



# KERALA STATE ELECTRICITY BOARD LIMITED

(Incorporated under the Indian Companies Act, 1956)

## TARIFF AND REGULATORY AFFAIRS CELL

Vydyuthi Bhavanam, Pattom, Thiruvananthapuram 695 004 India

Phone (O) +91 471 2514317

E-mail: [trac@ksebn.in](mailto:trac@ksebn.in) [www.kseb.in](http://www.kseb.in)

KSEBL/TRAC/CG/ DSM -Regl/2024-25/ 217

01.06.2024

03.06.2024

To,

The Secretary

CENTRAL ELECTRICITY REGULATORY COMMISSION,

World Trade Centre, 6th, 7th and 8th floor, Tower -B,

Nauroji Nagar,

New Delhi-110029

Email: [secy@cercind.gov.in](mailto:secy@cercind.gov.in), [advisorre@cercind.gov.in](mailto:advisorre@cercind.gov.in)

Sir,

Sub: Draft CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2024 - KSEBL Comments – reg:

Ref: Public Notice No L-1/260/2021/CERC dated 24th May, 2024 of Secretary, CERC

Kind attention of the Hon'ble commission is invited to the draft CERC (Deviation settlement Mechanism and Related Matters) Regulations 2024 published by the Hon'ble Commission vide ref..

KSEBL remarks on the same is submitted below;

### **1. Regulation (7) normal rate of change for deviation:**

As per the draft regulation, the normal rate (NR) for a particular time block shall be equal to the sum of

(a) 1/3 [ Weighted average ACP (in paise/kWh) of the Integrated-Day Ahead Market segments of all the Power Exchanges]

(b) 1/3 [ Weighted average ACP (in paise/kWh) of the Real-Time Market segments of all the Power Exchanges]; and

(c) 1/3 [Ancillary Service Charge (in paise/kWh) computed based on the total quantum of Ancillary Services deployed and the net charges payable to the Ancillary Service Providers for all the Regions].

However, the 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).

It is submitted that; HP DAM was introduced for providing opportunity for high variable cost generators to participate in the power market as the price cap introduced in the market segments by CERC made them unable to participate in the normal market segments. Sellers with variable cost greater than the price cap of normal market segments are allowed to participate and sell the power in the market. These can be any gas-based power plants, imported coal-based power plants or any other entity that meets the variable eligibility criteria. Only buyers who can afford to pay high price are normally participating in the segment and the clearing price is normally much higher than normal DAM price. HP DAM is likely to clear at higher rates especially during peak demand months. Therefore, using this clearing price as a component in the DSM charge may results in huge financial burden to DISCOM. Hence it is suggested to replace Integrated DAM with DAM contracts transacted in power exchanges.

## 2. Draft Regulation 8. Charges for Deviation

Sub regulation (7) Charges for Deviation, in respect of a **Buyer**, shall be receivable or payable as under:

Deviation by way of under drawal (Receivable by the Buyer)	Deviation by way of over drawal (Payable by the Buyer)
<b>(II) For VLB (1) and <math>f</math> outside <math>f_{band}</math></b>	
(ii) @ 95% of NR when [ $f < 49.90$ Hz]; <b>Amendment proposed -</b> (ii) @ NR when [ $f < 49.90$ Hz];	
<b>(III) For VLB (2) and <math>f</math> within and outside <math>f_{band}</math></b>	
(i) @ 80% of NR when $f \leq 50.00$ Hz; <b>Amendment proposed -</b> (i)@ 80% of NR when [ $49.90$ Hz $\leq f \leq 50.00$ ]; @ 90% of NR when $f < 49.90$ Hz;	

**3. Volume Limits for Buyer:**

<b>Buyer</b>	<b>Volume Limit</b>
Buyer (being an RE Rich State)	VL <sub>B</sub> (1) = Deviation up to 200 MW
	VL <sub>B</sub> (2) = Deviation beyond 200 MW and up to 300 MW
	VL <sub>B</sub> (3) = Deviation beyond 300 MW

**Amendment Proposed**

VL<sub>B</sub> (1) = Deviation up to [20% D<sub>BUY</sub> or 200 MW, whichever is less]

VL<sub>B</sub> (2) = Deviation beyond [20% D<sub>BUY</sub> or 200 MW, *whichever is lower*] and up to [25% D<sub>BUY</sub> or 300 MW, *whichever is lower*]

VL<sub>B</sub> (3) = Deviation beyond [25% D<sub>BUY</sub> or 300 MW, whichever is less]

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Buyer (being Super RE Rich State)	VL <sub>B</sub> (1) = Deviation up to 250 MW
	VL <sub>B</sub> (2) = Deviation beyond 250 MW and up to 350 MW
	VL <sub>B</sub> (3) = Deviation beyond 350 MW

**Amendment Proposed**

VL<sub>B</sub> (1) = Deviation up to [25% D<sub>BUY</sub> or 250 MW, whichever is less]

VL<sub>B</sub> (2) = Deviation beyond [25% D<sub>BUY</sub> or 250 MW, *whichever is lower*] and up to [30% D<sub>BUY</sub> or 350 MW, *whichever is lower*]

VL<sub>B</sub> (3) = Deviation beyond [30% D<sub>BUY</sub> or 350 MW, whichever is less]

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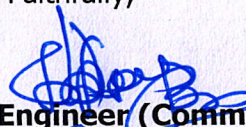
4. The above modifications are proposed by KSEBL in view of the following.

- a) Under drawal during frequencies less than and outside normal band shall be incentivized more in comparison with the under drawal during normal frequency band.

- b) Deviation should always be with respect to the block wise schedule of the respective time block; hence percentage limit for deviation may be fixed instead of absolute volume limits for deviation for RE rich & super RE rich states. It is requested that such modification also needs to be incorporated for security and reliability of grid operations.

The above factors may please be considered while finalising the regulation.

Yours Faithfully,

  
**Chief Engineer (Commercial & Tariff)**  
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13/11/16