



TELANGANA STATE ELECTRICITY REGULATORY COMMISSION
5th Floor, Singareni Bhavan, Red Hills, Lakdi-ka-pul, Hyderabad 500004

Dated: 16.06.2021

Present

Sri T.Sriranga Rao, Chairman
Sri M.D.Manohar Raju, Member (Technical)
Sri Bandaru Krishnaiah, Member (Finance)

In the matter of Telangana State Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) Regulation, 2021 – Statement of Reasons thereof

STATEMENT OF REASONS

Introduction:

The Commission with an objective to maintain grid discipline and grid security as per the provisions of Indian Electricity Grid Code (IEGC) and State Electricity Grid Code and to enforce standards with respect to the quality, continuity and reliability services through the commercial mechanism for Deviation Settlement for monitoring and controlling the deviations against the final schedule issued by State Load Despatch Centre (SLDC) for drawal of electricity for Buyer(s) and schedule for injection of electricity for Seller(s), involved in the transactions of conveyance of electricity facilitated through Open Access using intra-State Transmission System (in-STS) and/or distribution system of electricity made the Draft Telangana State Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) Regulations, 2018 on 05.01.2019 and issued Press Release dated 05.01.2019 inviting suggestions, comments, objections from all the interested persons/stakeholders. In response the Commission has received suggestions, comments, objections on the same from four (4) nos. stakeholders.

2) In the meantime, the Central Electricity Regulatory Commission notified the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) (Fifth Amendment) Regulations, 2019 dated 28.05.2019. The Commission considered it appropriate for incorporation of the provisions of the CERC's amendment regulations, to ensure safe and secure grid operations in Draft Regulation and decided to undertake afresh public consultation process before finalizing the Regulation and as such in exercise of the powers conferred under subsection (3) of section 32, subsection (4) of section 33, clauses (b) and (h) of subsection (1) of section 86, and clauses (g) and (zp) of section 181 of the Electricity Act, 2003 (Central Act 36 of 2003), and all other powers hereunto enabling in that behalf, the Commission made the draft Telangana State Electricity Regulatory

Commission (Deviation Settlement Mechanism and related matters) Regulation, 2020 (hereinafter referred to as 'Draft Regulation').

3) In this regard, the Commission has issued Public Notice on 28.12.2020 inviting suggestions/comments on the Draft Regulation on or before 19.01.2021, before 5.00 pm from all the interested persons/stakeholders either in writing addressed to the Secretary, TSERC or by email to secy@tserc.gov.in. The notice and Draft Regulation were hosted on the website of the Commission (www.tserc.gov.in). Upon the request of the stakeholders the last date for receipt of suggestions/comments on the Draft Regulation was extended till 19.02.2021.

4) In response, the Commission has received written suggestions/comments from eleven (11) stakeholders. The list of stakeholders who have submitted the written suggestions/comments is enclosed at Annexure-1. After due consideration of the suggestions/comments received, the Commission has finalized the Regulation on Deviation Settlement Mechanism and related matters.

5) The relevant clauses of the Draft Regulation, deliberations on the suggestions/comments expressed by the stakeholders and the reasons for decisions of the Commission are given in the succeeding paragraphs. The clause numbers given in this Statement of Reasons are those mentioned in the Draft Regulation.

1 **With regard to sub-clause 1(3) 'commencement'**

1.1 **Commission's proposal in Draft Regulation:**

1.1.1 "1(3) *This Regulation shall come into force from the effective date i.e., on 1st March, 2021:*

Provided that SLDC will arrange for and complete all necessary modifications or development in software and all other aspects including trial run of accounting of State Deviation Pool Account for smooth implementation of this regulation from the effective date:

Provided further that till the date prior to the effective date of this regulation the provisions of Open Access Regulation shall remain in force for the purpose of energy accounting and deviation settlement:"

1.2 **Stakeholders' suggestions/comments:**

1.2.1 **TSSLDC** suggested for extension for three (3) years from the date of notification stating the following reasons:

- a) There are a total of 793 T-D and 146 G-T metering points as on 30.11.2020. Field reports are to be obtained for all G-T & T-D boundary metering points regarding class of accuracy of CTs, PTs & meters and replacements are to be made if necessary.
- b) All the meters of G-T & T-D boundary metering points are to be GPS synchronised. For this all the meters are to be examined and replaced if necessary.
- c) The above meters are to be verified for ABT features and 15 minutes time integration and are to be replaced wherever they do not conform to the above requirements.
- d) As the DSM calculations are to be done on weekly basis for all the stakeholders which requires weekly data collection, the AMR project is to be implemented.

- e) Approval for sanction of funds is obtained from PSDF for laying of optical fibre cable (OFC) network upto 132 kV level substations, and the process of finalization of agency to carry out the work is in progress.
 - f) The sanction of funds from PSDF for SAMAST implementation is also awaited, the DPR of which also includes the AMR project.
- 1.2.2 **TSGENCO** suggested to extend the time for two (2) years after the Regulation will come into force explaining that the installation of suitable energy meters will take time for placing P.O. and installing at the point of injection. TSGENCO further stated that it would be beneficial if the proposed Availability Based Tariff (ABT) scheme is operative along with the current scheme for a period of 09-12 months so that the practical complications can be understood and further continuation of ABT scheme shall be seamless and dispute free. Considering the complexity in implementation and requirement of infrastructure upgrading like replacement of existing meters, modifications to the Co-ordinate Master Control (CMC) logic, trainings, etc., requested to grant reasonable time for upgrading the systems of the entity and certain period for " Trial run", before notifying the DSM Regulation.
- 1.2.3 **TSSPDCL** and **TSNPDCL** has a point of view that while implementing the Regulation there could be certain fine tuning required in day-to-day operations and accurate forecasting of the day ahead schedule. Further, there should be some time period where a trial run for implementing software by the SLDC would be required. Thus, suggested to postpone the applicability of the Regulation from 1st March 2021 to a further date as mutually decided with SLDC.
- 1.2.4 **SCCL** commented that the approximately two (2) years are required for changing of meters and commissioning of new software & communication system.
- 1.3 **Commission's view:**
- 1.3.1 The Commission has taken note of the operational constraints in implementation of this Regulation and **accordingly fixes the effective date as 1st April, 2022**. The SLDC shall prepare their systems for receipt of regular data and schedules and follow the provisions of this sub-clause for smooth implementation of this Regulation from the effective date.
- The Commission directs TSSLDC to prepare detailed action plan including 'As-Is' assessment of status of installation of all G-T & T-D interface (boundary) meters and AMR facilities within thirty (30) days from the date of notification of this Regulation and submit monthly progress report to accomplish 100% interface metering within stipulated time period not later than six (6) months from the date of notification of this Regulation. The Commission shall review the status of required preparedness on implementation of DSM framework.**
- Further, TSSLDC should conduct stakeholders' workshop for familiarization of features of DSM Regulation and addressing issues during implementation thereof.**
- 2 **With regard to clause (2) 'Definitions'**
- 2.1 **Commission's proposal of clause 2(1)(e) in Draft Regulation:**

2.1.1 “2(1)(e) **Buyer**’ means a person, including distribution licensee, deemed distribution licensee or Open Access consumer, purchasing electricity through a transaction scheduled in accordance with the provisions of Open Access Regulation;”

2.2 Stakeholders’ suggestions/comments:

2.2.1 TSSLDC suggested to modify the definition of buyer as **Buyer**’ means a person, including **beneficiary**, distribution licensee, deemed distribution licensee or Open Access consumer, purchasing electricity through a transaction scheduled in accordance with the provisions of Open Access Regulation;”

And further suggested that the expression/word “**Beneficiary**” shall be added below the description of “Buyer” as – **Beneficiary**’ means a person purchasing Electricity generated from a generating station.”

2.3 Commission’s view:

2.3.1 The Commission observes that the term ‘Beneficiary’ has not been used anywhere in the Draft Regulation and conceives that the same is inherently specified in the definition of the term “2(1)(e) Buyer”. Hence, **the Commission is not in agreement with the proposal of the stakeholder.**

2.4 Commission’s proposal of clause 2(1)(i) in Draft Regulation:

2.4.1 “2(1)(i) **Connectivity Regulation**’ means (Terms and Conditions of Open Access) Regulation, 2005 [Regulation No.2 of 2005] in conjunction with (Interim Balancing and Settlement Code) Regulation, 2006 [Regulation No.2 of 2006] as amended from time to time and as adopted by the Commission through Regulation No.1 of 2014 and shall include any subsequent notification and amendments thereof;”

2.5 Stakeholders’ suggestions/comments:

2.5.1 TSSLDC commented that the Regulation Nos.2 of 2005 and 2 of 2006 relate to procedure for Open Access transactions and energy settlement of Open Access transactions respectively. But they are not related to connectivity of generators. As such there is no Connectivity Regulation issued by TSERC. Therefore, a separate regulation called **Connectivity Regulation**’ may be notified by the Commission.

2.6 Commission’s view:

2.6.1 The Commission has taken note of the comment of the stakeholder and as such the definition of ‘Open Access Regulation’ is having the term ‘shall include any subsequent notification and amendments thereof;’, The **Commission decided to modify the clause 2(1)(i) as - “2(1)(i) ‘Connectivity Regulation’ means Open Access Regulation;”**

2.7 Commission’s proposal of clause 2(1)(p) in Draft Regulation:

2.7.1 “2(1)(p) **Gaming**’ in relation to this Regulation, shall mean an intentional misdeclaration of drawal schedule by any Buyer or intentional misdeclaration of declared capacity by any Seller, in order to make an undue commercial gain through Charges for Deviation;”

2.8 Stakeholders’ suggestions/comments:

2.8.1 **Centre for Energy Regulation (CER)** suggested that the objective definition

of 'Gaming' should clearly identify the basis for assessing 'intentional misdeclaration' of the schedule. As an alternative, tightening of the deviation limit during the peak hours (when DSM prices are expected to be higher) can also reduce the incentive for gaming through over injection by the generators/under-drawal by the buyers.

2.9 **Commission's view:**

2.9.1 The Commission takes note of the suggestion and **decided to retain the sub-clause 2(1)(p).**

3 No suggestion/comment were received on the clause 3 '**Objective**'.

4 **With regard to clause 4 'Applicability'**

4.1 **Commission's proposal in Draft Regulation:**

4.1.1 "4. **Applicability**

(1) *This Regulation shall be applicable to Buyer(s) and Seller(s) involved in the transactions of conveyance of electricity facilitated through open access using intra-state transmission system (In-STS) and/or distribution system of electricity (including inter-state wheeling of power), subject to the following conditions: -*

(a) *Deviation Settlement Mechanism under this Regulation shall be applicable for all Buyer(s) including distribution licensee(s), deemed distribution licensee(s) located in the State and full open access consumers connected to In-STS.*

Provided that, Deviation Settlement of partial open access consumers connected to In-STS and all open access consumers connected to the distribution network shall be in accordance with the provisions of the Open Access Regulation.

(b) *Deviation Settlement Mechanism under this Regulation shall be applicable for all Seller(s) connected to In-STS including Open Access generators, captive generators (excluding in-situ captive generators), all renewable energy generators (excluding solar and wind generating station(s)):*

Provided that, forecasting, scheduling and deviation settlement related matters in respect of solar and wind based generation sources shall be governed as per the provisions of 'Telangana State Electricity Regulatory Commission (Forecasting, Scheduling Deviation Settlement and Related Matters for Solar and Wind Generation Sources) Regulation, 2018' as amended from time to time."

4.2 **Stakeholders' suggestions/comments:**

4.2.1 **TSSPDCL** with regard to clause 4(1)(a) commented that this clause contradicting first para i.e., 4(1).

4.2.2 **FTCCI** with regard to clause 4(1)(b) commented that the Regulation does not clarify the applicability on generators/sellers connected to the Distribution Licensee. Since the objective of the Draft Regulation is to ensure grid discipline and security, it is imperative that the entitles connected to Distribution Licensee come under the ambit of the cited Regulation.

4.2.3 **The India Cements Limited and Penna Cement Industries Limited** with

regard to clause 4(1)(b) commented that this Regulation need not be applicable for all Open Access generators or Open Access consumers or schedule consumers or partial Open Access consumers connected to same DISCOM/State (within the DISCOM premises) – Losses within the Discom are minimal/negligible and already being implemented as per existing regulations.

4.2.4 **TSNPDCCL** with regard to clause 4(1)(b) commented that at present, the deviation settlements of Mini-hydel Open Access generator are being carried out by considering the actual energy as scheduled energy injected into the Transco/DISCOM network. For carrying out the deviation settlement mechanism of the scheduled consumers of Mini-hydel Generators, day-ahead wheeling schedule of the generators is necessary and suggested to insist the Mini-hydel Open Access generators to provide the day-ahead wheeling schedule for carrying out the deviation settlements as per the Draft Regulation.

4.2.5 TSSLDC with regard to clause 4(1)(b) suggested to modify the term “in-situ” as “in-site”.

4.3 **Commission’s view:**

4.3.1 The Regulation envisages that the embedded generators connected to the distribution system and scheduled consumers (or partial Open Access consumers) connected to In-STS and all Open Access consumers connected to the distribution system shall not be part of DSM framework directly, however their Deviation Settlement shall be in accordance with the provisions of Open Access Regulation. The schedule prepared by the distribution licensee is a net schedule after consideration of the generation coming from generators connected to the distribution system (embedded generators).

As envisaged in the Draft Regulation, this Regulation shall be applicable for Open Access generators, captive generators (excluding in-situ captive generators), all renewable energy generators (excluding solar and wind generating station(s)) connected to In-STS and full Open Access consumers connected to In-STS. Further, as given in the explanation under clause 2(1)(o), the in-situ captive generator means who is having captive generating plant/facility within its premises for captive use, yet has been connected to the grid for the sake of banking, if any.

Any deviation from schedule by Open Access generators connected to the In-STS contributes to the imbalance in the grid. Therefore, such participants need to be brought within the purview of DSM to instil grid discipline. **The Commission decided to retain the clause 4(1)(b) with modification to be in line with the Regulation 2018 as -**

“4. Applicability

- (1) *This Regulation shall be applicable to Buyer(s) and Seller(s) involved in the transactions of conveyance of electricity facilitated through open access using intra-state transmission system (In-STS) and/or distribution system of electricity (including inter-state wheeling of power), subject to the following conditions: -*
 - (a) *Deviation Settlement Mechanism under this Regulation shall be applicable for all Buyer(s) including distribution licensee(s), deemed distribution licensee(s) located in the State and full open access consumers connected to In-STS.*

Provided that, Deviation Settlement of partial open access consumers connected to In-STS and all open access consumers connected to the distribution network shall be in accordance with the provisions of the Open Access Regulation.

- (b) *Deviation Settlement Mechanism under this Regulation shall be applicable for all Seller(s) **having installed capacity of 5 MW and above (threshold capacity) and connected to In-STS and/or distribution system**, including Open Access generators, captive generators (excluding in-situ captive generators), all renewable energy generators (excluding solar and wind generating station(s)):*

Provided that, the revision in the threshold capacity limit shall be separately notified by the Commission in stages over the period considering implementation aspects and based on report to be submitted by SLDC:

Provided that the forecasting, scheduling and deviation settlement related matters in respect of solar and wind based generation sources shall be governed as per the provisions of 'Telangana State Electricity Regulatory Commission (Forecasting, Scheduling Deviation Settlement and Related Matters for Solar and Wind Generation Sources) Regulation, 2018' as amended from time to time."

5 With regard to clause 5(2)(b) and 5(2)(c) 'Duties of State Load Despatch Centre and State Entities'

5.1 Commission's proposal in Draft Regulation:

- 5.1.1 *"5(2)(b) The State Entities shall enter into a Connection Agreement/Open Access Agreement with the concerned transmission licensee and/or the distribution licensee, which shall specify physical and operational requirements for reliable operation and gain physical access and connectivity to In-STS and/or the distribution system, as the case may be, in accordance with Open Access Regulation. The State Transmission Utility (STU) and/or the distribution licensee, as the case may be, shall make necessary arrangements for installation of suitable meters, capable of recording energy flows at 15-minute intervals or any other time interval as specified by the Commission, at the points of drawal and injection of the State Entities. The time synchronization of the metering system shall be through Global Positioning System (GPS) with counter check from the State Energy Accounting Centre, which is SLDC.*

- 5(2)(c) *The existing distribution licensee(s) shall be deemed to be the long-term Open Access user(s) of the intra-State transmission system(s) and/or the distribution system(s) for the term specified in/under the existing agreement(s) or arrangement(s) as per Open Access Regulation. Therefore, the distribution licensee need not enter into a separate connection agreement with the transmission licensee."*

5.2 Stakeholders' suggestions/comments

- 5.2.1 **TSSLDC** relating to clause 5(2)(b): suggested the words "**Connection Agreement and/or Open Access Agreement**" in place of "Connection Agreement/Open Access Agreement".

5.2.2 **TSGENCO** relating to clause 5(2)(b): commented that the clause (5) clearly identifies the duties of State Entities to make necessary arrangements for putting up suitable meters, capable of recording energy flows at 15 minute intervals or any other time interval as specified by the Commission along with time synchronization of metering system through Global Positioning System (GPS) with counter check from the State Energy Accounting Centre, that is SLDC. Currently, the metering system at KTPS-V & VI and KTHP-I & II thermal stations need to be retrofitted in line with the above-mentioned specifications. The installation of suitable energy meters may take time of around 12 months to 18 months. Further, RTS-B (1x62.5 MW) is at the verge of retirement and hence exclude this unit from DSM which relieves TSGENCO from additional financial burden.

5.2.3 **The India Cements Limited and Penna Cement Industries Limited** relating to clause 5(2)(b): commented that the existing 0.2S ABT Open Access metering system do not have GPS and on implementation of this Regulation will incur additional cost to the consumer or generator.

5.3 **Commission's view:**

5.3.1 The Commission is in agreement with the suggestion of the TSSLDC that in cases where a generator has entered into a short term Open Access agreement with a buyer, no separate Connection agreement is required. **Accordingly, the Commission decided modify the clause 5(2)(b) as suggested by TSSLDC.**

Deviation Settlement Mechanism is aimed at inducing grid discipline among grid participants and required buyers and sellers from adhering to their schedules. Deviations by even a single generator can adversely impact grid balance and therefore, no dispensation can be allowed for any station, in particular RTS-B.

With regard to time synchronization of the metering system through GPS with counter check from SLDC, **the Commission decides it is mandatory for installation of suitable energy meters.**

5.4 **Stakeholders' suggestions/comments:**

5.4.1 **TSSLDC** relating to clause 5(2)(c): commented that this contradicts the clause 15.1(b) of Connection Code of TSERC (State Electricity Grid Code) Regulation No.4 of 2018 wherein it is stated that 'A transmission licensee/Distribution Licensee, may enter into connection agreement with the STU'. Thus, a clarification may be required as to whether a connectivity agreement is required or not for the existing distribution licensees and suggested to replace the words '*need not*' with '**may**' in the last line.

5.4.2 **TSSPDCL** relating to clause 5(2)(c): sought clarification that whether Discoms need to enter connection agreement with TSTransco.

5.5 **Commission's view:**

5.5.1 The provision refers to Open Access Regulation and as per the said Regulation, existing distribution licensees shall be deemed to be long-term Open Access user of the In-STS as per the term of their existing agreement(s). **The Commission decided to delete the clause 5(2)(c) as is more appropriately pertains to Open Access Regulation.**

6 **With regard to clause 6 ‘Principles for Operationalising Deviation Settlement Mechanism’**

6.1 **Commission’s proposal:**

6.1.1 “6. ***Principles for operationalizing Deviation Settlement Mechanism***

(1) *The framework for Deviation Settlement Mechanism shall cover the following key design parameters, viz. (a) Scheduling Period (b) Guiding Principles for Scheduling and Despatch (c) Operating Range for Frequency (d) Deviation (e) Settlement Period (f) Measurement Unit for State Deviation Pool Account (g) Deviation Pool Price Vector (h) Deviation Volume Limit (i) Allocation of Losses.*

(a) ***Scheduling Period:*** *The scheduling period shall comprise of ninety six (96) time blocks, each of fifteen (15) minute duration starting from 00:00 hours (IST) ending with 24:00 hours (IST). The first time block of scheduling period shall commence from 00:00 hours (IST) to 00:15 hours (IST), second time block of scheduling period shall commence from 00:15 hours (IST) to 00:30 hours (IST) and so on or such other period as the Commission may specify.*

(b) ***Guiding Principles for Scheduling and Despatch:*** *All Buyers and Sellers under this Regulation shall be guided by the scheduling and despatch procedure to be formulated by SLDC in accordance with provisions of State Electricity Grid Code. The scheduling and despatch code thereon shall be governed by following principles:*

(i) *Based on the load requirement forecasted by Buyers and availability schedule forecasted by Sellers (generators), SLDC shall draw up the least cost despatch schedule on Day Ahead basis for State Entities in accordance with the Merit Order Despatch (MoD) principles as specified in State Electricity Grid Code or MoD guidelines as may be approved by the Commission separately, if required, in accordance with the State Electricity Grid Code.*

(ii) *Wheeling transactions of captive users and Open Access consumers shall be despatched as contracted, subject only to transmission constraints and system emergency conditions.*

(iii) *SLDC shall maintain and publish a separate account of exchange of surplus power capacity amongst Buyers/Sellers.*

(iv) *During real time operation, in case the grid parameters including frequency, voltage, transmission line loading and substation loading conditions deviate beyond permissible operation range, SLDC shall take suitable measures in the interest of reliable and safe grid operations or to ensure compliance of RLDC instructions in conformity with the provisions of CERC (Deviation Settlement Mechanism and Related Matters) Regulation, 2014 and subsequent amendments thereof. Accordingly,*

- SLDC shall issue necessary despatch or curtailment instructions in accordance with centralized MoD guidelines for the State to maintain the load generation balance and comply with conditions stipulated under IEGC and State Electricity Grid Code.
- (v) SLDC shall maintain and publish a separate account of such actions initiated by it in the interest of grid operations or in compliance of RLDC instructions in conformity with the provisions of CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2014 and subsequent amendments thereof. The SLDC shall publish monthly report of exchange of power capacity, if any, amongst State Entities consequent of such SLDC interventions.
- (vi) The time block wise settlement of such Power Exchange on account of such actions initiated by SLDC shall be settled at the applicable Charges for Deviation including Additional Charges for Deviation, if any, for the State at the State periphery for the respective time block.
- (c) Operating Range for Frequency: The normal operating range for average grid frequency for a time block shall be in line with range stipulated under IEGC and State Electricity Grid Code from time to time. No deviation shall be allowed beyond the specified operating range of frequency band by the Commission from time to time.
- (d) Deviation: For the purposes of deviation settlement amongst the State Entities, SLDC shall work out deviation for 'State Deviation Pool Account' comprising over-drawal/under-drawal and over-injection/under-injection for each State Entity corresponding to each scheduling period. Charges for Deviation and Additional Charges for Deviation shall be in accordance with clause 9 and 10 of this Regulation.
- (e) Settlement Period: Preparation and settlement of 'State Deviation Pool Account' shall be undertaken on weekly basis coinciding with the mechanism followed for the regional Deviation Settlement Accounts.
- (f) Measurement Unit for State Deviation Pool Account: The measurement unit for State Deviation Pool Account for volume shall be kilowatt hours (kWh) and for value (payable and receivable) shall be Indian Rupees (INR). The decimal component of the energy unit (kWh) and amount (INR) shall be rounded off to the nearest integer value. In addition, the interface meters and the state energy account shall capture the reactive energy exchange over interface points, however, the reactive energy pricing framework and compensation for reactive energy exchange shall be dealt with separately.
- (g) Deviation Pool Price Vector: The pricing of deviation of Buyers/Sellers shall be in accordance with the Deviation Price Vector as specified in the Central Electricity Regulatory

Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2014 and its subsequent amendments thereof:

Provided that in the event of violation of the sign change requirement, an Additional Charges shall be levied as specified under clause 10 of this regulation.

(h) *Deviation Volume Limit:* *To ensure grid discipline and grid security, conditions for Deviation Volume Limit and consequences for exceeding such Deviation Volume Limit by way of levy of Additional Charges for Deviation as specified under clause 10 shall be applicable.*

(i) *Allocation of Losses:* *For scheduling purposes, intra-state transmission system losses as approved by the Commission shall be allocated amongst the State Entities in proportion to the scheduled drawal by each State Entity:*

Provided that SLDC shall maintain account of actual intra-State Transmission System loss for each time block and publish on its website a reconciliation statement of the monthly average intra-State Transmission Loss and 52-week average intra-State Transmission Loss vis-à-vis approved loss by the Commission.”

6.2 Stakeholders’ suggestions/comments:

6.2.1 **Sri M.Venugopala Rao** relating to clause 6(1)(b)(i) ‘Guiding Principles for Scheduling and Despatch’: commented that while implementing MoD, the stipulations in respective PPAs limiting the quantum of power and number of backing down orders given by SLDC in a year to the power station concerned should be strictly implemented. Issuing orders of backing down to a particular station exceeding the limits incorporated in the PPA in force and purchasing power in the market or from other sources by the Discoms should not be allowed, but penalized.

6.2.2 **SCCL** relating to clause 6(1)(b)(i) ‘Guiding Principles for Scheduling and Despatch’: commented that MoD is currently being prepared depending on the energy charge or variable charge as per State Electricity Grid Code and suggested to adhere to the same practice of merit order preparation based on energy charge/variable charge.

6.3 Commission’s view:

6.3.1 These provisions of MoD and backing down of stations are covered under the State Electricity Grid Code. The Commission takes note of the suggestions made by the stakeholders. **The Commission decided to retain the clause 6(1)(b)(i).**

6.4 Stakeholders’ suggestions/comments:

6.4.1 **SCCL** relating to clause 6(1)(b)(iv) ‘Guiding Principles for Scheduling and Despatch’: commented that TSSLDC is required to follow MoD principles given as per the State Electricity Grid Code. Suggested that the preparation of MoD as per centralized MoD guidelines may be dispensed with.

6.5 Commission’s view:

6.5.1 The suggestion of the stakeholder appropriately refers to MoD principle

specified in State Electricity Grid Code. **The Commission decided to retain the clause 6(1)(b)(iv).**

6.6 Stakeholders' suggestions/comments:

6.6.1 **TSSLDC** relating to clause 6(1)(b)(vi) 'Guiding Principles for Scheduling and Despatch': sought clarification whether buyer/seller shall be liable to pay the charges for deviation from scheduled loads if instructed to over draw/under inject by the SLDC to maintain the reliable and safe grid operations and compliance to SLDC instructions.

6.6.2 **FTCCI** with regard to use of term "Power Exchange" in clause 6(1)(b)(vi) 'Guiding Principles for Scheduling and Despatch': commented that the term "Power Exchange" has been used in ambiguous manner, has different meaning in the referred clause and suggested to rectify the usage.

6.7 Commission's view:

6.7.1 The clause 6(1)(vi) refer to the action of buyers and sellers in response to the despatch/curtailment instructions issued by SLDC for maintaining grid discipline. If due to such revision, there are deviations in the demand/supply of the State as a whole, the State will be liable to pay deviation charges into the Regional Deviation Pool Account. **The Commission decided to retain the clause 6(1)(b)(vi) with modification of the term 'power exchange' as 'exchange of power'.**

6.8 Stakeholders' suggestions/comments:

6.8.1 **TSGENCO** relating to clause 6(1)(d) 'Deviation': suggested that the State Power Committee shall take decision on revision of schedule in case of force majeure conditions such as natural calamity, act of God, war and collapse of grid, etc., and also beyond the control of Generator.

6.8.2 **TSSPDCL** and **TSNPDCL** relating to clause 6(1)(d) 'Deviation': proposed additional clause 'Deviations under unforeseen circumstances' — stating that the deviation charges can only be applicable under normal working conditions, Discoms forecast their day ahead schedule based on various factors such as weather, temperature, season, past data, holidays, etc. But for some unforeseen circumstances (mentioned below), where the actual drawal varies significantly with the scheduled drawal, the Discoms propose to introduce suitable alternate provisions to relax the Discoms from the heavy deviation charges. –

- a) Unexpected heavy rainfalls leading to water clogging in substations - under these conditions actual drawal may drop up to 50% of the schedule drawal
- b) Tripping of 132 kV/33 kV substation due to technical faults – under this condition on an average minimum one (1) hour is required to restore the substation to prior condition.

These situations can be categorised as force majeure conditions for which Discoms suggests including an additional provision for which deviation charges/additional deviation charges/sustained deviation charges need to be relaxed. The deviations greater than 20% of the schedule could be categorized under this clause. In addition to this, a committee could be formed by TSERC who would handle the situations for Force Majeure and help to reduce the burden of heavy deviation charges from Discoms under this case.

6.9 **Commission's view:**

6.9.1 State Electricity Grid Code contain provisions pertaining to Force Majeure and also entrusts the function with regard to 'Monitoring of Grid Operations' to SLDC for carrying the real time operations for grid control and despatch of electricity within the State through secure and economic operations of the State grid in accordance with the grid standards. The Commission opines that the approval of Force-Majeure conditions shall be on post-facto basis by the Commission. **The Commission decided to retain the clause 6(1)(d).**

6.10 **Stakeholders' suggestions/comments:**

6.10.1 **TSNPDCL** relating to clause 6(1)(e) 'Settlement Period': commented that currently, the deviation settlements of the Open Access consumers are being carried out on monthly basis by considering the monthly MRI data collected by the field officials. But as per the Draft Regulation, the deviation settlements are to be carried out weekly basis, for which weekly MRI data is required. For collection of weekly MRI data and carrying out the deviation settlements on weekly basis, it is proposed for provision of AMR to HT consumers availing power through Open Access and maintaining proper communication of AMR data at front end MDAS application.

6.11 **Commission's view:**

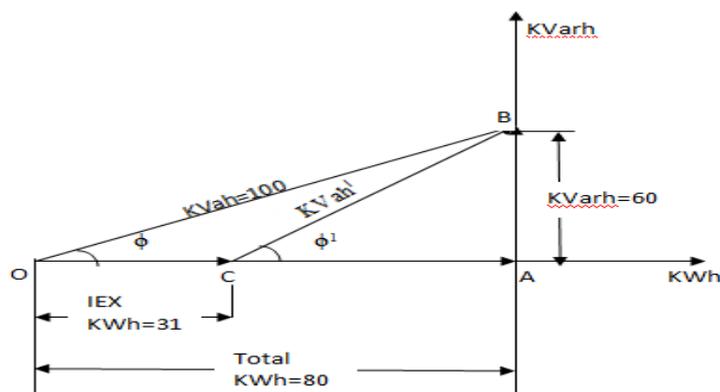
6.11.1 Weekly meter data is crucial for preparation of State Deviation Pool account which shall be maintained by TSSLDC. **The Commission decided to retain the clause 6(1)(e).**

6.12 **Stakeholders' suggestions/comments:**

6.12.1 **TSSPDCL and TSNPDCL** relating to clause 6(1)(f) 'Measurement Unit for State Deviation Pool Account': commented that for scheduled (partial) Open Access consumers billing is done on kVAh energy drawn from DISCOM as per Tariff Order. To arrive net kVAh energy drawn from DISCOM by the scheduled (partial) Open Access consumers, the Open Access energy in kWh is to be deducted from apparent energy (kVAh) of consumer by treating power factor of Open Access energy as unity. As per State Electricity Grid Code, all the end users, DISCOMS, transmission licensees and STU are expected to provide local VAR compensation such that they do not draw VARs from the HV grid. Hence, the reactive energy required by the consumer loads is supplied by TRANSCO/DISCOMS and not by the generators. As per Regulation No.2 of 2006, the scheduled demand at exit point shall be calculated by dividing the scheduled capacity (kW) at exit point by the power factor for the time block, for which purpose the power factor shall be equal to the recorded kWh divided by kVAh. TSDiscoms suggested to arrive at net kVAh energy drawn from DISCOM, the Open Access energy in kWh is to be deducted from apparent energy kVAh of consumer by treating power factor of IEX energy as unity. Sample calculation is illustrated as below:

Assume total active energy consumed, kWh = 80 kWh,
And total reactive energy consumed, kVARh = 60 kVARh
Energy schedule from IEX =31 kWh

Energy Triangle of Total and Net Energies Calculations



Calculation as per TSERC Regulation 2 of 2006	Calculation proposed
OA = Total kWh = 80	OA = Total kWh = 80
AB = Total kVARh =60	AB = Total kVARh =60
$kVAh = \sqrt{(kWh^2 + kVARh^2)}$	$kVAh = \sqrt{(kWh^2 + kVARh^2)}$
OB = Total kVAh = $\sqrt{(80^2 + 60^2)} = 100$	OB = Total kVAh = $\sqrt{(80^2 + 60^2)} = 100$
OC = IEX kWh = 31	OC = IEX kWh = 31
DISCOM kWh = Total kWh – IEX kWh	DISCOM kWh = Total kWh – IEX kWh
CA = DISCOM kWh = 80-31 = 49	CA = DISCOM kWh = 80-31 = 49
Now, Instead of considering $\text{Cos}(\phi^1)$, if we consider $\text{Cos}(\phi) = 80/100 = 0.8$ (Since as per Regulation No.2 of 2006, power factor shall be equal to recorded kWh divided by kVAh)	As per formula at (A) Net (DISCOM) kVAh = $\sqrt{(\text{DISCOM kWh}^2 + \text{kVARh}^2)}$
Then, CB = DISCOM kVAh = DISCOM kWh/cos(ϕ) = 49/0.8 =61.25	CB = Net DISCOM kVAh = $\sqrt{(\text{DISCOM kWh}^2 + \text{kVARh}^2)}$ = $\sqrt{(49^2 + 60^2)}=77.47$

From the above calculation, it is clear that, there is a **loss of 16.22 kVAh** units to the DISCOM if kWh component is considered for settlement as per the TSERC Draft Regulation.

6.13 Commission's view:

6.13.1 The Commission suggestion made by stakeholders. As this does not fall within the ambit of this Regulation and pertains to Open Access Regulation in particular to Interim Balancing and Settlement Code, **the Commission decided to retain the clause 6(1)(f). However, the Commission shall undertake regulatory process considering the suggestion of stakeholders in its notification of Open Access Regulation.**

6.14 Stakeholders' suggestions/comments:

6.14.1 **TSGENCO** relating to clause 6(1)(h) 'Deviation Volume Limit': suggested to consider the volume limit of under injection or over injection for TSGENCO (as a State Entity) to 12% of scheduled injection or [100/50] MW, whichever is lower.

6.14.2 **The India Cements Limited and Penna Cement Industries Limited** relating to clause 6(1)(h) 'Deviation Volume Limit': commented that the Deviation in

schedule for within the State or intra-State should not have significant impact on cost of power to the SLDC or Transco or DISCOMs, in ensuring grid discipline, grid security and scheduling. Suggested that this Regulation is to be implemented for intra-State exemption of DSM upto 30 MW schedule to be given and for above 30 MW instead of DSM charges a different penalty mechanism can be adopted to maintain the grid discipline.

6.15 **Commission's view:**

6.15.1 The volumetric limit on deviation is proposed on all the generators in the State such that aggregate deviation of all the generators does not exceed State Volume Limit (250 MW at present) i.e., threshold limit, prescribed under the CERC DSM Regulations, applicable to the State of Telangana. If any single generator within the State is permitted to deviate upto 100/50/30 MW, the overall deviation at the State level could over cross threshold limit of State Volume Limit of 250 MW, leading to deviation penalties being imposed on the State. **The Commission decided to retain the clause 6(1)(h).**

However, considering the stakeholder's comments **the Commission decided to revise the minimum volume limit to 30 MW as against 10 MW proposed in clause 9(4) and 10(3). And in view of this, the capacity of 10 MW mentioned in the heading (A) and (B) of the Table-2 of Annexure-II is also changed to 30 MW.**

6.16 **Stakeholders' suggestions/comments:**

6.16.1 **TSSLDC** relating to clause 6(1)(i) 'Allocation of Losses': commented that presently, the intra-State Transmission Losses are calculated on monthly basis and the current month's loss is applied from 26th of next month to 25th of following month and suggested the following in place of existing.

"The transmission losses will be calculated on weekly basis. The total energy input from all sources at G-T boundary metering points including inter-State metered energy and the total energy output of all drawl points at T-D boundary metering points of TSTRANSCO grid during the first week (W_1) will be considered for calculating the transmission loss percentage and the loss percentage thus obtained will be applied for finalising implemented schedules of all the stakeholders in the third week(W_3). Precisely, the losses calculated for week W_1 will be applied for the week W_3 ."

6.17 **Commission's view:**

6.17.1 The Commission directs SLDC to prepare a detailed procedure within sixty (60) days from the notification of this Regulation and submit to the Commission for approval. **The Commission decided to retain the clause 6(1)(i).**

7 With regard to clause 7(2) 'Declaration of Capacity and Scheduling'

7.1 **Commission's proposal:**

7.1.1 "7(2) *The generating unit, as far as possible, shall generate electricity as per the day-ahead generation despatch schedule finalized by SLDC in accordance with the State Electricity Grid Code:
Provided that the revision in generation despatch schedule on the day of operation shall be permitted, in accordance with the procedure specified under the State Electricity Grid Code as amended from time*

to time and Open Access Regulation.”

7.2 Stakeholders’ suggestions/comments:

7.2.1 TSSLDC relating to clause 7(2): suggested the following amendments to State Electricity Grid Code Regulation 2018 for operational expedience:

Clause No.	As existing	Suggested Amendment	Remarks
48.1	In the event of any contingency, SLDC will revise the schedules on the basis of revised declared capability by the generators. The revised schedules will become effective from the 4 th time block counting the time block in which the revision is advised by the generator to be the first one. The revised declared capability will also become effective from the 4 th time block.	In the event of any contingency, SLDC will revise the schedules on the basis of revised declared capability by the generators. The revised schedules will become effective from immediate next time block counting the time block in which the revision is advised by the generator to be the first one. The revised declared capability will also become effective from immediate next time block.	For Operational Expedience.
48.2	The revision of declared capability by the state generating stations having two part tariff with capacity charge and energy charge (except hydro stations) and requisition by beneficiary(ies) for the remaining period of the day shall also be permitted with advance notice. The revised schedules / declared capability in such cases shall become effective from the 4th time-block counting the time block in which the request for revision has been received in the SLDC to be the first one.	The revision of declared capability by the state generating stations having two part tariff with capacity charge and energy charge (except hydro stations) and requisition by beneficiary(ies) for the remaining period of the day shall also be permitted with advance notice. The revised schedules / declared capability in such cases shall become effective from the immediate next time-block counting the time block in which the request for revision has been received in the SLDC to be the first one.	For Operational Expedience.
48.4	In the event of bottleneck in evacuation of power due to any constraint, outage, failure or limitation in the transmission system, associated switchyard and substations owned by STU as certified by SLDC necessitating reduction in generation, the SLDC will revise the schedules which will become effective from the 4th time block counting the time block in which the bottleneck in evacuation of power has taken place to be the first one. Also, during the first, second and third time blocks of such an event, the scheduled generation of the station will be deemed to have been revised to be equal to actual generation and also the scheduled drawls of the	In the event of bottleneck in evacuation of power due to any constraint, outage, failure or limitation in the transmission system, associated switchyard and substations owned by STU as certified by SLDC necessitating reduction in generation, the SLDC will revise the schedules which will become effective from the immediate next time block counting the time block in which the bottleneck in evacuation of power has taken place to be the first one. Also, the scheduled generation of the station and also the scheduled drawls of the beneficiaries/DISCOMs will be revised accordingly.	In line with the 48.1 and 48.2 clauses.

Clause No.	As existing	Suggested Amendment	Remarks
	beneficiaries/DISCOMs will be deemed to have been revised to be equal to their actual draws.		
48.5	The revision of declared capability by generator(s) and requisition by beneficiaries / DISCOMs for the remaining period of the day will also be permitted with advance notice. The revised schedules / declared capability in such cases shall become effective from the 4th time block counting the time block in which the request for revision has been received by SLDC to be the first one.	The revision of declared capability by generator(s) and requisition by beneficiaries / DISCOMs for the remaining period of the day will also be permitted with advance notice. The revised schedules / declared capability in such cases shall become effective from the immediate next time block counting the time block in which the request for revision has been received by SLDC to be the first one.	For Operational Expedience.
48.6	If, at any point of time, SLDC observes that there is need for revision of the schedules in the interest of better system operation, it may do so on its own and in such cases, the revised schedules shall become effective from the 4 th time block counting the time block in which the revised schedule is issued by SLDC to be the first one. To discourage frivolous revisions, SLDC may, at its sole discretion, refuse to accept schedule / capability changes of less than 2% of the previous schedule in respect of both generation and drawl.	If, at any point of time, SLDC observes that there is need for revision of the schedules in the interest of better system operation, it may do so on its own and in such cases, the revised schedules shall become effective from the immediate next time block counting the time block in which the revised schedule is issued by SLDC to be the first one. To discourage frivolous revisions, SLDC may, at its sole discretion, refuse to accept schedule / capability changes of less than 2% of the previous schedule in respect of both generation and drawl.	For Operational Expedience.
53	In case of forced outage of a unit of a generating station having generating capacity of 100 MW or more and selling power under short term bilateral transaction excluding collective transactions through power exchange, the generator or electricity trader or any other agency selling power from the unit of the generating station shall immediately intimate the outage of the unit along with the requisition for revision of schedule and estimated time of restoration of the unit to the SLDC. The schedule of beneficiaries, sellers and buyers of power from this generating unit shall be revised accordingly. The revised schedules shall become effective from the 4th time-	In case of forced outage of a unit of a generating station having generating capacity of 100 MW or more and selling power under short term bilateral transaction excluding collective transactions through power exchange, the generator or electricity trader or any other agency selling power from the unit of the generating station shall immediately intimate the outage of the unit along with the requisition for revision of schedule and estimated time of restoration of the unit to the SLDC. The schedule of beneficiaries, sellers and buyers of power from this generating unit shall be revised accordingly. The revised schedules shall become effective from the immediate	For Operational Expedience.

Clause No.	As existing	Suggested Amendment	Remarks
	<p>block, counting the time block in which the forced outage is declared to be the first one. The SLDC shall inform the revised schedule to the seller and the buyer. The original schedule shall become effective from the estimated time of restoration of the unit. However, the transmission charges as per original schedule shall continue to be paid for two days.</p> <p>Provided that the schedule of the buyers and sellers shall be revised after forced outage of a unit, only if the source of power for a particular transaction has clearly been indicated during short-term open access application and the said unit of that generating station goes under forced outage.</p> <p>Provided that the generator or trading licensee or any other agency selling power from the generating station or unit(s) thereof may revise its estimated time once in a day and the revision schedule shall become effective from the 4th time-block counting the time block in which revision is informed by the generator to be the first one.</p>	<p>next time-block, counting the time block in which the forced outage is declared to be the first one. The SLDC shall inform the revised schedule to the seller and the buyer. The original schedule shall become effective from the estimated time of restoration of the unit. However, the transmission charges as per original schedule shall continue to be paid for two days.</p> <p>Provided that the schedule of the buyers and sellers shall be revised after forced outage of a unit, only if the source of power for a particular transaction has clearly been indicated during short-term open access application and the said unit of that generating station goes under forced outage.</p> <p>Provided that the generator or trading licensee or any other agency selling power from the generating station or unit(s) thereof may revise its estimated time once in a day and the revision schedule shall become effective from the immediate next time-block counting the time block in which revision is informed by the generator to be the first one.</p>	

7.2.2 **TSGENCO** relating to clause 7(2): suggested that the thermal generating stations which have been serving more than 35 years be exempted from deviation and additional deviation charges, for the following reasoning:

- a) TSGENCO Hydel stations are peak load plants; presently day head declared capacity of Hydel stations is not being furnished to SLDC since discharge of water is released by irrigation authorities for Generation. Hence, generation is not feasible to inject into grid pertaining to Hydel stations as per the schedule generation despatched by SLDC. The same has been communicated to the Commission while submitting the comments/views on Grid Regulations, 2018. It is requested to exempt Hydel stations from DSM Regulation.
- b) The existing Thermal Power Station RTS-B cannot be generated electricity as per the generation schedule finalized by SLDC since it has been serving more than 49 years and outdated technology. Consequently, deviations energy will be increased whenever over injection/under injection of energy exceeds volume limit specified in the Regulation. It is requested to exempt old thermal stations from DSM Regulation.
- c) While implementing the Grid Code and DSM Regulation, in case of

reschedule the generation dispatched by SLDC to the extent that Generator can run at technical minimum. In such cases, the compensation charges shall be paid over and above the norms such as Auxiliary consumption, SHR& SOC as fixed by the Commission while generators run at technical minimum (55%).

7.3 **Commission's view:**

7.3.1 The comments are not pertaining to this Regulation, but pertain to the State Electricity Grid Code Regulation and are outside the purview of this Regulation. The Commission has taken note of the comments of the stakeholder.

Deviation Settlement Mechanism is aimed at inculcating grid discipline among all buyers and sellers. Deviation from schedule by any buyer or seller has an impact on the balance of demand and supply in the grid and hence, all generators and buyers should be brought under the purview of DSM. There is no merit in the submission of TSGENCO seeking exemption for thermal generating from deviation and additional deviation charges which have been serving more than 35 years. Submission on the compensation charges when generators run at technical minimum is not relevant for the present Draft Regulation. **The Commission decided to retain the clause 7(2).**

8 **With regard to clause 8 'Treatment of Gaming'**

8.1 **Commission's proposal:**

8.1.1 "8. ***Treatment for gaming***

(1) *The Commission, either Suo-Moto or on a petition made by SLDC, or any affected party, may initiate proceedings against any Buyer or any Seller on charges of gaming and if required, may order an inquiry in such manner as decided by the Commission.*

(2) *When the charge of gaming is proved in the inquiry made in this regard under above-mentioned sub-clause (1), the Commission may without prejudice to any other action under the Act or Regulation made thereunder, disallow any Charges for Deviation to such Buyer or Seller during the period of such gaming."*

8.2 **Stakeholders' suggestions/comments:**

8.2.1 **The India Cements Limited and Penna Cement Industries Limited** relating to clause 8: commented that Intra-State Transmission settlement is based on real time block supply and consumption against the schedule, there is no commercial loss to the TRANSCO/DISCOM and there is no chance of gaming. So, the referred regulation is not required.

8.2.2 **Sri M.Venugopala Rao** relating to clause 8: suggested that differentiation among the buyers and sellers who come under the proposed arrangement needs to be considered:

a) The private sellers and buyers of power are separate in the sense that a seller cannot be a buyer and vice versa. However, in the case of Discoms of the State Government, they are both buyers and sellers. The Discoms buy power from power stations and others and sell power to their consumers. Drawl of power by such Discoms is subject to fluctuations in demand curve, i.e., fluctuations in consumption of power

by their consumers. Here, buyers, i.e., consumers of power, cannot be subjected to specific drawl of power from the Discoms. As such, there is no need, or scope for, intentional misdeclaration of drawl schedule by the Discoms.

- b) There is scope for the Discoms to impose power cuts to subsidized consumers under one pretext or another in areas like rural areas and sell power in the market profitably, especially during peak hours, if opportunity is available. Such practices should be prohibited and brought under the subject regulation, unless it is done for unavoidable technical reasons. If at all power cuts are to be imposed for unavoidable reasons like non-availability of adequate quantum of power, except technical reasons confined to a specific area, the same should be imposed in the entire area of operation of a Discom proportionate to demand.
- c) In a situation of scarcity for power, private generators can reduce generation to inflate scarcity and increase tariffs for power being sold in the market. In the case of generating stations of the utilities of the State Government like TSGENCO, there is no scope for such manipulations, for, they are solely intended to meet demand in the State by supplying power to the Discoms (and to other States, if it is an Inter-State power station).
- d) Open Access buyers tend to shift from the Discoms to Open Access sellers of power depending on availability of power, its price and their requirement for power. If such wayward and opportunistic shifting is not controlled sternly in tune with the subject regulation, it will create a number of problems for the Discoms and maintenance of grid frequency and grid safety.
- e) Generators of power may tend to inject more power than the scheduled quantum, thereby creating problems to the Discoms and maintenance of grid frequency and grid safety. This indiscipline needs to be controlled.

8.3 **Commission's view:**

- 8.3.1 The objective of proposed DSM Regulation is to maintain grid discipline and grid security as envisaged under the Grid Code through the commercial mechanism for Deviation Settlement through drawal and injection of electricity by the users of grid. The referred clause 8 prevent intentional mis-declaration by any buyer or seller of electricity. **The Commission decided to retain the clause 8.**

9 **With regard to clause 9 'Charges for Deviations'**

9.1 **Commission's proposal:**

9.1.1 "9. **Charges for Deviations**

Charges for Deviation for Buyers and Sellers:

- (1) The Charges for Deviations for all the time-blocks shall be payable for over-drawal by the Buyer and under-injection by the Seller and receivable for under-drawal by the Buyer and over-injection by the Seller, which are State Entities, and shall be worked out on the average frequency of a time-block by considering the DSM Price

Vector as specified in the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2014 as amended from time to time and is reproduced in Annexure-I subject to the conditions under clause 9(2) to 9(7).

- (2) The Charges for Deviation for under-drawal by the Buyer in a time block in excess of 12% of the schedule or [X] MW, whichever is less, shall be zero; wherein limit of [X] MW shall be determined as per methodology specified under clause 10(2) of this Regulation.
- (3) The Charges for Deviation for 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 the Cap Rate for Deviation of Rs.3.0304/kWh.
- (4) The Charges for Deviation for over-injection by the Seller in a time block in excess of 12% of the schedule or 10 MW, whichever is less, shall be zero, except in case of injection of infirm power, which shall be governed by clause 9(7) of this Regulation.
- (5) The Charges for Deviation shall be zero at grid frequency of '50.05 Hz and above'.
- (6) The Charges for Deviation corresponding to grid frequency interval of 'below 50.01 Hz and not below 50.00 Hz' shall be the daily average of the Area Clearing Price (ACP) discovered in the Day Ahead Market (DAM) segment of Power Exchange. The daily simple average ACP of the Power Exchange having a market share of 80% or more in energy terms on a daily basis shall be used for linking to the DSM price. If no single Power Exchange is having a market share of 80% or more, the weighted average daily simple average ACP shall be considered.

Charges for Deviation for Infirm Power Injected into the Grid

- (7) The infirm power injected into the grid by a generating unit of a generating station during the testing, prior to the date of commissioning (COD) of the unit shall be paid at Charges for Deviation for infirm power injected into the grid, consequent to testing, for a period not exceeding six (6) months or the extended time as may be allowed by the Commission, subject to ceiling of Cap Rate corresponding to the main fuel used for such injection as specified below:

Domestic Coal/Lignite/Hydro	Rs.1.78/kWh sent out
Administered Price Mechanism (APM) gas as fuel	Rs.2.82/kWh sent out up to the date of revision of price of APM gas by Government of India and thereafter, at the rate to be notified by the CERC separately
Imported Coal	Rs.3.03/kWh sent out
RLNG	Rs.8.00/kWh sent out

9.2 Stakeholders' suggestions/comments:

- 9.2.1 **TSSPDCL** relating to clause 9(1,2,3,4), 10(4)(a) and 10(4)(c): suggested to consider treating overdrawn energy from scheduled energy by the scheduled consumer as energy drawn from DISCOM and bill such energy as per tariff order. One of the existing scheduled consumers from TSSPDCL has filed

W.P.Nos.12263 of 2019 and 12275 of 2019 against TSSPDCL before the Hon'ble High Court of Telangana for levying and collection of additional deviation charges for over-drawal of energy from scheduled energy from DISCOM when grid frequency is below 49.85 Hz. The Hon'ble High Court has passed orders in favour of TSSPDCL and disposed off the Writ Petition.

9.3 Commission's view:

9.3.1 Deviation settlement of partial Open Access customers connected to the In-STS and all Open Access customers connected to the distribution network is covered under the existing Open Access Regulation. Further, clause 8.3 of the Interim Balancing and Settlement Code for Open Access Transactions Regulations, 2006 specifies that any excess energy drawn by a Scheduled Customer (excess of scheduled energy over recorded energy) shall be deemed to have been supplied by the DISCOM and shall have to be paid for as per the terms of the supply agreement with the DISCOM.

9.4 Stakeholders' suggestions/comments:

9.4.1 **FTCCI** relating to clause 9(2): sought clarity with respect to methodology to be adopted by the Commission/SLDC in order to calculate X, how the peak demand will be considered billing cycle wise. Will this X be calculated on 15 min block basis or any other resolution? In order to effectively and efficiently implement the aforesaid Regulation necessary clarity along with illustration may be provided.

9.5 Commission's view:

9.5.1 The Regulation stipulates that the variable X will be calculated based on the peak demand of the buyers on an annual basis (current of ensuing year) and will not be calculated separately for each time block. Methodology for computation of X has been specified in clause 10(2), which is function of peak demand of buyer, non-coincident peak demand and state volume limit.

9.6 Stakeholders' suggestions/comments:

9.6.1 **TSSLDC** relating to clause 9(3): commented that the cap rate of Rs.3.0304/kWh applies only for the generators whose tariff is regulated by the Commission and suggested for modify the clause by replacing the expression "*and whether the tariff of such generating station is regulated by the Commission or not,*" with "**and whose tariff is regulated by the Commission,**".

9.7 Commission's view:

9.7.1 The provision is in line with the 5th amendment of the DSM Regulations notified by CERC. **The Commission decided to retain the clause 9(3).**

9.8 Stakeholders' suggestions/comments:

9.8.1 **FTCCI** relating to clause 9(4) of the Draft Regulation suggested that clause may be modified for the words "in excess of 12% of the schedule or 10 MW, whichever is less, shall be zero" as "*in excess of 15% of the schedule or 250 MW, whichever is high, shall be zero*" commenting that the intended purpose of the Draft Regulation is to maintain grid safety and ensure grid discipline among the seller and buyer within the State injecting electricity into the grid. However, while ensuring grid safety and discipline due regards had to be given to interest of the seller and the buyer injecting electricity since a

balanced mechanism would be required to effectively implement aforesaid regulation. Aforesaid exemption of 12% or 10 MW, whichever is less, would tantamount to gross penalties being imposed upon seller and buyer considering the very narrow scope of the exemption band provided under the Draft Regulation. Central Electricity Regulatory Commission (Deviation Settlement Mechanism) Regulation provides an exemption band of 250 MW which is being majorly adopted by majority of the States within the Country. Even though majority of the portion of the present Draft Regulation reflects that due regard to the CERC Regulation had been paid, however, the current deviation band of 12% of 10 MW is in gross violation of the CERC Regulation.

9.8.2 **SCCL** relating to clause 9(4) & clause 10(7): commented that the Regulation 9(4) provides volumetric limit of injection beyond which no payment for deviation will be made. The Commission has proposed such limit as lower of 10 MW or 12% of the schedule. In case of 2x600 MW STPP, the 12% of full load generation schedule (1131 MW) becomes 135.72 MW which is quite significant in comparison with the absolute limit proposed (10 MW). Further, the clause 10(7) proposes that entities have to change the sign of deviation or have to come back in range or ± 20 MW with reference to its schedule for avoidance of additional charges due to sustained deviation. The Regulation 9(4) provides non-payment of deviation charges beyond 10 MW whereas a deviation within ± 20 MW is accepted for non-imposition of additional deviation charges as per clause 10(7). Further, STPP is selling power only to TSDiscoms and no intra-State power transaction is taking place due to which there will be difficulty in operation of the plant if the given range in the Draft Regulation is retained. Whereas, in CERC DSM Regulations, the approved deviation in volume limit for buyers and sellers is lower of 12% of schedule or 150 MW. The SCCL suggested that the proposed limit be in line with CERC Regulations and also to modify acceptance volume deviation for avoidance of additional charges due to sustained deviation.

9.8.3 **TSGENCO** relating to clause 9(4): suggested to consider the 12% of schedule injection or 100 MW for TSGENCO as a whole since the total installed capacity in TSGENCO thermal station is 3440 MW including BTPS and excluding RTS-B. Otherwise the deviation energy will be increased if the 12% schedule injection limit is 10 MW/station. Consequently, deviation and additional deviation charges increases which lead to financial impact on TSGENCO.

9.9 **Commission's view:**

9.9.1 The Commission is of the view that, generator has reasonable control over generation and in case of un-controllable factors the generator has option to revise the schedule during real time operation to minimise the deviation in either of the direction. The generator is expected to revise its schedule to zero in case of forced outage to minimise the deviation to zero. However, considering the stakeholder's comments **the Commission decided to revise the minimum volume limit to 30 MW as against 10 MW proposed in the Draft Regulations. And in view of this, the capacity of 10 MW mentioned in the heading (A) and (B) of the Table-2 of Annexure-II is also changed to 30 MW.**

The applicability of sustained deviation charges clause 10(7) and the exemptions thereof are in line with the 5th amendment of the Deviation

Settlement Mechanism Regulations notified by CERC. Moreover, in case of bilateral transactions, generators are allowed to revise their schedules on the day of delivery which will be effective from the 7/8th time block. Consequently, there shall be very little chance that a generator may have to bear the sustained deviation charges, in case of failure to change the sign of deviation. This sub-clause is as per 5th amendment of CERC DSM Regulations. Therefore, no modification is required.

9.10 Stakeholders' suggestions/comments:

9.10.1 **FTCCI** with regard to use of term "Power Exchange" in clause 9(6): commented that the term "Power Exchange" has been used in ambiguous manner, has different meaning in the referred clause and suggested to rectify the usage.

9.11 Commission's view:

9.11.1 The Commission opines that there is no ambiguity in usage of term "Power Exchange" in clause 9(6), hence, **the Commission decided to retain the clause 9(6).**

9.12 Stakeholders' suggestions/comments:

9.12.1 **TSGENCO** relating to clause 9(7): suggested to consider nine (9) months instead of six (6) months for the exemption of the deviation charges prior to COD.

9.13 Commission's view:

9.13.1 The period of six (6) months for exemption of infirm power from DSM in line with the CERC Deviation Settlement Mechanism Regulations as well as the Model DSM Regulations at State level notified by the FOR. **The Commission decided to retain the clause 9(7).**

10 With regard to clause 10 'Limits on Deviation volume and Consequence of Crossing Limits'

10.1 Commission's proposal:

10.1.1 "10. *Limits on Deviation Volume and Consequences of Crossing Limits*

(1) *The over-drawal/under-drawal of electricity by any Buyer during a time block shall not exceed 12% of its scheduled drawal or [X] MW, whichever is lower, when grid frequency is between the range of '49.85 Hz or above and below 50.05 Hz'. The Volume Limit for Buyer shall be determined as per clause 10(2) of this regulation:*

Provided that no over-drawal of electricity by any Buyer shall be permissible when grid frequency is 'below 49.85 Hz' and no under-drawal of electricity by any Buyer shall be permissible when grid frequency is '50.05 Hz and above'

(2) **The Volume Limit for Buyer shall be determined as under:**

12% of scheduled drawal or [X] MW, whichever is lower.

Where [X] MW = (Peak Demand of Buyer/ΣNCPD) x State Volume Limit.

Where,

Buyer is a person, including distribution licensee(s), deemed distribution licensee(s) located in the State and full Open Access consumers connected to In-STTS;

Non-Coincident Peak Demand (NCPD) represents the sum of Peak Demand of Buyer(s) and which shall be recorded Peak Demand in the current Financial Year or Projected Peak Demand in the ensuing Financial Year, whichever is higher;

Volume Limit for the Buyer determined as per above formula, shall be rounded off to nearest integer value subject to minimum of 1 MW;

State Volume Limit shall be linked to Volume Limit (L) applicable to Telangana State as per CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2014 and subsequent amendments thereof.

- (3) The over-injection/under-injection of electricity by the Seller shall not exceed 12% of the scheduled injection or 10 MW, whichever is lower when grid frequency is '49.85 Hz or above and below 50.05 Hz':

Provided that no under-injection of electricity by a Seller shall be permissible when the grid frequency is 'below 49.85 Hz' and no over-injection of electricity by a Seller shall be permissible with the grid frequency is '50.05 Hz and above'

Additional Charges for Deviation

- (4) In addition to Charges for Deviation as stipulated under clause 9 of this Regulation, Additional Charges for Deviation shall be applicable for –

- (a) over-drawal as well as under-injection of electricity for each time block in excess of the volume limit specified in clause 10(2) and 10(3), when average grid frequency of the time block is '49.85 Hz and above' at the rates specified in Annexure-II in accordance with the methodology specified in clause 10(5) and 10(6) of this Regulation;
- (b) under-drawal as well as over-injection of electricity for each time block by a Buyer/Seller, as the case may be; when grid frequency is '50.10 Hz and above' at the rates equivalent to Charges for Deviation corresponding to the grid frequency of 'below 50.01 Hz but not below 50.00 Hz' or Cap Rate for Deviation of Rs.3.0304/kWh, whichever is lower.
- (c) over-drawal of electricity by a Buyer for each time block when grid frequency is 'below 49.85 Hz' as a percentage of Charges for Deviation corresponding to the average grid frequency of the time block and the same shall be equivalent to 100% of Charges for Deviation of Rs.8.00/kWh corresponding to the grid frequency of 'below 49.85 Hz'.
- (d) under-injection of electricity by a Seller, during the time-block when grid frequency is 'below 49.85 Hz', by any generating station irrespective of fuel type and whether the tariff of such generating station has been determined by the Commission or not shall be equivalent to 100% of the Cap Rate for deviations of Rs.3.0304/kWh.

Methodology for computation of Additional Charges for Deviation for crossing the volume limits specified for over-drawal/under-injection

- (5) The Additional Charges for Deviation for over-drawal by a Buyer for each time-block in excess of the volume limit specified in clause 10(2), when grid frequency is '49.85 Hz and above' shall be as specified by the Commission as a percentage of the Charges for Deviation corresponding to the average grid frequency of the time block with due consideration to the behaviour of the Buyer towards grid discipline.
- (6) The Additional Charges for Deviation for under-injection of electricity during the time-block in excess of the volume limit specified in clause 10(3), when grid frequency is '49.85 Hz and above', by the generating stations irrespective of the fuel type and whether the tariff of such generating stations is regulated by the Commission or not, shall be as specified by the Commission as a percentage of the Cap Rate or the Charges for Deviation corresponding to the average grid frequency of the time block, or both, with due consideration to the behaviour of the generating stations towards grid discipline.

Additional Charges for Sustained Deviation

- (7) In the event of sustained deviation from schedule in one direction (positive or negative) for six (6) time blocks, the State 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 ± 20 MW with reference to its schedule, at least once, latest by 7th time block, such range being a subset of the Volume Limit as specified under clause 10(2) and 10(3) of this Regulation:

Provided that violation of the sign change requirement as aforesaid shall attract an Additional Charge, as specified in the table below:

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 charge payable or receivable
From sixth to tenth violation	For each violation, an additional charge @ 5% of daily base DSM charge payable or receivable
From eleventh violation onwards	For each violation, an additional charge @ 10% of daily base DSM charge payable or receivable

Provided further that the counting of number of sign change violations shall start afresh at 00:00 hours for each day:

Provided also that the Commission may adopt a different methodology or change the allowed time blocks for sign change as required from time to time:

Provided also that payment of additional charge for failure to adhere to sign change requirement as aforesaid shall not be applicable to:

- (a) Renewable energy generators which are State Entities;
- (b) Run of river projects without pondage;
- (c) Any infirm injection of power by a generating station prior to

- (d) COD of a unit during testing and commissioning activities;
- (d) Any drawal of power by a generating station for the start-up activities of a unit;
- (e) Any inter-regional deviations;
- (f) Forced outage of a generating station in case of collective transactions on Power Exchanges;

Illustration: A State Entity having a schedule deviation from time block t_1 , shall correct its position either by changing the sign of its schedule deviation (from positive to negative or negative to positive, as the case may be) or come back in the range of ± 20 MW with reference to its schedule, latest by the end of time block t_7 . In case, such sign change does not take place or it fails to come back in the aforesaid range by the end of time block t_7 , but such correction of position takes place from time block t_8 upto time block t_{13} then an Additional Charge shall be levied equivalent to one (1) violation. Further, in case, sign change does not take place or its fails to come back in the range as aforesaid latest by the end of time block t_{13} , but correction in position takes place from time block t_{14} up to time block t_{19} , then the additional charge shall be levied for two (2) violations and so on.

The additional charge shall be at the rate as specified in 10(7) of this Regulation.”

10.2 Stakeholders’ suggestions/comments:

- 10.2.1 **TSGENCO** suggested that the Deviation charges of under injection or over injection of electricity for grid frequency ranges from "49.70 HZ or above and below 50.05 HZ instead of "49.85 HZ or above and below 50.05 HZ" may be considered.

10.3 Commission’s view:

- 10.3.1 The operational grid frequency band for the deviation settlement mechanism has been tightened from 49.70 – 50.05 Hz to 49.85 – 50.05 Hz by the fourth amendment of the CERC Deviation Settlement Mechanism Regulations with the objective of bringing it closed to the National Reference Frequency of 50.0 Hz. With the integration of regional grids into synchronous one national grid, it is imperative that the operational frequency band at the State level is aligned with that of the National Grid. **The Commission decided to retain the frequency band as specified in clause 10.**

10.4 Stakeholders’ suggestions/comments:

- 10.4.1 **TSSPDCL** relating to clause 10(2) ‘Volume Limit of Buyer’: suggested to exempt quantum of APGPCL power wheeled through In-STS from deviation quantum of TSSPDCL. APGPCL power is being wheeled to its shareholders existing in Telangana State without entering into Open Access Agreement. The power schedules of the participating industries of APGPCL to the extent of their share in APGPCL are varying from 55 MW to 82 MW and are uncertain. Hence, it is difficult for TSSPDCL to forecast the schedules accurately.
- 10.4.2 **TSSLDC** relating to clause 10(2): commented that current year sum of peak demand cannot be calculated as the data might not be available and suggested to replace the words “current Financial Year” with “**previous**”

Financial Year”.

10.4.3 **CER** relating to clause 10(2): commented that as per Draft Regulation, Non-Coincident Peak Demand (NCPD) represents the sum of Peak Demand of Buyer(s). This could be recorded Peak Demand in the current FY or the Projected Peak Demand in the ensuing FY, whichever is higher. However, in the absence of projected peak demand for the first day of a FY, the ‘Recorded Peak Demand for first day of the current financial year’ would also not be available. In such case, the Regulation can provide for adoption of the NCPD recorded for the last day/last week of the previous FY.

10.5 Commission’s view:

10.5.1 The Commission is in agreement with the stakeholders comment that the peak demand for the current Financial Year will only be available at the end of the financial year and hence it would not be feasible to calculate the Volume Limit of buyers considering the peak demand of the current year. Consequently, **the Commission decided to replace the term ‘current Financial Year’ in the sub-clause as ‘previous Financial Year’.**

10.6 Stakeholders’ suggestions/comments:

10.6.1 **CER** advised that -

- a) 12% limit for peak hour should be lower in order to incentivize the generators to improve forecasting accuracy. This will also reduce incentive for gaming during peak hours, which witness higher price under DSM.
- b) State Volume Limit shall be linked to Volume Limit (L), applicable to Telangana State in line with the CERC (Deviation Settlement Mechanism and related matters) Regulations, 2019.

10.7 Commission’s view:

10.7.1 The charges for deviation for generating stations are capped at Rs.3.0304/kWh. Therefore, even during peak hours, no generator would be able to receive more than the cap rate for over-injecting. The clause appropriately refers to the State Volume Limit specified in the Deviation Settlement Mechanism Regulations notified by CERC in 2014 along with subsequent amendments. This clause (10) is in line with Model DSM Regulations and CERC DSM Regulations.

However, considering the stakeholder’s comments **the Commission decided to revise the minimum volume limit to 30 MW as against 10 MW proposed in clause 10(3). And in view of this, the capacity of 10 MW mentioned in the heading (A) and (B) of the Table-2 of Annexure-II is also changed to 30 MW.**

10.8 Stakeholders’ suggestions/comments:

10.8.1 **TSNPDCL** relating to Draft Regulation 10(4)(a): suggested to consider treating over drawn energy from scheduled energy by the scheduled consumer from DISCOM as energy drawn from DISCOM and bill such energy as per Tariff Order.

10.9 Commission’s view:

10.9.1 Deviation settlement of partial Open Access customers connected to the In-STS and all Open Access customers connected to the distribution network is

covered under the existing Open Access Regulation. Further, clause 8.3 of the Interim Balancing and Settlement Code for Open Access Transactions Regulations, 2006 specifies that any excess energy drawn by a Scheduled Consumer (excess of scheduled energy over recorded energy) shall be deemed to have been supplied by the DISCOM and shall have to be paid for as per the terms of the supply agreement with the DISCOM. **The suggestion does not fall within the ambit of the Regulation. The Commission decided to retain the clause 10(4)(a).**

10.10 Stakeholders' suggestions/comments:

10.10.1 **TSGENCO** relating to clause 10(4): suggested that to exempt TSGENCO from applicability of the additional deviation charges for change in sign for every six-time blocks for the reasons that unexpected tripping/failure or unavoidable outage of major equipment and in case of non-availability of stand by equipment such as Boiler feed pump, FD Fan, ID Fan, Mills, etc., may result in operating the unit at partial loads, this cannot be forecasted and scheduled in advance.

10.11 Commission's view:

10.11.1 In case of unexpected tripping/failure of equipment, generators are permitted to revise their schedules which will be effective from the 7th/8th time block as per the Indian Electricity Grid Code and amendments thereof. Therefore, in case of such an outage, sustained deviation charges would only be applicable. **The Commission decided to retain the clause 10(4).**

10.12 Stakeholders' suggestions/comments:

10.12.1 **TSSPDCL and TSNPDCL** relating to clause 10(7): commented that the strict DSM provisions are utmost important to maintain grid discipline and grid security for injections and drawls, but it is also important to ensure deviation norms are not excessively stringent which leads to high deviation and additional deviation charges. States like Haryana, Rajasthan, additional charges for sustained deviations are levied from 12th time block onwards. Suggested that the number of time blocks beyond which additional deviation charges is to be levied should be increased from 6 time blocks to 12 time blocks. The range of quantum of deviation allowed in a time block should be changed from ± 20 MW to ± 100 MW. The range of quantum of deviation allowed in a time block should change from MW basis to % basis. TS Discoms proposes to change the range from ± 20 MW to $\pm 5\%$.

10.12.2 **TSSLDC** relating to clause 10(7): commented that in CERC DSM Regulations, the limit of ± 20 MW is given for State as a whole. But for each individual State Entity, if such limit is permitted, it may lead to deviation from schedule beyond 20 MW limit. Hence, sign has to be changed by the State Entity invariably from positive to negative or negative to positive as the case may be without any range limit and suggested to modify the clause as *"In the event of sustained deviation from schedule in one direction (positive or negative) by any State Entity, such State Entity (Buyer or Seller) shall have to make sign of their deviation from schedule changed, at least once, latest by 7th time block."*

10.12.3 **The India Cements Limited and Penna Cement Industries Limited** regarding clause 10(7) (Additional Charges for Sustained deviation): commented that in the event of sustained deviation from schedule in one

direction for six time blocks, the State Entity shall correct its position, by making the sign of its deviation from schedule changed or by remaining the range of ± 20 MW with reference to schedule". Suggested to consider the range limit of ± 20 MW for Intra-State & Inter-State schedule separately while doing the settlement & evaluating the deviation charges.

10.13 Commission's view:

10.13.1 The provisions for sustained deviation charges are in line with the Deviation Settlement Mechanism Regulations notified by CERC and the Model DSM Regulations at State level notified by FOR. **The Commission is not in agreement with the stakeholder's suggestions and decided to retain the clause 10(7).**

10.14 Stakeholders' suggestions/comments:

10.14.1 **TSSLDC** relating to clause 10(7)(e): suggested to modify the clause as "(e) *Any inter-distribution licensee deviations*"

10.15 Commission's view:

10.15.1 The clause is in line with the 5th amendment of the Deviation Settlement Mechanism Regulations and hence, **the Commission decided to retain the clause 10(7)(e).**

10.16 Stakeholders' suggestions/comments:

10.16.1 **FTCCI** relating to clause 10(7)(f): suggested that the clause should also cover bilateral transaction commenting that the clause pertains to forced outage which is beyond the control of any of the party, making a differentiation among the bilateral and collective transaction would purportedly defeat the purpose of the Regulation which is grid safety and grid discipline. Imposing additional charges upon bilateral transaction in case of forced outage would impact the buyer and generator heavily since on the one hand they had to face economic hardship owing to the forced outage since buyer had to purchase power at a higher cost, and seller would be deprived of the payment for its generation and on the other hand they would be required to pay additional charges on account of deviation. Such a scenario would impact heavily and may have derogatory long term economic impact upon the stakeholder.

10.17 Commission's view:

10.17.1 The Commission is of the view that, generator has reasonable control over generation and in case of uncontrollable factors such as coal quality, coal mill outlet/inlet temperature, variation in grid, frequency, etc., the generator has option to revise the schedule during real time operations to minimize the deviation in either of the direction. The generator is expected to revise its schedule to zero in case of forced outage to minimise the deviation to zero. Hence, **the Commission decided to retain the clause 10(7)(f).**

10.18 Stakeholders' suggestions/comments:

10.18.1 **TSSLDC** relating to clause 10(7) Illustration: As such sign has to be changed invariably, no scope for come back in the range of ± 20 MW. Suggested to modify the clause as "*A State Entity having a schedule deviation from time block t_1 , shall correct its position either by changing the sign of its schedule deviation (from positive to negative or negative to positive, as the case may be), latest by the end of time block t_7 . In case, such sign change does not take*

place by the end of time block t_7 , but such correction of position takes place from time block t_8 up to time block t_{13} then an Additional Charge shall be levied equivalent to one (1) violation. Further, in case, sign change does not take place latest by the end of time block t_{13} , but correction in position takes place from time block t_{14} up to time block t_{19} , then the additional charge shall be levied for two (2) violations and so on.”

10.19 Commission’s view:

10.19.1 The Commission is not in agreement with the suggestion of TSSLDC and decided to retain the clause 10(7).

11 No suggestion/comment were received on the clause 11 ‘**Treatment of Infirm Power and Start Up Power prior to COD**’.

12 No suggestion/comment were received on the clause 12 ‘**Framework for Operationalization and Monitoring of Deviation Settlement Mechanism**’.

13 With regard to clause 13 ‘State Energy Account’

13.1 Commission’s proposal:

13.1.1 “13. State Energy Account

(1) *SLDC shall prepare the statement of State Energy Account for each time block for Buyers and Sellers on monthly basis. Data required for billing of partial Open Access consumers connected to In-STS and all Open Access consumers connected to distribution system shall be passed on to the billing centre of the distribution licensee by SLDC. The billing centre of the distribution licensee shall be responsible for energy accounting, raising and settlement of bills with partial Open Access consumers connected to In-STS and all Open Access consumers connected to distribution system. Payments towards capacity charges and energy charges by the Buyers to the Sellers shall be as per the mutually agreed terms in the respective Power Purchase/Sale Agreement subject to the condition that the same are not inconsistent with the provisions of this regulation.*

(2) *Energy Account Statement for Deviation Settlement of partial Open Access consumers connected to In-STS and all Open Access consumers connected to distribution network shall be in accordance with the provisions of Open Access Regulation.*

(3) *SLDC shall be responsible for preparation of weekly Charges for Deviation statement to all State Entities and billing and collection of Charges for Deviation from the State Entities in accordance with clause 15 of this Regulation:*

Provided that the Provisional State Energy Account and Statement for Deviation Account Settlement should be available for scrutiny and verification by the concerned State Entities for a specified time period. The same would be finalized within a stipulated time period upon addressing comments/discrepancies (if any):

Provided further that State Energy Account and Deviation Account Statements shall be available for third (3rd) party verification and audit on periodic basis and such third (3rd) party verification and audit shall

be carried out at least once (1) a year.

- (4) *A detailed energy accounting procedure shall be prepared by the SLDC within three (3) months of notification of this Regulation and shall be submitted to the Commission for approval:*

Provided that SLDC shall undertake a stakeholder consultation process by uploading the draft procedure on its website before its submission to the Commission for approval.”

13.2 Stakeholders’ suggestions/comments:

- 13.2.1 **SCCL** suggested that regional energy accounts are being issued by regional power committees. The clause 17 of Draft Regulation provides governance structure and constitution of State Power Committee. In line with the practice followed by regional power committees, it may be appropriate that the State Energy Accounts are either issued or validated by State Power Committee.

13.3 Commission’s view:

- 13.3.1 State Electricity Grid Code entrusts the function of preparation of State Energy Accounts and Deviation Accounts to the SLDC. Moreover, the Electricity Act, 2003 lays down the functions of SLDC which include keeping account of electricity transmitted through the State grid. The State Power Committee shall be responsible for coordinating between stakeholders for activities such as Grid Needs Assessment (GNA), demand forecasting, etc. Therefore, the function of maintaining State Energy Accounts should ideally rest with the SLDC. **The Commission is not in agreement with the suggestion of the SCCL and decided to retain the clause (13).**

- 14 No suggestion/comment were received on the clause 14 ‘**Compliance with the Instructions of State Load Despatch Centre**’.

- 15 No suggestion/comment were received on the clause 15 ‘**Accounting of Charges for Deviation**’.

16 With regard to clause 16 ‘Schedule of payment of Charges for Deviation’

16.1 Commission’s proposal:

16.1.1 “16. *Schedule of payment of Charges for Deviation*

- (1) *The payment of Charges for Deviation shall have a high priority and the concerned State Entity shall pay the indicated amounts within ten (10) days of the issue of statement of Charges for Deviation including Additional Charges for Deviation by SLDC into the ‘State Deviation Pool Account’.*
- (2) *If payments against the Charges for Deviation including Additional Charges for Deviation are delayed by more than two (2) days, that is beyond twelve (12) days from the date of issue of the statement by SLDC, the defaulting State Entity shall have to pay simple interest @ 0.04% for each day of delay. This is without prejudice to any action that may be taken under section 142 of the Act in addition to any action under section 56 of the Act and other relevant Regulations.*
- (3) *All payments to State Entities entitled to receive any amount on account of Charges for Deviation shall be made within two (2) working*

days of receipt of the payments in the 'State Deviation Pool Account':

Provided that in case of delay in the payment of Charges for Deviations into the State Deviation Pool Account and interest there on if any, beyond twelve (12) days from the date of issue of the statement of Charges for Deviations, State Entities receiving payment for deviation or interest thereon shall be paid from the balance available in the State Deviation Pool Account. In case the balance available is not sufficient to meet the payment to State Entities, the payment from the State Deviation Pool Account shall be made on pro rata basis from the balance available in the State Deviation Pool Account:

The liability to pay interest for the delay in payments to the 'State Deviation Pool Account' shall remain till interest is not paid, irrespective of the fact that constituents who have to receive payments, have been paid from the 'State Deviation Pool Account' in part or full.

- (4) *All the State Entities shall be required to open a Letter of Credit (LC) equal to 110% of its average payable weekly liability for deviations in the previous financial year, in favour of SLDC within a fortnight from the effective date of this Regulation:*

Provided that if any State Entity fails to make payment of Charges for Deviation including Additional Charges for Deviation by the time specified in this Regulation during the current financial year, it shall be required to open a LC equal to 110% of weekly outstanding liability in favour of SLDC within a fortnight from the due date of payment.

Provided further that LC amount shall be increased to 110% of the payable weekly liability for Deviation in any week during the year, if it exceeds the previous LC amount by more than 50%:

Provided further that, "Letter of Mandate" issued by Reserve Bank of India (RBI), wherever applicable, shall also be accepted as Payment Security Mechanism in lieu of Letter of Credit

Provided also that if instances of repeated defaults are observed, the Commission may notify an appropriate penal mechanism.

Illustration

If the average payable weekly liability for deviation of a State Entity during n^{th} year is Rs.2.0 crore, the State Entity shall open LC for Rs.2.2 crore in $(n+1)^{\text{th}}$ year. If the weekly payable liability during any week in $(n+1)^{\text{th}}$ year is Rs.3.5 crore which is more than 50% of the previous financial year's average payable weekly liability of Rs.3.0 crore, the concerned State Entity shall increase the LC amount to Rs.3.85 crore (1.1xRs.3.50) by adding Rs.1.65 crore.

In case of failure to pay into the 'State Deviation Pool Account' within the specified time of twelve (12) days from the date of issue of statement of Charges for Deviations, SLDC shall be entitled to encash the LC of the concerned constituent to the extent of the default and the concerned constituent shall recoup the LC amount within three (3) days."

16.2 Stakeholders' suggestions/comments:

- 16.2.1 **TSGENCO** relating to clause 16(2): suggested to reduce the interest from

0.04% to 0.02% for each day of delay for the defaulting entity.

16.3 Commission's view:

16.3.1 The penal interest rate is in line with the Deviation Settlement Mechanism Regulations notified by CERC. Any delayed payment in the State DSM pool should be penalized at the same rate at which the State will be penalized for late payment to the Inter-State DSM pool to maintain parity with the Inter-State DSM framework. **The Commission is not in agreement with the stakeholder and decided to retain the clause 16(2).**

16.4 Stakeholders' suggestions/comments:

16.4.1 **The India Cements Limited and Penna Cement Industries Limited** with regard to clause 16(4), commented that for all the schedule consumers the Open Access energy settlement done by the TSDISCOM/TSTRANSCO and the OA units is reflected in the consumer CC revised bills. Since the units are accounted only after revision of bills, there is no chance to failure of payment of charges and suggested to remove the sub section accordingly & opening of LC is not required for such transactions.

16.4.2 **TSNPDCCL** relating to clause 16(4): suggested to insist the existing Open Access consumer for submission of Letter of Credit (LC) as per the Draft Regulation in favour of TSNPDCL at the time of issuing the NOC and furnish the same to SLDC.

16.5 Commission's view:

16.5.1 The clause provides for a payment security mechanism and aims to ensure timely payment of dues pertaining to DSM charges. The Deviation Pool Accounts are prepared on a weekly basis and payments received in the pool need to be appropriated towards a host of transactions. Since these payments/transactions are contingent upon the surplus available in the State Deviation Pool Account, timely payments into the pool are essential. Provisions proposed in this Regulation are in line with FOR Model Regulations.

Further, Scheduled Open Access customer connected to the In-STS and all Open Access customers connected to the distribution network come under the purview of Open Access Regulation and hence, the matter does not pertain to this Regulation. However, it is clarified that LC is required to be opened only in cases where an entity has defaulted on its obligations towards their respective Deviation Pool Account. Hence, the requirement for all State Entities to open an LC for payment of DSM charges may be dispensed with. **The Commission decided to retain the clause 16(4).**

16.6 Stakeholders' suggestions/comments:

16.6.1 **Sri M.Venugopala Rao** with regard to fourth proviso of clause 16(4) commented that instead of notifying such penal mechanism, after occurrence of repeated defaults in paying charges for deviations by the entity concerned, the Commission may consider incorporating an appropriate penal mechanism in the present draft itself. It gives no scope for implementing such penal mechanism with retrospective effect and questioning it on legal grounds.

16.7 Commission's view:

16.7.1 The fourth proviso of clause 16(4) is in line with Model DSM Regulations and

CERC DSM Regulations. **The Commission decided to retain the fourth proviso of clause 16(4).**

16.8 Stakeholders' suggestions/comments:

16.8.1 **SCCL** regarding the financial implication due to software updation and new meters installation commented that in Tariff Order issued by Commission for STPP, the Commission did not take into consideration any expenditure required for implementation of DSM Regulation. Suggested that the Commission may allow financial impact for implementation of DSM Regulation in future Tariff Orders of STPP or may directly allow such expenditures in the annual revenue requirement of transmission licensee.

16.9 Commission's view:

16.9.1 **The Commission upon prudence check shall allow the DSM expenditure during true up if such expenditures are deemed valid and necessary.**

17 With regard to clause 17(1) 'Governance Structure and constitution of State Power Committee'

17.1 Commission's proposal:

17.1.1 **"17. Governance Structure and constitution of State Power Committee**
(1) *Within three (3) months from date of notification of this Regulation, SLDC shall formulate operating procedures and business rules for constitution of State Power Committee, which shall be subject to approval by the Commission upon the same being placed for consideration before it.*

17.2 Stakeholders' suggestions/comments:

17.2.1 **TSSLDC** suggested for replacement of words "three (3) months" with "six (6) months".

17.3 Commission's view:

17.3.1 TSSLDC suggestion was against the Press Release dated 05.01.2019 on Draft Regulation 2018. Since enough time is passed from the date of issue of the Press Release, the **Commission decided to retain the clause 17(1).**

18 With regard to Annexure-I of Draft Regulation

18.1 Commission's proposal:

18.1.1 **"Annexure-I**

1. Deviation charges for Buyers, Sellers, and other conditions:

As specified in the clause 9(1) of this Regulation, the Charges for Deviations for all the time-blocks shall be payable for over-drawal by the Buyer and under-injection by the Seller and receivable for under-drawal by the Buyer and over-injection by the Seller, which are State Entities, and shall be worked out on the average frequency of a time-block by considering the price vector for deviation charges as specified in the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2014 as amended from time to time and as reproduced below:

Average frequency of time block (Hz)	Charges for Deviation
---	------------------------------

Average frequency of time block (Hz)		Charges for Deviation
Below	Not below	(Rs./kWh)
	50.05	0.00
50.05	50.04	Slope determined by joining the price at Not Below 50.05 Hz and identified price at 50.00 Hz, and as detailed in the note below
50.04	50.03	
50.03	50.02	
50.02	50.01	
50.01	50.00	Daily (simple) average Area Clearing Price discovered in the Day Ahead Market segment of power exchange
50.00	49.99	Slope determined by joining the price identified at 50.00 Hz and price at below 49.85 Hz, and as detailed in the note below
49.99	49.98	
49.98	49.97	
49.97	49.96	
49.96	49.95	
49.95	49.94	
49.94	49.93	
49.93	49.92	
49.92	49.91	
49.91	49.90	
49.90	49.89	
49.89	49.88	
49.88	49.87	
49.87	49.86	
49.86	49.85	
49.85		8.00

Note:-

- (i) The deviation settlement mechanism (DSM) rate vector will have a dynamic slope determined by joining the identified price points at 50 Hz. (daily simple average ACP), frequency of 49.85 Hz (Rs.8 per unit) and 50.05 Hz (zero) on a daily basis.
- (ii) The maximum ceiling limit applicable for average daily ACP discovered in the DAM segment of power exchange at 50.00 Hz shall be Rs.8.00/kWh.
- (iii) Charges for deviation for each 0.01 Hz step shall be equivalent to the slope determined by joining the price at 'Not below 50.05 Hz' and 'identified price at 50.00 Hz' in the frequency range of 50.05-50.00 Hz, and to the slope determined by joining the 'price identified at 50.00 Hz' and price at 'below 49.85 Hz' in frequency range 'below 50 Hz' to 'below 49.85 Hz'.
- (iv) The daily simple average ACP of the power exchange having a market share of 80% or more in energy terms on a daily basis shall be taken into consideration for linking to the DSM price vector. If no single power exchange is having a market share of 80% or more, the weighted average day-ahead price shall be used for linking to the DSM price.

- (v) *Daily simple average ACP in the day-ahead market exclusive of any transmission charges and transmission losses shall be used as the basis for market linked DSM price at 50 Hz:
Provided that based on a review of the above mechanism within one year or in such time period as may be decided by the Commission, if the Commission is satisfied that the market conditions permit, the basis for market linked DSM price shall be substituted, by the time-block-wise ACP in the day ahead market or as and when the real time market is introduced, by the hourly ACP or the ACP of such periodicity as may be considered appropriate by the Commission.*
- (vi) *The Cap Rate for the Charges for Deviation for the generating stations whose tariff is determined by the Commission shall be equal to its energy charges as billed for the previous month:
Provided that no retrospective revision of DSM account shall be allowed even if the energy charges are revised at a later date.*
- (vii) *In case of non-availability of daily simple average ACP due to no-trade on a given day, daily simple average ACP of the last available day shall be considered for determining the DSM charge.*
- (viii) *Deviation price shall be rounded off to nearest four (4) decimal places*
- (ix) *An illustration to the DSM price vector specified in table above, is provided as Annexure-III.*
- (x) *The NLDC shall act as the Nodal Agency to declare the daily DSM rates and shall display all relevant information on its website.*

2. *Deviation charges applicable for intra-State Open Access transactions of State Entities:*

The Charges for Deviation including Additional Charges for Deviation for inter-State Open Access transactions of State Entities shall be levied by considering 95% of the rates as specified in the table above when these charges are receivable by State Entities, as per clause 9 and 10 and the Charges for Deviation shall be levied by considering 105% of the rates as specified in the table above, when these charges are payable by State Entities.”

18.2 Stakeholders’ suggestions/comments:

18.2.1 **TSSLDC** relating to Annexure-I Note para (vi): suggested to modify the clause in line with CERC fifth amendment i.e., as *“The Cap Rate for the Charges for Deviation for generating stations irrespective of the fuel type and whether the tariff of such generating station is determined by the Commission or not, **shall not exceed 303.04 Paise/kWh**”*

18.2.2 **TSSLDC** relating to Annexure-I Note para (viii): *“Deviation price shall be rounded off to nearest **two decimal places.**”*

(Considering the deviation price to be in paise/kWh in line with CERC. As such, the expression Rs./kWh may be replaced with paise/kWh in the entire Regulation)

18.2.3 **TSSLDC** relating to point 2 of Annexure-I suggested to replace the heading as *“Deviation charges applicable for **intra State Open Access** transactions of State Entities:*

18.2.4 **FTCCI** relating to point 2 of Annexure-I: commented that the headline of the point 2 of Annexure-I is *“Deviation charges applicable for intra-State Open Access transactions of State Entities”*. However, in the details of point 2, the Commission has specified that deviation charges shall be levied for inter-State Open Access transactions of State Entities. Suggested to rectify the aforesaid discrepancy.

18.3 **Commission’s view:**

18.3.1 Annexure I of this Regulation is reproduction of price vector for deviation charges as specified in the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2014 as amended from time to time. **The Commission is in agreement with the suggestion of TSSLDC with regard to Note para (vi) of Annexure-I and accordingly, modified the Annexure-I.**

With regard to rounding off to nearest decimal places, it is clarified that since the deviation price is expressed in Rs./kWh (not in Paise/kWh), the Deviation price shall be rounded off to nearest four (4) decimal places as mentioned in this Regulation is correct. However, to have no ambiguity it is modified as ***“Deviation price shall be expressed in Rs./kWh and shall be rounded off to nearest four (4) decimal places”***.

With regard to applicability of point 2 of Annexure-I, the Commission hereby clarifies that the clause actually refers to **Inter-State Open Access Transactions of the State Entities**. Hence, heading of clause is modified as ***“Deviation Charges Applicable for Inter-State Open Access Transactions of the State Entities:”***

19 **With regard to additional clause proposals**

19.1 **Stakeholders’ suggestions/comments:**

19.1.1 **TSSPDCL and TSNPDCL** proposed an additional clause in the Regulation: TSDiscoms proposes to include some relaxation provisions for revision of day ahead schedule, in case of sudden changes in real time demand-supply scenario:

- a) Revision in the schedule would help the Discom to adjust their schedule according to the actual drawal received from the real time information and minimise the deviation charges.
- b) Revision for schedule should be allowed up to 6-time block before the scheduled without any limitation for quantum revision.

19.2 **Commission’s view:**

19.2.1 Provisions regarding scheduling and revision in schedule are covered under the State Electricity Grid Code and the Indian Electricity Grid Code wherein generators are permitted to revise their scheduled on the day of delivery which will be effective from the 7th/8th time block. The objective of the DSM framework is to inculcate grid discipline among buyers and sellers and to maintain grid security. Any relaxation for Discoms to revise their schedules would thus be a retrograde step in this regard. **The Commission is not in**

agreement with the proposal of stakeholders.

19.3 Stakeholders' suggestions/comments:

19.3.1 **TSSPDCL and TSNPDCL** proposed additional clause in the Regulation: TSDiscoms suggested to levy the relevant charges after considering the whole day's performance instead of considering each time block deviations.

19.4 Commission's view:

19.4.1 Deviation charges at the Inter-State level are calculated for each 15-minute time block. The intra-State DSM framework must work in sync with the Inter-State DSM framework. **The Commission is not in agreement with the proposal of stakeholders.**

19.5 Stakeholders' suggestions/comments:

19.5.1 **TSSPDCL and TSNPDCL** proposed additional clause in the Regulation: The Open Access consumers present in the State send their day ahead drawal schedule usually after 6:00 pm in the evening, whereas the day ahead schedule of Discoms needs to be sent to SLDC before 5:00 pm in the evening. Under this condition, it becomes difficult for Discoms to accurately forecast the day ahead schedule. Thus, it is proposed that Open Access consumers should send their schedule drawls from Open Access before 3:00 pm so that it can be incorporated in the Discom schedule and thus help to reduce the deviations in the actual drawal of power by the Discom.

19.6 Commission's view:

19.6.1 **The Commission taken note of proposal of stakeholders.**

19.7 Stakeholders' suggestions/comments:

19.7.1 **TSSPDCL and TSNPDCL** proposed additional clause in Regulation: relating to 8.3 of Regulation No.2 of 2006 (Open Access Regulation). As per Regulation No.2 of 2005 (Terms & Conditions for availing Open Access), the NOC is being issued to the HT consumers having agreement with TSDiscoms intending to procure power from the power exchange/third party through intra-State Open Access. Subsequently the consumers are scheduling power from various sources in block wise manner wherever lower price is available and drawing the remaining energy from TSDiscoms. As the TSDiscoms are obligated to provide uninterrupted power supply to its consumers at all times, the TSDiscoms are compelled to enter PPAs in order to meet the demand of the consumers round the clock. As the consumers are drawing power from various other sources, there is no firm power drawl by consumers from TSDiscoms. As such the deviations of power drawl are incurred by the TSDiscoms and huge deviation charges (UI) are levied to TSDiscoms by SRLDC at present. Further, the monthly Energy and Demand settlements of the OA consumers is getting complicated as the DSM prices are not same for all the sources to compute the deviation charges applicable to the OA consumers. In view of the above, it is suggested to limit the number of sources to maximum of two (2) numbers to procure energy by OA consumers duly amending the clause 8.3 of Regulation No.2 of 2006.

19.8 Commission's view:

19.8.1 The matter outlined pertains to Open Access Regulation and not pertains to this Regulation. **The Commission has taken note of the suggestion of the**

stakeholders. However, the Commission shall undertake regulatory process considering the suggestion of stakeholders in its notification of Open Access Regulation.

19.9 Stakeholders' suggestions/comments:

19.9.1 **TSSPDCL and TSNPDCL** regarding Open Access Application Fee: proposed additional clause in Regulation No.2 of 2005 "*Open Access Charges 17.1(vii) Scheduling and system operation charges shall be payable by all Open Access users under scheduling by SLDC. Such charges shall be governed by relevant Regulations issued by the Commission.*" informing that to obtain Open Access facility by the consumer, NOC from State utilities is required. After verification of technical parameters required such as interface metering, meter data compatibility, feasibility with respect to connected sub-station and feeder load, etc. the technical clearance is issued by DISCOM in the SLDC online portal. Further in order to process the deviation settlements of energy and demand of the Open Access consumers/Generators as per Regulation, the dedicated data Server, development of settlement of software applications, AMR communication for collecting data from the meters, meter dump conversion tools of various makes like L&T, Secure and Elster to convert raw dump data from meters and analyzing of meters data, etc., are required. As a result, DISCOMs are incurring excessive burden in the form of hardware and manpower (O&M) cost in facilitating Open Access sought by the consumers. Suggested to approve for collection of Rs.20,000/- per application per month at a rate of 5% increment every year from Open Access consumers in facilitating the Open Access.

19.10 Commission's view:

19.10.1 **The proposal of the stakeholder not pertains to this Regulation.** The proposed recommendation is with regards to the Open Access Regulation. **The Commission has taken note of the suggestion of the stakeholders. However, the Commission shall undertake regulatory process considering the suggestion of stakeholders in its notification of Open Access Regulation.**

19.11 Stakeholders' suggestions/comments:

19.11.1 **TSSPDCL and TSNPDCL** sought clarification on whether any modifications in the existing scheduling framework or operational procedures (followed by Discoms) are required.

19.12 Commission's view:

19.12.1 **The Commission directs TSDiscoms to prepare a detailed operational procedure within sixty (60) days from the notification of this Regulation and submit to the Commission for approval.**

19.13 Stakeholders' suggestions/comments:

19.13.1 **The India Cements Limited and Penna Cement Industries Limited** commented that this Regulation will not be practical, considering the present mechanism of Day Ahead schedule/revision is practical & operational convenience.

19.14 Commission's view:

19.14.1 The DSM framework works on the principle of comparison of actual

injection/drawl with the implemented schedule and penalizes deviations from the implemented schedule of the participants. At present day ahead scheduling and revision is done as per the provisions of State Electricity Grid Code. The objective of DSM is to make user to restrict their schedule against actual drawl/injection. **The Commission is not in agreement with the comment of the stakeholder.**

19.15 Stakeholders' suggestions/comments:

19.15.1 **The India Cements Limited and Penna Cement Industries Limited** commented that DSM will be additional cost to the captive power plants which results to huge increase in cost of supply and becomes unviable to run the plants and suggested not to implement this Regulation for Captive Power Plants (CPPs) and consumers.

19.16 Commission's view:

19.16.1 The Regulation envisages that its applicability excludes in-situ captive generators/captive user, having captive generating plant/facility within its premises for captive use, yet has been connected to the grid for the sake of banking facility, if any. **The Commission opines that stakeholder suggestion is already in-built in the Regulation.**

19.17 Stakeholders' suggestions/comments:

19.17.1 **Sri M.Venugopala Rao** commented that after reaching the limits of backing down thermal stations as per terms and conditions in the PPAs in force and MoD, if further backing down is needed, the must-run renewable energy units must be backed down as per IEGC, without making any payment for the backing down as per terms and conditions in the respective PPAs in force. Any violation should be controlled and penalized.

19.18 Commission's view:

19.18.1 These provisions of MoD and backing down of stations are covered under State Electricity Grid Code. **The Commission taken note of suggestion of the stakeholder.**

20 With regard to other Miscellaneous matters

20.1 Stakeholders' suggestions/comments:

20.1.1 **Telangana Solar Open Access Developers Association (TSOADA)** relating to clause 3 of TSERC (Forecasting, Scheduling Deviation Settlement and related matters for Solar and Wind Generation Sources) Regulations, 2018: commented that it estimated that the combined capacity of all projects below 5 MW connected to a single SS/PSS shall be less than 4% of the total installed capacity of solar projects but in terms of number of projects there shall be relatively large numbers. Combined capacity of all projects below 10 MW connected to a single SS/PSS shall be less than 8% of total installed capacity of solar projects. TSOADA suggested that 5 MW be replaced with 10 MW in clause 3 of Regulation, 2018 as it brings more than 92% of the installed capacity into the DSM scope with tentatively managing with less 30% in terms of projects.

20.2 Commission's view:

20.2.1 The matter outlined pertains to TSERC (Forecasting, Scheduling Deviation

Settlement and related matters for Solar and Wind Generation Sources) Regulations, 2018. **The proposal of the stakeholder not pertains to this Regulation.**

20.3 Stakeholders' suggestions/comments:

20.3.1 **CER** relating to Demand Response Program: suggested that design and implementation of a demand response program at the intra-State level can help limit the deviations, particularly those arising because of changes in weather and generation of Variable Renewable Energy (VRE).

20.4 Commission's view:

20.4.1 **The Commission taken note of suggestion made by stakeholder.**

20.5 Stakeholders' suggestions/comments:

20.5.1 **CER** relating to Role of Ancillary Services: suggested that the participation of the generators and utilities (including aggregator for demand response program) at the intra-State level in the market for ancillary services can help contain the deviation at the intra-State level. While this is currently falling within the purview of CERC, any development thereof, would be of significant relevance to the States.

20.6 Commission's view:

20.6.1 **The suggestion does not fall within the scope of this Regulation. The Commission taken note of suggestion made by stakeholder.**

**Sd/-
(BANDARU KRISHNAIAH)
MEMBER**

**Sd/-
(M.D.MANO HAR RAJU)
MEMBER**

**Sd/-
(T.SRIRANGA RAO)
CHAIRMAN**

Annexure-1
List of stakeholders who submitted written suggestions and comments
against Press Release dated 05.01.2019 on Draft Regulation

Sl. No.	Name of the stakeholder & address
1)	Southern Power Distribution Company of Telangana Ltd., Corporate Office, # 6-1-50, Mint Compound, Hyderabad-500 063.
2)	Telangana State Load Despatch Centre (TSSLDC), 6-3-643, Vidyuth Soudha, Khiratabad, Hyderabad, Telangana 500 082.
3)	Penna Cement Industries Limited, Plot No.705, Lakshmi Nivas, Road No.3, Banjara Hills, Hyderabad – 500 034.
4)	The India Cements Limited, White House, Block III B, 3 rd Floor, 6-3-1192/1/1, Kundanbagh, Begumpet, Hyderabad 500 016.

List of stakeholders who submitted written suggestions and comments
against Public Notice dated 28.12.2020 on Draft Regulation

Sl. No.	Name of the stakeholder & address
1)	Penna Cement Industries Limited, Plot No.705, Lakshmi Nivas, Road No.3, Banjara Hills, Hyderabad – 500 034.
2)	Telangana Solar Open Access Developers Association (TSOADA), # 8-3-224/4/A. Plot No.11&12, Sy.No.01, Room No.412, Madhura Nagar, Yousufguda, Hyderabad 500 038.
3)	The Singareni Collieries Company Limited (SCCL), 2x600 MW Singareni Thermal Power Project, Jaipur (V&M) Mancherial District 504 116.
4)	Sri M.Venugopala Rao, Senior Journalist & Convenor, Centre for Power Studies, H.No.1-100/MP/101, Monarch Prestige, Journalist's Colony, Gopanpally, Serlingampally Mandal, Hyderabad – 500 032.
5)	Telangana State Load Despatch Centre (TSSLDC), 6-3-643, Vidyuth Soudha, Khiratabad, Hyderabad, Telangana 500 082.
6)	The India Cements Limited, White House, Block III B, 3 rd Floor, 6-3-1192/1/1, Kundanbagh, Begumpet, Hyderabad 500 016.
7)	Centre of Energy Regulation (CER), Department of Industrial and Management Engineering, Indian Institute of Technology, Kanpur Kalayanpur, Kanpur – 208 016 (India).
8)	Northern Power Distribution Company of Telangana Ltd., Corporate Office, # 2-5-31/2, Vidyuth Bhavan, Nakkalagutta, Hanamkonda, Warangal 506 001
9)	Southern Power Distribution Company of Telangana Ltd., Corporate Office: #6-1-50, Mint Compound, Hyderabad-500 063.
10)	The Federation of Telangana Chambers of Commerce and Industry (FTCCI), Federation House, 11-6-841, Red Hills, Hyderabad 500 004.
11)	Telangana State Power Generation Corporation Limited (TSGENCO), 6-3-643, Vidyuth Soudha, Khiratabad, Hyderabad 500 082.