

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
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**Press Release**

**CERC proposes UI rate hike to prevent grid collapse**

CERC has issued draft regulations proposing to increase the UI ceiling rate, the maximum price of over-drawing power from the grid, from the present level of Rs 7.45 per kWh to Rs 10.00 per kWh when the grid frequency goes below the least permissible value of 49 Hertz.

The directions came in response to the petition filed by the NRLDC informing the Commission that the frequency of the entire North- East - West (NEW) grid had undergone sharp deterioration. During the month of October, 2007 the frequency remained below 49.00 Hertz for 10% of the time deteriorating further in November. On 14<sup>th</sup> November the grid frequency was below 49 Hertz for a record 32.4% of the time.

It was brought to the notice of the Commission that despite the prevailing shortages, the States were not giving requisition to purchase costly liquid fuel based generation preferring to overdraw instead. Sometimes up to 400 MW of NTPC power remained unutilized, not to speak of diesel based generating capacity remaining un-harnessed within the States.

As a result of sustained low frequency, the under frequency load shedding relays were frequently operating causing avoidable hardship even to the States who do not over draw.

The Commission has come to the conclusion that the existing unscheduled interchange (UI) ceiling rate of Rs.7.45 per kWh notified in April this year was not

providing adequate for restricting over-drawals and therefore it had become necessary to raise it further.

In its orders of April, 2007 the Commission had warned that failure to plan for meeting its consumer demand does not entitle any State to overdraw from the grid, and thereby endanger grid security or rob other States of their rightful share.

Frequency is the most critical parameter in power system operation. The standard practice followed globally is to maintain the grid frequency at or very close to the rate value (50.00 or 60.00 Hz, as the case may be) all the time. A deviation beyond 0.05 Hz would be considered alarming in developed countries, and a deviation beyond 0.1 Hz would be unimaginable. However, in India we had a history of frequency varying from below 48.0 Hz to above 52.0 Hz, which led to innumerable grid collapses in the Eighties and Nineties. It was to tackle these problems that a unique mechanism of charging real time deviations with respect to schedules at the unscheduled interchange (UI) rate was evolved and successfully implemented from the year 2002 onwards. This innovative approach provides reciprocal commercial incentive and disincentive as inducement for improving and keeping frequency within the safe range of 49.0 – 50.5 Hz.

The proposal and the orders of the Commission are available on the website: <http://cercind.gov.in>. The suggestions and objections of the stakeholders have been invited latest by December 20, 2007.

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