



No. IEX/RA/063/22-23

Date: 19<sup>th</sup> Oct. 2022

To,

The Secretary  
Central Electricity Regulatory Commission  
3rd & 4th Floor, Chanderlok Building  
36, Janpath, New Delhi - 100 001  
Fax: 011-23753923

**Sub: Suggestions on the draft CERC (Indian Electricity Grid Code) Regulations, 2022**

Dear Sir,

This has reference to the Public Notice dated 07.06.2022 and extension granted thereof for filing suggestions and comments from stakeholders on the Draft Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2022 ("Draft IEGC").

The comments on behalf of IEX on Draft IEGC are hereby attached for the kind consideration of the Hon'ble Commission.

Thanking You  
Yours Sincerely,

A handwritten signature in blue ink, appearing to be 'Jogendra Behera', is written over a light blue horizontal line.

Jogendra Behera  
CRO & VP (Regulatory & Market Economics)

**Enclosure: A/a**

## **1. Resource adequacy planning under the Resource Planning Code**

The Chapter 2 of the Draft IEGC lays down the framework of integrated resource planning based on demand and resource assessment at the state level. Regulation 5(3) deals with the generation resource adequacy and provides that after considering the demand forecasting and the generation resource procurement planning, each distribution licensee shall ensure demonstrable generation resource adequacy as specified by the respective SERC for the next five (5) years starting 1st April of the next year. Failure of a distribution licensee to meet the generation resource adequacy target approved by the SERC shall render the concerned distribution licensee liable for payment of resource adequacy non-compliance charge as may be specified by the respective SERC. The Draft IEGC also proposes that FOR may develop a model Regulation stipulating inter alia the methodology for generation resource adequacy assessment, generation resource procurement planning and compliance of resource adequacy target by the distribution licensees.

Since introduction of the resource adequacy framework may subsequently lead to creation of a Capacity Market in the country, we propose the following in this regard:

- i. **Delinking the Capacity and Energy component-** The Draft IEGC emphasizes on the need to have adequate resources for meeting the demand reliably. CEA in its draft guidelines has proposed a capacity auction to be done by NLDC as and when required to meet the resource adequacy requirements. In this regard, it is submitted that unlike traditional PPAs, there is no requirement of having both capacity and energy contract for meeting the resource adequacy requirement. Discoms should have the option to meet their resource adequacy requirement only by procuring the 'Capacity'. The entities obligated to procure capacity for meeting resource adequacy requirements will consider entering purely into only capacity contracts to ensure fulfilment of resource adequacy obligation while they may procure energy, if required, from an alternate cheaper source available in the market. Similarly, the Generator should also have the flexibility to enter into such contract and after being assured of the capacity charges can sell their energy in the best available options to them. This will ensure that the dispatch of the power is taking place based on the marginal cost of the generators while the resource adequacy is being met. Delinking the two will also give rise to several models like those in place in the global markets viz. reliability options, capacity obligation etc.
- ii. **Role of Power Exchanges in Resource Adequacy-** It is submitted that post approval of Hon'ble Commission vide order dated 7.06.2022 power exchanges have introduced longer duration contracts under the Term Ahead market through which a buyer can procure power up to 3 months duration. This may further get extended up to 11 months after the implementation of new Grid Code and GNA Regulations. Keeping this in view the Regulations may provide such Contracts available in the Exchange platform to be considered for resource adequacy by the Discoms.

## **2. Scheduling of short-term contracts entered in the Term Ahead Market segment of Power Exchanges:**

Scheduling process for the GNA is provided under Regulation 47 of the proposed draft IEGC 2022 as below-

**47. PROCEDURE FOR SCHEDULING AND DESPATCH FOR INTER-STATE TRANSACTIONS**

*(1) The following scheduling related activities shall be carried out on daily basis for regional entities, on day ahead basis, 'D-1' day, for supply of power on 'D' day, as follows:*

*(a) Declaration of Declared Capacity by generating stations:*

....

*(b) Entitlement of each beneficiary or buyer:*

...

*(c) The requisition for scheduling of intra-State entities shall be as submitted by the regional entity buyers and regional entity sellers in accordance with the contracts entered between them.*

*(d) The requisition for cross-border schedule along with its breakup from various sources shall be submitted by Settlement Nodal Agency (SNA) for 0000 hours to 2400 hours of the 'D' day, by 7 AM on 'D-1' day;*

*(e) Requisition of schedule by buyers who are GNA grantees:*

*... (i) Based on the entitlement declared in accordance with sub-clause (b) of clause (1) of Regulation 47 of these regulations, SLDC on behalf of intra-State entities which are drawee GNA grantees, shall furnish time block-wise requisition for drawal to concerned RLDC in accordance with the contracts, by 8 AM of 'D-1' day.*

*(ii) Other drawee GNA grantees who are regional entities shall furnish time block-wise requisition for drawal to the concerned RLDC in accordance with contracts, by 8 AM of 'D-1' day.*

*(iii) The SLDC on behalf of the intra-State entities which are drawee GNA grantees, as well as other drawee GNA grantees while furnishing time block-wise requisition under this Regulation shall duly factor in merit order of the generating stations with which it has entered into contract(s):*

....

*(ii) GNA grantees shall revise their requisition for drawal schedule based on availability of transmission corridors for such grantee by 8.30 AM on 'D-1' day.*

*(iii) RLDC shall issue final drawal schedules for GNA grantees by 9 AM on 'D-1' day.*

...

**(g) Requisition of schedule by T-GNA grantees**

*(i) Based on the entitlement or otherwise, SLDC on behalf of intra-State entities which are T-GNA grantees, shall furnish time block-wise requisition for drawal to the concerned RLDC in accordance with contracts by 9 AM of 'D-1' day.*

*(ii) Other drawee T-GNA grantees who are regional entities, shall furnish time block-wise requisition for drawal to concerned RLDC in accordance with contracts by 9 AM of 'D-1' day.*

The Draft IEGC has provided that all the scheduling under GNA and T-GNA shall take place on a day ahead basis providing the flexibility to the buyers to procure power across different contracts and utilize their transmission access.

In this context attention is drawn to the short-term contracts executed in the Term Ahead Market of the Power Exchanges. The Hon'ble Commission vide Order dated 07.06.2022 has approved Daily, Weekly, Monthly and Any Day Single Sided Contract up to 3 months. As per the

aforesaid Order these contracts cannot be annulled or curtailed in any manner other than transmission system constraints or force majeure condition validated by the concerned system operator. Besides in the above contract both Generator and Discoms will be selling in the contract.

Some of the points where clarity is required:

- Does the Generator require to declare the capacity for the short term contracts also?
- If a Discom is a seller, then will it have to declare the capacity similar to Generating Stations provided under the Regulations?
- Whether an embedded intra-state entity has to apply for T-GNA (both for bilateral and collective transactions) when there is capacity under GNA is available for the State?
- How will the power exchange provide the schedule for the contracts entered in its platform to the SLDC to be incorporated in the requisition for the intra-state entities for scheduling in GNA and T-GNA transactions?

The Hon'ble Commission is requested to kindly clarify the above through illustrations in SoR which can also be incorporated in the Procedure.

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