above subject , the comments of MSEDCL on Draft Central Electricity Regulatory Commission (Grant of Connectivity and General Network Access to the inter-State transmission system and other related matters) Regulations, 2017 are as follows:

1. Clarity on BG for the already Connected Persons/Applicant

"3. Scope

3.2 Persons who are already connected to the state grid may be allowed to seek Connectivity and GNA to ISTS subject to payment of transmission charges corresponding to additional Connectivity and GNA and applicable state charges

3.5 An Applicant who is already connected to the grid can apply for GNA for the connected quantum without applying for Connectivity."

Comment:

1.1 MSEDCL observes that the scope has been revised in accordance to Transition phase between the prevailing LTA Regulations and new proposed GNA. It is noted that provisions under regulations 3.2 & 3.5 provides for connectivity for persons already connected to the State Grid and ISTS respectively.

2. Exorbitant Increase in Application Fee and higher Access Bank Guarantee Fee

"5.2 The application shall be accompanied by a non-refundable application fee specified hereunder for the quantum applied, and shall be payable by Applicant along with the application for Connectivity and GNA

Application fee (Rs. Lakh)		
	Connectivity	GNA
< 100 MW	4	4
101 to 500 MW	6	6
501 to 1000 MW	12	12
> 1000 MW	18	18

19. Access Bank Guarantee

19.1. GNA Applicants other than STUs shall be required to submit Access Bank Guarantee of Rs. 20 lakh/MW. Access Bank Guarantee for renewable energy generating station or Solar Power Park Developer or Wind Power Park Developer or Wind-Solar Power Park Developer shall be Rs. 10 lakh/MW. The Access bank guarantee shall be in favour of the nodal agency...

Comment:

- 2.1 MSEDCL submits that doubling of application charges for connectivity and exorbitant increase in Access Bank Guarantee shall lead to adverse effects.
- 2.2 Furthermore, MSEDCL submits that this not being a performance linked cost to either Generator or the beneficiary, but being a statutory cost, shall eventually result in direct burdening of Utility's financials and thus affecting the consumers.
- 2.3 As per reason given in explanation memorandum of draft regulation, "an increase would be in order keeping in view of increase in manpower expenses (for carrying out system studies)". In this regard, it is to mention here that for carrying out system study for given connectivity & GNA does not required double study of same network. The system study possibly may not increase to four times for 100MW to 1000MW connectivity/GNA and if it is like that then fee should be in proportionate to MW & not slab like that taken in draft regulation. It is submitted that application fee shall be same, irrespective of quantum of connectivity/GNA & shall be recovered only once & not twice.
- 2.4 These charges shall not be levied to STU acting on behalf of distribution utility on account of revision in share allocation in CGS or ISGS station.

3. Requirement of swift expediting of GNA Applications

"12. Relative Priority

12.1. Application for GNA shall be processed on following basis:

- (a) Applications received during the month shall be construed to have been received concurrently.
- (b) Applications received during a month shall have priority over applications received during subsequent month.

Comment:

- 3.1 MSEDCL submits that processing applications received for the entire month shall decelerates the process.
- 3.2 Hence, MSEDCL submits that that two slots of 15 day period in each month should be introduced to expedite the process.

4. POC Charges in case of idle capacity

"24. Relinquishment of GNA

c) In case a GNA Customer exits after 5 years after GNA is operationalized: Such GNA Customer shall be liable to pay transmission charges for one year (as per prevailing POC rate for the GNA Customer in case rate is available for the GNA Customer, else average all India POC rate) towards exit charges.

Comment:

- 4.1 It is observed from the above regulations, that when a GNA customer exits after 5 years, after GNA is operationalized, the customer is bound to pay one year transmission charges. However the Regulations don't address the possible prolonged idleness of this transmission capacity after such exit.

4.2 MSEDCL submits that regulations should not allow such exit. In case of such exit the transmission charges shall be recovered based on actual cost of dedicated transmission line erected for that GNA customer for operationalization of GNA of said customer or the charges shall be levied on incoming new GNA customer. A concrete mechanism shall be included assuring that the other beneficiaries aren't affected owing to such idle capacity.

5. Corridor Allocation for Power Market

"34. Transmission Corridor Allocation for Power Market

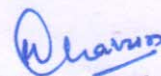
5% of each corridor for which separate ATC is declared shall be reserved for day ahead collective transactions at the power exchanges. In case of non-utilisation of the corridor by exchanges, National Load Despatch Centre (NLDC) shall release the capacity for contingency market. The percentage of reservation shall be reviewed after five years of operation."

Comment:

- 5.1 MSEDCL submits that this should not arise as an event of restricting the trade to the extent of available transmission capacity. Looking at the tremendous Y-O-Y growth in Trade quantum at the power exchanges with too many upcoming market participants, it is highly skeptical that 5% allocation is sufficient enough to carry out the power exchange transactions.
- 5.2 If GNA applicant, carries out STOA transaction and total power to be drawn from ISTS network is less than total approved GNA, in that case no transmission charges shall be levied for STOA transaction by said GNA customer, since that GNA customer is already paying for that GNA quantum for the month irrespective of whether it has drawn power or not. Moreover while approving STOA transaction, highest priority shall be given since that GNA customer is already paying for said approved corridor ie GNA.
- 5.3 However if the augmented Transmission capacity is in line to the overall system growth, then the currently allocated 5% shall not be a concern.
- 5.4 Considering several factors such as dynamic nature of market, proposed Carriage and Content Model which shall eventually lead to numerous retailers and possible introduction of Intra-state Markets, an annual review shall be appreciated rather than once in five year as proposed in draft regulations.
- 5.5 MSEDCL submits that in case of idle capacity in allocated corridor for Power Markets, clarity is required on which entity shall bear the respective charges. Draft Regulations doesn't provide for any mechanism on calculation of POC charges in case of such idle capacity.

It is requested to consider MSEDCL comments as stated above.

Regards,



Executive Director (Commercial)
MSEDCL