



31 July 2018

To,

Shri Sanjoy Kumar Jha  
Secretary  
Central Electricity Regulatory Commission  
3rd & 4th Floor, Chanderlok Building,  
36, Janpath, New Delhi- 110001

**Subject: Comment on Draft Central Electricity Regulatory Commission ( Deviation Settlement mechanism and related matters) (4<sup>th</sup> Amendment) Regulations 2018**

Respected Sir,

You had come out with the 4<sup>th</sup> Amendment to draft CERC ( Deviation settlement mechanism and related matters) Regulation vide your letter dated 29<sup>th</sup> June 2018 with a request to provide comments by 31<sup>st</sup> July 2018.

We have perused the amendment and our comments on the same is attached as **Annexure-I** to this letter. We request you to please take the same on record and consider these comments before finalizing the draft amendment.

Thanks &amp; Regards,

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Authorised Signatory

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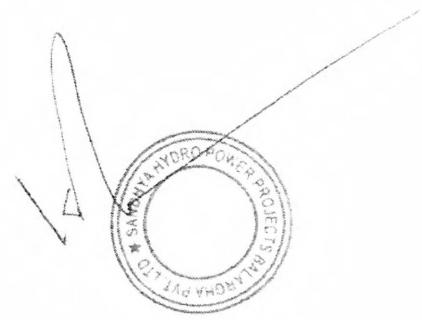
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**Annexure-I: Comments on 4<sup>th</sup> Amendment to CERC (DSM Regulations and related matter) Regulation**

Sr No	Proposed Draft	Previous Provision	Remark
1	<p>4.4 After the existing proviso to clause (1) of Regulation 7 of the Principal Regulations, a new proviso shall be added as under:</p> <p><i>"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."</i></p>		<p>It is requested to Hon'ble Commission that such overall cap of 1% for a small hydro generator shouldn't be imposed. It goes without saying that such run of the river generator acts as a backup for grid stability and backing them down with such overall deviation cap of 1% is not in interest of the grid management considering the fact that river water gone is opportunity gone. If average frequency permits for allowing the small hydro plant to deviate more than 1% then it should be allowed to do so.</p>



Sr No	Proposed Draft	Previous Provision	Remark
2	<p>4.19 Clause (10) of Regulation 7 of the Principal Regulations shall be substituted as under:</p> <p><i>"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 7<sup>th</sup> time block i.e. 09:00 hrs to 09:15 hrs from positive to negative or negative to positive as the case may be.</i></p> <p><i>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."</i></p>	<p>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 12 time blocks.</p>	<p>It is requested Commission to clarify whether the same would be applicable on a generator connected to either STU Distribution System? As per our view it is not a regional entity. However the Distribution Company of the State which is a regional entity may impose on such small hydro generator on back to back basis.</p> <p>If at all it is applicable, then For small Hydro connected to either STU or Distribution system, Hon'ble Commission is requested if the pervious regulation proviso is kept as it is without imposing the sign change within 6 time blocks. As generator doesn't have any control on the water in case of run of the river small hydro so long as the frequency permits the deviation to be allowed.</p> <p>Or such Small Hydro project &lt;25MW should be kept out of this provision considering that its a renewable source of energy at par with Wind and Solar.</p>

