

KERALA STATE ELECTRICITY BOARD LIMITED

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KSEB/TRAC/ Comments on Tariff Reg/2015-16

Date: 2-06-2015

To

The Secretary,
Central Electricity Regulatory Commission,
3rd & 4th Floor, Chanderlok Building, 36 Janpath Marg,
New Delhi 110 001.

Sir,

Sub: Comments on the draft Central Electricity Regulatory Commission (Ancillary Services Operations) Regulations, 2015_- Submitting of views - regarding.

Ref: Public notice No. 18/1/2013 – Reg. Aff. (AS Reg.)/CERC Dated: 1st May, 2015 issued by Hon'ble CERC

KSEB's views/comments on the draft Central Electricity Regulatory Commission (Ancillary Services Operations) Regulations, 2015 are enclosed here with for the kind consideration of the Hon. Commission.

Yours faithfully,

Sd/

Chief Engineer (Commercial & Tariff)

Acc: as above

Comments on the draft Central Electricity Regulatory Commission (Ancillary Services Operations) Regulations, 2015 issued by Hon'ble Commission vide the notification dated 1-5-2015 .

KSEBL may submit the following comments on the draft Central Electricity Regulatory Commission (Ancillary Services Operations) Regulations, 2015 issued by Hon'ble Commission vide the notification dated 1-5-2015.

KSEBL in general welcome the regulation and its objective. However, KSEBL's seeks clarity in some of the provisions in the draft regulation which are submitted below.

1. Eligibility for participation for Reserves Regulation Ancillary Services : Hon'ble Commission vide paragraph 5 of the draft regulation has stipulated the eligibility criteria for participation for Reserves Regulation Ancillary Services as quoted below.

“Eligibility for participation for Reserves Regulation Ancillary Services

5.1. All Inter-State Generating Stations whose tariff is determined or adopted by the Commission and are operating on part load and which have not received full requisition shall be eligible to participate for providing the Reserves Regulation Ancillary Services. “

2. In this matter, KSEBL may submit the following:

- In addition to inter-state generating stations, the intra-state generating stations, whose tariff is being determined/ approved by Central Commission/ State Commissions having installed capacity 100MW above and, which are only partly loaded or not scheduled may also be brought under the eligibility criteria for 'Reserves Regulation Ancillary Services' so that the balance quantum of unrequisioned capacity can be utilized for 'ancillary services'.
- The tariff of such generating stations may also be approved by CERC / SERC and the scheduling of such stations may be brought under the purview of the RLDCs for the limited purpose of ancillary services.
- In addition to the Generating Stations, Distribution utilities may be included as an eligible participant considering the following.
 - o Electricity Act-2003 permits DISCOMS to own and operate generating stations.

- The DISCOMS can very well be able to provide ‘up or down services’ by varying the energy dispatch from its own stations. Hence intra state generating stations of DISCOMs who have spinning reserve capacity may be allowed to participate in the ‘ancillary service mechanism’.
- The variable charge or compensation provided for the DISCOMs may be the highest cost of power scheduled by them.
- Further, private generators may also have surplus capacity on account of under scheduling on merit order for already tied up quantum. It is also possible that some independent generation may opt for short term markets for part capacity and may be idling on commercial considerations which can be offered at the cost of generation (VC + FC) if permitted for short duration. In order to bring such situation also within the ambit of RRAS, participation is to be facilitated to all utilities and generating stations irrespective of whether ISGS or not. This will ensure more power coming to grid under contingencies.

Hence it may be submitted that in addition to inter-state generating stations, participation in RRAS may be facilitated for all utilities and generating stations irrespective of whether ISGS or not. Accordingly the definitions under 2.1(d) and 2.1(m) may be modified to include all utilities and generating stations in RRAS.

3. Technical limits for kicking in ‘Reserves Regulation Ancillary Services’ into operation: Hon’ble Commission vide paragraph 6.5 of the draft regulation has stipulated the conditions under which the Reserves Regulation Ancillary Services is kicked into operation as quoted below.

“6.5. Nodal agency shall direct the selected Reserves Regulation Ancillary Services providers based on the merit order for economical despatch for Regulation Up and Regulation Down, as and when requirement arises in the system on account of any of the following events:

- i. Extreme weather forecasts and/or special day;
- ii. Multiple generating unit or transmission line outages;
- iii. Trend of load met;
- iv. Trends of frequency;

- v. Intimation of any abnormal event such as outage of hydro generating; units due to silt, coal supply blockade etc.;
- vi. Excessive loop flows leading to congestion; and
- vii. Such other events.”

In this matter, KSEBL may submit that,

- (i) The exact limits of over and under frequency and also the limits of voltage under which the Reserves regulation up and down services are put into operation has not been specified.
- (ii) Specification of the frequency limits and voltage control limits etc will enable the utilities to manage their load so that the utilities can avoid the cost of the Reserves Regulation Ancillary Service systems if they can control their load to be within the limits specified.

4. Dispatch of Reserves Regulation Ancillary Services: Hon’ble Commission vide paragraph 9 of the draft regulation has stipulated the procedure for dispatch of Reserves Regulation Ancillary Services. KSEBL may request Hon’ble Commission to issue clarifications on the following:

- (i) It is stated that, generation under ‘RRAS’ shall be scheduled to the Regional Deviation pool in each regional grid. It is to be clarified whether the drawal by the beneficiaries under RRAS may be also from the Regional Deviation pool.
- (ii) It is to be clarified how the inter regional transactions are accounted, i.e., the Reserves Regulation Ancillary Service Provider’ is located in one region and the affected areas / beneficiaries is located in another region.
- (iii) The time allowed (number of time blocks) to put the RRAS into service.

5. Scheduling of Reserves Regulation Ancillary Services : Hon’ble Commission vide paragraph 11 of the draft regulation has stated the scheduling procedures of Reserves Regulation Ancillary services. As per the paragraph 11.5 it has been stipulated that the energy despatched under Reserves Regulation Ancillary Services would be deemed as delivered at the Regional periphery.

However, if the dispatch of intra state reserves regulation ancillary services provider is permitted , the SLDC may be entrusted to account and certify the state transmission network charges and losses for the service dispatched.

6. **Regulation 13. Reserves Regulation Ancillary Services Settlement :** Hon'ble Commission vide regulation 13 of the draft regulation has stipulated the settlement procedures for reserves regulation ancillary services. As per the regulation, the payment to Reserves Regulation Ancillary Services provider shall be from the Regional Deviation Pool Account Fund. Further regulation 13.3 stipulates that the Reserves Regulation Ancillary Services provider shall be paid at their fixed and variable charges, with markup as decided by the Commission through a separate order from time to time in case of Regulation Up services for the quantum of Reserves Regulation Ancillary Services scheduled from the Regional Deviation Pool Account Fund.

This provision of the regulation lacks clarity with respect to the following aspects.

- (i) Regulation 13.3 stipulates the payment to Reserves Regulation Ancillary Service provider for the regulation up services from the regional deviation pool account fund. It has also been specified that the Reserves Regulation Ancillary Services provider shall be paid at their fixed and variable charges, with markup as decided by the Commission through a separate order from time to time.
 - (ii) However, the regulation does not stipulate as how the payment is shared by the beneficiaries of the service provider and at what rates the beneficiary has to pay for the quantum scheduled from the Reserves Regulation Ancillary Service provider.
 - (iii) The regulation does not stipulate the procedures for sharing of the cost of reserves regulation ancillary service by the intra state open access customers and embedded entities.
7. Other issues not addressed: KSEBL may raise the following concerns on the implementation of the ancillary services regulation with respect to the following:
- (i) In the case of outage of a generating unit or a major transmission link, the beneficiaries of that generating unit are forced to avail the mandatory service of the costly Reserves Regulation Service Provider, without allowing the utilities to make an alternative decision of managing their load through shedding or other Demand Side Management measures. In order to avoid this, it is requested that the Reserves Regulation Service may be put into service only after the RLDC consults with the concerned SLDCs for their strategic plans before the Reserves Regulation Service is put into operation.

- (ii) If there is delay in putting a Reserves Regulation Service Provider into service, the utilities will be forced to provide deviations charges as per the CERC(Deviation settlement mechanism)Regulations,2014 as well as the charges for reserved regulation service. Hence the charges for reserves regulation service may be fixed only for the actual duration for which the service has been put into operation.
- (iii) It has been stated that one of the objectives of the regulation is to reduce the transmission congestion. However, the regulation does not address the issue of reducing the transmission congestion, if there are no regulation reserves service provider in a region for meeting the requirement.

Sd/
Chief Engineer (Commercial & Tariff)