

DHARIWAL INFRASTRUCTURE LIMITED

Comments on Draft DSM (Fifth Amendment) Regulations, 2019

Regulation	Particulars	Comments and Suggestions
3.2	<p><i>Clause (3) of Regulation 5 of the Principal Regulations shall be substituted as under: -</i></p> <p><i>“The Cap rate for the charges for deviation for the generating stations, irrespective of the fuel type and whether the tariff of such generating station is regulated by the Commission or not, shall not exceed 303.04 Paise/kWh.”</i></p>	<p>We request the Hon’ble Commission to revisit the cap rate for the charges for deviation for all the generating stations, irrespective of the fuel types and whether the tariff of such generating station is regulated by the Commission.</p> <ul style="list-style-type: none">• It is humbly submitted that as per DSM 3rd Amendment Regulations the deviation charges under Administered Price Mechanism (APM) was capped at ₹3.03/kWh for the Generating stations using coal/lignite or gas supplied under APM as the fuel which corresponds to price at 49.94 Hz frequency at the then prevailing static DSM price vector.• Further, as per draft DSM 4th amendment Regulations, there was no provision for capping of deviation charges for all generating stations. The cap rate of deviation charges was proposed at ₹3.03/kWh for the generating stations whose tariff was regulated by the Hon’ble Commission. As per the Statement of Reasons for Final DSM 4th Amendment Regulations notified by the Hon’ble Commission vide notification dated 20.11.2018, some of the stakeholders suggested that the price cap should be applicable for all generators to remove deliberate over-injection and resultant increase in frequency. The Hon’ble Commission had taken note of the suggestion and has decided, in the interest of grid security, to provide for a fixed price cap of ₹3.03/kWh for the non-regulated generators too. In this context, we humbly submit that many of the non-pit head Generating stations, whose Energy Charge Rates (ECR) are more than ₹3.00/kWh and not regulated by the Hon’ble Commission have not got an opportunity to defend their point. Moreover, we like to bring in the notice of the Hon’ble Commission that

DHARIWAL INFRASTRUCTURE LIMITED

Comments on Draft DSM (Fifth Amendment) Regulations, 2019

Regulation	Particulars	Comments and Suggestions
		fixed capped rate for non-pithead generating stations will not permit generators to over inject when the frequency is low and help the grid. Hence it is proposed that we use the prevailing average rate of power traded at the exchange for the day as the DSM rate without any cap.
4.3	<i>The clause 4 of regulation 7 of the principal regulations shall be substituted as under: “(4) In addition to Charges for Deviation as stipulated under Regulation 5 of these regulations, Additional Charge for Deviation shall be applicable for over injection/under-drawal of electricity for each time block by a buyer/seller as the case may be when grid frequency is ‘50.10 Hz and above’ at the rates equivalent to charges of deviation corresponding to the grid frequency of ‘below 50.01 Hz but not below 50.0 Hz’, or cap rate for deviation of 303.04 Paise/kWh whichever is lower.”</i>	<p>We request the Hon’ble Commission to revisit the proposed Regulation and devise a suitable methodology to reduce the burden of penalty due to stringent proposed imposition of two-tier penalty on the Generating station/seller for such over-injection.</p> <ul style="list-style-type: none"> The proposed Draft DSM Regulations impose a double whammy on the utilities. If the generating station/seller over-injects at frequency 50.10 Hz and above, it loses the entire fuel cost for the entire over-injection of energy as it is not able to recover the same. Additionally, a penalty equivalent to daily average ACP or capped rate for deviation of 303.04 Paise/kWh whichever is lower is proposed to be levied on the entire volume of over-injection. We request the Hon’ble Commission to remove such stringent provision in final DSM 5th Amendment Regulations.
4.5	<i>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 (buyer or seller), such entity shall correct its position in the manner as specified under clauses (a) and (b) of this Regulation.</i>	<ul style="list-style-type: none"> It is humbly submitted that the proposed provision of changing the direction in 6/12 time-blocks is very difficult for implementation by the market participants as such change in direction depends on grid condition. We request the Hon’ble Commission to remove this stringent provision of the proposed Amendment Regulations.

DHARIWAL INFRASTRUCTURE LIMITED

Comments on Draft DSM (Fifth Amendment) Regulations, 2019

Regulation	Particulars	Comments and Suggestions
	<p><i>(a) Up to 31.03.2020, if the sustained deviation from schedule continues for 12-time blocks, the regional entity (buyer or seller), shall correct its position by making the sign of its deviation from schedule changed or by remaining in the range of +/- 10 MW with reference to its schedule, at least once, latest by 13th time block.</i></p> <p><i>Provided that each violation of the requirement under this clause shall attract an additional charge of 10% on the time block DSM payable / receivable as the case may be.</i></p>	<ul style="list-style-type: none"> • It is submitted that this regulation is contradictory to the basic philosophy of DSM. Over-injection or under-injection of power under DSM regime solely depends on the grid frequency. Therefore, change of deviation from schedule in either direction is dependent on average grid frequency of 15-minute time block. Such change in sign of deviation cannot be linked to time blocks. As such, change in sign of deviation shall not help in achieving greater grid stability. In fact, changing the sign of deviation in every six-time blocks are highly impractical and will lead to lot of operational problems for all stakeholders. • It is also important to note that the grid scenario (i.e., System Frequency & System Voltage) during each time block may be entirely different from that in the previous blocks or the forthcoming time blocks. Hence, it may not be appropriate to co-relate the same and make the drawl/generation in the 7th/13th time block dependent on the deviation during the previous 6-time blocks. Further, such correction to be taken from 7th/13th time block may not be useful/required for the grid situation from that time block. Such corrections may worsen the grid situation. Further, the buyer/beneficiary does not necessarily have control on the deviation and may make the grid unstable.
	<p><i>(b) From 01.04.2020, if the sustained deviation from schedule continues for 6-time blocks, the regional entity (buyer or seller), shall correct its position, by making the sign of its deviation from schedule changed or by remaining in the range of +/- 10 MW with reference to its schedule, at least once, latest by 7th time block.</i></p> <p><i>Provided that violation of the requirement under this clause shall attract an additional charge as specified in the table below:</i></p>	

DHARIWAL INFRASTRUCTURE LIMITED

Comments on Draft DSM (Fifth Amendment) Regulations, 2019

Regulation	Particulars	Comments and Suggestions								
	<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: center;">Number of Violations in a day</th> <th style="text-align: center;">Additional Charges Payable</th> </tr> </thead> <tbody> <tr> <td>From first to fifth violation</td> <td>For each violation, an additional charge @ 3% of daily base DSM payable / receivable</td> </tr> <tr> <td>From sixth to tenth violation</td> <td>For each violation, an additional charge @ 5% of daily base DSM payable /receivable</td> </tr> <tr> <td>From eleventh violation onwards</td> <td>For each violation, an additional charge @ 10% of daily base DSM payable /receivable</td> </tr> </tbody> </table>	Number of Violations in a day	Additional Charges Payable	From first to fifth violation	For each violation, an additional charge @ 3% of daily base DSM payable / receivable	From sixth to tenth violation	For each violation, an additional charge @ 5% of daily base DSM payable /receivable	From eleventh violation onwards	For each violation, an additional charge @ 10% of daily base DSM payable /receivable	
Number of Violations in a day	Additional Charges Payable									
From first to fifth violation	For each violation, an additional charge @ 3% of daily base DSM payable / receivable									
From sixth to tenth violation	For each violation, an additional charge @ 5% of daily base DSM payable /receivable									
From eleventh violation onwards	For each violation, an additional charge @ 10% of daily base DSM payable /receivable									
4.5	<p><i>Provided also that payment of additional charge for failure to adhere to sign change requirement as specified under clauses (a) & (b) of this regulation shall not be applicable to:</i></p> <p><i>a. renewable energy generators which are regional entities.....</i></p>	<p>We request the Hon’ble Commission to include all Co-generation based plants with all types of fuel to be exempted as per the sustained deviation violations as specified under clauses (a) and (b).</p>								
New Regulation	<p><i>Proposal for revision in existing Clause 6 of Regulation 7 of the Principal Regulations and subsequent 4th amendment reference sl. 4.14</i></p>	<ul style="list-style-type: none"> • We Request the Hon’ble Commission to amend the existing provision as below: <i>“In addition to charges for deviation.... provided that additional charge for deviation for under injection of electricity ...when the grid frequency is consecutively ‘below 49.85 Hz’ for more than 1 block, by generating station</i> 								

DHARIWAL INFRASTRUCTURE LIMITED

Comments on Draft DSM (Fifth Amendment) Regulations, 2019

Regulation	Particulars	Comments and Suggestions
	<i>"In addition to charges for deviation.... provided that additional charge for deviation for under injection of electricity ...when the grid frequency is 'below 49.85 Hz' by generating station shall be equivalent to 100% of cap rate of deviation of Rs. 303.04 paise/kWh"</i>	<i>shall be equivalent to 100% of cap rate of deviation of Rs. 303.04 paise/kWh and the same shall be levied from the second block onwards"</i> <ul style="list-style-type: none">• Explanation: Load ramp up/down in coal-fired generating stations normally takes a considerable duration depending on boiler response. Depending on coal quality/boiler inertia, it may so happen that if the grid frequency suddenly falls below 49.85 Hz, the generator may not be able to immediately increase the load to over-injection in order to avoid penalty. Hence, we request the Hon'ble Commission to exempt penalty for under-injection for the first block and impose the same at cap rate from the next consecutive blocks.