

**Central Electricity Regulatory Commission  
New Delhi**

**SM No : 4/SM/2020**

**Coram:**

**Shri P.K. Pujari, Chairperson  
Shri I.S. Jha, Member**

**Date of Order 27<sup>th</sup> March, 2020**

**In the matter of**

**Removal of difficulties for giving effect to certain provisions of the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) (Fifth Amendment) Regulations, 2014.**

**ORDER**

The Commission notified the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) Regulations, 2014 (hereinafter referred to as “DSM Regulations”), on 6<sup>th</sup> January, 2014, which came into effect from 17.2.2014.

2. Further, the Commission notified the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) (Fifth

Amendment) Regulations, 2019 (hereinafter referred to as “DSM Fifth Amendment Regulations”) on 28th May, 2019, which came into force with effect from 3rd June, 2019.

3. The DSM Fifth Amendment Regulations amended inter alia Regulation 7(10) of the DSM Regulations as under:

*“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) For the period up to 31.03.2020: If the sustained deviation from schedule continues in one direction (positive or negative) 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 +/- 20 MW with reference to its schedule, at least once, latest by 13th time block, such range being a subset of volume limit as specified under Regulations 7(1) & 7(2) of these Regulations.*

*Provided that each violation of the requirement under this clause shall attract an additional charge of 10% of the time block DSM charge payable or receivable as the case may be.*

*(b) For the period from 01.04.2020: If the sustained deviation from schedule continues in one direction (positive or negative) 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 +/- 20 MW with reference to its schedule, at least once, latest by 7th time block such range being a subset of volume limit as specified under Regulations 7(1) & 7(2) of these Regulations.*

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

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

*Illustrations:-*

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

*For the period up to 31.03.2020: A regional entity having a sustained deviation from time blocks t1 to t12, shall 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 +/- 20 MW with reference to its schedule latest by the end of time block t13. In case, such sign change does not take place or it fails to come back in the range of +/- 20 MW by the end of time block t13, but such correction of position takes place from time block t14 up to time block t24, 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 charge for t13. 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 t25, but correction of position takes place from time block t26 up to time block t36, 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 t13 and t25 , and so on.*

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

*For the period from 01.04.2020: A regional entity having a sustained deviation from time blocks t1 to t7, shall 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 +/- 20 MW with reference to its schedule latest by the end of time block t7. 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 t7, but such correction of position takes place from time block t8 up to time block t12, 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 t13, but correction in position takes place from time block t14 up to time block t18, 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. The Commission has received representations from some stakeholders expressing difficulties in implementation of the provisions of Regulation 7(10)(b) as amended vide DSM Fifth Amendment Regulations, which are to come into effect from 1.4.2020.

5. Gujarat State Load Dispatch Centre, in its representation dated 24.3.2020, has submitted that due to State-wise lock down (as a measure to contain spread of COVID-19), the grid is being operated at its least demand and it will not be feasible to adhere to sign change norm at every 6<sup>th</sup> time block and accordingly has requested that the date of operation of Regulation 7(10)(b) be extended from 1.4.2020 to 1.6.2020.

6. West Bengal State Electricity Distribution Company Limited, in its letter dated 23.3.2020 has stated that as the date of implementation of Real Time Market framework (through amendments to CERC Regulations on IEGC, Open Access Regulations and Power Market Regulations) has been rescheduled from 1.4.2020 to 1.6.2020, the date of implementation of Regulation 7(10)(b) as amended vide DSM Fifth Regulations may also be revised from 1.4.2020 to 1.6.2020.

7. Transmission Corporation of Telangana Limited, in its representation dated 23.3.2020, has argued that due to the existing manual load generation balancing system, it is difficult to adhere to sign change norm as specified under Regulation 7(10)(b). Accordingly, they have requested the Commission for continuation of provisions of Regulation 7(10)(a) as amended vide DSM Fifth Amendment Regulations, beyond 31.3.2020.

8. Southern Regional Power Committee and Karnataka Power Transmission Corporation Limited in their representation dated 10.2.2020 submitted that in the southern region as RE framework is still being implemented, high RE ingress is still observed. They also stated that AMR scheme is yet to be implemented to address SCADA discrepancy and the AGC is also being implemented. Accordingly, the provisions of Regulation 7(10)(a) as amended vide DSM Fifth Amendment Regulations be continued beyond 31.3.2020 and Regulation 7(10)(b) of the said Regulations be withdrawn.

9. The Commission has carefully considered representations of the stakeholders. The Commission observes that the requests made by Transmission Corporation of Telangana Limited, Southern Regional Power Committee and Karnataka Power Transmission Corporation Limited are for continuation of Regulation 7(10)(a) beyond 31.3.2020, for reasons which were already presented before the Commission at the time of finalisation of the DSM Fifth Amendment Regulations, whereas the representations made by Gujarat SLDC and WBSEDCL are for postponement of date of implementation of Regulation 7(10)(b) to 1.6.2020 in view of the prevailing situation in the country in the wake of spread of Corona Virus Disease (COVID-19) and also with due regard to the fact that implementation of Real Time Market (RTM) framework has also been deferred to 1.6.2020.

10. The Commission has taken note of the fact that the country is facing grave public health crisis on account of COVID-19 and as a measure to contain the spread of this pandemic, Government of India has taken unprecedented measures to lock down the entire country for a period of 21 days with effect from 25.3.2020.

11. The Commission further observes that POSOCO, through a communique to its stakeholders placed on its website has informed that in the wake of the COVID-19 pandemic outbreak, electricity demand is expected to fall sharply in the coming days. The ‘Janta curfew’ on 22<sup>nd</sup> March 2020 (Sunday) had seen 10- 15% reduction in the power demand as compared to 15<sup>th</sup> March 2020 (preceding Sunday) for different hours of the day. As the country goes under lockdown, further reduction in power demand is expected.

12. In view of the extraordinary circumstances as noted above, the Commission has considered it necessary to exercise its powers to address the hardships being faced by stakeholders at this juncture. Regulation 13 of the DSM Regulations provides for powers of the Commission to issue directions to remove Difficulties in implementation of provisions of the Regulations and is extracted below:

*“13. Power to issue directions*

*If any difficulty arises in giving effect to these regulations, the Commission may on its own motion or on an application file by any affected party issue such directions as may be considered necessary in furtherance of the objective and purpose of these regulations.”*

13. The Commission observes that provisions of Regulation 7(10)(a) are currently in force and shall remain applicable up to 31.3.2020 while with effect from 1.4.2020, provisions of Regulation 7(10)(b) shall become applicable. In view of problems in implementing provisions of Regulation 7(10)(b) w.e.f. 1.4.2020 as pointed out by stakeholders due to unprecedented health situation being faced by the country, the Commission, in exercise of the powers under the aforesaid Regulation 13 of the DSM Regulations, hereby directs that the date of implementation of provisions under Regulation 7(10)(b) as amended vide DSM Fifth Amendment Regulations, shall be rescheduled from 1.4.2020 to 1.6.2020. The Commission also directs that applicability of provisions of Regulation 7(10)(a) as amended vide DSM Fifth Amendment Regulations, shall be extended up to 31.5.2020.

14. The petition is disposed of accordingly.

**Sd/-**  
**( I. S. JHA )**  
**Member**

**Sd/-**  
**( P.K. PUJARI )**  
**Chairperson**