

Comments/ Suggestions on Draft CERC Ancillary Services Regulations 2021

Our comments on Draft Ancillary Services Regulations 2021 are as under:

- **Ancillary Services to be operated purely through power market:** Currently alternate market for supply of power i.e. Ancillary Services Market, SCED etc. are primarily through designated nodal agency NLDC. Hence such markets should also be operated through Power Exchanges in addition to Ancillary services proposed in the draft. This would ensure true discovery of prices of electricity without any intervention by the grid operator.
- **Need for incentivising participation of cleaner technology with faster ramp up/ramp down rates in Ancillary Services:** Basic requirement of proposed ancillary services in the draft is owing to fluctuation in availability of supply due to the intermittent nature of RE Power. Hence, any replacement of such RE Power has to be through cleaner fuel. Hence, entire mechanism should be such that Gas based plants having fast ramp up/ramp down are given priority over polluting coal based plants. Also, the charges for such services should include a premium, say Rs 0.10 per kWh, of being cleaner fuel for Gas based plants. Once the available gas based capacity for ancillary market is exhausted, only then the services of coal based plant may be considered for scheduling under these regulations.
- **Participation of InSTS gencos/Regional entities:** Since Ancillary Services are meant only for system operation, Intra-state generating stations/regional entities are also to be allowed to participate in AS.

Specific point wise comments on the draft Regulations are as under:

| SN | Section | Point/ Clause | Comment/ Suggestion |
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| 1 | 3. Definitions and Interpretation (Pg. 4) | x. "SRAS-Up" means an SRAS that increases active power injection or decreases drawal or consumption, as the case may be, in response to secondary control signal from the Nodal Agency | It appears that Discoms as SRAS Provider are being incentivized to undertake load shedding, which is against the Government initiative of 24X7 power for all. |
| 2 | 6. Estimation of Reserves by the Nodal Agency (Pg.5) | (2) The Nodal Agency shall re-assess the quantum of requirement of SRAS and TRAS on day-ahead basis and incremental requirement, if any, on real time basis. | Ancillary Services mechanism is primarily for safety and security of Grid " on real time basis ", so projections of SRAS/ TRAS requirement on day ahead basis needs to be clarified. |
| 3 | 10 (8) & (9) Selection of SRAS Providers and Despatch of SRAS (Pg.9) | <i>"(8) Secondary control signal for SRAS-Up and SRAS-Down shall be sent to the control centre of the SRAS Provider every 4 seconds by the Nodal agency. SRAS Provider shall allow its control centre to follow the secondary control signal for SRAS-Up or SRAS-Down automatically without manual intervention. (9) The SRAS Provider shall increase or decrease active power injection or increase or decrease drawal or</i> | The respective SRAS provider will be controlled / managed by automatic signal via Nodal Agency which can either increase or decrease active power injection. While decreasing active power injection, Nodal Agency should also take into account that the SRAS Provider's technical minimum is not breached. As even in clause 9 – Procurement of SRAS there is no mention about technical minimum being respected by the Nodal Agency. |

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| | | <i>consumption, as the case may be, as per the automatic signal from the Nodal Agency”</i> | Therefore, in this context we request you to revise the clause for accommodating the technical minimum of the SRAS provider |
| 4 | 19. Payment for TRAS (Pg.15) | (2) TRAS-Up Provider shall receive commitment charges at the rate of ten percent of the MCP-Energy-Up-DAM or the MCP-Energy-Up-RTM, as the case may be, subject to the ceiling of 20 paise/kWh for the quantum of TRAS-Up cleared in the Day Ahead Market or the Real Time Market as the case may be, but not instructed to be despatched by the Nodal Agency. | <p>Capping of commitment charges to 20 paise/kWh may prove to be deterrent for TRAS provider, especially power generators.</p> <p>It is recognized that the Ancillary Services are a crucial part of the power system operations which ensures grid stability and reliability. However, we feel that the participant committing energy for such stage of contingency should be appropriately compensated for allocating part of URS power for Ancillary Services. It is as good as making the URS power fully available for such service.</p> <p>The fixed cost is primarily incurred to keep the capacity available and at this level of contingency it is more important than the variable cost because of the requirement of immediate response time. Commitment charges equivalent to 10% of MCP with a ceiling of 20 paisa/kwh is abysmally low and it would not translate to effective participation. As the Nodal Agency (NLDC) has a right to recall, Service provider has to be compensated full fixed cost for allowing such rights .</p> <p>In the above context, we request Hon’ble CERC to either compensate the generating station in line with, “Comparative Analysis of Fixed Charges for 2016-17” which is 1.66 Rs/kwh, as per Terms & Conditions of Tariff Regulations or ask TRAS providers to quote “commitment charges” as a third component (i.e., apart from volume and energy charge) so as to ensure effective participation from generating stations</p> |
| 5 | 20. Shortfall in Procurement of SRAS and TRAS or Emergency Conditions (Pg.15) | <i>“(1) All generating stations, whose tariff is determined by the Commission under Section 62 of the Act and having URS power after Gate Closure, shall be deemed to be available for use by the Nodal Agency for SRAS-Up or</i> | We agree that in case of shortfall, generating stations falling under Sec. 62 of the Act will be deemed available for appropriate contingency response. |

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| | | <p><i>SRAS-Down or TRAS-Up or TRAS-Down, subject to technical constraints of such generating stations.”</i></p> | <p>However, we believe that NLDC shall compensate in line with the tariff determined under section 62 of the Act i.e., fixed and variable cost with mark-up for ramp-up/ramp-down to be reimbursed, as ramp-up/down requires some extra cost in terms of maintenance.</p> <p>In view of the above, we request Hon’ble CERC to revise the referred regulation duly considering that the generating station coming under such mechanism involuntarily.</p> |