COMMENTS OF NHPC ON DRAFT CERC IEGC SECOND AMENDMENT REGULATIONS, 2026

NHPC Limited

04.11.2026

Annexure-8 "Procedure to facilitate scheduling and accounting of Free Power share of State Govt. from bus bar of Central Hydro Generating Station"

Issue: Clause 4.6 of Annexure-8

Draft Proposal: Sub-clause 4.6 provides that "*Once such free power share which is scheduled to SG is sold by the SG, the corresponding injection schedule will be reflected in the scheduled generation for the CHGS (s).*"

Concern: From the unilateral reading of sub-clause 4.6, it seems that if the SG does not sell the free power share scheduled to SG the same shall not be reflected in the schedule generation for the CGHS.

This interpretation has a possible unintended consequence as the CHGS's scheduled generation could become lower than its DC/available generation by the SG's unsold free-power quantum, even though that quantum is otherwise part of the SG's entitlement.

Suggestion: Hon'ble Commission is requested to clarify whether unsold free power by SG shall continue to form part of the scheduled generation of the CHGS or remain unscheduled.

Alternatively, it is proposed to modify Clause 4.6 of Annexure-8 as under:

"*Once such free power share which is scheduled to SG is sold by the SG, the corresponding injection schedule will be reflected in the scheduled generation for the CHGS (s).*

Provided that in case complete/part free power share which is scheduled to SG is not sold by the SG, the same shall be scheduled to distribution licensee of the State and will be reflected in the scheduled generation for the CHGS (s)".

Annexure-8 "Procedure to facilitate scheduling and accounting of Free Power share of State Govt. from bus bar of Central Hydro Generating Station"

Issue: Appendix-I of Annexure-8

Draft Proposal: Hon'ble Commission in Appendix-I of Annexure-8 has given examples of various scenarios for scheduling of free power and computation of deviation for a particular time block.

Concern: On detailed analysis of the Appendix-I of Annexure-8, certain discrepancies have been observed.

1. 'Total scheduled Generation for D day at Central Hydro Generating Station bus bar' (column L) has been defined as sum of 'Power already sold by the State Govt. in DAM' (column J) and 'Revised Hydro Station Scheduled generation on D day to State Discoms' (column K), which works out to 560 MW whereas in the table it shown as 500 MW in all the cases. On analysis of the table, it seems that 'Total scheduled Generation for D day at Central Hydro Generating Station bus bar' (column L) has been calculated as sum of 'Revised entitlement of State Government as free power for sale on D day' (column I) and 'Revised Hydro Station Scheduled generation on D day to State Discoms' (column K).
2. 'Deviation of Central Hydro Generating Station' (Column O) has been defined as difference between Total scheduled Generation for D day at Central Hydro Generating Station bus bar (L) and sum of 'Revised entitlement of State Government as free power for sale on D day' (Column I) and 'Actual generation by the Hydro Generating Station on D day' (Column M) i.e. {O=L-(I+M)}. However, Column-O has been calculated as difference of 'Actual generation by the Hydro Generating Station on D day' (Column M) and 'Total scheduled Generation for D day at Central Hydro Generating Station bus bar' (Column L) i.e. (O = M – L).

Contd.:

3. 'The sign convention in Deviation of Central Hydro Generating Station (Column O) and Deviation of State Govt. (Column P) (Power sold in the DAM - Actual Injection (i.e. revised entitlement of State Govt. against free power in Hydro Generating Station + Purchase of power by the state Govt. in RTM) is coming opposite to the sign convention shown in the table when calculated as per the formula defined.

4. After calculating the values as defined in the formula mentioned in Row-1 of the table (Appendix-I of Annexure-8), it is observed that formula defined worked only when the schedule is revised to 50% of actual schedule and that too with opposite sign convention. However, for any other percentage the formula does not give correct results for Column O i.e. 'Deviation of central hydro generating station'.

Suggestions:

The formula in the table has to be defined such that it gives accurate result for all the scenarios. In this regard, NHPC has prepared Appendix-I which works in all the scenarios, whether it is increase or decrease in schedule due to revision of schedule.

The modified Appendix-I as per comments has been submitted along with detailed comments. Hon'ble Commission is requested to kindly consider the same.

Amendment to Clause 1 of Regulation 25 – "Certificate of Successful Trial Run"

Issue: Issuance of certificate of successful trial run

Draft proposal: Hon'ble Commission is of the view that once the generating unit is ready for the trial operation, there is no reason to wait for 7 days for the trial run and has proposed reduction in the period for notice of trial run from 7 days to 3 days.

Concern: Similarly, in the existing provision under Regulation 25(1) 'Certificate of Successful Trial Run', beneficiaries have been provided 2 days to raise objection on the trial run after which 5 days have been provided to RLDC to decide whether the trial run was successful or not. NHPC would request Hon'ble Commission to reduce these timelines as once the trial run has been conducted by the generating station, it is in the interest of the nation that the concerned unit is allowed to declare its Commercial Operation and schedule its power.

Suggestion: In case any objection is raised by a beneficiary in writing to the concerned RLDC with a copy to all concerned regarding the trial run within **two (2) days** of completion of such trial run, the concerned RLDC shall, within **two (2) days** of receipt of such objection, in coordination with the concerned entity and the beneficiaries, decide if the trial run was successful or if there is a need for a repeat trial run.

Regulation 30A "Congestion Charges"

Issue: Introduction of congestion charges

Draft proposal: Levy of congestion charges on Regional Entity(ies) causing congestion in an inter-regional or intra-regional link

Concern: The objective of the proposed provision is to assign the cost of congestion to the entity causing congestion is appreciated, it is submitted that the provision needs to be seen in conjunction with the existing mechanism of **Regional Transmission Deviation Charges (RTDA)**, particularly in the case of Generating Stations. Generating stations may already be subject to deviation-related financial consequences under the applicable DSM framework, including RTDA, wherever applicable. If the same deviation or the same component of deviation is also used to levy a separate congestion charge under Regulation 30A, the framework could result in overlapping recovery unless the two charges and their respective purposes are clearly distinguished.

Suggestion: It is therefore proposed that an appropriate proviso may be added to Regulation 30A(1)(a), as:

Provided that the same deviation component shall not be recovered more than once under congestion charges and RTDA or another deviation-related charge. Any separate recovery shall require a distinct regulatory basis and shall be calculated so as to avoid duplicate recovery;

Provided further that an unforeseen, unplanned and verifiable forced outage, including one arising from abnormal high-silt or high-trash conditions, shall be assessed on the basis of causation, contemporaneous operating records and the applicable outage and scheduling provisions, and shall not automatically attract congestion charges where the event did not cause or materially contribute to the identified congestion.

Amendment to Regulation 3(55)

Issue: **Revision of definition of forced outage.**

Regulation-49(7) of CERC IEGC Regulations, 2026 provides that revision of schedule is allowed in case of forced outage.

Further, forced outage under Regulation 3(55) is defined as *"Forced Outage means an outage of a generating unit or a transmission facility due to a fault or any other reasons which have not been planned".*

Concern: The existing definition is broad enough to encompass unplanned outages in hydroelectric generating stations arising from abnormal hydrological conditions, including high silt or trash concentrations, extreme hydrological events and debris ingress, which may necessitate an immediate shutdown or reduction in generation to safeguard personnel and equipment. However, the interpretation and regulatory treatment of such events as Forced Outages are not uniform across different Regional Load Despatch Centres (RLDCs).

Suggestion: Hon'ble Commission is requested to modify the definition of Forced Outage as:

'Forced Outage' means an outage of a generating unit or a transmission facility due to a fault or any other reasons which have not been planned, ***and shall include an outage of a generating unit of hydroelectric generating station arising from unplanned hydrological conditions****.*

Amendment to Clause 7(a) of Regulation 49

Issue: **Number of revisions in a Day and during the Month for Hydro Power Stations**

As per the existing provision, the generating station is allowed 6 revisions of declared capacity in a day and restricted to 120 revisions during the month.

Concern: Hydro generating stations with more than four (4) units may experience independent changes in unit availability, water availability, reservoir inflows, partial outages, maintenance status and system-operator instructions. These changes may require timely, unit-wise revisions to reflect actual capability and reduce avoidable schedule deviations. For a large multi-unit station, the existing revision limit may be restrictive when several unit-wise changes occur in a day.

The availability and operating status of individual units can change independently. A suitable revision allowance should accommodate legitimate operational changes while retaining time-block cut-offs, accurate reporting and compliance with RLDC communication protocols.

Suggestion: A provision in Clause 7-a.(b) of Regulation 49 may be incorporated:

Provided hydro generating stations having more than 4 units shall be allowed 12 (twelve) revisions of Declared Capacity and schedule in a day subject to a maximum of 160 (One hundred sixty) revisions during a month.

The proposed enhancement would improve the accuracy of unit-wise Declared Capacity and schedules and help reflect changes in actual generating capability.

Amendment to Clause 9 of Regulation 34 – "System Restoration"

Issue: Compensation for system restoration during Black Start

As per the existing provision, the supporting entity is paid for actual injection at 110% of the normal rate of charges for deviation in accordance with the DSM Regulations for the last block in which the grid was available.

Concern: A grid failure requiring black start support is an exceptional and uncertain event and may occur only once or may not occur at all during the useful life of a generating station. Therefore, although the generating station incurs the additional cost of incorporating and retaining the black start and line charging capability throughout its useful life, the existing compensation mechanism under Clause 9 is triggered only when an actual system restoration event takes place and the entity actually injects power.

Suggestion: In view of above, a provision in Clause 9 of Regulation 34 may be incorporated:

Provided that an entity recognised for providing black start support and having the requisite black start and line charging capability, as demonstrated in accordance with clause (3) of this Regulation, shall be compensated annually at the rate of Rs. 2 lakh/MW per annum for generating stations having installed capacity up to and including 1000 MW and Rs. 1 lakh/MW per annum for generating stations having installed capacity exceeding 1000 MW.

The annual compensation may be shared between the generating station and its beneficiary DISCOMs in the ratio of 1:1 as the Annual Fixed Cost is recovered from the beneficiaries and it also provides a system-level benefit to the beneficiaries while the generating station incurs the additional capital and operational costs for providing and demonstrating such capability.

Amendment to Clause 1(b) of Annexure-4

Issue: Compensation for reactive power support

Clause 1(b) of Annexure-4 of CERC IEGC Regulations, 2026 provides for reactive power support charges at the rate of 5 paise/kVArh with effect from 01.10.2023, with an annual escalation of 0.5 paise/kVArh thereafter.

Concern: Adequate reactive power support helps regulate voltage, reduce transmission losses, improve system reliability and facilitate higher penetration of renewable energy without adversely affecting grid performance. The effectiveness of the existing rate and annual escalation should be reviewed against current costs, equipment investment, system conditions and the intended behavioural signal.

Suggestion: In view of above, Clause 1(b) of Annexure 4 may be amended as:

"The charge for VArh shall be at the rate of 25 paise/kVArh with effect from the date of coming into force of these Regulations. This rate shall be escalated at 2.5 paise/kVArh per year thereafter, unless otherwise revised."

Introduction of sub-clause (z) after sub-clause (y) of Clause 11 of Regulation 30

Issue: Compensation for SRAS-DOWN support by Hydro Generating Stations

Concern: NHPC is facing operational constraint for providing SRAS-Down Support especially during monsoon season as water is spilled during monsoon season and the ECR which is paid back to DSM and Ancillary Services Account is practically a penalty to hydro generating station.

Suggestion: In view of above, sub-clause (z) after sub-clause (y) of Clause 11 of Regulation 30 may be inserted as:

(z) During high-inflow periods, the System Operator consider available water and spillage risk to hydro generating stations when issuing SRAS-Down instructions and, where system security permits, avoid instructions likely to cause avoidable spillage.

Provided that in case SRAS Down signal is unavoidable during high inflow season, the hydro generating stations may be exempted from payment of ECR to Deviation/ Ancillary Pool account corresponding to down energy in case there is spillage of water as established by the generating station.

It is pertinent to mention that similar has been proposed by GRID India in its consultation paper dated 31.12.2025.

Charges for Injection of Infirm Power

Issue: **Charges for injection of infirm power:** Presently, charges for injection of infirm power is Zero for hydro generating stations in CERC DSM Regulations, 2024.

Concern: This issue is particularly significant for hydro generating stations, where water availability is often seasonal and prolonged non-utilisation of available inflows may result in avoidable spillage for **e.g. the period between notice of trial run and commencement of trial run or period after trial run and successful declaration of trial run**. There may be instances when grid frequency is low and the grid could benefit from additional hydro generation, but the generating station shall not inject infirm power in the absence of a specified settlement rate, notwithstanding RLDC approval for such injection.

This results in the loss of potential energy generation and inefficient utilisation of available water resources. Providing an appropriate settlement mechanism for such infirm power, subject to RLDC approval and grid security requirements, would facilitate better utilisation of available hydro resources without permitting scheduled commercial generation prior to successful completion of the trial run.

Suggestion: In view of the above, NHPC requests the Hon'ble Commission to provide **a specific settlement mechanism under the DSM Regulations for infirm power injected by Section-62 hydro generating stations prior to successful completion of the trial run**, subject to prior approval of the concerned RLDC, grid security requirements and other conditions prescribed by the Commission.

The rate may be determined as a specified percentage of the applicable normal rate of charges, subject to an appropriate ceiling linked to the daily average market price of electricity discovered on power exchanges, or such other methodology as the Hon'ble Commission may consider appropriate. **The revenue so earned shall be accounted for in accordance with the applicable Tariff Regulations.**

THANK YOU