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Abhinav Jain
Associate Fellow & Area Convener
Electricity & Fuels Division

9 August 2018

The Secretary
Central Electricity Regulatory Commission (CERC)
3rd and 4th Floor
Chanderlok Building
36, Janpath, New Delhi- 110001

Dear Sir,

Please refer to CERC public notice dated 29th June 2018 inviting comments and suggestions on the Draft amendment in Deviation Settlement Mechanism and related matters.

Para-wise observations/suggestions are annexed.

Yours faithfully,

Abhinav Jain.

(Abhinav Jain)
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Mobile- 8882828606
Land line- 011-2436

13/08/18

JC (RA)

13/8

Adv (FOR)
Himanshu

Eokes 13.8.18

Comments on Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) (Fourth Amendment) Regulations, 2018

S.No	Amendment Proposed	Comments/Suggestions/Remarks
	Draft Amendment	
3.1	Principles for determination of proposed DSM rates for various blocks of frequency and the ceiling rates..	Using Daily Average Area Clearing Price (ACP) in Day Ahead (DAM) as the basis for market linked DSM price at 50 Hz and having a dynamic slope of DSM rate vector are steps in the right direction. However, applying a Deviation rate of 800 paise/kWh at frequencies from or below 49.85 Hz is too stringent for the Drawee Utilities. The deviation in the drawal of Drawee Utilities is dependent on the load as well as generation. Specifying such a high Deviation Rate would be appropriate in case the data reveals that the Drawee Utilities lean on the grid for sourcing power rather than procuring power on long/medium/short term basis. Otherwise such high deviation rate will impose additional financial burden on the Drawee Utilities, which may in turn result in higher retail tariff. Further, the dispensation for the smaller states, who do not have any generation sources to increase generation to meet the increased demand incident due to consumers' drawal, may be differentiated from other Drawee Utilities who have generation resources. Otherwise the increased drawal limits in respect of such Drawee Utilities would get negated by increased Deviation Rate.
4.4	After the existing proviso to clause (1) of Regulation 7 of the Principal Regulations, a new proviso shall be added as under: "Provided also that the total deviation from schedule in energy terms during a day shall not be in excess of 3% of the total schedule for the drawee entities and 1% for the generators and additional charge of 20% of the daily base DSM payable / receivable shall be applicable in case of said violation."	1. IEGC regulation 5.2(f) (ii)(a) reads as under : "There should not be any reduction in generation in case of improvement in grid frequency below 50.2 Hz. (for example if grid frequency changes from 49.3 to 49.4 Hz. then there shall not be any reduction in generation). Whereas for any fall in grid frequency, generation from the

		unit should increase by 5% limited to 105 % of the MCR of the unit subject to machine capability." Thus, IEGC mandates increase in generation from the unit up to a maximum of 5% of the prevailing generation level for any fall in grid frequency. If there is a +ve correction in RGMO>1% for several times in a day during lower frequency operation, the total deviation from schedule along with existing deviation on account of RGMO operation, may result in crossing the ceiling of 1% excess generation beyond schedule over the day as proposed in the draft Regulations. ***It is, therefore, suggested that the ceiling for total deviation from the schedule during a day be kept as 3% in line with the deviation permitted to buyers.*** 2. Clause (1) of Regulation 7 specifies limits for the buyers and clause (2) specifies limits for the sellers. The new proviso is proposed to be added to clause (1) which is applicable only for the buyers and would therefore not be applicable to the sellers. The referencing may therefore be suitably addressed.
4.6	In Proviso (i) to sub-clause (b) to clause (2) of Regulation 7 of the Principal Regulations, the words "49.70 Hz or above and below 50.10 Hz" shall be substituted by the words "49.85 Hz or above and below 50.05 Hz".	In Proviso (i) to sub clause (b) to clause (2) of Regulation 7 of CERC (DSM) Regulations, 2014, the words '49.70 Hz or above and below 50.10 Hz' do not appear. The proposed amendment perhaps refers to clause (2) of Regulation 7.

Comments on Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) (Fourth Amendment) Regulations, 2018

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