

MB POWER (MADHYA PRADESH) LIMITED

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MBPMPL/ANP-I/CERC/21-22/126

14th July 2021

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

Sub: Comments/ Suggestions of MB Power (Madhya Pradesh) Limited on the Draft Central Electricity Regulatory Commission (Ancillary Services) Regulations, 2021.

Dear Sir,

We write in reference to the Public Notice(s) dated 29.05.2021 and 30.06.2021 issued by this Hon'ble Commission vide comments/ suggestions/ objections of the various stakeholders have been invited on the Draft Central Electricity Regulatory Commission (Ancillary Services) Regulations, 2021.

We, MB Power (Madhya Pradesh) Limited, are a Generating Company having an operational 1200 MW (2X600 MW) coal based Thermal Power Project in district Anuppur of Madhya Pradesh. We are hereby furnishing our detailed comments/ concerns/ suggestions on the said Draft Regulations (enclosed herewith as ***Annexure-1***) for the kind consideration of the Hon'ble Commission.

We hope this Hon'ble Commission would acknowledge a genuine merit in our comments/ concerns/ suggestions and would consider the same favourably while finalising these Regulations.

Thanking You

Yours Faithfully,



Abhishek Gupta
General Manager (Regulatory & Commercial)
MB Power (Madhya Pradesh) Limited

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Annexure-1: Comments of MB Power (Madhya Pradesh) Limited on the Draft CERC (Ancillary Services) Regulations, 2021

- The Draft Regulations apparently consider availability of surplus power at all times which may not be possible all the time. As such, it becomes important that the grid security and stability is ensured before resorting to such mechanism.

- Following issues need to be comprehensively addressed while finalising these Regulations:
 - Whether the consent of the procurer is a pre-requisite for a generator to participate as an Ancillary Service (“AS”) provider as the first right to refusal could lie with the beneficiary.
 - The SRASs mechanism be used by RLDC to ensure a sign change of schedule every 6 time blocks by generators so as to avoid additional deviation charges.
 - In case of TRAS-Up, whether a generator facing forced outage/ tripping can arrange power from RTM?

- Currently, the procuring Discom(s) under PPA has the first right on the contracted capacity since they pay for the capacity charges towards the entire contracted capacity irrespective of the quantum of power being scheduled by them . This leads to uncertainty in terms of availability of “reserves” in the existing system. This uncertainty would continue to remain even after implementation of these Regulations since the procuring Discoms will continue to have the right to self-schedule the contracted capacity, thus reducing the reserves for providing Ancillary Services.

- The draft Regulations provide for settlement of payment for Ancillary Services through the Deviation and Ancillary Service Pool Account. In this regard, for meeting working capital requirement towards settlement of payment for Ancillary Services, existing surplus in the Deviation and Ancillary Service Pool Account may not be adequate. Hence, a separate pool/ source towards meeting this working capital requirement be identified and put in place to operationalize the payment and settlement of SRAS and TRAS Services Providers.

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- Regulation 20(9) contemplates no retrospective revision of variable charges. However, it is not clear as to how will these Regulations then factor in retrospective tariff (including variable charges) revision required by law, like change in law adjustments, carrying cost, implementation of true-up orders and superior court judgements etc.
- Transmission Charges: It may be clarified as to how will the transmission charges and losses for SRAS and TRAS will be computed [Regulation 22].
- The draft Regulations provide for capping the payment of commitment charges at 10% of MCP for TRAS-up cleared but not scheduled. However such a capping is in variance with the current market driven price determination mechanism. As such, the proposed capping may acts a deterrent to increased participation in the proposed mechanism by the generators. It needs to be appreciated that for the generators who are already reeling under severe distress, there needs to be an enough incentive to firmly commit generation capacities to Ancillary Services, as opposed to seeking the entire quantum of possible generation to be sold through DAM or RTM. Commitment charge of up to Rs. 0.20/ kWh is too low to encourage such a market.
- The draft Regulations apparently do provide any incentive for TRAS-Up/ Down for Section-62 generators. In case of shortfall, URS (remaining after finalization of DAM schedule) of all the projects under Section 62 are deemed to be available for SRAS and TRAS reserves without any incentives to such generators. It may kindly be appreciated that since Section-62 generators are serving as AS providers hence their power is essentially used in balancing the grid thereby ensuring safe and reliable grid operations, hence such Section-62 generators needs to be adequately incentivised.
- Parallel operability of mechanism(s) of payment of capacity charges under the MBED/DAM for URS power and mechanism for payment of commitment charges for TRAS-Up under the draft Regulations need to clarified in the final Regulations.
- In view of concurrent operations of the multiple Power Exchanges, it may be appropriately clarified whether bids for Ancillary Services would be cleared in all the Power Exchanges or a particular Power Exchange shall be designated for clearing bids for Ancillary Services.