

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 209/2011 (Suo-Motu)

Subject: Implementation of Renewable Regulatory Funds mechanism under Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulation, 2010

Date of Hearing: 7.2.2012

Coram: Dr. Pramod Deo, chairperson
Shri V. S. Verma, Member
Shri M. Deena Dayalan, Member

Respondent: NLDC and SLDCs

Parties present: Ms. Meenaxi Garg, NLDC
Shri Jyoti Prasad, NRLDC
Shri K.J. Bhuvra, SLDC, GETCO
Shri J.R. Kulkarni, SLDC, Maharashtra
Shri G. Sreenivasan, KSEB
Shri U. Krishnappa, SLDC, Karnataka
Shri Anurag Misra, SLDC, Madhya Pradesh
Shri A. Satyanarayana, Advocate for SLDC, Andhra Pradesh
Shri Kaliaperumal, TANTRANSCO
Shri E. Ganesan, TANTRANSCO
Shri Ramanuj Sharma, NTCL
Shri Arvind, RVPNL
Shri G. Upadhyay, MNRE, Government of India

RECORD OF PROCEEDINGS

The representative of National Load Dispatch Centre (NLDC) submitted that pursuant to Commission's order dated 30.12.2011, the details received from the State Load Dispatch Centres (SLDCs) have been submitted to the Ministry of New and Renewable Energy Sources (MNRE) and the Commission. She submitted that a Meeting cum Workshop was conducted by NLDC at NRPC, New Delhi on 13.2.2012, where representatives of the Commission, MNRE, RPCs, NLDC and SLDCs of the eight States having potential of wind and solar generating stations participated. She submitted that out of 15,880 MW wind based generation capacity, only 2,300 MW wind generation installed capacity is under the purview of the RRF mechanism. The states of Tamil Nadu and Kerala have specified the installed capacity under RRF mechanism as 'nil', though there is maximum wind generation installed capacity of 6,286 MW in Tamil Nadu. She submitted that out of 310 MW of solar based generation installed capacity, 210

MW is under the RRF mechanism. The installed capacity of solar energy in Gujarat, Rajasthan and in Andhra Pradesh is 150 MW, 50 MW and 10 MW respectively.

2. The Commission directed the representative of the SLDCs to submit the status of metering infrastructure, etc. required for the successful implementation of Renewable Regulatory Fund (RRF) mechanism. The representatives of the SLDCs present during the hearing submitted as under:-

(a) SLDC, Madhya Pradesh: One of the generators is not agreeing for wind forecasting. SLDC has taken up the matter with the Madhya Pradesh Electricity Regulatory Commission to make forecasting of wind generation obligatory for the wind based generators. Metering has been done and is being received by the SLDC.

(b) SLDC, Gujarat: Out of 36 pooling sub-stations in Gujarat, 16 are ready to be under RRF. These 16 pooling sub-stations are being developed by 7 developers and out of them, only two developers have submitted details and others have submitted only one time schedule. GFL and Gamesa have started forecasting and the SLDC is analyzing the forecast data and the actual generation. Other generators are yet to submit their forecasting details. The installed capacity of solar generation of 12 plants is 164 MW and all the 12 generators have submitted one time details required under RRF mechanism. The solar power generators are not submitting the forecast and hence SLDC has expressed difficulty in scheduling them. SLDC is also facing difficulties as one of the pooling sub-stations for wind has a combination of wind power developers having different contracted rates for sale of power. The generators are selling wind power at preferential tariff to the distribution companies and there is third party sale.

(c) SLDC, Tamil Nadu: The department in charge of the wind generation development has given a report stating that there is no wind generation installed capacity of 10 MW at 33 kV pooling sub-station. In response to the Commission's query, the representative of SLDC submitted that because of lack of clarity in the regulations and "Procedure for Implementation of Mechanism of Renewable Regulatory Fund" (PIMRRF) with regard to the 'owners' such a report was filed by the concerned department. He submitted that there are developers having large installed capacity of wind energy but there was no single owner with capacity 10 MW and above.

(d) SLDC, Maharashtra: Four developers with capacity of 87 MW have been identified. SLDC has written to all the developers inviting them to come under RRF mechanism. However, no wind farm developer has come forward for the mechanism. None of the developers have provided the forecasting details. Developers like Suzlon are in the process of developing the forecasting tools. SLDC officials participated in the Wind Summit in January, 2012 and apprised the wind developers and owners about RRF mechanism. In Maharashtra, the settlement of deviation from the schedule is settled by System Marginal Price (SMP), which is different from the frequency linked Unscheduled Interchange mechanism. In case of inter-State sale of power by the wind

generators, frequency linked UI prices are not used. Therefore, there is no settlement of wind generation on SMP basis. In case of an embedded wind generator for inter-State sale, it has to first come under the SMP mechanism of the Maharashtra and then to the UI Pool. The SMP charges may be different from the UI charges and hence settlement under the RRF would be difficult.

(e) SLDC, Karnataka: none of the wind and solar generators have submitted the requisite information. SLDC has identified two wind power developers of capacity 36 MW for RRF mechanism, and these generators are in the process of putting in place the software tools for forecasting.

(f) SLDC, Andhra Pradesh: A solar developer of capacity 5 MW was recently commissioned and informed SLDC that it would not come under the RRF mechanism, as it did not have a PPA as on 3.5.2010. Two solar power and two wind farm developers may be covered under the RRF Mechanism and they have all submitted the initial data but they are yet to submit the schedule.

(g) SLDC, Rajasthan: Wind generation capacity of 601 MW and solar generation capacity of 50 MW would come under the RRF mechanism. It was also submitted that none of the generators have forecasting tools. To a Commission's query, he submitted that these renewable sources are presently now being scheduled. The Commission directed him to submit the existing settlement procedure adopted by these generators.

3. The Commission observed that though the word 'owner' has not been defined in the "Procedure for Implementation of Mechanism of Renewable Regulatory Fund" (PIMRRF), the words 'developer' and 'generator' have been used in the PIMRRF. The representative of NLDC submitted that PIMRRF is for wind generation of installed capacity of 10 MW and above at 33 kV connection points and PIMRRF does not define the words 'developer' and 'generator'. The representative of SLDC, Tamil Nadu submitted 'developer' is one who develops and commissions and the 'generator' is one who operates and maintains wind turbine generators. He also submitted that 790 MW of wind generation installed capacity has come after 3.5.2010. He further submitted that there is no single owner with installed capacity 10 MW and above. The Commission also observed that if there were four owners having installed capacity of 10 MW and above, then such inter-connection points have to come under the RRF mechanism. The representative of SLDC submitted that the date of connection is different on each connection point. He also submitted that the wind farm owners do not want to come together to form a group and that the RRF Mechanism should be made applicable to all wind generators irrespective of capacity and voltage at the point of connectivity and date of connection.

4. The Commission directed the representative of the association of the Indian Wind Energy Association (IWEA) to elucidate the problems faced by its members in the implementation of the RRF Mechanism. The representative of the association submitted that

clarification by the Commission on the following issues would facilitate implementation of the RRF mechanism by the wind power developers:-

(a) At a single connection point, only some wind generators are covered under scheduling and others are not covered.

(b) Whether 'developers' or 'owners' should be considered under RRF needs to be clarified. In some States the SLDCs are communicating only with wind farm developers. The communications received from SLDCs indicates that the 'developers' and not the 'generators' are not responsible under the RRF.

(c) RRF Mechanism is made applicable to the wind farms where Power Purchase Agreement (PPA) has not yet been signed as on the date of notification of the regulations. Three types of transactions take place in a wind farm, such as (i) sale to the distribution utilities under PPA, (ii) direct sale to a consumer, known as third party sale under contract through open-access and (iii) a captive transaction, which does not have a PPA. All the wind generators are connected to the same point and it is not clear which generator would come under the RRF Mechanism.

(d) RRF Mechanism requires the contract rate to make payment to RRF and receipt of payment from RRF. For collective transaction at single connection point, it is not clear as to how RRF mechanism would be implemented. Similarly, in case of the captive sale, no contract rate has been specified.

5. The representative of the (IWEA) submitted that on account of the lack of clarity on the above issues there is difficulty in scheduling. For example, SLDC would accept combined schedule of all transactions at a particular point, whereas SLDC might not have the individual schedules and deviations. Moreover, from the formats supplied by the NLDC, it is not clear whether the formats have to be filled in by the single developer or multiple developers.

6. In response to the submission of the representative of (IWEA), the representative of the NLDC clarified that these issues have already been discussed in the Meeting-cum-Workshop held on 14.1.2012.

7. The Commission observed that RRF Mechanism requires co-ordination and MNRE being the nodal ministry for the development of renewable energy could play a significant role in the implementation of RRF mechanism. The Commission directed MNRE to convene a meeting of the NLDC, SLDCs and wind and solar power developers and suggest any regulatory requirement or changes in the existing procedure for the successful implementation of the RRF Mechanism.

8. This petition shall be listed along with Petition No. 2/MP/2012, filed by Indian Wind Energy Association, on 27.3.2012.

By order of the Commission

Sd/-
(T. Rout)
Joint Chief (Law)
9.3.2012