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Lr.No. NLCIL/Comml/F 1148/2024-167

Dt: 15.07.2024

To
The Secretary,
Central Electricity Regulatory Commission,
7th Floor, Tower B, World Trade Centre,
Nauroji Nagar, New Delhi-110029
Sir,

Sub: Draft Central Electricity Regulatory Commission (Indian Electricity Grid Code) (First Amendment) Regulations, 2024 - NLCIL comments - submission - Reg.

Ref: Public Notice No. No. L-1/265/2022/CERC, Dated 12.06.2024

Pursuant to the communication of Draft Central Electricity Regulatory Commission (Indian Electricity Grid Code) (First Amendment) Regulations, 2024 vide ref cited above, seeking comments of the stakeholders, NLCIL is hereby submitting its comments.

The comments have also been mailed to secy@cercind.gov.in and shilpa@cercind.gov.in. on 15.07.2024.

Thanking you,

Yours faithfully,
for NLC India Limited


General Manager / Commercial

Encl: As above

**Comments on Draft Central Electricity Regulatory Commission
(Indian Electricity Grid Code) (First Amendment) Regulations, 2024**

Amendment No. 5: Amendment of Regulation 45 of the Principal Regulations

(1) The Third and Fourth Proviso to Clause 12 of Regulation 45 of the Principal Regulations shall be substituted as follows:

“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:

Provided further that the thermal generating stations whose tariffs are determined under Section 62 of the Act by the Commission, shall be compensated for part load operation as per the provisions of applicable Tariff Regulations.”

NLCIL’S Comment:

- I. Pursuant to the CERC IEGC Regulation 2023 (Principal Regulation), the part-load compensation mechanism remains in effect as per the provisions established under the CERC IEGC Regulation 2010, until the Commission notifies the specific mechanism for part-load compensation in this context.
- II. According to the Draft CERC IEGC 1st Amendment Regulation 2024, for generators whose tariffs are being determined under Section 62 of the Act by the Commission, part-load compensation will be computed in accordance with the provisions outlined in the applicable Tariff Regulations. However, at present, there exists no definitive provision within the CERC Tariff Regulation 2024.
- III. Note 3 of Regulation No. 70(C)(a)(i) in CERC Tariff Regulation 2024 is reproduced below.

“The normative gross station heat rate above is exclusive of the compensation specified as per the Grid Code. The generating company shall, based on the unit loading factor, consider the compensation in addition to the normative gross heat rate above.”



This excerpt from the CERC Tariff Regulation 2024 also refers back to the CERC IEGC Regulation.

- IV. Therefore, it is requested that a detailed procedure for part-load compensation be formulated, considering the factors used to determine normative parameters as specified in the relevant CERC Tariff Regulations.
- V. Analogous to the additional compensations provided to units undergoing Reserve Shut-Down (RSD) under the CERC IEGC Regulations 2010, additional compensation may be provided for units undergoing Unit Shut Down (USD) under the CERC IEGC Regulations of 2023. The necessity for increased oil consumption due to USD events followed by resynchronization, as compared to the normative secondary fuel oil consumption justifies such additional compensation.

Amendment No. 6: Amendment to Regulation 49 of the Principal Regulations

(2) A new sub-clause (a)(v-a) shall be added after sub-clause (a)(v) of Clause (2) of Regulation 49 of the Principal Regulations as follows:

“(v-a) In case a regional entity generating station, whose tariff is determined under Section 62 of the Act, gets a schedule below minimum turndown level for Off-Peak hours of the day, however, gets a schedule above minimum turndown level for Peak hours of the day, where Peak hours and Off-Peak hours shall be as declared by the concerned RLDC under the Tariff Regulations, the schedule below the minimum turndown level may, on the request by such generating station to NLDC shall be adjusted as follows: . . .”

NLCIL'S Comment:

- I. It is understood that if a generating station, whose tariff is determined under Section 62 of the Act, receives a schedule below the Minimum Turn-Down Level (MTL) during off-peak hours of the day, it will be adjusted to the MTL of the respective station under SCED, provided that the station has a schedule above MTL during peak hours of the day.
- II. According to current regulations, there are 4 hours or 16 time-blocks declared as peak hours in a day. Therefore, clarification is sought regarding whether in the scenario described above, the station schedule above MTL is required for all 16 time-blocks or any single time-block.
- III. If the aforementioned condition is not met and the generator does not receive a feasible schedule throughout the day, then the generator will have two options:



- a. The generator may opt to undergo USD and revise its DC to zero.

In this scenario, there won't be any obligation for Generator but despite being ready to dispatch the power, the generator would incur losses in fixed costs, resulting in under-recovery of investment on the project, irrespective of having a Power Purchase Agreement (PPA).

- b. Alternatively, the generator may choose to undergo USD without revising its DC.

As per the CERC IEGC Regulation 2023 (Principal Regulation), the generator is obligated to fulfil its obligations during hours where the schedule is available by procuring power from another source or market. This arrangement may lead to financial losses for the generator. Therefore, it is respectfully requested that if ensuring the maintenance of the Minimum Turn-Down Level (MTL) schedule by all beneficiaries throughout the day is not mandated, then the obligation for the generator to supply power during USD should not be enforced.

