



उत्तर प्रदेश पावर कारपोरेशन लिमिटेड

(उ० प्र० सरकारका उपक्रम)

U.P. POWER CORPORATION LIMITED

(Govt. of Uttar Pradesh Undertaking)

CIN: U32201UP1999SGC024928

Regulatory Affairs Unit

15th Floor, Shakti Bhawan Extension,

14-Ashok Marg, Lucknow 226001.

Phone: (0522) 2286519

Email: arrtariffuppl@gmail.com

Fax : (0522) 2287860

रेगुलेटरी अफेयर्स इकाई

15वाँ तले, शक्तिभवन विस्तार

14-अशोक मार्ग, लखनऊ 226001

दूरभाष: (0522) 2286519

Email: arrtariffuppl@gmail.com

फैक्स: (0522) 2287860

No. 459 /RAU/Regulation

Dated: 26 October, 2021

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

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

Sir,

Please refer to the letter no. L-1/260/2021/CERC dated 07 September, 2021 of Secretary, Central Electricity Regulatory Commission vide which comments/suggestions/objections from stock holders and interested persons has been invited on the above Draft Regulation. The desired comments of U.P. Power Corporation Ltd. on the subject matter are enclosed herewith.

Thanking You,

Encl : As above

Yours faithfully,

(Niraj Agrawal)
Chief Engineer (RAU)

No. /RAU/Regulation

Dated: 2021

Copy to Director (Commercial), U.P. Power Corporation Limited, 6th Floor, Shakti Bhawan, Lucknow.

(Niraj Agrawal)
Chief Engineer (RAU)

UPPCL Comments on Draft CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2021

Background: 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, the Commission has prepared the Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2021 and has invited comments/suggestions for the same.

Clause No.	Clause as per Draft Regulations	Comments and Suggestions
2. Objective	These regulations seek to ensure, through a commercial mechanism 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 objective of the regulations is to maintain frequency close to 50 Hz which is the national reference frequency as recommended by the 50 Hz Committee and the Expert Group formed by CERC on IEGC. The DSM mechanism would be utilized even when the frequency will be within the allowable band i.e. 49.9 Hz to 50.05 Hz with no relaxation proposed to be granted. Further, adherence to the schedule by individual entities also manifests in achieving the ultimate objective of maintaining 50 Hz. Hence, the objective needs to be reworded as: "These regulations seek to ensure, through a commercial mechanism that users of the grid do not deviate from and adhere to their schedule of drawal and injection of electricity in order to maintain grid frequency at 50 Hz thereby in the interest of ensuring security and stability of the grid."
3. Definitions and Interpretation	(a)'Act' means the Electricity Act, 2003 (36 of 2003);	No comments
3 (1) (a)	(b)'actual drawal' in a time block means the electricity drawn by a buyer, measured by the interface meters;	No comments
3 (1) (b)	(c)'actual injection' in a time block means the electricity injected by the seller, measured by the interface meters;	As per draft CERC (Ancillary Services) Regulations 2021, the energy accounting of Secondary Reserve Ancillary Service (SRAS) shall be done using SCADA data. This will lead to a conflicting position in some instances wherein the drawal and generation won't match with one another owing to the telemetric errors between recording of SCADA and SEM data.

Clause No.	Clause as per Draft Regulations	Comments and Suggestions
3 (1) (d)	(d) 'Ancillary Services' means the Ancillary Services as defined in the Ancillary Services Regulations;	<p>Further, it is also possible that a generator maybe scheduled both for normal dispatch as well. This may lead to a difficulty in reconciliation if the SEM and SCADA data are not aligned with one another.</p> <p>It is, thus, proposed that the proposed DSM accounting is made consistent with the accounting methodology proposed in ancillary services regulations wherein only SEM data is being utilized for all energy accounting purposes.</p>
		<p>The draft CERC (Ancillary Services) Regulations 2021 specify that the ancillary services shall be as per those defined in Grid Code. The relevant text is reproduced as follows:</p> <p><i>"Ancillary Service" or "AS" in relation to power system operation, means the service necessary to support the grid operation in maintaining power quality, reliability and security of the grid and includes Primary Reserve Ancillary Service, Secondary Reserve Ancillary Service, Tertiary Reserve Ancillary Service, active power support for load following, reactive power support, black start and such other services as defined in the Grid Code"</i></p> <p>However, various definitions have been observed across different regulations which are as follows:</p> <p>'Ancillary Services' means the service necessary to support the grid operation in maintaining power quality, reliability and security of the grid and includes Primary Reserve Ancillary Service, Secondary Reserve Ancillary Service, Tertiary Reserve Ancillary Service, active power support for load following, reactive power support, black start and such other services as defined in the Grid Code (as defined in draft Ancillary Services Regulations, 2021)</p> <p>or</p>

Clause No.	Clause as per Draft Regulations	Comments and Suggestions
		<p>"Ancillary Services" shall have the same meaning as defined in the Grid Code (as defined in Power Market regulations)</p> <p>or</p> <p>"Ancillary Services" means in relation to power system (or grid) operation, the services necessary to support the power system (or grid) operation in maintaining power quality, reliability and security of the grid, e.g. active power support for load following, reactive power support, black start, etc. (as defined in IEGC 2010)</p> <p>The existence of multiple definitions may lead to varied interpretations. It is therefore submitted that the definition is aligned to the Grid Code since it is the Grid Code and not the Ancillary Services Regulations which provides for enablement of such services. Therefore, the said regulation maybe reworded as:</p> <p>"Ancillary Services" means the Ancillary Services as defined in the Ancillary Services Regulations; shall have the same meaning as defined in the Grid Code</p>
3 (1) (e)	(e) 'Ancillary Services Regulations' means the Central Electricity Regulatory Commission (Ancillary Services Operations) Regulations, 2015 as amended from time to time and shall include any re-enactment thereof;	No comments
3 (1) (f)	(f) 'Area Clearing Price' or 'ACP' means the price of electricity contract for a time- block transacted on a Power Exchange after considering all valid buy and sale bids in particular area(s) after market-splitting;	No comments
3 (1) (g)	(g) '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>The Hon'ble Commission has proposed to utilize available capacity for calculation of tolerance band as referred in Regulation no. 6(2). It is submitted that the proposed definition was introduced by the Hon'ble Commission in its second amendment of DSM Regulations when RE was being introduced and its generation forecasting abilities were in the process of achieving maturity. The utilization of available capacity leads to creation of an additional tolerance</p>

Clause No.	Clause as per Draft Regulations	Comments and Suggestions
3 (1) (h)	(h) 'Buyer' means a person purchasing electricity through a transaction scheduled in accordance with the Grid Code.	band, whose expense of which will be borne by the discoms. With the technology achieving maturity and better forecasting methods available, it is submitted that the calculation of deviation should be on the basis of scheduled generation and not available capacity. Hence, the definition of available capacity is proposed to be deleted.
3 (1) (i)	(i)'Commission' means the Central Electricity Regulatory Commission referred to in sub-section (1) of Section 76 of the Act;	Following is proposed: (g) 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; No comments
3 (1) (j)	(j)'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;	No comments
3 (1) (k)	(k) 'Deviation' in a time block for a seller of electricity means its total actual injection minus its total scheduled generation including the schedule for Ancillary Services; and for a buyer of electricity means its total actual drawal minus its total scheduled drawal including the schedule for Ancillary Services, and shall be computed as per Regulation 6 of these regulations;	No comments
3 (1) (l)	(l) 'Deviation and Ancillary Service Pool Account' means the Account to be maintained and operated by the concerned Regional Load Despatch Centre in each region as per Regulation 9 of these regulations;	No comments
3 (1) (m)	(m)'General seller' means a seller in case of a power project based on other than wind or solar resources.	No comments

Clause No.	Clause as per Draft Regulations	Comments and Suggestions
3 (1) (n)	(n) 'Grid Code' means the Grid Code specified by the Commission under clause (h) of sub-section (1) of Section 79 of the Act;	No comments
3 (1) (o)	(o) 'interface meters' means interface meters as defined under the Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006, as amended from time to time and any re-enactment thereof;	No comments
3 (1) (p)	(p) 'Load Despatch Centre' means National Load Despatch Centre, Regional Load Despatch Centre or State Load Despatch Centre, as the case may be;	No comments
3 (1) (q)	(q) 'Normal Rate of Charges for Deviation' means the charges for deviation (in paise/kWh) as referred to in Regulation 7 of these regulations;	No comments
3 (1) (r)	(r) 'Open Access Regulations' means the Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008 as amended from time to time and shall include any re-enactment thereof	No comments
3 (1) (s)	(s) 'Regional Entity' means a person whose metering and energy accounting are done at the regional level by Regional Load Despatch Centre;	As per CERC (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations, 2019, Regional Entity is defined as follows: 'Regional entity' means an entity whose scheduling, metering and energy accounting is done at the regional level by the concerned Regional Load Despatch Centre;
		It is submitted that the above definition is retained in the proposed regulations
3 (1) (t)	(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;	No comments in line with previous regulation
3 (1) (u)	(u) 'RLDC Fees and Charges' means the fees and charges as specified under the Central Electricity Regulatory Commission (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations, 2019 as amended from time to	No comments

Clause No.	Clause as per Draft Regulations	Comments and Suggestions
3 (1) (v)	time and shall include any re-enactment thereof; (v) 'Run-of-River Generating Station' or 'RoR generating station' means a hydro generating station which does not have upstream pondage;	No comments as the same is as per CERC(Terms and Conditions of Tariff), 2019
3 (1) (w)	(w) '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;	Ancillary services are generally deployed along with scheduled generation to manage the variations in frequency in real time. It may be noted that their capacities are committed but not scheduled. In view of the above, it is submitted that the following definition is included: '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
3 (1) (x)	(x) '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;	As described in the abovementioned point, Ancillary services are generally deployed along with scheduled generation to manage the variations in frequency in real time. It may be noted that their capacities are committed but not scheduled. In view of the above, it is submitted that the following definition is included: '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;
3 (1) (y)	(y) 'Seller' means a person, including a generating station, supplying electricity through a transaction scheduled in accordance with the Grid Code;	No comments
3 (1) (z)	(z) 'Time Block' means the time block as defined in the Grid Code;	No comments
3 (1) (aa)	(aa) 'WS seller' means a seller in case of a power project based on wind or solar energy.	No comments

Clause No.	Clause as per Draft Regulations	Comments and Suggestions
3. Definitions and Interpretation 3 (2)	(2) Save as aforesaid and unless repugnant to the context or the subject matter otherwise requires, words and expressions used in these regulations and not defined, but defined in the Act, or any other regulation of this Commission shall have the meaning assigned to them respectively in the Act or any other regulation.	No comments
4. Scope	These regulations shall be applicable to all grid connected regional entities and other entities engaged in inter-State purchase and sale of electricity.	No comments
5. Adherence to Schedule and Deviation 5 (1)	(1) 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.	No comments
5 (2)	(2) Any deviation shall be managed by the Load Despatch Centre as per the Ancillary Services Regulations, and the computation, charges and related matters in respect of such deviation shall be dealt with as per the following provisions of these regulations	No comments
6. Computation of Deviation 6 (1)	(1) Deviation in a time block for general sellers shall be computed as follows: Deviation-general seller (in MWh) = [(Actual injection in MWh) – (Scheduled generation in MWh)]. Deviation-general seller (in %) = $100 \times \frac{[(\text{Actual injection in MWh}) - (\text{Scheduled generation in MWh})]}{[(\text{Scheduled generation in MWh})]}$	No comments
6 (2)	(2) 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 %) = $100 \times \frac{[(\text{Actual Injection in MWh}) - (\text{Scheduled generation in MWh})]}{[(\text{Available Capacity})]}$	As elaborated earlier in the comment pertaining to 3(g), the utilization of Available Capacity leads to creation of an additional tolerance band in addition to the 10% tolerance band proposed. It may be noted that the burden of such deviations shall be borne totally by the discoms. Further, RE generators will also not be incentivized to explore more sophisticated ways of forecasting. It is, therefore, proposed that such deviation % is linked to Scheduled Generation instead of available capacity.

Clause No.	Clause as per Draft Regulations	Comments and Suggestions
6 (3)	<p>(3) Deviation in a time block for buyers shall be computed as follows: Deviation- buyer (in MWh) = [(Actual drawal in MWh) – (Scheduled drawal in MWh)].</p> <p>Deviation- buyer (in %) = $100 \times \frac{[(\text{Actual drawal in MWh}) - (\text{Scheduled drawal in MWh})]}{[(\text{Scheduled drawal in MWh})]}$</p>	<p>Following is proposed: Deviation-WS seller (in %) = $100 \times \frac{[(\text{Actual Injection in MWh}) - (\text{Scheduled generation in MWh})]}{[(\text{Available Capacity})]}$ [(Scheduled generation in MWh)]</p> <p>No comments</p>
7. Normal Rate of Charges for Deviations 7 (1)	<p>(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:</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 [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:</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>	<ul style="list-style-type: none"> • In a major deviation from the existing DSM regulations, the Draft Regulations delink the DSM rates with the frequency. The DSM rates under the proposed mechanism are linked to market determined rates and/or cost of deploying the ancillary support which is ever is higher for at least one year. Market rates at times are unreasonably high therefore, Honorable Commission, may therefore, consider capping the DSM rates at some level as is also the case in the existing ABT mechanism. • It is observed that the computation methodology of normal rate of charges for deviation has not been illustrated in the Explanatory Memorandum. For greater clarity, some scenario based examples be mentioned in Statement of Reasons to avoid disputes in future. • It is suggested that Real Time Market is a newly introduced market and has limited liquidity and participation compared to DAM segment. Further, in the absence of market coupling, the actual area clearing price is being determined by different algorithms based on the buyers and suppliers utilizing that particular exchange. All these aspects will make the prices highly volatile and put unnecessary financial burden on

Clause No.	Clause as per Draft Regulations	Comments and Suggestions
		<p>discoms. It is thus suggested that such deviation charges should be the least of all the prices discovered in order to decrease the financial hardship on discoms</p> <ul style="list-style-type: none"> • It is also proposed that the weighted average ancillary service charges should be determined on the basis of charges for reserves procured at regional level. The cost of procuring reserves at intra-state level should not be utilized for determining normal rate of charges for deviation. • As per the draft regulation, Wind and Solar generators will be compensating for the shortfall of forecasted energy to the pool. Therefore, while calculating the normal rate of charges through weighted average rate of ancillary services, the weight of compensation on account of wind and solar must be deducted in order to avoid double payment to the pool. • Both Solar and Wind plants produce electricity at zero incremental cost, and directly help in reducing CO2 emission. Therefore, they must be allowed (if not encouraged) to generate power at their maximum capability all the time, even if it means generation above their respective schedule. On the other hand, their generation, at times, may fall below the given schedule, which is based on weather forecasts made on the previous day. The owner / operator must not be penalised for such deviations. In other words, deviations from schedule are inevitable for the Solar and Wind plants as well, and should not be frowned upon. <p>Following is proposed: (1) SOR should provide examples as to how the normal deviation charges would be calculated</p>

Clause No.	Clause as per Draft Regulations	Comments and Suggestions
		<p>(2) 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 at regional level for that time block reduced by the quantum of payment by Wind and Solar Generators to the pool on account of deviation in forecasted energy:</p> <p>Provided that cost of procuring reserves at state level shall not be utilized while determining normal rate of charges for deviation</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 least 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</p>
7 (2)	(2) The normal rate of charges for deviation shall be rounded off to the nearest two decimal places	No comments
8. Charges for Deviation 8 (1)	(1) Charges for deviation in a time block by a seller shall be payable by such seller as under: (Refer Table 1)	Comments in table below
8 (2)	(2) Charges for deviation in a time block by a buyer shall be payable by such buyer as under: (Refer Table 2)	Comments in table below
8 (3) (a)	3.(a) The charges for deviation for injection of infirm power shall be zero.	No comments

(आर० एस० माथुर)
अधीक्षक अभियन्ता (आर०एस०)

(नीरज अग्रवाल)
मुख्य अभियन्ता (आर०एस०)

Clause No.	Clause as per Draft Regulations	Comments and Suggestions
8 (3) (b)	3.(b) The charges for deviation for drawal of start-up power before COD of a generating unit or for drawal of power to run the auxiliaries during shut-down of a generating station shall be payable at the normal rate of charges for deviation.	No comments
8 (4)	(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.	No comments
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 midnight to the Secretariat of the respective Regional Power Committees.	No comments
9 (1)	(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:	No comments
9 (2)	Provided that transaction-wise DSM accounting for intra-State entities shall not be carried out at the regional level	No comments
9 (3)	(3) Separate books of accounts shall be maintained for the principal component and interest component of charges for deviation by the Secretariat of the Regional Power Committees.	No comments
9 (4)	(4) There shall be a Deviation and Ancillary Service Pool Account to be maintained and operated by the Regional Load Dispatch Centre for the respective region: Provided that the Commission may by order direct any other entity to operate and maintain the Deviation and Ancillary Service Pool Account.	No comments

(आर० एस० माथुर)
अधीक्षण अभियन्ता (आर०एस०पी०)

(नीरज अग्रवाल)
मुख्य अभियन्ता (आर०एस०पी०)

Clause No.	Clause as per Draft Regulations	Comments and Suggestions
9 (5)	<p>(5) The Deviation and Ancillary Service Pool Account shall receive credit for:</p> <p>(a) payments on account of charges for deviation referred to in Regulation 8 of these regulations;</p> <p>(b) payments made by:</p> <p>(i) SRAS Provider for the SRAS-Down despatched under the Ancillary Services Regulations; and</p> <p>(ii) TRAS Provider for the TRAS-Down despatched under the Ancillary Services Regulations.</p>	No comments
9 (6)	<p>(6). Deviation and Ancillary Service Pool Account shall be charged for:</p> <p>(i). the full cost of despatched SRAS-Up including the variable charge or the energy charge or the compensation charge, as the case may be, for every time block on a regional basis as well as the incentive for SRAS, payable to the concerned SRAS Provider as referred in the Ancillary Services Regulations;</p> <p>(ii). the full cost towards TRAS-Up including the charges for the quantum cleared and despatched and the commitment charge for the quantum cleared but not despatched as referred in the Ancillary Services Regulations.</p>	No comments
9 (7)	<p>(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:</p> <p>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.</p>	<p>It is submitted that the Hon'ble Commission has proposed a significant tolerance band for wind and solar generation which are expected to replace the conventional generation. Due to this, the ancillary services are expected to be deployed frequently leading to depletion of DSM pool account. Ultimately, the burden of such deviation will fall on discoms leading to increase in power purchase costs.</p> <p>It is, thus, submitted that the tolerance band of wind and solar generation is reduced to 5% and Wind-Solar generators are directed to pay as per notified deviation charges</p>

Clause No.	Clause as per Draft Regulations	Comments and Suggestions
10. Schedule of Payment of charges for deviation 10 (1)	(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.	It is requested that the LPS shall be applicable if the payment is delayed beyond 45 days, which is also in line with the LPS rules notified by Ministry of Power in this regard.
10 (2)	(2). Any regional entity which at any time during the previous financial year fails to make payment of charges for deviation within the time specified in these regulations, shall be required to open a Letter of Credit (LC) equal to 110% of their average payable weekly liability for deviations in the previous financial year in favour of the concerned Regional Load Despatch Centre within a fortnight from the start of the current financial year.	It is observed that ancillary service charges would be recovered through Deviation and Settlement Pool/ RLDC Fees and Charges. In case of default by a buyer or seller, it is likely that this burden may fall on other buyers and sellers on account of non-payment. Thus, the payment security mechanism may be strengthened on account of CERC (Regulation of Power Supply) Regulations 2010 and CERC (Open Access Regulations), 2008.
10 (3)	(3). 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.	It is therefore suggested that the following proposals are included in draft regulations: (4) In case of failure to maintain Letter of Credit (LC) by a buyer, the respective RLDC shall be entitled to recover the same as per CERC (Regulation of Power Supply), 2010 regulations. (5) In case of failure to maintain LC by a seller, the respective RLDC may curtail the open access as per CERC (Open Access Regulations), 2008.
11. Power to Relax	The Commission may by general or special order, for reasons to be recorded in writing, and after giving an opportunity of hearing to the parties likely to be affected, may relax any of the provisions of these regulations on its own motion or on an application made before it by the affected party.	No comments
12. Power to Remove Difficulty	If any difficulty arises in giving effect to these regulations, the Commission may on its own motion or on an application filed by any affected party, issue such directions as may be considered necessary in furtherance of the objective of these regulations.	No comments
13. Repeal and Savings	(1). Save as otherwise provided in these regulations, the Central Electricity Regulatory Commission (Deviation Settlement	It is suggested that the current regulations are notified along with required amendments of Indian Electricity Grid Code, 2010 for

Clause No.	Clause as per Draft Regulations	Comments and Suggestions
13 (1)	Mechanism and related matters) Regulations, 2014 shall stand repealed from the date of commencement of these Regulations.	enablement of secondary reserves.
13 (2)	(2). Notwithstanding such repeal, anything done or any action taken or purported to have been done or taken including any procedure, minutes, reports, confirmation or declaration of any instrument executed under the repealed regulations shall be deemed to have been done or taken under the relevant provisions of these regulations. (3). On commencement of these regulations, the Regional Deviation Pool Account Fund constituted under the repealed regulations shall be renamed as the Deviation and Ancillary Service Pool Account constituted under these regulations, and	No comments
	(i) all sums of money credited to the Regional Deviation Pool Account Fund shall be deemed as credited to the Deviation and Ancillary Service Pool Account; (ii) all amounts due to and from the said Regional Deviation Pool Account Fund shall be deemed as being due to and from the Deviation and Ancillary Service Pool Account; and (iii) any reference to the Regional Deviation Pool Account Fund shall be construed as reference to the Deviation and Ancillary Service Pool Account.	No comments



(आर० एस० माथुर)
अधीक्षक अभियन्ता (आर०एस०यू०)



(नीरज अग्रवाल)
मुख्य अभियन्ता (आर०एस०यू०)

Table 1

Entity	Charges for deviation payable to Deviation and Ancillary Service Pool Account		Comments and Suggestions
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 %); (ii)@ 10% of the normal rate of charges for deviation beyond 2% Deviation-general seller (in %)	(i) @ normal rate of charges for deviation up to 2% Deviation-general seller (in %); (ii) @ 110% of the normal rate of charges for deviation beyond 2% Deviation-general seller (in %).	No comments
For a general seller being an RoR generating station	Zero	(i)@ normal rate of charges for deviation up to 12% Deviation-general seller (in %); (ii)@ 110% of the normal rate of charges for deviation beyond 12% Deviation-general seller (in %).	No comments
For a general seller being a generating station based on municipal solid waste	Zero	(i)Zero up to 20% Deviation-general seller (in %); (ii)@ normal rate of charges for deviation beyond 20% Deviation-general seller (in %). limit.	No comments

(आर० एस० माथुर)
अधीक्षण अभियन्ता (आर०एस०पू०)



(नीरज अग्रवाल)
मुख्य अभियन्ता (आर०एस०पू०)

For WS seller	Zero	<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 for the respective time block.</p>	<p>As per NERC report https://www.nerc.com/files/Variabe%20Generation%20Power%20Forecasting%20for%20Operations.pdf, significant reduction in forecasting errors can be obtained if wind-solar generation is aggregated. Therefore, the Commission should encourage improved forecasting through aggregation instead of maintaining a high tolerance band of 10%. It is suggested that aggregation may be encouraged at pooling station level and band be reduced to 5%</p> <p>It is further mentioned that the cost of procurement of ancillary services shall remain the same irrespective of the source of power. Therefore, having a differential penal mechanism for wind and solar generators is unfair and unequitable.</p>
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 (आर० एस० माथुर)
 अधीक्षण अभियन्ता (आर०एस०यू०)
 (नीरज अग्रवाल)
 मुख्य अभियन्ता (आर०एस०यू०)

Table 2

Entity	Charges for deviation payable to Deviation and Ancillary Service Pool Account		Comments and Suggestions
Buyer	Deviation by way of under drawal	Deviation by way of over drawal	
Buyer (other than the buyer with less schedule 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.	<ul style="list-style-type: none"> It seems the liability of the DISCOMS will increase which may adversely affect their finances without any corresponding gain. It is to be underlined that the DISCOMS may under draw due to various uncontrollable reasons such as break downs and/or tripping of lines, transformers etc. and also due to vagaries of nature such as heavy rainfall, high speed winds etc. resulting into sudden load throw off. Further even the best demand forecast tools available have limitations and are not able to capture the parameters effecting the dynamic demand of the states. Therefore, the deviations are inevitable. The proposed regulation should take appropriately this aspect in to consideration. The draft regulations propose no payments in case of under drawl by the drawee entity. It is proposed that under drawl by a utility when supporting the grid should be considered as Ancillary Service and drawee entity should be paid in case of under drawl from the pool. It is suggested that there maybe a relaxation for
Buyer (with schedule up to 400 MW)	Zero	(i) @ normal rate of charges for deviation up to 12% Deviation-buyer (in %) whichever is lower; (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 %) in a time block, whichever is lower; (ii) @110% of normal rate of charges for deviation beyond the above limit	

states having scheduling more than 5000 MW. This is because such states have to deal with various variables such as impact of embedded generation, impact of agricultural loads, deviation in RE connected at intra state level and solar rooftop generation. This increases the complexity associated with scheduling thereby becoming a legitimate case for relaxation of volume limits. Therefore, it is proposed that a fourth category may be created as follows:-

"12% of deviation or 500 MW deviation whichever is lower in case of the Buyer (with schedule of more than 5000 MW and being an RE Rich State)."

Accordingly, the existing categories may be redrafted considering the above proposed clause.

- The existing mechanism is linked to the frequency of the system. Therefore, in case a discom overdraws in a certain time block, the discom can reduce the liability by underdrawing in future time blocks provided the scenario is that of under frequency. However, in the proposed mechanism, this benefit of underdrawal will not be available to the states. With intra-state entities under SLDC and inter-state under RLDC, such a dramatic shift may lead to a threat in grid

			<p>security. Therefore, state entities must be incentivized for grid support in the transition period.</p> <ul style="list-style-type: none"> • Further, as per the latest IEGC amendment for introduction of Real Time Market (RTM), the discoms have already been kept in a disadvantageous position since the period of right to recall has increased from 4 time blocks to 7/8 time blocks respectively. Due to this, the possibility of forecast errors only increase since accurate forecast is possible close to the real time. It is further submitted that RTM only provides a limited balancing opportunity as the accuracy of RE forecast is closer to real time <p>This anomaly can only be mitigated if the discoms are given the option to balance their portfolio close to the real time by reducing the gate closure times. This is followed internationally as is evident from the NREL study.</p> <p>https://www.nrel.gov/docs/fy19osti/72665.pdf#page=14&zoom=100,93,644</p> <p>It is proposed that appropriate amendments in RTM framework be brought about on lines of international balancing market frameworks</p>
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It is hereby submitted that CERC (Ancillary Services) Regulations, 2021 which will ultimately lay the foundation of implementation of the proposed draft DSM Regulation, have yet not been finalized. The new DSM Regulations, therefore, should be considered for implementation after successful implementation of CERC (Ancillary Services) Regulations, 2021 for a period of six-months.

(आर० एस० माथुर)
अधीक्षक अभियन्ता (आर०एस०यू०)

(नीरज अग्रवाल)
मुख्य अभियन्ता (आर०एस०यू०)