

MB Power (Madhya Pradesh) Limited – Comments & Observation on IEGC

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Subject: MB Power (Madhya Pradesh) Limited Comments on IEGC

Respected Sir/Madam,

This is in reference to your Public Notice dated 7th [June 2022](#) regarding Draft Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2022 wherein the stakeholders are invited to submit comments/suggestions/objections on the same by 31st [Aug 2022](#).

MB Power (Madhya Pradesh) Limited is a private generator operating 1200 MW coal based thermal power station at District Anuppur, Madhya Pradesh. We hereby are pleased to submit our comments/observations on the same and the comments are attached herewith.

Regards

Himanshu Srivastava

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Observations on Indian Electricity Grid Code

Vide 4th Amendment dated 06.04.2016 to the prevailing CERC IEGC Regulations and a subsequent detailed procedure approved vide Order dated 05.05.2017, this Hon'ble Commission prescribed the following:

- a) The technical minimum level for operation of a Thermal Generating Station was specified as 55% of MCR loading or Installed Capacity.
- b) For any coal based Generating Station, in event of any under-scheduling by beneficiary(ies) resulting in Part Load Operation of such a Generating Station below the normative level of 85% and upto the technical minimum level of 55%, the beneficiary(ies) shall compensate the Generating Station on account of degradation of Heat Rate (SHR) and increase in Auxiliary Energy Consumption (AEC) on account of Part Load Operation of such a Generating Station. A detailed compensation mechanism to this effect was notified by this Hon'ble Commission.
- c) In event of any under any under-scheduling by beneficiary(ies) resulting in Part Load Operation of such a Generating Station below the prescribed technical minimum level of 55%, the Generating Station can opt to go for Reserve Shut Down (RSD). Further, for the period during which the Generating Station is under RSD, the beneficiary(ies) shall continue to bear the capacity charges.

While issuing the above, this Hon'ble Commission duly appreciated that Thermal Generating Stations are designed to act as base load machines and not to cater to cyclic loading. Further any transition from base load operating schedule to flexible/ cyclic operating schedule resulting in Part Load Operation of such a Generating Station below the normative level not only endangers the life and operations of the Thermal Generating Stations, but also invariably increase the operational costs in terms of degradation of Heat Rate (SHR) and increase in Auxiliary Energy Consumption (AEC).

For these reasons the compensation mechanism on account of Part Load Operation of a Thermal Generating Station and the provisions w.r.t. RSD were uniformly made applicable to PPAs executed under both Section-62 and Section-63 of the Electricity Act 2003, without any discrimination and demur.

However, Regulation 45 (12) of the draft Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2022 is creating an unwarranted differentiation between PPAs executed under Section-62 and Section-63 of the Electricity Act 2003 with respect to compensation mechanism on account of Part Load Operation of a Thermal Generating Station below the normative level.

Under this Regulation, it has been proposed that the compensation mechanism (on account of operation of a Thermal Generating Station below the normative level) shall be as specified in the Tariff Regulations or in terms of the Contract/PPA between the Generating Station and its beneficiary. Tariff Regulations notified by this Hon'ble Commission are

applicable only to those Generating Stations, where the PPAs have been executed under Section-62 of the Electricity Act 2003. However, such a compensation mechanism for PPAs executed under Section-63 of the Electricity Act 2003 will have to be discussed and agreed mutually between the between the Generating Station and its beneficiaries.

It may kindly be appreciated that it will be very difficult to have an agreement with a beneficiary on this issue and eventually the Thermal Generating Stations which are Regional Entities having PPA executed under Section-63 of the Electricity Act 2003 will be deprived of the compensation for backing down. It may further be appreciated that this Hon'ble Commission itself has acknowledged that Part Load Operations of any Thermal Generating Station below the normative level invariably increases the operation costs in terms of degradation of Heat Rate (SHR) and increase in Auxiliary Energy Consumption (AEC) and the beneficiary indulging in under-scheduling is liable to compensate for the same.

Under this backdrop, while the draft CERC IEGC Regulations 2022 is making it mandatory for the beneficiaries under Section-62 PPAs to pay compensation for under-scheduling, however the same requirement for beneficiaries under Section-63 PPAs has been thoroughly compromised and it has been left to the discretion of beneficiaries under Section-63 PPAs to decide whether or not they want to assume such a liability.

This discrimination between beneficiaries under Section-62 and Section-63 PPAs is not only violative of the Electricity Act 2003, but also deprives a Thermal Generating Station to recover losses incurred by it due to under-scheduling of power by beneficiary(ies) under Section-63 of the PPA, thereby causing significant financial losses to a Thermal Generating Station solely on account of reasons not attributable to such a Thermal Generating Station

In view of the above, it is earnestly requested that compensation mechanism due to operation of a Thermal Generating Station below normative level may be applied uniformly on all the beneficiaries irrespective whether the PPAs are executed under Section-62 or Section-63 of the Electricity Act 2003. For this reason, the existing provisions with respect to compensation mechanism towards Part Load Operations of a Thermal Generating Stations as introduced vide 4th Amendment to CERC IEGC Regulations dated 06.04.2016 and subsequent detailed procedure approved by this Hon'ble Commission vide Order dated 05.05.2017 may be retained in the final CERC IEGC Regulations 2022.

Comments on Chapter 3- Protection Code;-

- 1. All users shall conduct internal audit of their protection systems annually and correct any deficiencies.** Users to conduct 3rd party audit once in 5 years or earlier as advised by respective RPC.

MB Power Remarks : Users(IPP) those connected with CTU(Transmission utility) both should conduct internal audit of their respective protection systems for BAY & LINE annually & share their study to each other for co-ordination purpose more reliable 400kv grid systems and correct any deficiencies if any with consent, so that no relay coordination should mismatch. Audit in isolation will not be that much effective.

2. Users shall submit protection indices details to RPC on monthly basis covering Dependability Index, Security Index, and Reliability index with explanation for details less than unity. For Non-compliance, RPC may approach commission for remedial action.

MB Power Remarks: Detailed protection indices based on reliability index, security index, dependability index to be carried out only for particular Relays operated on real time basis as system requires, OR to be carried out for protection system on yearly basis those are connected to Grid directly.

Generally IPPs carry out Relay testing with help of third party each years, opportunity based/during shutdown, also does operational checks for all critical relays. Also IPPs are doing protection audit with the help of third party in 5 years schedule as per CEA guidelines.

Hence monthly activities for the same is not much desirable.