Comments on Draft CERC (DSM & Related matters) Regulations,2021

Sl. No.	Clauses in the Draft Regulations	Proposed Change / Revised Clause in the Regulations	Remarks/Suggestions
1	**4. Scope** These regulations shall be applicable to all grid connected regional entities and other entities engaged in inter-State purchase and sale of electricity.	**4. Scope** These regulations shall be applicable to all grid connected regional entities and other entities engaged in inter-State and Cross boarder purchase and sale of electricity.	Eastern Regional Electricity grid is connected to countries like Nepal, Bhutan & Bangladesh etc. Deviation Accounts is also issued for these cross-border transactions. So, Cross-border term should be included in the scope of the regulation.
2	**7. Normal Rate of Charges for Deviations** 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:	**7. Normal Rate of Charges for Deviations** 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, may be capped@800 paisa/kwh for Buyer and @303.04 paisa/kwh for all Generators.	1.In the existing DSM regulation, there is a provision for capping the Average ACP values of the DAM of PXs and also capping the charges for deviation i.e. 800 Paisa/kwh for Max charges of Deviation in a given time block as per the deviation rate vector. 2.Due to high demand and severe coal shortage issues in pan India, there is a huge surge in the power demand and in subsequent, the Area Clearing Price values of DAM of PXs & RTM of PXs were increases to manifold i.e. around 15-20 rupees per unit which will discourage affects the end consumers. 3. So, it is proposed that till full-fledged experience from the implementation of draft Ancillary service Regulation'2021 is gained, the above clause may be modified as below:

			a. Normal Rate of Charges for Deviations may capped@800 paisa/kwh as per existing DSM regulation for the buyer. b. Cap rate@ 303.40 for All generators as per existing DSM regulations.
3	**8. Charges for Deviation** 1) Charges for deviation in a time block by a seller shall be payable by such seller as under: For a general seller other than an RoR generating station or a generating station based on municipal solid waste **Deviation by way of over injection** (i) Zero up to 2% Deviation-general seller (in %); (ii) (ii) @ 10% of the normal rate of charges for deviation beyond 2% Deviation-general seller (in %)	**8. Charges for Deviation** 1) Charges for deviation in a time block by a seller shall be payable by such seller as under: For a general seller other than an RoR generating station or a generating station based on municipal solid waste **Deviation by way of over injection** (i) Zero up to 12% Deviation-general seller (in %); (ii) (ii) @ 10% of the normal rate of charges for deviation beyond 12% Deviation-general seller (in %);	1)Consider a time block in which the buyer starts overdrawing power from the grid. For balancing demand and supply, RGMO/FGMO of Generator will start operating by increasing Generation and same by injecting to the Grid. By doing this, generators have no control over the actual generation. 2) Due to Coal quality issue, the heat rate varies, hence 2% of OI/UI done by the Generators are beyond the control of the generator. 3) So, it is proposed for non-imposition of DSM penalty for Over injection by General Seller. Since no seller is going to inject power for which they are not going to get any return, rather imposition of penalty for over injection may desist the generator to generate more in case of low frequency. Otherwise, DSM Penalty for over injection by General seller may be Zero up to

			12% and beyond that 10% of the Normal rate of charges of deviation.
4	**9. Accounting of Charges for Deviation and Ancillary Service Pool Account** By every Thursday, the Regional Load Despatch Centres shall provide the data for deviation calculated as per Regulation 6 of these regulations, for the previous week ending on Sunday mid-night to the Secretariat of the respective Regional Power Committees.	**Accounting of Charges for Deviation and Ancillary Service Pool Account** By every Thursday, the Regional Load Despatch Centres / National Load Despatch Centres shall provide the data for deviation calculated as per Regulation 6 of these regulations, for the previous week ending on Sunday mid-night to the Secretariat of the respective Regional Power Committees.	SRAS data of each generator of a region is required for the Calculation of deviation Account of that generator. Thus, NLDC being the Nodal Agency for the implementation of Draft Ancillary Service Regulation'2021 and management of SRAS data. So, NLDC may be included in the regulatory provision for SRAS data sharing with RPCs for timely computing DSM Accounts by RPC secretariat.
5	**10. Schedule of Payment of charges for deviation** (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.	**10. Schedule of Payment of charges for deviation** (1) The payment of charges for deviation shall have a high priority and the concerned regional entity shall pay the due amounts within 10 (Ten) 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.	The payment of Deviation charges may as per the existing DSM regulation i.e. 10 days. As the weekly DSM Accounts are issued by RPC secretariat by every Tuesday after getting data from RLDC on Thursday. If we give only 7 days to Regional Entities for disbursal of payment, it will be difficult for them to cross-check data as well as accounts statement and make the payment. So, it is proposed that payment of Deviation charges to the Pool may be maintained as per the Existing DSM Regulation i.e. 10 days.

1) **Forced Outage due to Force Majeure Event:**

Consider a case of Generator,

Schedule generation=1000 MW

Actual generation=0 (Due to Forced Outage)

Deviation=-1000 (Under injection)

Generator will pay a huge DSM penalty as 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 in the proposed regulation, which will be very high.

Suggestion:

It is proposed that the forced outage period due to force Majeure events may be excluded from the ambit of DSM penalty. Amount received by the Generators during the force majeure period for quantum of Under injection shall be refunded back to Deviation and Ancillary Service Pool Account at Variable charge rate (for LTA & MToA customer) or Short-Term contract Rate (for Bilateral & short-term Transactions) or ACP of DAM rate (For Collective Transactions) or ACP of RTM rate of PXs (for Collective Transactions).

2. DSM Settlement during Grid disturbance period:

Generator Schedule=1000 MW, Actual generation=600 MW, Actual Deviation=400 MW (under injection)

Buyer Schedule=1000 MW, Actual Drawl=1100 MW, Actual Deviation of the Buyer=100(Over Drawl)

If any type of Grid disturbance occurred and subsequently generation loss happened, then revision of schedule of Generator and Buyer were done as per clause no 6.5.17 of IEGC Regulation'2010 & subsequent amendments:

Actual generation=600 MW
Generator's Revised schedule=600 MW
Deviation of the Generator=0

Buyer Revised schedule=600,
Actual Drawl=1100 MW,
Deviation of the Buyer=500(Over drawl)

Comments on clause 6.5.17 of IEGC Regulation'2010 & DSM penalty as per Draft DSM Regulation’2021 on above scenario:

a) The DSM liability of the Generator will be Zero as the revision of its schedule to the extent of its actual generation done during the period grid disturbance.

b) The DSM liability of the buyer will be very high as the buyer schedule is reduced as per the revised generator schedule. In the draft DSM Regulation’2021, 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 in the proposed regulation, which will be very high and the buyer will pay huge DSM penalty with no fault at their end.

It is proposed that the Hon’ble Commission may consider the above scenario while issuing final DSM regulation.

3. **Over Injection by Generator:**

Frequency of the Grid=49.80 Hz

Means-Over drawl by Buyer or Under injection by Seller.

Generation Schedule=1000, Drawl Schedule=1000

Actual Drawl=-1200(Over drawl)

This means either generator will inject more or some beneficiary will be under draw for balancing the system and grid frequency nearer to 50 Hz. Under this proposed regulation, if the generator will over inject, it will be penalized but whereas it is helping the system for improvement.

So, it is proposed that over injection should not be penalized.