

CENTRAL ELECTRICITY REGULATORY COMMISSION
7th Floor, Core-3, Scope Complex, Lodi Road, New Delhi 110 003

PUBLIC NOTICE

No.L-7/7(6)/99-CERC (II)

Dated the 19th May 2005

Subject: Regulations on Generic Procedure for Curtailment of Power Supply

In exercise of powers conferred under Electricity Act, 2003 (the Act), the Commission has made draft regulations on Generic Procedure for Curtailment of Power Supply. The draft regulations can be downloaded.

2. Notice is hereby given under sub-section (3) of Section 178 of the Act read with Section 23 of the General Clauses Act, 1897, that objections/suggestions/comments on the draft regulations may be sent to the undersigned latest by 15.6.2005.

3. The objections/suggestions/comments received after that in the Commission's office shall not be considered by the Commission while finalising these regulations.

Sd/-
(A.K. SACHAN)
SECRETARY

CENTRAL ELECTRICITY REGULATORY COMMISSION

NOTIFICATION

No. L-7/7(6)/99-CERC

New Delhi, the 2005

In exercise of powers conferred under Section 178 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling in this behalf and after previous publication, the Central Electricity Regulatory Commission hereby makes the following regulations, namely:-

CHAPTER I

GENERAL

1. Short title and commencement

(1) These regulations may be called the Central Electricity Regulatory Commission (Generic Procedure for Curtailment of Power Supply) Regulations, 2005.

(2) These regulations shall come into effect from the date of their publication in the Official Gazette.

2. Definitions

(1) In these regulations, unless the context otherwise requires:

(a) "Act" means "The Electricity Act, 2003";

(b) "Beneficiary" means the person allocated electricity or being supplied electricity generated from a generating station or, as the case may be, user of the transmission system of a transmission licensee.

(c) "Commission" means the Central Electricity Regulatory Commission referred to in Section 76 of the Act;

(d) "Curtailement" means discontinuance, stoppage or reduction of power supply by a generating company or, as the case may be, the transmission licensee to a beneficiary and the word "curtail" shall be construed accordingly.

(e) "Defaulting entity" means a beneficiary having outstanding dues of a generating company or a transmission licensee;

(f) "Outstanding dues" means dues, which remain unpaid for a minimum period of 60 days from the date of billing based on the tariff approved by the Commission;

(g) "Curtailed power" means the quantum of power in MW, the supply of which to the defaulting entity is proposed to be or is discontinued, stopped or reduced;

(h) "Regulating entity" means the generating company or, as the case may be, the transmission licensee within the regulatory jurisdiction of the Commission, proposing to curtail power supply to the defaulting entity;

(2) Save as aforesaid and unless repugnant to the context or the subject-matter otherwise requires, words and expressions used and not defined herein, but defined in the Act shall have the meanings assigned to them under the Act.

CHAPTER II

PROCEDURE FOR CURTAILMENT

3. Curtailement of power generated and supplied from any generating station

It shall not be necessary for the regulating entity to curtail supply of power from any particular generating station and power supply from any one or more of the generating stations may be curtailed.

4. **Supervision of process of curtailment of power supply**

The Regional Load Despatch Centre of the region of which the defaulting entity is the constituent shall be responsible for overall supervision of the process of curtailment:

Provided that where the defaulting entity is the sole beneficiary of a generating station the power supply of which is proposed to be curtailed, the State Load Despatch Centre for the State in which the defaulting entity is situate, shall be responsible for supervision of the process of curtailment and in such a case, the Regional Load Despatch Centre shall supervise the grid security aspects of curtailment of power supply.

5. **Proposal for Curtailment**

The regulating entity shall make its proposal for curtailment to the Regional Load Despatch Centre or the State Load Despatch Centre, under intimation to Member-Secretary of the Regional Electricity Board/Regional Power Committee, with intimation to the defaulting entity at least 30 days before the proposed date of commencement of such curtailment:

Provided that in case of curtailment by the transmission licensee, curtailment shall, as far as possible, be implemented concurrently with the curtailment by generating companies;

Provided further that in case of curtailment by a transmission licensee, the proposal shall always be made after obtaining concurrence of the generating company selling electricity to the defaulting entity;

Provided also that where the generating company withholds or refuses its concurrence to the proposal for curtailment made by the transmission licensee, the

transmission licensee may make an appropriate application to the Commission for its decision.

6. **Consultation by Regulating Entity**

(1) The generating company shall endeavor to curtail the power supply by diversion of power and reduction in power generation shall be resorted to only if every attempt to sell curtailed power to any other person has failed.

Provided in case curtailment by transmission licensee is done independent of curtailment by a generating company, such curtailment shall be implemented by sale of curtailed power to any other person.

(2) The regulating entity, prior to making its proposal for curtailment of power supply shall explore possibilities for sale of curtailed power and for this purpose shall hold consultations with any person willing to buy power becoming available consequent to curtailment:

7. **Details to be furnished in the proposal for curtailment**

The proposal for curtailment by the regulating entity shall state:

- (a) Name of the generating station having outstanding dues against the defaulting entity (only in case of curtailment by a generating company);
- (b) Quantum of power proposed to be curtailed, station-wise;
- (c) Duration of curtailment;
- (d) Whether curtailment of power supply is likely to cause reduction in generation or the curtailed power available consequent to curtailment is to be sold to any other person within or outside the region; and

(e) In case of diversion of the curtailed power, the particulars of the person to whom power is to be diverted and the price agreed to be charged from such person.

8. **Action by Load Despatch Centre**

(1) On receipt of proposal for curtailment of power supply from the regulating entity, the Load Despatch Centre shall carry out necessary studies in consultation with the regulating entity to evaluate the proposal.

(2) If in the opinion of the Load Despatch Centre the proposal made by the regulating entity, cannot be carried out under the conditions then prevailing, it shall inform all concerned of its opinion and the basis for such an opinion within three days of receipt of the proposal of curtailment.

(3) Where the Load Despatch Centre is of the opinion that the proposed curtailment can be implemented, it shall prepare a draft scheme of curtailment, within seven days of receipt of the proposal.

(4) The curtailment of power supply shall be implemented on round-the-clock basis, except, if so required, in case of hydro generating stations.

(5) The first stage of curtailment shall be implemented by restricting the drawal schedule of the defaulting entity and if restriction on drawal schedule does not result in payment of outstanding dues by the defaulting entity within 7 days of commencement of curtailment, the second stage of curtailment of power supply shall be carried out by opening of transmission elements like transmission lines, Inter-connecting transformers (ICTs), etc;

9. **Draft scheme for curtailment of power supply**

The draft scheme for curtailment prepared by the Load Despatch Centre shall:

- (a) Specify the different stages of curtailment and duration of each stage;
- (b) Identify the generating station whose supply is to be curtailed along with the quantum of reduction or diversion of power supply consequent to curtailment;
- (c) Specify the transmission elements to be opened and sequence of opening of these elements;
- (d) Outline the grid security measures and precautions to be taken during implementation of the scheme for curtailment; and
- (e) Ensure that no spillage of water takes place on account of curtailment of power supply in case of hydro generating stations.

10. **Consultation with Regional Electricity Board/Regional Power Committee**

(1) The draft scheme for curtailment prepared by the Load Despatch Centre shall be forwarded to Member-Secretary, Regional Electricity Board/Regional Power Committee for his views and suggestions.

(2) Member-Secretary, Regional Electricity Board/Regional Power Committee shall, independently or in consultation with any constituent of the Regional Electricity Board/Regional Power Committee Secretariat, but without taking the matter to the Regional Electricity Board/Regional Power Committee or any of its forums, analyse the draft scheme for curtailment for effect of curtailment on sensitive services and installations like Defence, Railways, etc. and its impact, if any, on international agreements and other sovereign obligations of the Central and State Governments.

(3) Member Secretary, Regional Electricity Board/Regional Power Committee shall communicate his views and suggestions to the Load Despatch Centre, within five days of receipt of the draft scheme.

11. **Finalisation of scheme**

The Load Dispatch Center shall, within three days of receipt of views and suggestions from Member-Secretary, Regional Electricity Board/Regional Power Committee, finalise the scheme for curtailment and communicate the final scheme to all the beneficiaries and others concerned at least 10 days prior to commencement of curtailment.

12. **Withdrawal or postponement of curtailment**

In case the regulating entity decides to withdraw or postpone the curtailment, it shall communicate its decision to the Regional Load Despatch Centre, Member-Secretary, Regional Electricity Board/Regional Power Committee, the defaulting entity, the beneficiaries in the region and all other persons concerned along with reasons therefor.

13. **Implementation of curtailment**

(1) During the period of curtailment, the defaulting entity shall restrict its draws to the schedule drawn by the Load Despatch Centre and the deviations, if any, from the drawal schedule shall be subjected to unscheduled inter-change charges specified by the Commission from time to time.

(2) If on expiry of 7 days after commencement of curtailment, the Load Despatch Centre is of the opinion that the defaulting entity has not restricted its

drawal to the schedule, the Load Despatch Centre shall issue instructions, with at least 24 hours notice for implementing the next stage of scheme of curtailment by opening of transmission elements.

(3) The Regional Load Despatch Centre, during period of curtailment shall inform all concerned of the reduced security level of the regional grid and may issue such instructions to the constituents in the region and any other person in the interest of security, as it deems necessary and may temporarily suspend implementation of the scheme of curtailment of power supply, if in its opinion, grid security is in imminent danger.

(4) The Load Despatch Centre shall keep Member-Secretary, Regional Electricity Board/Regional Power Committee informed of the implementation of the scheme of curtailment and its impact on the regional grid.

14. **Prior approval of the Commission**

Except as provided in Regulation 5, prior approval of the Commission for curtailment of power on commercial grounds shall not be necessary, when curtailment is enforced in accordance with the procedure specified in these regulations.

CHAPTER III

COMMERCIAL ASPECTS FOR CURTAILMENT OF POWER SUPPLY

15. **Curtailment by generating company**

(1) In case curtailment is to be affected by diversion of power, the generating company owning or operating the generating station whose generation is or is likely to be affected, shall have right to sell the power at negotiated price to any person, including any of the existing beneficiaries,

subject to any other order or regulation of the Commission, and the generating company shall inform the Member-Secretary, Regional Electricity Board/Regional Power Committee, of the quantum and duration of such sale.

(2) The liability to pay the capacity charges to the extent not recovered from sale, if any, of curtailed power by the generating company to any other person shall be of the defaulting entity:

Provided that where the amount recovered by the generating company for sale of curtailed power exceeds the capacity charges for the period of curtailment and the energy charges, the excess amount shall be adjusted against the outstanding dues of the defaulting entity.

(3) Open access in case of diversion of power shall be curtailed in accordance with the Central Electricity Regulatory Commission (Open Access in Inter-state Transmission) Regulations, 2004, as amended from time to time.

(4) The payment for sale of power to any other person shall be made directly to the generating company.

(5) The generating company enforcing curtailment of power supply shall have no claim for incentive corresponding to the quantum of generation reduced in the process of curtailment.

(6) If curtailment by a generating company is implemented by opening of transmission elements of a transmission licensee, these transmission elements shall be deemed to be "available" for calculation of overall "availability" of the transmission system for all purposes, including for payment of incentive to the transmission licensee.

(7) The Load Despatch Centre and any beneficiary, other than the defaulting entity, shall have a right to ascertain the availability of generating

station whose generation is being reduced during the period of curtailment of power supply.

16. **Curtailment by Transmission Licensee**

(1) When curtailment by the transmission licensee is implemented concurrently with curtailment by a generating company, any payments received from the defaulting entity against the outstanding dues shall be shared by the generating company and the transmission licensee in proportion of their outstanding dues.

(2) Open access in case of diversion of power shall be curtailed in accordance with the Central Electricity Regulatory Commission (Open Access in Inter-state Transmission) Regulations, 2004, as amended from time to time.

(3) Where the sale price of the curtailed power to any other person is less than the capacity charges and energy charges payable by the defaulting entity for the curtailed power, curtailment shall not be implemented.

(4) Where the sale price of curtailed power exceeds the capacity charges and energy charges, 5/6th of the excess amount shall be adjusted against the outstanding dues of the defaulting entity and the remaining 1/6th of the excess amount shall be retained by the generating company.

(5) Except as provided in clause (3), the generating company shall be neutral in the scheme of curtailment and its generation shall not be reduced in any manner.

(6) In case of opening of transmission elements of a transmission licensee other than the regulating entity, the outage of such elements shall be deemed

to be “available” for the purpose of calculation of “availability” of the transmission system of such other transmission licensee.

(7) For opening of transmission elements, the transmission licensee regulating power supply shall have no claim for incentive corresponding to the quantum of reduced “availability” of its transmission system for reason of curtailment.

(8) The Load Despatch Centre or the beneficiary other than the defaulting entity shall have a right to ascertain the availability of generating station whose power is being sold to any other person during the period of curtailment.

CHAPTER IV

MISCELLANEOUS

17. **Power to Relax**

The Commission, based on an application by any person and for reasons to be recorded in writing, may relax any of the provisions of these regulations.

(A.K. SACHAN)
SECRETARY