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Sent: Mon, 15 Jul 2024 17:26:38 +0530 (IST)
Subject: APP's comments on the Draft CERC (Indian Electricity Grid
Code) (First Amendment) Regulations, 2024

Dear Sir,

Please find enclosed APP's comments on the Draft Central Electricity
Regulatory Commission (Indian Electricity Grid Code) (First Amendment)
Regulations, 2024, for your consideration.

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With best regards*,*

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Association of Power Producers

Comments on Draft CERC (Indian Electricity Grid Code) (First Amendment) Regulations, 2024

S. No.	Ref. Clause	Existing provision	Proposed change as per Draft Amendment Regulations	Our Comments
1.	45 (12)	<p><i>“Provided also that the regional entity thermal generating stations whose tariffs are determined under Section 62 or Section 63 of the Act, shall be compensated for part load operation, that is, for generation below the normative level of operation, in terms of the provisions of the contract entered into by such generating stations with the beneficiaries or buyers, or in the absence of such provision in the contract, as per the mechanism to be specified by the Commission through separate regulations or through Order:</i></p> <p><i>Provided also that till the mechanism of part load compensation is notified by the</i></p>	<p><i>“Provided further that the regional entity thermal generating stations whose tariffs are adopted under Section 63 of the Act shall be compensated for part load operation, that is, for generation below the normative level of operation, in terms of the provisions of the contract entered into by such generating stations with the beneficiaries or buyers, or in the absence of such provision in the contract, as per the mechanism already in force under the Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2010:</i></p> <p><i>Provided further that the thermal generating stations whose tariffs are determined under Section 62 of the Act</i></p>	<p>For Section-63 PPAs, it has been proposed to continue the compensation mechanism towards part load operations (i.e. for generation below the normative level of operation) in terms of existing mechanism which is already in force under the CERC IEGC 2010. However, it has been proposed that for Section-62 PPAs, such a compensation mechanism shall be as per the provisions of the applicable Tariff Regulations (of CERC or SERCs as the case may be).</p> <p>In this regard, we note the current CERC Tariff Regulations 2024-29 does not contain any applicable provisions for compensation towards part load operations. In fact, in the Statement of Reasons issued by CERC for the Tariff Regulations 2024-29, CERC has stated the following:</p> <p><i>“The Commission is also in the process of specifying a fresh compensation mechanism based on the CEA’s recommendations to compensate for the degradation of norms due to increased part load operations.”</i></p> <p>The above stated fresh compensation mechanism as per the CERC Tariff Regulations 2024-29 has not yet been issued by CERC. In its</p>

		<p><i>Commission, the mechanism in this regard already in force under the Central Electricity Regulatory Commission (Indian Electricity Grid Code) Regulations, 2010 shall continue to be in operation.”</i></p>	<p><i>by the Commission, shall be compensated for part load operation as per the provisions of applicable Tariff Regulations.”</i></p>	<p>absence, the provisions of the Draft IEGC (First Amendment) Regulations would effectively mean that Section-62 PPAs shall be devoid of such compensation in case of under-scheduling by the Discoms vis-à-vis the normative levels under Section 62. Further, even if there in any amendment in the Tariff Regulations in the future by CERC or SERCs in the future to address this issue, the same would be made applicable on prospective basis thereby leading to non-recovery of compensation by the Section-62 PPAs on account of part load operations for the period till such amendments are in the Tariff regulations are made applicable.</p> <p>It may also be noted that the Electricity Act 2003, does not create any discrimination between Section-62 and Section-63 PPAs and treats them at par when it comes to operating parameters. Thus, the proposed discriminatory approach between Section-62 and Section-63 PPAs is not only in contravention to the spirit of the Electricity Act 2003 but would ultimately lead to a spate of avoidable litigations.</p> <p>In view of the above, our suggestion is that the existing compensation mechanism towards part load operations which is already in force under the CERC IEGC 2010 shall be made equally applicable to both Section-62 and Section-63 PPAs without any discrimination or demur.</p>
2.	49 (1)(1)	<p><i>“The generating station whose tariff is determined under Section 62 of the Act, may sell its un-requisitioned surplus as available at 9.45 AM in the day ahead market, unless the consent is withheld by the beneficiary or buyer in writing. The</i></p>	<p><i>“The generating station whose tariff is determined under Section 62 of the Act, may sell its un-requisitioned surplus as available at 9.45 AM in the day ahead market, unless the consent is withheld by the beneficiary or buyer in writing without the consent of</i></p>	<p>As per the provisions of the MoP Electricity (Late Payment Surcharge & Related Matters) Rules 2022 (“LPS Rules”) and its amendment thereof, consent of the beneficiary for selling the un-requisitioned surplus in the market by the generating company is not required for both Sec 62 and Sec 63 PPAs.</p> <p>Since the LPS Rules as notified by MoP do not differentiate between generating stations whose tariff is adopted u/s 62 or determined u/s</p>

		<p><i>sharing of net savings shall be as per provisions of Tariff Regulations and until a provision is made in the Tariff Regulations, in accordance with the detailed procedure to be prepared by NLDC and approved by the Commission.”</i></p>	<p><u>beneficiary(ies).</u> <i>The sharing of net savings shall be as per provisions of Tariff Regulations and until a provision is made in the Tariff Regulations, in accordance with the detailed procedure to be prepared by NLDC and approved by the Commission.”</i></p>	<p>63 by the Appropriate Commissions, we request the Hon’ble CERC to amend the Regulation in line with provisions under LPS Rules applicable to all Generating Companies, irrespective of whether their tariff is determined u/s 62 or u/s 63.</p> <p>Accordingly, the following change is suggested:</p> <p><i>“ The generating station whose tariff is determined under Section 62 or adopted under Section 63 of the Act, may sell its un-requisitioned surplus as available at 9.45 AM in the day ahead market, without the consent of beneficiary(ies). ”</i></p> <p>The above will be in line with the Hon’ble Supreme Court’s judgment dated 23.11.2022 in the matter of The TATA Power Company Limited Transmission vs. Maharashtra Electricity Regulatory Commission & Ors. wherein it has upheld the position that Sections 62 and 63 stand on an equal footing and it would be incorrect to postulate that either has a dominant character.</p>
3.	49 (7-a)	-	<p>New clause (7-a) added:</p> <p><i>“(7-a) Revision of Declared Capacity and schedule of a generating station or ESS (as an injecting entity) shall be allowed only in case of bilateral transactions and not in case of collective transaction as per following details:</i></p> <p><i>(a)The generating station (other than lignite, gas based thermal generating</i></p>	<p>The Hon’ble CERC has proposed to set a limit to the number of revisions in DC and Schedule by Generating Companies in a day and the month due to unforeseen circumstances which are beyond the reasonable control of Generating Circumstances like partial outage, variation in quality of fuel or any other technical reason.</p> <p>The new clause 49 (7-a) proposes that a coal-based generating station will be allowed only 04 number of revision of DC and schedule in a day subject to a ceiling of 60 revisions in a month.</p> <p>It is to be appreciated that the revision of DC by a coal-based generating station is invariably on account of factors like partial</p>

			<p><i>station, and hydro generating station) or ESS (as an injecting entity), shall be allowed a maximum of 4 (four) revisions of Declared Capacity and schedule in a day subject to a maximum of 60 (sixty) revisions during a month, due to reasons such as a partial outage of the unit or variation of fuel quality or any other technical reason to be recorded in writing.</i></p> <p><i>(b) The generating station based on lignite, gas or hydro generating station shall be allowed 6(six) revisions of Declared Capacity and schedule in a day subject to a maximum of 120 (One hundred twenty) revisions during a month, due to reasons such as partial outage of the unit or water availability for hydro generating stations or fuel quality or variations in supply of gas for gas generating stations or any other technical reason to be recorded in writing.”</i></p>	<p>outage, variation in quality of fuel or any other technical reasons etc. which are beyond the reasonable control of such generating stations and therefore, there is no rationale in proposed capping the number of revisions in DC/Schedule on daily and monthly basis and such a proposed capping of in DC/Schedule on daily and monthly basis is arbitrary and not based on data of actual industry practice.</p> <p>Furthermore, the generating stations based on lignite, gas or hydro generating stations are allowed 6(six) revisions of DC and Schedule on daily basis subject to a maximum of 120 (One hundred twenty) revisions during a month.</p> <p>This distinction of proposed capping of DC revisions between coal based, lignite, gas or hydro generating station is arbitrary, artificial and discriminatory in nature, and therefore against the principles under Article 14 of the Indian Constitution.</p> <p>In view of the above and to have parity between all types of generating stations, it is earnestly requested that at least 06 number of revisions of DC and schedule in a day subject to a ceiling of 120 revisions in a month should be allowed to the coal based generating stations instead of currently proposed 04 number of revision of DC and schedule in a day subject to a ceiling of 60 revisions in a month</p> <p>Furthermore, we urge the Commission to consider imposing a cap on Discoms regarding daily load revisions. The frequent surrender and revival of schedule by Discoms on daily basis (without any capping) have a detrimental impact on the lifespan of coal based generating stations. It is to be appreciated that the coal based generating stations are designed to cater a uniform loading and frequent and continuous revisions of schedule (surrender and revival) by the Discoms on daily</p>
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				<p>basis leads to excessive wear and tear of these coal based generating stations thereby reducing their efficiency and lifespan. As such, in order to mitigate this issue and ensure the reliable operation of coal based generating stations and to ensure a level playing field, it is strongly requested to impose a capping on daily and monthly revisions of schedules by the Discoms.</p>
4.	-	Additional comment for inclusion in the Amendment Regulations	<p>CERC Tariff Regulations 2024 has specified Normative Auxiliary Energy Consumption for Thermal Power Stations at normative plant availability of 85%.</p> <p>The actual auxiliary consumption of thermal power station depends from season to season, time of the day etc. depending upon actual loading of the plant load factor. Accordingly, at many instances of plants operating at higher load factor (above 85%), auxiliary energy consumption goes down below the normative auxiliary energy consumption.</p> <p>Grid Code 2023 vide Clause 45, Sub Clause 8(a) provides that regional entity generating station shall declare ex-bus declared capacity limited to 100% MCR less auxiliary energy consumption on day ahead basis.</p> <p>Accordingly, the RLDCs issues NoC on quarterly basis for maximum ex-bus declared capacity to the thermal power stations to restrict the ex-bus power generation schedule to MCR of the power station less the normative auxiliary energy consumption as specified in the Tariff Regulations. As the actual auxiliary consumption at 100% loading is lower than the normative auxiliary energy consumption of power station, some generation capacity at the plant remains unutilized due to the restriction imposed by the NoC issued by the RLDC.</p>	

To illustrate the issue, for a typical 1200 MW thermal power project, the unscheduled generation in MW on account of difference in normative and actual auxiliary energy consumption at full load for any time block is tabulated below:

Plant Capacity (MCR)	1200 MW
Normative Auxiliary Energy Consumption	5.75% (69MW)
Max. ex-bus Power Schedule permitted by RLDC as per Normative Auxiliary Energy Consumption	1131 MW
Actual Auxiliary Energy Consumption during any block at full load	5.25% (63MW)
Actual Power (which can be scheduled owing to lower auxiliary energy consumption)	1137 MW
Actual Schedule received	1131 MW
Loss of MW – Unscheduled	6 MW

It is evident from the above illustration that due to restriction in power schedule as per normative auxiliary energy consumption, about 6 MW of power would remain unutilized at 100% plant availability.

It is suggested that the thermal power stations may be allowed flexibility to declare the actual auxiliary consumption at 100% loading of the power station, up to 1% lower than the normative auxiliary energy consumption for the quarter in advance to RLDC and RLDC may issue NoC to the generating station based on the declared auxiliary energy consumption. This will ensure utilization of full capacity of the power plant in the grid to meet the demand.

Considering the above, we request for a suitable provision in the Grid Code with respect to definition of “Auxiliary Energy Consumption”

			<p>& for flexibility of auxiliary consumption upto 1% based on loading conditions with respect to normative auxiliary energy consumption, thus allowing the generators to schedule the extra power as generated into the grid to meet the growing demand of the country.</p>
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