

Comments and Suggestions on Draft Ancillary Services Regulation, 2021

The Central Electricity Regulatory Commission (CERC) has prepared the Draft Ancillary Services Regulations, 2021 to provide mechanisms for procurement, through administered as well as market-based mechanisms, deployment and payment of Ancillary Services for maintaining the grid frequency close to 50 Hz, and restoring the grid frequency within the allowable band as specified in the Grid Code and for relieving congestion in the transmission network, to ensure smooth operation of the power system, and safety and security of the grid.

CESL seeks to play the role of a market-making entity to invest in RE plus storage assets and prove innovative Battery Energy Storage Systems (BESS) integrated business models. The release of the draft Ancillary Services Regulation and allowing energy storage to participate in both Secondary Reserve ancillary services (SRAS) and Tertiary Reserve ancillary services (TRAS) is a great step that can further open revenue streams for BESS, thereby improving their economic viability.

As CESL design and deploy BESS-integrated business models, we would like to place its broad comments and suggestions on various aspects of the draft Ancillary Services Regulation:

- The draft has opened ancillary services only for SRAS and TRAS. Ancillary services, including energy storage, should also be opened for Primary Reserve ancillary services (PRAS).
- The draft should specify the application of ancillary services to microgrids and decentralized renewable energy sources, specifically relevant for rural parts of the country.
- There is a need for a clear distinction between balancing ancillary service and meeting demand and thereby supply through energy markets. Specifically, there is a need for decoupling the energy and ancillary service market. The ancillary service market should be able to provide services beyond balancing the grid.
- A clarity for transmission charges or transmission losses, or transmission deviation charges payable for SRAS and TRAS. If there are any, the same needs to be captured in final policy.
- The draft regulation only talks about grid stability through frequency control (active power). The draft can also include the role of ancillary services in applications such as voltage maintenance (reactive power).