



**TRANSMISSION CORPORATION OF ANDHRA PRADESH LIMITED**  
**Andhra Pradesh Power Coordination Committee (APPCC)**  
**Vidyut Soudha :: Vijayawada**

From  
Chief Engineer/Commercial  
APPCC, APTransco  
Vidyut Soudha, Vijayawada

To  
The Secretary,  
CERC  
3<sup>rd</sup> & 4<sup>th</sup> Floor  
Chandralok Building  
36, Janapath, New Delhi

Lr.No:CE/Comml./APPCC/DE-CGS/F.CERC-Reg/D.No: 39/19,Dt: 14.05.2019

Sir,

Sub:-APPCC- Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) (Fifth Amendment) Regulations, 2019 -comments furnished -Regarding.

Ref:-Public Notice issued by Hon'ble CERC dated 18<sup>th</sup> April 2019.

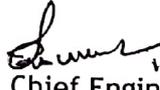
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In response to the public notice cited at the reference, the comments of AP Distribution Companies (APDISCOMs) and APSLDC on the Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) (Fifth Amendment) Regulations, 2019, are here with enclosed for kind consideration of the Hon'ble Commission please.

Encl: as above

O/C

Yours faithfully,

  
14/5/19  
Chief Engineer/Comml./APPCC  
Vidyuth Soudha - Vijayawada  
Andhra Pradesh

Copy to:

The Executive Director/APSLDC, Vidyuth Soudha



**COMMENTS ON THE CERC DRAFT 5<sup>th</sup> AMENDMENT TO the Deviation Settlement Mechanism (DSM) Regulations:**

Sl.No	As per draft Amendment Regulation	Remarks / Comments of AP DISCOMs /APSLDC.
1	<p>A new sub-clause shall be added after sub-clause (ga) of clause (1) of Regulation 2 of the Principal Regulations, as under :-  <i>“(gb) “Daily Base DSM” means the sum of charges for deviations for all time blocks in a day payable or receivable as the case may be, excluding the additional charges under Regulation 7”.</i></p>	<p>The expression “ Daily Base DSM” may be reworded as <b>“Daily Base DSM Charge”</b> since it is basically reckoned as a charge.</p>
2	<p>A new sub-clause shall be added after sub-clause (q) of clause (1) of Regulation 2 of the Principal Regulations, as under :-  <i>“(qa) “Time Block DSM” means the charge for deviation for the specific time block in a day payable or receivable as the case may be, excluding the additional charges under Regulation 7”</i></p>	<p>The expression “Time Block DSM” may be reworded as <b>“Time Block DSM Charge”</b> since it is basically reckoned as a charge.</p>
3	<p>Clause (10) of Regulation 7 of the Principal Regulations shall be substituted as under:</p> <p>"In the event of sustained deviation from schedule in one direction (positive or negative) by any regional entity (buyer or seller), such entity shall correct its</p>	<p>As per the existing Regulation, which came into force w.e.f 01-01-2019, Regional entity shall have to change sign of their deviation from schedule, at least once, after every 6 time blocks.</p> <p>In the Explanatory Memorandum issued by the Hon'ble CERC, for the draft 5<sup>th</sup> Amendment to the DSM Regulations, it is stated that the Commission has considered addressing the concerns raised by various stakeholders through petitions filed in Hon'ble High Court of Delhi, representations to the Ministry of Power, Gol and CERC, regarding operation of various clauses in the Regulation and practical problems associated with it. AP is also one of the parties represented to the Ministry of Power, Gol.</p>

<p>position in the manner as specified under clauses (a) and (b) of this Regulation.</p> <p>(a) Up to 31.03.2020, if the sustained deviation from schedule continues for 12 time blocks, the regional entity (buyer or seller), shall correct its position by making the sign of its deviation from schedule changed or by remaining in the range of +/- 10 MW with reference to its schedule, at least once, latest by 13th time block. Provided that each violation of the requirement under this clause shall attract an additional charge of 10% on the time block DSM payable / receivable as the case may be.</p> <p>(b) From 01.04.2020, if the sustained deviation from schedule continues for 6 time blocks, the regional entity (buyer or seller), shall correct its position, by making the sign of its deviation from schedule changed or by remaining in the range of +/- 10 MW with reference to its schedule, at least once, latest by 7th time block.</p>	<p>Hon'ble Delhi High Court vide their orders dated 27.03.2019 directed the CERC as follows;</p> <p><i>In these circumstances, apart from considering the existing representations requesting for review of Regulation 7(10), the Commission shall look into other representations with respect to the submissions articulated regarding other amended Regulations including Clause 7(11a).</i></p> <p><b><u>Since the hardships experienced by the States with regard to the implementation of the impugned Regulations have been recognized by the Hon'ble CERC, and a draft regulation is circulated to defer the imposition of condition of sign change for every 6 time blocks w.e.f 1-04-2020, it is profusely requested to waive the penalties levied on the Regional entities on account of various clauses in Regulation 7, from 01-01-2019 to till date.</u></b></p> <p><b>Further, AP DISCOMs requests the Hon'ble CERC to completely annul the Sign Change conditions in the DSM Regulations on the following Grounds.</b></p> <ol style="list-style-type: none"> <li>1. Sign change requirement is contrary to the other regulations of CERC i.e some provisions in the DSM regulation itself and the IEGC</li> <li>2. Renewable rich states by virtue of Must Run Status conferred to the RE Generation facing hardships to adhere to the mandatory sign change requirements in every 6 time blocks. The forecast of RE Generation is not matured and there are no dependable weather forecasting models. The present forecast error is around 33% i.e one third of the generation from RE Sources could not be scheduled to a reasonable degree of accuracy.</li> <li>3. The states promoting RE sources, in pursuant to the development &amp; encouraging policies of the Central Govt. are burdened due to the impugned regulations. This is</li> </ol>
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		<p>against to the policy of the Govt. of India taken up to address the Environmental concerns.</p> <ol style="list-style-type: none"> <li>4. Proposed 5<sup>th</sup> Amendment to the Regulations grants waiver of additional charges for RE Generators which are regional entities. But, unfortunately no waiver of additional charge benefits, are extended to the RE Generation sources connected to the State network and operating as Intra State entities. These states have to embed the deviations on account of their RE generation and face the Sign change consequences. This is unreasonable &amp; biased.</li> <li>5. Many of the States including AP are participating in the Gol sponsored prestigious Power for All (PFA) programme wherein, 24X7 uninterrupted power is guaranteed to the Consumers. As such it is herculean task for the PFA States to implement the sign change.</li> <li>6. Already States are burdened with the deviation limits of over drawal/under drawal as specified in the DSM Regulation. Imposing Sign change condition on top of this is unbearable.</li> <li>7. As we are aware sustained under drawl at lower frequency range, or vice versa, is advantageous to the system. When an entity is supporting such drawals even beyond the stipulated 6 time blocks period, there is no merit in penalizing such entity in the guise of Sign Change requirement.</li> <li>8. Sign Change regulation is imposed based on SCADA data whereas all Commercial implications are drawn based on SEM data. There is lot of differences in real time between those two parameters and is very difficult to implement the regulation unless the SEM data is made available to the SLDCs on real time basis.</li> <li>9. Even after implementing the Sign Change regulation for about 4 months from 01-01-2019, it can be observed that there is no much improvement in the frequency excursions between third quarter of FY 2018-19 (Oct-Dec 18) and fourth quarter of FY 2018-19 (Jan-Dec 19).</li> <li>10. The implementation of such regulation shall compel the petitioner to source the power from the contingency market of power exchanges which is made available only after 3 to 4 hours after the bids have been placed by the Petitioner or else DISCOMs have to do load shedding to honour the target drawal schedules</li> <li>11. As per the Clause 5.4.2 (a &amp; b) of IEGC Regulations issued by the Hon'ble CERC, the SLDC/SEB/Distribution Licensee &amp; the Bulk Consumer shall initiate action to restrict the drawal within the net drawal schedule and shall ensure that requisite load shedding is carried out in its control area so that there is no over drawal.</li> </ol>
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