GUVNL

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Azadi Ka Amrit Mahotsav

No : GUVNL/COM/CSP/ 797 Date : 01/06/2024

To,
The Secretary
Central Electricity Regulatory Commission
3rd & 4th floor, Chanderlok Building,
36 Janpath
New Delhi – 110001.

Sub: Comments of GUVNL on CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2024- Reg.

Sir,

This is in reference to Hon'ble CERC's public notice dated 30.04.2024 inviting comments/ suggestions on Draft CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2024.

In this regard, the comments/ suggestions of GUVNL are as under:

A. Regulation 7 on Normal Rate of charges of deviation:

(a) As per the draft regulation, The Normal Rate (NR) for a particular time block shall be equal to the sum of:

1. 1/3 [Weighted average ACP (in paise/kWh) of the Integrated-Day Ahead Market segments of all the Power Exchanges];
2. 1/3 [Weighted average ACP (in paise/kWh) of the Real-Time Market segments of all the Power Exchanges]; and
3. 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].

In this regard, it is to mention that Ancillary system is a support service and is put in to the system to secure the grid from unwarranted conditions. Therefore, outcome of such services being availed by Grid operator would be known to utilities on ex-post basis.

Accordingly, in order to ensure prior knowledge of applicable DSM rates with beneficiaries, it is relevant to have Normal rates on ex-ante basis for computation of deviation charges. i.e. linking of Normal rates with market rates only.

(b) Capping for Normal Rate of charges of deviation at Rs. 10/ kWh:

It is to mention that in petition 04/SM/2023 (para 6), Hon'ble Commission has directed all Power Exchanges to arrange for bidding the price for the period from 4.04.023 until further orders in the range of (i) Rs. 0 – 10/ Kwh for all contracts
such viz. DM (including G-DAM), RTM, Intra Day, Day Ahead contingency and Term-Ahead (including GTAM); and (ii) Rs. 0 – 20/ Kwh in the HP-DAM segment.

In view of the above, in order to reduce the cost of power for buyers while providing an opportunity to the High cost generators and willing Buyers to participate in the HP-DAM market, there should be a ceiling of Normal Rate of charges of deviation at Rs. 10/ kWh.

B. Regulation 3 (v) & (w) of Draft Regulation:

Hon'ble CERC has proposed to define States as RE rich State and RE Super Rich State, having RE capacity 1000 to 5000 MW and more than 5000 MW respectively.

In this regard, in order to meet the national target of 500 GW of RE generation and to reduce carbon foot print, States are tying up significant RE capacity. At present, State of Gujarat have undertaken various proactive measures towards addition of RE capacity in the existing energy basket and accordingly, have installed capacity of around 27775 MW as on 30.04.2024 and it is expected to reach around 100 GW by 2030. With such RE penetration, especially from Solar and Wind source being in-firm in nature, there may be vast variation in the generation availability viz-a-viz actual injection.

Accordingly, it is requested that a special provision may be included for States having RE capacity beyond 20000 MW and corresponding volume limit should be as under while computation of applicable deviation charges:

VL_B1 : up to 500 MW,
VL_B2 : beyond 500 MW and up to 700 MW
VL_B3 : being beyond 700 MW

Alternatively, applicable deviation charges may be made in line with DSM charges applicable to RE generators for the deviation to the extent of deviation made by RE generators from their schedule.

C. Regulation 8 (6) (iii) - Deviation charges for ESS collocated with WS seller:

The Draft Regulation stipulates for charges for deviation in case of ESS co located with WS seller, wherein the reference rate is defined as the daily weighted average ACP of the Day Ahead Market segments of all the Power Exchange. However, clause 3 (x) of draft regulation defines reference rate as under:

"(i) in respect of a general seller whose tariff is determined under Section 62 or Section 63 of the Act, Rs/ kWh energy charge as determined by the Appropriate Commission, or (ii) in respect of a general seller whose tariff is not determined under Section 62 or Section 63 of the Act, the daily weighted average ACP of the Day Ahead Market segments of all the Power Exchanges, as the case may be"

In this regard, it is to mention that since the rate of ESS collocated with WS seller would be normally tied up through competitive bidding and adopted under Section 63 by Hon'ble Commission, it is kindly requested to clarify regarding consideration of applicable reference rate as per clause 3 (x) while computation of deviation charge for ESS collocated with WS seller instead of daily weighted average ACP of the Day Ahead Market segments of all the Power Exchange directly.

D. Regulation 8 (3) in respect of deviation charges for generating station based on the Municipal Solid waste:

Regulation 8 (3) of the draft Regulation provides as under:

Deviation by way of over injection (Receivable by the Seller)	Deviation by way of under injection (Payable by the Seller)
(i) @ contract rate for deviation up to [*20% D_{GS}*]; (ii) @ Zero for deviation beyond [*20% D_{GS}*];	(iii) @ 50% of contract rate for deviation up to [*20% D_{GS}*]; (iv) @ RR for deviation beyond [*20% D_{GS}*].

It is to mention that as per draft regulation, in case of under injection by Municipal Solid Waste generating staiton, the proposed deviation charges payable by generator is only 50% of contract rate up to 20% deviation, while generator will receive the payment at 100% contract rate based on the schedule.

In this regard, it is to state that since deviation charges payable in case of under injection is proposed to be @ 50% of contract rate, it may enable generators to indulge into gaming for availing undue commercial gain and therefore, the treatment of deviation charges for Municipal Solid waste generating station may be aligned to the deviation charges applicable to RoR generating station as proposed in the draft regulation.

Accordingly, the deviation charges for generating station based on the Municipal Solid waste may be revised as under:

Deviation by way of over injection (Receivable by the Seller)	Deviation by way of under injection (Payable by the Seller)
(i) @ contract rate for deviation up to [*10% DGS*] (ii) @ Zero for deviation beyond [*10% DGS*]	(iii) @ contract rate for deviation up to [*10% DGS*]; (iv) @ 105% of contract rate for deviation beyond [*10% DGS]* and up to [*15% DGS*]; (v) @ 110% of contract rate for deviation beyond [*15% DGS*]

E. Regulation 8 (7) - Charges for deviation in respect of Buyer:

Clause 8 (7) of Draft Regulation provides that in case of under drawl by Buyer for defined volume limit VLB1 at 50.00 Hz frequency, they shall be receivable at 85% of Normal rate while in case of over drawl by Buyer at 50.00 Hz frequency, they shall be payable at 100% of Normal rate.

It is to mention that in case of general seller, for over / under drawl deviation up to (10% or 100 MW whichever is less, and frequency within f band) at 50.00 Hz frequency, the seller is receivable/ payable at 100% of Reference rate.

In view of the above, it is also kindly requested to consider for making payments to buyers for VL_B (1) and *f* within f_{band} towards receivable and payable at par with each other. i.e. at 100% of Normal rate at 50 Hz and this is also in analogy to 100% RR charge payable / receivable in case of general seller entities (For Deviation up to [10% D_{GS} or 100 MW, whichever is less] and *f* within f_{band}.) Accordingly, receivable charges for Buyer shall be revised to 65% and 110% instead of 50% and 95% respectively provided in the draft for frequency band 50.00 to 50.05 Hz and 49.90 to 50 Hz respectively for VL_B (1) and *f* within f_{band}.

F. Regulation 8 (9) - Charges for deviation for drawl of start-up power before COD:

As per the draft Regulation, deviation charges for drawl of start-up power before COD by generating unit or for drawl of power to run auxiliaries during shut-down of a generating station, shall be reference charge rate or contract rate or in the absence of reference charge rate or contract rate, the weighted average ACP of the Day Ahead Market segments of all Power Exchanges for the respective time block, as the case may be.

In this regard, it is to state the requirement of drawl of power for start-up / auxiliary is momentary / temporary in nature and whereas the reference rate / contract rates are tariff determined by Commission under section 62 or adopted under section 63, such rates would be applicable ECR being for permanent arrangement of supply. Therefore, it would be more appropriate to link the deviation charges for drawl of start-up / auxiliary power with the weighted average ACP of the Day Ahead Market segments of all Power Exchanges for the respective time block only.

G. Regulation 9 (7) Charges of Deviation and Ancillary Service Pool Account:

Regulation 9 (7) of draft regulation provides as under:

"In case of deficit in the Deviation and Ancillary Service Pool Account of a region, the surplus amount available in the Deviation and Ancillary Service Pool Accounts of other regions shall be used for settlement of payment under clause (6) of this Regulation:

Provided that in case the surplus amount in the Deviation and Ancillary Service Pool Accounts of all other regions is not sufficient to meet such deficit, the balance amount shall be recovered from the drawee DICs - (i) for the period from the date of effect of these regulations till 31.03.2025, in the ratio of [50% in proportion to their drawal at the regional periphery] and [50% in proportion to their GNA]; and (ii) from 01.04.2025, in the ratio of the shortfall of reserves allocated by NLDC to such DICs in accordance with the detailed procedure to be issued in this regard by the NLDC with the approval of the Commission."

In this regard, it is to submit that it would not be prudent that the deficit of Deviation and Ancillary service pool account is recovered from DICs in relation to their GNA & drawl based on its drawl / injection as individual entities would already have been incentives / penalized in respect of its deviation. Therefore, this would result into duplication of deviation charges on beneficiaries burdening with additional charges. Hence, it would be apt to devise a mechanism based on pay for cause principal.

Thanking you,

Yours faithfully,

(Sanjay Mathur)
General Manager (Comm.)