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No. KSEBL/TRAC/CG/ IEGC/2026/612 (a) Date: 02.11.2026

To
The Secretary
Central Electricity Regulatory Commission
World Trade Centre, Tower B, Nauroji Nagar
New Delhi – 110029

Sir,

Sub: Draft CERC (Indian Electricity Grid Code) (Second Amendment) Regulations, 2026 – Comments / suggestions of KSEBL – reg.

Ref: 1. CERC Public Notice No. L-1/265/2022/CERC dated 21.09.2026.
2. CERC Public Notice dated 22.10.2026 extending the submission date to 02.11.2026.

With reference to the above, Kerala State Electricity Board Limited (KSEBL) submits the following comments on the Draft CERC (Indian Electricity Grid Code) (Second Amendment) Regulations, 2026. KSEBL supports improvements in grid security and scheduling, while requesting safeguards against avoidable costs to distribution licensees and consumers.

1. Regulation 22(3)(f) – Trial run and COD of pumped storage plants

The proposed relaxation may permit COD before the plant has demonstrated its rated capability owing to insufficient reservoir levels. Capacity charges should ordinarily commence only against capacity successfully demonstrated through the prescribed trial run. KSEBL requests reconsideration of this relaxation. Where the full capability cannot be demonstrated, COD may be allowed only for the capacity actually demonstrated, subject to applicable technical requirements, with further capacity recognised after successful testing.

2. Regulations 24(2) and 30(11)(w) – AGC Requirement for Energy Storage Systems

The proposed amendments require Energy Storage Systems (excluding Pumped Storage Plants) having a capacity of 25 MW and above to be equipped with Automatic Generation Control (AGC) facilities and associated communication and telemetry arrangements.

KSEBL appreciates the importance of enabling energy storage systems to support grid frequency regulation and system security. However, the operational requirements of BESS depend on their intended application, contracted discharge obligations, available energy capacity and state of charge.

In particular, BESS projects installed primarily for meeting peak demand or providing firm power supply may have specific charging and discharging schedules. Deployment of AGC without due consideration of these obligations may affect the availability of stored energy during critical peak hours. Further there is a chance for increasing cost on lower capacity BESS project due to the AGC requirement.

KSEBL therefore requests the Hon'ble Commission to reconsider the capacity limit to a higher value.

3. Regulation 30(11) and Annexure-3 – Regional entity bulk consumers

The proposed reference to regional entity bulk consumers requires a clear definition. The criteria relating to connection point, voltage, metering, energy accounting, scheduling and interface with the State control area and SLDC may be specified before these provisions are implemented. This is necessary to avoid ambiguity in the responsibilities of the concerned entities.

4. Regulation 30A – Congestion charges

The proposed Regulation 30A provides for the levy of congestion charges on entities contributing to congestion in inter-regional or intra-regional transmission corridors. While KSEBL appreciates the objective of maintaining grid security and ensuring that transmission corridors are operated within permissible limits, the proposed mechanism requires further clarification regarding the identification of responsible entities, applicability of charges and the time available for taking corrective action.

As per the proposed Regulation 30A(3), congestion charges may be imposed after providing a minimum notice of two clear time blocks. KSEBL submits that this notice period is inadequate, considering the scheduling and revision procedures prescribed under the IEGC. Even if a beneficiary or SLDC takes immediate action upon receiving the notice, the revised schedule

may become effective only after the prescribed scheduling period. Consequently, congestion charges may become applicable before the concerned entity has a reasonable opportunity to reduce its drawal or modify its schedule.

Further, congestion in an inter-State transmission corridor may arise due to the combined effect of deviations by several entities, including regional generating stations, State control areas, intra-State generators participating in power exchange transactions and other entities availing inter-State transmission facilities. However, the proposed mechanism appears to place the responsibility primarily on regional entities. This may result in a situation where a State is required to bear congestion charges even when the congestion has been caused or aggravated by transactions or deviations of other entities over which the State has no direct control.

KSEBL therefore submits that congestion charges should be allocated to the entities actually contributing to congestion, based on their respective deviations and the direction of congestion. Suitable provisions may be incorporated to cover all entities participating in inter-State transactions, including intra-State generating stations and consumers transacting through power exchanges. A transparent methodology should also be specified for determining the contribution of each entity and for passing on the corresponding charges.

The proposed provisions also require clarity regarding the applicability of congestion charges with reference to Available Transfer Capability (ATC) and Total Transfer Capability (TTC). Since ATC is determined after providing for Transmission Reliability Margin (TRM), the regulations should clearly specify whether crossing ATC would only trigger a warning or whether congestion charges would become applicable at that stage. The conditions for imposing and withdrawing congestion charges should be consistent and clearly defined.

As per the proposed Regulation 30A(3), congestion charges may be imposed when power flow exceeds TTC, whereas Regulation 30A(4) provides for withdrawal of the charges only when the flow reduces to ATC. Consequently, even if the power flow reduces below TTC and above ATC the congestion charges may continue. This may result in additional financial liability for beneficiaries even after the TTC exceedance has been resolved. KSEBL therefore requests the Hon'ble Commission to clearly specify the threshold for imposing and withdrawing congestion charges, the treatment of TRM and the circumstances under which congestion charges would continue after the flow falls below TTC. Further, it is requested that congestion charges shall not be levied on beneficiaries where congestion arises due to transmission system failures or outages beyond their control.

It is also relevant that congestion charges are proposed to be levied in addition to the existing Deviation Settlement Mechanism (DSM) charges. Therefore, the financial implications of the proposed mechanism on distribution licensees need to be carefully examined, particularly where deviations arise due to renewable energy variations or other circumstances beyond their immediate control.

5. Regulation 45(8)(a) – Declared capacity in peak and off-peak hours

KSEBL supports the proposed amendment restricting thermal generating stations from declaring lower capacity during peak hours compared to off-peak hours, except in cases of genuine forced or partial outage. This provision is particularly important for meeting Kerala's evening peak demand. However, the term "partial outage" may be clearly defined, and any reduction in peak-hour Declared Capacity on this ground should be supported by verifiable technical records.

6. Regulation 45(16) – Regulation of access for payment defaults

KSEBL recognises the importance of timely payment of DSM charges and other applicable dues. However, the proposed restriction of grid access in the event of payment default may adversely affect the availability of power to distribution licensees and consequently the supply to consumers. It is therefore requested that adequate prior notice and reasonable opportunity for clearing the outstanding dues may be provided before imposing such restrictions. Further, amounts under genuine dispute may be treated separately, subject to appropriate safeguards. The procedure for progressive reduction of access may be clearly specified, with due consideration to essential electricity supply. Restoration of access after clearance of dues should also be ensured within the prescribed time limit.

7. Regulation 46(6) and Annexure-9 – SCUC commitment and decommitment

KSEBL supports the proposed provision enabling NLDC to undertake Security Constrained Unit Commitment (SCUC) during the day of operation for maintaining grid security. However, since the proposed Regulation 46(6) permits SCUC to be undertaken at any time during the day, clarity may be provided regarding the procedure and timelines for implementing such intraday commitment or decommitment decisions under Annexure-9. The concerned beneficiaries and

SLDCs may be informed sufficiently in advance of the effective schedule revision to enable them to arrange alternative power, wherever necessary. Further, the treatment of capacity charges and other financial implications arising from NLDC-directed decommitment may also be clarified.

8. Regulation 47 – Unit Shut Down (USD) and fixed-charge liability

KSEBL submits that the proposed amendments to Regulation 47 should not relieve generating stations of their responsibility to meet the valid requisitions of beneficiaries. Before placing generating units under Unit Shut Down (USD), the generating station should explore all technically feasible options, including operation of available units and procurement of alternative power, for meeting the requisitioned schedule. KSEBL therefore requests retention of the existing obligation under Regulation 47(2).

If the proposed arrangement is nevertheless retained, beneficiaries should not be required to bear the entire fixed charges corresponding to capacity validly requisitioned but not supplied solely due to the generating station's own USD decision. An appropriate sharing of such charges between the generator and beneficiaries may be prescribed. Further, USD initiated by the generating station should be clearly distinguished from decommitment directed by NLDC under SCUC for grid-security reasons, and the financial treatment of both cases may be specified separately.

8. Regulation 59(5)–(7) – Transitional and repeal provisions

The reference to "2025" in the proposed repeal provision may be corrected to "2026".

KSEBL requests the Hon'ble Commission to consider the above suggestions while finalising the amendments, particularly the protection of beneficiaries against fixed-charge liability for requisitioned power not supplied due to generator-initiated USD or NLDC-directed SCUC decommitment.

Yours faithfully,

Chief Engineer (Commercial & Tariff)