

**Central Electricity Regulatory Commission  
New Delhi**

**Dated 18<sup>th</sup> April, 2019**

**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. These regulations may be called the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) (Fifth Amendment) Regulations, 2019.
2. These regulations shall come into force with effect from the date of notification in the official gazette.

**2. Amendment to Regulation 2 of the Principal Regulations:**

- 2.1 A new sub-clause shall be added after sub-clause (ga) of clause (1) of Regulation 2 of the Principal Regulations, as under :-

*“(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”.*

- 2.2 A new sub-clause shall be added after sub-clause (q) of clause (1) of Regulation 2 of the Principal Regulations, as under :-

*“(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”*

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

- 3.1 The following new sub-clauses after sub-clause (d) in clause (2) of Regulation 5 of the Principal Regulations shall be inserted as under :-

*“(e) The charges for inter-regional deviation and for deviation in respect of cross-border transactions shall be computed on the basis of the unconstrained market clearing price in Day Ahead Market.*

*“(f) The charges for deviation in respect of an entity falling in different bid areas, shall be computed on the basis of the daily average ACP of the bid area in which such entity has largest proportion of its demand.”*

- 3.2 Clause (3) of Regulation 5 of the Principal Regulations shall be substituted as under :-

*“The Cap rate for the charges for deviation for the generating stations, irrespective of the fuel type and whether the tariff of such generating station is regulated by the Commission or not, shall not exceed 303.04 Paise/kWh.”*

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

- 4.1 The following proviso under Regulation 7(1) of the Principal Regulations shall be deleted:

*‘Provided also that from a date not earlier than one year as may be notified by the Commission, 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.’*

4.2 In Table-II of Regulation 7(3) of the Principal Regulations, the words “Cap Rate being equivalent to the energy charges as billed for the previous month” wherever they occur, shall be substituted by the words “*Cap Rate for Deviation of 303.04 Paise/kWh*”.

4.3 The clause 4 of regulation 7 of the principal regulations shall be substituted as under:

“(4) In addition to Charges for Deviation as stipulated under Regulation 5 of these regulations, Additional Charge for Deviation shall be applicable for over-injection/under-drawal of electricity for each time block by a buyer/seller as the case may be when grid frequency is ‘50.10 Hz and above’ at the rates equivalent to charges of deviation corresponding to the grid frequency of ‘below 50.01 Hz but not below 50.0 Hz’, or cap rate for deviation of 303.04 Paise/kWh whichever is lower.”

4.4 In Proviso to clause (6) of Regulation 7 of the Principal Regulations, the words “Cap Rate equivalent to the energy charges as billed for the previous month” shall be substituted by the words “*Cap Rate of 303.04 Paise/kWh*”.

4.5 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 (buyer or seller), such entity shall correct its position in the manner as specified under clauses (a) and (b) of this Regulation.

- (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.

- (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.

Provided that violation of the requirement under this clause shall attract an additional charge as specified in the table below:

<b>No. of violations in a Day</b>	<b>Additional Charge Payable</b>
<i>From first to fifth violation</i>	<i>For each violation, an additional charge @ 3% of daily base DSM payable / receivable</i>
<i>From sixth to tenth violation</i>	<i>For each violation, an additional charge @ 5% of daily base DSM payable / receivable</i>
<i>From eleventh violation onwards</i>	<i>For each violation, an additional charge @ 10% of daily base DSM payable / receivable</i>

*Provided further that counting of number of sign change violations under clauses (a) & (b) of this Regulation shall start afresh at 00.00 Hrs. for each day.*

*Provided also that payment of additional charge for failure to adhere to sign change requirement as specified under clauses (a) & (b) of this regulation shall not be applicable to:*

- a. renewable energy generators which are regional entities*
- b. run of river projects without pondage*
- c. any infirm injection of power by a generating station prior to CoD of a unit during testing and commissioning activities, in accordance with the Connectivity Regulations.*

- d. any drawal of power by a generating station for the start-up activities of a unit.
- e. any inter-regional deviations.
- f. forced outage of a generating station in case of collective transactions on Power Exchanges.

**Explanation:-** For the purpose of this Regulation, sustained deviation means continuous deviation outside the range of +/- 10 MW from schedule, such range being a subset of the volume limit as specified in Regulation 7(1) & 7(2)). In other words, if the deviation is brought within the range of +/- 10MW or it remains within the range of +/- 10MW, it will not be considered as sustained deviation.

**Illustrations:-**

- i. *Illustration to 7(10)(a):-,*

*a regional entity having a sustained deviation from time blocks  $t_1$  to  $t_{12}$ , should correct its position either by changing the sign of its deviation (from positive to negative or negative to positive as the case may be) or come back in the range of +/- 10 MW with reference to its schedule latest by the end of time block  $t_{13}$ . In case, such sign change does not take place or it fails to come back in the range of +/- 10 MW by the end of time block  $t_{13}$ , but such correction of position takes place from time block  $t_{14}$  up to time block  $t_{24}$ , then the additional charge shall be levied equivalent to one violation. The above violation shall attract an additional charge at the rate of 10% of the time block DSM for  $t_{13}$ . Further, in case, sign change does not take place or it fails to come back to the range as aforesaid even latest by the end of  $t_{25}$ , but correction of position takes place from time block  $t_{26}$  up to time block  $t_{36}$ , then the additional charge shall be levied equivalent to two violations. The above violation shall attract an additional charge at the rate of 10% of the time block DSM for  $t_{13}$  &  $t_{25}$ , and so on.*

- ii. *Illustration to 7(10)(b):-,*

*After 01.04.2020, if a regional entity having a sustained deviation from time blocks  $t_1$  to  $t_7$ , should correct its position either by changing the sign of its deviation (from positive to negative or negative to positive as the case may be) or come back in the range of +/- 10 MW with reference to its schedule latest by the end of time block  $t_7$ . In case, such sign change does not take place or it fails to come back in the aforesaid range by the end of time block  $t_7$ , but such correction of position takes place from time block  $t_8$  up to time block  $t_{12}$ , then additional charge shall be levied equivalent to one violation. Further, in case, sign change does not take place or it fails to come back in the range as aforesaid latest by the end of*

*t<sub>13</sub>, but correction in position takes place from time block t<sub>14</sub> up to time block t<sub>18</sub>, then the additional charge shall be levied for two violations and so on.*

*The additional charge shall be at the rate as specified in clause (b) of this Regulation.*

4.6 The Clause 11 of the Regulation 7 of the Principal Regulations shall be substituted as follows:

*“Payment of Charges for Deviation under Regulation 5 and the Additional Charges for Deviation under Clauses (3), (4) and (10) of this regulation, shall be levied without prejudice to any action that may be considered appropriate by the Commission under Section 142 of the Act for contravention of the provisions of the said regulations.”*

4.7 The Clause 11(a) of the Regulation 7 of the Principal Regulations shall be deleted.

**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 Regulations:-**

5.1 In Note under Illustration B in sub-clause (B)(iii) of clause 1 of Annexure-I to the Principal Regulations, the words “Cap Rate being equivalent to the energy charges as billed for the previous month” shall be substituted by the words “*Cap Rate for Deviations of 303.04 Paise/kWh*”.

**(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
- e. Fourth Amendment Regulations, 2018 published in Part III, Section 4, No. 444 of the Gazette of India (Extraordinary) dated 26.11.2018