



ADHUNIK POWER & NATURAL RESOURCES LTD.

(Formerly Adhunik Thermal Energy Limited)

Office : 9B, 9th Floor, Hansalaya Building, 15, Barakhamba Road, New Delhi-110001

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APNRL/PT/CERC/2018-19/983

31st July, 2018

To,
The Secretary,
Central Electricity Regulatory Commission,
3 rd & 4 th Floor,
Chanderlok Building,
36, Janpath, New Delhi- 110001

Subject: Comments on 4th Amendment (draft) of DSM - 2018 - reg

Dear Sir,

We, Adhunik Power & Natural Resources Limited (APNRL) are an Independent Power Producer having 2x270MW Conventional Coal Based units at Padampur and Srirampur in Seraikela-Kharsawan district in the State of Jharkhand. Comments of APNRL on the captioned subject are appended as follows for further necessary consideration by the Hon'ble Commission.

1. It is felt that charges for deviation corresponding to grid frequency interval should be continued as per present mode instead of determining the same on Daily Average Clearing Price discovered in Day Ahead Market (DAM) segment of Power Exchange as per Draft Regulation 3.3 (b) for the reason stated herein under : -
 - a) With limited participants, especially on the Buy side with top 10 buyers holding more than 70% market share, DAM is not a representation of the entire National Supply/Demand Scenario on day-ahead basis, but Frequency is a representation of Demand-Supply for the entire Nation.
 - b) From 2012, where by DAM attained reasonable liquidity, DAM Prices and DAM Price movements are correlated on a monthly basis. Such Price Correlation between Monthly DSM Prices and DAM Prices is not visible for Daily or Hourly basis, which signals that both have different variables at play on day-to-day and intra-day movements. Linking different market prices which have different influencing parameters is a detrimental market design.
 - c) It is also apparent that DAM represent only a fraction (~ 3-4%) of the Indian Power Market, therefore assumption that average DAM prices represent the power market prices would not be valid.



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Works: Padampur, Seraikela, Kharswan, Jharkhand

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2. Imposition of Additional Charges of 20% of the Daily Base DSM payable/receivable by a Generating Company in the event of its deviation more than 1% in a day is too harsh a measure for Generating Companies particularly IPPs' since there are many IPPs' who have not sufficient Long Term PPA and therefore trade substantial amount of power through Bilateral Short Term and/or Power Exchanges. In such case, in case of Outage of any Unit or substantial loss of availability, it is not possible to reschedule the power already offered to Exchange as may be required to keep the deviation as minimum as possible. There might be many occasion when despite of best efforts, deviation cannot be maintained within the stipulated 1% due to technical problem, shortage of fuel, etc. It is therefore suggested that additional surcharge of 20% as stated in the new provision 4.4 should be deleted.
3. The object of changing direction of the deviation after every 6 time blocks lacks clarity since it is not clear whether direction of deviation has to be changed for every six time blocks requiring doing 16 times in a day. It is stated in the new Clause 10 of regulation 7 that violation of above shall attract an additional surcharge of 20%. Therefore, maximum amount of Additional Surcharge in a day on this account could be as high as 320%. It is therefore suggested to look into the matter and work out a just and rational method.
4. It appears that with new mode of calculation, there will be mismatch in Gross Receivables and Gross Payables in Pool's Account which needs revisit.

Thanking you,

Yours faithfully,

For **Adhunik Power and Natural Resources Ltd.,**


Arun K Palit
(President- Commercial)

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