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No. BRPL/STPMG/2024-25/1

Date: 28.05.2024

The Secretary,

Central Electricity Regulatory Commission

3rd & 4th Floor, Chanderlok Building,

36, Janpath, New Delhi- 110001

Subject: Comments/Suggestions/Clarifications on Draft Deviation Settlement Mechanism and Related Matters Regulations, 2024

Dear Sir,

We write in reference to the **"Draft Deviation Settlement Mechanism and Related Matters Regulations, 2024** issued by Hon'ble Commission vide notice no. **No. L-1/260/2021/CERC** dated 30.04.2024 inviting stakeholder comments. In this regard, BSES Rajdhani Power Ltd. **("BRPL")** would like to submit its Comments/ Suggestions/ Clarifications attached as **Annexure- A**.

We hope the Hon'ble Commission shall consider our comments favourably while finalising new DSM Regulation.

Thanking you.

Yours Sincerely,

For **BSES Rajdhani Power Ltd**

T Murthi

STPMG & Renewables

Encl: As above.

Annexure-A: Comments/Suggestions/Clarifications on Draft Deviation Settlement Mechanism and Related Matters Regulations, 2024

Sr no	Draft DSM Regulation, 2024	Proposed comments
1	Clause: 3. Definitions and Interpretation	
1.1	**'Contract rate'** means the tariff for sale or purchase of power, as determined under Section 62 or adopted under Section 63 or approved under Section 86(1)(b) of the Act by the Appropriate Commission or the price as discovered in the Power Exchange, as the case may be; and in the absence of a tariff or price as above, contract rate shall mean the weighted average ACP of the Day Ahead Market segments of all Power Exchanges for the respective time block	'Contract rate' should be the tariff for sale or purchase of power, as determined under Section 62 or adopted under Section 63 or 63 or approved under Section 86(1)(b) of the Act by the Appropriate Commission or the price as discovered in the Power Exchange Real Time Market. Deviation is managed in real time basis. hence price bench marking should be based on the RTM. This will also reduce gaming by the generator.
1.2	**Integrated Day Ahead Market** means a market where Day Ahead Contracts are transacted on the power exchanges, including collective transactions under Day Ahead Market (DAM), Green Day Ahead Market (Green DAM), and High Price Day Ahead Market (HP-DAM);	Green DAM transactions are priced at premium to meet specific requirement of green power by Buyer and seller. Also only small volume is traded in this segment. Consideration of HP-DAM in the integrated DAM will create spike in price. Hence it is suggested that coupled price discovered from all power exchanges of only DAM should be considered.
1.3	**'Renewable Rich State' or 'RE-rich State'** means a State whose combined installed capacity of solar and wind generating stations under the control area of the State is 1000MW or more but less than 5000 MW; **'Renewable Super Rich State' or 'RE Super-rich State'** means a State whose combined installed capacity of solar and wind generating stations under the control area of the State is 5000 MW or more;	Though the RE capacity installed in the state is high, but the capacity is supplied to Other State beneficiary under long term. Accordingly states are managing balancing power, therefore the definition of RE- rich State should be based on the % of RE contracted capacity.

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2	**Clause 5. Adherence to Schedule and Deviation** **(1).....** (2) Deviation shall generally be managed through the deployment of Ancillary Services, and the computation, charges, and related matters in respect of such deviation shall be dealt with as per the following provisions of these regulations.	Since Ancillary service is a proposed market mechanism to managed deviation, which will be under the control of RLDC. Real time / day ahead basis, RLDC should display slot wise capacity being deployed under Ancillary service without any load curtailment. The data should be available for public use including discoms and others to study and to add capacity based on the same.
3	**Clause 8. Charges for Deviation** (1) Charges for Deviation, in respect of a **general seller other than an RoR generating station or a generating station based on municipal solid waste or WS seller** shall be as under: (I) **For Over injection - Deviation up to [10% DGS or 100 MW, whichever is less] and *f* within *f band*** (iii) When [49.90 ≤ f < 50.00 Hz], for every decrease in *f* by 0.01 Hz, charges for deviation for such seller shall be increased by 1.5% of RR so that charges for deviation become 115% of RR when *f* = 49.90Hz	When [49.90 ≤ f < 50.00 Hz], for every decrease in *f* by 0.01 Hz, charges for deviation for such seller shall be increased by 2.5% of RR so that charges for deviation become 125% of RR when *f* = 49.90Hz. This will incentivize generator to maximize supply during low frequency period to maintain grid security.
4	**Clause 8. Charges for Deviation** (1) Charges for Deviation, in respect of a **general seller other than an RoR generating station or a generating station based on municipal solid waste or WS seller** shall be as under: (II) **For Over Injection - Deviation up to [10% DGS or 100 MW, whichever is less] and *f* outside *f band*** (i) @ zero when [50.05 Hz < f < 50.10 Hz]:Provided that such seller shall pay @ 10% of RR when [f ≥ 50.10 Hz] **(ii)** @ 115 % of RR when [f < 49.90 Hz]	@ zero charge when [50.05 Hz < f] itself a disincentive mechanism and additional reverse charge will have serve impact on the buyer and seller. Hence it is suggested to remove proposed charge of @ 10% of RR when [f ≥ 50.10 Hz] @ 150% of RR When [f <49.90 Hz] will encourage seller to maximize generation to support grid.

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5	**Clause 8. Charges for Deviation** (7) Charges for Deviation, in respect of **a Buyer,** shall be receivable or payable as under: (I) **For <u>Under Drawal</u> - VL$_B$ (1) and *f* within *f* band** i) @ 85% of NR NR when f =50.00 Hz; **ii)** When 50.00 Hz < $f \leq$ 50.05 Hz , for every increase in f by 0.01 Hz, charges for deviation for such buyer shall be decreased by 7% of NR so that charges for deviation become 50% of NR when f = 50.05Hz; **iii)**When 49.90 $\leq f <$ 50.00 Hz, for every decrease in f by 0.01 Hz, charges for deviation for such buyer shall be increased by 1 % of NR so that charges for deviation become 95% of NR when f = 49.90Hz;	Discom demand varies widely due to weather change and sudden rain / stormy condition. This results in under drawl, which is beyond the control of discom. Buying Entity also contributes to grid security and deviation management at the time of low frequency. Buying Entity should also be incentivized, accordingly the DSM rate suggested is as follows: i) When f =50 Hz, payable should be @100% of NR ii) When 50.00 Hz < $f \leq$ 50.05 Hz, for every increase in f by 0.01 Hz, charges for deviation for such buyer shall be decreased by 5% of NR so that charges for deviation become 75% of NR when f = 50.05Hz; iii)When 49.90 $\leq f <$ 50.00 Hz, for every decrease in f by 0.01 Hz, charges for deviation for such buyer shall be increased by 2 % of NR so that charges for deviation become 120% of NR when f = 49.90Hz;
5.1	**Clause 8. Charges for Deviation** (7) Charges for Deviation, in respect of **a Buyer,** shall be receivable or payable as under: **(II)For <u>Under Drawal</u> -VL$_B$ (1) and *f outside f* band** (i) @ zero when [50.05 Hz < $f <$ 50.10 Hz]: Provided that such buyer shall pay @ 10% of NR when [$f \geq$ 50.10 Hz]; (ii) @ 95% of NR when [$f <$ 49.90 Hz];	(i) @ zero rate when [50.05 Hz < $f <$ 50.10 Hz] itself a disincentive mechanism for the Buyer, further sudden rain / stormy weather condition results in steep load drop, which are beyond the control of Buyer. Hence reverse charge should not be levied on the Buyer when [$f \geq$ 50.10 Hz]; (ii) @ 120% of NR when [$f <$ 49.90 Hz];

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5.2	(III) **For VLB (2) and *f within* and outside *f* band** (i) @ 80% of NR when $f \leq 50.00$ Hz; (ii)@ 50% NR when [50.00 Hz $< f \leq$ 50.05 Hz]; @ zero when [50.05 Hz $< f <$ 50.10 Hz]: Provided that such buyer shall pay @ 10% of NR when [$f \geq$ 50.10 Hz];	(i)@ zero rate when [50.05 Hz $< f <$ 50.10 Hz] itself a disincentive mechanism for the Buyer, further sudden rain / stormy weather condition results in steep load drop, which are beyond the control of Buyer. Hence reverse charge should not be levied on the Buyer when [$f \geq$ 50.10 Hz];
5.3	(IV) **For VLB (3) and *f within* and outside *f* band** (i) @ zero when $f <$ 50.10 Hz: Provided such buyer shall pay @ 10% of NR when [$f \geq$ 50.10 Hz];	@ zero rate when [$f <$ 50.10 Hz] itself a disincentive mechanism for the Buyer, further sudden rain / stormy weather condition results in steep load drop, which are beyond the control of Buyer. Hence reverse charge should not be levied on the Buyer when [$f \geq$ 50.10 Hz];
5.4	**Deviation by way of over drawl by the Buyer** **(I) For VLB (1) and *f* within *f* band** (i) @ NR when f =50.00 Hz; (ii) When 50.00$< f \leq$50.05 Hz, for every increase in f by 0.01 Hz, charges for deviation for such buyer shall be reduced by 5% of NR so that charges for deviation become 75% of NR when f = 50.05Hz; (iii) When 49.90 $\leq$ f $<$ 50.00 Hz, for every decrease in f by 0.01 Hz, charges for deviation for such buyer shall be increased by 5% of NR so that charges for deviation become 150% of NR when f = 49.90Hz. **(II) For VLB (1) and *f outside f* band** (iii) @ 50% of NR when [50.05 Hz $< f <$ 50.10 Hz]: (iv) @ zero when [$f \geq$ 50.10 Hz]; (iv) @ 150 % of NR when [$f <$ 49.90 Hz]. **(III) For VLB (2) and *f within* and outside *f* band** (iii) @ 150% of NR when $f \leq$ 50.00 Hz; (iv) @ NR when [50.00 Hz $\leq$ f $\leq$ 50.05 Hz]; @ 75% NR when [50.05 Hz $< f <$ 50.10 Hz]; @ zero when [$f \geq$ 50.10 Hz].	Managing deviations is challenging for discom due to variability in demand side and also supply variation with increased RE in its portfolio. Presently limited tool is available in the hands of discom. High DSM rate on OD would also burden discom severely. Hence it is suggested that in case of for deviation as per limit set in **III) VLB (2) and *f within* and outside *f* band** iii) @ 125% of NR when $f \leq$ 50.00 Hz; (iv) @ NR when [50.00 Hz $\leq$ f $\leq$ 50.05 Hz]; @ 75% NR when [50.05 Hz $< f <$ 50.10 Hz];

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	(IV) For VLB (3) and *f within* and outside *f* band (ii) @ 200% of NR when *f* <50.00 Hz; (iii) @ 110% of NR when [*f* ≥ 50.00 Hz].	@ zero when [*f* ≥ 50.10 Hz]. **IV) For VLB (3) and *f within* and outside *f* band** (ii) @ 150% of NR when *f* <50.00 Hz; (iii) @ 110% of NR when [*f* ≥ 50.00 Hz].
6	(8) The charges for deviation for injection of infirm power shall be zero: Provided that upon such infirm power being scheduled, the charges for deviation for such power shall be as applicable for a general seller or WS seller, as the case may be.	Since infirm power injected into the grid is for the purpose of testing and commercial operation certification. Charges payable for infirm power should be Zero or 50% of RR or 50% of contract rate. This will reduce gaming or delay in declaration of COD by the generator or seller. Further WS seller should not be allowed to inject infirm power beyond one week without certification of RLDC. WS seller should not be allowed to sell or schedule infirm power before COD for any commercial value in the market to avoid gaming.
7	Real time deviation management using Real Time Market (RTM)	Utilities forecasting demand and supply schedule ahead of 8 time slots, accordingly drawl schedule is managed. However in the real time basis demand increase or schedule variation happens due to various external factors. In such a case Buyer is depended on only RTM market. RTM gate closure happens before 5 time slots. For effective deviation management existing RTM gate closure time needs to be reduced to 3 time slots. This will help Discom to manage deviation effectively.