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22<sup>nd</sup> May 2024

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

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

**Reference:**

1. No. L-1/260/2021/CERC, Dated: 30th April 2024
2. Explanatory Memorandum for draft CERC (DSM) Regulations, 2024

Respected Sir,

We, NSL Group of Companies, own & operate sugar factories with co-generation capacity of 154MW cumulatively, situated across Karnataka, Maharashtra, and Telangana, connected with the State Transmission Utility of respective states.

In addition to sugar production, we harness the power of renewable energy sources, totaling 360MW (wind, solar & hydel) situated across Gujarat, Himachal Pradesh, Karnataka, Maharashtra, and Tamil Nadu, connected with the State Transmission Utility, selling power to concerned DISCOM & through Intra-State Open Access as well.

Given the seasonal nature of the sugar industry, we export surplus power contingent upon the availability of fuel (Bagasse) and manufacturing requirements. In Karnataka and Telangana, we sell surplus power through Inter-State open access, thereby incurring DSM charges. Both states diligently adhere to the CERC DSM regulations, providing us with periodical advice for deviation settlements.

In light of our stakeholder position, we wish to offer feedback on the Draft regulations. Enclosed herewith are our Comments on the Central Electricity Regulatory Commission's (Deviation Settlement Mechanism and Related Matters) Regulations, 2024.

Thanking You,

For NSL Group of Companies

Satheeswar N S  
(Power Trading & Regulatory)

S. No.	Clause No.	Issue	Provision of Draft CERC DSM Regulations, 2024	Proposed Change by NSL	Rationale for Suggestions/Comments
1	8. (1) (III)	Beyond 10% Over Injection @ $f < 49.95$ Hz	<p>8. Charges for Deviation</p> <p>(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:</p> <p>(III) For Deviation beyond [10% DGS or 100 MW, whichever is less] and <math>f</math> within and outside <math>f</math> band  <b>(Receivable by the Seller)</b></p> <p>(i) Such seller shall be paid back @ zero when (<math>f &lt; 50.10</math> Hz):</p> <p>Provided that such seller shall pay @ 10% of RR when [<math>f \geq 50.10</math> Hz]</p>	<p>8. Charges for Deviation</p> <p>(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:</p> <p>(III) For Deviation beyond [10% DGS or 100 MW, whichever is less] and <math>f</math> within and outside <math>f</math> band  <b>(Receivable by the Seller)</b></p> <p>(i) Such seller shall be paid back @ zero when (<math>f &lt; 50.10</math> Hz):</p> <p><b>(ii) @ 120% of RR when (49.90 <math>\leq f &lt; 49.95</math> Hz):</b></p> <p><b>(iii) @ 150% of RR when (<math>f &lt; 49.90</math> Hz):</b></p> <p>Provided that such seller shall pay @ 10% of RR when [<math>f \geq 50.10</math> Hz]</p>	<p>In the event of trip, experienced in generation capacities more than 500 MW or in its allied bay, Grid Frequency drops drastically for the time block.</p> <p>In such events, Other Coal fired plants over injecting up to 10% is subjected to their COG. If COG per unit is higher than their RR, Coal fired plants might not come forward to stabilize the grid, resulting in availing Auxiliary services.</p> <p>In such scenario, multiple biomass-based generation (bagasse) cumulatively can over inject and take up the burden, as their COG will be less than Reference Rate, benefiting them monetarily.</p> <p>But the constraint here is that they can contribute only up to 10% more than the schedule.</p> <p><b>As per existing regulation,</b> If there is no volume limit during frequency @ 49.95 Hz &amp; below, many small biomass generation capacities will jump in to monetize the scenario. Resulting in reduced auxiliary services usage @ higher rates by LDC.</p>

S. No.	Clause No.	Issue	Provision of Draft CERC DSM Regulations, 2024	Proposed Change by NSL	Rationale for Suggestions/Comments
2	9. (2)	DSM accounting for Intra-State entities engaged in inter-state sale of electricity	<p>9. Accounting of Charges for Deviation and Ancillary Service Pool Account</p> <p>(2) After receiving the data for deviation from the Regional Load Despatch Centre, the Secretariat of the Regional Power Committee shall prepare and issue the statement of charges for deviation prepared for the previous week to all regional entities by ensuing Tuesday:</p> <p>Provided that transaction-wise DSM accounting for intra-State entities shall not be carried out at the regional level.</p>	<p>9. Accounting of Charges for Deviation and Ancillary Service Pool Account</p> <p>(2) After receiving the data for deviation from the Regional Load Despatch Centre, the Secretariat of the Regional Power Committee shall prepare and issue the statement of charges for deviation prepared for the previous week to all regional entities by ensuing Tuesday:</p> <p><b><i>Provided that transaction-wise DSM accounting for intra-State entities engaged in inter-state sale of electricity shall be carried out at the state level. State Power Committee shall correlate data from SLDC &amp; RLDC and issue charges on monthly basis.</i></b></p>	<p>At the state level, we often encounter delays in receiving DSM statements, sometimes extending up to two months after scheduling and generation.</p> <p>These delays in charging create accounting issues for the company and lead to non-compliance with audit requirements.</p> <p>We kindly request that the CERC escalate this MOP to guide states to release DSM statements in a timely manner, particularly for intra-state entities engaged in inter-state electricity sales.</p>