

14/05/2019

Secretary, CERC,
3rd & 4th Floor,
Chanderlok Building,
36, Janpath, New Delhi- 110001

Comments on CERC Staff Paper on Methodology for Escalation

Dear Sir,

In response to Public Notice dated 18.04.2019 on draft CERC DSM Regulations, 5th Amendment, please find enclosed our comments for your consideration.

With regards,
Thanking You

Yours Sincerely,
For GMR Energy Ltd

(Balaji S)
Head, Strategy & Policy Advocacy



GMR Comments on Draft CERC DSM, 5th Amendment

S.NO.	Regulation /Clause number	Page number	Provision in the amendment	Comments
1	3.2	2	<p>Clause (3) of Regulation 5 of the Principal Regulations shall be substituted as under:-</p> <p><i>"The Cap rate for the charges for deviation for the generating stations, irrespective of the fuel type and whether the tariff of such generating station is regulated by the Commission or not, shall not exceed 303.04 Paise/kWh."</i></p>	<p>For Commission regulated generating station, the variable charge (ECR) is being computed on actual fuel cost basis and therefore for any over-injection/Under-injection, the cost incurred by such plants would be ECR only. However, the scenario is different in other cases (non-regulated generating stations), where variable charge is being provided on tariff quote which may be different than the actual fuel cost.</p> <p>Therefore, it has requested to continue with existing practice for commission regulated generating station having cap rate equivalent to the energy charges as billed for previous month.</p>
2	4.5 (b)	4	<p>From 01.04.2020, if the sustained deviation from schedule continues for 6 time blocks, the regional entity (buyer or seller), shall correct its position, by making the sign of its deviation from schedule changed or by remaining in the range of +/- 10 MW with reference to its schedule, at least once, latest by 7th time block.</p> <p>Provided that violation of the requirement under this clause shall attract an additional charge as specified below:</p> <p><i>Additional Charge Payable</i> <i>From first to fifth violation- For each violation, an additional charge</i> <i>@ 3% of daily base DSM payable / receivable</i> <i>From sixth to tenth violation- For each violation, an additional charge</i></p>	<p>As per proposed methodology, till 31st March 2020, the Additional deviation charge in case of sign change violation shall be calculated on the time block DSM payable/ receivable as the case may be.</p> <p>However, from 01.04.2020, this has changed to daily base DSM instead of time block DSM as mentioned above.</p> <p>Consider a case, where a violation has occurred at 6 AM, but later due to some unforeseen/favorable instances, daily DSM payable/receivable amount comes out very high for the day. In such case, the penalty imposed against each violation would also be very high as the post facto instances would have a huge impact for the violation conducted before such instances. Otherwise the concerned entity would be forced to minimize the daily DSM payable/receivable irrespective of grid frequency.</p>

			<p><i>@ 5% of daily base DSM payable / receivable</i></p> <p><i>From eleventh violation onwards- For each violation, an additional charge @ 10% of daily base DSM payable / receivable</i></p>	Therefore, Additional deviation charge in case of sign change violation should always be calculated on the time block DSM payable/ receivable not on Daily DSM.
3	4.5 (b)	4	From 01.04.2020, if the sustained deviation from schedule continues for 6 time blocks, the regional entity (buyer or seller), shall correct its position, by making the sign of its deviation from schedule changed or by remaining in the range of +/- 10 MW with reference to its schedule, at least once, latest by 7th time block.	Date of applicability of revised methodology for sign change violation and other parameters should be 1 year from Gazette notification/implementation date of 5 th amendment instead of 01.04.2020.
4	4.5 (a)	3	Up to 31.03.2020, if the sustained deviation from schedule continues for 12 time blocks, the regional entity (buyer or seller), shall correct its position by making the sign of its deviation from schedule changed or by remaining in the range of +/- 10 MW with reference to its schedule, at least once, latest by 13th time block.	<p>The Additional deviation charge in case of sign change violation as introduced under 4th amendment was very stringent and had severe impact of penalty amount imposed on Generating station and Discoms.</p> <p>Further, forced outage cases are uncontrolled and not in Force majeure condition in 4th amendment, which resulted to huge penalty for concerned generating station.</p> <p>It has requested that penalty imposed under 4th amendment under sign change violation may be waived off retrospectively starting from 1st Jan'19 with due consideration of 5th amendment.</p>