

Fees and charges of State Load Despatch Centre and other related matters ,Regulations, 2010.

Explanatory Memorandum

1. Legal framework:

Section 32(3) of the Electricity Act,2003 requires the State Commission to specify fees and charges of State Load Despatch Centre payable by the generating companies and licensees engaged in intra-State transmission of electricity. Section 181(2)(g) empowers the State Commission to notify Regulations for levy and collection of fees and charges from generating companies or licensee under sub-section (3) of section 32. The Ministry of Power, Govt. of India had constituted a committee on "Manpower, Certification and incentives for system operation and ring fencing Load Despatch Centres" . The committee in its report had made recommendations pertaining to system operations. The Forum of Regulators had noted the recommendations of committee and in its ninth meeting had agreed that the CERC may come out with the regulations on fees and charges to be levied by Regional Load Despatch Centre and thereafter the SERC may suitably adopt it for applications to SLDCs. The Central Commission has notified fees and charges of Regional Load Despatch Centre and other related matters, Regulations, 2009 on 18.09.2009.

2. Introduction:

While most of the provisions specified by CERC has been suitably adopted however, some minor changes has been carried out keeping in view of the State specific conditions. The reasons for such change is discussed below.

3. Clause 2 (2):

This Regulation specifies that which entity are not going to be covered by these Regulations. The stand alone generators are not connected to

the State grid and therefore are not required to register themselves at SLDC and are also exempted from paying fees and charges to SLDC. In the state of Chhattisgarh ,apart from CSPDCL distribution licence has been granted to M/s BSP and M/s JSPL. The distribution system of these distribution licensee is not directly connected to State grid and accounting of energy is not being carried by SLDC. Similarly, the transmission of energy through their by transmission network of M/s JSPL is not monitored by SLDC. The bulk consumers and captive users(using the transmission and/or distribution system of licensee) are not required to pay any fees and charges to SLDC as per Section 32(3) of the Act. The scheduling , accounting etc of regional entity (as defined by CERC) is being done by RLDC and so these entities shall not pay any fees and charges to SLDC. But as per provisions of Indian Electricity Grid Code, the energy accounting of NSPCL, which is not directly connected to State grid and which is termed as intra-State entity and whose scheduling and accounting is carried by SLDC shall pay the fees and charges to SLDC.

4. Clause 4:

The definition of intra-State user has been specified in line with CEA, Technical Standards for connectivity to the Grid, Regulations,2007.

5. Clause 22 :

The CERC Regulations,2009 specifies that:

“(1) The System operation charges shall be collected from the users as per the norms given below:-

- (i) Inter state transmission licensees: 10% of system operation charges;
- (ii) Generating stations and sellers: 45% of system operation charges;

(iii) Distribution licensees and buyers: 45% of system operation charges”
Since there are no inter-State transmission licensee which have direct connection with State grid and their operation is not monitored by SLDC therefore the CSERC Regulations for SLDC specifies that 50% of system operation charges shall be collected from intra-State sellers and the 50% of system operation charges shall be collected from intra-State buyers.

6. The annual charges of SLDC has to be recovered only from those entities which have bilateral agreements and PPA for longer duration and for whom the transmission corridor is reserved for transmission and wheeling of electricity . The short-term power market is uncertain and unpredictable and therefore the short-term open access customers shall not pay system operation charges or market operation charges on monthly basis and the annual charges of SLDC has to be recovered from entities other than short-term open access customers. However, short-term open access customer availing intra-State and/or inter-State open access shall pay the charges for availing the services rendered by SLDC at the charges as specified by CERC for inter-State open access.

7. Registration of all intra-State users (connected with the State grid) with SLDC has been made mandatory because as per Section 32 of the Act, the SLDC has to monitor grid operations and has to keep accounts of the quantity of electricity transmitted through the State grid. The distribution licensee has supply agreements with bulk consumers and the distribution licensee keeps record of quantum of electricity supplied to bulk consumers. The Act and the Regulations therefore exempts bulk consumers and captive users (who receive electricity through the State grid) from paying any fees and charges to SLDC.

8. Illustration

Suppose the annual charges of SLDC is Rs 15 crores

The capacity contracted by intra-State sellers as per firm bilateral agreements and PPA is 2015 MW. Intra-State seller(generating company) 'A' has firm agreement for 1700 MW, intra-State seller (a trading licensee) 'B' has firm agreement for 200 MW ,intra-State seller(captive generating plant) 'C' carries 100 MW(open access) for his captive use and intra-State seller(renewable generating plant) 'D' has firm supply agreement for 15 MW.

The transmission capacity contracted by intra-State buyers is 3020 MW. Intra-State buyer (a distribution licensee) 'X' has agreements for 2900 MW, intra-State buyer(a trading licensee) 'Y' has agreements for 100 MW , intra-State buyer(bulk consumer) 'Z' has agreements for 20 MW ,

Annual System Operation Charges (SOC)= Rs 12 crores(80% of annual charges)

Monthly System Operation Charges(SOC)= Rs 1crores(12/12)

50% of Monthly System Operation Charges(SOC)= Rs 0.5 crores or Rs 50 lakhs

Annual Market Operation Charges(MOC)= Rs 3 crores(20% of annual charges)

Monthly Market Operation Charges(MOC)= Rs 0.25 crores(3/12)

SOC charges

1. Monthly charges for intra-State seller A = $\frac{1700}{2000} \times 0.5 = 0.425$ crores
2. Monthly charges for intra-State seller B = $\frac{200}{2000} \times 0.5 = 0.05$ crores

3. Monthly charges for intra-State seller C = $\frac{100}{2000} \times 0.5 = 0.025$ crores

4. Monthly charges for intra-State buyer X = $\frac{2900}{3000} \times 0.5 = 0.48$ crores

5. Monthly charges for intra-State buyer Y = $\frac{100}{3000} \times 0.5 = 0.016$ crores

6. Monthly charges for intra-State seller D = 0 (because renewable generating plant is exempted from paying annual charges as per Regulations 22)

7. Monthly charges for intra-State buyer Z = 0 (because bulk consumer is exempted from paying annual charges as per Regulations 22)

MOC charges

1. If Intra-State seller 'A' has firm agreement for 1700 MW and it is a single generating station, then

Monthly charges to A, B, C, X and Y = $\frac{0.25}{5} =$ Rs 0.05 crores

Monthly charges to D and Z = 0

2. If Intra-State seller 'A' has firm agreement for 1700 MW and it is three generating stations of contracted capacity 1200 MW, 300 MW and 200 MW, then

Monthly charges to B, C, X and Y = $\frac{0.25}{7} =$ Rs 0.0357 crores

Monthly charges to A = 0.1071 (.0357 x 3)

Monthly charges to D and Z = 0 (because renewable generating plant and bulk consumers are exempted from paying annual charges as per Regulations 22)