



TAMIL NADU ELECTRICITY REGULATORY COMMISSION

4th Floor, SIDCO Corporate Office building,
Thiru.Vi.Ka Industrial Estate, Guindy, Chennai - 600 032.
Phone Nos : ++91-044-2953 5806 / 2953 5816 Fax : ++91-044-2953 5893
Email: tnerc@nic.in Website: www.tnerc.gov.in

Ref. No. Engineering/ 944 /2024

Dated: 26-06-2024

General Notice

Sub:- Invitation of Comments/Remarks/Suggestions from all the stakeholders concerned in respect of allowing the M.P.No. 22 of 2024 filed by the TANGEDCO regarding clarification on implementation of Deviation Settlement Mechanism

Ref:- M.P.No. 22 of 2024

In pursuance of the directions of the Commission in the court proceedings on 25-06-2024 to webhost the petition for seeking comments / remarks / suggestions from the stakeholders, it is hereby requested that all the stakeholders concerned may furnish their comments to the Secretary, TNERC on or before 12-07-2024 in respect of the Petition filed by the TANGEDCO vide M.P.No. 22 of 2024, which is attached herewith.

Take notice that failure to submit comments / remarks / suggestions before the scheduled date would be construed as having no remarks to offer on the subject and orders would be passed on the basis of available material records and submissions by the parties who choose to participate in the consultative exercise.

(By order of the Commission)

Sd/- 26.06.24
Secretary
Tamil Nadu Electricity Regulatory Commission

Encl:- As above

To

All the stakeholders concerned

**BEFORE THE HON'BLE TAMILNADU ELECTRICITY REGULATORY
COMMISSION, CHENNAI**

Filing No:

Case No: **M.P. No. 22 of 2024**

IN THE MATTER OF:

To allow the present application and clarify the DSM
Regulation in terms as stated in the present
Application and;

Also in the matter of:

Tamil Nadu Generation and Distribution
Corporation Limited (TANGEDCO)
Rep. by its Chief Financial Controller/Revenue,
No. 144, Anna Salai,
Chennai - 600 002.

... Petitioner

-/Versus/-

1. NIL Respondents

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COUNSEL FOR PETITIONER

**BEFORE THE HON'BLE TAMILNADU ELECTRICITY REGULATORY
COMMISSION, CHENNAI**

Filing No:

Case No: **M.P. No.** **of 2024**

IN THE MATTER OF:

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Corporation Limited (TANGEDCO)
Rep. by its Chief Financial Controller/Revenue,
No. 144, Anna Salai,
Chennai - 600 002.

... Petitioner

-/Versus/-


NIL

..... Respondents

**PETITION FILED UNDER REGULATION 16(1) OF THE TAMILNADU
ELECTRICITY REGULATORY COMMISSION – CONDUCT OF BUSINESS
REGULATIONS, 2004**

The Petitioner submits as follows:

1. The Petitioner is Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) having its registered office at No. 144, Anna Salai, Chennai 600 002, represented by its Chief Financial Controller/Revenue/TANGEDCO, Mr.G.Sathishkumar.
2. The address for service of all notices and process on the Petitioner is that of their counsel M/s. Richardson Wilson, Advocate, having office at JVL Towers, 3rd Floor, No.51/G5-3A, Nelson Manickam Road, Chennai 600 029.
3. The Respondents are Associations the address for service of all notices and process on the Respondent is as stated above.
4. The petitioner is filing the present Miscellaneous Petition seeking to approve the procedure of adjustment of energy purchased/wheeled by the HT consumers under various open access sources by virtue of implementation of DSM Regulations with effect from 01.04.2024 and


Chief Financial Controller / Revenue
TANGEDCO Ltd.,
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to clarify the collection of basic deviation charges, applicable Variable Fuel Charges (VFC) as per the existing PPA and change of DSM rate for Inter-State open access generators.

5. The petitioner submits that during the year 2019, the Hon'ble TNERC had notified the regulations on the 'Deviation Settlement Mechanism and related matters" vide TNERC Regulations, 2019 (DSM/22-1) for the conventional generators. In the above regulations among other issues it has been directed to account the energy wheeled by the HT consumers under open access as detailed below:

"6. Energy accounting statements

(1) The State Load Despatch Centre shall prepare the statement of accounting of energy in each time block for sellers and buyers on monthly basis. Data required for billing of open access consumers shall be passed on to the billing centre of the distribution licensee by the SLDC. The billing centre of the distribution licensee shall be responsible for energy accounting, raising and settlement of bills with open access consumers. Payments towards fixed charges, 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 these Regulations.

(2) Overdrawal by Full open access consumers in excess of the schedule provided by Sellers shall be settled to the Distribution licensee at the charges applicable for excess demand to a normal consumer of the Distribution licensee as per the provisions of the Regulations of the Tamil Nadu Electricity Supply code and any drawal during outage of the generator supplying power to the full open access consumer shall be settled at 125% of the applicable energy and demand charges as determined in the Commission's tariff orders in respect of the Distribution licensee.

(3) Overdrawal by Partial open access consumers in excess of the schedule provided by Sellers shall be settled as per the agreement governing the terms and conditions of supply entered into with the Distribution licensee.

(4) Deviations from schedule by the Sellers and Buyers, excluding full and partial open access

consumers, shall be governed by the provisions of these Regulations. The underdrawals by partial or full open access consumers shall be treated as inadvertent energy supplied by the generator.

(5) The State Load Despatch Centre shall be responsible for preparation of weekly deviation charges statement to all pool participants and billing and collection of deviation charges from the pool participants in accordance with regulation 13 of these Regulations

(1) A detailed energy accounting procedure shall be prepared by SLDC and submitted for approval to the Commission:

Provided that SLDC shall undertake stakeholder consultation by uploading the Draft procedure on SLDC's website before submission of procedure to the Commission for approval".

6. The petitioner submits that accordingly, the SLDC had filed a draft procedure before the Hon'ble TNERC and the same was approved by the TNERC vide Lr.No. TNERC/ DE/ DDEI/ F.DSM Procedure/D.No. 915 /20, 03.10.2020. The operative portion of deviation charges and on energy accounting in respect of open access consumers is as below:

6.3 Deviation Charges:

6.3.1 The charges for Deviation shall be in accordance with the provisions of the DSM Regulations with the Deviation Price Vector to be notified by the Commission from time to time. Pricing of Deviation of Buyers/Sellers shall be treated as stipulated under the DSM Regulations vide Annexure. The Charges for Deviation corresponding to grid frequency interval of „below 50.01 Hz and not below 50.0 Hz“ shall be daily average Area Clearing Price (ACP) discovered in the Day-Ahead Market (DAM) segment of Power Exchange. Tamil Nadu is coming under S2 segment area. Hence the ACP for S2 segment area as considered by SRLDC will be taken for computation of DSM price vector. 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.

6.3.2 In case 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.

6.3.3 In addition to Charges for Deviation as stipulated under the DSM Regulations, Additional Charge for Deviation shall be applicable for over-drawal/ under-injection of electricity by a buyer/Seller for each time block in excess of the volume limit specified in this regulation when average grid frequency of the time block is "49.85 Hz and above" at the rates specified in these Regulations.

6.3.4 In addition to Charges for Deviation as stipulated under the DSM Regulations, Additional Charge for Deviation shall be applicable for over-injection/under drawal of electricity for each time block by a Seller or Buyer, as the case may be, when grid frequency is "50.05 Hz and above" at the rates equivalent to charges of deviation corresponding to the grid frequency of "below 50.01 Hz but not below 50.0 Hz".

6.3.5 The Charges for Deviation of generating stations whose tariff is determined by the Commission, when actual injection is higher/lower than the scheduled generation, shall not exceed the Cap Rate [311] Paise/kWh to be determined by the Commission from time to time.

6.3.6 The Charges for the Deviation for the generating stations other than those covered above, irrespective of the fuel source, when actual injection is higher or lower than the scheduled generation, shall not exceed the Cap Rate of [303.04] Paise/kWh.

6.3.7 The charge for deviation shall be zero at grid frequency of 50.05 Hz and above.

6.3.8 The charges for the Deviation for the under-drawal by the Buyer in a time block in excess of 12% of the schedule or [X] MW, the limit arrived as per clause (B) of regulation 11, whichever is less, shall be zero;

6.3.9 The charges for the deviation for the over-injection by the Seller, in a time block in excess of 12%

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of the schedule or [100] MW, whichever is less, shall be zero, except in case of injection of infirm power.

6.3.10 The under draws by partial or full open access consumers shall be treated as inadvertent energy supplied by the generator.

6.3.11 Overdrawal by Full open access consumers in excess of the schedule provided by Sellers shall be settled to the Distribution licensee at the charges applicable for excess demand to a normal consumer of the Distribution licensee as per the provisions of the Regulations of the Tamil Nadu Electricity Supply code and any drawal during outage of the generator supplying power to the full open access consumer shall be settled at 125% of the applicable energy and demand charges as determined in the Commission's tariff orders in respect of the Distribution licensee.

6.3.12 Overdrawal by Partial open access consumers in excess of the schedule provided by Sellers shall be settled as per the agreement governing the terms and conditions of supply entered into with the Distribution licensee.

7.0 State Energy Accounting:

7.1 xxxxx

7.2 15 min block wise, day wise Scheduled energy for open access consumers from various sources such as Third party sale, CPP, interstate purchase from power exchange and Bilateral transactions etc have to be compiled for the month and communicated to TANGEDCO for 15 min block wise energy adjustment for the HT consumers. The billing centre of TANGEDCO shall be responsible for energy accounting, raising and settlement of bills with open access consumers.

7.3 xxxx

7.4 xxxx

7. The petitioner submits that the relevant provision of the Tariff order issued by the Hon'ble TNERC vide Order No.7 of 2022, dt.09.09.2022 with regard to accounting procedure of partial/full open access consumers under the DSM purview is as below:

5.29 GRID AVAILABILITY CHARGES


Chief Financial Controller / Revenue
TANGEDCO Ltd.,
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5.29.1 xxx.

5.29.2 xxx

5.29.3 The Grid Availability Charges for Open Access consumers shall be applicable as under:

1) xxxxx

2) xxxxx

3) In case of deviation by Open Access Customer who is also a consumer of distribution licensee, the difference between the applicable scheduled open access load and actual drawl shall be accounted Block wise and shall be settled in accordance with the following:

a. The energy consumption of such customer shall be recorded in 15 minutes time block.

b. Deviations between the schedule and the actual injection/drawal shall come under the purview of the intra-state ABT, as notified by the Commission and shall be settled based on the composite accounts for imbalance transactions issued by SLDC on a weekly cycle in accordance with the UI charges specified by the Commission. Billing, collection and disbursement of any amounts under the above transactions shall be in accordance with the Commission's orders on Intra-state ABT, as may be applicable from time to time. Till the implementation of Intra-State ABT, the imbalance charge shall be regulated as below:

i. In case of actual energy/demand drawal is more than the scheduled energy/ demand but within the permitted energy/demand (based on contracted load and energy or quota demand and energy as applicable), customer shall be liable to pay for such over drawal at the applicable tariff rates of that category of consumer as determined by the Commission from time to time.

ii. In case of actual energy/ demand drawal is more than the scheduled energy/ demand drawal and also more than the permitted energy/demand (based on contracted load and energy or quota demand and energy as applicable), payment for the capacity above the contract demand shall have

Issue - I

Tamil Nadu Generation and Distribution Corporation (TANGEDCO) True-Up, ARR and Tariff Order, 2022 Tamil Nadu Electricity Regulatory Commission to be made at the excess demand/energy charges as specified by the Commission for such categories of customers in the Regulations/ Order.

- 8. The petitioner submits that on conjoint reading of the above Regulation, procedure and the tariff order, the energy wheeled/purchased by the HT consumers under open access shall be accounted on **15 minutes block-wise based on the scheduled energy as furnished by the SLDC based on the schedule given by the generator**. Deviation between scheduled injection and actual injection, if any, will be settled based on the composite accounts for imbalance transactions issued by SLDC on a weekly cycle in accordance with the UI charges specified by the Hon'ble TNERC. In the above context, in case of partial OA consumers, if the actual injection is lesser than the schedule, TANGEDCO could not recover the tariff charges as applicable for the category of consumer for the difference units. Instead, TANGEDCO will be compensated as per clause 6.3.6 of said Regulation i.e.Rs.3.03/per unit (deviation up to 12%) as deviation charges which will lead huge revenue loss to TANGEDCO.

Illustration:

	Block : 10.00 Hrs to 10.15 Hrs.
Scheduled injection	: 1000 units
Actual injection	: 900 units
Consumption by the captive/3 rd party user	: 1100 units

As per the above regulations, TANGEDCO could recover applicable tariff only for 100 units i.e. consumption beyond the schedule and for the balance 100 units (difference b/w schedule and actual injection), TANGEDCO will be compensated @ Rs.3.03/per unit.

- 9. The petitioner submits that in view of the above, TANGEDCO requested to issue clarification or suitable amendment in the DSM Regulation vide letter dated 16.03.2024. Pursuant to the above, the Hon'ble TNERC issued clarification vide letter dated 27.03.2024, wherein the relevant portion of the same is reproduced below:

"8. At the consumer end, if the actual drawal is more than the actual injection (not based on the schedule) by the seller, the excess energy shall be billed at the applicable tariff rates of that consumer category as determined by the Commission from time to time".


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10. The petitioner submits that in continuation to the above, in accordance with the above direction, for the month of April-2024, the energy adjustment for the Open Access Consumer was made by the TANGEDCO based on the actual injected by the Generators. Consequent to the above, Open Access Generators have represented that as TANGEDCO has allowed the actual injected energy for the allotment/adjustment towards open access transactions which should have been the scheduled energy consequent to the DSM implementation from 01.04.2024, the DSM charges shall not be collected. Further most of the generators are denying to pay the DSM charges as claimed by the SLDC for the deviation in energy generated.
11. In the above circumstances, the Hon'ble TNERC is hereby requested to issue suitable orders to exempt from the levy of basic deviation charges (i.e. for the deviation up to 12%) as the adjustment is being carried out based on actual injected energy instead of scheduled energy.

Issue -II :-

12. The petitioner submits that when a private generator makes under injection for the Inter-State transactions, the private generators will pay the maximum rate of Rs 3.0304 per unit for basic deviation as deviation charges to the pool account where as TANGEDCO shall have to pay the deviation charges to the SRLDC as per the prevailing frequency rates which may goes up to @ Rs.16/unit maximum including penalty charges. Hence, the charges for deviation for under injection by the generator shall be as same as the deviation charges payable by the Distribution licensee to the SRLDC. As far as the cap prevails for the levy of deviation charges for the under injection by the generator, TANGEDCO will have to bear the loss and hence the DSM rate may be modified as follows.

(i) The DSM rate may be modified in line with the CERC ie the Normal Rate of Charges for Deviations for a time block shall be equal to the higher of [the weighted average ACP of the Day Ahead Market segments of all the Power Exchanges; and the weighted average ACP of the Real Time Market segments of all the Power Exchanges, for that time block]

(ii) Further on par with Clause 10.A.2 the Cap rate may be fixed for over injection only and the clause 10.A.3 may be modified accordingly.

Issue -III

13. Further, it is stated that as per the existing Power Purchase Agreements (PPA) of IPPs and also for the generators under 'sale to board' category, the Variable Fuel Cost (VFC) is being paid for the actual Net energy generated/ gross energy generated. Per contra, as per the DSM Regulation, the VFC have to be paid only for scheduled energy. In this connection, it is observed from the DSM, Regulations 2019, that the cap fixed for Deviation charges for general sellers like M/s.TAQA & M/s. SEPC is Rs.3.03/KWh. Whereas, M/s. TAQA is claiming the net variable Fuel Charges around Rs.3.80/KWh to Rs.4.00/KWh as per the terms of PPA and M/s. SEPC is claiming around Rs.4.37/KWh to Rs.5/KWh as per the provisions. This will add further loss to TANGEDCO. Therefore, the Hon'ble TNERC is hereby requested to issue necessary orders that the VFC has to be paid as per the existing PPA for the actual injected energy.

Issue -IV

14. The petitioner submits that during the year 2019, the Hon'ble TNERC had notified the regulations on the 'Deviation Settlement Mechanism and related matters" vide TNERC Regulations, 2019 (DSM/22-1) for the conventional generators and directed to implement the same w.e.f.01.04.2024.

Relevant provision of the tariff order issued by the Hon'ble TNERC vide Order No.7 of 2022, dt.09.09.2022 with regard to accounting procedure of partial/full open access consumers under the DSM purview is as below:

5.29 GRID AVAILABILITY CHARGES

5.29.1 xxx.

5.29.2 xxx

5.29.3 The Grid Availability Charges for Open Access consumers shall be applicable as under:

1) xxxxx

2) xxxxx

3) In case of deviation by Open Access Customer who is also a consumer of distribution licensee, the difference between the applicable scheduled open access load and actual drawl shall be accounted Block wise and shall be settled in accordance with the following:

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a. The energy consumption of such customer shall be recorded in 15 minutes time block.

b. Deviations between the schedule and the actual injection/drawal shall come under the purview of the intra-state ABT, as notified by the Commission and shall be settled based on the composite accounts for imbalance transactions issued by SLDC on a weekly cycle in accordance with the UI charges specified by the Commission. Billing, collection and disbursement of any amounts under the above transactions shall be in accordance with the Commission's orders on Intra-state ABT, as may be applicable from time to time. Till the implementation of Intra-State ABT, the imbalance charge shall be regulated as below:

i. In case of actual energy/demand drawal is more than the scheduled energy/ demand but within the permitted energy/ demand (based on contracted load and energy or quota demand and energy as applicable), customer shall be liable to pay for such over drawal at the applicable tariff rates of that category of consumer as determined by the Commission from time to time.

ii. In case of actual energy/ demand drawal is more than the scheduled energy/demand drawal and also more than the permitted energy/demand (based on contracted load and energy or quota demand and energy as applicable), payment for the capacity above the contract demand shall have Tamil Nadu Generation and Distribution Corporation (TANGEDCO) True-Up, ARR and Tariff Order, 2022 Tamil Nadu Electricity Regulatory Commission to be made at the excess demand/energy charges as specified by the Commission for such categories of customers in the Regulations/Order.

15. The petitioner submits that on conjoint reading of the above Regulations and the tariff orders, the energy wheeled/purchased by the HT consumers under open access shall be accounted on 15 minutes block-wise.


Chief Financial Controller / Revenue
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144, Anna Salai, Chennai-600 002.

16. The petitioner submits that similarly, adjustment of energy wheeled from the conventional generators, the Hon'ble TNERC has ordered in its tariff order dt.15.05.2006 as follows:

"Commission's Views / Decisions

Since all the CGPs and captive users shall be provided with TOD meters, the adjustment of energy shall be done on slot to slot basis, within monthly billing cycle as follows.

- (i) peak hour generation with peak hour consumption
- (ii) off-peak hour generation with off-peak hour consumption and
- (iii) the normal hour generation with normal hour consumption.

It should be noted that units generated during a higher tariff ToD-slot could be consumed in a lower tariff ToD slot at the option of CGP holder, but the reverse would not be allowed (i.e. units generated during a lower tariff ToD-slot cannot be drawn by the CGP Holder during a higher tariff ToD-slot)".

17. The petitioner submits that however, in the procedure approved by the Hon'ble TNERC for the implementation of DSM Regulations in respect of conventional generators, the above aspect was not envisaged. Further, at present, the adjustment of open access power is being carried out based on the slot-wise/ user wise (captive & 3rd party) allotments made by the generators on monthly basis through Open Access Accounting and Adjustment (OAAA) package. If, the DSM Regulations are implemented, in the case of captive category, present method of allotment shall have to be automated based on the shareholding percentage of the captive consumers and in the case of 3rd party sources, the generator shall fix the percentage of allotment/based on the approved quantum for each user at the beginning of the month. Under above circumstances, in order to implement the DSM Regulations for conventional generators, smoothly, it is suggested the following procedure of adjustment of energy purchased/wheeled by the HT consumers under various open access sources w.e.f.01.04.2024.

Conventional generators:

Block wise/day wise generation shall be adjusted against the block wise/day wise consumption and the excess consumption if any shall be billed under the relevant tariff of the consumer category.

As the adjustment has to be carried out on block wise/day wise, the facility of higher slot generation against the lower slot consumption shall not be applicable.

Excess allotment (each block and each day) if any, shall be lapsed.

IEX:

Block wise/day wise purchase shall be adjusted against the block wise/day wise consumption and the excess consumption if any shall be billed under the relevant tariff of the consumer category.

Excess purchase (each block and each day) if any, shall be lapsed.

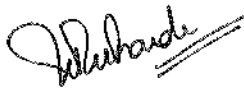
18. The petitioner crave leave of this Hon'ble TNERC to file pleadings and additional documents if any required at the time hearing.

PRAYER

For the reasons stated above, it is most respectfully prayed that the Hon'ble Tamil Nadu Electricity Regulatory Commission may graciously be pleased to:

- (a) Allow the present application and clarify the DSM Regulation in terms as stated in the present Application and;
- (b) and pass such further or other orders as this Hon'ble Commission may deem fit and proper in the facts and circumstances of the case and thus render justice

Dated at Chennai on this the day of June, 2024.



COUNSEL FOR PETITIONER



Chief Financial Controller / Revenue
PETITIONER Ltd.,
144, Anna Salai, Chennai-600 002.