

**Central Electricity Regulatory Commission
New Delhi**

Dated 29 June, 2018

DRAFT AMENDMENT

No. L-1/132/2013-CERC – In exercise of powers conferred by Section 178 of the Electricity Act, 2003 and all other powers enabling it in this behalf and after previous publication, the Central Electricity Regulatory Commission, hereby makes the following regulations, to amend the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) Regulations, 2014 (hereinafter referred to as the "Principal Regulations") namely:-

1. Short Title and Comments

- 1.1 These regulations may be called the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) (Fourth Amendment) Regulations, 2018.
- 1.2 These regulations shall come into force with effect from 01.09.2018 or on such date as the Commission may notify.

2. Amendment to Regulation 2 of the Principal Regulations:

- 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.”

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	
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	
49.85		800.00

Note:-

- i. *The Deviation Settlement Mechanism (DSM) rate vector will have a dynamic slope determined by joining the identified price points at 50 Hz. (daily average ACP), frequency of 49.85 Hz (Rs. 8 per unit) and 50.05 Hz (zero) on a daily basis.*
- ii. *The maximum ceiling limit applicable for average Daily ACP discovered in the DAM segment of Power Exchange at 50.00 Hz shall be 800 Paise/kWh.*
- iii. *Charges for deviation for each 0.01 Hz step shall be equivalent to the Slope determined by joining the price at 'Not below 50.05 Hz' and 'identified price at 50.00 Hz' in the frequency range of 50.05-50.00 Hz, and to the Slope determined by joining the 'price identified at 50.00 Hz' and price at 'below 49.85 Hz' in frequency range 'below 50 Hz' to 'below 49.85 Hz'.*
- iv. *The Day-ahead market price of the Power Exchange having a market share of 80% or more in energy terms on a daily basis shall be taken into consideration for linking to the DSM price vector. If there is no single Power Exchange having a market share 80% or more, the weighted average day-ahead price shall be used for linking to the DSM price.*
- v. *Daily average Area Clearing Prices (ACP) in the day-ahead market shall be used as the basis for market linked DSM price at 50 Hz.*
- vi. *Deviation price shall be rounded off to nearest two decimal places.”*

3.2 In sub-clause (i) of Proviso to clause (1) of Regulation 5 of the Principal Regulations the words “Cap Rate of Rs. 303.04 Paise/kWh as per the

methodology” shall be substituted by the words *“Cap Rate as per the methodology”*.

- 3.3 The sub-clause (b) of clause (2) of Regulations 5 of the Principal Regulations shall be substituted by the following:

“(b) The Charge for Deviation corresponding to grid frequency interval of 'below 50.01 Hz and not below 50.0 Hz' shall be daily average Area Clearing Price discovered in the Day-Ahead Market (DAM) segment of Power Exchange. The day-ahead market price of the Power Exchange having a market share of 80% or more in energy terms on a daily basis shall be used for linking to the DSM price. If there is no single Power Exchange having a market share of 80% or more, the weighted average day-ahead price shall be considered”.

- 3.4 In sub-clause (c) of clause (2) of Regulation 5 of the Principal Regulations, the words “below 49.70 Hz” shall be substituted by the words “below 49.85 Hz”.

- 3.5 The sub-clause (d) of clause (2) of Regulation 5 of the Principal Regulations shall be substituted by the following;

“(d) The Charge for Deviation at grid frequency 'below 49.85 Hz' shall be 800 Paise/KWh.”

- 3.6 In clause (3) of Regulation 5 of the Principal Regulations, the words “shall be the value coinciding with the energy charges on imported coal on Deviation Price Vector” shall be substituted by the words *“shall be equal to its energy charges as billed for the previous month”*.

- 3.7 The clause (4) of Regulation 5 of the Principal Regulations shall be substituted by the following:

“(4) The charges for deviation linked to Day Ahead Market prices shall be reviewed by the Commission after six months from the date of notification of these amendments.”

3.8 In clause (5) of Regulation 5 of the Principal Regulations, the words “RLNG ₹8.24 / kWh sent out” shall be substituted by “RLNG ₹ 8.00 / kWh sent out”.

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

4.1 In clause (1) of Regulation 7 of the Principal Regulations, the words “49.70 Hz and above and below 50.10 Hz” shall be substituted by the words “49.85 Hz and above and below 50.05 Hz”.

4.2 In first proviso to clause (1) of Regulation 7 of the Principal Regulations, the words “49.70 Hz and above and below 50.10 Hz” shall be substituted by the words “49.85 Hz and above and below 50.05 Hz”.

4.3 In second proviso to clause (1) of Regulation 7 of the Principal Regulations, the words “below 49.70 Hz” shall be substituted by the words “below 49.85 Hz” and the words “50.10 Hz and above” shall be substituted by the words “50.05 Hz and above”.

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.”

4.5 In clause (2) of Regulation 7 of the Principal Regulations, the words “49.70 Hz or above and below 50.10 Hz” shall be substituted by the words “49.85 Hz or above and below 50.05 Hz”.

4.6 In Proviso (i) to sub-clause (b) to clause (2) of Regulation 7 of the Principal Regulations, the words “49.70 Hz or above and below 50.10 Hz” shall be substituted by the words “49.85 Hz or above and below 50.05 Hz”.

- 4.7 In Proviso (iii) to sub-clause (b) to clause (2) of Regulation 7 of the Principal Regulations, the words “below 49.70 Hz” shall be substituted by the words “*below 49.85 Hz*” and the words “50.10 Hz and above” shall be substituted by the words “*50.05 Hz and above*”.
- 4.8 In Proviso (v) to sub-clause (b) to clause (2) of Regulation 7 of the Principal Regulations, the words “49.70 Hz and above” shall be substituted by the words “*49.85 Hz and above*”.
- 4.9 In clause (3) of Regulation 7 of the Principal Regulations, the words “49.70 Hz and above” shall be substituted by the words “*49.85 Hz and above*”.
- 4.10 In Proviso (i) to clause (3) of Regulation 7 of the Principal Regulations, the words “49.70 Hz and above” shall be substituted by the words “*49.85 Hz and above*”.
- 4.11 In Table-II in clause (3) of Regulation 7 of the Principal Regulations, the words “Cap Rate for Deviation of 303.04 Paise / kWh” wherever they are appearing, shall be substituted by the words “*Cap Rate being equivalent to the energy charges as billed for the previous month*”.
- 4.12 In clause (4) of Regulation 7 of the Principal Regulations, the words “50.10 Hz and above” shall be substituted by the words “*50.05 Hz and above*”.
- 4.13 In clause (6) of Regulation 7 of the Principal Regulations, the words “below 49.70 Hz in accordance with the methodology specified in clause (8) of this regulation and the same shall be equivalent to 100% of the Charge for Deviation of 824.04 Paise / kWh corresponding to the grid frequency of ‘below 49.70 Hz’ ” shall be substituted by the words “*below 49.85 Hz in accordance with the methodology specified in clause (8) of this regulation and the same shall be equivalent to 100% of the Charge for Deviation of 800 Paise / kWh corresponding to the grid frequency of ‘below 49.85 Hz’*”.
- 4.14 In proviso to clause (6) of Regulation 7 of the Principal Regulations, the words “below 49.70 Hz” shall be substituted by the words “*below 49.85 Hz*” and the words “Cap Rate for Deviations of 303.04 Paise / kWh” shall

be substituted by the words “*Cap Rate being equivalent to the energy charges as billed for the previous month*”.

- 4.15 In clause (7) of Regulation 7 of the Principal Regulations, the words “49.70 Hz and above” shall be substituted by the words “*49.85 Hz and above*”.
- 4.16 In clause (8) of Regulation 7 of the Principal Regulations, the words “below 49.70 Hz” shall be substituted by the words “*below 49.85 Hz*”.
- 4.17 In proviso to clause (8) of Regulation 7 of the Principal Regulations, the words “below 49.70 Hz” shall be substituted by the words “*below 49.85 Hz*”.
- 4.18 In clause (9) of Regulation 7 of the Principal Regulations, the words “49.70 Hz and above” shall be substituted by the words “*49.85 Hz and above*”.
- 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.”

5. Amendment of Annexure-I (Methodologies for the computation of Charges of Deviation for each regional entity for crossing the volume limits specified for the over-drawal / under-injection by Buyer / Seller [except Renewable Rich State]) of the Principal Regulation:

- 5.1 In clause 1 of Annexure-I to the Principal Regulations, the words “49.70 Hz and above” shall be substituted by the words “*49.85 Hz and above*”.
- 5.2 In Note under Illustration B in clause 1(B)(iii) of Annexure-I to the Principal Regulations, the words “49.70 Hz and above” shall be substituted by the words “*49.85 Hz and above*”.
- 5.3 In Note under Illustration B in clause 1(B)(iii) of Annexure-I to the Principal Regulations, the words “Cap Rate for Deviations of 303.04 Paise / kWh” shall be substituted by the words “*Cap Rate being equivalent to the energy charges as billed for the previous month*”.
- 5.4 In clause 2 of Annexure-I to the Principal Regulations, the words “below 49.70 Hz” shall be substituted by the words “*below 49.85 Hz*”.
- 5.5 In clause 2 of Annexure-I to the Principal Regulations, the words “824.04 Paise / kWh” shall be substituted by the words “*800 Paise / kWh*”.
- 5.6 In clause 2 of Annexure-I to the Principal Regulations, the words “cap rate for deviations of 303.04 Paise / kWh” shall be substituted by the words “*Cap Rate as specified in clause 5(3) of these Regulations*”.
- 5.7 In Note under clause 2 of Annexure-I to the Principal Regulations, the words “below 49.70 Hz” shall be substituted by the words “*below 49.85 Hz*”.

6. Amendment of Annexure-I-A (Methodologies for the computation of Charges of Deviation applicable to Renewable Rich States for crossing the volume limits specified for the over-drawal / under-injection) of the Principal Regulation:

- 6.1 In clause 2 of Annexure-I-A to the Principal Regulations, the words “49.70 Hz and above” shall be substituted by the words “*49.85 Hz and above*”.
- 6.2 In clause 2 of Annexure-I-A to the Principal Regulations, the words “824.04 Paise / kWh” shall be substituted by the words “*800 Paise / kWh*”.

7. Amendment of Annexure-II (Methodologies for the computation of Charges of Deviation for each regional entity for crossing the volume limits specified for the over-drawal / under-injection by Buyer / Seller [except Renewable Rich State]) of the Principal Regulation:

7.1 In clause C of Annexure-II to the Principal Regulations, the words “50.10 Hz or above” shall be substituted by the words “50.05 Hz or above”.

8. Amendment of Annexure-II-A (Methodologies for the computation of Charges of Deviation applicable to Renewable Rich States for crossing the volume limits specified for the over-drawal / under-injection) of the Principal Regulation:

8.1 In clause C of Annexure-II-A to the Principal Regulations, the words “50.10 Hz or above” shall be substituted by the words “50.05 Hz or above”.

(Sanoj Kumar Jha)
Secretary

Note:

The Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2014 were published in Part III, Section 4, No. 06 of the Gazette of India (Extraordinary) dated 07.01.2014 and amended vide,

- (a) Corrigendum published in Part III, Section 4, No. 57 of the Gazette of India (Extraordinary) dated 17.02.2014
- (b) First Amendment Regulations, 2014 published in Part III, Section 4, No. 381 of the Gazette of India (Extraordinary) dated 31.12.2014
- (c) Second Amendment Regulations, 2015 published in Part III, Section 4, No. 272 of the Gazette of India (Extraordinary) dated 10.08.2015
- (d) Third Amendment Regulations, 2016 published in Part III, Section 4, No. 201 of the Gazette of India (Extraordinary) dated 16.05.2016