

APP Comments on Draft CERC (Deviation Settlement Mechanism and related matters) (Fifth Amendment) Regulations, 2019

Clause no. as per Draft Amendment	Provision as per the Draft Amendment	Modifications/additions suggested by APP	Rational for suggestions / Clarifications sought
New Clause	New Clause	Waiver of penalties imposed under sign change violation provision of 4 th Amendment.	<p>The Additional deviation charge in case of sign change violation as introduced under 4th amendment was very stringent and had severe impact through penalty amount imposed on Generating stations and Discoms.</p> <p>As highlighted in the Explanatory Memorandum of the draft regulation, this regulation has been proposed to take a considered view on technical and operational difficulties raised by the stakeholders in effective implementation of the 4th Amendment of the DSM Regulations which came into effect from January 01, 2019. Due to these operational and technical difficulties various power plants have ended up with huge DSM implications.</p> <p>It is requested that penalty imposed under 4th amendment under sign change violation may be waived off</p>

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			retrospectively starting from 1st Jan'19 and a process may be outlined for refund of such penalties already paid.
3.2	<p>Clause (3) of Regulation 5 of the Principal Regulations shall be substituted as under:-</p> <p><i>“The Cap rate for the charges for deviation for the generating stations, irrespective of the fuel type and whether the tariff of such generating station is regulated by the Commission or not, shall not exceed 303.04 Paise/kWh.”</i></p>	<p>Clause (3) of Regulation 5 of the Principal Regulations shall be substituted as under:-</p> <p><i>“The Cap rate for the charges for deviation for the generating stations, irrespective of the fuel type and whether the tariff of such generating station is regulated by the Commission or not, shall not exceed 303.04 Paise/kWh energy charges as billed for previous month”</i></p>	<p>For Commission regulated generating station, the variable charge (ECR) is being computed on actual fuel cost basis and therefore for any over-injection/Under-injection, the cost incurred by such plants would be ECR only. However, the scenario is different in other cases (non-regulated generating stations), where variable charge is being provided on tariff quote which may be different than the actual fuel cost.</p> <p>Therefore, it has requested to continue with existing practice for commission regulated generating station having cap rate equivalent to the energy charges as billed for previous month.</p>

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4.5	<p>Clause (10) of Regulation 7 of the Principal Regulations shall be substituted as under:</p> <p>"In the event of sustained deviation from schedule in one direction (positive or negative) by any regional entity (buyer or seller), such entity shall correct its position in the manner as specified under clauses (a) and (b) of this Regulation.</p> <p>(a) Up to 31.03.2020, if the sustained deviation from schedule continues for 12 time blocks, the regional entity (buyer or seller), shall correct its position by making the sign of its deviation from schedule changed or by remaining in the range of +/- 10 MW with reference to its schedule, at least once, latest by 13th time block.</p> <p>Provided that each violation of the requirement under this clause shall attract an additional charge of 10% on the time block DSM payable / receivable as the</p>	<p>Clause (10) of Regulation 7 of the Principal Regulations shall be substituted as under:</p> <p>"In the event of sustained deviation from schedule in one direction (positive or negative) by any regional entity (buyer or seller), such entity shall correct its position in the manner as specified under clauses (a) and (b) of this Regulation.</p> <p>(a) Up to 31.03.2020, if the sustained deviation from schedule continues for 12 time blocks, the regional entity (buyer or seller), shall correct its position by making the sign of its deviation from schedule changed or by remaining in the range of +/ - 10 MW +/- 25 MW with reference to its schedule, at least once, latest by 13th time block.</p> <p>Provided that each violation of the requirement under this clause shall attract an additional charge of 10% on the time block DSM payable / receivable as the</p>	<p>We submit that the deviation range of +/-10 MW may be insufficient for high capacity thermal generating stations. Coal based Thermal generating stations are also known for their sluggish nature of response as compared to Hydro/Oil/Gas based stations and thus, capacities higher than 200 MW with comparatively low ramp up/ramp down rates are likely to find it difficult to comply with such limit of +/- 10 MW. Hence, we propose revised limits as +/- 25 MW.</p> <p>Prior to applicability of 4th Amendment to DSM Regulations, the erstwhile DSM regulations provided for guidelines for changing sign of deviation within 12 time blocks. During such phase, there was no penalty for violating such guidelines.</p> <p>However, subsequent to implementation of 4th Amendment to DSM Regulations, not only such</p>

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	case may be.	<p>ease may be as specified in the table below:</p> <table border="1" data-bbox="972 435 1523 1203"> <thead> <tr> <th data-bbox="972 435 1196 564">No. of violations in a Day</th> <th data-bbox="1196 435 1523 564">Additional Charge Payable</th> </tr> </thead> <tbody> <tr> <td data-bbox="972 564 1196 762">From first to fifth violation</td> <td data-bbox="1196 564 1523 762">For each violation, an additional charge @ 3% of time block DSM payable / receivable</td> </tr> <tr> <td data-bbox="972 762 1196 960">From sixth to tenth violation</td> <td data-bbox="1196 762 1523 960">For each violation, an additional charge @ 5% of time block DSM payable / receivable</td> </tr> <tr> <td data-bbox="972 960 1196 1203">From eleventh violation onwards</td> <td data-bbox="1196 960 1523 1203">For each violation, an additional charge @ 10% of time block DSM payable / receivable</td> </tr> </tbody> </table>	No. of violations in a Day	Additional Charge Payable	From first to fifth violation	For each violation, an additional charge @ 3% of time block DSM payable / receivable	From sixth to tenth violation	For each violation, an additional charge @ 5% of time block DSM payable / receivable	From eleventh violation onwards	For each violation, an additional charge @ 10% of time block DSM payable / receivable	<p>timeline for changing the sign was halved to 6 time blocks, but also penalties were levied in tune of 20% for each violation. Applicability of such Amendment Regulations have already caused substantial losses for the entities.</p> <p>Accordingly, we submit that though Hon'ble Commission has proposed to relax the timeline for changing the sign of deviation to 12 time blocks again till 31.03.2020, the penalty has been fixed at 10% for each such violation which again would be vindictive for the generating stations. Hence, we propose that instead of keeping the penalty constant at a rate of 10% for each violation for period upto 31.03.2020, the penalties should be kept in slabs as has been proposed by Hon'ble CERC for the period subsequent to 31.03.2020.</p>
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4.5	<p>(b) From 01.04.2020, if the sustained deviation from schedule continues for 6 time blocks, the regional entity (buyer or seller), shall correct its position, by making the sign of its deviation from schedule changed or by remaining in the range of +/- 10 MW with reference to its schedule, at least once, latest by 7th time block.</p> <p>Provided that violation of the requirement under this clause shall attract an additional charge as specified in the table below:</p> <table border="1" data-bbox="389 991 945 1321"> <thead> <tr> <th data-bbox="389 991 613 1121">No. of violations in a Day</th> <th data-bbox="613 991 945 1121">Additional Charge Payable</th> </tr> </thead> <tbody> <tr> <td data-bbox="389 1121 613 1321">From first to fifth violation</td> <td data-bbox="613 1121 945 1321">For each violation, an additional charge @ 3% of daily base DSM payable / receivable</td> </tr> </tbody> </table>	No. of violations in a Day	Additional Charge Payable	From first to fifth violation	For each violation, an additional charge @ 3% of daily base DSM payable / receivable	<p>(b) From 01.04.2020, if the sustained deviation from schedule continues for 6 time blocks, the regional entity (buyer or seller), shall correct its position, by making the sign of its deviation from schedule changed or by remaining in the range of +/- 10 MW +/- 25 MW with reference to its schedule, at least once, latest by 7th time block.</p> <p>Provided that violation of the requirement under this clause shall attract an additional charge as specified in the table below:</p> <table border="1" data-bbox="972 991 1527 1362"> <thead> <tr> <th data-bbox="972 991 1196 1121">No. of violations in a Day</th> <th data-bbox="1196 991 1527 1121">Additional Charge Payable</th> </tr> </thead> <tbody> <tr> <td data-bbox="972 1121 1196 1362">From first to fifth violation</td> <td data-bbox="1196 1121 1527 1362">For each violation, an additional charge @ 3% of daily base time block DSM payable / receivable</td> </tr> </tbody> </table>	No. of violations in a Day	Additional Charge Payable	From first to fifth violation	For each violation, an additional charge @ 3% of daily base time block DSM payable / receivable	<p>As highlighted in above point, the deviation limits of +/- 10 MW should be revised +/- 25 MW.</p> <p>Further, consider a case, where a violation has occurred at 6 AM, but later due to some unforeseen/favorable instances, daily DSM payable/receivable amount comes out very high for the day. In such case, the penalty imposed against each violation would also be very high as the post facto instances would have a huge impact for the violation conducted before such instances. Otherwise the concerned entity would be forced to minimize the daily DSM payable/receivable irrespective of grid frequency.</p> <p>Therefore, Additional deviation charge in case of sign change violation should always be calculated on the time block DSM payable/</p>
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<p>4.5 3rd proviso to (b)</p>	<p><i>Provided also that payment of additional charge for failure to adhere to sign change requirement as specified under clauses (a) & (b) of this regulation shall not be applicable to:</i></p> <p><i>a. renewable energy generators which are regional entities</i> <i>b. run of river projects without pondage</i> <i>c. any infirm injection of power by a generating station prior to CoD of a unit during testing and commissioning</i></p>	<p><i>Provided also that payment of additional charge for failure to adhere to sign change requirement as specified under clauses (a) & (b) of this regulation shall not be applicable to:</i></p> <p><i>a. renewable energy generators which are regional entities</i> <i>b. run of river projects without pondage</i> <i>c. any infirm injection of power by a generating station prior to CoD of a</i></p>	<ul style="list-style-type: none"> • Additional Sub Point (h) has been proposed in view of the perspective of power plants based on heat recovery from exit flue gases of some other thermal processes. The heat recovery boilers draw heat from the flue gases, which if not utilized needs to be flared in the atmosphere which not only causes environmental restrictions but also results to wastage of an 								

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	<p><i>activities, in accordance with the Connectivity Regulations.</i></p> <p><i>d. any drawal of power by a generating station for the start-up activities of a unit.</i></p> <p><i>e. any inter-regional deviations.</i></p> <p><i>forced outage of a generating station in case of collective transactions on Power Exchanges.</i></p>	<p><i>unit during testing and commissioning activities, in accordance with the Connectivity Regulations.</i></p> <p><i>d. for the start-up activities of a unit of a generating station.</i></p> <p><i>e. any inter-regional deviations.</i></p> <p><i>f. forced outage of a generating station/unit in case of collective transactions on Power Exchanges.</i></p> <p><i>g. <u>Relaxation upto 1 violation for instances of forced outage of a generating station/unit even in case of LT/MT/ST transactions.</u></i></p> <p><i>h. <u>Power plants based on Heat Recovery mechanisms</u></i></p> <p><i>i. <u>Any sustained deviation due to triggering of RGMO instruction</u></i></p>	<p>energy resource which obviously a developing country like India can't afford to do. However, it is to be noted that such heat recovery technologies of extracting heat from flue gases involves certain challenges of irregular flow of heat supply. As a result, these stations also face challenges to get a firm tie up and thus, usually operate on Short term market/power exchanges. Also, These Heat Recovery Boilers are usually of small capacities and are not capable of producing very high pressure steam alike conventional boilers which operate on fuels like coal, lignite or gas. Hence, a combination of such heat recovery boilers are required to operate the minimum optimum sized TGs. This distinguishes these Heat</p>

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			<p>Recovery Generating Units from Conventional Generating Units as such Heat Recovery Generating Units are required to run (at partial capacity) even with one or two boilers in outage or in redundant state.</p> <ul style="list-style-type: none"> • Changes in Proposed Sub Point (f) is proposed envisaging a possibility that in some cases where two or more units comprise to form a power station, one of the Units experience forced outage leaving rest of the Units operating without any trouble. In such a situation, though the station might not have gone to outage, but outage of any Unit may cause the station to suffer additional losses as per the Regulation 7.1 and 7.2 of amended DSM Regulations. Hence, we propose that power stations may be

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			<p>exempted from penalty payment of additional charge for failure to adhere to sign change requirement during forced outage of any of the units within the power station.</p> <ul style="list-style-type: none"> • Additional Sub Point (g) is proposed based on a situation where a generating station/unit having a sustained deviation in one direction for 11 time blocks (since last sign reversal) experiences a forced shutdown in 12th time block. In such a scenario, since the Capacity declaration/Schedule revision would also not happen before 15th time block, the generator would face one definite violation due to sustained deviation beyond 13th time block whether it be a LT/MT/ST scheduling or collective transaction. Hence, such immediate sign change

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			<p>violation due to forced outage should be granted relaxation from penalty of sustained deviation whether it be a LT/MT/ST scheduling or collective transaction.</p> <ul style="list-style-type: none"> • Additional Sub Point (i) has been proposed in view of situations which may occur due to triggering of RGMO operations. In a situation where a generating station/unit is having a sustained deviation in one direction for 11 time blocks (since last sign reversal) experiences a RGMO instruction in the same direction in 12th time block, would not be able to change its sign in 13th time block resulting to one definite violation due to sustained deviation beyond 13th time block. In such cases, the generating units/stations should be granted relaxation from such

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			<p>immediate sign change violation which is an uncontrollable situation for the generator should be granted relaxation from any penalty.</p> <p>In line with Sub Point (d), there could be a similar case where there are multiple units comprising a generating station and when one of the unit is in the process of start-up, such unit's auxiliaries draw power from other units instead of the grid. In such situations, upon synchronization of the start-up unit, it faces substantial fluctuating load (which is unpredictable in nature) and thus for a higher capacity unit in range of 500-800 MW, it might become difficult for the station as a whole to maintain the sign change norm. Hence, we humbly propose that such situations of start-up, whether power is drawn from the grid or from station auxiliary transformer, shall be excluded from the ambit of such violation and</p>

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			resultant penalty.
New Clause	New Clause	Implementation of the 5 th Amendment Regulation may be linked to upgradation of SEMs.	As highlighted in the Explanatory Memorandum of the draft regulation, it is imperative to ensure that there is no mismatch in the Special Energy Meter (SEM) and Supervisory Control and Data Acquisition (SCADA) data. Several SEMs installed by the DISCOMS are still not upgraded and plant operators are unable to access the SEM information on real time basis and there are frequent time drifts in these meters. To avoid the fallouts, it is proposed that these provisions of the regulation may only brought into force when SEMs have been GPS enabled.

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New Comment	New Comment	Sign change at frequency <49.85 and >50.05 shall be exempted.	Any under injection when frequency is more than 50.05 Hz and over injection when frequency is less than 49.85 Hz, should be exempted from the sign change requirements because these actions are supporting the grid.