

FARIDABAD INDUSTRIES ASSOCIATION

Comments/Suggestion/Objection on Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) (Fifth Amendment) Regulations, 2019.

Ref: Public Notice No. L-1/132/2013-CERC Dated 18.04.2019

1. CERC has invited public comments on the above cited Draft Regulations by 17th May, 2019. In this connection, Faridabad Industries Association (FIA) has gone through the proposed amendments in the light of
 - (1) Existing Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) (Fifth Amendment) Regulations, 2019 [CERC DSM Regulation] and
 - (2) Haryana Electricity Regulatory Commission (Terms and conditions for grant of connectivity and open access for intra-State transmission and distribution system) Regulations, 2012 amended upto date, [HERC OA Regulations] that specifies the Deviation charges payable by the Open Access Users.
2. The Members of FIA are consumers of DHBVN/UHBVN who, as and when required, seek STOA and procure electricity from the ISGS (Interstate Generating Station) or through Power Exchange. These are 'Embedded Consumers' [OA Users in short] as defined in the HERC OA Regulations. A Term 'Imbalance' in HERC OA Regulation has been used which has the same meaning as term 'Deviation' in CERC DSM Regulation. These OA Users are charged imbalance charges at a rate multiple times the 'Deviation Charges specified in CERC DSM Regulations for their respective over-drawl(s) and paid pittance for their under-drawl(s). To support this fact, relevant portion of the HERC OA Regulations is appended as Annexure 'A' followed by example(s) to illustrate.
3. As per HERC OA Regulation, the Charges payable by OA Users for their respective overdrawl is:
 - 200% of the Tariff (Energy Charge + FSA) as determined by the HERC".

While the Charges receivable by OA Users for their underdrawls is :-

- "Minimum of (i) CERC determined Deviation Charge or (2) Purchase Price of OA User or (3) Lowest Tariff Chargeable to any Category of Consumer as determined by the HERC".

Besides, quantum for which Deviation Charges is receivable by OA Users is restricted to 10% of their respective Scheduled interstate energy in the Time-Block.

4. Thus, HERC OA Regulations have distorted the balance between the Class of OA Users vis a vis the Distribution Licensees. Even if the algebraic sum of Deviation of the Class of OA Users is Nil, the individual OA users have to shell out charges to Distribution Licensees.
5. The OA Users of our Association understand that the HERC OA Regulation is outside the jurisdiction of Hon'ble Central Commission. But the OA transactions that involve "Injection at a Point outside the State of Haryana" or "Collective Transactions discovered through Power Exchange" very much fall within the jurisdiction of CERC DSM Regulations.
6. At a time when CERC DSM Regulations has been taken up for proposed Amendment, suitable additional Amendment may also be effected to safeguard the interest of OA Users in interstate Transactions since CERC has complete jurisdiction over the 'Interstate Transactions'.
7. SLDCs may be required to make sub-account for their respective State OA Users following the 'Regional Deviation Account' issued by RPC for each State. Such a sub-account should first treat OA Users at parity with the distribution companies of the State and the account should be zero-sum for each settlement period. The SLDC may be allowed an Agent fee (as may be determined by CERC DSM Regulation) of the order of upto 1%. This fee may be linked with 'Overall Drawl' with reference to 'Limits specified' in the Regulation. e.g.
 - (i) if, Distribution companies are overdrawing and Class of OA Users are also overdrawing, the fee may be 2% else 1%;
 - (ii) if, Distribution companies are underdrawing and Class of OA Users are also underdrawing, the fee may be 2% else 1%;
 - (iii) if, Distribution companies are defaulting for sign change, and Class of OA Users are also defaulting for sign change, the fee may be 2% else 1%;Or any other method deemed fit by CERC DSM Regulations.

Portion of HERC Regulation as applicable to OA Users is reproduced hereunder:

1. **Short title, commencement and interpretation** - (1) These regulations may be called the Haryana Electricity Regulatory Commission (Terms and conditions for grant of connectivity and open access for intra-State transmission and distribution system) Regulations, 2012.

- 3 (11) **“embedded open access consumer”** means a consumer who has a supply agreement with the distribution licensee in whose area of supply the consumer is located and avails the option of drawing power from any other person under open access, during a day or more in any month or more than one month during the year, without ceasing to be a consumer of the said distribution licensee and continues to pay various charges as per tariff schedule applicable to relevant consumer category.

- 3 (12) ¹**“imbalance” in a time block for a open access consumer means its total actual drawal minus total scheduled drawal.**

10. Categories of open access customers - (1) According to system to which connected:

- (a) Intra-State transmission system
- (b) Distribution system

(2) According to inter-se location of drawl and injection points:

- (a) Both within the same distribution system
- (b) Within the State but in distribution systems of the different distribution licensees.
- (c) Injection point in the Intra-State transmission system within the State

(d) In different States

(3) According to the duration of open access:

- (a) Long term open access
- (b) Medium-term open access

(c) Short-term open access

¹ The Term ‘Imbalance’ in HERC OA Regulation has same meaning as term ‘Deviation’ in CERC DSM Regulation;

Chapter XI: Embedded open access consumers

42. Eligibility criteria, procedure and conditions to be satisfied for grant of long term open access, medium term open access and short term open access to embedded consumers shall be same as applicable to other short-term open access consumers. However, the day-ahead transactions, bilateral as well as collective through power exchange or through NRLDC, by embedded open access consumers under short term open access shall be subject to the following additional terms and conditions:

- i) **The Consumer shall submit** to the distribution licensee a **schedule of power through open access for all the 96 slots by 10:00 AM of the day preceding the day of transaction and this will be considered as confirmed schedule for working out the slot-wise admissible drawl of the consumer from the licensee with reference to his sanctioned contract demand.** For example, if an embedded consumer with a contract demand of 10 MW has scheduled 4 MW power through open access in any time slot of the succeeding day as per the schedule submitted by him at 10 AM, then his admissible drawl from the licensee in that time slot will be 6 MW.

The total admissible drawl in different time – slots shall, however, be worked out based on slot-wise admissible drawl from the licensee as above and the slot-wise schedule of power through open access accepted / cleared by the power exchange and intimated to the SLDC and distribution licensee by the consumer in compliance of regulation 45. **For example if, as per the schedule for drawl of power through open access submitted by the consumer at 10 AM of the day preceding the day of transaction, 4 MW power was scheduled through open access in a time slot and as per the accepted schedule this gets reduced to 3 MW, then his admissible total drawl in that time slot shall be 9 MW. i.e. 6 MW from the licensee and 3 MW through open access.**

In case recorded drawl of the consumer in any time slot exceeds his total admissible drawl but is within 105 % of his contract demand, he will be liable to pay charges for the excess drawl (beyond admissible drawl) at twice the applicable tariff including FSA. In case the recorded drawl exceeds the sanctioned contract demand by more than 5% at any time during the month as per his energy meter, **demand surcharge** as per relevant schedule of tariff approved by the Commission **shall also be leviable**. For the purpose of calculating demand surcharge in such cases, the total energy drawl during the month including the energy drawl through open access shall be considered. The consumption charges for the energy drawl through open access, for the purpose of levy of demand surcharge, will be worked out at the applicable tariff for the category to which the consumer belongs.

- (ii) The drawl of power through open access during peak load restriction hours shall be subject to the provisions of regulation 45 (3) hereinafter.
- (iii) **In the event of underdrawl** for a slot or multiple thereof, the **consumer will be paid imbalance charges** by the distribution licensee **as provided in Regulation 24 (2) (A) II (i)** provided that in case of underdrawl as a result of non-

availability of intra-state distribution/transmission system or on account of unscheduled load shedding (to be certified by SLDC), imbalance charges for underdrawl shall be payable as provided in Regulation 24 (2) (C).

All other terms and conditions shall be same as applicable to other short term open access consumers.

Regulation 24 (2) (A) II (i) and Regulation 24 (2) (C) are reproduced:

24 (2) (A) II. Underdrawl by open access consumer/Over injection by generator/trader

(i) Under drawl by open access consumer:

In the event of underdrawl, the consumer will be paid by the licensee UI charges as notified by CERC for intra-state entities or lowest tariff as determined by the Commission for the relevant financial year for any consumer category or power purchase price/sale price contracted by the open access consumer whichever is lower provided that no imbalance charges shall be payable by the distribution licensee to the open access consumer for the under drawl beyond 10% of the entitled drawl in a time – slot or beyond 5% of the entitled drawl on aggregate basis for all the 96 time-slots in a day. However, if the under drawl by the consumer is on account of any force majeure conditions such as earth quake, flood, war or any other act of God which simultaneously do not disable the distribution licensee from supplying power, the consumer will be paid imbalance charges as above for the entire under drawl during such period.

24 (2) (C) Underdrawal of power by an open access consumer due to reason attributable to the transmission / distribution licensee i.e. break down of system:

If an open access consumer is unable to draw the scheduled energy through open access as a result of non-availability of intra-state distribution/transmission system or on account of unscheduled load shedding (to be certified by SLDC), then the distribution licensee shall pay such open access consumer, for the under drawl, the charges payable by the consumer to the generating company/seller or the lowest tariff applicable to the consumer category, to which such open access consumer belongs, whichever is lower.

43. Settlement of Energy at drawl point in respect of embedded consumers –

The mechanism for settlement of energy at drawl point in respect of embedded open access customers shall be as under:

- (i) Out of recorded slot-wise drawl the entitled drawl through open access as per accepted schedule or actual recorded drawl, whichever is less, will first be adjusted and balance will be treated as his drawl from the distribution licensee.
- (ii) The recorded drawl will be accounted for / charged as per regulation 24 (2) (A) (a) (ii) of these regulations or regulation 42 as may be applicable.

45. Scheduling for Embedded open access consumers. - (1) Scheduling shall be done in accordance with relevant provisions of IEGC for inter-State transactions and in accordance with relevant provisions of Haryana Grid Code for intra-State transactions.

(2) By 10.00 hours every day, these embedded consumers shall prepare and submit daily schedule of power, in MW, separately showing schedule of power from licensee and that from another supplier through open access for the next day, i.e. from 0000 hrs to 24.00 hrs of the following day to SLDC along with copy to distribution licensee. For day-ahead transactions, bilateral as well as collective, through power exchange or through NRLDC, this schedule of drawl of power through open access submitted at 10.00 hrs shall be considered as final for the purpose of working out slot-wise admissible drawl from the licensee as per the provisions of regulation 42.

Provided that in case the quantum of energy through open access as per schedule accepted by power exchange is less than the quantum intimated as per the schedule submitted at 10.00 hrs by the embedded open access consumer to the licensee, then he shall inform the SLDC / distribution licensee about the slot-wise accepted schedule of power through open access and his total admissible draw and settlement of energy at the drawl point shall be regulated /settled as provided in regulation 42 and 43 respectively.

(3) During peak load hour restrictions, the embedded open access consumer shall be entitled to bring open access power upto his contract demand without the requirement of any approval of special dispensation from the licensee provided his total drawl i.e. drawl through open access plus the drawl from the licensee does not exceed his contract demand. Further he shall restrict his drawl from the distribution licensee to peak load exemption limit/special dispensation allowed by the licensee. In case the total drawl of the consumer exceeds the contract demand by more than 5% at any time during the month as per his energy meter, the demand surcharge as per relevant schedule of tariff approved by the Commission from time to time shall be leviable. For the purpose of calculating demand surcharge in such cases, the total energy drawl during the month including the energy drawl through open access shall be considered. The consumption charges for the energy drawl through open access, for the purpose of levy of demand surcharge, will be worked out at the applicable tariff for the category to which the consumer belongs.

(4) The peak load exemption charges (PLEC) shall be leviable on the energy drawn in a month during peak load hours from the distribution licensee and through open access as under:-

a). Energy drawn from the distribution licensee: Peak load exemption charges as determined by the Commission in the Schedule of Tariff for the relevant year for H.T. Industrial Power Supply and as amended from time to time shall be levied as provided therein.

b). Energy drawn through open access

The energy drawn during peak load hours through open access in a month shall be charged PLEC in a telescopic manner as under:-

{Table}

the energy drawn through open access during peak load hours in a month, as per the rates in force at present, is illustrated in the example given below:-

Example 1: Assuming

(i) Contract demand the consumer	10 MVA
(ii) Peak load exemption limit/special dispensation	50% of CD i.e. 5 MVA
(iii) Peak load Hrs.	6 PM to 10 PM i.e. 4 Hrs.
(iv) Total energy drawn during peak load hours in a month	9,50,000 kVAh
a) Energy drawn through open access	7,00,000 kVAh
b) Energy drawn from the licensee	2,50,000 kVAh
(v) Energy consumption during peak load hours in a month corresponding to 20% Contract demand	= $0.20 \times 10,000 \times 4 \times 30$ = 2,40,000 kVAh
(vi) Energy consumption during peak load hours in a month corresponding to 50% Contract demand	= $0.50 \times 10,000 \times 4 \times 30$ = 6,00,000 kVAh

Illustration A : Over-drawl (Applicable Tariff incl. FSA – Rs. 6/ KVAh):

Description	Case – 1	Case – 2	Case – 3	Case – 4	Case – 5
Contract Demand	10 MVA	10 MVA	10 MVA	10 MVA	10 MVA
¹ Contract Demand	10 MW	10 MW	10 MW	10 MW	10 MW
10 am previous day	5 MW	5 MW	5 MW	5 MW	5 MW
PEX accepted Bid	3 MW	3 MW	3 MW	3 MW	3 MW
Contract Demand (day)	8 MW	8 MW	8 MW	8 MW	8 MW
Actual Drawl	8 MW	8.5 MW	9 MW	10 MW	11 MW
Imbalance overdrawl	Nil	12 MWh	24 MWh	48 MWh	72 MWh
Admissible Overdrawl	Nil	12 MWh	24 MWh	48 MWh	60 MWh
Imbalance Charges/ kWh	Re. 12	Re. 12	Re. 12	Re. 12	Re. 12
In-admissible Overdrawl	Nil	Nil	Nil	Nil	12 MWh
Imbalance Charges/ kWh	Re. 12	Re. 12	Re. 12	Re. 12	Re. 12
Plus liable to pay Demand Surcharge for the entire month corresponding to highest Demand Recorded in the Month;					
Note: 1 – For simplicity assumed unity power factor					

Illustration B : Under-drawl (Assuming Applicable Tariff including FSA – Rs. 6 per KVAh; Lowest Tariff for any Category – Re. 0.5/ kWh):

Description	Case – 1	Case – 2	Case – 3	Case – 4	Case – 5
Contract Demand	10 MVA	10 MVA	10 MVA	10 MVA	10 MVA
¹ Contract Demand	10 MW	10 MW	10 MW	10 MW	10 MW
10 am previous day	5 MW	5 MW	5 MW	5 MW	5 MW
PEX accepted Bid	3 MW	3 MW	3 MW	3 MW	3 MW
Contract Demand (day)	8 MW	8 MW	8 MW	8 MW	8 MW
Actual Drawl	4 MW	5 MW	6 MW	7 MW	7.8 MW
Imbalance Underdrawl	96 MWh	72 MWh	48 MWh	24 MWh	4.8 MWh
5% of Underdrawl wrt Contract Demand	9.6 MWh	9.6 MWh	9.6 MWh	9.6 MWh	9.6 MWh
OA User PPA Price/ kWh	Re 2.40	Re 2.40	Re 2.40	Re 2.40	Re 2.40
ISTS Deviation Charges	Re 3.00	Re 1.50	Re 0.20	Re 6.40	Re 2.40
Imbalance Charges/ kWh	Re. 0.5	Re. 0.5	Re. 0.2	Re. 0.5	Re. 0.5
Quantum Free to Discom	86.4 MWh	72.4 MWh	38.4 MWh	14.4 MWh	Nil
Note: 1 – For simplicity assumed unity power factor					