



एन टी पी सी लिमिटेड

(भारत सरकार का उद्यम)

**NTPC Limited**

(A Govt. of India Enterprise)

केन्द्रीय कार्यालय/Corporate Centre

Ref: 01/CD/704D

Date: 1<sup>st</sup> June 2015

To

The Secretary,

Central Electricity Regulatory Commission,

3rd & 4th Floor, Chanderlok Building,

36, Janpath, New Delhi- 110001

Respected Madam,

**Sub: Submission on the Draft Central Electricity Regulatory Commission (Ancillary Services Operations) Regulations, 2015.**

Please find enclosed NTPC's submission on the Draft "Central Electricity Regulatory Commission (Ancillary Services Operations) Regulations, 2015". The same may kindly be taken into account while finalizing the "Central Electricity Regulatory Commission (Ancillary Services Operations) Regulations, 2015".

Thanking you,

Yours faithfully,

GM (Commercial)

T.C. (RA)

Adv (RE)  
REO

29/5/15  
31/6/15

**Comments of NTPC on the Draft Central Electricity Regulatory Commission  
(Ancillary Services Operations) Regulations, 2015**

1. Clause 13.6 of Draft Regulation 13 provides as under:

*"13.6. The Reserves Regulation Ancillary Services provider shall adjust the fixed charges to the original beneficiaries in proportion to the quantum scheduled from generating station."*

**NTPC Comments:**

As per draft Regulation, in case of Regulation up services, generator shall be paid fixed charges, variable charges and markup from the Regional Deviation Pool Account. Further, Hon'ble Commission has provided for the reimbursement of fixed charges to the original beneficiaries leaving variable charges and markup with the generator.

Therefore, it is submitted that in case of Regulation up services, only variable charges and mark up should be provided by deviation pool account to generator and fixed charges shall be billed directly to the beneficiaries as per existing methodology.

Further, if Hon'ble Commission decides to retain these provision as per draft Regulation then in case of revision of fixed charges or any other charges by CERC, it should clearly be provided in the Regulation that the liabilities on account of change in fixed charges or any other charges due to any subsequent tariff order by CERC/Appellate authority shall be with original beneficiaries only. Since, energy will be billed to Deviation Pool Account by generator. Therefore, any further revision of energy charges shall be billed to Deviation Pool Account. It would also need to be clarified in Regulation that refund of fixed charges to original beneficiaries would be in proportion to their un-requisitioned power. Further, in Regulation up services, if stations become eligible for incentive due to higher schedule, it need to be clarified whether the liability of incentive would be that of pool account or with beneficiary.

2. Clause 13.7 of draft Regulations provides as under:

*"13.7. The Reserves Regulation Ancillary Services provider shall pay variable charges to Regional Deviation Pool Account Fund in case of Regulation Down services for the quantum of Reserves Regulation Ancillary Services scheduled."*

### NTPC Comments

Draft Regulation does not provide any markup in case of Regulation down services. Further, variable charges to the extent of reduction in quantum of schedule shall be paid to Regional Deviation Pool Account by generator. Accordingly, generator will have no incentive to provide Regulation down services. However, generator while reducing the load will incur higher O&M cost in addition to incurring cost due to support of oil for unit stabilization, deteriorating heat rate and other parameters on account of low loading factor etc.

It is clear from the above that generator will be at loss due to participation in regulation down services. **Therefore, it is submitted that a commercial mechanism may be devised to compensate the generator for its losses and some incentive to the generator for participation in regulation down services may be provided.**

Further, Regulation up services and Regulation down services would be provided by different set of generators as per merit order dispatch principle. Regulation down services can be provided economically by high variable charges generators running on imported coal/RLNG/Gas etc. Similarly, Regulation up services would be provided by low variable charges generators such as pit head coal stations. Therefore, there is a need to identify generators with regard to Regulation up services and Regulation down services separately. Further, there could be certain generating stations which are consistently getting low schedule and may not be willing to participate in the Regulation down services. There could be certain station specific technical issues. Accordingly, the choice should be left to the generator as to what services it shall provide either Regulation up service or Regulation down service.

3. Clause 13.3 of draft Regulations provides as under:

*"13.3. The Reserves Regulation Ancillary Services provider shall be paid at their fixed and variable charges, with markup as decided by the Commission through a separate order from time to time in case of Regulation Up services for the quantum of Reserves Regulation Ancillary Services scheduled from the Regional Deviation Pool Account Fund."*

### **NTPC Comments**

The Regulation up services would generally be required during the period of low frequency. During such time, the generator will have the option to generate higher than schedule and get payments under deviation settlement mechanism.

**Therefore, it is submitted that the mark up under the regulation up services should be sufficient to incentivise the generator to subscribe for Regulation up services.**

Additional Submissions on the Draft Central Electricity Regulatory Commission (Ancillary Services Operations) Regulations, 2015 are listed below:

1. Regulation down service should consider technical minimum of gas & coal units as per prevailing practice.
2. In case unit which is under reserve shut down is to be brought on bar, sufficient start up time may be provided to commensurate with hot / warm / cold conditions of units (WHRBs are generally in drained / preserved condition if under reserve shutdown for a long duration). Thermal units cannot be started & stopped for short duration to avoid thermal stresses which can damage the machines. It is suggested, that as per prevailing practice Coal units, once started, must be allowed to run at least for 72 hours & Gas units for at least 24 hours. Further, Additional generation under Regulation up services must consider module capacity – e.g., in case of Dadri-Gas, if running module is already fully requisitioned & additional IGT+ST is required to be run for meeting additional requirement, then a minimum schedule of 170 MW would be required.

3. Open cycle operation carried out during starting/stopping of gas based units under Reserve Regulation Ancillary Services would need to be compensated corresponding to open cycle heat rate/APC.
4. Additional Secondary Oil consumed at Coal Stations for starting a unit or oil support taken during extreme back down condition for short duration needs to be accounted separately & compensated under Reserve Regulation Ancillary Services.
5. Further, draft Regulations envisage that ISGS who have not been scheduled fully shall be eligible for participating in ancillary services. It is submitted in case a beneficiary has not scheduled up to its entitlement. It has the option to schedule at any time the un-requisitioned capacity at his disposal. In case the beneficiary recalls this capacity during Regulation up service then the schedule given under Reserve Regulation Ancillary Services would need to be revised.
6. The Regulation would also need to clarify the period for which consent/willingness given by a generator for offering Reserve Regulation Ancillary Services would be considered valid. After the end of the said period, the generator would need to give their further consent for another period.
7. Draft Regulation does not provide the trigger time for start of RRAS service. It is suggested that trigger time should be from 4<sup>th</sup> time block from the time block in which the revision is intimated.
8. Black start service operation should also be identified as ancillary services and paid accordingly.
9. Non-availability of transmission line causing dynamic instability and deviated inter-state exchange in tie lines may be penalized in the same manner as done for power station in the form of UI charges.