

Ref No. JPL/BD/CERC/2021/12

8/10/2021

To,  
The Secretary,  
Central Electricity Regulatory Commission,  
New Delhi

Kind Attn.: Shri Sanoj Kumar Jha

Sub: Comments/suggestion on draft CERC (DSM &amp; Related Matters) Regulation, 2021

Ref: No. : Public Notice (Ref.: L-1/260/2021/CERC) dated 07<sup>th</sup> September, 2021

Respected Sir,

Comments / suggestions / objections were invited from the stakeholders and interested persons in reference to the CERC (DSM & Related Matters) Regulations, 2021 vide the above referenced Public Notice. Jhabua Power as an ISGS is a direct stakeholder and therefore is desirous of offering its comments, keeping in view the far reaching consequences of the above regulations.

As we understand, the primary intent of the present Draft Regulation on Deviation Settlement Mechanism (DSM), 2021 is to enforce stricter discipline and to establish the safety and stability of the grid by restricting the Generator and the Discoms to operate exactly as per schedule. However, we are of the opinion that it would be too early to completely delink the grid frequency to decide the applicable DSM rate. India has set for itself an ambitious target of addition of renewable energy capacity to the tune of 175GW by 2022. Renewable energy, by nature being unreliable, unpredictable and dynamic in nature, such large scale integration of renewable energy into the grid will require the support of base load power plants (in the form of primary frequency response) to maintain the grid at the nominal frequency (50Hz). Such primary response is also liable to be penalized in the draft regulations. Therefore, Hon'ble commission may consider continuing with the frequency dependent DSM Rate for such time (for about next two years) till the scenario manifests in a clearer manner.

Suggestions have been given in **Annexure – 1** for both the scenarios:

- Continuing with the Frequency-linked DSM (as is the present practice) with stricter discipline
- Switch to Frequency-independent DSM (as suggested in the Draft Regulations) with alterations in the mechanism

We, therefore, request the Hon'ble Commission to kindly consider our comments / suggestions while finalizing the Draft Regulations.

Thanking You,  
Yours Sincerely

  
Roopam Bansal

(Sr. Manager – Business Development)

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**AVANTHA**  
GROUP COMPANY

**Annexure-1**
**Comments / Suggestion on (Deviation Settlement Mechanism and Related Matters) Regulations, 2021**

**Clause no 8: Charges of Deviation:** For a general seller other than a RoR generating station or a generating station based on municipal solid waste

<b>Charges for Deviations</b>	<b>Comments/Suggestion</b>
<p><u><b>Deviation by way of Over injections</b></u></p> <p>(i) Zero up to 2% Deviation-general seller (in %)</p> <p>(ii) @ 10% of the normal rate of charges for deviation beyond 2% Deviation-general seller (in %)</p>	<p><u><b>Deviation in case of Over injection:</b></u></p> <ul style="list-style-type: none"> <li>Between 0% &amp; 2%: DSM Rate shall be @100 % of the normal rate of charges payable to the Generator</li> <li>Between 2% &amp; 5%: Zero.</li> <li>Above 5%: Penalty @10% of the applicable DSM Rate.</li> </ul> <p>However, the cumulative over injection (AG/SG) for the day shall be restricted to 101% of the total schedule. In case of (AG/SG) on a 24 hour basis is greater than 101%, DSM receivable for all positive block shall be considered zero.</p>
<p><u><b>Deviation by way of under injection</b></u></p> <p>(i) @ Normal rate of charges for deviation up to 2% Deviation-general seller (in %)</p> <p>(ii) @ 110% of the normal rate of charges for deviation beyond 2% Deviation-general seller (in %).</p>	<p><u><b>Deviation in case Under injection</b></u></p> <ul style="list-style-type: none"> <li>Between 0 &amp; 5%: DSM Rate shall be @100 % of the normal rate of charges payable by the Generator.</li> <li>Above 5%: @110% of the normal rate of charges.</li> </ul>

**Clause No 7: Normal Rate of Charges for Deviation**

<b>Normal Rate of Charges for Deviation</b>	<b>Comments</b>
<p>Weighted Average Ancillary Service Charge (in paise/kWh) computed based on the total quantum of Ancillary Services deployed and the total charges payable to the Ancillary Service Providers for all the Regions for that time block</p> <p>Provided that for a period of one year from the date of effect of these regulations or such further period as may be notified by the Commission, the normal rate of charges for deviation for a time block shall be equal to the highest of <b>[the weighted average ACP of the Day Ahead Market segments of all the Power Exchanges; or the weighted average ACP of the Real Time Market segments of all the Power Exchanges; or the Weighted Average Ancillary Service Charge of all the regions]</b> for that time block:</p> <p>Provided further that in case of non-availability of ACP for any time block on a given day, ACP for the corresponding time block of the last available day shall be considered</p>	<p>RTM &amp; Ancillary Services are the two mechanism which settles the position of deviation on real time basis. Therefore, we suggest to take weighted average of all the regions of RTM rate &amp; Ancillary services rate for calculation of the Normal Rate in each block.</p>

<b>Definition</b>	<b>Comments</b>
<p>'RE-rich state' means a state whose combined installed capacity of solar and wind power projects under the control area of the state is 1000 MW.</p>	<p>There are certain states whose combined installed capacity is less than 1000 MW and these states will never be covered under the definition of the "RE-rich" state.</p> <p>Presently, RE-rich State is linked with the fixed capacity of 1000 MW irrespective of their own demand/installed capacity which may not be the correct reflective of the same.</p> <p>We suggest that RE-Rich state shall be defined as any state which has RE capacity greater than 20% of its own installed capacity plus its total central draws.</p>
<p><b>Cl. 10 – Schedule of payment of charges</b></p>	<p>This should not be changed and should remain as per the existing regulation.</p>