

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

‘Vidyut Niyamak Bhawan’, Near I.S.B.T., P.O.-Majra, Dehradun-248171

Explanatory Memorandum for Uttarakhand Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2017

Background & Philosophy:

Understanding the need of an effective framework for adherence of scheduled generation/demand by the generators/consumers in the inter-state transmission network, Central Electricity Regulatory Commission had notified CERC (Unscheduled Interchange charges and related matters) Regulations, 2009 on 30.09.2009 which was later on superseded by CERC (Deviation Settlement Mechanism and related matters) Regulations, 2014 notified on 06.01.2014.

The concept of the aforesaid Regulations is based on Availability Based Tariff (ABT) mechanism and is focussed on encouraging grid discipline by making the pricing of Power as frequency dependent, thereby forcing the participants to improve procedures for forecasting, scheduling, load despatch and adherence to their scheduled commitment of drawl/injection. The ABT/DSM has been laid down on financial principles, wherein all Grid users must declare a schedule for generation and drawl every 15 minutes time block one day in advance. Any deviation from the schedule is charged at rates, which are dependent on frequency at that point in time.

The main objectives/benefits of introduction of ABT/Deviation Settlement Mechanism (DSM) are to:-

- a) Encourage grid discipline necessary for stability of Grid
- b) Promote trade in energy and capacity
- c) Economic load despatch
- d) Encourage higher generation availability

The Commission held a public hearing on 04.10.2016 to facilitate oral submission of the stakeholders and other interested persons. The comments/objections/suggestions of the stakeholders have also been considered. List of stakeholders who submitted comments on draft Regulations and list of participants who attended the hearing is provided at **Annexure-I**.

Need:

The Commission is of the view that large deviations by the Generator/Consumers from their Day ahead Drawals/Injections Schedules is detrimental for the Grid Stability & Security. Further, the Commission is of the view that in the absence of the Intra-State ABT mechanism and DSM in the State, the financial implication on account of deviations by generators/consumers is passed on to the sole Distribution Licensee in the State i.e. UPCL under the existing inter State ABT mechanism, which from accountability point of view is incorrect. Therefore, the financial impact of deviations from scheduled Drawls/Injections by the entity should be passed on to that entity only.

Objective:

The Commission through these Regulations intends to achieve the objective of driving the distribution utilities/open access customers to go for planned procurement of electricity and creating an environment for generators to adhere to their scheduled injections. Over the time, the Utilities have overlooked the need for planning generation adequacy and have not gone for adequate capacity additions/tie-ups and relied on over-drawal from the grid for meeting their consumer demands. The Commission opines that the utilities should plan for procurement of power on long term, medium-term and short-term agreement basis instead of resorting to over-drawals through Deviation Settlement Mechanism.

UERC has decided to introduce Intra-State ABT mechanism under Uttarakhand Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2017 in the Intra-State level which not only provides incentives to generators/consumers who support in maintaining the grid discipline but also penalizes these generators/consumers who deviate from their Drawal/Injection Schedules at intra-state transmission level thus building a mechanism for Frequency Linked Pricing.

With the implementation of Uttarakhand Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2017 it is expected that the Unscheduled Interchange of power/deviation from schedule by open access consumers/distribution licensee/intra-state generators would reduce which would help in maintaining grid discipline including its stability at the intra State level.

Applicability:

The aforesaid Regulations shall come into force w.e.f. 01.04.2018. The rationale behind it is to give sufficient time to the Generators, State Transmission Utility, Transmission Licensees, SLDC, Distribution Licensees and Open Access Users for completing the pre requisite activities/works necessary for implementation of Intra-State ABT namely installation of ABT compliant special energy meters on the interface points, SCADA, Automatic Demand Management Scheme alongwith other associated hardware and software installations etc. in line with RLDCs much in advance, before the said stipulated date for enforcement of the commercial mechanism amongst the State Constituents in accordance with the UERC (State Grid Code) Regulations, 2016 and UERC (Deviation Settlement Mechanism and Related Matters) Regulations. SLDC shall be the Nodal Agency and shall issue necessary instructions/directions to the State Constituents for ensuring timely completion of aforesaid balance activities.

List of stakeholders who submitted comments on draft Regulations

1. Power Transmission Corporation of Uttarakhand Limited (PTCUL).
2. State Load Dispatch Centre (SLDC).
3. Uttarakhand Power Corporation Limited (UPCL)
4. UJVN Ltd.
5. Uttarakhand renewable Energy Development Agency
6. M/s Adani
7. M/s Sravanthi
8. M/s Gamma Infraprop (P) Ltd.

List of participants who attended the Public Hearing

1. Sh. M.A. Khan, Director (F), UPCL.
2. Sh. A.K. Singh, C.E, UPCL
3. Sh. Purushottam Singh, E.D (O&M), UJVNL
4. Sh. Meg Bahadur Thapa, GM (Comml), UJVNL
5. Sh. Deoki Nandan Pant, D.G.M, UJVNL
6. Sh. Ambrish Sharma, E.E (Comml.), UJVNL
7. Sh. Rakesh Singh, A.E, UJVNL
8. Sh. Kamal Kant, C.E (C&R), PTCUL.
9. Sh. S.P. Arya, S.E (C&R), PTCUL.
10. Sh. G.A. Naidu, Director (Projects), SEPL
11. Sh. Antriksh Singh Bisht, Dy. Manager, SEPL
12. Sh. Arpit Agarwal, Manager, Gama Infra Prop. (P) Ltd.
13. Sh. Anurag Gangola, Sr. Executive Officer, KGCCI
14. Sh. Sachin Sharma, Reg. Manager, Arunachal Pradesh Power Corporation Ltd.