

Date: 23- JULY- 2019

To

The Secretary,
Central Electricity Regulatory Commission,
3rd & 4th Floor, Chanderlok Building,
36, Janpath, New Delhi -110 001

Subject: Comments on the Draft Central Electricity Regulatory Commission (Power System Development Fund) Regulations, 2019. (No. L- 1/247/2019/CERC, 24th May 2019)

Dear Sir,

The Hon'ble Commission has come out with a draft regulation on Power System Development Fund Regulations, 2019 dated 24th May 2019.

In this regard, we are submitting our suggestions/ comments on the draft regulations in two sections:

Section - I – Regulation specific clause-wise comments and

Section - II - General comments, are enclosed herewith for your kind perusal.

We had earlier (on 21st June 2019) submitted our comments in hard copy via courier and e-mailed a soft copy addressed to Secretary, CERC. As we were informed during public hearing that our comments were not received, we are submitting our comments for consideration of the Hon'ble Commission herewith.

Thanking You.

Yours Sincerely,


Namrata Mukherjee,

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Sterlite Power Transmission Limited
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Enclosed: Sterlite Power Comments on the Draft Central Electricity Regulatory Commission (Power System Development Fund) Regulations, 2019

Sterlite Power Comments on the Draft Central Electricity Regulatory Commission (Power System Development Fund) Regulations, 2019

The Hon'ble Central Electricity Regulatory Commission has notified Draft Central Electricity Regulatory Commission (Power System Development Fund) Regulations, 2019.

Our comments on the same are enclosed. We have structured our comments in the two following sections.

Section-I - Regulation specific clause-wise comments

Section-II - General comments.

Section – I – Specific Comments

PSDF Regulation 2014 and 2015 amendments	2019 – Draft CERC PSDF Regulation 2019	Comments
2. Definitions		
"Congestion Relief Regulations" means Central Electricity Regulatory Commission (Measures to relieve congestion in real time operation) Regulations, 2009; as amended from time to time and any subsequent enactment thereof	"Congestion Relief Regulations" means Central Electricity Regulatory Commission (Measures to relieve congestion in real time operation) Regulations, 2009; as amended from time to time and any subsequent enactment thereof	We request to retain the phrase "...;as amended from time to time and any subsequent enactment thereof" in the clause 2 (e)
"Deviation Settlement Mechanism Regulations" means the Central Electricity Regulatory Commission (Deviation Settlement and related matters) Regulations, 2014; as amended from time to time and any subsequent enactment thereof	"Deviation Settlement Mechanism Regulations" means the Central Electricity Regulatory Commission (Deviation Settlement and related matters) Regulations, 2014; as amended from time to time and any subsequent enactment thereof	CERC had recently published a 2019 amendment to the DSM regulations, with major changes in the deviation calculation method and charges levied. Hence, requested to retain "...;as amended from time to time and any subsequent enactment thereof" in the clause 2 (g)
"Grid Code" means the Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2010; as amended from time to time and any subsequent enactment thereof	" Grid Code" means the Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2010; as amended from time to time and any subsequent enactment thereof	We request to retain the phrase "...;as amended from time to time and any subsequent enactment thereof" in the clause 2 (h)
	New Definition introduced "Guidelines" means the procedures approved by the Central Government for disbursement of funds from PSDF issued vide Office Memorandum dated 18th September 2014;	The Guidelines have been amended in 2016, hence we request to add the phrase "...;as amended from time to time and any subsequent enactment thereof" in the clause 2(i). Further, under Regulations 6(1), it states "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." It is not clear if central govt is required to issue a new set of guidelines or the 2014 guidelines (amended in 2016) would continue.
"Power Market Regulations" means Central Electricity Regulatory Commission (Power Market) Regulations, 2010; as amended from	"Power Market Regulations" means Central Electricity Regulatory Commission (Power Market)	We request to retain the phrase "...;as amended from time to time and any subsequent enactment thereof" in the clause 2 (l)

PSDF Regulation 2014 and 2015 amendments	2019 – Draft CERC PSDF Regulation 2019	Comments
time to time and any subsequent enactment thereof	Regulations, 2010; as amended from time to time and any subsequent enactment thereof	
4. Utilisation of the PSDF		
	3(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;	<p>We request inclusion of schemes for communication, monitoring and measurement to be eligible. The regulation may be modified as follows</p> <p><i>“(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, and any communication, measurement, monitoring schemes;</i></p>
		<p>New regulation 4(3)(dd) may be included for permitting OPGW scheme for reliable communications at 33 kV and above voltage levels. The suggested modification is as follows</p> <p>(dd) Renovation and Modernization of OPGW based reliable communication at 33 kV and above voltage level substations.</p>
	(7) Private sector projects shall not be eligible for assistance from PSDF	<p>We request the following to be added to the regulations:</p> <ol style="list-style-type: none"> 1. Definition for the term “Private Sector Projects” 2. Projects executed or owned by private sector are also grid connected assets and impact the grid operations. Creation of necessary infrastructure for grid security and reliability should also be made eligible for the PSDF grant. <p>Since the PSDF funding is in the form of grant, there is no tariff impact on the consumers and there is no return earned by the private developer. Hence private sector projects should be eligible for PSDF funding.</p>
7. Annual Report		

PSDF Regulation 2014 and 2015 amendments	2019 – Draft CERC PSDF Regulation 2019	Comments
	(2)The Annual Report shall also be laid on the table of both Houses of Parliament though the Ministry of Power.	We request to replace the word “though” with “through” in the clause 7 (2) (typographical error). Also, it is submitted that the annual report should be uploaded on PSDF website.

Section – II – General Comments

In view of the draft regulations, we request the hon’ble Commission to consider the following suggestions:

1. It is submitted that a provision be included in the regulations requiring publication of a quarterly PSDF fund status report with the details of the pool amount (opening, receipt, disbursement and closing amounts) and the list of projects and schemes the grant was issued in that period on the <https://psdfindia.in> website for the public access.
2. According to the media articles¹ and PSDF status report available in public domain², PSDF funds are sanctioned for projects but the utilisation/ disbursement is just 18%. This results in funds being blocked but un-utilised. We request to include an expiry period built into the PSDF grant disbursement, to release the blocked/unutilised funds and reallocate the same to the other projects after completion of the expiry period.
3. Monitoring Committee in its meeting held on 7th January 2019³ have taken a decision that from 08.01.2019 onwards, for one year, the proposals under the following categories shall only be considered for PSDF funding.
 - a. R&U of protection systems at 220 kV and above level
 - b. Reliable communications using OPGW by the state utilities at 132 kV and above level
 - c. Implementation of SAMAST
 - d. Implementation of ADMS
 - e. Proposals for load forecasting, wind and solar generation forecasting
 - f. Capacity building and technical studies
 - g. Development of web-based protection database

In view of the new PSDF Regulations 2019, the Monitoring Committee may be directed to review its decision.

¹ <https://www.financialexpress.com/economy/underutilised-funds-cerc-plans-to-review-psdf-norms/1597185/>

² https://psdfindia.in/wp-content/uploads/2019/07/PSDF_Status-of-the-Scheme_30062019.pdf

³ <https://psdfindia.in/wp-content/uploads/2019/03/Desicion-of-Monitoring-Comittee-14th-712019.pdf>