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**ORDER
OF THE
WEST BENGAL ELECTRICITY REGULATORY COMMISSION
IN CASE NO. SM - 39/ 24 – 25**

SUO-MOTU PROCEEDINGS REGARDING
ACCOUNTING OF STATE LEVEL DEVIATION
SETTLEMENT MECHANISM IN VIEW OF THE ORDER
ISSUED BY THE CENTRAL ELECTRICITY
REGULATORY COMMISSION DATED 05.08.2024

**PRESENT:
SRI MALLELA VENKATESWARA RAO, CHAIRPERSON**

DATE: 10.09.2024



FACTS IN BRIEF:

- 1.0 The Commission has notified the West Bengal Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) Regulations, 2021 vide Notification No. 73/WBERC dated 26.11.2021 (in short 'WBERC DSM Regulations 2021') with the objective of maintaining the grid discipline by imposing deviation charge on the intra-state entities viz. the distribution licensees, Generating Companies and Open Access customers for any deviation from their schedule. Rates for such deviation charges were made similar with the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) Regulations, 2014 as amended from time to time (in short 'CERC DSM Regulations 2014'), to maintain parity between State and Central Regulations and also to ensure that penalty for deviation in respect of the State Utilities is properly reflected in the accounts of intra-state entities.
- 2.0 Thereafter, the Central Electricity Regulatory Commission (CERC) issued the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2022 (in short 'CERC DSM Regulations 2022') by repealing the previous regulation i.e., CERC DSM Regulations 2014. The said regulation became effective on and from 05.12.2022 as per Notification No. L-1/260/221/CERC dated 31.10.2022 of CERC. In the said regulation, CERC has replaced the frequency linked deviation charge rate with ancillary service-based rate for deviation.
- 3.0 Considering replacement of frequency linked deviation charge rate with ancillary service-based rate for deviation by the CERC, the Commission vide order dated 06.12.2022 in Case No. B-70/2 directed to consider the 15-minute time block-wise "Normal Rate of Charges for Deviation" as determined in terms of CERC DSM Regulations 2022 for computation of DSM of the intra-state entities.
- 4.0 Subsequently, in view of certain operational difficulties experienced during implementation of CERC DSM Regulations 2022, CERC issued certain directives vide Suo-motu orders 16/SM/2022 dated 26.12.2022, 01/SM/2023 dated 06.02.2023 and 05/SM/2023 dated 09.04.2023. Besides slight modification of volume limits for penalty rates for deviations under



- regulation 8, CERC has specified the principle to determine the Normal Rate of Charges for Deviation for a time block subject to applicable capped rate of different market segments. CERC also proposed for suitable reward / penalty for over/under-injection and under/over-drawl when frequency goes beyond the normal band of 49.95 Hz to 50.03 Hz.
- 5.0 From the above mentioned orders of CERC, it is observed that the objective of CERC DSM Regulation 2022 to replace the frequency linked deviation charge rate with the ancillary service rate and putting the responsibility of frequency management with load despatch centers are presently facing various challenges on account of inadequate availability / timely response from ancillary service providers, volatile market rates, occurrence of simultaneous over-injection and under drawal or under-injection and over- drawal by entities causing frequency variation beyond normal band, etc. Hence, CERC has adopted certain interim measures to cope up with the difficulties and is in a process of continuous monitoring to come up with appropriate amendment of their Regulations.
- 6.0 Subsequently, the Commission found it reasonable to continue with the existing WBERC DSM Regulations 2021 till concept proposed in CERC DSM Regulation 2022 is adequately established. However, to keep parity among the block-wise deviation charge rates and to manage the difference of DSM pool balance, particularly to avoid negative pool, the Commission finds it appropriate to issue directives under difficulty removal clause from time to time.
- 7.0 The Central Electricity Regulatory Commission (CERC) issued the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2024 by repealing the previous regulation i.e., CERC DSM Regulations 2022. The said regulation shall come into force on and from 16.09.2024 as per Notification No. L-1/260/2021/CERC dated 27.08.2024 of CERC. In the said regulation, CERC made radical changes by once again linking the frequency for General sellers (other than an RoR Generating stations and generating stations based on Municipal Solid Waste) and Buyers and the change in calculation of Normal rate of deviation.



Suo-motu proceedings regarding accounting of state level Deviation Settlement Mechanism in view of the order issued by the Central Electricity Regulatory Commission dated 05.08.2024



- 8.0 Under these circumstances, the State Load Despatch Centre (SLDC) apprehended certain difficulties in implementation of the WBERC DSM Regulations 2021 and sought necessary guidelines for proper implementation and smooth transition of state level accounts for deviation settlement charges vide letter dated 03.09.2024.
- 9.0 Now the Commission felt necessary to address those issues to avoid complications post repeal of CERC DSM Regulations 2022.

ORDER:

- 10.0 In view of the above, this Commission, in exercising its powers conferred under regulation 5.6 of the WBERC DSM Regulations 2021, issues the following directives as an interim measure for computation of state level accounts for deviation settlement charges till the Commission comes out with amended Regulations:
- SLDC shall consider 15-minute time block wise "Normal Rate of Charges for Deviation" determined under CERC DSM Regulations, 2024 (herein after referred as "Normal rate"), where ever applicable.
 - SLDC shall consider State volume limit as 100 MW in line with Buyer other than (the buyer with a schedule less than 400 MW and RE Rich State) as specified in CERC DSM Regulation 2024.
 - The charges for deviation are linked with frequency are applicable as below keeping volume limit as per WBERC DSM Regulation 2021.



Suo-motu proceedings regarding accounting of state level Deviation Settlement Mechanism in view of the order issued by the Central Electricity Regulatory Commission dated 05.08.2024



Charges for deviation in respect of seller including IPPS, CPPs, and as defined in para 3.1, renewable generators (other than wind, Solar and Solar – hybrid generators) shall be as per Table A below.

Table A

Deviation by way of over injection (Receivable by the Seller)	Deviation by way of under injection (Payable by the Seller)
(I) For Deviation up to [Volume limit as per WBERC DSM Regulation 2021 and f within f band]	
(i) @ RR when $[49.97 \text{ Hz} \leq f \leq 50.03 \text{ Hz}]$	(iv) @ RR when $[49.97 \text{ Hz} \leq f \leq 50.03 \text{ Hz}]$
(ii) When $[50.03 \text{ Hz} < f \leq 50.05 \text{ Hz}]$, for every increase in f by 0.01 Hz, charges for deviation for such seller shall be reduced by 25% of RR so that charges for deviation become 50% of RR when $f = 50.05 \text{ Hz}$	(v) When $[50.03 \text{ Hz} < f \leq 50.05 \text{ Hz}]$, for every increase in f by 0.01 Hz, charges for deviation for such seller shall be reduced by 7.5% of RR so that charges for deviation become 85% of RR when $f = 50.05 \text{ Hz}$
(iii) When $[49.97 \text{ Hz} > f \geq 49.90 \text{ Hz}]$, for every decrease in f by 0.01 Hz, charges for deviation for such seller shall be increased by 2.15% of RR so that charges for deviation become 115% of RR when $f = 49.90 \text{ Hz}$	(vi) When $[49.97 \text{ Hz} > f \geq 49.90 \text{ Hz}]$, for every decrease in f by 0.01 Hz, charges for deviation for such seller shall be increased by 7.15% of RR so that charges for deviation becomes 150% of RR when $f = 49.90 \text{ Hz}$
(II) For Deviation up to volume Limit as per WBERC DSM Regulation and f outside f band	
(i) @ zero when $[50.05 \text{ Hz} < f < 50.10 \text{ Hz}]$: Provided that such seller shall pay @ 10% of RR when $[f \geq 50.10 \text{ Hz}]$	(iii) @ 85 % of RR when $[f > 50.05 \text{ Hz}]$
(ii) @ 115 % of RR when $[f < 49.90 \text{ Hz}]$	(iv) @ 150 % of RR when $[f < 49.90 \text{ Hz}]$
(III) For Deviation beyond Volume Limit as per WBERC DSM Regulation 2021 and f within and outside f band	
(i) @ zero when $(f < 50.10 \text{ Hz})$: Provided that such seller shall pay @ 10% of RR when $[f \geq 50.10 \text{ Hz}]$	(ii) @ RR when $[f \geq 50.00 \text{ Hz}]$; (iii) @ 150% of RR when $[49.90 \text{ Hz} \leq f < 50.00 \text{ Hz}]$; and (iv) @ 200% of RR when $[f < 49.90 \text{ Hz}]$

Note1. System frequency = f and f band = $[49.90 \text{ Hz} \leq f \leq 50.05 \text{ Hz}]$

Note 2. RR is reference rates as defined in CERC DSM Regulation 2024.



Suo-motu proceedings regarding accounting of state level Deviation Settlement Mechanism in view of the order issued by the Central Electricity Regulatory Commission dated 05.08.2024



Charges for deviation in respect of a Buyer, shall be receivable or payable as per Table B below.

Table B

Deviation by way of under drawal (Receivable by the Buyer)	Deviation by way of over drawal (Payable by the Buyer)
(I) For within volume limit as per WBERC DSM Regulation and f within f band	
i) @ 90% of NR when $f=50.00$ Hz	iv) @NR When $f=50.00$ Hz
ii) When $50.00 \text{ Hz} < f \leq 50.05 \text{ Hz}$, for every increase in f by 0.01 Hz, charges for deviation for such buyer shall be decreased by 8% of NR so that charges for deviation become 50% of NR when $f = 50.05\text{Hz}$;	v) When $50.00 < f \leq 50.05 \text{ Hz}$, for every increase in f by 0.01 Hz, charges for deviation for such buyer shall be decreased by 5% of NR so that charges for deviation become 75% of NR when $f = 50.05\text{Hz}$;
iii) When $[50.00 \text{ Hz} > f \geq 49.90 \text{ Hz}]$, for every decrease in f by 0.01 Hz, charges for deviation for such buyer shall be increased by 1 % of NR so that charges for deviation become 100% of NR when $f = 49.90\text{Hz}$;	vi) When $[50.00 \text{ Hz} > f \geq 49.90 \text{ Hz}]$, for every decrease in f by 0.01 Hz, charges for deviation for such buyer shall be increased by 5% of NR so that charges for deviation become 150% of NR when $f = 49.90\text{Hz}$.
(II) For within Volume limit as per WBERC DSM Regulation 2021 and f outside f band	
(i) @ zero when $[50.05 \text{ Hz} < f < 50.10 \text{ Hz}]$: Provided that such buyer shall pay @ 10% of NR when $[f \geq 50.10 \text{ Hz}]$;	(iii) @ 50% of NR when $[50.05 \text{ Hz} < f < 50.10 \text{ Hz}]$: (iv) @ zero when $[f \geq 50.10 \text{ Hz}]$;
(ii) @ NR when $[f < 49.90 \text{ Hz}]$;	(v) @ 150 % of NR when $[f < 49.90 \text{ Hz}]$.
(III) For outside volume limit as per WBERC DSM Regulation 2021 but upto 200% of Volume Limit and f within and outside f band	
(i) @ 80% of NR when $f \leq 50.00 \text{ Hz}$; (ii) @ 50% NR when $[50.00 \text{ Hz} < f \leq 50.05 \text{ Hz}]$; (iii) @ zero when $[50.05 \text{ Hz} < f < 50.10 \text{ Hz}]$: Provided that such buyer shall pay @ 10% of NR when $[f \geq 50.10 \text{ Hz}]$;	(iv) @ 150% of NR when $f < 50.00 \text{ Hz}$; (v) @ NR when $[50.00 \text{ Hz} \leq f \leq 50.05 \text{ Hz}]$; (vi) @ 75% NR when $[50.05 \text{ Hz} < f < 50.10 \text{ Hz}]$; (vii) @ zero when $[f \geq 50.10 \text{ Hz}]$.
(IV) For Out- side volume Limit as per WBERC DSM Regulation 2021 and beyond 200% of Volume limit and f within and outside f band	
(i) @ zero when $f < 50.10 \text{ Hz}$: Provided such buyer shall pay @ 10% of NR when $[f \geq 50.10 \text{ Hz}]$;	(ii) @ 200% of NR when $f < 50.00 \text{ Hz}$; (iii) @ NR when $[50.00 \text{ Hz} \leq f < 50.10 \text{ Hz}]$ (iv) @ 50% of NR when $[f \geq 50.10 \text{ Hz}]$.

11.0 No Additional Deviation Charges or penalty will be applicable.

12.0 This order repeals Commissions Suo-Motu Orders B-70/2 dated 06.12.2022 and SM-34/23-24 dated 12.06.2023.



Suo-motu proceedings regarding accounting of state level Deviation Settlement Mechanism in view of the order issued by the Central Electricity Regulatory Commission dated 05.08.2024



- 13.0 These changes shall take effect on the date CERC DSM Regulation 2024 shall come into force.
- 14.0 All utilities and SLDC under the purview of this Commission are to take a note of this order.
- 15.0 A copy of the order shall be posted in the website of the Commission.
- 16.0 All utilities and SLDC shall download the copy of the order from the website of the Commission and act on it. Certified copy of the order, if applied for, be given to the parties on completion of formalities laid down in the West Bengal Electricity Regulatory Commission (Conduct of Business) Regulations, 2013, as amended and on submission of necessary fees.

**Sd/-
(MALLELA VENKATESWARA RAO)
CHAIRPERSON**

DATED: 10.09.2024

**Sd/-
SECRETARY**