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ISO 9001:2008

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No.07-05/RPC-28/852

Jabalpur, dtd: **03.06.2024**

To

**The Secretary,  
Central Electricity Regulatory Commission,  
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**Sub :** MP SLDC comments on draft CERC (Deviation Settlement Mechanism and Related Matters) Regulations 2024.

**Ref :** i) Public Notice no. L-1/260/2021/CERC dated 30.04.2024.  
ii) Public Notice no. L-1/260/2021/CERC dated 24.05.2024.

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Sir,

The comments of Madhya Pradesh State Load Despatch Centre, MPPTCL, Jabalpur on draft CERC (Deviation Settlement Mechanism and Related Matters) Regulations 2024 are enclosed herewith as Annexure –I.

Thanking You

Encl: As above.

Yours faithfully,

**(Pradeep Sachan)**  
**Chief Engineer**  
**SLDC, MPPTCL, Jabalpur**

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**Annexure-I**

**MP SLDC Comments on Draft CERC DSM Regulations 2024**

Clause and sub-clause	Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2024	Modification Proposed in CERC (DSM) Regulations 2024	Reasons / Explanation
3(1)(v) &(w)	(v) '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 1000 MW or more but less than 5000 MW;  (w) '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;	(v) '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 1000 MW or more but less than <b>4000 MW</b> 5000MW;  (w) 'Renewable Super Rich State-1' or 'RE Super-Rich State-1' means a State whose combined installed capacity of solar and wind generating stations under the control area of the State is 5000- <b>4000 MW</b> or more <b>but less than 7000</b> ;  <b>The following definitions needs to be included in the definitions clause after (w) and volume limits to be modified as under:</b>  <b>RE Super Rich State-2 – (Installed capacity between 7000 to 10000 MW)</b>  <b>RE Super Rich State-3 – (Installed capacity above 10000 MW)</b>	The Central Govt. aims installation of 500 GW of renewable energy till 2030. All Beneficiaries have been given RPO targets to purchase RE power in a phased manner. All States are therefore increasing their RE capacity installation to meet their individual targets.  As such, it would not be appropriate to bifurcate the States only in 2 categories. Thus, further bifurcation of Renewable Category is required to cover all the States as per their size and installed RE capacity.  Further, it is submitted there shall not be a very big difference between RE rich State & RE super Rich States, to motivate the States to install more Renewable energy.



Clause and sub-clause	Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2024	Modification Proposed in CERC (DSM) Regulations 2024	Reasons / Explanation
7(1)	(1) The Normal Rate (NR) for a particular time block shall be equal to the sum of:	<p><b>Volume limits for RE Super Rich State 1 to 3:</b></p> <p><b>Buyer (being an RE Super Rich State-1)</b>  <b>VLB (1) = Deviation up to 300 MW</b>  <b>VLB (2) = Deviation beyond 300 MW and up to 400 MW</b>  <b>VLB (3) = Deviation beyond 400 MW</b></p> <p><b>Buyer (being an RE Super Rich State -2)</b>  <b>VLB (1) = Deviation up to 350 MW</b>  <b>VLB (2) = Deviation beyond 350 MW and up to 450 MW</b>  <b>VLB (3) = Deviation beyond 450 MW</b></p> <p><b>Buyer (being an RE Super Rich State-3)</b>  <b>VLB (1) = Deviation up to 400 MW</b>  <b>VLB (2) = Deviation beyond 400 MW and up to 500 MW</b>  <b>VLB (3) = Deviation beyond 500 MW</b></p>	<p>In view of above, the modifications in definitions and volume limits are proposed for consideration.</p> <p>The Hon'ble Commission in their order dated 26.12.2022 in Petition</p>

Clause and sub-clause	Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2024	Modification Proposed in CERC (DSM) Regulations 2024	Reasons / Explanation
	<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 despatch 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 50% weight shall be ACP (in paise/kWh) of the Real-Time Market segments of all the Power Exchanges:</p> <p>Provided further that in case of non- availability of ACP for any time block on a given day, ACP for the</p>	<p><b>7(3) The Normal Rate of Charges for Deviation shall be capped at Rs. 10 per kWh.</b></p>	<p>No. 16/SM/2022 has capped the Normal Rate of Charges at Rs. 12 per kWh due to high ancillary service charge. Further, in order dated 31.03.2023 in petition 04/SM/2023, the Hon'ble commission directed all the Power Exchanges to re-design their bidding software for the period from 04.04.2023 until further orders, in such a way that the members can quote the price in the range of (a) Rs.0/kWh to Rs.10/kWh for all contracts, viz., DAM (including GDAM), RTM, Intra-day, Day Ahead Contingency and Term-Ahead (including GTAM). Thus, in view of above, the Normal Rate of Charges be capped at Rs. 10 per kWh.</p>



Clause and sub-clause	Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2024	Modification Proposed in CERC (DSM) Regulations 2024	Reasons / Explanation
8(4)	<p>corresponding time block of the last available day shall be considered.</p> <p>(2) The normal rate of charges for deviation shall be rounded off to the nearest two decimal places</p> <p>Solar/hybrid:-            VLWS (1) = Deviation up to 5% D<sub>ws</sub>            VLWS (2) = Deviation beyond 5% D<sub>ws</sub> and up to 10% D<sub>ws</sub>            VLWS (3) = Deviation beyond 10% D<sub>ws</sub> and up to 20% D<sub>ws</sub></p> <p>Wind:-            VLWS (1) = Deviation up to 10% D<sub>ws</sub>            VLWS (2) = Deviation beyond 10% D<sub>ws</sub> and up to 15% D<sub>ws</sub>            VLWS (3) = Deviation beyond 15% D<sub>ws</sub> and up to 25% D<sub>ws</sub></p>	<p>Solar/hybrid:-            VLWS (1) = Deviation up to 5% <b>2.5%</b> D<sub>ws</sub>            VLWS (2) = Deviation beyond 5% <b>2.5%</b> D<sub>ws</sub> and up to <b>5%</b> <del>10%</del> D<sub>ws</sub>            VLWS (3) = Deviation beyond <b>5%</b> <del>10%</del> D<sub>ws</sub> and up to <b>10%</b> <del>20%</del> D<sub>ws</sub></p> <p>Wind:-            VLWS (1) = Deviation up to <b>5%</b> <del>10%</del> D<sub>ws</sub>            VLWS (2) = Deviation beyond <b>5%</b> <del>10%</del> D<sub>ws</sub> and up to <b>10%</b> <del>15%</del> D<sub>ws</sub>            VLWS (3) = Deviation beyond <b>10%</b> <del>15%</del> D<sub>ws</sub> and up to <b>15%</b> <del>25%</del> D<sub>ws</sub></p>	<p>It is submitted that fast RE penetration is expected in the coming years to achieve the target of 500GW by 2030 set by Govt. of India.</p> <p>It is observed that the Qualifying Coordinating Agency (QCA) of Wind &amp; Solar Generators are forecasting the generation very accurately due to the technological advances in predicting wind and solar patterns and error percentage are also very low particularly in case of solar generation. Thus, it is proposed to modify the volume limits of solar &amp; hybrid from 5% to 2.5% and that of wind from 10% to 5% for ensuring safety and security of Grid. Accordingly, the other slabs proposed to be modified.</p>



Clause and sub-clause	Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2024	Modification Proposed in CERC (DSM) Regulations 2024	Reasons / Explanation
8(7)	<p>(I) For VLB (1) and f within f band</p> <p>i) @ 85% of NR when <math>f = 50.00</math> Hz;</p> <p>ii) When <math>50.00 \text{ Hz} &lt; f \leq 50.05 \text{ Hz}</math>, 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 <math>f = 50.05\text{Hz}</math>;</p> <p>iii) When <math>49.90 \leq f &lt; 50.00 \text{ Hz}</math>, 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 <math>f = 49.90\text{Hz}</math>;</p>	<p>(I) For VLB (1) and f within f band</p> <p>i) @ NR when <math>f = 50.00</math> Hz;</p> <p>ii) When <math>50.00 \text{ Hz} &lt; f \leq 50.05 \text{ Hz}</math>, 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 <math>f = 50.05\text{Hz}</math>;</p> <p>iii) When <math>49.90 \leq f &lt; 50.00 \text{ Hz}</math>, 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 <math>f = 49.90\text{Hz}</math></p>	<p>i. At rated frequency of 50 Hz, if buyer is under drawing from the grid within the volume limits, the Buyer should not be penalized. Thus, it is proposed that Buyer shall be paid at the Normal Rate at 50Hz.</p> <p>ii. When frequency is between 50 to 50.05Hz and volume is within the limits. The charges for deviation shall be decreased by 5% to maintain linearity in decrease of charges for every 0.01Hz increase in frequency.</p> <p>iii. When frequency is falling from 50.00Hz to 49.90Hz and Buyer is under drawing from the Grid within volume limits, then Buyer is helping the Grid. Thus, it is proposed that charges of Deviation shall be increased by 2% of Normal Rate for every decrease in 0.01Hz of Frequency.</p>



Clause and sub-clause	Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2024	Modification Proposed in CERC (DSM) Regulations 2024	Reasons / Explanation
	<p><b>(II) For VLB (1) and f outside f band</b></p> <p>(i) @ 95% of NR when [f &lt; 49.90 Hz];</p>	<p><b>(II) For VLB (1) and f outside f band</b></p> <p>(ii) @ <b>115%</b> of NR when [f &lt; 49.90 Hz];</p>	<p>The deviation charges are reduced in case of under drawal when frequency is less than 49.90Hz. It is submitted that Buyer is helping the Grid therefore should be incentivised. Thus, it is proposed that Deviation Charges shall be paid to the Buyer at 115% of Normal Rate when frequency is 49.90Hz.</p>
8(14)	<p>For a Seller whose bids are cleared in the HP-DAM, the 'reference charge rate' for deviation by way of 'under-injection' for the quantum of power sold through HP- DAM shall be equal to the weighted average ACP of the HP-DAM Market segments of all the Power Exchanges for that time block;</p>	<p>For a Seller whose bids are cleared in the HP-DAM, the 'reference charge rate' for deviation by way of 'under-injection' for the quantum of power sold through HP- DAM shall be equal to the weighted average ACP of the HP-DAM Market segments of all the Power Exchanges for that time block;</p>	<p>It is submitted that if a Seller sells its power under Bilateral, Day Ahead, RTM and HP_DAM simultaneously, then it will be difficult to compute the deviation charges separately for the quantum of power sold to HP-DAM. Thus, it is proposed that during that duration the weighted average ACP of HP-DAM shall be considered for computing the Deviation Charges of a Seller.</p>
9(7)	<p>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</p>	<p>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</p>	<p>It is submitted that any deficit observed in the Deviation and Ancillary Service Pool Accounts is due to the deviation caused by the regional entities (pool members) by</p>



Clause and sub-clause	Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2024	Modification Proposed in CERC (DSM) Regulations 2024	Reasons / Explanation
	<p>used for settlement of payment under clause (6) of this Regulation:</p> <p>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.</p>	<p>used for settlement of payment under clause (6) of this Regulation:</p> <p>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 <b>the all the regional entities (pool members) in proportion to the absolute value of Deviation Charges.</b> drawee DICs - <del>(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.</del></p>	<p>way of under drawl / over drawal from the Grid including RE Generators. Therefore, it is not appropriate to recover this deficit from the drawees entities only. Thus, it is proposed to recover the deficit from all pool members.</p>