

Ref: MUL/CERC/2024-25/01062024

Date: 1st June 2024

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

**Subject: Comments on Draft Central Electricity Regulatory Commission
(Deviation Settlement Mechanism and Related Matters) Regulations, 2024.**

Respected Sir,

With reference to the comments invited by the Hon'ble Central Electricity Regulatory Commission on Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2024 vide the letter no. L-1/260/2021/CERC, we hereby submit our comments on the same (Annexed as Annexure-I).

Kindly acknowledge receipt of the same and request to take the same on record, we are hopeful that our inputs shall be considered while finalizing the regulation.

Thanking you,

Yours sincerely,

For **MPSEZ Utilities Limited,**


Authorized Signatory

MPSEZ Utilities Limited comments on CERC DSM Regulations, 2024

Sr. No.	Clause Reference	Draft clause of CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2024	Comments/ Suggestions	Rationale/ Justification
1.	7 (1) : Normal Rate of Charges for Deviations	<p>(1) The Normal Rate (NR) for a particular time block shall be equal to the sum of:</p> <p>(a) 1/3 [Weighted average ACP (in paise/kWh) of the Integrated-Day Ahead Market segments of all the Power Exchanges];</p> <p>(b) 1/3 [Weighted average ACP (in paise/kWh) of the Real-Time Market segments of all the Power Exchanges]; and</p> <p>(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].</p> <p>Provided that in cases where there is no dispatch of Ancillary services in a time block or where the net charges for Ancillary services are receivable in Deviation and Ancillary Service Pool Account, the Ancillary Service Charge shall not be considered for computation of Normal Rate (NR). Further, 50% weight shall be considered for ACP (in paise/kWh) of the Integrated-Day Ahead Market segments, and</p>	<p>(1) The Normal Rate (NR), for a particular time-block, shall be equal to the Weighted Average of:</p> <p>(a) ACP (in paise/kWh) of the Integrated-Day Ahead Market segments of all the Power Exchanges;</p> <p>(b) ACP (in paise/kWh) of the Real Time Market segments of all the Power Exchanges;</p> <p>(c) 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;</p>	<p>It is submitted that traded volume in each of the market segments i.e. I-DAM, RTM and Ancillary Services would not be uniform. Accordingly, while computing the Normal Rate, a weighted average of price as well as volume traded across these segments should be considered.</p>

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		50% weight shall be ACP (in paise/kWh) of the Real-Time Market segments of all the Power Exchanges:		
2.	8 (7) : Charges for Deviation	<p>(7) Charges for Deviation, in respect of a Buyer, shall be receivable or payable as under:</p> <p>Deviation by way of under drawal (Receivable by the Buyer)</p> <p>(I) For VLB (1) and f within f band:</p> <p>i) @ 85% of NR NR when f =50.00 Hz;</p> <p>ii) When 50.00 Hz < f ≤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 = 50.05 Hz;</p> <p>iii) When 49.90 ≤ 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 = 49.90 Hz;</p>	<p>(7) Charges for Deviation, in respect of a Buyer, shall be receivable or payable as under:</p> <p>Deviation by way of under drawal (Receivable by the Buyer)</p> <p>(I) For VLB (1) and f within f band:</p> <p>i) @ NR when f = 50.00 Hz;</p> <p>ii) When 50.00 Hz < f ≤ 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 65% of NR when f = 50.05 Hz;</p> <p>iii) When 49.90 ≤ 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 110% of NR when f = 49.90 Hz;</p>	<p>@ 50 Hz frequency indicates that viable equilibrium take place between injection of electricity and schedule of drawal in interest of stability of grid, hence if @50Hz charges for deviation by over drawal is equal to NR than deviation charge for deviation by under drawal should be equal to NR.</p> <p>Similar methodology has also been adopted in case of injection of electricity in proposed DSM Regulation. i.e. deviation on account of over or under injection is equal to RR @50Hz in both conditions, hence drawee entity should also be charged at NR when deviation for over or under drawl @50Hz.</p> <p>Accordingly, deviation rate should become for (ii) & (iii)</p>

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				65% of NR when $f = 50.05$ Hz and 110% of NR when $f = 49.90$ Hz respectively.
3.	8 (7): Charges for Deviation	<p>(7) Charges for Deviation, in respect of a Buyer, shall be receivable or payable as under:</p> <p>Deviation by way of over drawal (Payable by the Buyer)</p> <p><i>(III) For VLB (2) and f within and outside f band :</i></p> <p>(iii) @ 150% of NR when $f \leq 50.00$ Hz; (iv) @ NR when $[50.00 \text{ Hz} \leq f \leq 50.05 \text{ Hz}]$; @ 75% NR when $[50.05 \text{ Hz} < f < 50.10 \text{ Hz}]$; @ zero when $[f \geq 50.10 \text{ Hz}]$.</p>	<p>(7) Charges for Deviation, in respect of a Buyer, shall be receivable or payable as under:</p> <p>Deviation by way of over drawal (Payable by the Buyer)</p> <p><i>(III) For VLB (2) and f within and outside f band :</i></p> <p>(iii) @ 150% of NR when $f \leq 50.00$ Hz; (iv) @ NR when $[50.00 \text{ Hz} < f \leq 50.05 \text{ Hz}]$; @ 75% NR when $[50.05 \text{ Hz} < f < 50.10 \text{ Hz}]$; @ zero when $[f \geq 50.10 \text{ Hz}]$.</p>	It seems typographic error, reason being same 50.00 Hz frequency band can't be fall in to (iii) & (iv).
4.	10(1) Schedule of Payment of charges for deviation	(1) The payment of charges for deviation shall have a high priority, and the concerned regional entity shall pay the due amounts within 7 (seven) days of the issue of the statement of charges for deviation by the Regional Power Committee,	(1) The payment of charges for deviation shall have a high priority, and the concerned regional entity shall pay/receive the due amounts within 7 (seven) days of the issue of the statement of charges for deviation by the Regional Power	Regulation needs to define the timeline if Buyer is paid back from DSM pool. LDC shall pay receivable amount to buyer within 7 days of the issue of the statement of charges, failing which late

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		failing which late payment surcharge @ 0.04% shall be payable for each day of delay.	Committee, failing which late payment surcharge @ 0.04% shall be payable for each day of delay.	payment surcharge @ 0.04% shall be payable by LDC to buyer for each day of delay, since LDC is recovering LPS at same rate from defaulting entity.