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Comments on Draft Ancillary Services Regulations

Regulation 6:

1. As per regulation, the nodal agency shall be estimating the TRAS reserve required. This quantum will form the basis of buy bid for ancillary market; moreover, this will only buy bid against which multiple generators will be submitting the sale offers.
2. Any error in the estimation of the TRAS reserve will affect the MCP of the TRAS market.
3. If TRAS reserve estimation is on the higher side, there will be extra cost occurring on account of the followings:-

    A. The higher MCP, which resulting in the national loss and diminishing of pool account surplus fast.
    B. During the actual dispatch more TRAS providers will remain un-dispatched, but commitment charges have to be paid to them, further diminishing pool surplus and national loss. Furthermore, because of this, generation capacity remained unutilized, which, it may have been offered in DAM/RTM might have resulted in lower MCP in DAM/RTM markets.

4. In the event of estimation on lower side may result may result shortage of reserve required during actual despatch and may endanger the grid security.
5. Draft regulation does not have any provision of performance judgment and incentive or penalty on the nodal agency on account of large error in estimations.
6. There should be a performance criteria of nodal agency on this account which may be based on the error in actual quantum used and estimated quantum of TRAS reserve by the nodal agency. This provision will motivate the nodal agency to do estimation seriously and based on facts.

Regulation 16:

1. Arbitrage between and DSM - TRAS - TRAS is procured from different market than the DAM market on which price of DSM are based. Furthermore, prices in TRAS market is not capped but they are capped for calculation the price of DSM. This will create opportunity for the market participants for arbitrage and unnecessary gain to the participants. Furthermore, it may result in the large difference between estimated quantum of TRAS reserve and actual TRAS despatch.
2. Since, reserves always meant for improvement of frequency so it remained nearest to nominal frequency, this leads the DSM price to near zero. Constituents may exploit such situation by overdrawing or under generation at low price. But for grid this overdraw or under generation will be at the cost of TRAS MCP and will result in draining of pool surplus and national loss.
3. Suggestion for fixing Price of DSM - DSM in India is a imbalance handling and pricing mechanism. As per power market principal the imbalance power should be priced at the price of replacing power. Since, the MCP of TRAS is a market discovered price which is balancing the imbalances created by the deviation in actual and schedule of

the constituents, the price of deviation shall be the MCP of TRAS dispatched in the block.

Eligibility of TRAS provider - (para 5 of EM):

1. The draft Ancillary Services Regulations make any generating station, energy storage or demand side resource eligible for participation as TRAS Provider if it is capable of varying its active power output or drawl or consumption as per the instruction from the Nodal Agency within 15 minutes and sustaining the service for at least next 60 minutes.
2. While the existing framework of RRAS uses the generating stations that are regional entities and whose tariff is determined or adopted by the Commission for their full capacity to provide Ancillary Services.
3. In case of 2 the available capacity of generators is monitored by the concern RLDC by way of day ahead declaration, entitlements, requisition and URS. But enlarging ambit to include any generator, storage, demand side resources may extend the opportunity of gaming by way of over offering the capacity in TRAS and earning the commitment charges in case of non-despatch.
4. Draft regulation should include some provision to keep check on the available capacity or verifying the capacity offered in TRAS to stop such gaming.

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