

# **HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION, SHIMLA**

## **Notification**

**Shimla, the 3<sup>rd</sup> May, 2019**

**HPERC-H(1)25/2017.- WHEREAS** the Himachal Pradesh Electricity Regulatory Commission has notified the HPERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2018 on 16<sup>th</sup> October, 2018 and the same were published in the Rajpatra on 26<sup>th</sup> October, 2018 (hereinafter referred as “the said Regulations”). These principal regulations came into force from 3<sup>rd</sup> day of December, 2018;

**AND WHEREAS** the said State specific Regulations were framed to facilitate broad harmony with the provisions contained in the Central Commission Regulations i.e. CERC (Deviation Settlement Mechanism and related Matters) Regulations, 2014 as amended time to time (hereinafter referred as “CERC DSM Regulations”);

**AND WHEREAS** the Central Commission notified 4<sup>th</sup> amendment to their CERC DSM Regulations, 2014 on 20<sup>th</sup> November, 2018 wherein the Central Commission made several changes such as change in frequency band for the purposes of DSM price vector, Linkage of Day-Ahead Market (DAM) Area Clearing Price (ACP) to the DSM price, additional charge for sustained deviation in one direction and same need to be incorporated suitably in the said Regulations also;

**AND WHEREAS** the CERC has issued draft amendment to the Principal DSM Regulations, 2014 on 18<sup>th</sup> April, 2019 wherein the Central Commission has proposed relaxations in certain provisions, particularly in relation to those notified on 20<sup>th</sup> November, 2018, of CERC DSM Regulations, 2014 ;

**NOW, THEREFORE**, in exercise of the powers conferred by sub-section (1) and clause (zp) of sub-section (2) of Section 181, of the Electricity Act, 2003 (36 of 2003), read with section 21 of the General Clauses Act, 1897 (10 of 1897), and all other powers enabling it in this behalf, the Commission proposes to amend the Himachal Pradesh Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2018 and as required by sub-section (3) of section 181 of the said Act and rule 3 of the Electricity (Procedure for Previous Publication) Rules, 2005, the draft amendment regulations are hereby published for the information of all the persons likely to be affected thereby; and notice is hereby given that the said draft amendment regulations will be taken into consideration after the expiry of thirty (30) days from the date of publication of this notification in the Rajpatra, Himachal Pradesh, together with any objections or suggestions which may within the aforesaid period be received in respect thereto.

The text of the aforesaid draft amendment regulations is available on the website of the Commission i.e. <http://www.hperc.org>.

The objections or suggestions in this behalf should be addressed to the Secretary, Himachal Pradesh Electricity Regulatory Commission, Vidyut Aayog Bhawan, Block-37, SDA Complex, Kasumpti-171009(HP).

### **DRAFT REGULATIONS**

**1. Short title and commencement.** - (1) These regulations may be called the Himachal Pradesh Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) (First Amendment) Regulations, 2019.

(2) These regulations shall come into force from 00.00 hrs of the first day of the week (i.e. Monday) starting immediately after the date of their publication in the Rajpatra, Himachal Pradesh.

**2. Amendment of regulation 2.-** In sub-regulation (1) of regulation 2 of the Himachal Pradesh Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2018 (hereinafter referred as “the said regulations”). -

(i) after clause(d), the following new clause (da) shall be inserted, namely:-

**“(da) ‘Area Clearing Price (ACP)’** means the price of a time block electricity contract established on the Power Exchange after considering all valid purchase and sale bids in particular area(s) after market splitting, i.e. dividing the market across constrained transmission corridor(s), as established by NLDC pursuant to Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2014 as amended from time to time;”;

(ii) after clause(h), the following new clauses (ha) and (hb) shall be inserted, namely:-

**“(ha) ‘Daily Base DSM’** means the sum of charges for deviations, as per Regulation 7, for all time blocks in a day payable or receivable as the case may be, excluding the additional charges under Regulation 9 and Regulation 9A;” ;

**“(hb) ‘Day Ahead Market (DAM)’** means a market where physical delivery of electricity occurs on the next day (T+1) of the date of transaction (T) and is governed by the Central Electricity Regulatory Commission (Power Market) Regulations, 2010 (as amended from time to time), the Rules and Bye-Laws of the Power Exchanges as approved by the Central Commission;”;

(iii) after clause (s) the following new clause (sa) shall be inserted, namely:-

**“(sa) ‘Simple Average Area Clearing Price (SAACP)’** means the simple average area clearing price as discovered/computed on daily basis by the NLDC for the day ahead market segment of the Power Exchange in accordance with the provisions of Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2014 amended from time to time and thereafter posted by it on their website, which shall be automatically applicable for the purpose of these regulations also;”;

- (iv) after clause (y), the following new clauses (ya) shall be inserted, namely:-

**“(ya) ‘Time Block DSM’** means the charge for deviation, as per Regulation 7, for the specific time block in a day payable or receivable as the case may be, excluding the additional charges under Regulation 9 and Regulation 9A;”.

### **3. Amendment of regulation 5.-**

- (I) in sub-regulation (C) -

- (i) for the words, sign and figures “49.70 Hz”, wherever appearing in clause (i), clause (ii) and clause (iii), the words ,sign and figures “49.85Hz” shall be substituted; and
- (ii) the proviso alongwith the Explanation thereunder shall be omitted.

- (II) after sub-regulation (I), the following new sub-regulation (IA) shall be inserted, namely : -

**“(IA) Additional Charges For Sustained Deviation :** In addition to the charges/ additional charges as per regulation 7, regulation 8 and regulation 9, the State Entity shall also be liable to pay the additional charges, in case of violation of the requirements in relation to sustained deviations, as specified in regulation 9A.”

- (III) in sub-regulation (L) -

in the third proviso, for the words, sign and figures “824.04 Paise/kWh”, wherever appearing in clause (i) and clause (ii), the words, sign and figures “800 Paise/kWh” shall be substituted.”

### **4. Amendment of regulation 7.-** In sub-regulation (1) of the regulation 7 of said regulations -

- (i) For the words, sign and figure “specified in the Table-1 below”, the words, sign and figure “specified in Table-1, read with the notes in the parenthesis and the proviso below the said Table,” shall be substituted; and
- (ii) For the “Table-1”, the following shall be substituted, namely : -

**“Table-1**

### Frequency based Charges for Deviation

Average Frequency of the time block (Hz)		Charges for Deviation (Paise/kWh)
Below	Not Below	
	50.05	0.00
50.05	50.04	$1 \times P / 5$
50.04	50.03	$2 \times P / 5$
50.03	50.02	$3 \times P / 5$
50.02	50.01	$4 \times P / 5$
50.01	50.00	P
50.00	49.99	$50.00 + 15 \times P / 16$
49.99	49.98	$100.00 + 14 \times P / 16$
49.98	49.97	$150.00 + 13 \times P / 16$
49.97	49.96	$200.00 + 12 \times P / 16$
49.96	49.95	$250.00 + 11 \times P / 16$
49.95	49.94	$300.00 + 10 \times P / 16$
49.94	49.93	$350.00 + 9 \times P / 16$
49.93	49.92	$400.00 + 8 \times P / 16$
49.92	49.91	$450.00 + 7 \times P / 16$
49.91	49.90	$500.00 + 6 \times P / 16$
49.90	49.89	$550.00 + 5 \times P / 16$
49.89	49.88	$600.00 + 4 \times P / 16$
49.88	49.87	$650.00 + 3 \times P / 16$
49.87	49.86	$700.00 + 2 \times P / 16$
49.86	49.85	$750.00 + 1 \times P / 16$
49.85		800.00

Where P is the Daily Simple Average Area Clearing Price (SAACP) in paisa per kWh.

Notes:-

- 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.
- The maximum ceiling limit applicable for average Daily ACP discovered in the DAM segment of Power Exchange at 50.00 Hz shall be 800 Paise/kWh.
- The formulae have been devised in a manner which ensure that the 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'.
- In case of non-availability of daily SAACP due to no-trade on a given day, daily SAACP of the last available day shall be considered for determining the DSM charges as per Table-1.
- Deviation price shall be rounded off to nearest two decimal places.
- The State Load Dispatch Centre (SLDC) shall declare the DSM rates, based on the rates discovered/computed by NLDC under the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2014 and shall display all relevant information on its website :"

### 5. Amendment of regulation 8.-

(I) in sub-regulation (1) -

for the words, sign and figures “49.70 Hz”, the words ,sign and figures “49.85Hz” shall be substituted; and

(II) in sub-regulation (2)-

for the words, sign and figures “49.70 Hz” wherever appearing in the said sub-regulation and the proviso thereto, the words, sign and figures “49.85Hz” shall be substituted; and

#### **6. Amendment of regulation 9.-**

- (i) In the sub-regulation (1), for the words, sign and figures “49.70 Hz”, the words, sign and figures “49.85 Hz” shall be substituted;
- (ii) in the sub-regulation (2), for the words, sign and figures “when grid frequency is “50.10 Hz and above” at the rate of 178 paise per kWh.” the words, sign and figures “when grid frequency is “50.10 Hz and above” at the rate of Deviation charges applicable for the frequency range of 50-50.01 Hz for that day as per the Table-1 under regulation 7.” shall be substituted;
- (i) in the sub-regulation (3), -
  - (a) for the words, sign and figures “49.70Hz” wherever appearing in said sub- regulation, the words, sign and figures “49.85Hz” shall be substituted; and
  - (b) for the words, sign and figures “824.04 Paise/kWh” the words, sign and figures “800 Paise /kWh” shall be substituted.

#### **7. Insertion of regulation 9A –**

After the regulation 9 of the said Regulations, the following regulation 9A shall be inserted, namely:-

##### **“9A. Additional Charges for not meeting the requirements for Change in sign of deviations.-**

"In the event of sustained deviation from schedule in one direction (positive or negative) by any State Entity (buyer or seller), such entity shall correct its position in the manner as specified in following clauses (a) and (b) of this Regulation.

- (a) on or before 31.03.2020, if the sustained deviation from schedule continues for 12 time blocks, the State Entity (buyer or seller), shall correct its position either by changing the sign of its deviation from schedule or by restricting the sustained deviation to the permissible limits as specified in Table-3 below with reference to its schedule for the time block to be reckoned for violation, at least once, latest by 13th time block.

**Table-3**

### **Maximum permissible limits for Sustained Deviation from Schedule**

<b>Sr. No.</b>	<b>Schedule for relevant time block to be reckoned for violation</b>	<b>Maximum permissible limits(in one direction of sustained deviation) in MW</b>
1.	Up to 10 MW	0.2
2.	Upto 25MW	0.5
3.	Upto 100MW	1.00
4.	Above 100 MW	5.00

Provided that each violation of the requirement under this clause shall attract an additional charge of 10% on the time block DSM payable/receivable as the case may be;

- (b) on or after 01.04.2020, if the sustained deviation from schedule continues for 6 time blocks, the State Entity (buyer or seller), shall correct its position, either by changing the sign of its deviation from schedule or by restricting the sustained deviation to the permissible limits as specified in Table-3 above with reference to its schedule for the time block to be reckoned for violation, at least once, latest by 7th time block:

Provided that violation of the requirement under this clause shall attract an additional charge as specified in the table-4 below:

**Table-4**

#### **Additional Charge for Violation in Sustained Deviation from Schedule**

<b>No. of Violation in a Day</b>	<b>Additional Change Payable</b>
From first to fifth violation	For each violation, an additional charge @3% of daily base DSM payable/receivable
From sixth to tenth violation	For each violation, an additional charge @5% of daily base DSM payable/receivable
From eleventh violation onwards	For each violation, an additional charge @10% of daily base DSM payable/receivable

Provided further that counting of number of sign change violations under clauses (a) & (b) of this Regulation shall start afresh at 00.00 Hrs. for each day;

Provided further also that payment of additional charge for failure to adhere to sign change requirement as specified under clauses (a) & (b) of this regulation shall not be applicable to:

- (i) any infirm injection of power by a generating station prior to CoD of a unit during testing and commissioning activities, in accordance with the Connectivity Regulations; and
- (ii) any drawal of power by a generating station for the start-up activities of a unit.

**Explanation:-** For the purpose of this Regulation, sustained deviation means continuous deviation outside the maximum permissible limit as specified in Table-3 above, such range being a subset of the volume limit as specified in sub-regulations (1) and (2) of regulation 8. In other words, if the deviation is brought within the range as specified in Table-3 or it remains within the range specified in Table-3, it will not be considered as sustained deviation, even if the change in sign of deviation has not taken place.

**Illustrations:-**

**i. Illustration to clause (a) of this regulation :-,**

a State Entity having a sustained deviation from time blocks t1 to t12, should correct its position either by changing the sign of its deviation (from positive to negative or negative to positive as the case may be) or come back in the permissible limits as specified in Table-3 above with reference to its schedule latest in the end of time block t13. In case, such sign change does not take place or it fails to come back in the range as specified in Table-3 above in the end of time block t13, but such correction of position takes place from time block t 14 up to time block t24, then the additional charge shall be levied equivalent to one violation. The above violation shall attract an additional charge at the rate of 10% of the time block DSM for t13. Further, in case, sign change does not take place or it fails to come back to the range as aforesaid even latest in the end of t25, but correction of position takes place from time block t26 up to time block t36, then the additional charge shall be levied equivalent to two violations. The above violation shall attract an additional charge at the rate of 10% of the time block DSM for t13 & t25 , and so on.

**ii. Illustration to clause (b) of this regulation:-,**

On or after 01.04.2020, if a State Entity having a sustained deviation from time blocks t1 to t7, should correct its position either by changing the sign of its deviation (from positive to negative or negative to positive as the case may be) or come back in the range as specified in Table-3 above with reference to its schedule latest in the end of time block t7. In case, such sign change does not take place or it fails to come back in the aforesaid range in the end of time block t7, but such correction of position takes place from time block t8 up to time block t12, then additional charge shall be levied equivalent to one violation. Further, in case, sign change does not take place or it fails to come back in the range as aforesaid latest in the end of t13, but correction in position takes place from time block t14 up to time block t18, then the additional charge shall be levied for two violations and so on.

The additional charge shall be at the rate as specified in Table-4 above of this Regulation.

- (iii) In case the State Entity effects change in the sign of its deviation from the schedule, or otherwise restricts the deviation to the permissible limit as per Table-3, before the expiry of latest time block in which it was required to do so, the violations, if any, for the remaining period of the day shall be counted with reference to the time block in which it has actually complied the said requirement prior to the expiry of that time block.
- (iv) The additional charge as per this regulation shall be computed on the sum total of the mode values (i.e by ignoring the sign) of the amount payable and receivable for that day under regulation 7.”.

#### **8. Amendment of regulation 10.-**

- (i) For sub-regulation (1), the following shall be substituted, namely:-  
“(1) Charges for Deviation under regulation 7 and the additional charges for Deviation under sub-regulations (1), (2) and (3) of regulation 9 and those under regulation 9A shall be levied without prejudice to any action that may be considered appropriate by the Commission under Section 142 of the Act for contravention of the provisions of these Regulations ;” ;
- (ii) in sub-regulation (3), for the words, sign and figures “when grid frequency was “49.70Hz and above” and “below 49.70 Hz” separately.”, the following shall be substituted, namely :-  
“when grid frequency was “49.85Hz and above” and “below 49.85 Hz” separately. The SLDC shall also upload the details of DSM account and the status of amounts received/paid as well as the interest payable/receivable against each bill on regular basis.”;

#### **9. Amendment of regulation 12.-**

For clause (ii) of sub-regulation (1), the following shall be substituted, namely :-

“in case for any day, the amount payable by various State Entities separately on account of charges under regulation 7 or regulation 9 or regulation 9A falls short of the total amount payable for that day for the State as a whole on account of the corresponding charges under the respective regulations as per the bill(s) raised by NRLDC/NRPC, the amount(s) payable, for that day, by the concerned State Entity(ies) against such charges under respective regulations shall be increased proportionately (i.e. in proportion to the sum total of the mode values of the amount payable and receivable separately under each of the said regulation) so as to cover up such shortfall for that day fully separately in respect of each of such charges;”

#### **Explanation :**



The proportionate increase on these lines shall be carried out on daily basis only i.e. separately for each day and separately for the charges under each of the said regulation, even though the bills are otherwise to be raised on weekly basis;”.

#### **10. Amendment of regulation 14.-**

- (i) In sub-regulation (2) –
  - (a) for the words, sign and figures “two days, i.e., beyond Nine (9) days”, the words, sign and figures “one day, i.e., beyond Eight (8) days” shall be substituted;
  - (b) for the sign “.”, the sign “:” shall be substituted and immediately thereafter the following proviso shall be inserted, namely :-

“Provided that in case of delay in payment of any weekly bill beyond 24 days from the date of issue of bill by SLDC, the simple interest payable by the defaulting State Entity shall be @0.08% for each day of delay beyond the said period of 24 days.
- (ii) in clause (i) of the proviso under sub-regulation (3), for the words and figures “beyond 9 days”, the words, sign and figures “beyond 8 days” shall be substituted;
- (iii) in sub-regulation (6), for the words, figures “9 days”, the words, figures “8 days” shall be substituted.
- (iv) after sub-regulation (6), the following sub-regulation (7) shall be inserted, namely:-

“(7) In case a State Entity defaults in making timely payment of the weekly bill(s) whether directly or through LC, of more than 10 weekly bills in a financial year, the SLDC, in order to recover the dues, may, apart from invoking the provisions made elsewhere in these regulations, also suitably restrict the schedule for the defaulting State Entity after giving a notice of 30 days to such State Entity and may also continue such curtailment till the entire updated outstanding amount, including interest, is paid by that defaulting State Entity.”

**By order of the Commission**

Sd/-

**Secretary**