

Date: 22.10.2021

To,  
Central Electricity Regulatory Commission,  
3<sup>rd</sup> & 4<sup>th</sup> floor, Chanderlok Building,  
36, Janpath, New Delhi- 110001,  
Ph: 91-11-23353503, Fax: 91-11-23753923.

**Sub: Submission of Comments/Suggestion on Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulation, 2021.**

**Respected Sir,**

This is with reference to the above subject wherein Hon'ble Central Electricity regulatory Commission by way of public notice no L-01 /260/2021/CERC dated 08.10.2021 has published the proposed draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2021, whereby inviting comments/suggestions/objections from the stakeholders on the provisions of above draft Regulation.

Thus, Bharat Aluminium Company Ltd as a Captive Generating Company submits suggestions is attached as **Annexure -1** on proposed **Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2021.**

This is submitted for your kind consideration.

Yours faithfully,

For Bharat Aluminium Company Ltd

  
Authorized Signatory

## Annexure- 1

### Comments on Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2021

S.no	Reference Clause	Existing Clause	Comments and suggestion
1	7(1)	<p>The normal rate of charges for deviation for a time block shall be equal to the Weighted Average Ancillary Service Charge (in paise/kWh) computed based on the total quantum of Ancillary Services deployed and the total charges payable to the Ancillary Service Providers for all the Regions for that time block.</p> <p>Provided that for a period of one year from the date of effect of these regulations or such further period as may be notified by the Commission, the normal rate of charges for deviation for a time block shall be equal to the highest of [the weighted average ACP of the Day Ahead Market segments of all the Power Exchanges; or the weighted average ACP of the Real Time Market segments of all the Power Exchanges; or the Weighted Average Ancillary Service Charge of all the regions] for that time block</p> <p>Provided further that in case of non-availability of ACP for any time block on a given day, ACP for the corresponding time block of the last available day shall be considered</p>	<p>We would like to request you to consider our suggestion:</p> <ol style="list-style-type: none"> <li>1) The normal rate of charges for deviation should not be related to Average Ancillary Service Charge (in paise/kWh) as there is no clarity on its applicability and the rate of levy of charge on all the entities (Discom, IPP, CPP etc).</li> <li>2) Price discovery in Power Exchanges are unpredictable and highly volatile. To reduce this effect, we suggest to define a maximum capping of the normal rate of charges for deviation. Also, the applicable deviation charges should be published by the Competent Authority (POSOCO/RLDC) prior to start of respective time block.</li> <li>3) Majority of Generators have tied up their power under PPA. In case of forced outage while supply of power under PPA, they are required to pay deviation charges which should be determined as a combination of the rates of all the PPA and the market discover rate through exchange.</li> </ol>
2	8(1)	<p><b>For seller:</b></p> <p><b>Charges for deviation in a time block by a seller shall be payable by such seller as under,</b></p> <p>For general seller other than an RoR generating station or a generating station based on municipal solid waste.</p>	<p>We would like to request you to consider our suggestion:</p> <ol style="list-style-type: none"> <li>1) Applicability of penalty on such narrow band of deviation (i.e Upto 2% and beyond 2%) should not be levied as it is practically unreasonable. In practice, IPP's have average load in the range of 200 MW to 600 MW, a 2% deviation corresponds to 4 MW to 12 MW, to handle such a small variation is impossible. Also, practically</li> </ol>

		<p><b>Deviation by way of over injection:</b></p> <p>(i) Zero up to 2% Deviation general seller (in %);</p> <p>(ii) @ 10% of the normal rate of charges for deviation beyond 2% Deviation-general seller (in %)</p> <p><b>Deviation by way of under injection:</b></p> <p>i) @ normal rate of charges for deviation up to 2% Deviation-general seller (in %);</p> <p>(ii) @ 110% of the normal rate of charges for deviation beyond 2% Deviation-general seller (in %).</p>	<p>it is difficult to maintain exact zero deviation because of real-time coal quality and parameter variation, mill changeover, etc</p> <p>We suggest the following for deviation charges:</p> <p>a) For over injection:</p> <ul style="list-style-type: none"> <li>Up to (Lower of 12% of schedule or 48 MW): Incentive receivable by seller as per the grid frequency.</li> <li>Beyond (Lower of 12% schedule or 48 MW): No penalty.</li> </ul> <p>b) For under injection:</p> <ul style="list-style-type: none"> <li>Up to 12% or 150 MW: Normal Rate</li> <li>Beyond 12% or 150 MW: 110% of Normal Rate.</li> </ul> <p>2) Proposed provision of penalty on over injection is an additional burden on generator. Because, presently Generators has to pay the penalty for over injection in both case of DSM and RTDA bill.</p> <p>3) It is suggested that the penalty should not be levied on generator for over injection when grid frequency below 50 Hz.</p> <p>4) At the time of unit synchronization, it is not possible to maintain ramp rates. Thus, deviation charges for the same needs to be exempted.</p> <p>5) <b>RGMO:</b> Variation in Generation due to RGMO should be compensated to the Generator. No penalty should be levied for variations on account of RGMO. If there is over- injection due to FGMO there should not be any penalty but there should be an incentive.</p>
3	8 (3)	<p>(a) The charges for deviation for injection of infirm power shall be zero.</p> <p>(b) The charges for deviation for drawl of start-up power before COD of a generating unit or for drawl of</p>	<p>It is requested that treatment for injection of infirm power should be retained as per the existing DSM Regulation. Further, for start-up power drawn from the grid by generating stations, the deviation charges should be exempted or capped at the same level as per the existing mechanism.</p>

		power to run the auxiliaries during shut-down of a generating station shall be payable at the normal rate of charges for deviation.	
4	10 (1)	The payment of charges for deviation shall have a high priority and the concerned regional entity shall pay the due amounts within 7 (seven) days of the issue of statement of charges for deviation by the Regional Power Committee, failing which late payment surcharge @0.04% shall be payable for each day of delay.	<p>1) The time period allowed for the payment of deviation charges as per the existing Regulations is 12 days. As the Hon'ble Commission is well aware, the generators' cashflow depends on payment from the Discoms, and these payments have been consistently delayed, thereby putting pressure on the working capital of the generators. In fact, for many generators such working capital limit has already exhausted. Proposed reduction in payment period from 12 days to 7 days would put undue pressure on generators who are already facing cashflow issues due to delayed payments from Discoms.</p> <p>Further, even apart from such cashflow issue from Discoms, 7 days timeline appears to be very less and there is every chance that delays may happen due to unforeseen factors. <b>We request the Hon'ble Commission to retain the period of 12 days for payment. We further, request to additionally allow 2 days of grace period for at least 5 instances of delayed payment.</b></p>
5	Other comment		In case of grid disturbance, no deviation charges should be levied on any of the entities.