



DAMODAR VALLEY CORPORATION
COMMERCIAL DEPARTMENT
DVC TOWERS : V I P ROAD
KOLKATA- 700 054



Ref.No. Coml/CERC/ 2715

Date : 31.07.2018.

To
The Secretary,
Central Electricity Regulatory Commission
3rd and 4th Floor, Chanderlok Building
36, Janpath, New Delhi – 110 001

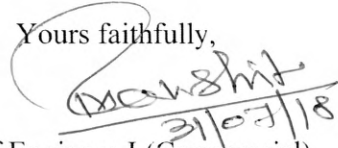
Sub : Comments/Suggestions on Draft CERC (Deviation Settlement Mechanism and related matters)
(Fourth Amendment) Regulations,2018.

Ref: Public Notice vide no. L-1/132/2013-CERC dated 29.06.2018

Dear Sir,

In reference to the Public Notice dated 29.06.2018 on the subject matter, the comments of DVC regarding the proposed draft Fourth amendment of CERC (Deviation settlement mechanism and related matters) Regulation 2018 is prepared and enclosed herewith as Annexure A.

Yours faithfully,


Chief Engineer-I (Commercial)
DVC, Kolkata

Encl: As stated above

Copy to:

1. The Director (OM), MOP, GOI, Shram Shakti Bhawan, Rafi Marg, New Delhi-110001
2. The member (PS), CEA, Sewa Bhawan, RK Puram, New Delhi-100066
3. The Member (GO & D), Sewa Bhawan, RK Puram, New Delhi-100066
4. The Member Secretary, ERPC, 14, Golf Club Road, Kolkata-700033

1. Amendment to Regulation 2 of the Principal Regulations:

Proposed by CERC:

2.1 The following sub-clause shall be added after sub-clause (c) of clause (1) of Regulation 2 of the Principal Regulations:

“(ca) “Area Clearing Price (ACP)” means the price of 15-minute time block electricity contract established on the Exchange arrived at after considering all valid purchase and sale bids in particular area(s) determined after market splitting, i.e. dividing the market across constrained transmission corridor(s).”

2.2 The following sub-clause shall be added after sub-clause (g) of clause (1) of Regulation 2 of the Principal Regulations:

“(ga) “Day Ahead Market (DAM)” means a market where physical delivery of electricity occurs on the next day (T+1) of the date of transaction (T) and is governed by the Central Electricity Regulatory Commission (Power Market) Regulations, 2010 (as amended from time to time), Rules, Bye-Laws as approved by the Commission.”

Comment by DVC:

No Comments.

2. Amendment of Regulation 5 (Charges for Deviations) of the Principal Regulations:

Proposed by CERC:

3.1 The table along with the note in parenthesis below the table in clause (1) of Regulation 5 of the Principal Regulations shall be substituted by the following;

Average Frequency of the time block (Hz)		Charges for Deviation (Paise/kWh)
Below	Not Below	
	50.05	0.0
50.05	50.04	Slope determined by joining the price at Not Below 50.05 Hz and identified price at 50.00 Hz, and as detailed in the note below this Regulation
50.04	50.03	
50.03	50.02	
50.02	50.01	
50.01	50.00	Daily average Area Clearing Price discovered in the Day Ahead Market segment of power exchange
50.00	49.99	Slope determined by joining the price identified at 50.00 Hz and price at below 49.85 Hz, and as detailed in the note below this Regulation
49.99	49.98	
49.98	49.97	
49.97	49.96	
49.96	49.95	
49.95	49.94	
49.94	49.93	
49.93	49.92	
49.92	49.91	
49.91	49.90	
49.90	49.89	
49.89	49.88	
49.88	49.87	
49.87	49.86	
49.86	49.85	800.00

Comment by DVC:

Proposal 1: The lower limit of frequency should be 49.7 and corresponding rate at below 49.7 Hz will be 824.00 Paisa/KWH. The dynamic slope will be as proposed based on area clearing price and proposed changes.

Proposal 2: If the lower limit of frequency will be 49.85, then make the rate 511.44 Paisa/KWH at below 49.85 Hz. The dynamic slope will be as proposed based on area clearing price and proposed changes.

3. Amendment of Regulation 7 (Limits on Deviation volume and consequences of crossing limits) of the Principal Regulation:

Proposed by CERC:

As per clause no 4.1 to 4.3 & 4.5 to 4.18 of Draft Amendment, the upper limit of frequency will be 50.05 instead of 50.1 and lower limit of frequency will be 49.85 instead of 49.7. The frequency dependent rate between 49.7 Hz. to 50.05 Hz. will be calculated based on frequency band 49.85 Hz to 50.05 Hz.

Comment by DVC:

The lower limit may not be changed to 49.85 Hz.

Proposed:

4.4 After the existing proviso to clause (1) of Regulation 7 of the Principal Regulations, a new proviso shall be added as under:

Provided also that the total deviation from schedule in energy terms during a day shall not be in excess of 3% of the total schedule for the drawee entities and 1% for the generators and additional charge of 20% of the daily base DSM payable / receivable shall be applicable in case of said violation."

Comment by DVC:

It is proposed to make the total deviation from schedule in a day shall not exceed the **3% instead of 1%** for the generators and the additional Deviation charges based on daily DSM payable/receivable shall be graded instead of 20% or it should be done on actual volume deviation over and above 3% deviation.

The method proposed by CERC, where everyone will be penalised in a same manner by imposing 20% of Based DSM Charge for drawing over

and above 1% for generators and 3% for drawee entity. The DVC Proposal is given below.

Proposal 1:

Total Deviation in Daily Basis (For Generators and Drawee Entity)	Additional Deviation Charge in Percentage on daily base DSM Payable/Receivable
0 to 3%	0%
Above 3% and up to 5%	5%
Above 5% and up to 10%	15%
Above 10% up to 15%	25%
Above 15%	30%

Proposal 2:

Additional Deviation Charge for daily deviation will be applicable on actual daily deviation over and above 3% for both drawee entity and generator.

Additional Deviation charge for daily deviation:

$(\text{Actual Daily Deviation} - \text{Allowable } 3\% \text{ deviation})\% \times \text{Daily base deviation charge}$

Proposed by CERC:

4.19 Clause (10) of Regulation 7 of the Principal Regulations shall be substituted as under:

“In the event of sustained deviation from schedule in one direction (positive or negative) by any regional entity, such regional entity (buyer or seller) shall have to make sign of their deviation from schedule changed, at least once, after every 6 time blocks. To illustrate, if a regional entity has positive deviation from schedule from 07.30 hrs to 09.00 hrs, sign of its deviation from schedule shall be changed in the 7th time block i.e. 09.00 hrs to 09.15 hrs from positive to negative or negative to positive as the case may be.

Provided that violation of the requirement under this clause shall attract an additional surcharge of 20% on the daily base DSM payable / receivable as the case may be.”

Comment by DVC:

The penal charges of 20% on daily base DSM charges will be same for both the entities who have violated the sign change one time or more than one time or varies with number of violation regarding sign change.

If the penal charges varies with number of violation, the counting procedure for violation of sign change should be mentioned.

If not, the penalty will not be proper, because for violation of sign change in one time, any entity have to pay additional 20% of its Daily base deviation charges. After that any entity will not change the direction of drawal or injection.

Proposal 1:

CERC may fix the number of change of sign in a day and violation of that will attract additional deviation charge in following manner.

No of violation of sign change	Additional Deviation Charge (%)
1	2%
2-5	10%
6-10	20%
10-16	30%

Proposal 2:

Additional Deviation Charge will be charged on the basis of number of violation of sign charge multiplied with 5% of daily based deviation charge.

Proposal for Amendment of Regulation in respect of 3rd Amendment w.e.f. dated 30.05.2018 for those beneficiaries where schedule is less than or equal to 400MW.

Proposal:

Schedule Description	For Under Drawal/Over Injection	For Over Drawal/Under Injection
Schedule less than or equal to 100MW	The charges for the deviation for the under-drawal / over injection in excess of 12 MW shali be zero.	When the schedule is less than or equal to 100 MW, the additional charges for deviation shall be based on percentage of deviation worked out with reference to schedule of 100 MW as per Table-I and Table-II of Principle Regulation
Schedule greater than 100 and less than or equal to 200MW	The charges for the deviation for the under-drawal / over injection	When the schedule is greater than 100MW and less than or equal to 200 MW, the additional charges for deviation shall be

	in excess of 24 MW shall be zero.	based on percentage of deviation worked out with reference to schedule of 200 MW as per Table-I and Table-II of Principle Regulation
Schedule greater than 200 and less than or equal to 300MW	The charges for the deviation for the under-drawal / over injection in excess of 36 MW shall be zero.	When the schedule is greater than 200MW and less than or equal to 300 MW, the additional charges for deviation shall be based on percentage of deviation worked out with reference to schedule of 300 MW as per Table-I and Table-II of Principle Regulation
Schedule greater than 300 and less than or equal to 400MW	The charges for the deviation for the under-drawal / over injection in excess of 48 MW shall be zero.	When the schedule is greater than 300MW and less than or equal to 400 MW, the additional charges for deviation shall be based on percentage of deviation worked out with reference to schedule of 400 MW as per Table-I and Table-II of Principle Regulation