

## STATEMENT OF REASONS

### The West Bengal Electricity Regulatory Commission (Balancing and Settlement Code) Regulations, 2021

#### 1.0 INTRODUCTION

The West Bengal Electricity Regulatory Commission (WBERC) introduced the West Bengal Electricity Regulatory Commission (Balancing and Settlement Code) Regulations, 2008 on 25<sup>th</sup> March, 2008. This was further amended on 22<sup>nd</sup> May 2009. These regulations were introduced to facilitate accounting for the payable/ receivable amount for the injecting/drawing entity for injecting/drawing power from the State Grid of West Bengal under Unscheduled Interchange (UI) mechanism. Subsequently, on 6<sup>th</sup> January 2014, the Central Electricity Regulatory Commission (“CERC”) introduced the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related matters) Regulation, 2014 (“CERC DSM Regulations”).

Now, the WBERC has issued the draft West Bengal Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) Regulation, 2020 to enhance synergy between intra-state and inter-state grid operation. The aforementioned draft regulations introduced the application of the Deviation Settlement Mechanism towards the management of the State Grid. In view of this ensuing transition from UI regime to DSM regime, there is a need to incorporate corresponding changes in the West Bengal Electricity Regulatory Commission (Balancing and Settlement Code) Regulations, 2008.

Therefore, the Commission has issued the draft West Bengal Electricity Regulatory Commission (Balancing and Settlement Code) Regulations, 2020 (Balancing and Settlement Code) (herein after referred to as “draft BSC Regulations”) with a purpose toward repealing of the West Bengal Electricity Regulatory Commission (Balancing and Settlement Code) Regulations, 2008. This regulation shall be finalised and further notified, pursuant to a public consultation process.

Accordingly, the Commission in exercise of the powers conferred by sub-section (1) and clause (zp) of subsection (2) of section 181 of the Electricity Act, 2003 (36 of 2003) with sub-section (2) and (3) of section 32, clause (d) of sub-section (2) of section 39, clause (c) of section 40, sections 61, section 62, section 66, and clause(h) of section (1) of section 86 and clause (i) of sub-section(2) section 86 of the Electricity Act, 2003 (36 of 2003), the Electricity [Removal of Difficulties] Third Order, 2005 and in compliance with the requirement of previous publication under section 181(3) of the Electricity Act, 2003 published the West Bengal Electricity Regulatory Commission (Balancing and Settlement Code) Regulations, 2021 on its website and invited suggestions/objections/comments vide public notice No WBERC/Regulation-65/20-21/6110 vide *dated* 13th October, 2020 which was published in 6 nos of leading newspapers and website on 14.10.2020. The last date of submission of such suggestions /objections /comments was 06.11.2020. After receiving stakeholders’

suggestions /objections /comments the Commission has prepared the Statement of Reasons (SOR) to address the suggestions/objections/comments and further proceed for finalisation of the said regulations for publication.

## 2.0 OBJECTIVE

Objectives of preparation of the West Bengal Electricity Regulatory Commission (Balancing and Settlement Code) Regulations, 2021 based on suggestions /objections /comments on “draft BSC Regulations” is to keep entity wise accounts for:

- (a) the electricity transmitted through the intra-state transmission system,
- (b) availability of all the generating stations including the embedded generating stations where two-part tariff is applicable,
- (c) scheduled and actual energy injected by the generating stations/seller in or through the intra-state transmission system,
- (d) scheduled and actual energy drawal by the buyer from or through the intra-state transmission system,
- (e) corresponding deviation from the schedule,
- (f) sign change violation,
- (g) reactive energy drawal, and
- (h) the corresponding deviation charge and reactive energy charges.

## 3.0 STAKEHOLDERS CONSULTATION PROCESS

After publication of draft BSC Regulations on website of the Commission and inviting suggestions/ objections /comments vide public notice No WBERC/Regulation-65/20-21/6110 vide dated 13th October, 2020 in Ajkal (Bengali), Bartaman (Bengali), Uttarbanga Sambad (Bengali), Sanmarg (Hindi), Telegraph (English) Kolkata Edition, Millennium Post (English) on 14.10.2020, the last date of submission was further extended upto 23-11-2020 by the Commission vide notification no WBERC/Regulation-65 & 66/20-21/6193 dated 06-11-2020. Against such public notices Commission received suggestions/ objections /comments from the following Stakeholders:

Stakeholder	Document Reference No. of Stakeholder	Short name assigned to Stakeholder for discussion in this SOR
CESC Limited	VP(SO):544 dt 06-1102020	CESC
Haldia Energy Limited	GM:OS:75 dt 06-11-2020	HEL
State Load Despatch Centre, WBSETCL	SLDC/HOW/R-03/2020-21/667 dt 06-11-2020	SLDC
West Bengal Power Development Corporation Limited	WBPDC/WBERC-29/20/1232 dt 23-11-2020	WBPDC
West Bengal State Electricity Distribution Company Limited	REG/SERC/604	WBSEDCL

The Commission then analysed the submitted suggestions/ objections /comments received from stakeholders and accordingly reviewed the draft BSC Regulation. Due modification, addition and deletion based on the accepted suggestions/objections/comments were made in the finalised West Bengal Electricity Regulatory Commission (Balancing and Settlement Code) Regulations, 2021 (hereinafter will referred as ‘BSC Regulations 2021’). The detailed



analysis and responses of the suggestions/ objections /comments from stakeholders is being provided in paragraph 4.0 of this Statement of Reasons.

#### **4.0 ANALYSIS OF STAKEHOLDERS' COMMENTS**

##### **4.1 Date of coming into force of the Regulations**

4.1.1 In the draft BSC Regulations, the clause 1(iii) is as follows:

“The Regulations shall come into force at 00.00 hour of XX.XX.XXXX.”

4.1.2 CESC and HEL have similar comments, which is as following:

CESC and HEL stated that as these Regulations are linked with the Draft DSM Regulations of the Hon'ble Commission, these Balancing Settlement Code be made applicable from the same day when Draft DSM Regulations come into force. This Regulation may accordingly be modified.

4.1.3 Decision of Commission with analysis:

The submission of CESC and HEL has been noted and accordingly the clause has been modified in the finalised BSC Regulations 2021.

##### **4.2 Definition of ABT**

4.2.1 In the draft BSC Regulations, the clause 2(1)(b) is as follows:

“ ‘ABT’ means the same as defined in Tariff Regulations.”

4.2.2 The comments of CESC and HEL are same and is as follows:

CESC and HEL brought to the notice of the Commission, that this clause appeared to be repeated twice in the draft and thus repeated line may kindly be removed.

4.2.3 Analysis and decision:

Suggestion noted and correction done accordingly in the finalised BSC Regulations 2021.

##### **4.3 Definition of Deviation Settlement Accounts**

4.3.1 In the draft BSC Regulations, the clause 2(1)(e) is as follows:

“Deviation settlement accounts” or “DSA” means state level accounts for deviation settlement (DS) charge as detailed out in regulation 4 of this Balancing & Settlement Code”.

4.3.2 The comments of CESC and HEL are same and is as follows:

CESC and HEL opines that as the term Deviation Settlement Charges / DS Charges is defined in draft DSM Regulations, this regulation may kindly be rephrased as "Deviation settlement accounts" or "DSA" means state level accounts for Deviation Settlement Charge~ ("DS Charges") as detailed out in regulation 4 of this Balancing & Settlement Code”.

4.3.3 Analysis and decision:

The suggestions are noted, and accordingly necessary modification had been incorporated in the DSM Regulations.

#### 4.4 **Definition of Sign Change Charge**

4.4.1 In the draft BSC Regulations, the clause 2(1)(l) is as follows:

“ ‘Sign Change Charge’ means the additional charge payable by any person for sign change violation in accordance with DSM regulations.”

4.4.2 The comment of CESC is as the following:

CESC highlighted that the term Additional Charges for Deviation has been used multiple times in the draft DSM Regulations and to keep uniformity proposed definition may kindly be rephrased as “ ‘Sign Change Charge’ means the Additional Charges for Deviation payable by any person for sign change violation in accordance with DSM Regulations”.

4.4.3 The comment of HEL is as the following:

HEL also highlights that the term Additional Charges for Deviation has been used frequently in the draft DSM Regulations and thus to maintain consistency proposed definition may kindly be rephrased as, “ ‘Sign Change Charge’ means the Additional Charges for Deviation payable by any person for sign change violation in accordance with DSM Regulations”.

4.4.4 Analysis and decision:

Based on the reasons mentioned in the suggestions the necessary modification is being made in the finalised ‘BSC Regulations 2021’.

#### 4.5 **Clause (i) of Regulation 3:**

4.5.1 In the draft BSC Regulations, the clause 3(i) is as follows:

“The statement of State Level Accounts on transaction of energy as per final implemented schedule shall be prepared by SLDC on a monthly basis. This statement shall also include corresponding declared availability (i.e. Declared Capacity) and the necessary correction on the basis of demonstrated availability (i.e., Demonstrated Capacity), if any. These will be the basis for computation of energy charge including MVCA or MFCA and capacity charge payable by a concerned entity to an ABT generating station.

The same shall be done for an embedded generating station (i.e., any generating station connected with the distribution network of any Distribution Licensee including any generating stations owned by the Distribution Licensee, as specified in DSM Regulations) supplying power to the distribution licensee to whose distribution system such embedded generating station is connected and for whom energy charge and capacity charge based two part tariff is applicable as per PPA or Tariff Regulations, along with determination of the Plant Availability Factor (PAF) of such generating stations. Though embedded generating stations shall not come under Deviation Settlement (DS) mechanism to the extent as detailed in the DSM Regulations, they shall be under obligation to demonstrate their Declared Capacity to establish the PAF”

4.5.2 The comment of CESC is as following:



The company respectfully submitted that as long as embedded generators are not under the purview of DSM, it is not necessary to include the embedded generators within a distribution licensee, owned by the distribution licensee and supplying only to the distribution licensee under the purview of state level energy accounting.

4.5.3 Analysis and decision:

Commission reiterates that embedded generator of a Distribution Licensee whose power is completely supplied to the Distribution Licensee and for whom the tariff is based on two part tariff consisting of capacity charges and energy charges will be **under the state level energy accounting to the** extent only that is required for determination of availability factor on the basis of which Capacity Charges will be allowed ultimately in the Annual Performance Review. Thus, the suggestion could not be accommodated.

4.6 **Clause (ii) of Regulation 3:**

4.6.1 In the Draft BSC Regulations, the first sentence of clause 3(ii) is as follows:

“The monthly statement of accounts shall be computed from the daily statements in the form of Table A as provided in Annexure-1 of this Balancing and Settlement Code, showing corresponding figures of the generating station against each 15-minute Time Block separately.”.

4.6.2 The comments of CESC and HEL are similar and states as following:

CESC and HEL stated that Deviation Settlement Charges need to be applicable for all generating stations irrespective of nature of fuel / technology. Therefore, the extracted part of this regulation as provided on the left column may kindly be rephrased as, “The monthly statement of accounts shall be computed from the daily statements in the form of Table A as provided in Annexure-1 of this Balancing and Settlement Code, showing corresponding figures of the generating station, irrespective of nature of fuel / generation technology, against each 15-minute Time Block separately.”

4.6.3 Analysis and decision:

The Commission agrees to the proposed change and have incorporated necessary changes in the BSC Regulations 2021 in order to enhance the level of clarity. At the same time the Commission observes that, Deviation Settlement of Renewable energies like solar and wind will be computed in line with WBERC Renewable Energy Regulations.

4.7 **State Level Accounts for Deviation Settlement Charges (DS Charges):**

4.7.1 In the Draft BSC Regulations, the regulation 4 is as follows:

“State Level Accounts for Deviation Settlement (DS) Charge”

4.7.2 The comments of CESC and HEL are similar and states the following:

Deviation Settlement Charges and DS Charges are defined terms in the draft DSM Regulations and thus the Chapter 4 heading may kindly be reworded as State Level Accounts for Deviation Settlement Charges (DS Charges).

4.8.1 Analysis and decision:

Considering the merit of suggestion, the heading of Chapter-4 has been modified in the BSC Regulations 2021.

4.8 **SLDC-DS-FUND-WBSETCL:**

4.8.2 In the draft BSC Regulations, heading of the regulation 5 is as follows:

“SLDC-DS FUND-WBSETCL”.

4.8.3 The comments of CESC and HEL are similar and states that:

As SLDC-DS-FUND-WBSETCL is a defined term in draft DSM Regulations, thus, the phrase “SLDC-DS FUND-WBSETCL” may kindly be replaced with “SLDC-DS-FUND-WBSETCL” in the chapter for uniformity.

4.8.4 The comments of WBPDCCL is as follows:

WBPDCCL requested that the due date for the entity to pay the DS charges may remain for ten (10) days from the billing date in pursuance of regulation 7.2 of the State Electricity Grid Code. WBPDCCL also identified that there are differences in the days as per proposed regulations and regulation 7.2 of State Electricity Grid Code, 2007. Also, WBPDCCL is not receiving the receivables from WBSLDC which accumulated to around ~ 3 crore. However, WBSLDC has requested WBPDCCL for release of payment against the payable. WBPDCCL requested WBSLDC for adjustment with receivables, but SLDC has not accepted the proposal. WBPDCCL also stated that as the payables have not been adjusted with receivables, SLDC may impose LPSC on WBPDCCL. Therefore, WBPDCCL requested the Hon'ble commission to look into the matter and may resolve the issue related to payment of DSM charges.

4.8.5 Analysis and decision:

- a) In line with suggestion of CESC and HEL due correction is done in the heading of regulation 5 has been done in the finalised BSC Regulations 2021.
- b) As per suggestion of WBPDCCL, the due date for the entity to pay the DS charges has been kept at 10 days in the finalised BSC Regulations 2021 to avoid any confusion.
- c) The request for resolving the matter of delayed payment issue cannot be considered under this DSM Regulations, as regulation 7.2 of State Grid Code has provided the necessary provisions for dispute resolution. WBPDCCL may submit a separate application on this issue. However, considering these issues the Commission has made a provision under a proviso clause under paragraph (v) of regulation 5.0 of the BSC Regulations 2021.

4.9 **Table 'A' of Annexure – I:**

4.9.1 In the Draft BSC Regulations, the Table A of Annexure – I is as follows:

“TABLE-A: STATEMENT OF AMOUNT OF INJECTED ENERGY OF GENERATING STATION ENTITLED FOR ENERGY CHARGES.



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\*NOTE: Result of demonstration shall be indicated through codification where '0' stands for successful demonstration of declared capacity and any 1 shall represent misdeclaration for the block concerned and the sum of the column shall represent the number of misdeclarations for the day concerned".

4.9.2 The comments of CESC of HEL are similar, as given below:

Both CESC & HEL have identified that the reference of the note appears to be inadvertently omitted in the draft and thus appropriate column may kindly be marked against the Note of the Table A .

4.9.3 Analysis and decision:

According to the suggestion due correction has been done in the BSC Regulations 2021.

#### 4.10 **Table 'B' of Annexure – II:**

4.10.1 The comments of CESC and HEL on Annexure II are similar as given below:

CESC and HEL stated that heading against column 6 of the Table B has been given in the draft as Rate of DS Charge in Rs. It may kindly be modified as Rate of DS Charge in Rs. Per kWh.

CESC and HEL also stated that the heading against column 10 of the table, the phrase "except clause (ix)" may be replaced with "except Regulation 3.3.9".

CESC and HEL further emphasized that as "Daily Base DSM Charge" is a defined term in draft DSM Regulations, the phrase "Daily Base DSM Charges" as mentioned below the table may be changed to "Daily Base DSM Charge".

Furthermore, CERC and HEL stated that in Sl. No. 5. below the table the phrase "Additional Charges by the entity as per clause (ix) of DSM Regulations" may be replaced with "Additional Charges by the entity as per Regulation 3.3.9 of the DSM Regulations"

4.10.2 The comments of SLDC on Annexure II is as follows:

SLDC opines that the 'Statement of Reactive Charges' may be published separately. According to SLDC, combining VARh and voltage data as stated in Table-B of Annexure-II with DSM charges statement may not be convenient, as there will be many numbers of bus where a distribution entity is connected. SLDC therefore proposes that the column number 12 & 13 may be deleted in the said table.

4.10.3 Analysis and decision:

As all the suggestions have merit thus the Commission has accepted those and accordingly modification has been made in the finalised BSC Regulations 2021.

Further, in view of the suggestion made by SLDC, Annexure IV is modified accordingly.

#### 4.11 **Table 'D' of Annexure – IV:**

4.11.1 The comments of CESC and HEL on Annexure IV are similar, which are as follows:

CESC and HEL identified and stated that in Annexure-IV, on top of Table-D, Normal Voltage Level has been given as 220 Kv. However, they suggested that the voltage level may be left blank as there could be several voltage levels in the State Grid.

CESC and HEL, also suggested that the word "Exchange" in the heading row of Table-D, may kindly be replaced with the word "Interchange" to avoid ambiguity and unintentional reference to "Power Exchanges" in future".

CESC and HEL further also stated that Rate of Reactive energy Charge unit has been given in Paise/VARh; which they requested to change it to Paise/kVARh in harmony with regulations / order (s) of the Hon'ble Commission.

4.11.2 The comments of SLDC is as follows:

SLDC, WBSETCL underpins that the process of Calculation of Reactive Energy charges considering the reactive charges/unit Var, as will be specified by the Hon'ble Commission. as per Table-D of Annexure-IV, will be feasibly applicable only after implementation of SAMAST".

4.11.3 Analysis and decision:

The suggestions of CESC and HEL are accepted as the submissions are logical and accordingly all modifications have been done to enhance the clarity further. Table -D of Annexure -IV is modified as decided in 4.10.3 above.

Regarding submission of SLDC, the Commission observes that it is the responsibility of SLDC to expedite all possible measures to ensure proper mechanism to implement the reactive energy accounting from the effective date of Balancing and Settlement Code Regulations 2021 i.e., 03.01.2022.

4.12 **New Idea by WBSEDCL:**

4.12.1 WBSEDCL has floated a new idea for these regulations on BSC as follows:

WBSEDCL stated that provision may be included in the draft regulation to cover following issues according to the application submitted by WBSEDCL on 20/03/2018 and subsequent discussion over video conference on 04/09/2020:

- a) Determining methodology of apportionment of charges on Transmission Deviation Account (TOA) among all intra-state utilities.
- b) The statement of State Level Accounts on TOA as per final implemented schedule shall be prepared by SLDC on a monthly basis.

4.12.2 Analysis and decision:

But WBSEDCL has raised the issues of Transmission Deviation Account (TOA) which is nothing but a sharing principle of transmission charges for deviation resulting from net metered ex-bus injection or net metered drawal, in a time block for a State from Inter State Transmission System, in excess of the sum of Long Term Access and Medium Term Open Access. This issue is related to a totally new idea which is proposed for the regulatory framework of the Commission. When the application of WBSEDCL dated 20/03/2018 will be disposed, then if required, the Commission may come with all the methodologies if



Transmission Deviation issues is introduced in the regulatory framework. Thus, this suggestion is not accepted at current stage.

Sd/-  
(PULAK KUMAR TEWARI)

Sd/-  
(DURGADAS GOSWAMI)

Sd/-  
(SUTIRTHA BHATTACHARYA)

**DATED: 17.11.2021**