

APP comments on Draft CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2024

S.no	Clause as per Draft Regulation	APP Comments
<p align="center">1.</p>	<p><i>Clause 5 – Adherence to Schedule and Deviation</i></p> <p><i>(1) For the secure and stable operation of the grid, every grid-connected regional entity shall adhere to its schedule as per the Grid Code and shall endeavour not to deviate from its schedule.</i></p> <p><i>(2) Deviation shall generally be managed through the deployment of Ancillary Services, and the computation, charges, and related matters in respect of such deviation shall be dealt with as per the following provisions of these regulations.</i></p>	<p>It is quite unrealistic for generating stations connected with grid to adhere exactly to scheduled generation without any deviation.</p> <p>Further, in the case of power plants with integrated coal mines which use high energy intensive equipment, the power supply to the mines forms part of auxiliary consumption of the plant. This power consumption varies instantaneously as per operational requirements of mines to accommodate quality of incoming coal and results in variation in net energy export the power plant and thus maintaining constant load is technically not possible.</p> <p>In view of uncontrollable nature of the abovementioned situations, it would not be appropriate to keep frequency as the only consideration for DSM and therefore it is requested that a penalty free deviation band may be considered.</p>

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2.	<p>Clause 8 – Charges for Deviation</p> <p><i>(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:</i></p> <p><i>Deviation by way of over injection (For Deviation up to [10% DGs or 100 MW, whichever is less])</i></p> <p><i>(I)(i) @ RR when $f = 50.00$ Hz</i></p> <p><i>(I)(ii) When $[50.00 \text{ Hz} < f \leq 50.05 \text{ Hz}]$, for every increase in f by 0.01 Hz, charges for deviation for such seller shall be reduced by 10% of RR so that charges for deviation become 50% of RR when $f = 50.05 \text{ Hz}$</i></p> <p><i>(I)(iii) When $[49.90 \leq f < 50.00 \text{ Hz}]$, for every decrease in f by 0.01 Hz, charges for deviation for such seller shall be increased by 1.5% of RR so that charges for deviation become 115% of RR when $f = 49.90 \text{ Hz}$</i></p> <p><i>(II)(i) @ zero when $[50.05 \text{ Hz} < f < 50.10 \text{ Hz}]$:</i></p>	<p>The charges for deviation, as outlined in Clause 8, do not incentivize the generators for contributing to grid security and stability. Not only is there a big difference between the deviation charges receivable and payable by the Seller during similar scenarios, but the deviation charges do not allow even the recovery of fuel cost.</p> <p>In view of various technical constraints when maintaining fixed load is not possible, generators have to bear the extra burden of fuel cost without any DSM gain and the financial impact on the generating stations is huge. The situation will further deteriorate with varying grid frequency in each block, which is also a contributing factor in deviation.</p> <p>It is our view that there should be a uniform compensation mechanism that also includes some incentive towards wear and tear of the power plant equipment for helping the grid in maintaining and keeping the frequency more stable. At the very least, the compensation receivable by the Seller in case of</p>

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	<p><i>Provided that such seller shall pay @ 10% of RR when [$f \geq 50.10$ Hz]</i></p> <p><i>(II)(ii) @ 115 % of RR when [$f < 49.90$ Hz]</i></p> <p><i>Deviation by way of under injection (For Deviation up to [10% D_{Gs} or 100 MW, whichever is less])</i></p> <p><i>(I)(iv) @ RR when $f = 50.00$ Hz</i></p> <p><i>(I)(v) When [$50.00 \text{ Hz} < f \leq 50.05 \text{ Hz}$], for every increase in f by 0.01 Hz, charges for deviation for such seller shall be reduced by 3% of RR so that charges for deviation become 85% of RR when $f = 50.05\text{Hz}$</i></p> <p><i>(I)(vi) (When [$49.90 \leq f < 50.00 \text{ Hz}$], for every decrease in f by 0.01 Hz, charges for deviation for such seller shall be increased by 5% of RR so that charges for deviation become 150% of RR when $f = 49.90\text{Hz}$</i></p> <p><i>(II)(iii) @ 85% of RR when $f > 50.05$ Hz</i></p> <p><i>(II)(iv) @ 150 % of RR when [$f < 49.90$ Hz]</i></p>	<p>over injection should be equal to the charges payable by the Seller in case of under injection during the following scenarios:</p> <p>(I) For Deviation up to [10% D_{Gs} or 100 MW, whichever is less] and f within f_{band}:</p> <ul style="list-style-type: none"> • When [$50.00 \text{ Hz} < f \leq 50.05 \text{ Hz}$], • When [$49.90 \leq f < 50.00 \text{ Hz}$] <p>(II) For Deviation up to [10% D_{Gs} or 100 MW, whichever is less] and f outside f_{band}:</p> <ul style="list-style-type: none"> • When [$f < 49.90 \text{ Hz}$]

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3.	<p>Clause 8 (1) – Charges for Deviation</p> <p>(III) For Deviation beyond [10% DGS or 100 MW, whichever is less] and f within and outside f_{band}</p> <p><i>(i) Such seller shall be paid back @ zero when ($f < 50.10$ Hz): Provided that such seller shall pay @ 10% of RR when [$f \geq 50.10$ Hz]</i></p>	<p>The draft defines frequency limit as $f < 50.10$ Hz for this clause. However, considering a scenario when the frequency is in the lower range ($f < 49.90$ for example), the seller should be incentivized even if they are over-injecting by more than 10% of the schedule as they are supporting the grid.</p> <p>Accordingly, in such instances, the charges for deviation to be receivable by Seller shall be increased by 5% of RR so that the charges for deviation becomes 150% of RR when $f \leq 49.90$ Hz.</p>
4.	<p>Clause 8 (1) – Charges for Deviation</p> <p>(III) For Deviation beyond [10% DGS or 100 MW, whichever is less] and f within and outside f_{band}</p> <p><i>(ii) Such seller shall pay @ RR when [$f \geq 50.00$ Hz]</i></p>	<p>The draft defines frequency limit as $f \geq 50.00$ Hz for this clause. However, considering the scenario when f is in the higher range [$f < 50.05$], the seller should be incentivized even if they are under-injecting by more than 10% of the schedule as they are supporting the grid.</p> <p>Accordingly, in such instances, the charges for deviation to be payable by Seller should be reduced by 3% of RR so that the charges for deviation become 85% of RR when $f = 50.05$ Hz (similar to 8 (I)(v))</p>

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5.	<p>Clause 8 (1) – Charges for Deviation</p> <p>(III) For Deviation beyond [10% DGS or 100 MW, whichever is less] and f within and outside f_{band}</p> <p><i>Seller to pay @:</i></p> <p><i>(iii) @ 150% of RR when $[49.90\text{Hz} \leq f < 50.00 \text{ Hz}]$; and</i></p> <p><i>(iv) @ 200% of RR when $[f < 49.90 \text{ Hz}]$</i></p>	<p>These penalties are very high and it is requested that the penalties should be @125 % of RR and @150% of RR respectively in place of @150% of RR and @200 % of RR.</p>
6.	<p>Clause 8 (2)</p> <p>Charges for Deviation, in respect to general seller being an RoR generating station, shall be without any linkage to grid frequency, as under:</p> <p><i>(v) @ 110% of RR for deviation beyond [15% DGS or 150 MW, whichever is less].</i></p>	<p>It is requested that the charges payable by seller in case of under injection beyond [15% DGS or 150 MW, whichever is less] should be @105 % of RR in place of @110% of RR.</p>
7.	<p>Clause 8 (12)</p> <p><i>(12) Notwithstanding anything contained in Clauses (1) to (5) of this Regulation, in case of forced outage of a seller,</i></p>	<p>Collective transaction cannot be revised if the generator is under forced shutdown. Therefore, the charges for deviation for collective transaction may be</p>

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	<i>the charges for deviation shall be @ the reference charge rate for a maximum duration of eight time blocks or until the revision of its schedule, whichever is earlier.</i>	kept @ reference charge rate for the entire period of forced shutdown.
8.	General Comment	<p>For deviation beyond 10% of the D_{GS}, clarification is required whether the calculation will be incremental as per the previous DSM policy?</p> <p>Illustration- if the schedule is 200MW and the generation is 230MW (considering $f \geq 50.00$ Hz) will the penalty as per clause 8(III)(ii) be on 30MW or only on 10MW.</p>