

TPDDL/PSC/CERC/150519

15th May 2019

To,
The Secretary
Central Electricity Regulatory Commission
3rd and 4th Floor, Chanderlok Building,
Jan path, New Delhi – 110 001

Sub: Comments / Suggestions on behalf of Tata Power Delhi Distribution Limited on the Draft Fifth Amendment issued to CERC DSM Regulations.

Ref: (1) TPDDL Representation dated 26.02.2019;
(2) TPDDL Representation dated 04.04.2019; and
(3) Draft CERC DSM Regulations (Fifth Amendment) Regulations, 2019.

Sir,

At the outset, we are grateful for your humble indulgence in recognizing the difficulty in commercial implementation of the provisions introduced by way of the Central Electricity Regulatory Commission (Deviation and Settlement Mechanism and related matters) Regulations, 2018 ("**Fourth Amendment**") and laying out the ground for rectifying the same. We express our gratitude towards the Hon'ble Central Commission for consistently taking initiative towards maintaining grid discipline and stability as envisaged under the Indian Electricity Grid Code ("**IEGC**") and Electricity Act, 2003, by issuing regulations in this regard. This Hon'ble Commission in its attempt address the issues raised by the Tata Power Delhi Distribution Limited ("**TPDDL**") in the implementation of the Fourth Amendment, has notified the Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) (Fifth Amendment) Regulations, 2019 ("**Draft Fifth Amendment**").

It is humbly submitted that certain aspects which have been earlier highlighted by TPDDL in its referred representation, may be considered while finalizing the said Fifth Amendment and may be subjected to the public hearing scheduled in this regard. It is submitted that non-availability of infrastructure necessary to effectively implement the DSM Amendment has to be made a pre-requisite to its enforcements. The key issues that merit consideration of this Hon'ble Commission are being set out as under:

A. *Re. No responsibility on Transmission Utilities and Load Despatch Centres:*

The responsibility of maintaining the grid discipline has been wrongly cast upon the Buyers and Sellers of Electricity alone under the proposed amendments to the Regulations. However, there are many factors which are beyond the control of Buyers and Sellers and can be better controlled by Transmission Utility and concerned Load Dispatch centers such as tripping of transmission system and scheduling of power within



TATA POWER-DDL

four time blocks which has considerable impact on the execution of scheduling and dispatch plan set up by Sellers/Buyers.

B. *Re. Extraneous events resulting in under-drawl of electricity by Distribution Licensees:*

One of the main reason due to which a DISCOM under-draw power is when a section of the load is disconnected due to tripping of transmission line or power transformers maintained by Central Transmission utility (CTU) or State Transmission utility (STU) which results in under-drawl of power. This situation is aggravated especially in case of Delhi since Delhi Distribution licensees procure bulk of the power from generating stations situated outside Delhi. Thus, Delhi Distribution licensees are dependent on CTU/STU for delivery of power. Moreover, distribution licensee/Buyer of electricity cannot account for such events in its scheduled planning unless intimated beforehand which is impossible since tripping cannot be predicted in advance. It was also submitted that since the tripping/fault occurs in the infrastructure of the CTU/STU, distribution licensee cannot take any action to reduce the same. It is therefore humbly requested that the DSM Amendment ought to carve out exception / exemption considering such eventualities being regularly faced by the distribution licensees.

C. *Re. Demand Forecasting and reasons contributing to frequent variation in the same:*

The distribution licensees such TPDDL cannot exercise control over the demand of electricity from the consumers of the state and the same time is statutory obligated to discharge its Universal Supply Obligation. Further, it is noteworthy that weather forecasting is limited to predicting general weather conditions which will prevail over a period of time. However, weather conditions like rain and/or storms especially their timings cannot be predicted accurately. It may be appreciated that the demand forecast is not within the control of a distribution licensee and is dependent on the real time market demand from the consumers. As per the prevailing market conditions, a clear gap of four hours is required for the distribution licensee to arrange power in case of over drawl by the consumers. Due to the aforesaid time lag of at least 4 hours, TPDDL has to either allow over drawl from the schedule resulting in deviation or resort to load shedding. Further, there are technical constraints like minimum technical limit, frequent tripping and transmission constraints like overload which affect the generating plant in long run.

In furtherance to above, it is humbly submitted that there are certain issues in the Draft Fifth Amendment, in its present form that severely hampers the economic interest of Distribution Utilities such as TPDDL without having any proportionate benefits to both the Central and State Grid. Therefore, it is necessary for this Hon'ble Commission to address these issues while deliberating on the Draft Fifth Amendment. This Hon'ble Commission may further appreciate that the distribution sector in India is already under huge financial stress and the Draft Fifth Amendment may further burden the Distribution Utilities such as TPDDL.

The fundamental objective that is desired to be achieved by the notification of amendments to DSM Regulations could not be achieved without synergizing the infrastructure required for its implementation.



TATA POWER-DDL

In furtherance to above, the specific comments on the Draft Fifth Amendment are detailed in Annexure-1.

Thanking You.

Yours Sincerely,
For Tata Power Delhi Distribution Ltd.

Lalit Kumar Wasan
HOD (Power System Control)

Annexure-1

S. NO.	PROPOSED AMENDMENT	TPDDL's COMMENTS / SUGGESTIONS
1.	Amendment to Regulation 2 of the Principal Regulations:	No Comments as these are definitions
2.	Amendment of Regulation 5 (Charges for Deviations) of the Principal Regulations:	No Comments as these are clarifications
3.	4.1 The following provision under Regulation 7(1) of the Principal Regulations shall be deleted: <i>'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.'</i>	No comments. We support this modification proposed by CERC
4.	4.2 In Table-II of Regulation 7(3) of the Principal Regulations,	No Comments
5.	4.3 The clause 4 of regulation 7 of the principal regulations shall be substituted as under:	No comments. We support this modification proposed by CERC
6.	4.4 In provision to clause (6) of Regulation 7 of the Principal Regulations,	No Comments

Annexure-1

S. NO.	PROPOSED AMENDMENT	TPDDL's COMMENTS / SUGGESTIONS
7.	<p>4.5 Clause (10) of Regulation 7 of the Principal Regulations shall be substituted as under:</p>	<p>Hon'ble Commission may note that the DSM has already been fine-tuned several times and is an adequate deterrent for erring Utilities without the need for said modification. The DSM Regulations already provides a very narrow band for deviation along with provision of penalty in the form of AD\$M. The Upper and Lower limit of frequency has also been rationalized to dis incentivize treating of DSM as market.</p> <p>The Fourth Amendment has further linked the DSM rate to Day ahead market and thereby eliminating any gain that a utility may have by using DSM as a market.</p> <p>The aforementioned steps are a major deterrent to utilities which remain dependent on grid for power requirement.</p> <ol style="list-style-type: none"> 1. The objective of the clause is perfect balance between demand and supply without any deviation. However deliberate sign change defeats the purpose of nil deviation. Many utilities for doing sign change may rest to deliberate load curtailment or load shedding thereby defeating the purpose of universal service obligation and reliability of power supply. 2. The clause seems to be aspire towards international standards however the infrastructure needs to be built before forcing such regulations. The clause of sustained deviation is premature due to unavailability of required market mechanism like real time market, gate closure, fast ancillary services market etc. 3. Any deviation – either quantum or direction is never planned, whatever deviation occurs is mainly on account of weather uncertainty, generation loss etc. However, to meet the requirement of Clause (10) of amendment, one is required to plan one's deviation in advance. Hence we believe that the requirement of sign change indirectly promotes gaming without considering grid security and system parameters. 4. We have further noted that the said provisions have not improved the grid frequency which is the real objective of the Regulations. The variation in frequency has increased rather than stabilizing under new amendment as evident from standard deviation figures for the months when 4th amendment was in place and last year similar months when it was not in place, Accordingly

Annexure-1

S. NO.	PROPOSED AMENDMENT	TPDDL's COMMENTS / SUGGESTIONS								
		<p>considering any improvement in deviation on account of clause (10) of Regulation 7 would be a fallacy and can lead to grid disturbance rather than stabilizing the same.</p> <table><tr><th>Month</th><th>Standard Deviation</th></tr><tr><td>Jan'19 vs. Jan'18</td><td>0.05642 vs. 0.04835</td></tr><tr><td>Feb'19 vs. Feb'18</td><td>0.05017 vs. 0.04446</td></tr><tr><td>Mar'19 vs. Mar'18</td><td>0.05512 vs. 0.04804</td></tr></table> <p>Example: We are in under drawl for continuous 12 time block and need to change the sign deliberately to enter in over drawl. However grid frequency for the time block requiring sign change is below 49.85 Hz. This forces us to violate the grid security in order to avoid sustained deviation penalty.</p> <p>5. Mandatory requirement of sign change despite being in permissible limits of deviation quantum would tantamount to violation of merit order dispatch and increase in tariffs for our end consumers. The scheduling of costly plants for deliberate under drawl subsequently increases power purchase cost for utilities</p> <p>The said modification may therefore be removed altogether.</p>	Month	Standard Deviation	Jan'19 vs. Jan'18	0.05642 vs. 0.04835	Feb'19 vs. Feb'18	0.05017 vs. 0.04446	Mar'19 vs. Mar'18	0.05512 vs. 0.04804
Month	Standard Deviation									
Jan'19 vs. Jan'18	0.05642 vs. 0.04835									
Feb'19 vs. Feb'18	0.05017 vs. 0.04446									
Mar'19 vs. Mar'18	0.05512 vs. 0.04804									