TRANSMISSION CORPORATION OF TELANGANA LIMITED
VIDYUT SOUDHA::HYDERABAD - 82
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From
The Executive Director (Commercial),
TSPCC,
Vidyut Soudha, Khairatabad,
Hyderabad- 500082.

To
The Secretary, CERC,
3rd & 4th Floor,
Chanderlok Building
36, Janpath, New Delhi- 110001.

Lr.No.ED(Comml)/TSPCC/SE/DE(CGS)/F.DSM2021/D.No.112/21, Dt:08.10.21.

Sir,

Sub: TSTRANSCO – TSPCC – Draft Deviation Settlement Mechanism and related matters Regulations 2021 – Views – Submitted – Reg.

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

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With reference to the above, I am directed to submit the following views of Distribution Licensees of Telangana State *i.e.* Telangana State Southern Power Distribution Company Limited (TSSPDCL), Telangana State Northern Power Distribution Company Limited (TSNPDCL) and State Load Dispatch Centre of Telangana (TSSLDC) on the proposed draft DSM regulations, for your kind consideration.

A. Regulation 7: Normal Rate of Charges for Deviations

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.

Views:

The market for SRAS/TRAS providers is not matured enough in the Indian context and may lead to high prices which in turn shall have to pass on to end Consumers.

Request:

The Hon'ble Central Electricity Regulatory Commission (CERC) may consider that the normal rate for charges for deviation for a time block may be continued with present Methodology i.e. average ACP of Day ahead Market price linked to 50 Hz until Ancillary services market matured.

B. *Regulation 8(2): Charges for Deviation by way of under drawal are Zero.*

Views:

The Basic idea beyond in maintaining operating band for frequency is essential under the present scenario of manual Load Generation Balance, Load Mix, Generation Mix, Integration of variable RE, Impact of Weather changes on Demand. The deviation from schedule either side is inadvertent by the buyers and sellers. Proposing to remove charges for underdrawal/over injection completely is not desirable and not a practical approach. The entities that are under drawing/over injecting will lose a lot and in turn this proposal will fill Deviation Pool Basket at Regional Level with the cost of inadvertent action of users. When users/States/ Generators are hardly trying to minimize the deviation by way of improved accuracy in Forecast, planning for storage systems, Hybrid systems, Ancillary services, Proposing for removal of payment for under drawl and delinking responsibility of maintaining ACE(Area Control Error) of Buyers and Sellers is a Detrimental to the security and safe operation of the Grid. The proposal is giving scope for removal of Control Area Concept.

There should be concrete and time bound plan for automation of entire Load Generation Balance which is essential to minimize deviations further as the Nation itself is at initial stage in implementing SRAS (Secondary reserves Ancillary Service) due to technological limitations. There is a need for identifying centralized requirement of Information Technology & Operational Technology for automation of Load Generation Balance in all the States. Also, there is a mechanism to be developed for deployment of Storage System on fast track basis which will be useful for minimizing deviation.

After integration of variable RE Generation into the Grid, dispatching power under SRAS/TRAS during huge surplus period, sufficient quantity of conventional power may not be ready because of all costlier Generators are under Reserve Shut Down. For ensuring SRAS/ TRAS those units have to be kept on bar on HOT RESERVE by maintaining at technical minimum which will have lot of impact on cost of SRAS/TRAS. In case of high demand period there is no excess power available to keep in SRAS/TRAS as there is a shortage of power particularly during low RE Generation period. This also impacts on cost of SRAS/TRAS power.

Request:

The Hon'ble Central Electricity Regulatory Commission (CERC) may consider to continue existing DSM Regulations until Ancillary services Market matured.

C. ***Regulation 9 (7): In case of deficit in the Deviation and Ancillary Service Pool Account of a region, surplus amount available in Deviation and Ancillary Service Pool Account of other regions shall be used for settlement of payment under clause (6) of this regulation.***

Provided that in case this 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.

Views:

As per Central Regulatory Commission (CERC) (Fees and Charges of RLDC and other related matters) Regulation, 2019, the Fees and Charges that RLDC levies were defined clearly. But in the draft regulations it was indicated that the deficit in the Deviation and Ancillary Services Pool account of a region shall be recovered through the RLDC Fees and Charges is contrary to the fundamental objective of levying of RLDC Fees and Charges.

Request:

The Hon'ble Central Regulatory Commission(CERC) may consider to drop the proposal of collecting additional RLDC Fees and Charges for recouping the deficit in Deviation and Ancillary Service Pool Account as it is contrary to the fundamental objective of levying of RLDC Fees and Charges. Further, utilizing of one Region surplus amount by another Region is discourages the Region which is well disciplined and well planned, which will also against to the control area concept.

D. Schedule of Payment of charges for deviation:

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.

Views: Less Time Line of one week of Payment of DSM Charges

The CERC new daft DSM regulation mandates to pay the DSM charges within one week from the date of receipt of the bill, otherwise imposition of LPSC @0.04% on each day. This payment arrangement is somehow a burden to DISCOMs.

The normal mode of payment for PPAs is at 45 days from the receipt of bill and the same period may be allowed for DSM charges payment. Also, if payment is made within one week, a rebate of 1.50% to 2.0 % may be given to DISCOMs.

Request:

The Hon'ble Central Regulatory Commission (CERC) may consider mode of payment of 45 days from the receipt of bill for the DSM charges payment. Also, if payment is made within one week, a rebate of 1.50% to 2.0 % may be given to DISCOMs.

E. New Draft DSM Regulations, 2021 would burden the DISCOMs:

The implementation of the proposed Draft Deviation Settlement Mechanism and related matters Regulations 2021 will burden DISCOMs for denying them the receivables to the tune of Hundreds of Crores per annum for under drawal and payment towards over drawl which in turn will impact the Consumer Tariff.

In view of the above, the Hon'ble Central Regulatory Commission(CERC) is requested to drop the proposed DSM regulation 2021 until Ancillary market is matured, Time bound program for Automation of Load Generation balance and deployment of Storage systems on fast track basis.

Yours faithfully,

B.V. Shanthi Sesha 8/10/21

Executive Director (Commercial)
TSPCC/Vidyut Soudha/Hyd.