



17th May 2019

Mr Sanoj Kumar Jha
Secretary, Central Electricity Regulatory Commission
3rd & 4th Floor, Chanderlok Building
36, Janpath
New Delhi- 110001

Sub: Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) (Fifth Amendment) Regulations, 2019

Dear Sir,

This is with reference to the public notice issued by CERC on 'Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) (Fifth Amendment) Regulations, 2019' with reference No: L-1/132/2013-CERC dated 18th April 2019, inviting comments/ suggestions on the same.

Tata Power's comments to the said publication are elaborated under **Annexure**, enclosed herewith. We further request the Hon'ble Commission to grant an opportunity to all stakeholders to share their views by conducting a public hearing on the above matter.

Yours sincerely,

A handwritten signature in blue ink that reads 'Paramita Sahoo'.

Ms. Paramita Sahoo
(Head- Corporate Advocacy)

Annexure: Views and Comments on Draft 5th Amendment to DSM Regulations 2019

We appreciate Hon'ble Commission's approach of introducing the proposed amendments by taking a considered view on technical and operational difficulties raised by the stakeholders in effective implementation of the DSM Regulations. However, in the process of analyzing the changes proposed, we have come across certain Views and observations which we feel appropriate to be addressed by Hon'ble while finalizing such Amendment Regulation.

S No.	Extracts from Draft Amendment Regulations	Proposed Changes to such Draft Amendment Regulations	Views/Observations and Recommendation
1.	<p>4.5 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.</p> <p>(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</p>	<p>4.5 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.</p> <p>(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 <u>+/- 20 MW</u> with reference to its schedule <u>for Seller and in range of +/-10% of its schedule for the</u></p>	<p>In the explanatory memorandum, it is stipulated that the Commission has proposed to introduce allowable range of +/-10 MW from schedule which is likely to be sufficient to subsume various inevitable deviations which include, inter alia, deviation due to having inflexible generation from Nuclear Plants in the portfolio of a buyer, the auxiliary consumption by the generating stations during shutdown, HVDC load, the difficulties faced by the States not having their own generation, and stations based on heat recovery from flue gases etc.</p> <p>While, we agree with Hon'ble Commission's view of such deviation from schedule, we submit that such range as proposed in the draft may result to be insufficient for high capacity thermal generating stations. Coal based Thermal generating stations are also known for their sluggish nature of response as compared to Hydro/Oil/Gas based stations and thus, capacities higher than 200 MW with comparatively low ramp up/ramp down rates are likely to find it difficult to comply with such limit of +/- 10 MW.</p> <p>On the other hand, Applicable regulations lay restrictions on the Distribution Utilities in cutting down power supplies</p>

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	<p>least once, latest by 13th time block.</p> <p>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.</p> <p>(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.</p> <p>Provided that violation of the requirement under this clause shall attract an additional charge as specified in the table below:</p>	<p><u>Buyer</u>, at least once, latest by 13th time block.</p> <p>Provided that each violation of the requirement under this clause shall attract an additional charge <u>as specified in the table below:</u> of 10% on the time block DSM payable / receivable as the case may be.</p> <p><u>"The Table as provided for 4.5 S. No (b) in the Draft Amendment Regulations"</u></p> <p>(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 <u>+/- 20 MW</u> with reference to its schedule <u>for Seller and in range of +/-10% of its schedule for the Buyer</u>, at least once, latest by 7th time block.</p> <p>Provided that violation of the requirement under this clause shall</p>	<p>for reasons other than technical or safety reasons. +/-10 MW will be less than 1% for Distribution Utilities having load of more than 1000 MW. In addition, these Distribution Utilities will have lot of industrial load which may swing the load profile materially. Hence, the specified deviation limit should be equivalent to the largest industrial load that the particular Distribution Utility caters to at any point of time. The proposed solution is similar to the requirement of spinning reserves specified for Distribution Utilities as per applicable regulations. Based on such constraints for generators and buyers, we propose revised limits.</p> <p>Prior to applicability of 4th Amendment to DSM Regulations, the erstwhile DSM regulations provided for guidelines for changing sign of deviation within 12 time blocks. During such phase, there was no penalty for violating such guidelines. However, subsequent to implementation of 4th Amendment to DSM Regulations, not only such timeline for changing the sign was halved to 6 time blocks, but also penalties were levied in tune of 20% for each violation. Applicability of such Amendment Regulations have already caused substantial losses for the entities. Accordingly, we submit that though Hon'ble Commission has proposed to relax the timeline for changing the sign of deviation to 12 time blocks again till 31.03.2020, the penalty has been fixed at 10% for each such violation which</p>

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	<p><u>"The Table as provided in the Draft Amendment Regulations"</u></p>	<p>attract an additional charge as specified in the table below:</p> <p><u>"The Table as provided in the Draft Amendment Regulations"</u></p>	<p>again would be vindictive for the generating stations. Hence, we propose that instead of keeping the penalty constant at a rate of 10% for each violation for period upto 31.03.2020, the penalties should be kept in slabs as has been proposed by Hon'ble CERC for the period subsequent to 31.03.2020.</p>
<p>2.</p>	<p>4.5..</p> <p>3rd Proviso <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>a. <i>renewable energy generators which are regional entities</i> b. <i>run of river projects without pondage</i> c. <i>any infirm injection of power by a generating station prior to CoD of a unit during testing and commissioning activities, in accordance with the Connectivity Regulations.</i> d. <i>any drawal of power by a generating station for the start-up activities of a unit.</i></p>	<p>4.5..</p> <p>3rd Proviso <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>a. <i>renewable energy generators which are regional entities</i> b. <i>run of river projects without pondage</i> c. <i>any infirm injection of power by a generating station prior to CoD of a unit during testing and commissioning activities, in accordance with the Connectivity Regulations.</i> d. <i>for the start-up activities of a unit of a generating station.</i> e. <i>any inter-regional deviations.</i></p>	<ul style="list-style-type: none"> Additional Sub Point (h) has been proposed in view of the perspective of power plants based on heat recovery from exit flue gases of some other thermal processes. The heat recovery boilers draw heat from the flue gases, which if not utilized needs to be flared in the atmosphere which not only causes environmental restrictions but also results to wastage of an energy resource which obviously a developing country like India can't afford to do. However, it is to be noted that such heat recovery technologies of extracting heat from flue gases involves certain challenges of irregular flow of heat supply. As a result, these stations also face challenges to get a firm tie up and thus, usually operate on Short term market/power exchanges. Also, These Heat Recovery Boilers are usually of small capacities and are not capable of producing very high pressure steam alike conventional boilers which operate on fuels like coal, lignite or gas. Hence, a combination of such heat recovery boilers are required to operate the minimum optimum sized TGs. This distinguishes these Heat Recovery Generating

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	<p>e. any inter-regional deviations.</p> <p>f. forced outage of a generating station in case of collective transactions on Power Exchanges.</p>	<p>f. forced outage of a generating station/unit in case of collective transactions on Power Exchanges.</p> <p>g. <u>Relaxation upto 1 violation for instances of forced outage of a generating station/unit even in case of LT/MT/ST transactions.</u></p> <p>h. <u>Power plants based on Heat Recovery mechanisms</u></p> <p>i. <u>Any sustained deviation due to triggering of RGMO instruction</u></p>	<p>Units from Conventional Generating Units as such Heat Recovery Generating Units are required to run (at partial capacity) even with one or two boilers in outage or in redundant state.</p> <ul style="list-style-type: none"> Changes in Proposed Sub Point (f) is proposed envisaging a possibility that in some cases where two or more units comprise to form a power station, one of the Units experience forced outage leaving rest of the Units operating without any trouble. In such a situation, though the station might not have gone to outage, but outage of any Unit may cause the station to suffer additional losses as per the Regulation 7.1 and 7.2 of amended DSM Regulations. Hence, we propose that power stations may be exempted from penalty payment of additional charge for failure to adhere to sign change requirement during forced outage of any of the units within the power station. Additional Sub Point (g) is proposed based on a situation where a generating station/unit having a sustained deviation in one direction for 11 time blocks (since last sign reversal) experiences a forced shutdown in 12th time block. In such a scenario, since the Capacity declaration/Schedule revision would also not happen before 15th time block, the generator would face one definite violation due to sustained deviation beyond 13th time block whether it be a LT/MT/ST scheduling or collective transaction. Hence,

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			<p>such immediate sign change violation due to forced outage should be granted relaxation from penalty of sustained deviation whether it be a LT/MT/ST scheduling or collective transaction.</p> <ul style="list-style-type: none"> • Additional Sub Point (i) has been proposed in view of situations which may occur due to triggering of RGMO operations. In a situation where a generating station/unit is having a sustained deviation in one direction for 11 time blocks (since last sign reversal) experiences a RGMO instruction in the same direction in 12th time block, would not be able to change its sign in 13th time block resulting to one definite violation due to sustained deviation beyond 13th time block. In such cases, the generating units/stations should be granted relaxation from such immediate sign change violation which is an uncontrollable situation for the generator should be granted relaxation from any penalty. • In line with Sub Point (d), there could be a similar case where there are multiple units comprising a generating station and when one of the unit is in the process of start-up, such unit's auxiliaries draw power from other units instead of the grid. In such situations, upon synchronization of the start-up unit, it faces substantial fluctuating load (which is unpredictable in nature) and thus for a higher capacity unit in range of 500-800 MW, it might become difficult for the station

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			<p>as a whole to maintain the sign change norm. Hence, we humbly propose that such situations of start-up, whether power is drawn from the grid or from station auxiliary transformer, shall be excluded from the ambit of such violation and resultant penalty.</p>

Suggestion

1. In addition to above, we would also request Hon'ble Commission to kindly direct the Nodal Agency i.e POSOCO to consider and include a suitable provision in the laid down Procedures for ST Bilateral transactions and Collective Transactions allowing Heat Recovery based Stations like Tata Power - Haldia to revise their schedule under Short Term Transactions (including Collective Transactions) during such situations of adversity as explained above S.No: 2. Such steps are utmost important to make the Untied capacities like Tata Power - Haldia operating in the sector to be viable.
2. We request Hon'ble Commission to address the following situation which is leading to heavy penalties. Coal based power stations with unit sizes > 500 MW, are limited by a certain ramp rate. In the case of CGPL for eg., it is 150 MW per block. So any instruction for ramping down generation by 150 MW in one block followed by a ramping up instruction of 150 MW in the immediate next block leads to huge penalties under the existing UI regime because of the technical inertia of such large units. The penalty becomes compounded when the frequency range is in the zone which attracts additional charges for deviation. We request Hon'ble Commission to have a relook at this issue of "cyclic scheduling".