Chhattisgarh State Electricity Regulatory Commission
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Suo Motu P. No. 98 of 2022

In the matter of

"Implementation of deviation settlement mechanism and related matters regulations 2022 issued by CERC with effect from 05.12.2022– Alignment of Intra-State ABT and DSM Regulations, 2016"

1. Chhattisgarh State Power Distribution Co. Ltd.
   Vidhyut Seva Bhawan, Danganiya, Raipur (C.G.)

2. Chhattisgarh State Power Generation Co. Ltd.
   Vidhyut Seva Bhawan, Danganiya, Raipur (C.G.)

3. Chhattisgarh State Load Despatch Centre.
   Danganiya, Raipur (C.G.)

4. Chhattisgarh Biomass Energy Developers Association,
   402, Rajiv Gandhi Complex, Raipur

... Respondents

PRESENT : Hemant Verma, Chairman
Vinod Deshmukh, Member (Judicial)
Pramod Kumar Gupta, Member

DRAFT ORDER

(March 17, 2023)

Chhattisgarh State Power Distribution Co. Ltd. (CSPDCL) vide letter No. 2059 dated 02.12.2022 had submitted to the Commission that at regional level, CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2022 (new DSM Regulations, 2022) issued by the Central Commission will be implemented from 05.12.2022 and the new DSM regulations will have several procedural and computational changes, hence, in order to align with the above regulations, it was requested to

take up the matter and issue interim order till the amendment or issuance of new intra-State DSM Regulation.

2. The Commission took cognizance of this letter and registered suo motu petition No. 98 of 2022 and impleaded Chhattisgarh State Power Generation Co. Ltd. (CSPGCL), Chhattisgarh State Load Despatch Centre (SLDC) and Chhattisgarh Biomass Energy Developers Association (CBEDA) as a party apart from CSPDCL in this petition. The matter was listed as urgent hearing on 07.12.2022 and it was again listed for hearing on 23.12.2022 on the request of the parties.

3. Subsequent to applicability of new CERC DSM Regulations, 2022 from 05.12.2022, the time block wise frequency (in Hz) and DSM rates (in paise/kWh) are not available in the weekly DSM statement issued by WRPC to CSPDCL leading to difficulties in raising bills. In such circumstances, the Commission exercised its power vested in clause 13.1 and 13.2 of the CSERC (Intra-State Availability Based Tariff and Deviation Settlement Mechanism) Regulations, 2016 (CSERC DSM Regulations, 2016) and issued interim order on 23.12.2023. The relevant para of the order dated 23.12.2023 is reproduced below:

> *"5. In view of the above, as an interim measure, the following modalities shall be effective for deviation settlement of Intra-State entities:*
>
> *(i) The Standard Master Frequency Meter Data as considered by WRPC in Weekly DSM Statement, will be used by SLDC to calculate the time block wise frequency (in Hz).*
>
> *(ii) The basic rate of deviation charges (in Paise/kWh) for each time block shall be calculated by SLDC using the DSM Price Vector specified in Annexure-I of the CERC (Deviation Settlement Mechanism and Related Matters) (Fourth Amendment) Regulations, 2018 notified on 20th November 2018. Wherein, "P" shall be the daily weighted average ACP of the Day Ahead Market segments of all the Power Exchanges for Reference Charge Rate (Paise/Unit) as declared by NLDC for W3 Region and available at NLDC Website."*

4. Subsequently, on the directions of the Commission, CSPDCL, CSPGCL SLDC and CBEDA submitted their written comments and suggestions. Brief note of the submissions are as follows:

4.1. CSPGCL vide letters No. 753 dated 22.12.2022 and No. 758 dated 26.01.2022 submitted para-wise amendments required in CSERC DSM Regulations, 2016 and requested that currently CSERC DSM Regulations, 2016 is in force and CSPGCL is religiously complying the provisions of these regulations. Till the enactment of new / amendment in CSERC DSM Regulations, 2016, present methodology for DSM billing may be adopted.

4.2. CSPDCL submitted that with the implementation of the New CERC DSM Regulations, 2022, the earlier frequency-based deviation charges are no more in force. As on date, in the State of Chhattisgarh, two different regulations (for accounting of deviation charges) are in force. First one is CERC DSM Regulations, 2022 wherein the deviation is chargeable at the rate of charges of Ancillary Services deployed and is applicable at the regional level. Whereas, within the State, CSERC DSM Regulations, 2016 is in force wherein, it is stipulated that the deviation is chargeable at frequency-based deviation charges. This may cause mismatch in deviation charges for same deviation level.

It is further submitted that the deviation and settlement regulations at the Centre and State level are meant for Grid security through commercial mechanism. Since, the grid functions is an integrated matter, hence, the DSM regulations of CSERC needs to be aligned with that of the DSM regulations of CERC so as to avoid any mismatch in deviation charges.

In view of the above, CSPDCL requested the Commission to invoke clause 14 "Power to remove difficulties" of the CSERC DSM

Regulations, 2016 for removal of above said difficulty by either adopting the new CERC DSM Regulations, 2022 or some alternate arrangement to be made till new DSM Regulations are notified by this Commission so that CSPDCL does not suffer financially because of default by an embedded customer.

4.3. CBEDA has submitted that since the State Commission has notified its own DSM Regulations, specified its own norms, methodologies and principles of levying DSM charges, the State Commission is bound to follow this and cannot apply the Central Commission's DSM regulations. CBEDA has stated various judgments of the Hon'ble Appellate Tribunal in this regard and submitted that till the time, CSERC amends or notifies its new DSM Regulations, the existing regulations shall be applicable. CBEDA requested to the Commission to direct the SLDC and CSPTCL to follow the existing methodology for levying the DSM charges under the CSERC DSM Regulations, 2016.

4.4. SLDC vide letter No. 1835 dated 30.12.2022 has submitted draft modalities for aligning the CSERC DSM Regulations, 2016 with the CERC new DSM Regulations, 2022.

5. After going through the submissions made by the parties, the Commission is of the view that CSERC DSM Regulations, 2016 needs suitable amendments so that in the absence of frequency and frequency linked deviation rate, the stakeholders does not suffer.

6. Till the time amendments or New Regulations in this regard is notified, the Commission proposes following modalities for deviation settlement of intra-State entities:

(i) The Standard Master Frequency Meter Data as considered by WRPC in Weekly DSM Statement, will be used by SLDC to calculate the time block wise frequency (in Hz).

(ii) The basic rate of deviation charges (in Paise/kWh) for each

time block shall be calculated by SLDC using the DSM Price Vector specified in Annexure-I of the CERC (Deviation Settlement Mechanism and Related Matters) (Fourth Amendment) Regulations, 2018 notified on 20th November 2018. Wherein, "P" shall be the daily weighted average ACP of the Day Ahead Market segments of all the Power Exchanges for Reference Charge Rate (Paise/Unit) as declared by NLDC for W3 Region and available at NLDC Website."

7. Comments/suggestions are invited by the stakeholders by 17/04/2023. Public hearing is also proposed on 20/04/2023 at 11:30 am in the Commission's office.

(Pramod Kumar Gupta)	**(Vinod Deshmukh)**	**(Hemant Verma)**
Member	**Member (Judicial)**	**Chairman**