SUGGESTION /OBJECTION ON THE DRAFT DSM OF CERC

The primary purpose of DSM regulation as per, preamble and objective is to develop a commercial mechanism in the interest of security and stability of the grid.DSM scheme should be self supporting.

RLDC should not have surplus fund. Otherwise it may be considered as income of RLDC and it may attract Income Tax and Service Tax.

Similarly RLDC should not have deficit in fund. Otherwise implementation of scheme will be jeopardized . It will deter seller/buyer to assist in GRID management. This will also necessitate ways to collect fund to meet deficit. Further RLDC has to decide priority for payment of dues. Even some stake holders dragging RLDC to court of law for their payment is not ruled out. As indicated in the explanatory note(Page 31,Clause 7.3) there is deficit in the range of 400 crores as on March,2024 as reported by GRID INDIA.

It is also worth mentioning here that as per Act, financial transaction is not a function of RLDC.

The team responsible for designing the algorithm may revisit and modify so that payment to RLDC should always be equal to payment from RLDC.

The following example explains the algorithm requires modification.

As per clause number 8, (I),(i) – the seller will receive for over injection

> @ RR when $f = 50.00$ Hz
> But as per clause no 8,(7), iv) the buyer for over drawal will pay
> @ NR when $f = 50.00$ Hz
> It is very likely to create problem for the fund administrator or regional load dispatch centre.
> A small example is given as below-

We consider a system with two sellers supplying 800 MW each to four buyers with 400 MW each and assume Loss as zero.

> Seller – G1 = 800 MW
>
> G2 = 800 MW
>
> Buyer – L1 = 400 MW
>
> L2 = 400 MW
>
> L3 = 400 MW
>
> L4 = 400 MW

System f is 50.00 Hz

Buyer L1 started drawing 450 MW

f started coming down from 50.00 Hz

Seller G1 increased generation 50 MW and frequency restored to 50 Hz

As per the draft DSM the buyer will pay

@NR for 50 MW

the seller will receive

@RR for 50 MW

If NR is not equal to RR how the payment settlement will be done by the RLDC?

The same problem will also arise while setting payment for other condition for 8 (1)(iii)

The seller will receive 115% of RR when f = 49.90 Hz

Whereas the buyer will pay 150% of NR when f = 49.90 Hz

It is therefore necessary to specify charges so that whatever payment is received by RLDC is sufficient to pay to seller or the buyer.

Unless this anomaly is properly addressed, RLDC will have either excess fund or will have shortage of fund for settlement in long run.

It is therefore requested to suitably modify the design of DSM

(Dr. K.K. Das)