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Lr.No. NLCIL/Comml/F 1150/2024-246

Dt: 01.11.2024

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 (Deviation Settlement Mechanism and Related Matters) (First Amendment) Regulations, 2024- NLCIL comments -submission - Reg.

Ref: Public Notice No. L-1/260/2021/CERC, Dated 02.10.2024.

Pursuant to the communication of Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) (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 advisor-re@cercind.gov.in on.

Thanking you,

Yours faithfully,

for NLC India Limited

General Manager / Commercial

Encl : As above

Comments on Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) (First Amendment) Regulations, 2024

3. Amendment of Regulation 8 (Charges for Deviations) of the Principal Regulations:

3.1 Clause (8) of Regulation 8 of the Principal Regulations shall be substituted as under:

“(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.”

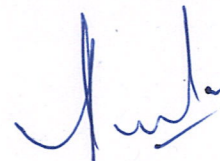
Stipulation:

Based on the proposed draft regulation, there will be no income for Infirm Power Injection until the Trial Run is completed.

After the Trial Run and until Commercial Operation Date (COD), the generator can schedule Infirm Power Injection under the DSM Regulation 2024 as either a General Seller or a WS Seller. This is contingent upon the condition that charges for deviations in Infirm Power when frequency exceeds 50.05 Hz will be set to zero.

NLCIL'S Comment:

- As per CERC IEGC 1st Amendment Regulation, thermal power stations are allowed to inject infirm power for one year from the date of first synchronization. In contrast, Renewable Energy Sources (REGS) and Energy Storage Systems (ESS) are limited to 45 days from the date of first time energization and integration (FTC) approval.
- Based on significant difference in project gestation periods between thermal and renewable power plants, the time period and quantum of infirm power injection naturally vary.
- Under the DSM Regulation 2014, lignite and coal-based generators were eligible to receive an energy cost of up to Rs. 1.78 per unit for net infirm power injection to the grid. This amount was adjusted against the project's capital cost during tariff determinations.
- Provision of Income for Infirm power injection is allowed in CERC Tariff Regulation 2024 also. However, the proposed Draft DSM 1st Amendment Regulation, by eliminating this income source, could lead to increased capital costs for generators, ultimately burdening DISCOMs and end consumers.



- It is also to be noted that During the initial commissioning of the unit, the units will be started, and all control loops will be validated based on the readiness of the equipment and control system. However, coordination may be challenging, making it difficult to adhere to a schedule being decided minimum one hour in advance.
- For instance, for NLCIL's joint venture thermal power plant, NUPPL (3x660MW) initially estimated Rs 105.91 crore in revenue from infirm power sales. The proposed regulation could increase the project cost by the estimated amount.
- Therefore, it is humbly submitted that the energy cost incurred during infirm power injection shall be reimbursed to the generator. This reimbursement can be adjusted against the project's capital cost, thereby reducing the burden on end consumers after COD.

