

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 05/SM/2023

Coram:

Shri Jishnu Barua, Chairperson

Shri I. S. Jha, Member

Shri Arun Goyal, Member

Shri P. K. Singh, Member

Date of Order: 9th April, 2023

IN THE MATTER OF:

Directions in the interest of grid security, in pursuance of the provisions of the Electricity Act, 2003 and the provisions of the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2022

ORDER

The Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2022 (hereafter, DSM Regulations, 2022) came into force with effect from 05th December 2022.

2. In the wake of the operational experience with implementation of DSM Regulations, 2022, the Commission issued directions vide Suo Motu Orders in Petition No. 16/SM/2022 on 26th December 2022 which were superseded vide subsequent directions of the Commission vide Suo Motu Order in Petition No. 01/SM/2023 on 06th February 2023 stipulating inter-alia certain regulatory measures to contain frequency within the operating band and reduce wide frequency fluctuations.

3. The Commission in its Order dated 06th February, 2023 in Petition No. 01/SM/2023, stipulated inter alia that “*the Normal Rate of Charges for Deviation for a time block as specified in Regulation 7 of the DSM Regulations, 2022 shall be equal to the higher of [the weighted average ACP of the Day Ahead Market segments of all the Power Exchanges; and the weighted average ACP of the Real Time Market segments of all the Power Exchanges, for that time block] subject to a ceiling of Rs 12 per kWh, until further orders.*”

4. Subsequently, the Commission vide Order dated 16th February 2023 approved the proposal of Indian Energy Exchange Ltd. (IEX) to introduce High-Price Day Ahead Market (HP-DAM) in the Integrated Day Ahead Market (I-DAM) segment on its platform to facilitate participation of high variable cost generators which may not otherwise have been able to participate in the Day Ahead Market (DAM) due to their cost of generation being more than the prevailing price ceiling in the I-DAM segment. The Commission also reserved the Order vide ROP dated 28th March 2023 for similar proposal of introduction of HP-DAM for Power Exchange India Ltd. (PXIL).

5. Accordingly, the eligible generators such as gas based generating stations using imported RLNG and Naphtha, imported coal based generating stations using imported coal and Battery Energy Storage System can participate in the High Price Market Segments such as HP-DAM in addition to the existing Day Ahead Market (DAM) in Integrated Day Ahead Market (I-DAM) segment.

6. Further, recently in view of the prevalent power scenario and likely increase in demand going forward, the Commission vide Suo Motu Order in Petition No 04/SM/2023 dated 31st March 2023, revised the price ceiling for HP-DAM, and for the Market segments other than HP-DAM at Rs 20/kWh and Rs 10/kWh, respectively. In the said Order, the Commission directed all the Power Exchanges to re-design their bidding software for the period from 04.04.2023 until further orders, in such a way that the members can quote the price in the range of (a) Rs.0/kWh to Rs.10/kWh for all contracts, viz., DAM (including GDAM), RTM, Intra-day, Day Ahead Contingency and Term-Ahead (including GTAM); and (b) Rs.0/kWh to Rs.20/kWh in the HP-DAM segment.

7. With introduction of HP-DAM in the Power Exchange and the revision in the price ceiling in various market segments in Power Exchanges, it has become expedient to align the Normal Rate of Charge for Deviation with that of HP-DAM. This is considered necessary to avoid any possibility of arbitrage between HP-DAM and Deviation Settlement Mechanism (DSM).

8. Accordingly, the Commission in partial modification of the Order dated 06th February 2023 in Petition No. 01/SM/2023 directs that:

(i) Para 26 of the said Order dated 06th February 2023 shall be substituted by the following:

“26. Relaxation of Regulation 7 of the DSM Regulations, 2022:

The Commission hereby relaxes Regulation 7 of the DSM Regulations, 2022 to provide that the Normal Rate of Charges for Deviations for a time block as specified in Regulation 7 of the DSM Regulations, 2022 shall be equal to the higher of [the weighted average ACP of the Day Ahead Market segments of all the Power Exchanges; and the weighted average ACP of the Real Time Market segments of all the Power Exchanges, for that time block].

Provided that for a Seller whose bid is cleared in the HP-DAM, the Normal Rate of Charges for Deviation by way of ‘under-injection’ for a time block shall be equal to the highest of [the weighted average ACP of the HP-DAM Market segments of all the Power Exchanges; or the weighted average ACP of the Day Ahead Market segments of all the Power Exchanges; or the weighted average ACP of the Real Time Market segments of all the Power Exchanges, for that time block] for the quantum of power sold through HP-DAM.”

and

(ii) In para 27 of the said Order dated 06th February, 2023 (Relaxation of Regulation 8 of the DSM Regulations, 2022), for a seller whose bids are cleared in the HP-DAM, ‘reference charge rate’ specified for deviation by way of ‘under-injection’ shall be equal to [the weighted average ACP of the HP-DAM segments of all Power Exchanges, for that time block] for the quantum of power sold through HP-DAM.

9. The above directions of the Commissions shall come into effect from 00.00 hours of 10.04.2023 and remain in force until further orders by the Commission.

10. The other directions in the Commission’s Suo-Motu Order in Petition No. 01/SM/2023 dated 06th February, 2023 shall remain unaltered.

11. The Petition 05/SM/2023 is disposed of accordingly.

Sd/-
(P.K. Singh)
Member

Sd/-
(Arun Goyal)
Member

Sd/-
(I. S. Jha)
Member

Sd/-
(Jishnu Barua)
Chairperson

