



**PRAGATI POWER CORPORATION LIMITED**  
**(An Undertaking of Govt. of NCT of Delhi)**  
Corporate Identity Number (CIN) – U74899dl2001SGC109135  
**(Regd. Off: “Himàdri”, Rajghat Power House Complex, New Delhi-110002)**

No. Comml./CERC/F.6/ 58

Dated: 31.07.2018

The Secretary

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

**Subject:- Comments of Pragati Power Corporation Ltd, Bawana on Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) (Fourth Amendment) Regulations, 2018.**

Sir,

This is in reference to above. In this regard, it is to intimate that linking of DSM charges with ACP will result in more drawl of power through DSM, avoiding arrangement by utilities for short term needs, hence, more grid in discipline as power will be available at the rate equal to exchange price without making any advance payment. Therefore, in order to discourage drawing power through DSM, the DSM rate should be always higher than exchange rate ACP. Moreover, if the present proposed amendment is affected it will always be favourable to buyer and adversely affect to the sellers. Accordingly, comments / suggestions of PPCL-III, Bawana on draft DSM regulations, 2018 have been furnished as under:-

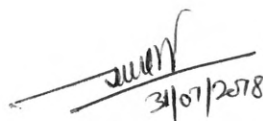
S. No.	Proposed DSM Amendment	Comments of PPCL
1.	<p><b>2. Amendment to Regulation 2 of the Principal Regulations:</b></p> <p>2.1 The following sub-clause shall be added after sub-clause (c) of clause (1) of Regulation 2 of the Principal Regulations:</p> <p>“(ca) “Area Clearing Price (ACP)” means the 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).”</p>	<p>In case when market determined price or ACP is lesser than ECR (Energy Charge Rate) of the station i.e Actual fuel cost for per unit generation, if additional generation is required for grid security purpose, the injection of additional power by generator will result in loss (difference of ECR and ACP), therefore, in such conditions, generators will get penalized while trying to save the grid by injecting more power. This is contradictory to provisions of grid code which ensures penalizing the disciplined Seller or Generator and rewarding the Seller or Generator helping to stabilize the grid. Therefore slope between 50.00 and 49.85 should have minimum gradient to ensure that disciplined seller or generator are not penalized while helping to stabilize the grid. It is also important to mention that ACP price is pre-determined market clearing price, the same is decided without linking it to frequency. Therefore</p>

fixing of DSM rate for frequency range 50.00 to 50.01 should not be based upon ACP of the exchange.

3. Amendment of Regulation 5 (Charges for Deviations) of the Principal Regulations: 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	Daily average Area Clearing Price discovered in the Day Ahead Market segment of power exchange
50.01	50.00	
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	800.00
49.89	49.88	
49.88	49.87	
49.87	49.86	
49.86	49.85	
49.85		

This will result in different treatment in DSM for same conditions of the grid with varying ACP. Further there will be seasonal variation and variation due to changing weather conditions which may result in higher or lower ACP. Accordingly reward or penalty in DSM will be different; which is against the principle of natural justice. Moreover, The market determines price for only small amount of power (Day Ahead Market Share as compared to total volume of energy flow. Therefore deciding DSM rate based upon only small percent of energy sale is not justifiable. As outcomes from the smaller percentage of such sample size will give erratic result when applied in real basis for real time power transaction.

  
31/07/2018

(Jagdish Kumar)  
Director (Tech).