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New Delhi, the 28th April, 2010

PRESS RELEASE

CERC NOTIFIES NEW GRID CODE AND REVISED UI REGULATIONS

After due consultation and public hearings, CERC today notified new Indian Electricity Grid Code and also the amendments to Unscheduled Interchange (UI) regulations. These will become effective from 3rd May, 2010. While the new Grid Code will facilitate larger integration of renewable energy sources with grid, the amended UI regulations will bring stricter grid discipline.

New IEGC has made the following key changes:

- (i) To facilitate implementation of National Action Plan on Climate Change which calls for significantly increasing the share of electricity generated from renewable energy, the financial burden of all the fluctuations from schedule in case of new solar energy plants and the fluctuations within $\pm 30\%$ of schedule in case of new wind energy plants will be borne by all the users of inter-State grid. These project developers and the host states will not be at disadvantage from such fluctuations. New wind energy generators will be able to fine tune their schedules (based on forecasting) as close as three hours before actual generation.
- (ii) The operational frequency band has been further tightened from '50.3 Hz to 49.2 Hz' to '50.2 to 49.5 Hz'. This is aimed at ensuring better performance of generating stations and user appliances such as railway traction motors and agricultural pump sets.
- (iii) The Control Area jurisdiction in terms of Load Despatch Centre has been revised. Generating stations supplying to more than one states will now be in domain of Regional Load Despatch Centres except where the host state has

- long term PPA of more than 50% capacity. This should facilitate larger private investment in new generation capacities.
- (iv) All users of inter-State grid including distribution utilities will now be also directly responsible for grid discipline and load management, in addition to State Load Despatch Centres. Utilities have been mandated to prepare and implement automatic load management schemes from next year.

Amendment to UI regulations has made the following key changes:

- (i) In order to push more electricity to organized electricity markets and to further discourage use of UI mechanism for sale of electricity, underdrawls and over injections beyond the permissible quantities will be disincentivised and priced at lower rates. This would increase liquidity in organized electricity markets.
- (ii) To more effectively curb the tendency of some states to heavily overdraw and deprive other states of their legitimately purchased electricity, additional UI charge of 40% on the normal UI rate (Rs. 8.73 per unit) will now become applicable at grid frequency below 49.5 Hz instead of 49.2 Hz. To put further exemplary deterrent on overdrawls, the additional UI rate will be 100% on overdrawls when grid frequency is below 49.2 Hz.
- (iii) To ensure timely payment of UI charges, any utility which defaults in payment even once has been mandated to open Letter of Credit in favour of system operator.
- (iv) Amount paid in UI account will now be first adjusted towards due interest amount. This will also result in reduced default of UI payments.
- (v) Methodology for computing various UI rates at different frequencies have been evolved and given in the regulations explicitly, bringing greater transparency.

Full text of these notifications are available at web site: www.cercind.gov.in of CERC.

Sd/-
(Alok Kumar)
Secretary