

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

1. Dr. Pramod Deo, Chairperson
2. Shri R.Krishnamoorthy, Member
3. Shri S.Jayaraman, Member

**Petition No.115/2008
(Suo-motu)**

In the matter of

Maintenance of Grid Discipline – Compliance of provisions of the Indian Electricity Grid Code.

ORDER

In exercise of powers conferred under Section 178 of the Electricity Act, 2003 (the Act), the Central Electricity Regulatory Commission (the Commission) has specified Indian Electricity Grid Code (the Grid Code). Paras 5.4.2(a) and 6.4.4 of the Grid Code enjoin upon the State utilities to endeavor to restrict their net drawl from the grid to their respective drawl schedule whenever the system frequency is below 49.5 Hz. These provisions further mandate that when frequency falls below 49.0 Hz, requisite load-shedding (manual) shall be carried out to curtail the over-drawl. In this manner, the provisions of the Grid Code put a complete embargo on over-drawl of electricity from the grid when the frequency falls below 49.0 Hz. Extracts of relevant paras of the Grid Code are reproduced below:

“5.4.2 Manual Demand Disconnection

- (a) As mentioned elsewhere, the constituents shall endeavour to restrict their net drawl from the grid to within their respective drawal schedules whenever the system frequency is below 49.5 Hz. When the frequency falls below 49.0 Hz, requisite load

shedding (manual) shall be carried out in the concerned State to curtail the over-drawal.”

6.4 Demarcation of responsibilities

4. Provided that the States, through their SLDCs, shall always endeavour to restrict their net drawal from the grid to within their respective drawal schedules, whenever the system frequency is below 49.5 Hz. When the frequency falls below 49.0 Hz, requisite load shedding shall be carried out in the concerned State(s) to curtail the over-drawal.”

3. In the past reports used to be received from the Regional Load Despatch Centres (RLDCs), bringing to the Commission's notice the instances of indisciplined behaviour of some of the State utilities. The Commission in these cases took upon itself the responsibility to impress upon the concerned State utilities the need for adherence to their drawl schedule, curtailment of over-drawl and maintenance of grid discipline, without invoking the penal provisions of the Act. However, it was noticed that reformatory approach followed by the Commission could not bring about the attitudinal changes and certain specific instances of grave violation of the Grid Code were reported, forcing the Commission to have resort to proceedings under Section 142 of the Act. In that direction, the Commission vide its order dated 9.5.2006 in Petition No. 25/2006 imposed fine under Section 142 of the Act on the utility violating the Grid Code.

4. The Commission, with a view to discouraging over-drawls, has upwardly revised the UI vector. It has been experienced that such revision of UI price by itself is not a sufficient deterrent against indisciplined over-drawls. Therefore, it is

necessary to adopt stern means authorized by law to meet the objective of discipline to save the grid from any untoward happening.

5. Recently, the Commission based on the report of SRLDC in Petition No. 89/2008 started proceedings against the major State utilities in Southern Region.

In its order dated 4.9.2008 in this petition, the Commission observed that -

“In the past there were many instances of over-draws by one utility or the other. However, the proceedings were closed after the assurances given by the utilities. This, however, does not seem to have percolated down and it has not deterred the concerned state utilities to maintain grid discipline.

The situation cannot be allowed to continue. The persuasive efforts of the Commission have not brought the desired results. Over-drawl from the grid in itself is undesirable as it deprives some other utility of its legitimate entitlement. However, in exceptional circumstances, over-drawl may be permitted to a very limited extent through commercial mechanism of UI. However, reckless and unabated over-drawls cannot be tolerated when the frequency is precariously low, which can have untold adverse effects. The reasons explained by the respondents concerned are untenable according to our opinion. There are shortages of electricity through out the country. Therefore, overdrawal by one State to meet the gap in demand and supply situation cannot be justified. The other State whose share is being consumed also faces the similar situation and dilemma.”

6. The Commission, not finding any merit in the so-called extenuating circumstances narrated by the concerned State utilities to justify their actions of over-drawl which otherwise had very serious implication of endangering the grid security, held them guilty of non-compliance of paras 5.4.2 (a) and 6.4.4 of the Grid Code and imposed penalty on the State utilities concerned by its order dated 22.9.2008.

7. Another area of grave concern is the non-compliance of directions of the RLDCs. Section 29 of the Act requires compliance of directions issued by RLDCs for ensuring stability of grid operations. In case of non-compliance of directions issued by RLDC, penalty of Rs 15 lakh can be imposed on the defaulting constituent under sub-section (6) of Section 29 of the Act. A major utility in Northern Region was reported to have failed to comply with the directions of NRLDC. Therefore, proceedings under Section 143 of the Act were initiated against the concerned utility and the Adjudicating Officer was appointed, who, by his order dated 25.10.2006 in case No. 1/2006, levied fine of Rupees one lakh on recording finding of guilt of non-compliance of directions of NRLDC.

8. The Commission takes this opportunity to reiterate its commitment to inculcate sense of discipline among the regulated entities. As a step in that direction, penalty proceedings under Section 142 of the Act which authorizes the Commission to impose fine of Rs. one lakh for each violation, which includes over-drawl in each time-block of 15 minutes, since each over-drawl constitutes a separate and distinct offence, may be resorted to. In appropriate cases the Commission may not hesitate to invoke the provisions of Section 149 of the Act according to which the Commission may take recourse to the penal provisions against every person in charge of and responsible for the affairs of the defaulting utility.

9. Accordingly, RLDCs are directed to report within 3 days block-wise over-drawls made by each State utilities at grid frequency less than 49.0 Hz. Similarly,

RLDCs shall report within 3 days each case of non-compliance of their directions, to the Commission with all the necessary details such as nature of default, details of the directions, outcome of the direction, for action under section 29 of the Act, if found fit by the Commission.

10. A copy of this order shall be sent to NLDC, RLDCs and the State utilities.

Sd/-
(S.JAYARAMAN)
MEMBER

Sd/-
(R.KRISHNAMOORTHY)
MEMBER

Sd/-
(DR. PRAMOD DEO)
CHAIRPERSON

New Delhi, dated the 16th October 2008