

May 3, 2024

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

Sent by email to: secy@cercind.gov.in

Dear Sir:

Sub : Feedback on Draft Regulation 2024 on Fees and Charges for RLDCs and NLDCs

We extend our appreciation to the Central Electricity Regulatory Commission (CERC) for its longstanding commitment to building the Institution of System Operation in India, exemplified by the draft regulations on fees and charges for Regional Load Dispatch Centres (RLDCs) and National Load Dispatch Centres (NLDCs).

The proposed regulation provides a crucial framework for the development of the Institution of LDCs in India, ensuring much needed financial autonomy and future advancements, including the integration of pertinent Key Performance Indicators (KPIs) updated every five years.

While Section 6 of the regulation has been instrumental in the past, contemporary developments such as decarbonization and enhancements of Market etc., necessitate periodic refinements. Thus, we see this draft regulation as an opportune moment for submission of suggestions, particularly regarding the section 6 of the regulation, functions of NLDCs and RLDCs and KPIs thereof, including the following statement:

"6. Functions of RLDC and NLDC (1) Market Operation includes but shall not be limited to the following functions: (a) Facilitating grid access to new entities, including but not limited to first time charging of elements; (b) Open access administration, (c) Finalization of Inter-change schedules for energy accounting (d) Facilitation and monitoring of Day Ahead Market and Term Ahead Market, (e) Facilitation and Monitoring of Real Time Market, (f) Facilitation and Monitoring of Ancillary Services Market, (g) Interface energy metering."

CERC's commendable efforts in market development, including recent power market regulation and proposals for Market Coupling, merit incorporation into the functions of NLDCs outlined in this regulation. The Bank has previously made submissions to the CERC supporting the case for coupling of NLDC SCED with the Power Exchanges: https://cercind.gov.in/2023/draft_reg/Market-Coupling/World%20Bank.pdf. Our submission also alluded to the need for accelerating the process of introduction of state level SCED and couple the states SCEDs as well to elicit cost and security benefits throughout the system.

In order to achieve a better national dispatch through market and SCED processes, adequate provision of resources such as human capital, tools, and skills is imperative to empower institutions like NLDCs/RLDCs to effectively fulfil the CERC's directives and Government of India's vision.

Given the significant success of Security Constrained Economic Dispatch (SCED) in nationwide economic optimization, as outlined in the IEGC 2023 approved by CERC, we propose the inclusion of a specific KPI for daily dissemination of granular System Marginal Prices (SMPs) resulting from routine SCED operations at the national level and handholding SLDCs in this endeavor.

This KPI, in conjunction with the procedure for SCED outlined in the draft (Appendix IV(ii)), should entail, besides publication of SCUC and SCED procedures, alongside daily SMP reports, on the NLDC's website. Additionally, assistance to SLDCs in intra-state SCED implementation should be provided by RLDCs/NLDC. There is a specific clause that we would like to bring to your attention:

"Finalization of Security Constraint Unit Commitment (SCUC) and Security Constrained Economic Dispatch (SCED), and publishing the same on its website"

We request that this particular KPI may be expanded, clarified and rephrased as follows:

"Finalization of Security Constraint Unit Commitment (SCUC) and Security Constrained Economic Dispatch (SCED), procedure and publishing the same along with daily report of SMP and other details of SCED results on its website; also hand holding the state in implementing intra state SCED "

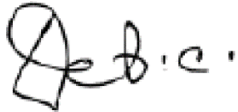
Public access to SMP SCED/SCUC daily reports will not only motivate states and stakeholders to pursue further economic efficiencies but also stimulate the power market. In past detailed reports are already available in the public domain, demonstrating the feasibility and benefits of such transparency including the following:

https://posoco.in/wp-content/uploads/2021/09/POSOCO_SCED_Extended_Pilot_Detailed_Feedback_Report_Sep_2021-1.pdf

https://posoco.in/wp-content/uploads/2020/02/POSOCO_SCED_Pilot_Detailed_Feedback_Report_Jan_2020.pdf

In conclusion, we respectfully urge CERC to consider incorporating provisions for the enhancement of SCED and SCUC, including the public dissemination of granular SMP reports as a specific KPI. The proactive adoption of such measures would undoubtedly enhance the efficiency and competitiveness of the Indian power sector, setting a precedent for emulation by all State Electricity Regulatory Commissions (SERCs) and SLDCs nationwide. The World Bank reiterates its commitment to provide any Technical Assistance in this regard.

Yours sincerely,



Debabrata Chattopadhyay,

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