

Open Access Regulations 2010

Progress so far...

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Date: 24/09/2010

Study committee: Open Access

- During SAC meeting in July 2010, the Consultant made presentation on OA study report. SAC members expressed that final Draft Regulations should be framed only after taking into consideration views of all stake holders.
- Committee (representatives of all DL, STU, SLDC, CR , MERC staff & our consultant) was constituted to finalize the draft OA Regulations. Three Meetings of Study Committee were held.
- Members submitted their views & accordingly draft Regulations are being framed.

FOR's Working Group on OA

- FOR constituted a Working Group to evolve Model OA Regulations under Chairman CERC on 30th July 2010. WG Members: Chairman GERC, Chairman Uttarakhand ERC, Chairman Punjab SERC, Member Assam ERC, Member TN ERC.
- Draft Regulations (Uttarakhand) were circulated on 13th August.
- I was co-opted as Member of Working Group in 30th & attended Two meetings on 30th August & 13th Sept.
- Working Group final draft submitted on 14th Sept. Circulated to our Study Committee Members on 19th Sept 2010.

Important Issues discussed

- **Categorization: LTOA/MTOA/STOA**
- **Connectivity to be established prior to grant of OA**
- **Cross Subsidy Surcharge**
- **Additional Surcharge**
- **Stand-by Support from existing DL**
- **Metering, Energy settlement & UI**
- **Time Line for processing OA applications**

Categorization of OA Customers

Long term Open Access customers

- OA for a period \geq 12 years but not exceeding 25 years

Medium term Open Access customers

- OA for a period $<$ 3 years & $>$ 3 months

Short--term Open Access customer

- OA for a period up to one month, at a time.
- “Limited Short term OA customer” means consumer, who has a supply agreement with the DL & avails OA only during pre-scheduled LS period

Categories of Open Access Consumers

- **Application procedure, fee & time frame of processing request by eligible consumers seeking OA shall be based on the following :**
- **System to which connected:**
 - Intra-State transmission system
 - Distribution system
- **Inter-se location of drawal & injection points:**
 - Both within the same Dist. system
 - within the State but in different Dist. systems
 - In different States
- **Duration of OA:**
 - Long term Open Access
 - Medium-term Open Access
 - Short-term Open Access

Charges for Open Access Customer

Charges payable by OA customers:

- **Transmission charges & Wheeling charges**
- **Cross Subsidy Surcharge (CSS)**
- **Additional Surcharge (ASC)**
- **Standby Support charges (SBSC)**
- **Scheduling & System Operation Charges payable to SLDC**

Why Cross Subsidy Surcharge(CSS)?

- In current tariff orders, CSS & ASC are identified as NIL from 1st April 2007 (due to negative values)
- Study Committee is re-examining approach towards CSS & ASC.
- By identifying a value for CSS & ASC, prospective OA applicant would share burden of Cross Subsidy.

Cross Subsidy Surcharge NTP formula

$$S = T - [C (1 + L / 100) + D]$$

- S: Surcharge
- T: Tariff payable by relevant category of consumers;
- C: Weighted average cost of PP of top 5% at the margin excluding liquid fuel based Gen. & renewable power
- D: Wheeling charge
- L: % System Losses for applicable voltage level

(In case the formula gives negative value of surcharge, 'C' in the formula needs to be redefined (????))

Cross subsidy surcharge

- **Surcharge formula (NTP)**

$$S = T - [C (1+L/100) + D]$$

C → Costliest long term contracted PP cost excluding liquid fuel generation may be considered

Example:

If C → Rs.4.26 PU (for costliest LTPP) then S = 67 PS/Unit for IND consumer @ 33KV & above

Cross Subsidy Surcharge (Working Group draft)

- **CSS so determined by SERC to be reduced by 20% every year on Linear basis**
e.g. CSS of 100 PS/ kWh determined in 1st year will be 80 PS/kWh in 2nd year & 60 PS/ kWh in 3rd year and so on.
- **Any increase in CSS so determined by SERC in subsequent years shall be applicable only to new OA applicants.**

Cross Subsidy Surcharge

- CSS determined on PU basis shall be payable, on monthly basis, by OA customers based on actual energy drawn during the month through OA.
- Amount of surcharge shall be paid to the DL of the area of supply.
- *Note: No CSS for captive generation plant for carrying electricity to the destination of his own use.*

Additional Surcharge: Stranded costs

- OA customer, receiving supply from a person other than DL of his area of supply, shall pay to the DL, an additional surcharge, in addition to wheeling charges & CSS, to meet out the fixed cost of such DL, arising out of his obligation to supply as provided under Section 42(4) of EA 2003.
- Additional surcharge shall become applicable only if, the obligation of DL in terms of LTPP commitments has been stranded.
- Fixed costs related to network assets are recovered through wheeling charges.

Additional Surcharge (ASC)

- DL should be required to demonstrate stranded cost, if any, every six months to SERC.
- On being satisfied, SERC would determine additional surcharge (Ps/KWH)
- Such ASC should be levied only on new open access applicants.
- *No ASC for captive GEN plant for carrying electricity to destination of his own use.*

Drawal of Standby power by OA customer from DL

Option I:

- In cases of outages of GEN supplying to OA customer or
- When scheduled generation by the said GEN is less than requirement of OA customer,

Standby arrangement should be provided by the DL

& DL shall be entitled to collect tariff under Temporary Category.

Option II:

- Standby arrangement shall be provided by DL for a max. for 42 days in a year on payment of fixed charges of 42 days & energy charges for that category of consumer in the prevailing rate schedule.
- OA customers have option to arrange S/B power from any other source.

Treatment of S/B Supply (Our Views)

- In case consumer meets part of his demand through OA &
- if the supplier defaults to supply power or
- In case of failure by OA supplier & the consumer meeting all his requirement from DL,

Energy settlement would be at highest of the following :

- *UI charge*
- ***At SMP levied under Intra State ABT mechanism***
- ***Temporary tariff as permitted in NTP***

Unscheduled Interchange

- If an OA consumer is unable to draw scheduled energy due to failure of InSTS &/or network of DL, power injected may be treated as *Banked Power* & OA consumer may be allowed to draw the same within a period of 3 months with an advance notice of 24 hours to DL.
- Beyond 3 months, energy would be treated as lapsed.

Metering

- For OA consumer having load of ≥ 10 MW & all Gen Stations irrespective of capacity, Special Energy Meters shall be installed by STU or DL as the case may be, for & at the cost of the customer.
- SEM can be inspected by any person authorized by STU/SLDC.
- As regards OA consumers having load < 10 MW, the TOD meter shall be installed by DL concerned (*In our case ABT meters*)
- All OA customers shall follow Metering Standards of CEA.

Way Forward.....

- **Final FOR Draft OA Regulations, have been circulated to Committee Members on 21st Sept.**
- **Committee Members to send comments/ suggestions for modifications by 30th Sept.**
- **MERC Team to modify draft OA Regulations, based on suggestions, by 7th Oct.**
- **MERC to upload Final Draft OA Regulations for comments from consumers/stake holders by 20th Oct.**
- **Comments up to 20th Nov.**
- **Final OA Regulations to launched by 30th Nov 2010.**



Thank You !!

Together we can achieve a lot!!!

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