

HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION, SHIMLA

CORAM

**Sh. Devendra Kumar Sharma
Chairman**

**Sh. Bhanu Pratap Singh
Member**

**Sh. Yashwant Singh Chogal
Member**

(Decided on 7th September, 2021)

In the matter of

Himachal Pradesh Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) (Second Amendment) Regulations, 2021.

ORDER

The Himachal Pradesh Electricity Regulatory Commission (hereinafter referred as “the Commission”) issued the Himachal Pradesh Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2018 on 16th October, 2018 and the same were published in the Rajpatra, Himachal Pradesh on 26th October, 2018. These were amended on 29th June, 2019 and published in Rajpatra, Himachal Pradesh on 3rd July, 2019. These regulations have hereinafter jointly referred to as “the said regulations” or “HPERC DSM Regulations”.

2. The Central Electricity Regulatory Commission notified its DSM Regulations i.e. the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2014 on 6th January, 2014 (hereinafter referred as “CERC DSM Regulations”), which were amended from time to time to incorporate several changes relating to Forecasting, Scheduling, Deviation Settlement and Related Matters of Solar/Wind Generating Sources apart from certain other changes.
3. In order to align the said regulations with the CERC DSM Regulations, the Commission proposed to amend some of the provisions of the said regulations and published draft amendment regulations, in accordance with the rule 3 of the Electricity (Procedure for Previous Publication) Rules, 2005, inviting public objections and suggestions on the said draft amendment regulations. This was done by way of publication in the Rajpatra, Himachal Pradesh, on 7th July, 2021 and through a public notice in two news papers i.e. “The Tribune” and

“Dainik Bhasker” on 15th July, 2021. A copy of the public notice was also sent to the major stakeholders vide Commission’s letter dated 15th July, 2021. The full text of the draft regulations was also made available on the Commission’s website www.hperc.org. The last date for submission of suggestions/objections was fixed as 9th August, 2021.

4. The Commission received suggestions/objections on the draft amendment regulations from the following stakeholders:-

- (i) The Himachal Pradesh Power Corporation Limited (HPPCL), Shimla, through its General Manager (Gen.).
- (ii) The Himachal Pradesh State Load Despatch Centre Totu, through its Chief Engineer.
- (iii) The Himachal Pradesh Electricity Board Limited, through its Chief Engineer (Commercial).
- (iv) M/s Indian Energy Exchange Limited (IEX) , Noida (UP).

5. **Consideration of written submissions made by the stakeholders and Commission’s views.-**

The Commission now proceeds to consider the objections/suggestions received and to conclude its views on the various related issues, as follows.-

5.1 **Amendment of regulation 1 of the said regulations.-**

Comments :-

The HPSEBL has submitted that these amendment regulations should come into force w.e.f 00:00 Hrs. of 03.12.2018 i.e. from the date from which the HPERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2018 were made applicable. It has also been mentioned that these amendment regulations mainly affect HPSEBL (the DISCOM) and State Power System Development Fund.

Commission’s View:-

The amendment regulations will have prospective effect and cannot be made applicable retrospectively. Therefore, the Commission declines to accept the proposal of HPSEBL in this regard.

5.2 **Amendment of regulation 7 of the said regulations.-**

Comments :-

- (1) The HPPCL has suggested that, in line with CERC DSM Regulations, where the schedule of the seller in a time block is less than or equal to 400 MW, the additional charges for deviation should be based on percentage of deviation worked out with reference to schedule of 400 MW.

Commission's View:-

Based on the CERC DSM Regulations, Northern Regional Load Despatch Centre (hereinafter to be referred as "NRLDC") provides this relief to the State as a whole and not for the individual Seller/Buyer. As per the said regulations, the additional deviation charges are charged only if the deviation exceeds 12% of the schedule. It is not feasible to provide any further relief beyond the said limit for the individual generators.

- (2) For the new proposed item (iii) under sub-regulation(1), the State Load Despatch Centre (hereinafter to be referred as "SLDC") has suggested to amend the same as under :-

"(iii) In case of distribution licensee, the receivables against the charges for the Deviation for the under drawal in a time block in excess of 12% of the absolute value of the scheduled drawal, shall be zero :

Provided that in case of distribution licensee, when absolute value of schedule in a time block is less than or equal to 300MW, the charges for deviation for the under drawal in excess of 36 MW, shall be zero."

Commission's View:-

The Commission observes that the text used in the draft regulations also conveyed the same meaning. However, for the sake of more clarity, the Commission decides to modify the text on the lines proposed by SLDC.

5.3 Amendment of regulation 8 of the said regulations.-

For the new proposed sub-regulation (3), the SLDC has suggested to amend the same as under :-

"(3) The over-drawal/under-drawal of electricity by distribution licensee during any time block shall not exceed 12% of the absolute value of the scheduled drawal, when grid frequency is "49.85 Hz and above" but "below 50.05 Hz" :

Provided that in case of distribution licensee, when absolute value of schedule is less than or equal to 300MW, the over drawl / under drawl of electricity shall not exceed 36MW, when grid frequency is "49.85 Hz and above" but "below 50.05 Hz".

Commission's View:-

The Commission observes that the text used in the draft regulations also conveyed the same meaning. However, for the sake of more clarity, the Commission decides to modify the text on the lines proposed by SLDC.

5.4 **Amendment of threshold limit of 300MW in case of distribution licensee.-**

Comments:-

In relation to the regulation 7, regulation 8 and regulation 9, the HPSEBL has submitted that since HPSEBL is only DISCOM in the State of HP, the proposed limit of “300 MW” may be increased to “400 MW” in line with the CERC DSM Regulations.

Commission’s View:-

The limit of 400MW, as specified in the CERC DSM Regulations is applicable for the net schedule for the entire State and not for any individual State entity. The Commission feels that the limit of 300 MW, as proposed in the draft regulations, is quite fair and reasonable. As such, the Commission declines to accept the proposal of HPSEBL in this regard and decides to retain the proposed provisions of draft amendment regulations.

5.5 **Addition of Schedule to the said regulations.-**

Comments :-

- (1) With reference to clause (i) of item (I) under para (3), M/s IEX has submitted that with Availability Based Tariff (ABT) infrastructure in place, it would be apt for the State to have the same framework as applicable for inter-state transactions i.e. payment based on schedule with Deviation Settlement Mechanism (DSM) settlement, instead of actual generation as proposed by the Commission. It has been mentioned that the uniform DSM mechanism will help to smoothen the RE integration, ease the accounting of DSM, and will give the intra-state entities an easy access to the national markets.

Commission’s View:-

In order to maintain balance and to avoid impact on other State entity(ies), the Commission finds it appropriate to retain the provisions of draft regulations in this regard.

- (2) M/s IEX has submitted that the para 8(3)(II) of schedule contains the provisions with regard to the treatment of inter-state transactions which in any case, are to be governed by the CERC DSM Regulations. It has, however, been suggested that the proposed clauses (i) & (ii) thereof may be simplified and modified to avoid any misinterpretation.

Commission’s View:-

The Commission finds that the clauses (i) & (ii), as proposed in the draft amendment regulations, clearly provide for following the methodology adopted by

the NRLDC which, in any case, has to be in line with the CERC DSM Regulations. The provision is quite clear and in fact shall also facilitate automatic adoption of the methodology as may be followed by the NRLDC based on the clarifications/modifications, from time to time, in the CERC DSM Regulations. The Commission decides to retain the provisions of the draft amendment regulations in this regard.

- (3) The HPPCL has submitted that the formula, as proposed, vide Sr. No. 4 in the table 5 of the draft regulations in relation to situations where the absolute error exceeds 35%, seems to be erroneous .

Commission's View:-

The typographic omissions in the said table shall be rectified and the provisions shall be made to the effect that the deviation charges for the energy beyond 35% shall be payable by the Solar/Wind generator at the rate of Rs. 1.50 per unit.

5.6 Miscellaneous comments.-

1. M/s IEX, with respect to applicability of the regulations has submitted that the proposed amendment seeks to cover only the Solar and Wind energy generation and deviations caused by it. It has been submitted that since the State has significant hydro power generation and hydro power projects of a specified category have been recognized as RE by the MoP, it would help if the Commission includes other RE sources (incl. Hydro) under these regulations. It has also been submitted that such enabling framework for Hydro power projects would help them to tap the national market for surplus disposal and ensure RPO fulfillment of procuring entity by way of deemed RPO compliance as provided in the CERC DSM Regulations.

Commission's View:-

The CERC DSM Regulations do not provide for any special treatment to the hydro generators. As such the proposal is limited to the Wind and Solar Generators. The Commission shall be willing to extend the special treatment to the hydro generators also in case the CERC modifies its DSM Regulations suitably.

2. The HPPCL has submitted that-

- (a) for the Run of the River type of projects, the provision of sustained deviations has been relaxed in the CERC DSM Regulations, a similar appropriate provision may be incorporated in HPERC DSM Regulations as well.

- (b) the cap rate for the charges of deviation for the generating station should not exceed 303.04 paise/kWh in line with the provision already contained in CERC DSM Regulation and its amendments thereafter.
- (c) the generation at the Solar Power Plants depend on many variables which need to be considered to forecast the generation. These include Radiation, Weather Temperature, Wind, Pollution, Fog etc. which cannot be controlled and makes the scheduling of the plant difficult. In view of above, it has been suggested that the following provisions may be specified –
- (i) the provisions of centralized forecasting and scheduling/re-scheduling of solar/wind generators on the same analogy as that of Indian Electricity Grid Code 3rd Amendment Regulations 2015.
 - (ii) the additional expenditure of setting up a forecasting technology shall be pass through.

Commission's View:-

- (a) The Commission observes that as per the CERC DSM Regulations, no such relaxation has been allowed to the States even if some of its State entities are having Run of the River projects without pondage. Moreover, this comment is not a part of present proposal. The Commission would, however, be willing to provide relief to the Run of the River projects if CERC provides such relief to such projects in their regulations.
- (b) The Cap rate of 303.04 paise /kWh, as provided in CERC DSM Regulations, is not applicable to the generating stations for which scheduling is done as a part of the overall schedule of the State. Moreover, this comment does not relate to the present proposal.
- (c) The Commission observes that the comments are related to Forecasting and Scheduling/re-Scheduling of Solar/Wind generating plants. The Commission finds it appropriate to include these provisions in Himachal Pradesh Electricity Grid Code, 2008. Moreover, the Commission has already constituted a Grid Code Review Committee on 30th June, 2021 as per the notification published in HP Rajpatra on 1st July, 2021. The General Manager (Electrical), HPPCL is also one of the Member of the said Committee. These issues may be discussed by the HPPCL in the Committee and the suitable recommendations may be made by the Committee.

3. The HPSEBL has submitted that there is a huge mismatch between real time data and data as prepared in Deviation Settlement Accounts being prepared by HPSLDC at present. The difference is on account of the different methodologies being adopted by SLDC for calculating real time schedule, actual drawl of HPSEBL and the Deviation Settlement Account. On the basis of real time data as well as the data being displayed at SLDCs website, Area Load Despatch Centre (ALDC) is making efforts to minimize deviations by surrendering/booking of central sector shares to the extent possible/available, regulating own generating stations, selling/ purchasing power at the platform of Power Exchange(s) under Real Time Market (RTM). However, when the Deviation Settlement Accounts are issued by SLDC, the efforts made by HPSEBL go haywire.

Commission's View:-

The suggestions made by HPSEBL do not relate to the present proposal and as such the concerns expressed by HPSEBL cannot be addressed in detail in this order. However, HPSEBL may discuss these issues in detail with SLDC and submit specific proposal to address their concerns. SLDC may also look into the matter and take suitable steps to avoid such mismatches.

5.7 No comments have been received on any other provisions of the draft amendment regulations, and accordingly the Commission decides to retain the same, with minor modifications, in the final regulations.

The Commission, after concluding its views on the objections and suggestions received on the draft regulations, decides to finalize and notify the Himachal Pradesh Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters)(Second Amendment) Regulations, 2021 by incorporating the changes on the above lines and other minor clarificatory changes as considered necessary.

Sd/-	Sd/-	Sd-
(Yashwant Singh Chogal)	(Bhanu Pratap Singh)	(Devendra Kumar Sharma)
Member	Member	Chairman