एनएचपीसी लिमिटेड
(भारत सरकार का उद्यम)

NHPC Limited
(A Government of India Enterprise)

स्वच्छ भारत
एक कदम स्वच्छता की ओर

संदर्भ सं./Ref. No. NH/Comml./Tariff/29/2019/ 1088

फोन/Phone :
दिनांक/Date : 16.05.2019

Secretary,
Central Electricity Regulatory Commission,
3rd Floor, Chanderlok Building,
36, Janpath, New Delhi – 110001.
Fax: 011 - 23753923

Sub: **Comments on draft CERC (Deviation Settlement Mechanism and related matters) (Fifth Amendment) Regulations, 2019 – Regg.**

Ref: **Public Notice No. L-1/132/2013-CERC dated 18.04.2019**

Sir,

In reference to aforesaid public notice of CERC, the comments / suggestions of NHPC on the draft CERC (Deviation Settlement Mechanism and related matters) (Fifth Amendment) Regulations, 2019 is enclosed for further necessary action please.

Thanking you,

Yours Sincerely,

16/5/19

(Prashant Kaul)
Executive Director (Comml.)
Telefax – 0129-2259923

Comments on draft 5th amendment to DSM Regulations

S. No.	Provisions of Principal Regulations	Provisions of 4th amendment to DSM Regulations	Provisions of draft 5th amendment to DSM Regulations	Comments / suggestions
1	**Regulation 5 (1)(i)** The charges for the Deviation for the generating stations **regulated by Commission using coal or lignite or gas supplied under Administered Price Mechanism (APM) as fuel,** when actual injection is higher or lower than the scheduled generation, **shall not exceed the Cap Rate of 303.04 Paise/kWh** as per the methodology specified in Clause (3) of this regulation.	**Regulation 5 (1)(i)** The charges for the deviation for the generating stations **whose tariff is determined by the Commission,** when actual injection is higher or lower than the scheduled generation, shall not exceed the Cap Rate as per the methodology specified in Clause (3) of Regulation 5 of the Principal Regulations.	**Regulation 5 (1)(i)** Same as 4th amendment.	NHPC had submitted its view point / reservation on capping of deviation charges at the energy charges billed for the previous month. It is noted that Hon'ble Commission has reviewed the capping on deviation charges and now it has been fixed to Rs. 3.03/unit for all generators. The revision in capping limit will give relaxation to generating companies (particularly hydro power generator) and it is a welcome step.
	Regulation 5 (3) The Cap rate for the charges for the Deviation for the generating station **regulated by CERC using coal / lignite or gas supplied under Administered Prince Mechanism (APM) as the fuel** shall be the value coinciding with the energy	**Regulation 5 (3)** The Cap rate for the charges for deviation for the generating stations **whose tariff is determined by the Commission shall be equal to its energy charges as billed for the previous month.** Provided that no retrospective revision of DSM account shall be	**Regulation 5(3) – Clause 3.2** 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.**	From Para 2.23 of Explanatory Memorandum, it is clear that the Commission has decided to restore the provisions of Principal Regulations (i.e. prior to 4th amendment). However, in the draft notification, the earlier provisions of Principal Regulation has not been restored in totality.

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	charges on imparted coal on Deviation Price Vector.	allowed even if the energy charges are revised at a later date.		In this respect, it is requested to restore the provision of Regulation 5.3 in totality and provision of Regulation 5 (1) (i) should also be restored i.e. the capping on DSM rate should be applicable on generating stations regulated by CERC using coal / lignite or gas supplied under Administered Prince Mechanism (APM) as the fuel only and hydro generators should be paid DSM charges as stipulated under Regulation 5 (1) for different frequency bands without any capping.
2	NIL	**3rd proviso to Regulation 7 (1)** Provided also that from a date not earlier than one year as may be notified by the Commission, 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.**	**Provision deleted – (Clause 4.1)**	The provision for imposing volume limit on deviation is proposed to be deleted. This is a welcome step.

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3	**Regulation 7 (10)** In the event of sustained deviation from schedule in one direction (positive or negative) by ay regional entity, such regional entity (buyer or seller) shall have to make sign of their deviation from schedule changed, at least once, **after every 12 time blocks**. To illustrate, if a regional entity has positive deviation from schedule from 07.30 hrs to 10.30 hrs, sign of its deviation from schedule shall be changed in the 13th time block i.e. 10.30 to 10.45 hrs from positive to negative or negative to positive as the case may be.	**Regulation 7 (10)** In the event of sustained deviation from schedule in one direction (positive or negative) by any regional entity (buyer or seller), such regional entity shall have to change sign of their deviation from schedule, at least once, **after every 6 time blocks**. To illustrate, if a regional entity has positive deviation from schedule from 07.30 hrs to 09.00hrs, sign of its deviation from schedule shall be changed in the 7th time block i.e. 09.00hrs to 09.15hrs from positive to negative or vice versa as the case may be. Provided that violation of the requirement under this clause shall attract an **additional charge of 20% on the daily base DSM payable / receivable as the case may be**.	**Regulation 7 (10) – Clause 4.5** In the event of sustained deviation from schedule in one direction (positive or negative) by any regional entity (buyer or seller), such entity shall correct its position in the manner as specified under clauses (a) and (b) of this Regulation. (a) **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 by13th time block**. Provided that each violation of the requirement under this clause shall attract an additional charge of **10% on the time block DSM payable / receivable** as the case may be. (b) **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.** Provided that violation of the requirement under this clause shall attract an additional charge as specified in the table below: **From first to fifth violation**: For each violation, an additional charge @ 3% of daily base DSM payable / receivable. **From sixth to tenth violation**: For each violation, an additional charge @ 5% of daily base DSM payable / receivable.	As per the proposed amendment, flexibility has been given to the generator to remain in the range of +/- 10 MW with respect to schedule after 6/12 time blocks. Further, the exemption granted to run of the river projects without pondage to adhere to sign change requirement has also been extended in case of injection of infirm power also. Accordingly, it is a welcome step.

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			From eleventh violation onwards: For each violation, an additional charge @ 10% of daily base DSM payable / receivable. Provided further that counting of number of sign change violations under clauses (a) & (b) of this Regulation shall **start afresh at 00.00 Hrs. for each day**. Provided also that payment of additional charge for failure to adhere to sign change requirement as specified under clauses (a) & (b) of this regulation shall not be applicable to: a. renewable energy generators which are regional entities. b. **run of river projects without pondage**. c. **any infirm injection of power by a generating station prior to CoD of a unit during testing and commissioning activities, in accordance with the Connectivity Regulations**. d. any drawal of power by a generating station for the start-up activities of a unit. e. any inter-regional deviations. f. forced outage of a generating station in case of collective transactions on Power Exchanges. **Explanation**:- For the purpose of this Regulation, sustained deviation means continuous deviation outside the range of +/- 10 MW from schedule, such range being a subset of the volume limit as specified in Regulation 7(1) & 7(2)). In other words, **if the deviation is brought within the range of +/- 10MW or it remains within the range of +/- 10MW, it will not be considered as sustained deviation**.	
	<u>**Regulation 7 (11a)**</u> NIL	<u>**Regulation 7 (11a)**</u> The additional charge for violation of sign change stipulation shall be leviable for	<u>**Regulation 7 (11a)**</u> Deleted.	

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		each such violation during a day. To illustrate, the change of sign should take place at least once after every six time blocks. Accordingly, the entity, starting from time block t1, should change the sign after time block t6. In case, sign change does not take place immediately after time block t6, but takes place from time block t7 upto time block t12, additional charge shall be levied equivalent to one violation. In case, sign change does not take place immediately after time block t12, but takes place from time block t13 upto time block t18, additional charge shall be levied equivalent to two violations. **Provided that in case of run of river projects without pondage, payment of additional charge for failure to adhere to sign change requirement shall apply from such date as may be notified by the Commission.** Such generators shall, however, be required to follow the sign change requirement and report to POSOCO the reasons for non-adherence to the requirement.		

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4	**Regulation 7 (4)** In addition to charges for deviation as stipulated under Regulation 5 of these regulations, Additional Charge for Deviation shall be applicable for over-injection/under-drawal of electricity for each time block by a seller / buyer as the case may be when grid frequency is **'50.10 Hz and above'** at the rates equivalent to charges of deviation corresponding to the grid frequency of **'below 50.01 Hz but not below 50.0 Hz'**.	**Regulation 7 (4)** In addition to charges for deviation as stipulated under Regulation 5 of these regulations, Additional Charge for Deviation shall be applicable for over-injection/under-drawal of electricity for each time block by a seller / buyer as the case may be when grid frequency is **'50.05 Hz and above'** at the rates equivalent to charges of deviation corresponding to the grid frequency of **'below 50.01 Hz but not below 50.0 Hz'**.	**Regulation 7 (4) – Clause 4.3** In addition to charges for deviation as stipulated under Regulation 5 of these regulations, Additional Charge for Deviation shall be applicable for over-injection/under-drawal of electricity for each time block by a seller / buyer as the case may be when grid frequency is **'50.10 Hz and above'** at the rates equivalent to charges of deviation corresponding to the grid frequency of **'below 50.01 Hz but not below 50.0 Hz', or cap rate of deviation of 303.04 paise/kWh whichever is lower.**	The proposed change will have positive impact on generators including hydro stations. Accordingly, this is a welcome step.

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