



एन एच पी सी लिमिटेड
(भारत सरकार का एक नववर्त्म उद्यम)
NHPC Limited
(A Government of India Navratna Enterprise)



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NH/Comml./Tariff/29/2024/1161

30.10.2024

The Secretary
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New Delhi- 110 029
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Sub:-Comments on draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) (First Amendment) Regulations, 2024 - Reg.

Ref:- Public Notice No L-1/260/2021/CERC dated 02.10.2024

Sir,

In reference to above public notice dated 02.10.2024, the comments / suggestions / objections of NHPC on the draft CERC (Deviation Settlement Mechanism and Related Matters) (First Amendment) Regulations, 2024 are enclosed for further necessary action. The comments / suggestions / objections have been uploaded through SAUDAMINI portal under 'e-Regulation'.

Thanking You,
Encl: As above

Yours Sincerely,

(Ranjeet Thakur)
General Manager (Comml.)

स्वहित एवं राष्ट्रहित में ऊर्जा बचाएं / Save Energy for Benefit of Self and Nation
बिजली से संबंधित शिकायतों के लिए 1912 डायल करें / Dial 1912 for Complaints on Electricity
CIN: L40101HR1975GOI032564

Power Behind Green Power

Comments/ Suggestions of NHPC on draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) (First Amendment) Regulations, 2024

Hon'ble Commission has issued draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) (First Amendment) Regulations, 2024. In the draft First Amendment, Hon'ble CERC has substituted Clause (8) of Regulation 8 of the Principal Regulations as under:

Quote

“(8) The charges for injection of infirm power shall be zero:

Provided that if infirm power is scheduled after a trial run as specified in the Grid Code, the charges for deviation over the scheduled infirm power shall be as applicable for a general seller or WS seller, as the case may be:

Provided further that when the system frequency, $f > 50.05\text{Hz}$, the charges for deviation of scheduled infirm power by way of over injection by a general seller or WS seller, as the case may be, shall be zero.”

Unquote

In the draft regulation, it has been proposed that infirm power shall be scheduled only after trial run and if the system frequency, $f > 50.05\text{Hz}$ then the charges for deviation of scheduled infirm power shall be zero.

NHPC Comments/ Suggestions:

CERC had first introduced the provision for the charges for injection of infirm power to be zero in CERC DSM Regulations 2022. However, in the SOR of CERC DSM Regulations 2022, CERC has allowed the generators to explore various avenues available in the market to schedule infirm power. The relevant extract of SOR of CERC DSM Regulations 2022 is as under:

Quote

“The Commission would like to emphasise that going forward, every grid connected entity is mandated to adhere to schedule. In such a scenario, injection of infirm power without corresponding buyer will lead to imbalance in the system. The basic message

Aman Mahajan

is that the generators should make necessary arrangements for scheduled transaction of their infirm power. The Commission is of the view that sufficient avenues are available for the generators to sell their infirm power in the market. Hence, the generators should explore those options rather than using grid as a market for injection and obtaining compensation. The revenue generated from the scheduled transaction of infirm power can be used to mitigate the burden of the beneficiaries of the generating station.....”

Unquote

This allowed NHPC to schedule their infirm power from under construction project in power exchange and the revenue generated from injection of infirm power in the grid has been adjusted against the cost of the project which will ultimately result in reduction of tariff of the project.

Now, CERC in the explanatory memorandum of draft first amendment in CERC DSM Regulations 2024 has mentioned the following:

Quote

“It has been pointed out by the NLDC/RLDCs that the injection of infirm power by RE generators before the commissioning of the project has posed challenges in real time grid operations, especially for the period prior to a successful trial run. It was also highlighted that verification of installed capacity, available capacity, and other parameters is difficult before the successful trial run, and hence, any injection of infirm power, especially before the trial run needs to be discouraged. There have also been instances of unbridled and prolonged over-injection by the generators before commissioning and prior to the date of commercial operation, leading to a state of over frequency in the system. There is an urgent need to stem such behaviour in the interest of grid security, more so in view of the large scale of RE penetration in the near future.....”

Unquote

Based on the above explanation, Hon’ble CERC has amended the provisions of CERC DSM Regulations 2024 to curtail injection of infirm power especially RE power before trial run. NHPC would like to highlight that the treatment of revenue earned from injection of infirm power in the grid is different for RE plants to be commissioned under

Aman Mahajan

Section 63 of The Electricity Act 2003 and hydro plants to be commissioned under Section 62 of The Electricity Act 2003. Any revenue earned from injection of infirm power in the grid for the plants to be commissioned under Section 62 of The Act 2003 is adjusted against the capital cost of the plant which results in reduction of tariff. Thus, for any technical reason if a plant is unable to perform trial run or declare its COD, disallowance of scheduling of infirm power in power exchanges and revenue on infirm power shall result in higher tariff of the plant.

NHPC would also like to draw the attention of Hon'ble Commission on the fact that hydro power projects are prone to geographical surprises and challenges. These challenges majorly delay the works of Dam and head race tunnel of the project, which majorly delays the COD of the project, whereas the power house comes up in time. In such situations, the machines are operated wherever possible by diverting streams to keep them healthy which results in injection of infirm power.

In view of the submissions made herein above, it is proposed that either the Clause 8 of Regulation 8 in the draft amendment may be modified and separate provision may be provided for plants commissioned under Section 62 of The Act 2003 as under or explanation may be provided in SOR as provided in CERC DSM Regulations 2022 for plants to be commissioned under Section 62 of the Act 2003 for scheduling of infirm power in Power Exchanges or other market avenues.

“(8) The charges for injection of infirm power shall be zero:

Provided that plants to be commissioned under Section 62 of The Electricity Act 2003 can explore various market avenues for injection of infirm power.

Provided that for plants to be commissioned under Section 63 of The Electricity Act 2003, if infirm power is scheduled after a trial run as specified in the Grid Code, the charges for deviation over the scheduled infirm power shall be as applicable for a general seller or WS seller, as the case may be:

Provided further that when the system frequency, $f > 50.05\text{Hz}$, the charges for deviation of scheduled infirm power by way of over injection by a general seller or WS seller, as the case may be, shall be zero for plants to be commissioned under Section 63 of The Electricity Act 2003.”

Aman Mahajan