

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Dated: the 24th May, 2019

DRAFT NOTIFICATION

No. L-1/247/2019/CERC In exercise of the powers conferred by Sections 178 (1) and 178 (2) (ze) of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf and after previous publication, the Central Electricity Regulatory Commission hereby makes the following regulations, namely: -

1. Short title and commencement:

- (1) These regulations may be called the Central Electricity Regulatory Commission (Power System Development Fund) Regulations, 2019.
- (2) These regulations shall come into force from the date of their publication in the Official Gazette.

2. Definitions:

- (1) In these regulations, unless the context otherwise requires:
 - (a) "**Act**" means the Electricity Act, 2003 (36 of 2003);
 - (b) "**Appraisal Committee**" means the Committee constituted by the Central Government as per the Guidelines for the purpose of scrutiny (techno-economic appraisal) and prioritization of project proposals for funding from PSDF;
 - (c) "**Congestion Amount**" has the same meaning as assigned to it in Regulation 33 of the Power Market Regulations;
 - (d) "**Congestion Charge**" has the same meaning as assigned to it under Congestion Relief Regulations;
 - (e) "**Congestion Relief Regulations**" means Central Electricity Regulatory

Commission (Measures to relieve congestion in real time operation) Regulations, 2009;

- (f) "**Deviation Settlement Charges**" has the same meaning as assigned to it in the Deviation Settlement Mechanism Regulations;
- (g) "**Deviation Settlement Mechanism Regulations**" means the Central Electricity Regulatory Commission (Deviation Settlement and related matters) Regulations, 2014;
- (h) "**Grid Code**" means the Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2010;
- (i) "**Guidelines**" means the procedures approved by the Central Government for disbursement of funds from PSDF issued vide Office Memorandum dated 18th September, 2014;
- (j) "**Monitoring Committee**" means the Committee constituted by the Central Government as per the Guidelines for the purpose of sanctioning of projects or schemes, release of funds from PSDF and overall supervision and monitoring of the implementation of projects or schemes, as the case may be;
- (k) "**Nodal Agency**" means the agency as designated under clause (1) of Regulation 5 of these regulations;
- (l) "**Power Market Regulations**" means Central Electricity Regulatory Commission (Power Market) Regulations, 2010;
- (m) "**Project Entity**" means the agency that submits proposals for funding of projects from PSDF and shall include Regional Power Committees, Generating Companies, Transmission Licensees, Distribution Licensees, Load Despatch Centers;
- (n) "**PSDF**" or "**Power System Development Fund**" means the funds constituted under Regulation 3 of these regulations;
- (o) "**Reactive Energy Charges**" has the same meaning as assigned to it in the Grid Code;

(2) Save as aforesaid and unless repugnant to the context or the subject-

matter otherwise requires, words and expressions used in these regulations and not defined, but defined in the Act, or the regulations made thereunder by the Commission, shall have the meanings assigned to them respectively in the Act or the regulations.

- (3) Reference to any Act, Rules, Regulations or Guidelines shall include amendments or consolidation or re-enactment thereof.

3. Constitution of the Fund:

- (1) A fund named "Power System Development Fund" or "PSDF" shall be constituted and the following amounts shall be credited thereto:
 - (a) Congestion charges standing to the credit of the "Congestion Charge Account" after release of amounts payable to Regional Entities entitled to receive congestion charges along with interest, if any, in accordance with the Congestion Relief Regulations;
 - (b) Congestion amount arising from the difference in the market prices of different regions as a consequence of market splitting in power exchanges in accordance with Power Market Regulations;
 - (c) Deviation Settlement Charges standing to the credit of the "Regional Deviation Pool Account Fund" after final settlement of claims in accordance with Deviation Settlement Mechanism Regulations;
 - (d) Reactive Energy Charges standing to the credit of "Reactive Energy Charges Account" in accordance with the Grid Code;
 - (e) Additional Transmission Charges arising out of the explicit auction process in Short-Term Open Access Advance Bilateral transactions in accordance with the Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008; and
 - (f) Such other charges as may be notified by the Commission from time to time.
- (2) The agencies authorized to collect the amounts under sub-clauses (a) to (f) of clause (1) above shall transfer these funds to the credit of the PSDF on

monthly basis or as per the periodicity decided by the Central Government.

- (3) The PSDF shall be maintained and operated through the Public Account of India.

4. Utilization of the PSDF:

- (1) The funding for projects from PSDF to the project entities shall be in the form of grant.
- (2) To ensure that the tariff in respect of such projects or schemes is not claimed for the portion of the grant from PSDF, such grant amount shall be reduced from capital cost of the project.
- (3) PSDF shall be utilized for funding of projects or schemes for creation of necessary infrastructure for the following purposes:
 - (a) Creating necessary transmission systems of strategic importance based on operational feedback by Load Despatch Centers for relieving congestion in inter-State transmission system and intra-State Systems which are incidental to the ISTS;
 - (b) Installation of shunt capacitors, series compensators and other reactive energy generators for improvement of voltage profile in the Grid;
 - (c) Installation of standard and special protection schemes, pilot and demonstrative projects and for setting right the discrepancies identified in the protection audits on regional basis;
 - (d) Renovation and Modernization of transmission and distribution systems for relieving congestion; and
 - (e) Any other project in furtherance of the above objectives such as conducting technical studies and capacity building.
- (4) Funds from PSDF may also be utilized for the projects proposed by the distribution utilities in the above areas which are incidental to inter-State transmission system and have a bearing on grid safety and security, provided that these projects are not covered under any other scheme of the Government of India or respective State Government(s).

- (5) Any Central Government scheme in the interest of development of power system which requires support from PSDF as part of the scheme shall be eligible for assistance from PSDF.
- (6) The Central Government may prioritize sanctioning and release of funds from PSDF based upon importance of the project or the scheme and quantum of fund involved.
- (7) Private sector projects shall not be eligible for assistance from PSDF.

5. Nodal Agency and its functions

- (1) National Load Despatch Centre (NLDC) shall be the Nodal Agency for the implementation of the projects or schemes under these regulations.

Provided that the Central Government may designate any other agency as the Nodal Agency.

- (2) The Nodal Agency shall perform the following functions:-
 - (a) Keep a record of business transacted out of PSDF;
 - (b) Prepare procedure for preparation of Budget, Accounting and Audit:

Provided that the Central Government may give directions as regards preparation of such procedures;

- (c) Prepare Annual Report of PSDF; and
- (d) Perform such other functions as may be assigned to it by the Central Government.

6. Sanction of funds from PSDF

- (1) The Central Government may frame procedures or guidelines, either directly or through the Nodal Agency, for application, processing, sanction, disbursement, appraisal and monitoring of funds from PSDF.
- (2) After scrutiny of the proposals by the Appraisal Committee, the Nodal Agency is authorized to recommend the proposal to the Monitoring Committee if

project activities are covered under the scope of the Guidelines and these Regulations.

- (3) The Regional Power Committees, Generating Companies, Transmission Licensees, Distribution Licensees, Load Despatch Centers, as the case may be, shall furnish necessary details of the projects or schemes to the Nodal Agency.
- (4) The project entity shall be responsible for the execution as well as Operation & Maintenance of the projects or schemes, as the case may be, during its useful life.

7. Annual Report

- (1) The Nodal Agency shall prepare an Annual Report of the PSDF and submit the same to the Central Government and the Commission.
- (2) The Annual Report shall also be laid on the table of both Houses of Parliament through the Ministry of Power.

8. Repeal and Savings

- (1) Save as otherwise provided in these regulations, Central Electricity Regulatory Commission (Power System Development Fund) Regulations 2014 is hereby repealed.
- (2) Notwithstanding such repeal, anything done or any action taken or purported to have been done or taken including any procedure, minutes, annual reports, confirmation or declaration or any instrument executed under the repealed regulations shall be deemed to have been done or taken under the relevant provisions of these regulations.

(Sanoj Kumar Jha)
Secretary