

Views of GRIDCO on
CERC Draft (Fees and Charges of Regional Load
Despatch Centre and other related matters)
Regulations, 2019

CERC has notified CERC Draft (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations, 2019 & has sought views on it from stake holders. Many changes has been suggested in the proposed draft regulations for the control period from 1.4.2019 to 31.3.2024. GRIDCO here by offers its considered views on the aforesaid draft regulations :

Operational Expenditure (OPEX) : Regulation 23

OPEX shall include services like Cloud Computing, Data Storage, Data Centre, Big Data Analytics tools, Advanced data visualization tool (with GIS interfacing), Satellite Services, Weather Data Services, WebNetUse, Forecasting Services, Licensee Fee for software etc.

Actual expenditure towards engaging of services under OPEX shall be considered, after prudence check during 2019-20 to 2023-24.

Gridco's view :

Since the provision of OPEX has been made in the proposed draft Regulations for execution of projects such as Cloud Computing, Data Storage, Data Centre, Big Data Analytics tools, Advanced data visualization tool (with GIS interfacing), Satellite Services, Weather Data Services, Forecasting Services, WebNetUse etc, **provision should also be there in the OPEX towards knowledge upgradation/ training of DICs for using such tools, where ever required such as webnet-use software** as is done in case

of PSSE software which was procured centrally by RLDC . The LAPTOP along with PSSE software were distributed to stakeholders with cost. These are the knowledge oriented asset/tools, used for tackling the rapid changes in the technology coupled with fast changing regulatory environment. But such knowledge enhancement, will only be fruitful, for the sector when DISCOMs / DICs are also at a stage to muddle through such change process, for which knowledge dissemination down the line is highly essential.

Hence GRIDCO proposes to procure the webnet software used for Transmission cost allocation, centrally by NLDC, for all the DICs. Such mass procurement will not only plummet the cost of software but it will definitely help all DICs to get conscious & informed decision about transmission cost allocation process without claiming it just a black box.

Procurement of webnet software centrally will play a vital role in institutional capacity building of the DICs pan-India as an effort to counteract the growing layers of complexity in Transmission charge PoC calculation.

PERFORMANCE LINKED INCENTIVE : Regulation 32

Performance linked incentive to RLDCs and NLDC

(1) Recovery of incentive by the Regional Load Despatch Centre shall be based on the achievement of the **Key Performance Indicators (KPIs)** as specified in **Appendix-V** or such other parameters as may be prescribed by the Commission.

(2) Each Regional Load Despatch Centre shall submit its actual performance against each of the key performance indicators to the Commission on annual basis as per the format specified in **Appendix-V**.

(3) NLDC shall submit the details in regards to each Key Performance Indicator in the format specified in **Appendix-V** along with the methodology for approval of the Commission.

(4) The Commission shall evaluate the overall performance of the RLDCs or NLDC, as the case may be, on the basis of weightage specified in **Appendix-V**. The Commission, if required, may seek advice of the Central Electricity Authority for evaluation of the performance of RLDCs or NLDC.

(5) The RLDCs or NLDC, as the case may be, shall be allowed to recover incentive of 15% of Annual LDC Charges for aggregate performance level of 85%. The incentive shall increase by 1% on pro-rata basis for every 5% increase of performance level above 85%:

The incentive shall be capped as per DPE Office Memorandum No. W-02/0028/2017-DPE (WC)-GL-XIII/ 17 dated 3.8.2017.

Provided that incentive shall be reduced by 1% on pro-rata basis for the every 3% decrease in performance level below 85%.

(6) The RLDCs or NLDC, as the case may be, shall compute the Key Performance Indicators on annual basis for the previous year ending on 31st March and submit to the Commission along with petitions for approval of the Commission as per **Appendix-V and Appendix- VI** of these Regulations:

(7) The key performance indicators of previous year ending on 31st March shall be considered to recover incentive on each year and shall be trued up at the end of the control period.

Gridco's view :

KPI play an important role in promoting regulatory quality & can be used as a Regulatory management tools, for systematic and evidence-based assessment of the impact of proposed regulations in achieving its intended objective.

- (i) Hence GRIDCO proposes that parameters of KPI should not be kept constant/ freezed for whole 5 year period. Rather the parameters & respective weightage of KPI need to evolve to keep pace with growing layer of complexity /changes brought in indian power sector.
- (ii) For ensuring reasonable value addition to end users in qualitative term, Financial incentives and disincentives should be improvised/ over a control period rather than simply increasing the monetary incentives. This can be achieved by evaluating performance in a stricter norm so that it would provide an window of opportunity for improvement of sector. For FY 16-17, KPI of 5 RLDC are produced below as published in recent CERC orders :

NLDC	97.91 %
ERLDC	98.82 %
SRLDC	99.39 %
NRLDC	98.94 %
WRLDC	98.87%

In view of the past KPI performance of RLDCs, Gridco proposes that for recovery of incentive by RLDC / NLDC, incentive of 10% of Annual LDC Charges to be allowed in place of proposed 15 % in draft regulations . Similarly aggregate performance level to be kept as 90%, rather than prosed 85% in the draft regulations. The incentive shall increase by 1% on pro-rata basis for every 5% increase of performance level above 90%. The other proposals to remain same such as the incentive shall be capped as per DPE Office Memorandum No. W-02/0028/2017-DPE (WC)-GL-XIII/ 17 dated 3.8.2017. Provided that incentive shall be reduced by 1% on

pro-rata basis for the every 3% decrease in performance level below 90%.

- (iii) As proposed in the draft regulations, the Commission shall evaluate the overall performance of the RLDCs or NLDC, as the case may be, on the basis of weightage specified in **Appendix-V**. But the weightage need to be revised as submitted below.

Assessment of Key Performance Indicators for RLDC / NLDC : Appendix-V

Gridco's view on KPI parameter with respect to Stake holder satisfaction:

- (i) MoU Rating as per DPE : **KPI with respect to MoU Rating as per DPE should be given weightage of 5 % rather than proposed 10 %.**
- (ii) Facilitate power system and market functioning
Power Market transaction (Collective & Bilateral), REC, ESCerts
Power System Functioning: Calculation & reporting of FRC, declaration of transmission losses, stakeholder meetings including cross border.
KPI with respect to Facilitation of power system and market functioning should be given weightage of 25 % rather than proposed 30 %.
- (iii) Information dissemination
 - a. ATC/TTC
 - b. Transactions scheduled**KPI with respect to Information dissemination should be given weightage of 20 % rather than proposed 10 % .**

Moreover **Compliance to provide informations sought by stakeholders (including DICs) related to commercial & technical**

issues required for verification of tariffs of ISGS generators,& ISTS transmission charge tariff & apportionment & data related to different power market products (SCED , MBED , RTM, ASM & DSM)within a stipulated time period should also be made part of Information dissemination.

Gridco's view on KPI parameter with respect to Learning & growth :

KPI with respect to parameter of *Lessons learnt and knowledge dissemination by way of data intensive reports should also include* Reports with excel sheet wherever applicable with formulas intact with detail explanations by NLDC/ RLDC in order to foster better transparency and open process of knowledge sharing.