

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram:**

1. **Shri Bhanu Bhushan, Member**
2. **Shri R. Krishnamoorthy, Member**

**Petition No.14/2007  
(Suo motu)**

**In the matter of**

Ensuring secure and reliable operation of Regional Grid by maintaining the grid frequency above 49.0 Hz.

**And in the matter of**

Power Grid Corporation of India Ltd

.... **Petitioner**

Vs

1. Uttar Pradesh Power Corporation Ltd., Lucknow
2. Haryana Vidyut Prasaran Nigam Ltd., Panchkula
3. Power Development Department, Govt. of J&K, Jammu
4. Punjab State Electricity Board, Patiala
5. Rajasthan Rajya Vidyut Prasaran Nigam Ltd., Jaipur
6. Delhi Transco Ltd., Delhi
7. Gujarat Urja Vikas Nigam Ltd., Vadodara
8. Maharashtra State Electricity Distribution Co.Ltd., Mumbai
9. Chhattisgarh State Electricity Board, Raipur
10. Madhya Pradesh State Electricity Board, Jabalpur
11. Transmission Corporation of Andhra Pradesh Ltd., Hyderabad
12. Karnataka Power Transmission Corpn. Ltd., Bangalore... **Respondents**

**ORDER**

During the hearing on 11.01.2007 in Petition No. 145/2006 filed by SRLDC, the Commission had directed Power Grid Corporation of India Ltd (PGCIL) to present the data on scheduled drawals, actual drawals and overdrawal by the State utilities on all-India basis. The required data, for the period from 25.12.2006 to 21.01.2007, was submitted by PGCIL through its letter dated 29.01.2007. During the hearing on 02.02.2007, the Commission decided to treat the PGCIL letter dated 29.01.2007 as a petition, and initiate suo-motu

proceedings, with the first twelve (12) parties listed in the PGCIL letter as the respondents. The order dated 13.2.2007 was accordingly issued in Petition No. 14/2007, directing the respondents to explain why appropriate action be not taken against them in terms of section 142 of the Electricity Act 2003 read with section 149 thereof, for their failure to comply with the Grid Code. The respondents were also required to file their replies by 26.2.2007, and the petition was to be listed for hearing on 6.3.2007 for further directions. However, because of requests received from some of the respondents for time extension, the petition could not be taken up for hearing as proposed.

2. The Commission has so far received replies from ten (10) respondents, the last having come on 2.4.2007. The Commission now proposes to dispose of the matter on the basis of the written replies received.

3. Different State utilities have given varied reasons for over-drawing power from the regional grid, inadvertently or deliberately. These are :

- i) Failure of rains, due to which agricultural load goes up.
- ii) Ground frost, which requires watering to prevent crop damage
- iii) Critical need to irrigate Rabi crop.
- iv) Elections to Assembly, Panchayat, etc.
- v) Kumbh Mela, and consequent rise in demand.
- vi) Inadequate allocation from Central sector stations
- vii) Law and order problems.

- viii) Outage of generating units at Central stations, which brings down States' entitlements and schedules.
- ix) Outage of generating units at intra-State stations, and consequent shortfall being met by overdrawal.
- x) Restrictions of power purchase quantum by the State Electricity Regulatory Commission.
- xi) Shortage of natural gas and non-availability of naphtha.

4. Which ones of these justify overdrawal from the regional grid, and which do not, can be endlessly debated, but these are the ground realities. In a developed country, no overdrawals (for more than a few minutes) would be permissible, and sticking to the schedules would be mandatory. A flexibility has been provided to the State utilities in India, through the mechanism of UI. Occasional overdrawals are permissible therein, but on two conditions : (i) the grid must not be endangered, and (ii) the resulting UI charges must be paid promptly, without demur.

5. Some of the State utilities, while acknowledging that they have occasionally overdrawn power from the regional grid, have claimed to be responsible beneficiaries who comply with RLDC's instructions, and carry out "distress" load-shedding in addition to regular rostering/load-shedding. Some utilities have also given lengthy details of increased load-shedding being resorted to. The Commission must clarify here that its intention has never been to force

the State utilities to cause hardship for their consumers, beyond what is being caused by their own failure over the years to plan and act timely to meet the rising demand. Nor is the Commission going to give extra credit to any State utility for enhanced load-shedding. What we are driving at is that all State utilities have to behave responsibly, and endeavour to manage within their own means, when the grid has an overall shortage.

6. Although a few State utilities have undertaken to abide by the provisions of Indian Electricity Grid Code (IEGC), we find that failure to plan and act timely to meet the growing consumer demand is the main reason for the present situation. It is necessary to address this issue squarely. The relevant IEGC clause is quoted below:

*“6.4.5 The SLDCs/STUs shall regularly carry out the necessary exercises regarding short-term and long-term demand estimation for their respective States, to enable them to plan in advance as to how they would meet their consumers’ load without overdrawing from the grid.”*

7. While some State utilities appear to be belatedly waking up to this responsibility, it is necessary to ensure compliance of the IEGC requirements by all of them. For this, it is essential to clearly identify the State organization which would be primarily responsible for it, particularly where the SEBs have been or are being unbundled. The State Transmission Utility (STU) would be the logical choice for this nodal role, as is already contemplated in the IEGC, unless some other organization is identified for it by the respective State Government. The

Commission would separately address all SEBs/STUs asking them to submit their plans for meeting the State's demand, both short-term and long-term.

8. One State utility has responded that "it is very difficult for the respondent to make the required estimate of long-term and short-term demand of the State". This is not acceptable. Who else can/would make this estimate ? And how can an integrated power system operate if the constituent utilities do not estimate their consumer demand and plan to meet it by timely action ? Perhaps the utility has not even started the exercise. Estimates may go off the mark finally, but there has to be, at least, a serious effort to make an estimate and put it on paper.

9. Another State utility has stated that intra-State ABT is not implemented and there is no State grid code in its State, with the result that there is no check/control over the Discoms. It is high time that the concerned SERC and STU worked together to put the required framework in place.

10. One State utility has pointed to the dynamic nature of power interchange, and practical difficulties/inherent delays in carrying out load shedding in case of overdrawal. This would not be a serious concern unless the system was on the brink. Besides, frequency is a universal indicator of a power system's health, and the required action can be organized through standing load-shedding instructions linked to frequency.

11. Some State utilities have sought to be excused for occasional overdrawals, on the ground that (i) they are already purchasing power from captive plants and liquid-fired plants at fairly high rates and (ii) maximizing their hydro-electric generation, (and perhaps depleting the reservoirs prematurely). Their predicament is duly appreciated. It is a question of balancing between (a) quantum of load-shedding, causing consumer distress, (b) suffering financial losses when trying to meet the demand of consumers who pay much less than the cost of supply, and (c) increasing the consumer tariff to cover the cost of supply, to the extent not covered by State Government subsidy. These are to be resolved between the State Government, the SERC, the State utilities and the consumers. All that the Commission can say is that a State, because of its failure to act timely for whatever reasons, cannot be allowed to endanger grid security, and borrow from the resources of the other States, which too may be facing a deficit situation.

12. One respondent has stated, “that the circumstances that had developed in the month of January 2007 forcing suo-motu cognizance by learned CERC is not likely to re-occur and a situation of large overdrawal by it at low frequencies is not expected.” The Commission can not subscribe to such a casual approach.

13. One State utility has sought to be excused because its overdrawal is only 6% of its Central sector share! Another State utility has questioned its high rank in the list of violators of grid discipline, while some other State utilities have

pointed out their low ranking to suggest that the Commission should let them off. The Commission does not see any use of such relative ranking. It also feels that the purpose of the present suo-motu petition would be better served by concentrating on what should be done by the utilities to meet the consumer demand in near-term and long-term.

14. In the above discussion, we have refrained from ascribing any statement to any particular respondent, since the problem is generic in nature. Two respondents, viz. Power Development Department, Govt. of J&K and Gujarat Urja Vikas Nigam Ltd have not filed any replies, which is a serious matter. In normal course, this non-compliance of the Commission's order dated 13.2.2007 would have called for some stern action. However, in the present case, since the Commission has addressed the subject matter in a generic manner and proceedings under this suo-motu petition are proposed to be closed with this order, the Commission would only warn the two respondents named above not to take the Commission's orders lightly.

15. With the above remarks, the suo-motu petition (14/2007) stands disposed off.

Sd/-  
**(R. KRISHNAMOORTHY)**  
**MEMBER**

Sd/-  
**(BHANU BHUSHAN)**  
**MEMBER**

New Delhi dated the 23<sup>rd</sup> May 2007.