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CIN = U40109MH200SSGC153645

Ref.No. MSEDCL/Comments/DSM Regulations 2021/26020

Date : 22.10.2021

To,  
Hon'ble Secretary, CERC  
3<sup>rd</sup> & 4<sup>th</sup> Floor, Chandralok Building,  
36, Jaanpath, New Delhi – 110 001.

Sub :-Comments/ suggestions/ objections on draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2021  
-MSEDCL submission

Ref :- No. L-1/260/2021/CERC dtd 07.09.2021

Respected Sir,

This is in reference to notice published by Hon'ble CERC on its website Inviting Suggestion/ Comments on draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2021. Draft Regulations has been published with a objective of bringing in a commercial mechanism which will ensure that users of the grid do not deviate from and adhere to their schedule of drawal and injection of electricity in the interest of security and stability of the grid.

The detail clausewise comments are attached as a Annexure-A.

The some of the important comments are as follows:

**1) Regulation 5(1) Adherence to Schedule and Deviation:**

In view of the issues such as one of the largest discom, RE Rich State, agricultural dominant consumer base, high demand fluctuations due seasonal changes etc, the underdrawal of power is inevitable for MSEDCL/Maharashtra and it is very difficult to control.

**2) Regulation 6(2) Computation of Deviation**

Following correction is proposed for WS seller in line with the formula mentioned for general sellers and buyers.

Deviation-WS seller (in %) =  $100 \times \frac{[(\text{Actual Injection in MWh}) - (\text{Scheduled generation in MWh})]}{[(\text{Available Capacity})] \cdot [(\text{Scheduled generation in MWh})]}$



**3) Regulation 7(1) Normal Rate of Charges for Deviations**

Ancillary Service Regulation which is in draft stage and is yet to be notified. Further even after its notification, there is no clarity on the proposed normal rate of charges for deviation which will be levied to the distribution licensee. The clarity need to be brought into regulations on the deviation charges for each block of frequency.

**4) Regulation 8 (2) Charges for deviation:**

Non-compensation to discoms for underdrawal will encourage them to stay in overdrawal, endangering the grid security. Further, Ancillary services may not be sufficient to support the requirement of grid. Hence, the underdrawing discoms upto given limit, should also receive payment may be with reduced rate and this will also help to stabilize the grid.

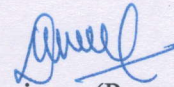
Deviation limit of 250 MW for RE Rich state like Maharashtra is not sufficient and should be 12% of its schedule drawal or 500 MW, whichever is minimum.

**5) Regulation 10 (1) Schedule of Payment of charges for deviation**

MSEDCL being a large scale distribution licensee with around 2.75 Crore consumers, requires adequate time to check the charges and make the payments. It is therefore requested to kindly retain the clause for payment of due amount within 10 days as per the prevailing Regulations, instead of 7 days.

The detailed MSEDCL's submissions are enclosed herewith for the kind consideration please.

Yours Faithfully,



Chief Engineer (Power Purchase)  
MSEDCL

Encl: Annexure-A

Copy s.w.r. to  
The Director(Commercial), MSEDCL, Mumbai



Clause/ Ref. Page	Existing Regulation	Clause/Ref. Page	New Draft Regulation (2021)	MSEDCL's Comments / Suggestions
2(o)	'Scheduled generation' at any time or for a time block or any period means schedule of generation in MW or MWh ex-bus given by the concerned Load Despatch Centre;	3(1) (w) Scheduled generation' or 'Scheduled injection'	'Scheduled generation' or 'Scheduled injection' for a time block or any period means the schedule of generation or injection in MW or MWh ex-bus including the schedule for Ancillary Services given by the concerned Load Despatch Centre	As the schedule of ancillary services is driven by system operator, definition can be retained as below: <i>Scheduled generation' or 'Scheduled injection' for a time block or any period means the schedule of generation or injection in MW or MWh ex-bus including the schedule for Ancillary Services given by the concerned Load Despatch Centre</i>
2(p)	'Scheduled drawal' at any time or for a time block or any period time block means schedule of despatch in MW or MWh ex-bus given by the concerned Load Despatch Centre;	3(1) (x) Scheduled drawal	'Scheduled drawal' <del>at any time</del> for a time block or any period means the schedule of drawal in MW or MWh ex-bus including the schedule for Ancillary Services given by the concerned Load Despatch Centre	As the schedule of ancillary services is driven by system operator, definition can be retained as below: <i>Scheduled drawal' for a time block or any period means the schedule of drawal in MW or MWh ex-bus including the schedule for Ancillary Services given by the concerned Load Despatch Centre;</i>
		5 (1) Adherence to Schedule and Deviation	Every grid connected regional entity shall adhere to its schedule as per the Grid Code and shall not deviate from its schedule, thereby adversely affecting the secure and stable operation of the grid.	Though agreed that every regional grid connected entity shall adhere to its schedule as per Grid Code, due to issues such as one of the largest discom, RE Rich state, agricultural dominant consumer base, high demand fluctuations due to seasonal changes adherence to schedule becomes difficult for MSEDCL/Maharashtra. Due to such issues, sometimes underdrawal of power becomes inevitable. Hence, deviation within a certain limit needs to be allowed for underdrawal also.

		<p>6 (2) Computation of Deviation</p>	<p>Deviation in a time block for WS sellers shall be computed as follows: Deviation-WS seller (in MWh) = [(Actual Injection in MWh) – (Scheduled generation in MWh)]. Deviation-WS seller (in %) = 100 x [(Actual Injection in MWh) – (Scheduled generation in MWh)] / [(Available Capacity)]</p>	<p>It is suggested that in case the Available Capacity is used for calculation of deviations, the wind and solar generators will be unfairly benefitted since their deviation (%) will be reduced. Hence, following clause is proposed: <i>Deviation-WS seller (in %) = 100 x [(Actual Injection in MWh) – (Scheduled generation in MWh)] / [(Available Capacity)] [(Scheduled generation in MWh)]</i></p>
<p>5(1)</p>	<p>The charges for the Deviations for all the time-blocks shall be payable for over drawl by the buyer and under-injection by the seller and <b>receivable for under-drawal</b> by the buyer and over-injection by the seller and shall be worked out on the average frequency of a time-block at the rates specified</p>	<p>7 (1) Normal Rate of Charges for Deviations</p>	<p>The normal rate of charges for deviation for a time block shall be equal to the 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: 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 [the weighted average ACP of the Day Ahead Market segments</p>	<p>Ancillary Service Regulation is in draft stage and is yet to be notified. Further even after its notification, there is no clarity on the proposed normal rate of charges for deviation which is linked to the Average Ancillary Service Charge (in paise/kWh).  There may be scenarios when Ancillary Services deployed by the system operator may not be enough to support/maintain the frequency of the grid in real time operations. There is no clarity on such scenarios.  It is submitted that frequency is most important factor for stabilization of grid and presently it is being controlled by linking the deviation rates to the frequency of the grid.  Therefore it is necessary that the deviation charges shall be levied only on those entities which are</p>

			<p>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] for that time block: 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>hampering the frequency of the grid and benefit shall be passed on to entities which are supporting the frequency of the grid in real time operations.</p> <p>Further, CERC has included a proviso stating that for a time period of one year the charges will be the highest of the ACP of day Ahead Market, Real time Market or Ancillary service charge. This would again cause difficulty in assessing the cost of deviation that would be applied to the distribution licensee.</p>
		<p>Page No. 6 Regulation 8 (2) Charges for deviation in a time block by a buyer shall be payable by such buyer as under</p>	<p>Deviation by way of over drawal</p> <p>1. Buyer (other than the buyer with schedule less than 400 MW and the RE-rich State)</p> <p>i) @ normal rate of charges for deviation up to 12% Deviation-buyer (in %) or 150 MW Deviation-buyer (in MWh) in a time block, whichever is lower;</p> <p>(ii)@110% of normal rate of charges for deviation beyond the above limit.</p> <p>2. Buyer (with schedule up to 400 MW)</p> <p>i) @ normal rate of charges for deviation up to 12% Deviation-</p>	<p>Over drawl by any buyer gets balanced by underdrawal by another buyer. Hence, if buyer is payable for the over drawal, there must be a provision such that amount shall be receivable to the buyer for underdrawal. As per the proposed clause, there is no provision for payment to the buyer for under drawal.</p> <p>It is necessary to have a mechanism wherein the regional entities shall be benefitted for maintaining grid frequency in real time operations. This would encourage regional entities to ensure grid frequency within the desired band at all times.</p> <p>Non-compensation to discoms for underdrawal will encourage them to stay in overdrawal, endangering the grid security.</p>

		<p>buyer (in %) whichever is lower;  (ii) @110% of normal rate of charges for deviation beyond the above limit  3. Buyer (being an RE Rich State)  i) @ normal rate of charges for deviation up to 12% Deviation-buyer (in %) or 250 MW Deviation-buyer (in MWh) in a time block, whichever is lower;  (ii) @110% of normal rate of charges for deviation beyond the above limit</p>	<p>As the deviation for buyer like Maharashtra (being in RE rich state) is beyond its control due to reasons as elaborated in 5(1) above, MSEDCL request Hon’ble Commission as follows:</p> <ol style="list-style-type: none"> <li>1. Deviation limit of 250 MW of Maharashtra is not sufficient and should be 12% of its schedule drawal &amp; 500 MW, whichever is minimum.</li> <li>2. There should be DSM charges receivable for underdrawal of power for buyer to the extent of its deviation limit.</li> </ol>
<p>10 (1)  Schedule of Payment of charges for deviation</p>		<p>The payment of charges for deviation shall have a high priority and the concerned regional entity shall pay the due amounts within <del>10 (ten)</del> 7 (seven) days of the issue of statement of charges for deviation <b>including Additional Charges for the Deviation by the Secretariat of the respective Regional Power Committee into the “Regional Deviation Pool Account Fund” of the concerned region</b> by the Regional Power Committee, failing which late payment</p>	<p>It is submitted that the distribution licensee requires sufficient time to assess the deviation caused for each time block for each day and verify the statement of charges issued by the respective authority for deviation from schedule. MSEDCL being a large scale distribution licensee with around 2.75 Crore consumers requires adequate time to check the charges and make the payments. It is therefore requested to kindly retain the clause for payment of due amount within 10 days as per the prevailing Regulations.</p>

			surcharge @0.04% shall be payable for each day of delay.	
10 (5) Schedule of Payment of charges for deviation	In case of failure to pay into the “Regional Deviation Pool Account Fund” within the specified time of 12 days from the date of issue of statement of charges for deviation, the RLDC shall be entitled to encash the LC of the concerned regional entity to the extent of the default and the concerned regional entity shall recoup the LC amount within 3 days	10 (3) Schedule of Payment of charges for deviation	In case of failure to pay into the “ <del>Regional Deviation Pool Account Fund</del> ” Deviation and Ancillary Service Pool Account <del>within the specified time of 12 days</del> 7 (seven) days from the date of issue of statement of charges for deviation, the Regional Load Despatch Centre shall be entitled to encash the LC of the concerned regional entity to the extent of the default and the concerned regional entity shall recoup the LC amount within 3 days	It is requested to kindly do away with the clause of opening and encash of Letter of Credit after the due date. It is submitted that as per the above clause, CERC shall levy a late payment surcharge of @0.04% for each day of delay and there is no need to separately introduce the clause of opening up of Letter of Credit for delayed payment.