

**VIEWS OF
WEST BENGAL STATE ELECTRICITY
DISTRIBUTION COMPANY LIMITED**



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"After the existing proviso to clause (1) of Regulation 7 of the Principal Regulations, a new proviso shall be added as under:

"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."

❖ Distribution utilities are the main drawee entity in the grid. The Under drawl / over drawl of any distribution utility depends on the demand forecast, which is primarily influenced by the weather forecast of IMD.

❖ Any failure in weather forecast causes significant dislocation of the load generation balance planning of such distribution utility & thereby causes deviations.

❖ Such deviation sometime becomes beyond the control of distribution system operator as the prevailing IEGC allows 4th time block for upward or downward revision of generation availability with ramping

❖ Moreover, As per present practice, clear 3+ hours gap between bidding hour block & scheduling hour block is required to transact any power in real time contingency market.

❖ Distribution utility /buyer either has to allow deviation specially the over drawl deviation for this three hours or resort load shedding which is against the Governmn of India mandate of **24X7 uninterrupted power supply**.

❖ Hence, for the purpose of uninterrupted power supply to the end users, there is every possibility to deviate by distribution utility very frequently, more than 3% in total energy, despite maintaining their drawl within the allowable stipulated volum limit in most of the time blocks in a day.

❖ In the light of the above fact it is proposed that the penal additional surcharge related to deviation in day total volume in energy terms, as proposed in the draft Regulation, should be imposed in steps of % of deviation from day total schedule energy & the corresponding additional surcharge range should be from 5% to 20% of the daily base DSM payable/receivable in steps .

❖ Example: For deviation in excess of 3% & up to 4% the said surcharge will be 5% up to 5% deviation the surcharge will be 10% & so on.

Clause (10) of Regulation 7 of the Principal Regulations shall be

substituted as under:

“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. To illustrate, if a regional entity has positive deviation from schedule from 07.30 hrs to 09.00 hrs, sign of its deviation from schedule shall be changed in the 7th time block i.e. 09.00hrs to 09.15 hrs from positive to negative or negative to positive as the case may be. 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.”

At the outset, it is not clear in the clause that whether 20% additional surcharge will be applicable for each violation or for a day, irrespective of the number of violations in a day.

❖ In real time operation sign change of deviation from sustained under draw over injection is possible as prevailing IEGC allows generator, seller /buyer, beneficiary to change their Declared Capacity (DC) / Requisition within 4th time block.

❖ In the event of sustained over drawl / under injection condition the generator can comfortably manage the sign change simply by revising their DC downwards for one or two block to avoid such surcharge .

❖ For a distribution utility such sign change cannot be possible without imposing load shedding to the end users because the present market infrastructure allows beneficiary/buyer to procure power from contingency market with a clear gap of 3+ hours between bidding & scheduling.

- ❖ In the first block (00.00 to 01.00 hours) beneficiary /buyer can place bid for the procurement of power for 5th hour block (04.00 to 05.00 hrs) onward. Moreover, the contingency market remains closed from 23.00 Hrs to 00.30 Hrs for diurnal operation.
- ❖ As per IEGC, any loss of availability due to unit outage of a generator with whom beneficiary has Long term, medium term & short term agreement gets downward scheduling effect within 4th time block.
- ❖ In such event, beneficiary cannot procure power from contingency market within 4th time block.
- ❖ The another option for the beneficiary is then to seek URS power from the Generating station with whom it has LTOA & MTOA. As availability of URS power & its duration in the schedule is totally uncertain in real time operation as per the existing regulatory framework, this source cannot be considered as reliable source.

❖ Hence, with the implementation of this clause the end users will face unnecessary load shedding which will violate the **Government's mandate of 24X7 uninterrupted supply** in view of the prevailing lengthy power procurement processing time from contingency market.

❖ Moreover, the contingency market products are hourly basis not on 15 minutes time block basis. So to change sign of deviation for a single block, beneficiary has to procure power for one hour which means for rest 45 minutes beneficiary has to incur the additional financial loss due to such procurement.

❖ So, the applicability of this clause may be considered

- after implementation of 4 time block Gate Closure concept of procurement which is in line with the concept captured in ***“Discussion Paper on Re-designing Real Time Electricity Markets in India”*** recently published by Honourable CERC.

- after the implementation of ***“Merit order operation Flexibility in generation scheduling of Thermal Generating Station”*** as proposed by GOI through draft note on 9th August 2018.

- With the implementation of this mechanism Distribution company will procure power promptly from the National stack of URS power.

The following Major changes are proposed by the Honourable Commission in the Amendment

- Linking of DSM vector with Market Price & Cap rate of DSM for the generators as per their last billed energy rate.
- Tightening of operating frequency band.
- Additional surcharge on daily net deviation energy volume limit above 3% w.r.t daily net scheduled energy.
- Additional surcharge for non compliance of sign reversal of deviation with six blocks interval.

➤ All the changes/additions as proposed are theoretically essential as per as Grid security & stability is concerned. But from stake holders side, implementation of all the above changes & additions at a time may be painful to comply in real time operation.

➤ As a consequence, the end consumers of the country may be affected commercially & operationally all of a sudden.

➤ Moreover, some change in regulatory framework & market design are required to comply the above changes honestly.

Hence, as a stake holder, it is the proposal to the Honourable CERC to implement the above changes & additions in phase wise manner, so that stake holders can strategise their power purchase/sale portfolio accordingly based on phase wise operational experience, otherwise there will be the ever possible chance of deviation from the Government's commitment for



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