

नेयवेली लिग्नाइट कार्पोरेशन लिमिटेड
(भारत सरकार का 'नवरत्न' उद्यम)
पंजीकृत कार्यालय: 'नेयवेली हाउस' 135, पेरियार
ई.वी.आर. हाई रोड, कीलपाक, चेन्नई - 600010, तमिलनाडु
निगमित कार्यालय: निगमित कार्यालय, ब्लॉक - 1,
नेयवेली - 607801, कडलूर जिला, तमिलनाडु



NEYVELI LIGNITE CORPORATION LIMITED
(Navratna' A Govt. of India Enterprise)
Registered Office: "Neyveli House" 135, Periyar
E.V.R. High Road, Kilpauk, Chennai - 600010, Tamil Nadu
Corporate Office: Corporate Office, Block - 1,
Neyveli - 607801, Cuddalore District, Tamil Nadu

CIN: L93090TN1956GOI003507

वाणिज्यिक कार्यालय / Commercial Department

Phone : 04142-253429

FAX : 04142-252646

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email : commercial@nlcindia.com

Lr.No. NLC/ED/Comm/F-1112 /Ancillary services/'15

Date:01.06.2015

To

The Joint Chief (Regulatory Affairs),
Central Electricity Regulatory Commission,
3rd & 4th floor, Chanderlok Building,
36, Janpath Marg,
NEW DELHI - 110 001 .

Sir,

Sub: Draft Central Electricity Regulatory Commission (Ancillary Services Operations)
Regulations, 2015- NLC's comments - Reg.

Ref: Public Notice No. 18/1/2013 – Reg. Aff. (AS Reg.)/CERC Dated: 1st May, 2015

In response to the Public notice cited in ref.(1), inviting comments on the captioned subject, NLC is filing its remarks vide this Affidavit enclosed.

The above may please be taken on record.

Thanking you,

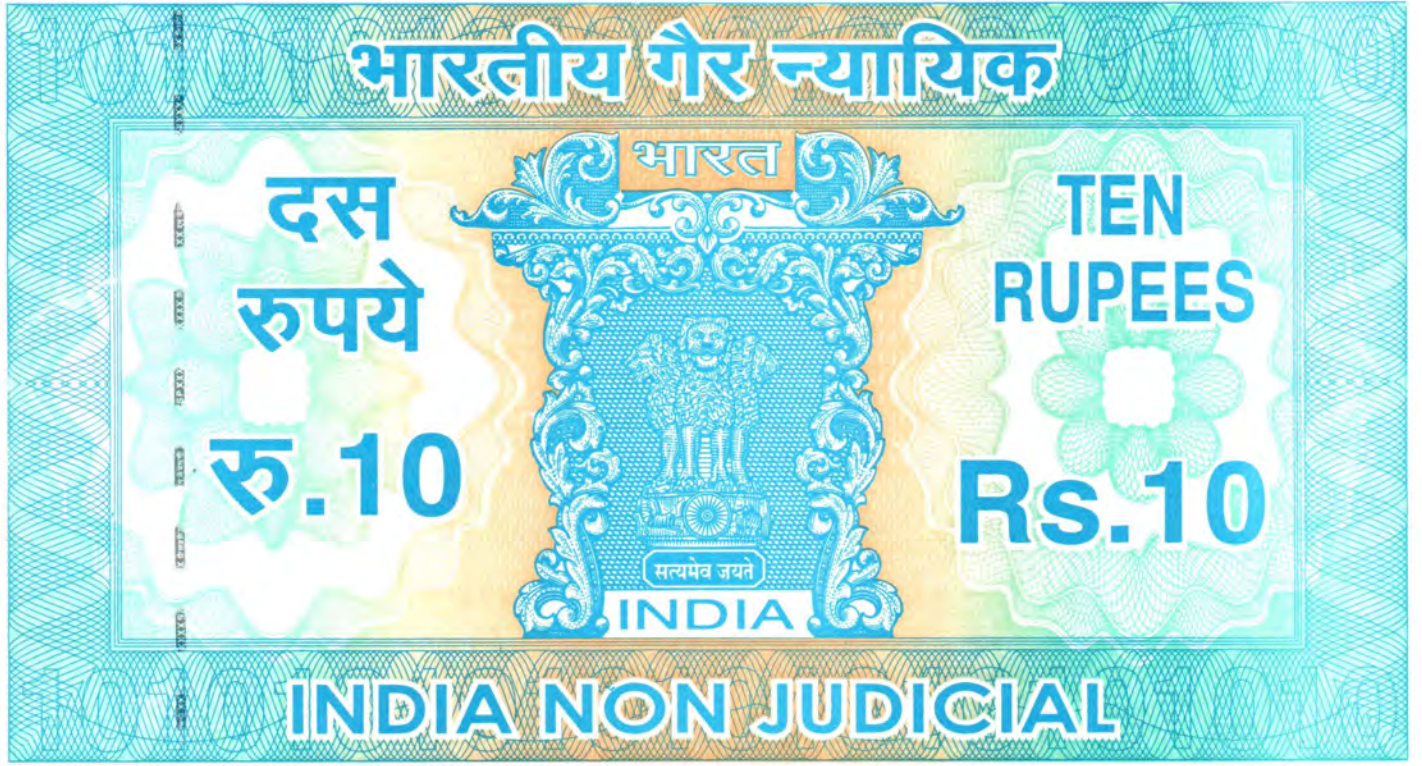
Yours faithfully,
for Neyveli Lignite Corporation Ltd.


Executive Director / Commercial

Encl : As above

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தமிழ்நாடு தமில்நாடு TAMIL NADU

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N.L.C. Ltd. Neyveli.

S. S. S. S. S.
S. சிவசுந்தரம்
R.C. No.9581/BI/10-4
சிவசுந்தரம் ஸ்டேட், T.E. கட்டிட
பெண்-9, நெய்வேலி-1



FORM 2

BEFORE THE CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI

IN THE MATTER OF:

Draft Central Electricity Regulatory Commission (Ancillary Services Operations) Regulations, 2015- Comments of NLC

Neyveli Lignite Corporation Limited, Neyveli House
135, EVR Periyar Road,
Kilpauk, Chennai-600 010.

----- RESPONDENT

-3-

Affidavit verifying the Petition:

I, **R.Mohan** son of Shri. C.S. Rajagopalan, aged 57 years, residing at F17, R P Salai, BLOCK-27, NEYVELI-607 803, do solemnly affirm and say as follows:

I am the Executive Director / Commercial of the Neyveli Lignite Corporation Ltd., the Respondent in the above matter and am duly authorized by the said Respondent to make this affidavit.

- *Hon'ble Commission has published draft Central Electricity Regulatory Commission (Ancillary Services Operations) Regulations, 2015.*
- *The Hon'ble Commission through a Public Notice dt:01.05.2015 has requested for comments / suggestions / objections of the stakeholders on the same or before 01.06.2015 for which NLC is submitting its views vide this affidavit .*

The statements made in FORM 1 enclosed, containing a total number of 5 pages of the reply herein now shown to me are true to my knowledge and based on information and I believe them to be true.

Solemnly affirm at NEYVELI on this day of 01.06.2015 that the contents of the above affidavit are true to my knowledge, no part of it is false and no material has been concealed there from.

R.Mohan

Executive Director / Commercial/ NLC LTD.

Identified before me by

Wmmy 1/6/15
C.KRISHNA MOORTHY, M.A., B.L.
ADVOCATE & NOTARY PUBLIC
ROLL No. 631/80
Block - 2, Neyveli - 607 801.
Cuddalore & VDM District



BEFORE THE CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI

IN THE MATTER OF:

Draft Central Electricity Regulatory Commission (Ancillary Services Operations) Regulations, 2015– Comments of NLC

Neyveli Lignite Corporation Limited, Neyveli House,
135, EVR Periyar Road,
Kilpauk, Chennai-600 010.

----- **RESPONDENT**

THE RESPONDENT HUMBLY STATES THAT:

1.0 BACKGROUND:

- In exercise of powers conferred under Section 178 of the Electricity Act, 2003 (the Act), the Commission has published Draft Central Electricity Regulatory Commission (Ancillary Services Operations) Regulations, 2015.
- Reserves Regulation Ancillary Services Provider (RRAS) in the said Regulations is defined as the Inter-State Generating Stations (ISGSs) having un-requisitioned surplus and eligible to participate in the Reserves Regulation Ancillary Services.
- Accordingly all the Inter-State Generating Stations whose tariff is determined or adopted by the Commission and are operating on part load and have not received full requisition becomes eligible to participate in the Reserves Regulation Ancillary Services Market.
- These regulations are applicable to RRAS and Regional Entities involved in the transactions facilitated through short-term open access or medium-term open access or long-term access in inter-State transmission of electricity.
- The objective of proposed RRAS is to restore the frequency level at desired level and to relieve the congestion in the transmission network.
- The Hon'ble Commission vide Public Notice dt:01.05.2015 invited comments/ suggestions/ objections on the draft regulation to be sent to the Joint Chief (Regulatory Affairs) latest by 1st June, 2015.
- NLC vide this affidavit is submitting its remarks on the subject Draft Regulation "Draft Central Electricity Regulatory Commission (Ancillary Services Operations) Regulations, 2015.



2.0 The comments for the “Draft Central Electricity Regulatory Commission (Ancillary Services Operations) Regulations, 2015”

- The following comments are offered with regard to the proposed Draft Central Electricity Regulatory Commission (Ancillary Services Operations) Regulations, 2015 issued by CERC.

2.1 Regulation 5 - Eligibility for participation for Reserves Regulation Ancillary Services:

5.1. All Inter-State Generating Stations whose tariff is determined or adopted by the Commission and are operating on part load and which have not received full requisition shall be eligible to participate for providing the Reserves Regulation Ancillary Services.

NLC’s remarks:

- The total installed capacity of Southern Region as on 31/01/2015 is 61,637MW (Source CEA website). Out of this, the installed capacity of ISGS is 13,570MW including capacity of 2,320 MW of Nuclear Power Stations which are operated as base load stations. Hence, Only 11,250MW capacity of ISGS may be available for participating in Reserves Regulation Ancillary Services.
- The Reserves Regulation Ancillary Services may be more effective with the participation of all State Generators also and as a first step intra state ABT has to be introduced at the state level.

2.2 Regulation 6 - Role of Nodal Agency

6.1 Nodal Agency shall prepare merit order stack of un-requisitioned surplus capacities of Inter-State Generating Stations willing to participate in this mechanism based on the variable cost of generation, Declared Capacity and take despatch decision.

.....

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NLC’s remarks:

- CERC in its order dt:11.01.2010 in Petn.134/2009 of NTPC has directed that all the generating stations, governed by the Tariff Regulations of the Commission be allowed to change schedule for the un-requisitioned quantum of power from one beneficiary(s) to another beneficiary(s) of the same power station on the requisition by these beneficiaries through the provision provided in the IEGC.



- Against this order it may be clarified whether the URS considered for stacking for ancillary services would be the net available URS after scheduling to another beneficiary of the same station or the total URS.

2.3 Regulation 7 - Role of Reserves Regulation Ancillary Services Provider:

7.1. *The Reserves Regulation Ancillary Services Provider shall on monthly basis submit details of fixed charge, variable charge and any other statutory charges as per the CERC Regulations, to the Regional Power Committees.*

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NLC's remarks

- Whenever petition for Tariff finalization is filed and awaiting orders of the Commission, Inter-State Generating Stations will be billing the Beneficiaries at the Provisional Tariff rates. During such occasions, provisional fixed charge, variable charge and any other statutory charges applicable will be communicated to Regional Power Committee.
- On receipt of final tariff order of the Commission, Energy Accounting for Reserves Regulation Ancillary Services done by the Regional Power Committee and Ancillary Services statement issued by them may be revised and payments shall be settled accordingly.
- Any changes/ revisions in the fixed / variable charges on account of statutory levies, outcome of litigations, arbitration etc. to be retrospectively adjusted and settled with interest from pool account.

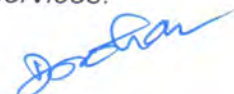
2.4 Regulation 9. Dispatch of Reserves Regulation Ancillary Services

9.3. *The **schedules** of the Reserves Regulation Ancillary Services Providers shall be considered as revised by the quantum scheduled by the Nodal Agency under Reserves Regulation Ancillary Services.*

NLC's remarks

- The above statement may be revised as mentioned below for clarity.
- i. In line with the terminology used in ABT parlance, the word **"schedule"** in Regulation 9.3 may be substituted with **"despatch schedule"** and the clause may read as:

*"The **despatch schedules** of the Reserves Regulation Ancillary Services Providers shall be considered as revised by the quantum scheduled by the Nodal Agency under Reserves Regulation Ancillary Services."*



- ii. DSM for over injection / under injection for **revised schedules** of the Reserves Regulation Ancillary Services Providers to be restricted to the cap rate applicable for lignite / coal fired power station and any additional charges specified under DSM are not to be made applicable.

2.5 Regulation 10. Withdrawal of Reserves Regulation Ancillary Services

10.1. *The Nodal Agency, having been satisfied that the circumstances leading to triggering of Reserves Regulation Ancillary Services no longer exist, shall direct the Reserves Regulation Ancillary Services Provider to withdraw from the time block specified in detailed procedure.*

NLC's remarks

- There may be a mismatch between the quantum instructed by the nodal agency under Dispatch of Reserves Regulation Ancillary Services “ and that under Withdrawal of Reserves Regulation Ancillary Services “, in which case it will be partial withdrawal.
- As stated for dispatch injection, in the case of total / partial withdrawal also, it may be specifically mentioned that deviation under DSM will become applicable from the revised schedule”.
- Also the DSM for deviations with respect to revised schedules be restricted to the cap rate with no additional charges specified under DSM .

2.6 Regulation 6. Role of Nodal Agency

6.2. *Nodal agency shall prepare stack of un-requisitioned surplus capacities available of Inter-State Generating Stations from lower **variable cost** to **higher generation cost** in each time block.*

Regulation 13. Reserves Regulation Ancillary Services Settlement

13.3. *The Reserves Regulation Ancillary Services provider shall be paid at their fixed and variable charges, with markup as decided by the Commission through a separate order from time to time in case of Regulation Up services for the quantum of Reserves Regulation Ancillary Services scheduled from the Regional Deviation Pool Account Fund.*

13.6. *The Reserves Regulation Ancillary Services provider shall adjust the fixed charges to the original beneficiaries in proportion to the quantum scheduled from generating station.*

13.7. *The Reserves Regulation Ancillary Services provider shall pay variable charges to Regional Deviation Pool Account Fund in case of Regulation Down services for the quantum of Reserves Regulation Ancillary Services scheduled.*

NLC's remarks:

- It is only appropriate that merit order ranking is based only on variable Cost (Energy Cost) and hence "higher generation cost" under Cl.6.2 may be corrected to read as "higher Variable cost".
- In case of Regulation Up services, both fixed and variable charges will be received and during Regulation down services variable charges will be paid to Pool Account. Although it appears that the interest of generators is protected by this, this clause has to be viewed in conjunction with the Regional Transmission Charges Regulation. The Beneficiaries are making Transmission Charges payment pertaining to Generators (Injection Charges) in proportion to their allocation. Under the above circumstances, including fixed charges in Ancillary Services scheme may complicate payment of Regional Transmission Charges. Therefore, in both the cases (Regulation Up and Regulation Down Services), only variable charges may be accounted for economic operation of the scheme.
- The temporary reallocation of unrequisitioned power quantity among original Beneficiaries by RLDC as per CERC order shall also be continued along with this regulation.

2.7 Regulation 14. Detailed Procedure

14.1. The Nodal Agency shall after obtaining prior approval of the Commission, issue the detailed procedure to operationalise Ancillary Services including scheduling and dispatch, at inter-State level and on any residual matter.

- The Nodal Agency before obtaining prior approval of detailed procedure to put into operation the Ancillary Services including scheduling and dispatch of the Commission, shall publish as draft operating procedure and obtain views and comments of all participants and incorporate the same before submitting to Commission.


RESPONDENT