

Draft RLDC Fees & Charges Regulations, 2024

Comments/ Suggestions from GRID-INDIA

PREAMBLE

- **Functional and financial autonomy of LDCs viz. System Operators is the key**
 - To ensure reliability of electricity grids
 - For functioning of an efficient electricity market.
- **Regulation of the System Operation function shall ensure:**
 - Transparency and Accountability exercised by the System Operators
 - Performance Standards
 - Regulatory Compliance
 - Innovation and Adaptation

PREAMBLE

- **The CERC (Regional Load Despatch Centres Fees and Charges) Regulations**
 - A key step towards ensuring financial autonomy
 - Provided sufficient freedom to the RLDCs & NLDC
 - Encouraged learning and growth without being too prescriptive.
- **The draft notification is fourth (4th) since 2009**
 - Provides an excellent framework
 - However, prescriptive at certain places like KPIs.
- **Considering the key role of System Operators in navigating the energy transition, the Forward looking and progressive Regulations would greatly help GRID-INDIA to retain & attract the HR talent pool.**

GRID-INDIA has implemented many key reforms and regulation with the guidance of the Hon'ble Commission. These have been implemented by GRID-INDIA with very challenging timelines.

- **Real Time Market (RTM)**
- **Security Constrained Economic Despatch (SCED)**
- **DSM Regulations 2022**
- **Ancillary Services Regulations 2022**
- **Procedures pertaining to Indian Electricity Grid Code, 2023**
- **General Network Access (GNA)**

Suggestions from GRID-INDIA

- GRID-INDIA vide letter dated 20th May 2024 submitted comments/suggestions on Draft Fees & Charges Regulations 2024.
- Some of the important comments are highlighted below:

Para no. 28.6 : Provided that **“Team’s Performance Component”** under Annexure-IV of DPE Office Memorandum No. W-02/0028/2017-DPE (WC)-GL-XIII/ 17 dated 3.8.2017 for each RLDC or NLDC shall be taken as Performance approved by the Commission for each RLDC or NLDC **as per Appendix-IV of these Regulations**

Suggestions: It is proposed to delink the Team Performance and KPI parameters under these Regulations as it has different objectives. However, It is proposed that GRID-INDIA shall assign more weightage to the CERC KPI’s in the Team Performance evaluation framework of the Company (50%) and balance 50% weightage could be assigned to the KPIs identified by GRID-INDIA covering its other operations.

Justification:

- As per DPE Memorandum, CPSEs are entrusted with the responsibility of identifying team performance indicators, based on the nature of operations and MoU parameters.
- “The team rating shall be linked to individual Plant/Unit’s productivity measures and operational and physical performance, primarily derived from CPSE’s MoU parameters and as identified by CPSE depending upon the nature of the industry/business...”
- GRID-INDIA’s Team Performance evaluation framework covers
 - DPE provisions
 - MoU parameters
 - CERC KPIs
 - Other parameters encompassing its business operations.
- **Therefore, restricting the Team performance indicators solely to CERC-identified parameters would not be in line with the spirit of the DPE guidelines.**

Suggestions from GRID-INDIA

Para no. 28.4 : Submission of revised KPI procedure by NLDC by end of December in each year starting from December 2024, for the proposed KPIs for next financial year.

Suggestions:

- **Exercise of annual KPIs being approved by Commission every year would be a time consuming process. Instead there could be a section with 15-20% weightage for new innovation/ R&D activity done every year by RLDCs & NLDC.**
- **From the year 2025-26 onwards, NLDC shall, at the time of filing the petition for claiming the PLI for the year, shall incorporate additional KPIs based on any new specific compliances made applicable on NLDC/RLDCs by the Commission for that year.**
- **In the absence of any additional compliances directed by the Commission, KPIs & their weightages approved for last FY shall be applicable for next FY till 2028-29.**

Suggestions from GRID-INDIA

Para no. 28.6 : Provided further that provisional payment of Performance Related Pay may be made based on 95% of the previous year's Performance approved by the Commission for each RLDC or NLDC if the Performance is not approved by the Commission for the year, subject to final adjustment as per the approved performance for each RLDC or NLDC for the year.

Suggestions :

- As previous year data is not available even during the year, it is proposed to allow provisional billing on monthly basis considering 90% performance level, subject to adjustment based on final approval.
- Allow monthly billing (provisional) instead of one time PLI billing/payment to streamline cash flow to both Users and also to RLDCs/NLDC.

Suggestions from GRID-INDIA

- The Regulations for preceding control period provide detailed functions of RLDCs & NLDC in the categories of System Operation, Market Operation, System Logistics etc.
- However, the draft Regulation for current control period broadly mention functions in System Operation and market Operation. The System Logistics functions may be added under the functions of RLDC and NLDC.
- The detailed functions (department-wise) are mentioned in Annexure-I to the comments submitted by GRID-INDIA.

THANK YOU