

Views of WBSEDCL on the draft CERC DSM & Related Matter Regulation 2021

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:

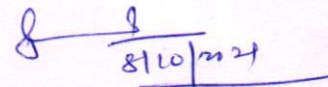
Provided further that in case of non-availability of ACP for any time block on a given day, ACP for the corresponding time block of the last available day shall be considered:

WBSEDCL's View

In the event of real time operation the price of DSM will remain unknown to the DISCOMs due to unavailability of Weighted Average Ancillary Service Charge (in paise/kWh) on real time basis on any platform. Unless, it is arranged to publish the data relating to Weighted Average Ancillary Service Charge (in paise/kWh), it appears to be implausible to run the operation on real time basis without having knowledge of cost effect.

Moreover, as per clause no 3.1 of the CERC Ancillary Service Operation Regulations 2015 the main objective of this service is to restore the frequency at desired level & to relieve the congestion in the transmission network. So, the cost of service only for frequency restoration purpose should be taken into consideration during determination of normal DSM as the other part is not at all related to frequency.

In light of the above Honourable Commission may please abstain from the linking of weighted average price of the ancillary service part for time being . However, the same can be considered after maturity of the Ancillary Market as proposed in the Draft Ancillary Services Regulation 2021 published on 29.05.2021.


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Chief Engineer (Regulation)
Regulation Department
WBSEDCL

Clause No: 8

(2) Charges for deviation in a time block by a buyer shall be payable by such buyer as under:

Charges for deviation payable to Deviation and Ancillary Service Pool Account		
Entity		
Buyer	Deviation by way of under drawal	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.

WBSEDCL's View

Generally, The Buyer / Discoms being the last link of the Power Supply chain purchases power from the Seller/Generator through Long term bilateral contracts & Short term market comprises of Over The Counter (OTC) & Energy Exchange Platform & sell the same to the another market which comprises of end users/consumers. So , in the entire supply chain Discoms/Buyer's position is in between two markets & has to take the risk of the both markets simultaneously .It is well known fact that Market makes the Trend but the Trend does not make Market . The drawl schedule of any Discoms/Buyer are prepared by exploring the past Demand Trend History & historical weather data . The real time dynamicity of such market demand depends upon the many parameters among which weather is the main parameter. So, during ex-ante drawal schedule planning weather forecast plays a vital role& the accuracy of such weather forecast issued by any third party like IMD is an additional risk burden to the Discoms. Moreover, Discoms in the country has a onus of complying the national mandate of supplying 24X7 uninterrupted power supply to all sorts of consumer of the country. After factoring so many risks as stated above, to keep the national commitment is a challenge to the Discoms for which they are compelled to plan their drawal schedule optimistically. Now, if ex-ante Load Generation Balance planning is done on optimistic manner there is a chance of real time under drawl & reverse in case of conservative

manner. But as per the draft there is no charge for under drawl energy whereas the charge at highest market rate for the over drawl energy from grid . So, this clause discouraging the Discoms to plan optimistically & allowing procurement from Grid irrespective of prevailing frequency at the higher rate to keep the said commitment, which is going against the consumer interest of the country as the ultimate financial burden out of such procurement will be borne by the consumers.

The Real time demand management in consonance with the drawl schedule is done with the help of SCADA window . Normally the accuracy of SCADA data varies +/- 3%, which perhaps was not taken into consideration during designing of draft. Such data discrepancy may cause financial loss to the Discoms due to unintentional injection. So some flexibility is required for under drawl of the Discoms.

In most of the states ,Discoms & Generating stations of diverse ownership are the embedded entity of state grid & State as a whole is a regional entity for interstate DSM treatment. So ,to regulate the interstate under drawl by means of intra-state generation control will be impossible for the State system operator & despite rendering best effort state will face financial loss due to under drawl.

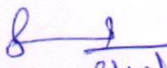
In the backdrop of the above the Honourable Commission may please consider the flexibility for under drawl at normal DSM rate upto 12% of schedule or 150MW whichever is less as it was earlier. Moreover , for better DSM management by the utilities , Honourable Commission may please consider to shorten the time between RTM auction and delivery of power from one hour to half hour immediately.

Clause No: 8

- (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.

WBSEDCL's View:-

As per Government of India (GOI) allocation the Eastern Regional States are the beneficiaries of some Cross Border sources viz: Tala ,Chukha, Mangdechu & Kuruchu of Bhutan ,which are not under the purview of DSM . Hence, clarification is required regarding the treatment of the deviation of such sources with respect to the schedule at Indian boundary declared by Bhutan NLDC. Honourable Commission should consider


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Chief Engineer (Regulation)
Regulation Department
WBSEDCL

not to burden the beneficiaries on account of deviation caused by the above mentioned cross border sources from Bhutan.

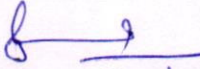
Clause:-9

(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.

WBSEDCL's View

It is evident from the draft DSM regulation that, under the condition of over - injection/under-drawl there is no provision of pay-in on the part of the utilities. Hence, it might be envisaged that there will be an accumulation of substantial fund balance in the Deviation and Ancillary Service Pool Account even after utilizing such balance for meeting the expenses relating to Secondary/Tertiary Reserve Ancillary Service and interregional Deviation and Ancillary Service Pool Account deficit. The draft is silent with respect to the utilization of such surplus fund, if remains on credit of the Deviation and Ancillary Service Pool Account. But in the earlier regulation there was a proviso under clause no:11 to deal the same as a credit to PSDF.


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