GUJARAT URJA VIKAS NIGAM LIMITED

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CIN U40109GJ2004SGC045195

Tele. No. : 0265-2310582 to 86 (PBX) Fax : 0265-2344543, 2337918	Ref. No.: GUVNL : GM (Com.) : 1374 Date : 12/10/2021

To,
The Secretary
Central Electricity Regulatory Commission
Chanderlok Building,
36 Janpath,
New Delhi – 110001, Fax no. - 011-23753923

Sub: Comments of GUVNL on Draft CERC (Deviation Settlement Mechanism and Related Matters) Regulations - 2021.

Sir,

This has reference to Hon'ble CERC's public notice dated 7.09.2021 inviting comments / suggestions on the Draft CERC (Deviation Settlement Mechanism and Related Matters) Regulations - 2021.

In this regard, the comments / suggestions of GUVNL are as under:

1) As per Regulation 8 (1) of the Draft Regulation, Deviation Charges for Buyer in a time block as under:

    1. Zero deviation charges for under drawal;
    2. 12% of schedule or 150 MW whichever is less in case of the buyer other than the buyer with schedule less than 400 MW and the RE rich State;
    3. 12% of schedule in case of the buyer with schedule up to 400 MW; or
    4. 12% of schedule or 250 MW whichever is less in case of the buyer being an RE Rich State.

    Comment: In order to meet the national target of 450 GW RE generation by 2030 and as a contribution towards reducing carbon print, States are tying up huge RE capacity. At present, Gujarat has tied up around 14,000 MW RE capacity which is expected to reach around 30,000 MW by 2025 and around 40,000 MW by 2030. With significant RE penetration especially from solar and wind sources which are infirm in nature, there will be huge variation in the generation availability viz-a-viz actual injection.

    Further, as per the Draft Regulation, wind and solar generators are exempted from payment of DSM charges upto deviation of 10% from schedule and even for deviation beyond 10%, RE Generator has pay 10% of normal deviation rate. In case of Gujarat, the deviation by wind / solar generators within 10% permissible limit would be a significant quantum (1400 MW at present level and can go upto 6600 MW in 2030) which will have major impact on the actual drawal of State viz-a-viz scheduled drawal and state would be penalized for the deviation by the RE Generators at much higher charges.

Accordingly, it is submitted that RE rich State(s) should be exempted from DSM charges to the extent of over drawal by the State on account of deviation by RE sources. Alternatively, the applicable DSM charges may be made in line with DSM charges applicable to RE generators for the deviation, to the extent of deviation made by RE generators from their schedule.

Moreover, in case of a deficit scenario across the country due to non availability of domestic coal and reduced generation from imported coal / gas based stations due to very high cost, the price of power in power exchanges / ancillary services is very high and at times power is not available from any source even at higher price when purchase bid is 3 to 4 times of sale bid and States end up over drawing from the grid. Thus, for such over drawal, the charges as per present DSM regulation may be continued.

2) Regulation 9 (7) of the Draft Regulation provides that in case the surplus amount in the Deviation and Ancillary Service Pool Accounts of all other region is not sufficient to meet such deficit, <u>the balance amount shall be recovered through the RLDC Fees & Charges.</u>

Comment: It is submitted that as per CERC RLDC Fees & Charges Regulation 2019, RLDC Fees & Charges is payable by Distribution Licensees based on their LTA share. Moreover, in accordance with Transmission service Agreement (TSA) and terms of PPA with ISGS, Distribution Licensees are paying major portion of the RLDC fees & charges. Therefore, it would not be prudent that the deficit in Deviation and Ancillary Service Pool Account is recovered from Distribution Licensees through RLDC Fees & Charges when such deviation/deficit may not be attributable to Distribution Licensees.

Thanking You,

Yours faithfully,

(K. P. Jangid)
General Manager (Comm.)