

From: JIGNESHLANGALIA@torrentpower.com
To: Harpreet Singh Pruthi <secy@cercind.gov.in>, Shilpa Agarwal <shilpa@cercind.gov.in>
Cc: chetanbundela@TORRENTPOWER.COM, lunapal@TORRENTPOWER.COM
Sent: Mon, 31 Oct 2022 19:12:46 +0530 (IST)
Subject: RE: Comments_Indian Electricity Grid Code Regulations -
From Torrent Power Limited

Dear Sir/Mam,

In continuation to the trailing mail, we request you to give due consideration to additional comments/ suggestions as attached herewith.

Thanking You.

Yours faithfully,

Jignesh Langalia

Torrent Power Ltd.

TPL Comments on Draft CERC (Indian Electricity Grid Code) Regulations, 2022

At the outset, we express our sincere gratitude to the Hon'ble Commission for publishing the draft CERC (Indian Electricity Grid Code) Regulations, 2022 (hereinafter referred to as the "IEGC"). The Hon'ble Commission has stated that the draft IEGC contains provisions relating to the statutory bodies as well as extensive provisions regarding various aspects like resource adequacy and reliability, scheduling and despatch criteria, integration of renewables, ancillary services, etc.

However, at the outset, we would like to submit that the Act has prescribed the functions of the Central Commission under Section 79 and the State Commission under Section 86. Accordingly, it is essential that this statutory obligation is duly upheld while notifying the draft Regulations to avoid disputes/litigations.

In this background, we request the Hon'ble Commission to kindly take into consideration the following suggestions/comments before finalising the draft Regulation.

Regl. No.	Draft Amendment	Suggestion/ Comments
5.	<p>(2) Demand Forecasting</p> <p>(i) Each distribution licensee within a State shall estimate the demand in its control area including the demand of open access consumers and factoring in captive generating plants, energy efficiency measures, distributed generation, demand response, for the next five (5) years starting from 1st April of the next year and submit the same to the STU by 31st July every year. The demand estimation shall be done using trend method, time series, econometric methods or any state of the art methods and shall include daily load curve (hourly basis) for a typical day of each month.</p>	<ul style="list-style-type: none">• Electricity Act entrusted STU to undertake coordinated planning for smooth flow of electricity from Generating Stations to the load centres. Accordingly, all the STUs gathers the necessary details and prepare such perspective plan and also update as may be required. State Transmission network is being developed accordingly after due approval of the State Commission.• Even as per the Explanatory Memorandum for the draft IEGC, necessity of including regulations related to demand forecasting appear to be the same i.e. planning and monitoring of network being/ to be developed for smooth power flow without any constraints.• Further, the exercise is carried out in line with the requisite guidelines prescribed by the State Commission for demand forecast and planning for power procurement. For instance, the Hon'ble GERC has prescribed the Power Procurement

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		<p>Guidelines which mandate distribution licensee to submit the demand forecast for next 10 years and power procurement plan for next 5 years by 31st January every year. The same is also considered by STU for preparation of 5 year transmission plan. Hence, it is ensured that there is no duplication of data requirement, and the system operates through single window ensuring 'ease of doing business'.</p> <ul style="list-style-type: none"> • In view thereof, the entire exercise of seeking details of Demand Forecasting is clear duplication. Therefore, it is suggested to review requirement of such provision. • Hence, the draft provision is not required.
5.	<p>(3) Generation Resource Adequacy Planning: (d) In order to ensure optimum and least cost generation resource procurement planning, each distribution licensee shall give due consideration to the factors such as its share in the national coincident peak, seasonal requirement and possibility of sharing generation capacity seasonally with other States. For this purpose, each STU on behalf of the distribution licensees in the State shall provide to NLDC by 30th September every year, the details regarding demand forecasting, assessment of existing generation resources and such other details as may be required for carrying out a national level simulation for generation resource adequacy for States.</p> <p>(f) After considering the demand forecasting and the generation resource procurement planning carried out based on the principles specified under this Regulation, each distribution licensee shall</p>	<ul style="list-style-type: none"> • It may kindly be noted that as per the provisions of Section 86 of the Electricity Act, 2003, State Commission has already been entrusted with regulating power procurement process including price. • In order to ensure resource adequacy, the State Commission also prescribes requisite guidelines for demand forecast and planning for power procurement. For instance, the Hon'ble GERC has prescribed the Power Procurement Guidelines which mandate distribution licensee to submit the demand forecast for next 10 years and power procurement plan for next 5 years by 31st January every year. • Further, in case of any deviation, same attracts necessary actions/ charges for such deviation. • Considering Electricity being a concurrent subject, it is also not understood as to how CERC can mandate distribution licensee

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	<p>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 noncompliance charge as may be specified by the respective SERC.</p>	<p>for any such requirement when distribution licensee is regulated and within the jurisdiction of respective SERC and SERC is taking due care to ensure resource adequacy planning.</p> <ul style="list-style-type: none"> • In view of above, we suggest to delete the draft provision.
5.	<p>(3) Generation Resource Adequacy Planning:</p> <p>(g) For the sake of uniformity in approach and in the interest of optimality in generation resource adequacy in the States, 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.</p>	<ul style="list-style-type: none"> • It may kindly be noted that while the Act provides for constitution of a Forum of Regulators, no power is vested on the Forum for developing any such model regulation under the Act. • Under Section 181 of the Act, the Regulation making powers are vested upon the Appropriate Commission. The same has already been reiterated by the Apex Court in the PTC India judgment. • There is no mandate to State Commission in the Act to follow model regulations. It is also prudent that the State Commission devise its own mechanism taking into account peculiarities and requirement of the State and therefore, there is no common Regulations across all the States. • Therefore, in our view, CERC cannot mandate SERCs to adhere to the Model Regulations framed by FOR to follow or adhere to. Hence, the draft provision needs to be amended only for FoR to prescribe model regulations which may be considered by the State Commission in its own wisdom.
8.	<p>(4) SLDC shall prepare procedure for first time energization of new or modified power system elements to intra-State transmission</p>	

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	system. In the absence of such procedure of SLDC, the NLDC procedure shall apply for the elements of 220 kV and above (132 kV and above in case of North Eastern region).	In our view, CERC cannot direct SLDC to specify the procedure to be followed for energization of new/ modified power system as SLDC is within the jurisdiction of SERCs/ JERC.
10.	(2) Similar exercise shall be done by SLDC in consultation with STU for the intra-state system, and specifically for elements of 220 kV and above (132 kV and above in case of North Eastern region).	Even at present, SLDC follows the necessary system and mechanism for energization of new or modified power system. In the background of above, we suggest to delete these provisions.
14.	(3) RPCs shall: (a) maintain a centralized database in respect of their respective region containing details of relay settings for grid elements connected to 220 kV and above (132 kV and above in NER).	<ul style="list-style-type: none"> • It may kindly be noted that the data of interface points would suffice the requirement of the SLDC/NLDC. • Accordingly, we suggest that instead of specifying the voltage level of 220 kV, reference should be given to interface points.
15.	<p>(2) All users shall also conduct third party protection audit of each sub-station at 220 kV and above (132 kV and above in NER) once in five years or earlier as advised by the respective RPC.</p> <p>(7) Each user shall also submit the reasons for performance indices less than unity of individual element wise protection system to the respective RPC and action plan for corrective measures. The action plan will be followed up regularly in the respective RPC.</p> <p>(8) In case any user fails to comply with the protection protocol specified by the RPC or fails to undertake remedial action identified by the RPC within the specified timelines the concerned RPC may approach the Commission with all relevant details for suitable directions.</p>	<ul style="list-style-type: none"> • It may kindly be noted that the data of interface points would suffice the requirement of the SLDC/NLDC. Such interface points may be at 220kV or above. Accordingly, instead of specifying the voltage level of 220 kV, reference should be given to interface points. • While the Act has envisaged the constitution of the Regional Power Committee (RPC), it has restricted the ambit of RPC to ensure the stability and smooth operation of the integrated grid in that region only. In turn, the decision to index the performance of element wise protection system of users (which inter-alia includes distribution licensee) is not understood. • Hence, the Hon'ble Commission may kindly clarify that such requirement is only pertaining to particular region and not user-wise.

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		<ul style="list-style-type: none"> As per the provisions of the Act, it is the RLDC that is empowered to approach the Hon'ble Commission in case of any dispute with the generator or licensee regarding any instruction. Hence, the Hon'ble Commission may kindly make the necessary corrections.
29.	<p>(5) Except under an emergency, or when it becomes necessary to prevent an imminent damage to a costly equipment, no user shall cause a sudden variation in its load by more than 100 (one hundred) MW without prior permission of the respective RLDC.</p>	<ul style="list-style-type: none"> In case of Distribution licensee, the variability in demand is beyond its control and may depend on seasonal factors like ambient temperature, prolonged monsoon or force majeure conditions. Further, increasing penetration of solar rooftop has further aggravated the issues of demand variability. All these aspects are beyond the licensee's control. In any case, variation in load is a subject matter of deviation regulations and therefore it cannot be a part of Grid Code. Hence, it is requested to delete the draft provision.
30.	<p>(10) Primary Control: (e) NLDC may also identify other resources such as ESS and demand resource to provide PRAS for which PRAS Providers shall be compensated in accordance with the Ancillary Services Regulations</p>	<ul style="list-style-type: none"> It may kindly be noted that ESS based on battery technology being at nascent stage of development, the cost is prohibitive when compared to Pumped Storage Hydro. Accordingly, while determining the compensation, due care may kindly be taken that the Discom is compensated for the cost incurred based on technology deployed.
30.	<p>(11) Secondary Control: (d) ACE of each State or Regional control, shall be auto calculated at the control centre of NLDC or RLDC or SLDC, as the case may be, based on telemetered values, and external inputs, namely, the</p>	<ul style="list-style-type: none"> The Regulation 8(2) of CERC (Ancillary Services) Regulations, 2022 provides only for region and restricts to NLDC /RLDC.

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	Frequency Bias Coefficient and Offset referred to in clauses (e) and (f) respectively of this Regulation as per the following formula:	<ul style="list-style-type: none"> • Also, as per provisions of Act, the operation of the SLDC and disputes therein shall be within the jurisdiction of the State Commission. • Hence, it is suggested to amend the draft provision to remove the reference to SLDC.
30.	<p>(11) Secondary Control:</p> <p>(l) Unless otherwise specified by the concerned SERC, the methodology specified in clause (k) of this Regulation shall be adopted by the SLDCs to estimate the secondary reserve capacity in their respective control areas.</p>	<ul style="list-style-type: none"> • At the outset, we would like to submit that the Act has prescribed the functions of the Central Commission under Section 79 and the State Commission under Section 86. Accordingly, it is essential that this statutory obligation is duly upheld while notifying the draft provision to avoid any conflict. • In a catena of judgments, it is held that the State Commission shall only be guided by the Regulations of the Hon'ble Commission. Hence, there can be no mandate on the State Commissions or SLDC to adopt CERC Regulations as same is contrary to the law.
30.	<p>(11) Secondary Control:</p> <p>(r) If a State falls short of maintaining secondary reserve capacity as allocated to it in terms of clause (o) of this Regulation, the NLDC through RLDC shall procure such Secondary reserve capacity on behalf of the State and allocate the cost of procurement of such capacity on that State based on the methodology specified in the Ancillary Service Regulations.</p>	<ul style="list-style-type: none"> • It may kindly be noted that with RTM and Contingency markets being in place, there is no requirement for NLDC/RLDC to procure any such secondary reserve. • However, if any such secondary reserve is procured by NLDC/RLDC, it needs to be ensured that the same is cost effective w.r.t market mechanism. • Accordingly, the Hon'ble Commission is requested to exercise appropriate oversight on the decision of NLDC/RLDC including specifying guidelines for such procurement.

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30.	<p>(12) Tertiary Control:</p> <p>(a) Tertiary reserves requirement for the regional control area and the State control area, shall be estimated by NLDC with due regard inter alia to the requirement of planning reserve margin and resource adequacy as referred to in Clause (3) of Regulation 5 of these regulations, so as to take care of contingencies and to cater to the need for replacing secondary reserves estimated at sub-clause (n) of clause (11) of this Regulation by 1st March every year, which will be implemented for the next financial year from 1st April onwards by the respective control areas.</p>	<ul style="list-style-type: none"> • It may kindly be noted that Regulation 14 (a) of CERC (Ancillary Services) Regulations, 2022 provides only for region and restricts to NLDC /RLDC. • Hence, it is suggested to amend the draft provision to remove the reference to State Control Area.
30.	<p>(12) Tertiary Control:</p> <p>(e) If a State falls short of maintaining tertiary reserve capacity as allocated to it in terms of sub-clause (d) of clause (12) of this Regulation, the NLDC through RLDCs shall procure such tertiary reserve capacity on behalf of this State and allocate the cost of procurement of such capacity to that State based on the methodology specified in the Ancillary Services Regulations.</p>	<ul style="list-style-type: none"> • It may kindly be noted that with RTM and Contingency markets being in place, there is no requirement for NLDC/RLDC to procure any such secondary reserve. • However, if any such secondary reserve is procured by NLDC/RLDC, it needs to be ensured that the same is cost effective w.r.t market mechanism. • Accordingly, the Hon'ble Commission is requested to exercise appropriate oversight on the decision of NLDC/RLDC including specifying guidelines for such procurement.
31.	<p>(2) (a) Each SLDC shall carry out demand estimation as part of operational planning after duly factoring in the demand estimation done by STU as part of resource adequacy planning referred to in clause (2) of Regulation (5) of these regulations. Demand estimation by SLDC shall be for both active power and reactive power incident on the transmission system based on the details collected from distribution licensees, grid-connected distributed generation</p>	<ul style="list-style-type: none"> • Electricity Act entrusted STU to undertake coordinated planning for smooth flow of electricity from Generating Stations to the load centres. Accordingly, all the STUs gathers the necessary details and prepare such perspective plan and also update as may be required. State Transmission network is being developed accordingly after due approval of the State Commission.

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	resources, captive power plants and other bulk consumers embedded within the State.	<ul style="list-style-type: none"> • Even as per the Explanatory Memorandum for the draft IEGC, necessity of including regulations related to demand forecasting appear to be the same i.e. planning and monitoring of network being/ to be developed for smooth power flow without any constraints. • Further, the exercise is carried out in line with the requisite guidelines prescribed by the State Commission for demand forecast and planning for power procurement. For instance, the Hon'ble GERC has prescribed the Power Procurement Guidelines which mandate distribution licensee to submit the demand forecast for next 10 years and power procurement plan for next 5 years by 31st January every year. The same is also considered by STU for preparation of 5 year transmission plan. Hence, it is ensured that there is no duplication of data requirement, and the system operates through single window ensuring 'ease of doing business'. • In view thereof, the entire exercise of seeking details of Demand Forecasting is clear duplication. Therefore, it is suggested to review requirement of such provision. • Hence, the draft provision is not required.
31.	(2)(d) Each SLDC shall submit node-wise morning peak, evening peak, day shoulder and night off-peak estimated demand in MW and MVAR on monthly and quarterly basis for the nodes 132 kV and above for preparation of scenarios for computation of TTC and ATC by the concerned RLDC and NLDC.	<ul style="list-style-type: none"> • It may kindly be noted that the data of interface points would suffice the requirement of the SLDC/NLDC. Such interface points may be at 220kV or above. • Accordingly, instead of specifying the voltage level of 132 kV, reference should be given to interface points.

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33.	<p>(2) SLDCs, RLDCs and NLDC shall utilize network estimation tool integrated in their EMS, and SCADA system for the real time operational planning study. All users shall make available at all times real time error free operational data for successful execution of network analysis using EMS/SCADA. Failure to make available such data shall be immediately reported to the concerned SLDC, the concerned RLDC and NLDC along with firm timeline for restoration. The performance of online network estimation tools at SLDC and RLDC shall be reviewed in the monthly operational meeting of RPC. Any telemetry related issues impacting the online network estimation tool shall be monitored by RPC for its early resolution.</p>	<ul style="list-style-type: none"> • Data of interface points of Distribution Licensee with the STU/CTU is sufficient for network analysis. • Necessary amendment may be carried out to seek data pertaining to interface point only and not any other.
46.	<p>(4) (h) (ii) In case a generating station, or unit thereof, opts to go under unit shut down (USD), the generating company owning such generating station or unit thereof shall fulfil its obligation to supply electricity to its beneficiaries who had made requisition from the said generating station prior to it going under USD, by entering into a contract(s) covered under the Power Market Regulation or by arranging supply from any other generating station or unit thereof owned by such generating company subject to honouring of rights of the original beneficiaries of the said generating station or unit thereof from which supply is arranged.</p>	<ul style="list-style-type: none"> • Same should be allowed only in case of forced outage. In Force Outage, the generating company is unable to fulfil its obligation to supply electricity to its beneficiaries and in turn, Generating company may have option to supply to make alternate arrangement so as to ensure reliability of supply. • Hence, it is suggested to clarify that same is available only in case of 'forced outage' in the proposed draft.
47.	<p>(1) (e) Requisition of schedule by buyers who are GNA grantees:</p> <p>(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):</p>	<ul style="list-style-type: none"> • As SLDC is not within the purview of CERC, suggest to delete this provision. In any case, SLDC follows the methodology and rules framed by the respective SERCs as SLDCs are being regulated by respective SERCs.

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47.	<p>(3) (ii) (b) Within bilateral transactions under T-GNA, curtailment shall be done first from generation sources other than wind, solar, wind-solar hybrid and run of the river hydro plants with upto three hours pondage (in case of excess water leading to spillage), pro rata based on their T-GNA quantum;</p> <p>(c) The generation from wind, solar, wind-solar hybrid and run of the river hydro plants with upto three hours pondage (in case of excess water leading to spillage) shall be curtailed pro rata based on T-GNA, after curtailment of generation from other sources, within T-GNA.</p>	<ul style="list-style-type: none"> • At the outset, we would like to submit that SLDC is not within the jurisdiction of CERC, it is not appropriate to specify as to how SLDC should operate and/ or carry out curtailment in case of grid security concern. • In case of Grid Security, SLDC is required to take necessary steps and at times, same requires even to curtail RE Generation as well. • There are many States, having higher RE Generation will face issues of deviations if Conventional generation is taken out of the bar as there is no certainty in RE generation and rather there is intermittency in generation of electricity in case of RE Sources. • Further, Regulation 38.1(b) of the CERC (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2022 also does not provide for such prioritization for curtailment of T-GNA, it is not correct to specify such curtailment in IEGC. • Hence, it is suggested to remove the mandate of any such differential treatment.
47.	<p>(4) (b) (ii) In respect of a generating stations whose tariff is not determined under Section 62 of the Act, revision of schedule shall be in terms of provisions of the respective contracts between the generating stations and beneficiaries or buyers.</p>	<ul style="list-style-type: none"> • It may kindly be noted that there have been several instances in recent past where generators have reneged on contracts entered through competitive bidding/bilateral arrangement, to take advantage of the higher prices prevailing at the power exchange. • Such generators have preferred not to honour the power purchase arrangements and revised their schedules without

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		<p>any prior consent of the beneficiary thereby putting the beneficiary and its consumers in great hardship. Even, MoP has taken cognizance of the fact.</p> <ul style="list-style-type: none"> In this regard, it is worthwhile to refer the judgment of Hon'ble Commission in Case No. 120/MP/2022 dated 31st May, 2022; wherein the Hon'ble Commission has recommended that a declaration be taken by the RLDC from parties seeking revision in schedule which includes submission of an affidavit by the Short Term Customer that <i>"its application for cancellation or downward revision of schedule is strictly in accordance with the provisions of the contract and all procedural requirements of the contract precedent to seeking such revision or cancellation has been complied with"</i>. Accordingly, Hon'ble Commission may kindly make necessary amendments in the draft provision to prevent gaming by inclusion of PPAs and tariff determined under Section 63 as well.
53.	<p>(2) Self –Audit:</p> <p>(a) All users, CTU, STUs, NLDC, RLDCs, RPCs and SLDCs shall conduct annual self-audits to review compliance of these regulations and submit the reports by 31st July of every year.</p> <p>(b) The self-audit report shall inter alia contain the following information with respect to non-compliance:</p> <p>....</p>	<ul style="list-style-type: none"> At the outset, it is submitted that the Act has prescribed the functions of the Central Commission under Section 79 and the State Commission under Section 86. Accordingly, it is essential that this statutory obligation is duly upheld while notifying the draft Regulations to avoid any conflict. Further, it is humbly submitted that it is the State Commission that has jurisdiction to mandate the distribution licensees for carrying out such audits – self/third party. Similarly in case of

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	<p>(d) The self-audit reports of NLDC, RLDCs, CTU, and RPCs shall be submitted to the Commission. The self-audit report of SLDC and STUs shall be submitted to the concerned SERC.</p> <p>.....</p> <p>(g) The monitoring agency for RLDC, NLDC, CTU and RPC shall be the Commission, and for STUs and SLDCs, shall be the concerned SERC.</p> <p>.....</p> <p>(3) Independent Third-Party Compliance Audit: The Commission may order independent third-party compliance audit for any user, CTU, NLDC, RLDC and RPC as deemed necessary based on the facts brought to the knowledge of the Commission.</p>	<p>SLDC, the appropriate authority shall also be the State Commission.</p> <ul style="list-style-type: none"> • Hence, we suggest to make necessary amendments in the draft Regulations to remove the reference to distribution licensees (from 'user') and SLDC.