

03-06-2024

To

Sh. Harpreet Singh Pruthi,
Secretary
Central Electricity Regulatory Commission
6th, 7th & 8th Floors, Tower B, World Trade Centre,
Nauroji Nagar, New Delhi- 110029

Dear Sir,

Sub: Comments on Deviation Settlement Mechanism and Related Matters) Regulations, 2024

This is in reference to the public notice issued by CERC on 'Deviation Settlement Mechanism and Related Matters Regulations, 2024' where comments are invited by the Commission vide Public Notice No. L-1/260/2021/CERC dated 30th April, 2024.

Working in the area of Power Market Design, Scheduling, Trading & Planning, and supporting various players in Power Trading and Market Participation, EMA Solutions strongly feels the need for the Power Market to remain free and competitive, with limited intervention in exceptional situations only.

Our comments on the said notification are elaborated under Annexure-1 enclosed herewith. Kindly consider our views in consideration of the market interest.

Yours truly,



Victor Vanya B
Director



About EMA

EMA Solutions Pvt. Ltd (EMA), is South Asia's leading Power Market Analytics firm, aimed at offering new-age Analytical, Big-data & AI, Trading Technology, Forecasting, Market Advisory and Knowledge solutions to Energy & Power Markets.

Our team has a diverse and suitable collective experience of 80+ years in areas of Power Market Design, Power Trading & Advisory, RE, Price & Demand Forecasting using AI & Statistical Models, Portfolio Management of Discoms and Generators, Power Plant Management, Forecasting, SLDC Operations and Big Data Analytics & AI. EMA caters to over 40+ leading Power Sector Players in the South Asian Market.

ANNEXURE-I

Comments and suggestions on draft CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2024 Regulations, 2024

Draft Regulation	Comments
Section 8: Charges for Deviation	<p>Since inception, the source of frequency on which the deviation penalty is based has remained a debatable issue for all stakeholders. Furthermore, the change in frequency is directly linked to grid stability, making proactive measures crucial for uninterrupted flow. Also, the frequency reserve is also becoming scarce and is replaced by uncontrollable renewable energy generations making the situation worse.</p> <p>Although RLDC and SLDC are providing frequency data on their websites, it is often observed that the final frequency used for DSM calculation differs from the displayed frequency. This discrepancy makes it difficult for both buyers and sellers to take necessary proactive measures. Consequently, grid stability as well as the project viability is jeopardized.</p> <p>Moreover, due to these discrepancies, stakeholders are unable to take corrective measures in advance to respond effectively to frequency fluctuations.</p> <p>Proposed Solution: As we transition towards a unified national grid, there is a dire need for a reliable real-time source of frequency. It is suggested that NLDC can provide a single nation-wide frequency reference value in real-time through API and display the same for all the previous blocks including the current block. It will be helpful for all the stakeholders to minimize the DSM penalty as well as enhancing the grid stability.</p>
Section 7: Normal Rate of Charges for Deviations	<p>In the past, it is often observed that the stakeholders are using DSM and its linked pricing to maximize their profits defeating the purpose of DSM implementation.</p> <p>Proposed Solution: It is suggested to use minimum of DAM and RTM price instead of an average pricing mechanism to demoralize such stakeholders and boosting the balancing act through exchanges.</p>
Section 7: Normal Rate of Charges for Deviations	<p>The current market design is making it difficult to calculate the Ancillary service price in real-time resulting in lack of proactive initiatives taken by stakeholders to minimize their schedule deviation.</p> <p>Proposed Solution: Ancillary service price to be provided in real-time by NLDC.</p>