



The Southern India Mills' Association

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SIMA Comments on CERC 5th Amendment on DSM Regulation

Our Association (SIMA) is 86 years old and it is the single largest employers' Organization representing the entire textile value chain right from cotton research and development to garments/ made-ups /technical textiles in the country and plays a lead role in all policy making committees at State and Central level pertaining to the textile industry. We have 900 member mills in our fold which are scattered in all the five Southern States of the country and also in few States in the upcountry.

We submit that our member mills have installed more wind and solar generators for captive consumption. Aggrieved by the amendment, the Association prefers to present the comments on the proposed amendment on the said regulation, which is detrimental, particularly to renewal energy (RE) rich States like Tamil Nadu;

The Proposed Amendment in Regulation:

4.5 Clause (10) of Regulation 7 of the Principal Regulations shall be substituted as under:

"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 by 13th 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:

xxxxxxx
xxxxx

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.

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Provided also that payment of additional charge for failure to adhere to sign change requirement as specified under clauses (a) and (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 drawl 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*

Association Comments / Submissions

The amendment in the Regulations is not considered taking into account the difficulties faced by the RE rich States like Tamil Nadu in managing the grid. The Commission has stipulated a close deviation range, without considering the huge volume of infirm nature of the REs installed in the States like Tamilnadu.

The "Renewable Rich" States like Tamil Nadu, has a total variable RE generation (Wind and Solar) of around 11,000 MW. During wind season, the variable RE penetration in the State consumption is around 42%. With a variable penetration of around 42%, it will not be feasible to maintain the stipulated deviation within +/- 10 MW or adhere to sign change even with adequate spinning reserve due to inherent / natural characteristics of wind/solar power.

While the Central Government encourages more installation of REs, we feel that is a great injustice to charge additional charges on Renewable Rich States which fails to adhere to sign change requirement. It is highly detrimental to the growth of RE in the country which is targeting around 175 GW by 2022. In fact, it defeats the very purpose of the promotional measures provided to the RE in the preamble, section 61(h) and section 86(1)(e) of the Electricity Act 2003.

Further, the payment of additional charges for failure to adhere to sign change requirement by the entities as specified in the draft will result in a great injustice not only to the "Renewable Rich" States but also to the all RE generators including the intrastate RE generators and also our members who have installed more wind mills / solar generators for their own consumption.

When Commission proposes exemption for the renewable energy generators which is regional entities, the same logic has also to be applied for the RE generators using the intra-State grid. If not, this will only affect the future RE growth and ultimately affect the existing RE generators in the State.

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In the States like Tamil Nadu, during the peak wind generation, to accommodate the RE power, all the conventional generators will be run at its basic minimum threshold limit and hence there will be a great constraint in using conventional power to balance and accommodate the variable RE generation. Hence, naturally, the hit will be on the RE generation resulting in large scale intermittent backing down of wind and solar power generators to adhere to the "sign change requirement". Hence, SLDC in Tamil Nadu will always find excuse under "Grid stability reasons" and therefore, even "must run" promotion will not be helpful to the RE generators.

In fact, the SLDC, even before this amendment being brought in, started grid curtailing the wind / solar generators stating the reason as grid stability. Consequent to the implementation of the amended DSM Regulation, the back down of wind energy generators in Tamil Nadu has gone up steeply.

In All India level, the renewable power generation is around 35,600 MW and Tamilnadu alone contributes around 8500 MW and year on year, the installed capacity is also on increasing trend. Hence, depending on the additional installation of the REs, the variation shall be amended from time to time.

Considering the practical difficulties and ground realities as explained above, we humbly request the Hon'ble CERC to kindly exempt all the "RE rich" States from adhering to the sign change requirement. Further, if such amendment is necessitated due the inherent characteristics of Wind/Solar, for Grid Stability, it shall be made applicable to all RE sources, including the intra-State RE transactions, without restricting the same only for the regional entities.

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(Dr.K.SELVARAJU)
Secretary General