

MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION
"Urja Bhawan", Shivaji Nagar, Bhopal-462 016

IN THE MATTER OF

Charges for Open Access for the year 2005-06.

ORDER

Dated 30th June 2005

1. The Madhya Pradesh Electricity Regulatory Commission has notified the MPERC (Terms and Conditions for Intra-State Open Access in Madhya Pradesh) Regulations, 2005. This regulation has been published in the M.P. Gazette on 24th June, 2005.
2. This regulation covers Eligibility for Open Access and conditions to be satisfied, Categorisation of Open Access consumers, Criteria for allowing Open Access, Procedure to avail Open Access, Time schedule for processing application, Open Access Agreement, Principles for determination of surcharge and wheeling charges for Open Access and other requirements. While determining the above charges as shown in Annexure I of this regulation, it has been stated that actual determination of charges for the year 2005-06 shall be announced with the Tariff order.
3. The Commission has now issued the Tariff order for the year 2005-06 on 29 June 2005, which is based on the petition filed by MPSEB, objections received and hearings conducted on the same. This order is not based on the revenue requirements of the three distribution companies and the transmission company and therefore the transmission charges and wheeling charges for the distribution licensees have not been determined separately. These are expected to be determined when the Commission receives the petitions for Annual Revenue Requirement and Tariffs from each of the licensees.
4. The Commission has notified the regulations for availing open access and the schedule permits that with effect from the date of publication, a person may apply for open access if he fulfils the criteria mentioned in the Schedule attached to the Regulations. Therefore it is necessary that the Commission lays down the method of determining surcharge and wheeling charges and this has to be done without delay.
5. In view of this and in the interim, the Commission hereby orders that the Charges for Open Access shall be applicable for such consumers as determined on the basis of Tariff Order for the financial year 2005 and as shown below.
6. This will be applicable for Open Access consumers of MP State till any change is ordered by the Commission.

7. Transmission Charges for Open Access Customers

i. For Long-Term Customers:

The annual Transmission Charge (TSC) = Rs.305.70 Crore

The capacity of the transmission system (Av_CAP) = 5332.45 MW

Therefore, the Transmission Charges for FY05 = Rs.1570.64/MW/ Day

ii. For Short-Term Customers

ST_RATE = 0.25×1570.64

= Rs. 392.67 /MW /Day

The transmission charge shall be uniform across the state, at present but the Commission may revise the same to reflect the cost sensitivities based on distance and direction of transmission.

8. Wheeling Charges

The Wheeling charges shall be determined when the applicant for open access discloses full details of injection point, drawal point and the quantum of duration of service.

9. Reactive Energy Charge

The Commission has separately determined charges for kVArh consumption from the grid at 27 paise/unit. The same amount shall be payable by open access customer.

10. Connection charge

The connection charges for seeking connection to the network of the Transmission Licensee and Distribution Licensees shall be as specified in the Commission's order on Miscellaneous Charges applicable from time to time

11. Losses

For the year 2005-2006, the energy accounting shall be done based on a loss assumption of 5.86% for EHV system. This shall be adjusted based on loss approved by the Commission for FY 06.

The Energy losses in the transmission and distribution system shall be compensated by additional injection at the injection point

12. Cross Subsidy Surcharge

- i. The Draft National Tariff Policy states that cross-subsidy surcharge shall be computed as the difference between (i) the tariff applicable to the relevant category of consumers and (ii) the cost of the distribution licensee to supply electricity to the consumers of the applicable class.
- ii. The draft policy states that in case of a consumer opting for open access, the distribution licensee would be in a position to discontinue purchase of power at the margin in the merit order. Accordingly, the cost of supply to consumer for his purpose may be computed as the aggregate of (a) the weighted average of power purchase costs (inclusive of fixed and variable charges) of top 5% power at margin in the merit order approved by the SERC adjusted for average loss compensation of the relevant voltage level and (b) the distribution charges determined on the principles as laid down for intra-state transmission charges.
- iii. Based on the approved power purchase in the tariff order for FY 05, the sources that meet the requirement for the 5% power at margin i.e. 1419 MU on an annual basis is as follows.

Station at Top of Merit Order	Power Purchase Cost* (ps/unit)	Quantum of Generation (MU)
Northern Region	287	709
PTC	281	668
MSEB	267	8
GGPS	248	34
TOTAL	283.13	1419

* (including fixed charges)

- iv. The weighted average cost of power purchase from these sources to purchase the last 5% of power i.e. 1419 MU works out to 2.83 Rs./unit. This is the cost of purchase that the licensee would avoid when the entire set of consumers avail of open access in the first year.
- v. Illustrated below are sample calculations of cross-subsidy computation in case of "Other HT Industrial Power" at 132 KV and 33 KV. The difference in Power Procurement cost at the margin and the cost to serve HT consumers at the specified voltage (including transmission and wheeling charges and cash impact of T&D losses) works out as shown below:

13. Illustration of Charges for Open Access

Open Access at 132 KV (Case 1) *

Sr. No	Particulars	Rate/ cost (P/U)	Remarks/s
(1)	Average tariff applicable from HT consumers at 132 KV (excluding ED, Cess)	413	
(2)	Cost of power at margin	283	
(3)	Transmission charge	11	Based on the transmission network load factor of 65%
(4)	Cash impact of system losses	25	@ 8.19% system losses upto 132 KV
(5)	Cross Subsidy Surcharge Difference (5) = (1)-(2)-(3)-(4)	94	

* Actual amount of surcharge recoverable from a particular open access customer may be different and will be based on the customer's actual category/subcategory as per prevalent tariff order

Open Access at 33 KV (Case 2)*

Sr. No.	Particulars	Rate/ cost (P/U)	Remarks/s
(1)	Average realization from HT consumers at 33 KV (excluding ED, Cess)	423	
(2)	Cost of power at margin	283	
(3)	Transmission charge	11	Based on the transmission network load factor
(4)	Cash impact of system losses	47.7	@ 14.43% system losses upto 33 KV
(5)	Distribution/ <u>Wheeling charge</u>	16.50	Based on the assumption of wheeling charges of Rs 2570.12 / MW/ Day @ 57.8% LF for network usage at HT level
(6)	Difference (6) = (1)-(2)-(3)-(4)-(5)	63	

* Actual amount of surcharge recoverable from a particular open access customer may be different and will be based on the customer's actual category/subcategory as per prevalent tariff order

14. The Cross subsidy surcharge collected by the distribution licensee shall be utilised for meeting the requirements of cross subsidy at the time of determining the ARR. The petitions for determination of revenue requirement by the distribution licensee shall include the estimate of cross subsidy surcharge accruals based on agreements signed by them with open access consumers for use of distribution system.
15. The above mentioned basis for determining wheeling charges and surcharge will be adopted during 2005-2006. Charges for State Load Dispatch Centre have been included in above charges. Provisions of the balancing and settlement code shall be binding on the Open Access Users connected to the licensees system in Madhya Pradesh. Each Open Access user shall be required to furnish full details of his requirement and the point of injection and point of drawal and the Commission shall pass specific order on each such application.

Sd/-
(R.Natarajan)
Member (Econ.)

Sd/-
(D.Roybardhan)
Member (Engg.)

Sd/-
(P.K.Mchrotra)
Chairman