

## **HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION, SHIMLA**

In the matter of draft Himachal Pradesh Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) Regulations, 2018.

**CORAM**

**Sh. S.K.B.S. Negi**

**Chairman**

**Sh. Bhanu Pratap Singh**

**Member**

### **ORDER**

The Himachal Pradesh Electricity Regulatory Commission (hereinafter referred as “the Commission”) made the Himachal Pradesh Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) Regulations, 2018, published in the Rajpatra, Himachal Pradesh, dated 29<sup>th</sup> June, 2018.

2. As required vide sub-section (3) of the section 181 of the Act and read with Rule (3) of Electricity (Procedure of Previous Publication) Rules, 2005, the Commission invited public objections and suggestions by way of insertions in two News papers i.e. “Hindustan Times” and “Dainik Bhaskar” on 4<sup>th</sup> July, 2018. The full text of the draft regulations was also made available on the Commission’s website: [www.hperc.org](http://www.hperc.org).
3. The Commission, vide letter dated 04.07.2018, also requested the major stakeholders, including the Industries Associations, State Government, Directorate of Energy, Open Access Users Association, Small Hydro Power Producers Associations, State Load Despatch Centre and Distribution Licensee to send their objections/suggestions as per the aforesaid public notice, on or before 30.07.2018.
4. The following stakeholders have filed their written submissions:-
  - (i) ACC Limited, Gagal Cement Works PO. Barmana, Bilaspur- 174013 (HP).
  - (ii) The Himachal Pradesh State Electricity Board Limited, Vidyut Bhawan, Shimla-171004 (HP).
  - (iii) The Directorate of Energy, Shanti Bhawan, Phase-III, Sector-VI, New Shimla-171009 (HP).
  - (iv) The Himachal Pradesh Power Corporation Ltd., Himfed Building, BCS, New Shimla-171009 (HP).
5. The Commission now proceeds to consider the submissions made by the various stakeholders and Commission’s view on such submissions are as under:-
  - A. Consideration of minimum Deviation Volume limit with percentage of 12% for determining the Additional Charges for crossing Deviation Limits.**

#### **Comments**

That the basis of excess drawal of 12 % may be elaborated. In some States it is 10% and in some it is equal to the smallest size of the Unit (Generator) and in

some States it is 150 MW whereas in others it is 75 MW fixed without any percentage. Moreover, as per the CERC UI/DSM Regulations, in case schedule of buyer or seller in a time block is less than or equal to 400 MW (in case of Himachal Pradesh) not 150 MW, the charges for the deviation for under-drawal or over injection are being calculated on 48 MW not on 18 MW or less schedule. Therefore, it has been suggested that for calculation of UI/Deviation charges, the under-injection/over-injection of electricity by a seller/buyer during a time-block in excess of 12% of the scheduled injection of such seller or proportionate of 48 MW whichever is higher, should be considered.

### **Commission's View**

Since the quantum of exchanges in the State is much lower, fixation of the proposed minimum quantum of 150MW, 75 MW or any other quantum is not feasible. In case it is done, the same may virtually exclude most of the State Entities from the ambit of these regulations and as such may defeat the very purpose of having DSM Regulations for the State. The Commission has proposed the percentage of 12% in a prudent manner by taking into account the cut-off limit of 12 % of scheduled drawls/injection as per CERC Regulations for deviation settlement i.e CERC (Deviation Settlement Mechanism and related matters) Regulations, 2014.

## **B. Relaxation to levy the Charges for Deviations and additional charges for crossing Deviation Volume Limits for Open Access Consumers in force majeure conditions.**

### **Comments**

In the background of regulation 7(1) of the draft regulations it has been mentioned that the Open access Consumers purchase power from Open market by paying in advance. They are not doing Under Drawal of purchased power at their will. Under drawal is happening due to some forced outages or technical issues in their plant. It has been submitted that the Commission may not keep a cap on Under Drawal. In Section 9, clause of force majeure should also be provided.

### **Commission's View**

The NRLDC/NRPC levies these charges from the State as per the schedule in force in a particular time block without going into the reasons for deviations. As such this proposal is not accepted. In fact every State Entity may have some valid reasons for the deviations and it is not feasible to exempt any single category.

## **C. Recovery of Congestion Charges imposed by the NRLDC.**

### **Comments**

The HPSEBL has suggested that provisions on the following line be also be incorporated in the regulations:-

“In the event of congestion in NR import/export as reported by the NLDC through respective RLDCs congestion charges are imposed by the NRLDC

as a result of which congestion charges may be payable/receivable by Himachal Pradesh depending upon the real time behavior of the State in line with the Central Electricity Regulatory Commission, Measures to relieve congestion in real time operation Regulations, 2009. The SLDC shall subsequently reflect the amount of congestion charges in the weekly accounts statement showing the share of each State Entity on the basis of deviation by each user calculated for each time block:

Provided further that SLDC shall, apportion, congestion charges within three days from the date of issuance of Congestion Charges Account from NRPC and each entity shall pay the amount indicated in the account within 7 (seven) days of issuance of such account by SLDC. If payments against the congestion charges are delayed by more than two days, i.e. beyond nine (9) days from the date of issue of the bill by the SLDC, the defaulting Buyer/Seller shall have to pay simple interest @0.04% for each day of delay.”

#### **Commission’s View**

We agree with this proposal in principle and decide to incorporate suitable provision in regulation 5 of these regulations, to be read as under:-

“(M) If any, congestion charges are payable/receivable by Himachal Pradesh depending upon the real time behaviour of the State in line with the Central Electricity Regulatory commission (Measures to relieve congestion in real time operation) Regulations, 2009, the SLDC shall reflect the amount of congestion charges in the weekly accounts statement showing the share of each State Entity on the basis of deviation by each user calculated for each time block:

Provided that the SLDC shall, apportion, congestion charges within three days from the date of issuance of Congestion Charges Account from NRPC and each State Entity shall pay the amount indicated in the account within 7 (seven) days of issuance of such account by the SLDC. Any delays in payment shall be dealt as per regulation 14.”

#### **D. Un- viability of open access by imposing additional deviation charge @ 178 paise.**

##### **Comments**

The additional charges for deviation have been proposed at the rate of 178 paise per kWh. As open access consumer is able to save only 05-10 paise per kWh, The above said additional charge is very high against the net saving occurred to Open Access consumer. Therefore, these charges may not be imposed on Open Access consumer.

##### **Commission’s View**

Additional Deviation charges have been proposed by taking into account the similar charges recovered by the NRLDC/NRPC and cannot be avoided. Such charges are however applicable on deviation only.

## **E. Provision of interest for State Entity who will receive the DSM charges.**

### **Comments**

In regulation 12 of the draft regulations, the UI interest should also be calculated for the Entities who will have to receive the UI/DSM charges. The payments of deviation account should be subject to same rate of interest on both sides.

### **Commission's View**

We agree with the proposal in principle. However, the provision of interest shall be made in sub-regulation (3) of regulation 14 instead of regulation 12. For the sub- regulation (3) of regulation 14 of the draft regulations, the following shall be substituted, namely:-

“All payments to the buyer/seller entitled to receive any amount on account of charges for Deviation shall be made within 5 working days of receipt of the payments in the State Deviation Pool Account beyond which buyer/ seller shall also be entitled for simple interest @0.04% for each day of delay:”

## **F. Miscellaneous Comments of various Stakeholders.-**

### **(i) Comments**

That the accounting and billing of electricity has already been made very complicated and the proposed linking it with frequency band may add further complications to it.

### **Commission's View**

The provisions under these draft regulations are primarily based on the pattern followed by the CERC and it is essential requirement for the State level regulations also. As a matter of fact, efforts have been made to simplify the various provisions.

### **(ii) Comments**

Particularly the proposal to further trifurcate the 15 minute slot and to make it 288 slots in a day shall be very cumbersome and would require all the related equipment to be compatible for the purpose involving radical changes. This may require huge funds too. Industry is already passing through a tough financial phase and the said provision may kindly be deleted.

### **Commission's Views**

The Draft Regulations only provides for an enabling provision to revise the duration of time block and presently the time duration of 15 minutes has to be followed.

**(iii) Comments**

The Least Cost dispatch schedule presently decided by the Commission may be notified and the SLDC may be directed to notify the same as and when modified/changed by the Commission.

**Commission's view**

The least cost dispatch schedule has to be drawn by the SLDC on daily basis after taking into account all availability and requirements for the day ahead.

**(iv) Comments**

That in regard to Section 5C (iii), there can be two situations. Some entities may be causing grid instability while some may be adding stability to the grid system. It may be examined again whether same rate of deviation has to be kept in both the situations or the latter entities deserve reward at higher rates.

**Commission's view**

The proposed charges are linked to the Grid frequency and are applicable in all situations. A generator, who injects more power in low frequency conditions, gets higher rate for the over injection and so on.

**(v) Comments**

That the contents of clause (D) under section 5 (Operationalising) may be clarified by citing an illustration using hypothetical figures.

**Commission's View**

The provisions made under clause (D) of the draft regulation 5 have been elaborated as discussed separately in the Order.

**(vi) Comments**

In the context of regulation 13 (v), it has been mentioned that most of the open access consumers are in remote area which is far away from the SLDC office, which will make difficult for Open Access Consumer to follow up for Settlement of UI amount from the SLDC and making entire process more complex. It has been suggested that the consumers may be allowed in respect of settlement of UI payable/recoverable in electricity bill i.e. from the distribution licensee.

**Commission's View**

Special provisions for the existing consumers of the distribution licensee availing Open Access have already been incorporated in the draft regulations which take care of the concerns of the retail consumers to a large extent. Bills may have to be paid by them only in selective situations which cannot be avoided. Even otherwise the consumers, or for that matter any State Entity, do not have to visit the SLDC office and the follow up if

any, has to be done electronically only. As such the suggestion is not accepted.

**(vii) Comments**

Regulation 5 (k) third line "or is not entitled'..." Why one is not entitled? Such reasons may be mentioned in the regulations'

**Commission's View**

Procedure for revision of schedule has already been specified in the Grid Code. Even where the revision of schedule is permitted some advance notice has to be given and the revised schedule shall take effect only any thereafter. As such there can be certain situations where a State Entity may not be entitled to revise schedule in a particular time block. We do not find it necessary to incorporate any provision in the regulation.

**(viii) Comments**

In the context of regulation 6 relating to gaming, the licensee should also be included in it.

**Commission's View**

The term State Entity, as defined, includes the Distribution Licensee also. As such separate mention about the distribution licensee is not required.

**(ix) Comments**

Section 7(2) be modified to provide that deviation charges may be reviewed by the Commission from time to time whether suo-moto or on petition/ application by some party.

**Commission's View**

It is not feasible to entertain petition from individual Stakeholders. However, the Commission shall entertain comprehensive proposal (s) in this regard from the SLDC. Accordingly for the existing provisions in sub-regulation (2) of regulation 7 of the draft regulations, the following shall be substituted, namely:-

“The charges for Deviation may be reviewed by the Commission from time to time either suo-moto or on receipt of comprehensive proposal from the SLDC.”

**(x) Comments**

In the context of regulation 15, it has been suggested that naming the fund as State Power System Development Fund may be reviewed. Further it may also be decided who shall operate and manage the fund.

**Commission's View**

The account to be named as ‘State Power Systems Development Fund’ shall be opened, operated and maintained by the SLDC. The name of fund has been proposed keeping in view the broad purpose for which these funds may be utilized. However, to provide more clarity about this fund, the

regulation 15 of the draft regulations shall be amended to provide as under:-

“The surplus amount, if any, in the State Deviation Pool Account as on last days of the months of June and December of each year, or at such other intervals as the Commission may direct from time to time, shall be transferred to a separate fund namely "State Power Systems Development Fund", which shall be opened, operated and maintained by the SLDC. The fund shall be utilized for the purpose relating to development of power system in the State in the manner specified in these regulations or as may be approved/ directed by the Commission from time to time:

Provided that the SLDC shall submit half yearly returns to the Commission i.e. on 31<sup>st</sup> July and 31<sup>st</sup> January of each year indicating the transactions in the said funds and the proposal, if any, for utilization of the said fund.”

**(xi) Comments**

In the context of regulation 2(p) of the draft regulations the QCA, it has been mentioned that presently, the HPSEBL is purchasing power from RE Generators and only few generators are selling its power in the open market under Short Term Open Access (STOA) mode. The ALDC is already doing the functions of the QCA on behalf of the Distribution Company, therefore, it is proposed that no separate agency is required. Moreover, there is also no provision of any other agency in the EA, 2003 for providing schedule to the SLDC.

**Commission's View**

The QCA comes into a picture only in few cases such as those involving joint evacuation of power from two or more projects and injection of total power in pooling station or otherwise. This is only for co-ordination between such plants.

**(xii) Comments**

In the context of the draft regulation 5(k), it has been suggested that the total URS (Un-Requisitioned Surplus) cost paid by the distribution licensee (HPSEBL) for fulfilling the commitment of the State Entities should be shared proportionally among all the State Entities and should be calculated on average basis for the quantum booked beyond the schedule of the State/Entities. It has also been suggested that the energy on account of booked URS should be deducted from the UI energy of each Entity otherwise double energy/UI charges shall be accounted for.

Further, it has been suggested that a uniform methodology needs to be developed in the regulation for apportionment of URS between different Entities. The surrender of URS energy should also be accounted for and benefit should be passed on to the Entities.

### **Commission's View**

The proposal to allocate the total URS cost among State Entities on average basis for quantum booked beyond the schedule of State Entity may defeat the very purpose of having DSM Regulations for the State. As regards the double accounting, the apprehension is not correct as the schedules of concerned State Entity for which URS is procured shall also get revised. As such, the proposal is not agreed. In any case the SLDC shall ensure that there is no double accounting.

We however in principle accept the suggestion to have a uniform procedure and demands to include the following provisos as clause (L) of regulation 5 of the final regulations:-

“(L) In the event of sudden fall in availability of one or more State Entities by more than 20 MW for any individual State Entity, if the concerned State Entity generator has not already initiated any steps, or is not entitled, to revise his schedule, the SLDC may, in the interest of grid security, procure, under intimation to such State Entity(ies), URS from the concerned generating stations for such time blocks as it may feel appropriate duly keeping in view the main objectives that no energy cuts should be imposed in the State, as far as possible, and also that the grid parameters must be maintained within the permissible limits:

Provided that the SLDC shall, within 90 days of notification of these regulations, develop an uniform procedure, keeping in view the various possible situations under which URS are to be arranged and also incorporating the broad principles which shall be followed by it while procuring URS for any State Entity(ies):

Provided further that in the uniform procedure to be developed by the SLDC, it may also spell out the broad situations under which it may procure URS even for the individual State Entities whose cases fall in availability does not exceeds 20 MW:

Provided further that till such time such uniform procedure is evolved, the SLDC shall procure URS only after,-

- (i) prior consultation with the concerned State Entity in cases where the rate of URS at State periphery is equal to or less than 824.04 paise/kWh; and
- (ii) obtaining the consent of concerned State Entity in cases where the rate of URS at State periphery exceeds 824.04 paise/kWh:

Provided further that while procuring URS on behalf of more than one State Entity, the SLDC shall duly indicate the share (quantum and rate) of each such State Entity at the time of such procurement and shall also subsequently reflect the same in the weekly/monthly accounts statement showing the share of each State Entity in the quantum of URS procured by it:

Provided further that the SLDC shall also, apportion, within 5 days from the date of issue of monthly accounts, whether provisional or

final or revised, by the NRPC for any month, the total energy booked for the State amongst concerned State Entities on the aforesaid lines:

Provided further that the distribution licensee, or any other State Entity, may also, of its own, procure URS under intimation to the SLDC and in that event the SLDC shall duly apportion such URS to that State Entity.”

**(xiii) Comments**

In the context of the draft regulations 14(1&2), it has been suggested that the schedule of payment for charges of deviation should be in line with the time line or NRLDC deviation settlement account i.e. 10 days.

**Commission’s View**

Since the preparation and issue of bills by the SLDC may also take some time, the schedule will have to be slightly squeezed.

**(xiv) Comments**

Meter data downloading/reading of SEMs should be taken by the authorized officers of transmission licensee or the distribution licensee, as the case may be, on weekly basis in case of open access customers (on every Monday for preceding week(00:00 Hrs of Monday to 24.00 Hrs of Sunday) and shall supply the same to the SLDC/ALDC by Tuesday. Any change in multiplication factor or CT/PT ratio setting shall also be recorded. The download data in the electronic form and hardcopy printout alongwith a statement of consumption as recorded by the Main, Check SEMs and, in case of the consumer of HPSEBL, ToD meter also, duly authenticated by the concerned Sr. Executive Engineer of the concerned licensee, shall be sent to the SLDC for preparation of Intra State Deviation Settlement account of the State Entities in proportion to the actual drawal by each State Entity.

**Commission’s View**

We agree with the proposal in principle and decide to include necessary provisions in regulation 5 of these regulations as under:-

“(N) Meter data downloading/reading of the interface Special Energy Meters (SEMs), or any other meters as appropriate, as required by the SLDC, shall be taken by the authorized officers of the transmission licensee or the distribution licensee, as the case may be, on weekly basis (on every Monday for preceding week (00:00 Hrs of Monday to 24.00 Hrs of Sunday) and shall supply the same to the SLDC by Tuesday. Any change in multiplication factor or CT/PT ratio setting shall also be recorded. The downloaded data in the electronic form and hardcopy printout alongwith a statement of consumption as recorded by the Main, Check SEMs and, in case of consumers of the distribution licensee, the ToD meter also, duly authenticated by the concerned Sr. Executive Engineer of the concerned licensees, shall be sent to the SLDC for

preparation of Intra State Deviation Settlement account of the State Entities:

Provided that in cases where the State Entity, other than the transmission licensee/distribution licensee, expresses its intention to associate itself in the process of downloading/reading of SEMs, the authorised representative of such State Entity shall also be associated in the process:

Provided further that if the representative of the concerned State Entity does not turn up at the scheduled time of downloading/ taking such readings of SEMs, the authorised officer of the transmission licensee/distribution licensee, as the case may be, shall download/take the readings and submit the same to the SLDC under intimation to the concerned State Entity:

Provided further that the SLDC may issue for the need based detailed instructions in this regard to all the State Entities.

#### **(xv) Comments**

In the context of clause (J) of draft regulation(5), it has been suggested that the 1<sup>st</sup> para of the clause be modified as under:-

“Premise for allocation of losses: For the purpose of Deviation Pool accounting, intra-State transmission system losses and distribution losses, as approved by the Commission, shall be applicable to the State Entities using State network on their actual drawal/injection:

Provided that State Load Despatch Centre shall maintain account of actual intra-State transmission system loss for each time block and publish reconciliation statement of 52 weekly average loss vis-à-vis approved loss by the Commission on its website.”

#### **Commission’s View**

We accept the proposal and decides to amend the said clause accordingly.

“(J) Premise for allocation of losses: For the purpose of Deviation Pool accounting, intra-State transmission system losses and distribution losses, as approved by the Commission, shall be applicable to the State Entities using State network on their actual drawal/injection.”

#### **(xvi) Comments from DoE.**

##### **(a) Comments**

Clause 2 : Definition & Interpretation.

The equity and royalty share of GoHP is available at HP periphery from various Central Sector Generating stations not at HPSEBL/STU periphery. GoHP is also not utilising the HPSEBL/STU periphery for sale of its power in the open market. Therefore, for calculating the UI/DSM charges of GoHP, the periphery should be considered as H.P periphery instead of HPSEBL/ STU. Therefore, it is proposed that :

“GoHP royalty share”, “HP Periphery”, “STU/ HPSEBL Periphery” needs to be defined in the definitions separately.

### **Commission’s View**

We find it appropriate to define the terms State Periphery and STU Periphery as under :-

“(w) **‘State Periphery’ or ‘HP Periphery’** means, except in situations which may warrant any other treatment in specific cases, the interconnection point of the transmission system of the STU with the transmission system of the CTU; or with any other inter State transmission system not owned by any State Entity; or with the generation bus-bar of the joint sector projects from where power is supplied to the distribution licensee through the STU system;

(x) **‘STU Periphery’** means the interconnection point between the transmission system of the STU with the distribution system of distribution licensee;”

The existing terms ‘Time Block’ and ‘Un-Requisitioned Surplus (URS)’ in draft regulations shall be renumbered in these regulations as (y) and (z) respectively and so on.

### **(b) Comments**

In the context of regulations 4 and 5 of the draft regulations, it has been commented that the royalty share of the GoHP is available at H.P. periphery from various Central Sector Generating stations not at HPSEBL/STU periphery. GoHP is also not utilising the HPSEBL/STU periphery for sale of its power in the open market. The UI/DSM accounts in respect of GoHP shall be regulated with the proposed regulations. Therefore, for calculating the UI/DSM charges of the GoHP, the periphery should be considered as H.P periphery instead of the HPSEBL/ STU, otherwise the GoHP has to bear double the STU Charges & Losses. Earlier when the STU was not formed/created then HP Periphery was considered as HPSEBL Periphery as per LTOA Regulations, however, with the creation of the STU (HPPTCL), the periphery of HP & HPSEBL has been separated through the STU system for which separate TSA has been signed. The schedule of HPSEBL and all open access generators should be calculated at HP periphery otherwise the schedule of Generators at Gen bus and buyers (HPSEBL/GoHP) will not match and the difference on this account shall have to borne by the SLDC.

### **Commission’s View**

We after taking into account the concerns expressed by the Directorate of Energy in this regard decide to elaborate the item (ii) of clause (D) of the regulation 5 of the draft regulations and include the elaborated version as a separate clause on following lines:-

“(D) The injection/drawal schedules of the State Entities, other than the distribution licensee, shall be prepared with reference to their respective injection/drawal points in the State and shall, for the purposes like preparation of consolidated schedule for the State as a whole, accounting, computation and recovery of various charges under these regulations etc., be projected to the State periphery by loading applicable transmission and distributed losses of the STU and distribution licensee, as applicable:

Provided that in cases involving sale of energy by the generating stations directly connected to the distribution system of the distribution licensee to the retail consumers of the distribution licensee procuring power from such generating stations through intra-State open access without involving the STU system under the normal scheme of flows, the transmission losses of the STU shall not be loaded to their respective injection/drawal schedules for projecting the same to the State periphery:

Provided further that the distribution licensee shall give its net schedule w.r.to the STU periphery which shall be projected to the State periphery by loading the transmission losses of the STU:

Provided further that all the charges specified in these regulations shall be levied based on the data at the State periphery.”

Consequently the said item (ii) proposed with the draft regulations shall be deleted and the existing clause (D) shall be renumbered as (E) and so on.

We decide to finalize and notify the regulations by incorporating the changes on above lines and also fix the date of commencement as 3<sup>rd</sup> December, 2018, so as to provide sufficient time to the SLDC and various State Entities to make necessary arrangements for smooth implementation of these regulations.

Sd/-  
(Bhanu Pratap Singh)  
**Member**

Sd/-  
(S.K.B.S. Negi)  
**Chairman**

Place: Shimla  
Dated: 16<sup>th</sup> October, 2018

