

REGULATORY SUBMISSION

# SUBMISSION ON DRAFT CERC (DEVIATION SETTLEMENT MECHANISM AND RELATED MATTERS) REGULATIONS, 2021

**Manideep Gudela**



**Submitted To**

CENTRAL ELECTRICITY REGULATORY COMMISSION



CENTRE FOR ENERGY, ENVIRONMENT & PEOPLE

Central Electricity Regulatory Commission (CERC) has invited comments/suggestions on “Draft CERC (deviation settlement mechanism and related matters) Regulations, 2021.” The present submission is in response to the notice published on the commission’s website. We request the Commission to accept this submission on record.

## GENERAL COMMENTS

The proposed Deviation Settlement Mechanism (DSM) regulations 2021 involve multiple provisions related to the CERC (Ancillary Services Operations) Regulation 2015. We would like to highlight that the commission published draft CERC (Ancillary Services) Regulations, 2021 on 29th May 2021, and different stakeholder submitted their comments and suggestions. The final regulations are yet to be notified. Hence, we recommend the commission undertake this stakeholder consultation for the DSM Regulations 2021 only after ancillary service regulations 2021 are notified.

## SECTION-WISE COMMENTS

### Regulation 2 (h)

‘Buyer’ means a person purchasing electricity through a transaction scheduled in accordance with the Grid Code.

### Our Comments

The term buyers overarchingly covers all buyers, including the distribution utilities and the open access consumers. The regulations in sections 8(2), treat all buyers in a similar manner with exceptions to the RE rich state. Considering the difference in volume and flexibility of a distribution utility and open access consumers, we recommend the deviations charges shall be defined for both separately.

### Regulation 8 (1)

The Charges for deviation payable to Deviation and Ancillary Service Pool Account by Wind and Solar Deviation by way of under injection are zero up to 10% deviation and are charged at 10% of the normal rate for beyond 10% deviation.

### Our Comments

The commission in the explanatory memorandum (section 3.10.1) details that current relaxation of 15% to wind and solar generators for under injection are being revisited “based on the experience gained over the period in terms of improved forecasting and aggregation of scheduling at the pooling station thereby reducing error for individual generators.” We would like to highlight that advances in forecasting methods through ANN (Artificial Neural Networks) have increased the forecasting capabilities to much higher than

90%<sup>1</sup>. Hence, we recommend the commission revisit the 10% relaxation to Wind and solar and bring them on par with global standards.

### Regulation 9 (5) and 9 (6)

These regulations discuss the different credit and debit means for the Deviation and Ancillary Service Pool Account. This includes the services provided by the SRAS/TRAS Providers for their SRAS/TRAS-Up & Down services

### Our Comments

The SRAS (Secondary Reserve Ancillary Service) and TRAS (Tertiary Reserve Ancillary Service) are introduced in the draft CERC ancillary service regulation 2021, which are yet to be notified. We would like to highlight currently, neither the Act nor any of the CERC notified regulations to recognise SRAS and TRAS services. Thus, notifying these regulations without defining these services will likely lead to misinterpretation of regulations and non-realisation of its intended objectives.

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<sup>1</sup> Nazir, Muhammad Shahzad & Alturise, Fahad & Alshmrany, Sami & Nazir, Hafiz & Bilal, Muhammad & Abdalla, Ahmed & Ali, Ziad & Sanjeevikumar, P.. (2020). Wind Generation Forecasting Methods and Proliferation of Artificial Neural Network: A Review of Five Years Research Trend. Sustainability. 12. 10.3390/su12093778.