

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 219/ SM/2012

Coram:

Shri V.S. Verma, Member

Shri M. Deena Dayalan, Member

Date of Hearing: 27.11.2012

Date of Order: 08.11.2013

IN THE MATTER OF

Delivery and settlement of day ahead transactions on Power Exchange on 30.7.2012 and 31.7.2012 due to event of grid failure.

And

In the matter of

Indian Energy Exchange, New Delhi
Power Exchange India Limited, Mumbai
Power System Operation Corporation Limited, New Delhi
Northern Regional Power Committee, New Delhi
Western Regional Power Committee, Mumbai
Eastern Regional Power Committee, Kolkata
Southern Regional Power Committee, Bangalore
North Eastern Regional Power Committee, Shillong

....Respondents

Following were present:

Shri V.V.Sharma, NRLDC
Shri S.K.Sonee, POSOCO
Shri V.K.Agarwal, POSOCO
Shri S.R.Narasimhan, NLDC
Shri S.S.Barpanda, NLDC
Miss Joyti Prasad, NRLDC
Shri S.C.Saxena, NLDC
Shri P.Pentayya, WRLDC
Shri B.S.Bairwa, NRPC
Shri Ajay Telgaonkar, NRPC
Shri Amit Kapur, Advocate, Essar
Miss Apoorva Misra, Advocate, Essar
Shri Sriroff, Advocate, Essar
Shri Nav Neeraj, PXIL
Shri Awasti, IEX

Shri Chandra Shekhar Bhat, PXIL
Shri J.Banadopadhyaya, ERPC
Shri V.D.Pande
Shri Ashes, GMR
Shri Amarjit Sigh, Shree Cement

ORDER

The Commission vide its order dated 3.9.2012 has observed as under:

"Day ahead transactions on Power Exchange could not be effected for certain hours due to grid failure on 30.7.2012 at about 2.30 hours. Similarly, after grid failure on 31.7.2012 at about 13 hours, the schedules were revised by NLDC. However, due to the time lag in communicating the revision of schedule by NLDC/RLDC to Power Exchanges and by the Power Exchanges to the market participants, the participants continued to adhere to their older schedules and as a result, the market participants are liable to pay at the rate of UI deviation settlements. The Commission has received certain communications in this regard from the Indian Energy Exchange in which it has been requested to issue detailed guidelines to handle such force majeure situations.

2. We direct the Indian Energy Exchange, Power Exchange of India Limited, Power System Operation Corporation Limited and Regional Power Committees of the concerned Region to explain in detail, on affidavit latest by 24.9.2012 how the financial clearing settlements of the transactions were affected on account of grid disturbance on 30.7.2012 and 31.7.2012 and how physical settlements of affected contracts have been carried out.

3. From the perspective of long-term system improvement to take care of the eventualities in future, the Commission invites suggestions/improvements from POSOCO, CTU/STUs, Power Exchanges and market participants including traders to devise appropriate procedures/guidelines and to make changes in the relevant Regulations, if required. The suggestions/ improvements are invited by 30.9.2012."

2. Replies to the petition have been filed by Indian Energy Exchange (IEX), Power Exchange of India (PXIL), Power System Operations Corporation Limited (POSOCO), Eastern Regional Power Committee (ERPC), Northern Regional Power Committee (NRPC), Southern Regional Power Committee (SRPC), MAHATRANSCO, NHPC Ltd and Essar Electric Power Development Corporation Ltd. (EPPDCL).

3. IEX in its reply dated 25.9.2012 has submitted that as per the directions of NLDC, trading schedules were not changed for market participants on 30.7.2012 as it would have affected the complete balance of settlement across the country. Therefore, deviations from the schedules in areas affected by grid disturbance were treated as UI deviation and settled at the UI rate. IEX has further submitted that on 31.7.2012, schedules were revised to actuals from 1:00 pm onwards in accordance with NLDC's directions. Therefore, money was returned to all the market participants for the transactions beyond 1:00 pm. However, since the Exchange was able to inform the clients by 2:00 pm, the participants continued to draw as per their earlier schedule. Certain participants had to suffer financial loss since the revision was affected retrospectively from 1:00 pm. The grid disturbance did not affect the whole country. However, the schedule revision was applied across the whole country, as a result, some participants had to suffer. Also retrospective revisions of schedule from 1:00 pm lead to certain participants losing money. IEX has suggested that in this particular case, the schedule revision should be from 2:30 pm instead of 1:00 pm. In case the Commission decides so, UI and REA settlement need to be revised.

4. Power Exchange India Limited (PXIL) vide its reply affidavit dated 26.9.2012 has submitted that as per NLDC's direction dated 31.7.2013, all the transactions for delivery date 31.7.2012 were curtailed to zero from 13.00 hrs to 24.00 hrs. The curtailed obligations and schedules were recalculated for all transactions accordingly and same were communicated to all members and clients whose transactions were affected due to grid failure. It has been further submitted that PXIL had to refund charges on the next

day of curtailment date to the affected members. As a result, it faced a temporary funding/ liquidity burden since it received the money from NLDC after 13 days. PXIL has submitted that Power Exchanges should be allowed to adjust the excess amount already paid to NLDC/SLDC from their future payments. PXIL has requested to amend Regulation 9 (3) of Open Access Regulations suitably.

5. NLDC in its reply dated 25.9.2013 has submitted that the various transactions undertaken in the market could be viewed/categorized into three products, namely ISGS, bilateral and collective. It has submitted that for any eventuality like grid failure, the action to be taken for ISGS and bilateral transactions are defined in the relevant regulations. However, clarity is required in case of collective transactions. No revision was carried out for collective transactions on 30.7.2012 as individual source and sink are not identifiable. However, bilateral transactions were revised to actual as defined under relevant regulations. On 31.7.2013, the information regarding the curtailment of the collective transactions was given to both the Power Exchanges telephonically immediately after the disturbance. This is followed by a written message at 13.10 hrs from NLDC to both the Power Exchanges stating that all collective transactions stand curtailed at zero with effect from 1300 hrs till further notice. In continuation of first one, a second message was issued by NLDC at 1845 hrs informing the Power Exchanges that all transactions would remain curtailed till 2400 hrs of 31.7.2012. Further, it was also stated in this message that the collective transactions in the Power Exchanges were not cleared for delivery dated 1.8.2012. It has been also submitted that NLDC has acted in accordance with relevant regulations. It has further submitted that on

31.7.2012, a larger region was affected due to grid failure and schedule for all trades including Power Exchanges were revised, accordingly. NLDC has submitted that if any amendment is carried out by the Commission, the same shall be followed.

6. ERPC in its reply has submitted that at each time block, inter-regional transactions have been treated as UI and have been settled at the frequency of the respective region who has been injecting power. ISGS generation at any time block has been priced at energy rate of the concerned station. ERPC has also submitted that injection of power by any utility like Orissa at any time block has been treated as UI power and has been settled at Eastern region frequency. Injection of power by Sterlite has been treated as UI injection and has been settled as Western region frequency.

7. NRPC in its reply dated 24.9.2012 has submitted that during the grid disturbances on 30.7.2012 and 31.7.2012, the schedule injection for all ISGS was replaced with their actual injection and the drawl schedule of the beneficiaries from these ISGS were modified accordingly.

8. SRPC in its reply dated 20.9.2012 has submitted that as there was no grid disturbance in Southern Region, the UI account for the week was prepared based on normal accounting methodology. However, on 31.7.2012, Talcher STPS Stage-II UI was suspended during the blocks 53 to 96.

9. Maharashtra State Electricity Transmission Co. Ltd. (MAHATRANSCO) vide its affidavit dated 6.11.2012 has submitted that for 30/31.7.2012, the schedules were revised ex-post by RLDCs. Since the schedules were revised post facto, the generators continued to inject into the grid for the entire period. The generators have demanded for commercial settlement as there is no frequency based UI mechanism in Maharashtra. As per Maharashtra ABT Mechanism, the rate payable through the pool for any over injection is the lowest variable cost prevailing in the State during the period in question. MAHATRANSCO has suggested that NLDC/RLDC /SLDC, as the case may be, should revise the schedule in real time once the force majeure is declared and markets are suspended.

10. NHPC Ltd in its reply affidavit dated 29.6.2013 has submitted that UI charges should not be levied during the intervening period i.e. period of start of grid failure and actual implementation of revised schedule.

11. ESSAR Electric Power Development Corporation Ltd. in its reply dated 27.9.2012 has submitted that grid collapse should be considered as force majeure event and all efforts should be made to communicate by all parties about change in schedule. Considering the time delay in passing the information from the time of grid collapse, six-time block period should be provided to the entity to revise its consumption/ generation, to its revised schedule. During six-time block period, all the power drawn or supplied against the revised schedule should be settled at UI rate.

12. During the course of hearing on 27.11.2012, the representatives of IEX, PXIL, NLDC have reiterated their submissions made in their replies.

13. During the hearing learned counsel for the Essar Electric Power Development Corporation Ltd. (EPPDCL) submitted that the settlement of the transactions can be analyzed from three aspects namely, security of the grid, commercial/energy accounting and compensation/ penalties for deviation. After the grid failure, no intimation was received from the RLDC about any change in schedule. The schedules on the website of the RLDC/NLDC continued to remain the same, EPPDCL adhered to these schedules diligently. The revision was done after 22 days in one case and in 2 days in other case. These are all retrospective revisions of the schedule. Learned counsel submitted that it would be grossly unfair and inequitable to say that EPPDCL had deviated from the retrospectively revised schedules and therefore has to pay penalty. The schedules should have been revised just after the grid failure event at that point and this should have been communicated to them. Learned counsel further submitted that since such an event is unforeseen and there is a need for collective application of mind to improve the system, improvement the settlement of past and future transactions should be treated separately. Learned counsel submitted that there is a discrepancy in the 'time' stamps on the revision uploaded on the website of RLDC.

14. The representative of PSPCL submitted that open access consumers of Punjab had purchased power from IEX on 30.7.2012 and 31.7.2012. However, they were unable to utilize the same due to grid failure. Therefore, they should be compensated for the transaction on 30.7.2012, as their schedules were not changed. However, they had to bear the UI penalty for the deviations on actual. The representative of PSPCL requested that the schedule for collective transaction for delivery date should be revised/cancelled during grid failure so as to avoid any ambiguity in payment of UI charges.

15. The representative of the Shree Cement Ltd. submitted that Shree Cement was directed to inject initial start up power into the grid on 31.7.2012 to help restore the grid. However, it has not been paid the black start fee as in case of like that paid to ISGS. He submitted that generators have been paid at UI rate which is much lesser than their cost of generation and Shri Cement has injected power virtually for free. He submitted that Merchant Power Plants (MPP) should also be at par with ISGS for payment of black start power.

16. We have considered the submissions made by and on behalf the respondents. We have also taken note of the submissions of the parties regarding the problems arising out during grid failure on 30.7.2012 and 31.7.2012. The existing provisions of Grid Code provides for the certification of grid disturbance as under:

"6.5.17. In case of any grid disturbance, scheduled generation of all the ISGS and scheduled drawal of all the beneficiaries shall be deemed to have been revised to be

equal to their actual generation/drawal for all the time blocks affected by the grid disturbance. Certification of grid disturbance and its duration shall be done by the RLDC"

17. The delivery and settlement of transactions arising out of the different forms of access during the grid failure on 30.7.2012 and 31.7.2012 shall be settled in accordance with the above provisions of Grid Code.

18. The Petition No. 219/SM/2012 is disposed of with the above.

Sd/-
(M. Deena Dayalan)
Member

sd/-
(V.S. Verma)
Member