

CENTRAL ELECTRICITY REGULATORY COMMISSION

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PRESS RELEASE

**CERC RESTRUCTURES THE UNSCHEDULED INTERCHARGE
(UI) REGIME**

Central Electricity Regulatory Commission (CERC) has notified new regulations on Unscheduled Interchange for electricity grid operations and also the amendments to Indian Electricity Grid Code (IEGC). Both these regulations will come into force w.e.f. 1st April, 2009. The main objectives of the restructuring of UI regime are to enforce grid discipline and to rationalize the UI rates for the entities who abide by the specified grid operation parameters. Simultaneously, CERC has also narrowed down operational frequency range for the Indian Electricity Grid with the objective of improving the quality of supply.

2. Sending a clear message that UI is not a route for trading of electricity, CERC has for the first time specified limits for the overdrawl from the grid within the permissible operating range. This is in accordance with the philosophy that main purposes of UI are enforcing grid discipline and providing for settlement rates for unintended UI Interchanges. This step should force the distribution utilities to go for planned procurement of electricity and thereby creating environment for investors to set up new power plants. Presently, many utilities postpone setting of power projects and rely on overdrawals from the grid for meeting the consumers' demand.

3. UI rate vector has also been restructured. Now, there is a differential between the rates applicable to UI (overdrawl and under drawl as against the schedule) within the normal permissible limits and the rates applicable to those entities who resort to excessive overdrawal and endanger the grid security. In other words, UI regime now differentiates between a normal operator and an habitual overdrawing entity.

4. The permissible operating range for the grid has been narrowed down by 0.4 Hz. As against the earlier operating range of 49.0 Hz to 50.5 Hz, the new operating range will now be 49.2 Hz to 50.3 Hz. Prior to introduction of ABT regime in year 2002, the frequency in some of the

regions such as Southern Region used to be as low as 48.0 Hz. resulting in burning of motors and sub-optimal operation of appliances. The frequency band was then narrowed down from 49.0 Hz to 50.5 Hz. There was now a general feedback from the stakeholders that frequency band needed to be further tightened. The new tighter frequency band would lead to better quality of supply to the consumers. For example, the water pumps would run at speed closer to design speed and deliver higher output. The Commission intends to further review the operating range in near future.

5. The other main features of the new regulations are:
 - a) The entities overdrawing from the grid below the permissible frequency of 49.2 Hz would be required to pay additional UI charge.
 - b) Even for the operations within the permissible frequency range, overdrawl beyond the permissible limits would make the entities and the officer incharge such as CEO or MD liable for penal action under sections 142 and 149 of the Electricity Act, 2003.
 - c) The UI rates for the generators where tariff is regulated by the Commission have been made symmetrical for over generation and under generation.
 - d) CERC would review the UI charges and the additional UI surcharge rate every six months or earlier, if required, keeping in view the prevailing fuel prices and the requirements of maintaining grid discipline.
 - e) Any surplus amount left in UI pool is to be used for supporting the transmission schemes of strategic importance or for providing ancillary services by the grid operators.

6. The full text of the regulations is available on the Web site of CERC ([www. Cercind.gov.in](http://www.Cercind.gov.in)).

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(Alok Kumar)
Secretary