



Draft DSM Regulations 4th Amendments, 2018

TATA Power Trading Company Limited

21st Aug 2018

DSM Regulations



Proposed Amendments

Clause 5 (Charges for Deviation) of the Principal Regulations

DSM Price at 50 Hz would be linked to Average Area Clearing Price

TPTCL Comments:

- ✓ Introducing ACP linked dynamic DSM pricing would create a situation wherein actions by grid connected entities would take the grid frequency away from 50.0 Hz.

Case-1 When ACP is higher than current DSM price at 50.0 Hz, approach of regional entities would lead the frequency move above 50.0 Hz

E.g.

- ✓ Lets assume that Avg. ACP is Rs 4.00/kWh. At this price, generating companies/IPP/CPs whose variable cost is below Avg. ACP, will be incentivized to over inject subject to their limit, when grid frequency is close to 50.0 Hz. This would help increase the revenue of such generators/IPP/CPs.
- ✓ At the same time DISCOM/Drawing Entities would intend to under draw as per their limit and would be paid @ high Avg. ACP. This would help reduce the cost of power purchase

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DSM Regulations



TPTCL Comments:

Case-2: When ACP is lower than current DSM price at 50.0 Hz, approach of regional entities would lead the frequency below 50.0 Hz

E.g.

- ✓ Lets assume that Avg. ACP is Rs 2.00/kWh. At this prices, generating companies/IPPs/CPPs whose variable cost is higher than Avg. ACP, may intend to under inject subject to their limit, when grid frequency is close to 50.0 Hz. This would help increase the saving on high variable cost, for such generators/IPPs/CPPs
- ✓ At the same time DISCOM/Drawing Entities would intend to over draw as per their limit, due to low Avg. ACP which is lower than APPC of the State/DISCOM. This would also help increase in saving on cost of power purchase, due to relatively high saving on purchase of excess power from real time.
- ✓ Also during peak hours, DISCOM would intend to buy less in Day Ahead Market and over draw more in real time as Avg. ACP is lower than Peak Price in DAM. This would again lead to grid frequency going below 50 Hz

Hence, the proposed methodology is not suitable and existing DSM price mechanism may be continued.

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Proposed Amendments

Clause 7(1): Limits on Deviation Volume

Provided also that the total deviation from schedule in energy terms during a day shall not be in excess of 3% of the total schedule for the drawee entities and 1% for the generators and additional charge of 20% of the daily base DSM payable / receivable shall be applicable in case of said violation."

TPTCL Comments:

1. For Hydro Power plants selling in short term, it is not possible to adhere to the volume limit proposed to be imposed specially with regard to Run of the River Hydro (RoR) Projects. These Generators due to their dependency on rain fall are already facing challenges in maintaining the schedules under STOA.
2. In STOA, it is not possible for generators to revise the schedule at short notice and the revised schedule is accepted after 2 days of request

It is requested that proposed new proviso regarding limits on deviation volume i.e. generators not to exceed deviation of 1% of the schedule during the day, should not be introduced for Hydro projects especially RoR projects& wind and Solar in India.

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Proposed Amendments

Clause 7(10): Change in sign of deviation

In the event of sustained deviation from schedule in one direction (positive or negative) by any regional entity, such regional entity (buyer or seller) shall have to make sign of their deviation from schedule changed, at least once, after every 6-time blocks

Provided that violation of the requirement under this clause shall attract an additional surcharge of 20% on the daily base DSM payable / receivable as the case may be."

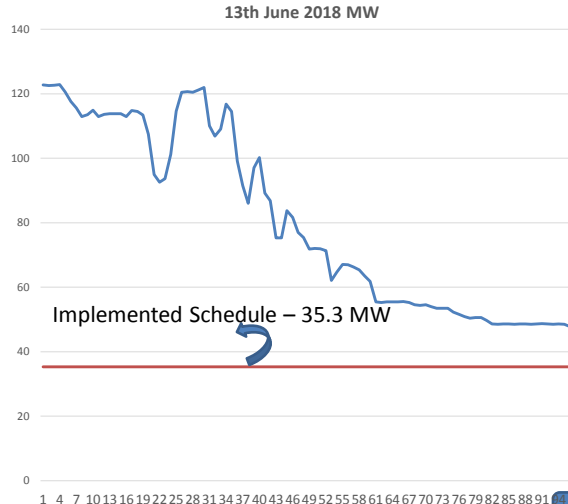
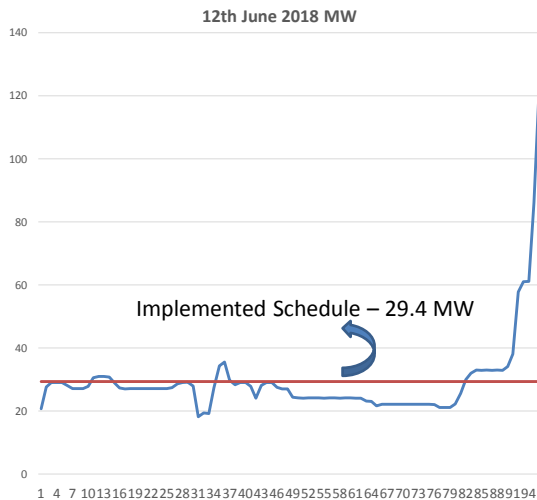
TPTCL Comments:

1. In absence of the provision of revising the schedule for Hydro Power Plants under STOA, the proposed amendments of change in sign of the deviation, would not be fair to generations which do not have pondage and generation is dependent on rain fall.
2. In case of Wind and Solar generators, intraday revisions should be allowed in STOA.
3. While generations from Thermal power plants are capable of matching the schedule during the day.
4. Hence, impact of deviation in the case of Wind, Solar and RoR plant are very high in STOA i.e. on Bilateral & Exchange platforms.

It is therefore requested that proposed amendment regarding additional charges of 20% on the daily base DSM in the event of sustained deviation in one direction should not be made applicable for Hydro projects especially RoR projects in India and such projects in neighboring countries

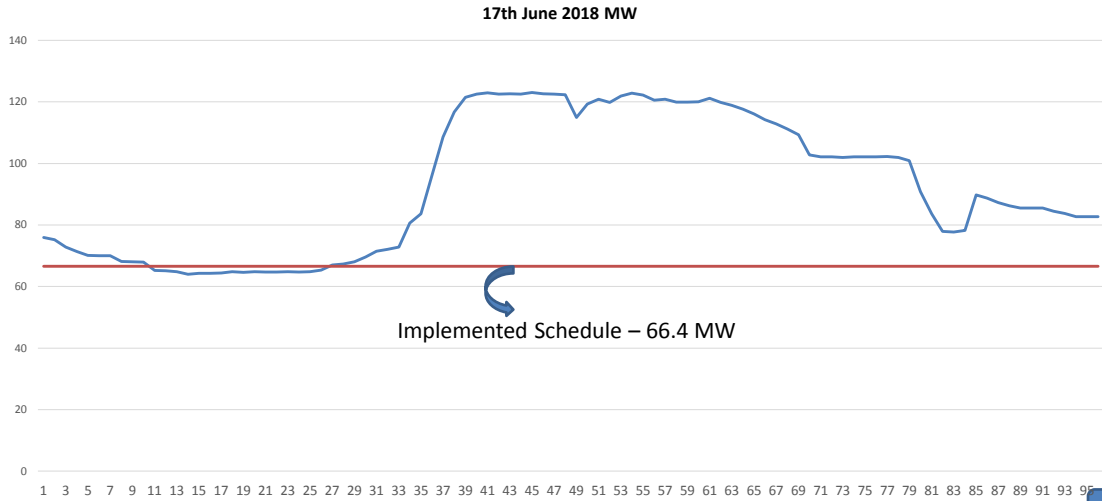
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Actual Injection/Imp. Schedule – Run of the River



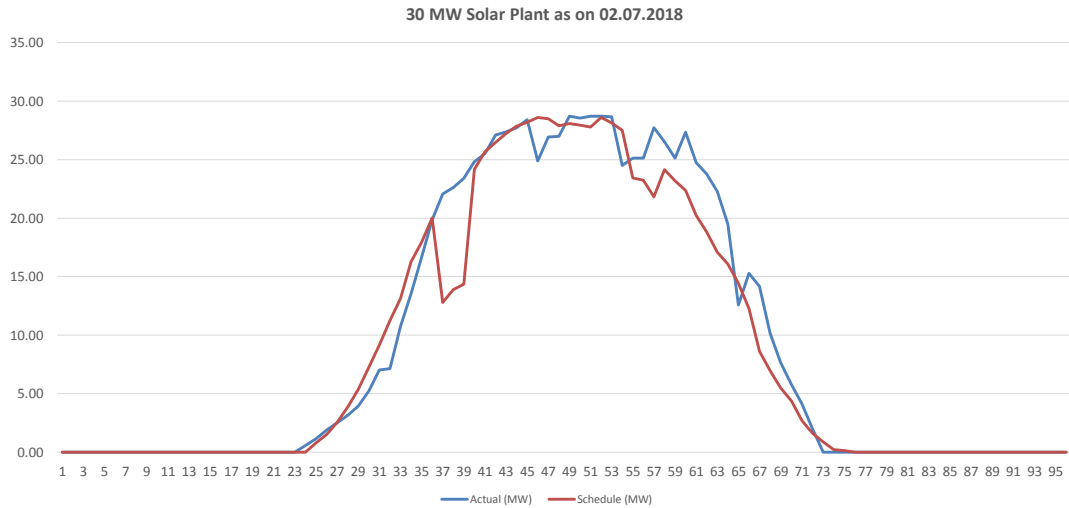
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Actual Injection/Imp. Schedule – Run of the River



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Actual Injection/Vs Revised Schedule – Solar

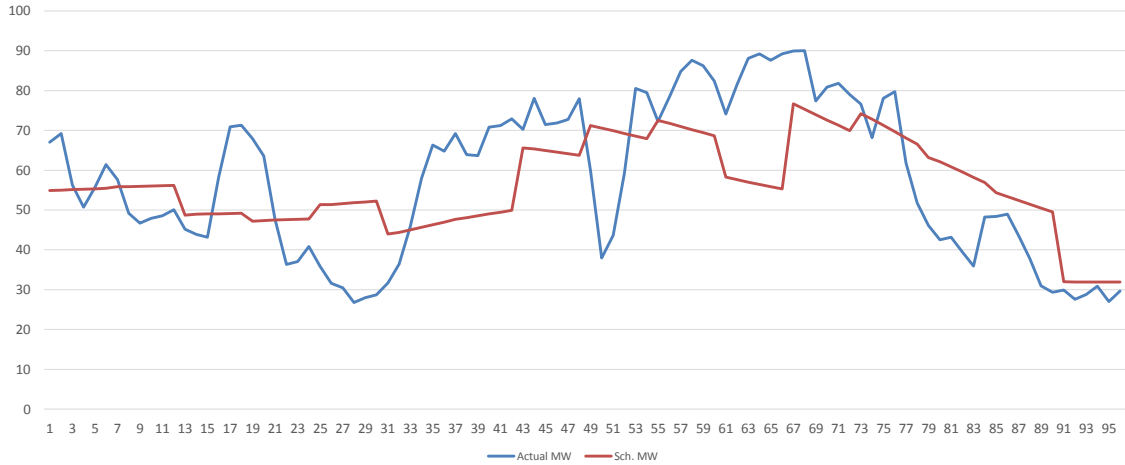


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Actual Injection/Vs Revised Scheduled – Wind



95.2 MW Wind Farm as on 05.07.2018

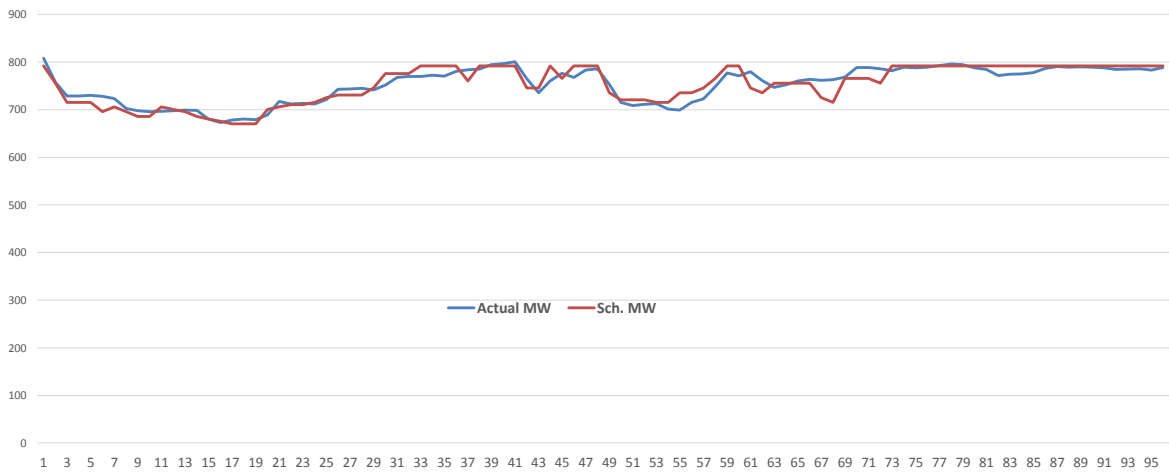


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Actual Injection/Imp. Schedule – Thermal Generator



Thermal Plant of 1050 MW Act. Generation Vs Schedule as on 06.08.2018



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critique.”**

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