

PCKL/DDP1/ADP - 4&9/CERC/2021-22/ 3630
Encl: Annexure

Date: 16 OCT 2021

The Secretary,
Central Electricity Regulatory Commission,
3rd & 4th Floor, Chanderlok Building,
36, Janpath, New Delhi- 110001.

Sir,

Sub: Submission of Comments/Views on the Notification of Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2021.

Ref: CERC Public Notice No. L-1/260/2021/CERC dated: 07.09.2021.

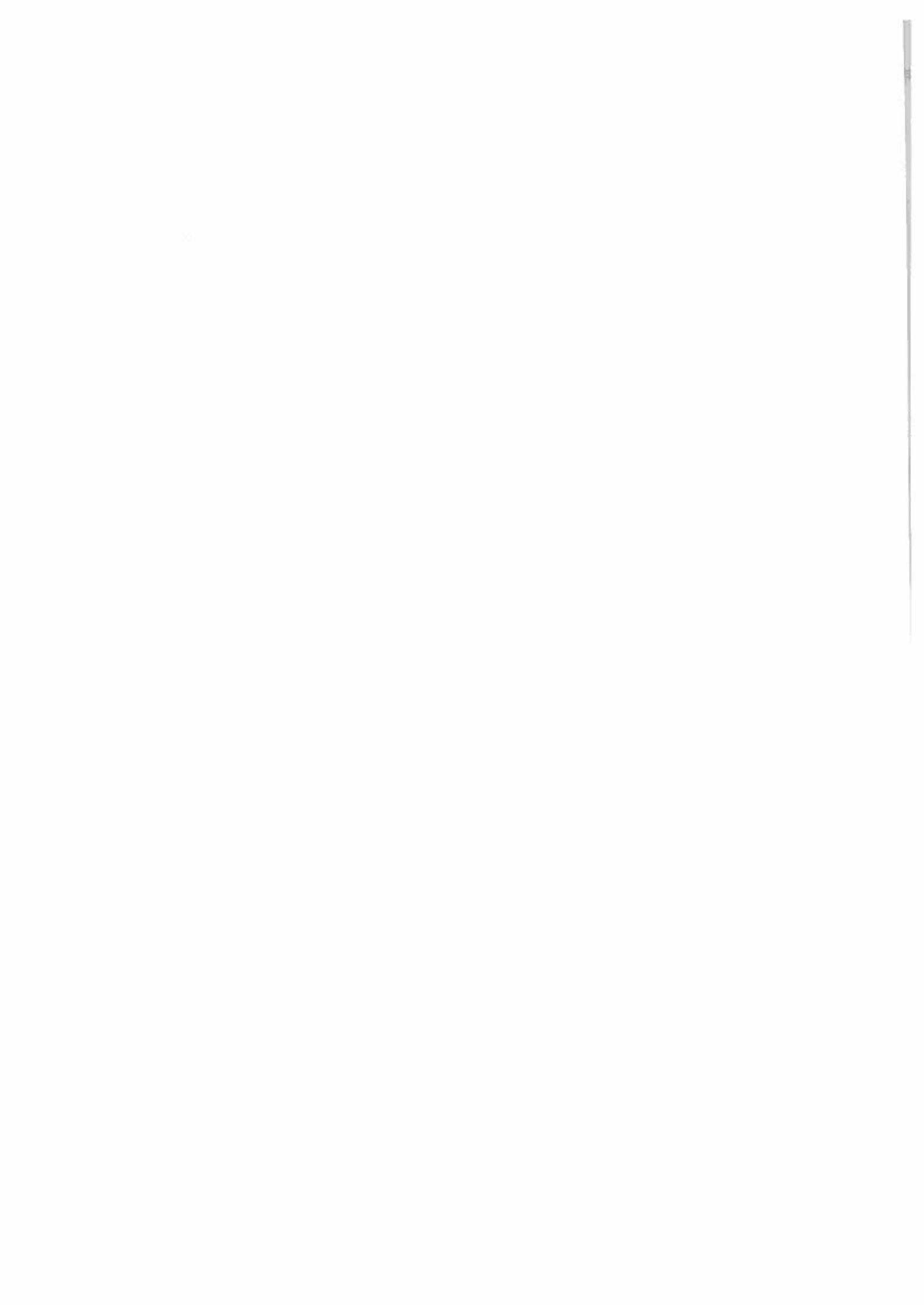
With respect to the above, Power Company Karnataka Limited (PCKL) on behalf of the Distribution Companies of Karnataka, would like to furnish the views/comments on the proposed Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2021 as in the Annexure.

It is requested that, the views/comments furnished may be considered while finalising the Regulations.

Thanking you,

Yours faithfully,


Managing Director
PCKL, Bengaluru.



Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2021.

Annexure

| Sl No. | Clause No. | Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2021 | PCKI Comments |
|--------|------------|--|--|
| 3. | | <p>No. L-1/260/2021/CERC - In exercise of the powers conferred under Section 178 read with clauses (c) and (h) of sub-section (1) of Section 79 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:</p> <p>Definitions and Interpretation</p> | |
| | (1) | <p>In these regulations, unless the context otherwise requires,-</p> | |
| | (g) | <p>'Available Capacity' for power projects based on wind or solar which are regional entities, is the cumulative capacity rating of wind turbines or solar inverters that are capable of generating power in a given time block;</p> | <p>'Available Capacity' for power projects based on wind or solar or hybrid (both wind and solar) which are regional entities, is the cumulative capacity rating of wind turbines or solar inverters or hybrid (both wind and solar) that are capable of generating power in a given time block;</p> |
| | (j) | <p>'Contract rate' means the tariff for sale or purchase of power, as determined under Section 62 or adopted under Section 63 or approved under Section 86(1)(b) of the Act by the Appropriate Commission or the price as discovered in the Power Exchange, as the case may be;</p> | <p>'Contract rate' means the tariff for sale or purchase of power, as determined under Section 62 or adopted under Section 63 or approved under Section 86(1)(b) of the Act by the Appropriate Commission or the price as discovered in the Power Exchange, or rates declared by Ancillary Service Providers as the case may be;</p> |
| | (m) | <p>'General seller' means a seller in case of a power project based on other than wind or solar resources.</p> | <p>'General seller' means a seller in case of a power project based on other than wind or solar resources or hybrid of wind and solar.</p> |

| SI No. | Clause No. | Draft Central Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2021 | PCKL Comments |
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| | (t) | 'Renewable Rich State' or '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 or more; | 'Renewable Rich State' or 'RE-rich State' means a State whose combined installed capacity of solar and wind power projects under the control area of the State is 5000 MW or more; Rationale: In order to meet the goal of GoI to achieve 450 GW renewable energy target by 2030, 5000MW or more may be considered for RE rich State. |
| | (aa) | 'WS seller' means a seller in case of a power project based on wind or solar energy. | 'WS seller' means a seller in case of a power project based on wind or solar energy or hybrid of solar and wind energy. |
| 7. | | Normal Rate of Charges for Deviations | |
| | (1) | 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 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: | Interregional rate may be defined based on Market Clearing Price (MCP) instead of ACP. |

| Sl No. | Clause No. | Draft Central Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2021 | PCKL Comments | | | | | | | | | | | | | | | |
|--|---|--|---------------|---|--|--------|------------------------------------|-------------------------------------|--|--|--|--|------|--|--|--|---|--|
| 8. | (1) | <p>Charges for Deviation</p> <p>Charges for deviation in a time block by a seller shall be payable by such seller as under:</p> <table border="1" data-bbox="159 302 1316 1288"> <thead> <tr> <th data-bbox="1109 302 1189 571">Entity</th> <th colspan="2" data-bbox="1109 571 1189 1288">Charges for deviation payable to Deviation and Ancillary Service Pool Account</th> </tr> <tr> <th data-bbox="989 302 1069 571">Seller</th> <th data-bbox="989 571 1069 884">Deviation by way of over injection</th> <th data-bbox="989 884 1069 1288">Deviation by way of under injection</th> </tr> </thead> <tbody> <tr> <td data-bbox="558 302 989 571">For a general seller other than an RoR generating station or a generating station based on municipal solid waste</td> <td data-bbox="558 571 989 884">(i) Zero up to 2% Deviation-general seller (in %);</td> <td data-bbox="558 884 989 1288">(i) @ normal rate of charges for deviation up to 2% Deviation-general seller (in %);</td> </tr> <tr> <td data-bbox="406 302 558 571">For a general seller being an RoR generating station</td> <td data-bbox="406 571 558 884">Zero</td> <td data-bbox="406 884 558 1288">(ii) @ 10% of the normal rate of charges for deviation beyond 2% Deviation-general seller (in %)</td> </tr> <tr> <td data-bbox="159 302 406 571"></td> <td data-bbox="159 571 406 884"></td> <td data-bbox="159 884 406 1288">(iii) @ 110% of the normal rate of charges for deviation beyond 2% Deviation-general seller (in %).</td> </tr> </tbody> </table> | Entity | Charges for deviation payable to Deviation and Ancillary Service Pool Account | | Seller | Deviation by way of over injection | Deviation by way of under injection | For a general seller other than an RoR generating station or a generating station based on municipal solid waste | (i) Zero up to 2% Deviation-general seller (in %); | (i) @ normal rate of charges for deviation up to 2% Deviation-general seller (in %); | For a general seller being an RoR generating station | Zero | (ii) @ 10% of the normal rate of charges for deviation beyond 2% Deviation-general seller (in %) | | | (iii) @ 110% of the normal rate of charges for deviation beyond 2% Deviation-general seller (in %). | |
| Entity | Charges for deviation payable to Deviation and Ancillary Service Pool Account | | | | | | | | | | | | | | | | | |
| Seller | Deviation by way of over injection | Deviation by way of under injection | | | | | | | | | | | | | | | | |
| For a general seller other than an RoR generating station or a generating station based on municipal solid waste | (i) Zero up to 2% Deviation-general seller (in %); | (i) @ normal rate of charges for deviation up to 2% Deviation-general seller (in %); | | | | | | | | | | | | | | | | |
| For a general seller being an RoR generating station | Zero | (ii) @ 10% of the normal rate of charges for deviation beyond 2% Deviation-general seller (in %) | | | | | | | | | | | | | | | | |
| | | (iii) @ 110% of the normal rate of charges for deviation beyond 2% Deviation-general seller (in %). | | | | | | | | | | | | | | | | |

| Sl No. | Clause No. | Draft Central Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2021 | Deviation Settlement | PCKL Comments |
|--------|------------|--|----------------------|---|
| | | For a general seller being a generation station based on municipal solid waste | Zero | |
| | | For WS seller | Zero | <p>(i) Zero up to 20% Deviation-general seller (in %);</p> <p>(iii) @ normal rate of charges for deviation beyond 20% Deviation-general seller (in%) limit.</p> <p>(i) Zero up to 10% Deviation-WS seller (in %);</p> <p>(ii) @ 10% of the normal rate of charges for deviation beyond 10% Deviation-WS seller (in %);</p> <p>Provided that such seller shall pay back to the Deviation and Ancillary Service Pool Account for the total shortfall in energy against its schedule in any time block due to under injection, (a) at the contract rate at which it has been paid based on schedule, or (b) in the absence of a contract rate at the rate of the Area Clearing Price of the Day Ahead Market of IEX for the respective time block.</p> |

| Sl No. | Clause No. | Draft Central Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2021 | PCKL Comments | | | | | | | | | |
|---|---|---|---|---|---------------------------------|---|------|---|-------------|--|----------------------|--|
| | | <p>has been paid based on schedule, or (b) in the absence of a contract rate at the rate of the Area Clearing Price of the Day Ahead Market for the respective time block.</p> | <p>New addition: Cap rate may be fixed</p> | | | | | | | | | |
| | (2) | <p>Charges for deviation in a time block by a buyer shall be payable by such buyer as under:</p> <table border="1" data-bbox="165 315 906 1227"> <thead> <tr> <th data-bbox="815 315 906 539">Entity</th> <th data-bbox="815 539 906 831">Charges for deviation payable to Deviation and Ancillary Service Pool Account</th> <th data-bbox="815 831 906 1227">Deviation by way of over drawal</th> </tr> </thead> <tbody> <tr> <td data-bbox="209 315 815 539">Buyer (other than the buyer with schedule less than 400 MW and the RE rich State)</td> <td data-bbox="209 539 815 831">Zero</td> <td data-bbox="209 831 815 1227">(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; (ii) @110% of normal rate of charges for deviation beyond the above limit.</td> </tr> <tr> <td data-bbox="165 315 209 539">Buyer (with</td> <td data-bbox="165 539 209 831"></td> <td data-bbox="165 831 209 1227">(i) @ normal rate of</td> </tr> </tbody> </table> | Entity | Charges for deviation payable to Deviation and Ancillary Service Pool Account | Deviation by way of over drawal | Buyer (other than the buyer with schedule less than 400 MW and the RE rich State) | Zero | (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; (ii) @110% of normal rate of charges for deviation beyond the above limit. | Buyer (with | | (i) @ normal rate of | |
| Entity | Charges for deviation payable to Deviation and Ancillary Service Pool Account | Deviation by way of over drawal | | | | | | | | | | |
| Buyer (other than the buyer with schedule less than 400 MW and the RE rich State) | Zero | (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; (ii) @110% of normal rate of charges for deviation beyond the above limit. | | | | | | | | | | |
| Buyer (with | | (i) @ normal rate of | | | | | | | | | | |

| Sl No. | Clause No. | Draft Central Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2021 | PCKL Comments | | | | | | |
|--------------------------------|------------|---|--|------|---|--------------------------------|------|---|---|
| | | <table border="1"> <tr> <td data-bbox="165 1720 480 1951">schedule up to 400 MW)</td> <td data-bbox="165 1429 480 1720">Zero</td> <td data-bbox="165 1037 480 1429">charges for deviation up to 12% Deviation-buyer (in %); (ii) @110% of normal rate of charges for deviation beyond the above limit.</td> </tr> <tr> <td data-bbox="480 1720 922 1951">Buyer (being an RE Rich State)</td> <td data-bbox="480 1429 922 1720">Zero</td> <td data-bbox="480 1037 922 1429">(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</td> </tr> </table> | schedule up to 400 MW) | Zero | charges for deviation up to 12% Deviation-buyer (in %); (ii) @110% of normal rate of charges for deviation beyond the above limit. | Buyer (being an RE Rich State) | Zero | (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>In RE rich State like Karnataka to accommodate the Must-run Status of the wind, solar and RoR plants there tends to be deviation. In such cases settlement of under draws at zero cost will jeopardise the economy of the ESCOMs.</p> <p>Hence, least cost of Ancillary Services provided during that block shall be considered for the under drawal by RE rich State.</p> |
| schedule up to 400 MW) | Zero | charges for deviation up to 12% Deviation-buyer (in %); (ii) @110% of normal rate of charges for deviation beyond the above limit. | | | | | | | |
| Buyer (being an RE Rich State) | Zero | (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 | | | | | | | |
| | (4) | The charges for inter-regional deviation and for deviation in respect of cross-border transactions, caused by way of over-drawal or under-injection shall be payable at the normal rate of charges for deviation. | Only over drawal shall be payable at the normal rate of charges for deviation. | | | | | | |
| 9. | | Accounting of Charges for Deviation and Ancillary Service Pool Account | | | | | | | |
| | (1) | By every Thursday, the Regional Load Despatch Centres shall provide the data for deviation calculated as per Regulation 6 of these regulations, for the previous week ending on Sunday mid-night to the Secretariat of the respective Regional Power Committees. | - | | | | | | |

| Sl No. | Clause No. | Draft Central Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2021 | PCKL Comments |
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| | (2) | After receiving the data for deviation from the Regional Load Despatch Centre, the Secretariat of the Regional Power Committee shall prepare and issue the statement of charges for deviation prepared for the previous week, to all regional entities by ensuing Tuesday: Provided that transaction-wise DSM accounting for intra-State entities shall not be carried out at the regional level. | For RE rich state for deviation of 250 MW is very less, it is proposed to increase 1000 MW and upto 1000 MW applicable charges shall be normal rate. In Karnataka State, average load is around 9000 MW in a year, during monsoon period from June to September, the entire load is met through the Wind and solar. Hence, it may consider different capacity for different season. |
| | (5) | The Deviation and Ancillary Service Pool Account shall receive credit for: | - |
| | (a) | payments on account of charges for deviation referred to in Regulation 8 of these regulations: | Payments on account of charges for deviation regulation 8 of these regulation with applicable interest. |
| | (7) | In case of deficit in the Deviation and Ancillary Service Pool Account of a region, surplus amount available in the Deviation and Ancillary Service Pool Accounts of other regions shall be used for settlement of payment under clause (6) of this Regulation: Provided that in case the surplus amount in the Deviation and Ancillary Service Pool Accounts of all other regions is not sufficient to meet such deficit, the balance amount shall be recovered through the RLDC Fees and Charges. | Provided that in case the surplus amount in the Deviation and Ancillary Service Pool Accounts of all other regions is not sufficient to meet such deficit, the balance amount shall be recovered through the RLDC Fees and Charges. This is not clear, whether these charges are recovered from all the users in the country. |
| 10. | | Schedule of Payment of charges for deviation | |
| | (1) | The payment of charges for deviation shall have a high priority and the concerned regional entity shall pay the due amounts within 7 (seven) days of the issue of statement of charges for deviation by the Regional Power Committee, failing which late payment surcharge @0.04% shall be payable for each day of delay. | The payment of charges for deviation shall have a high priority and the concerned regional entity shall pay the due amounts within 10 (Ten) days of the issue of statement of charges for deviation by the Regional Power Committee, failing which late payment |

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| | | | <p>surcharge @0.02% shall be payable for each day of delay.</p> <p>Rationale: The days stipulated in existing/ prevailing DSM Regulations is 10 days and the prevailing SBI MCLR for 3 years period is 7.3%. Hence, due date of 10 days and late payment surcharge at 0.02% for each day of delay may be considered.</p> |
| (3) | | <p>In case of failure to pay into the Deviation and Ancillary Service Pool Account within 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.</p> | <p>In case of failure to pay into the Deviation and Ancillary Service Pool Account within 10 (Ten) 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.</p> <p>Rationale: Due date of 10 days as existing in the prevailing Regulations may be considered.</p> |


 Managing Director,
 PCKL, Bengaluru