

BEFORE GUJARAT ELECTRICITY REGULATORY COMMISSION

AT GANDHINAGAR

Petition No. 1480 of 2015

In the Matter of:

Petition for devising a mechanism for recovery of compensation charges from entitiy (ies) who are in deviation to schedule and for whom a generating station of any entity is scheduled by State Load Despatch Centre to ensure over drawal/under drawal at regional periphery as stipulated by Central Commission.

Petitioner : State Load Despatch Centre - Gujarat

Represented By : Ld. Adv. Ms. Swapna Sheshadri alongwith Mr. D.N. Shah

V/s.

Respondent No. 1 : Gujarat Urja Vikas Nigam Limited

Represented by : Mr. V.T. Patel

Respondent No. 2 : Madhya Gujarat Vij Company Limited

Represented by : Nobody was present

Respondent No. 3 : Dakshin Gujarat Vij Company Limited

Represented by : Nobody was present

Respondent No. 4 : Pashim Gujarat Vij Company Limited

Represented by : Nobody was present

Respondent No. 5 : Uttar Gujarat Vij Company Limited

Represented by : Mr. K. B. Chaudhari

Respondent No. 6 : Gujarat State Electricity Company Limited

Represented by : Nobody was present

Respondent No. 7 : Torrent Power Limited

Represented by : Mr. Jignesh Langalia and Ms. Luna Pal

Respondent No. 8 : Adani Power Limited

Represented by : Nobody was present

Respondent No. 9 : Essar Power Limited

Represented by : Ld. Adv. Mr. Nisarg Desai

Respondent No. 10 : CLP India Limited

Represented by : Nobody was present

Respondent No. 11 : Gujarat Industries Power Company Limited

Represented by : Nobody was present

Respondent No. 12 : Gujarat State Electricity Generation Limited

Represented by : Nobody was present

Respondent No. 13 : GSPC Pipavav Power Company Limited

Represented by : Nobody was present

Respondent No. 14 : Gujarat Mineral Development Corporation

Represented by : Nobody was present

Respondent No. 15 : Philips Carbon Black Limited, Bharuch

Represented by : Nobody was present

Respondent No. 16 : Oil and Natural Gas Corp. Limited, Hazira

Represented by : Nobody was present

Respondent No. 17 : Oil and Natural Gas Corp. Limited, Gandhar

Represented by : Nobody was present

Respondent No. 18 : Philips Carbon Black Limited, Mundra

Represented by : Nobody was present

Respondent No. 19 : Welspun Captive Power Generation Limited

Represented by : Nobody was present

Respondent No. 20 : Bhavnagar Biomass Power Project Pvt. Limited

Represented by : Nobody was present

Respondent No. 21 : Junagadh Power Projects Pvt. Limited

Represented by : Nobody was present

Respondent No. 22	:	Amreli Power Projects Pvt. Limited
Represented by	:	Nobody was present
Respondent No. 23	:	Hindalco Industries Limited
Represented by	:	Nobody was present
Respondent No. 24	:	UPL Limited
Represented by	:	Nobody was present
Respondent No. 25	:	MPSEZ Utilities Private Limited
Represented by	:	Nobody was present
Respondent No. 26	:	Ultratech Cement Limited
Represented by	:	Nobody was present
Respondent No. 27	:	Jindal Saw Limited
Represented by	:	Nobody was present
Respondent No. 28	:	Siddhi Vinayak Power Generation & Distribution Private Limited.
Represented by	:	Nobody was present
Respondent No. 29	:	Sandhi Industries Limited
Represented by	:	Nobody was present
Respondent No. 30	:	Abellon Clean Energy Limited
Represented by	:	Nobody was present
Respondent No. 31	:	Varsana Ispat Limited
Represented by	:	Nobody was present
Respondent No. 32	:	Kandla Port Trust Limited (Deendayal Port Authority)
Represented by	:	Nobody was present
Respondent No. 33	:	Saurashtra Cement Limited
Represented by	:	Nobody was present
Respondent No. 34	:	Shree Renuka Sugars Limited
Represented by	:	Nobody was present

Respondent No. 35 : Shreeyam Power & Steel Industries Limited
Represented by : Nobody was present
Respondent No. 36 : SAL Steel Limited
Represented by : Nobody was present
Respondent No. 37 : Essar Power Gujarat Limited
Represented by : Ld. Adv. Mr. Nisarg Desai
Respondent No. 38 : OPGS Power Gujarat Private Limited
Represented by : Nobody was present

CORAM:

**Anil Mukim, Chairman
Mehul M. Gandhi, Member**

Date: 31/05/2024

ORDER

Introductory Facts of the Case are as under:

1. The present Petition is filed by State Load Despatch Centre (SLDC) for devising a mechanism for recovery of compensatory charges from entities who are in deviation to their schedule and for whom a generating station of some other entity(ies) is scheduled by the State Load Dispatch Centre so as to ensure that any over drawal/under drawal at regional periphery is within the limits as stipulated & specified by the Central Electricity Regulatory Commission under UI Mechanism Orders/Deviation Settlement Mechanism (DSM) Regulations notified from time to time. The present matter is pending since long time and previously certain objections were raised by some Respondents while seeking adjournment on the grounds of joinder or non-joinder or misjoinder of the parties and thereby have prolonged the present matter. Thereafter, the Commission decided the issue of maintainability in IA No. 04 of 2015 regarding transposition vide its Order dated 12.07.2016. The Petitioner has sought following prayers:

- a. Initiate a proceeding for considering the consequences of the directions given by SLDC Gujarat for generation of electricity by a specified generating station in the State of Gujarat on account of under injection by generating station supplying Power to any entity or over drawl by the distribution licensees/ open access users as the case may be.
 - b. Decide on the compensatory mechanism based on variable cost and fixed cost of generator who is scheduled by SLDC in such circumstances for deciding the amount payable by such generating stations or the distribution licensee or Open Access users as the case may be to SLDC pool account and SLDC will directly compensate the generator to whom schedule has been given under such conditions; and
 - c. Pass such further order or orders as this Commission may deem just and proper in the circumstances of the case.
2. In past the matter was heard and later due to recusal of Member Tech, the matter was put up before the new coram and the matter was heard on 18.02.2020, 02.03.2022, 27.09.2022.
 3. The status of the parties to the Petition are as under:
 - 3.1. The State Load Despatch Center (SLDC) is set up as per the Section 31 of the Electricity Act, 2003 and it is discharging the laod dispatch funcations as per Section 32 of the Electricity Act, 2003 in the State of Gujarat and it is empowered to give the directions under Section 33 of the said Act.
 - 3.2. The Respondent Gujarat Urja Vikas Limited (GUVNL) is a company incorporated under the provisions of the Companies Act, 1956 and is engaged in the bulk purchase and bulk supply of electricity. Further, it procures the electricity for and on behalf of the four State owned distribution licensees for maintaining the distribution and retail supply of electricity in their respective areas.

3.3. The Respondent No. 2, 3, 4 & 5 are the Distribution companies vested with the function of retail supply of power to the electricity consumers in their respective distribution areas which was earlier undertaken by erstwhile Gujarat Electricity Board (GEB).

3.4. The Respondent No. 7, Torrent Power Limited (TPL) is a company incorporated under the Companies Act, 1956 carrying on the business of generation and distribution of electricity. TPL supplies the electricity in Ahmedabad/Gandhinagar and Surat as distribution licensee in accordance with the provision of the Electricity Act, 2003.

3.5. The Respondent No. 8, 9, 10, 11, 12, 13 & 14 are the companies engaged in the business of generation of electricity in the State of Gujarat.

4. The facts of the Petition are as under:

4.1. It is stated that the matters concerning the Unscheduled Interchange at the regional level is administered, monitored and controlled by the Regional Load Dispatch Centre and at the State level it is administered, monitored and controlled by the State Load Dispatch Centre in accordance with the applicable Regulations notified by the Central Electricity Regulatory Commission . The Unscheduled Interchange is adjusted by Unscheduled Interchange Charges as decided by the Central Commission and in accordance with the Indian Electricity Grid Code and other applicable Regulations as amended from time to time.

4.2. In exercise of its powers under the Electricity Act, the Central Commission has notified from time-to-time codes and regulations governing unscheduled interchange, Deviation and Settlement Mechanism and Indian Electricity Grid Code. These codes and Regulations provide for the band of frequency for deviation, the unscheduled interchange charge payable thereof and the mandate on the RLDC and SLDC to maintain the frequency including requirements by the generating stations to generate when the frequency falls below the specifying limit on account of other generating station having under injection or over drawal by distribution licensees.

- 4.3. The Central Commission through notification dated 05.03.2012 has decided the deviation limits (150 MW or 12% of schedule, whichever is lesser) when frequency is lower than 49.80 Hz. Pursuant to the grid disturbance in July 2012, the Central Commission has narrowed down the limits for deviation and the frequency band was narrowed (49.70 Hz to 50.10 Hz) through notification of Deviation Settlement Mechanism Regulations, 2014 effective from 17.02.2014. On repeated violation of specified limits, RLDC issues notice to SLDC and takes up the matter with the Central Commission. The Central Commission can take action under Section 142 of the Electricity Act, 2003 for contravention of the limits of over-drawal/under drawal or under-injection/over-injection as specified in the Regulations.
- 4.4. The deviation limits are at Regional Periphery i.e. interconnection point between CTU Network and STU Network. Accordingly, the deviation limits is inclusive of all the intra-state transactions. The regional entities are required to change their deviation position from schedule in the 13th time block (after every 3 hours), meaning thereby that if the entity is overdrawing for 12 consecutive time blocks then it will have to under draw in the 13th time block or vice versa. Moreover, Deviation Settlement Mechanism charges are to be paid by regional entities i.e. for under injection and over drawl up to frequency 50.05 Hz and for under drawl and over injection at frequency above 50.10 Hz. Under these circumstances, SLDC is required to maintain the drawl of electricity within stipulated limits at regional periphery.
- 4.5. In the grid of Gujarat, number of captive power projects, distribution licensees and generators are undertaking inter-state transactions for purchase/sale of electricity through Open Access which has implication on the drawl at regional periphery of Gujarat. In the event when the generator (selling inter-state power) fails to inject as per their schedule either on account of tripping of machine or due to technical problems or due to transmission constraints and also are not requesting for revision in schedule, SLDC. Gujarat is required to maintain the overall drawl of the State within the limit prescribed by CERC. In order to circumvent the adverse situation at Regional periphery on account of such eventuality, SLDC is giving dispatch instructions to costlier generators of GUVNL / DISCOMs to inject power and this power is allocated to subsidiary DISCOMs of GUVNL as per their PPA Allocation. The

subsidiary DISCOMs of GUVNL are opposing such scheduling which puts additional burden on them even though the scheduling of costlier power is not attributable to GUVNL/DISCOMs of GUVNL.

- 4.6. Similarly, in the event when the private utilities and Open Access consumer (not having contract demand) over draw in excess of their schedule, SLDC is scheduling costlier power of GUVNL's generators in order to maintain the schedule at Regional Periphery as specified by Central Commission through relevant Regulations.
- 4.7. Accordingly, in case of under injection by a generating station situated within the State of Gujarat and supplying power outside the State, and not dispatching the quantum of generation as per the schedule given (under injection), the SLDC Gujarat in the discharge of its statutory functions, directs the other generating companies in the State to generate electricity required to maintain the grid security by adhering to the specified limits at Regional periphery. Such directions given by SLDC results in the purchase by GUVNL / DISCOMs from the other generating companies within the State of Gujarat on account of under injection by some generating stations. GUVNL / DISCOMS are opposing such scheduling of power which is not required by them but are made to pay from time to time the tariff to these generating companies at a price much higher than the Unscheduled Interchange Charge received / adjusted from the generating station responsible for under injection.
- 4.8. It is submitted that as per the given scenario while the generation companies which are responsible for under injection pay only the Unschduled Interchange Charges, but the burden of purchase of equivalent generation capacity as per the directions of the of SLDC at a price higher that the Unscheduled Interchange falls on GUVNL / DISCOMs and consequently the consumers in the State of Gujarat. On the other hand if there is over drawal by any of the distribution licensee resulting in the SLDC Gujarat schedule more power to GUVNL to maintain the grid security and adhering to specified limits at Regional periphery GUVNL/DISCOMs are again required to pay much higher amount than the Unscheduled Interchange Charges as such scheduling is done by SLDC Gujarat from the generating stations supplying power to GUVNL / DISCOMs at a higher price, in order to maintain grid frequency.

- 4.9. It is also submitted that the generation to maintain the deviation within specified limit at regional periphery on account of such under injection/ over drawl is linked with the limits specified by CERC and not linked to frequency. Therefore, the Deviation Settlement Charges are not sufficient to compensate the cost of such generation.
- 4.10. Illustrations of the actual events when costlier power was scheduled by SLDC on account of under injection/over drawl by the Intra State entities are given below.
- (a) On 27.08.2014, M/s Adani Power Limited has reduced availability of plant from 2247.5 MW in the 52nd time block to 280.5 MW by the 68th time block. Out of the 280.5 MW the power scheduled to GUVNL was 253 MW and 27.5 MW was scheduled to Mundra SEZ Utility. The sale of power by M/s. Adani Power Limited outside the State under Open Access at that time (Block 68 to 96) was around 167 MW to 270 MW. To compensate the loss of generation for bilateral sale by Adani Power Limited outside the state, SLDC had directed the operation of costlier gas based stations of Gujarat Industrial Power Company Limited (GIPCL) - I & II, CLP India and Utran with whom GUVNL / DISCOMs have PPA. The average deviation rate during the above Period was Rs. 4.69/ unit only as against the cost of gas based generation at Rs. 7.91 /unit which was scheduled as per directives of SLDC. Thus the additional burden was made to the account of GUVNL / DISCOMs of GUVNL.
- (b) On 17.10.2014, Unit 9 of Adani Power Ltd (Stage-3) tripped at 14:58 Hrs. (GUVNL/Gujarat has no supply arrangement from this unit). At that time, the schedule to Haryana (LTA) was 1471.29 MW, schedule to TNEB (MTOA) was 200 MW and sale under Short Term Open Access was 179.69 MW from M/s Adani Power Limited, Stage-3. The overdrawl by Gujarat at WR periphery from 14:30 to 16:00 hours was in the range of 450 to 600 MW. The schedule to Haryana from M/s. Adani Power Limited was revised by WRLDC w.e.f. 16:00 Hr. In order to mitigate the loss of generation from M/s Adani Power Limited supplying power outside the State, SLDC directed to increase generation from Utran gas based generation, Stage-2

from 288 MW to 330 MW (42 MW additional). The cost of Utran generation was Rs. 8.46/unit which was made to the account of GUVNL / DISCOMs.

- (c) On 13.10.2014, HRSG of Unit No. 20 of SUGEN was tripped at 10:14 Hrs which resulted in loss of generation of 173 MW. The over drawl by Gujarat at WR Periphery was 196 MW. At that time Torrent Power Limited -Ahmedabad and Torrent Power Limited - Surat were overdrawing by 173 MW. To mitigate the loss of generation form SUGEN Power Plants, SLDC had directed to increase gas based generation from CLP India from 284 MW to 410 MW during 44 to 53 time block. The additional cost at Rs 8.73/ unit was made to the account of GUVNL / DISCOMs.

- 4.11. It is further submitted that the generating stations supplying power outside the State or the specific distribution licensees/ Open Access users etc, as the case may be, responsible for under injection or over drawl should bear the consequences of such higher tariff payment by GUVNL / DISCOMs to comply with the directions of SLDC, which GUVNL / DISCOMs is obliged to do in terms of section 33 of the Electricity Act, 2003. Such directions of SLDC should not be burdened on the consumers of the State of Gujarat generally. In case of under injection by the generating stations, the concerned generating company should pay for the extra cost incurred by GUVNL / DISCOMs to comply with the directions of SLDC to procure power from other generating stations. Similarly, in the case of over drawl, the concerned person overdrawing should compensate GUVNL / DISCOMs towards purchase of costlier power from other generating company in compliance with the Order of the SLDC. Such extra cost should be compensated through Compensatory mechanism to SLDC pool account by the concerned generating company for under injection or the concerned distribution licensee for over drawl, as the case may be.

Abellon clean Energy Ltd. R-30, Bhavnagar Biomass Power Project Ltd. R-20, Junagadh Power Project Pvt. Ltd. R-21, Amreli Power Project Pvt. Ltd. (R-22) Have submitted as under:

5. The Respondent No. 30 Abellon Clean Energy Ltd. has filed its reply vide affidavit filed 23.02.2015 in the Petition and the brief facts submitted are as under:

- 5.1. It is submitted that Abellon Clean Energy Limited (ACEL), is a company incorporated under the Companies Act, 1956 with its registered office at Sangeeta Complex, Near Parimal Crossing, Ellisbridge, Ahmedabad – 380006. It is further submitted that the Respondent is established company in renewable energy and low-carbon sustainable solution sector including Solid Bio-fuel Production, Biomass Based Power Plant, and Solar Power Plant as Independent Power Producer (IPP) in Gujarat.
- 5.2. The Respondent has set-up a 9.9 MW Biomass-based Power Plant (“Project”) at Village Khas, Taluka, Ranpur, Dist: Botad. The Plant is connected to GETCO’s 66 KV s/s at Ranpur via a dedicated 66 KV D/C Transmission line laid down by the Respondent. The Project was commissioned on 24.04.2014 as per the commissioning certificate from GEDA. The Project is located in the PGVCL distribution area.
- 5.3. In absence of DISCOMs willingness to sign the PPA for power supply, the Respondent has to opt to sell power through open access to third-party. The power from the Project is presently being sold through open-access (Short-term and Medium-term) to Third-party customers located in PGVCL, MGVCL, UGVCL, and Torrent distribution area connected at 66KV, 66KV, 11KV, and 11KV respectively.
- 5.4. The Respondent’s project is governed under Commission’s Order No. 4 of 2013 – Determination of tariff for Procurement of Power by the Distribution Licensees and others from Biomass based Power Projects and Bagasse based Co-generation Projects for the State of Gujarat, Notification 3 of 2011 – Terms and conditions of Intra-State Open Access) Regulations, 2011, as well as Order No.3 of 2006 bringing generating stations of Gujarat State, Distribution Licensees and other persons under the purview of Intra-State Availability Based Tariff (Intra-State ABT) and subsequent amendment to the intra-State ABT Order.
- 5.5. The Commission has kept biomass – based power plants under ambit of intra-state ABT vide its Order No. 4 of 2013 which reads as under:

“e. Scheduling of Power

...

Commission's Decision

Generation from biomass based power projects and bagasse based co-generation projects is predictable and hence, those projects should come under the ambit of GERC Terms and Conditions of Intra-State Open Access) Regulations, 2011 as well as GERC ABT orders. The exemption from scheduling requirements for the smaller capacity biomass based power projects having installed capacities up to 4 MW has been kept considering their smaller size and difficulties of monitoring by the SLDC. As regards the suggestion to extend the benefit of exemption from scheduling to the existing projects, the matter can be dealt with separately and not as a part of this order."

- 5.6. The Respondent, despite sincere efforts, has faced / is facing severe difficulty to constantly maintain actual generation in line with scheduled energy from the biomass plant on account of characteristics of its biomass quality and non-availability.
- 5.7. The Respondent No. 20, Bhavnagar Biomass Power Projects Private Limited (BBPPPL) is having its generation facilities in district Bhavnagar, Gujarat. The Respondent No.21, Junagadh Power Projects Private Limited (JPPPL) having its generation facilities in district Junagadh, Gujarat in the captioned Petition. The Respondent No. 22, Amreli Power Projects Private Limited having its generation facilities in district Amreli, Gujarat.
- 5.8. That the Respondents are operating biomass based Renewable Energy generating plant having and installed capacity of up to 10 MW individually and supplying the renewable power generated to State DISCOMs and various consumers in the state of Gujarat and thus undertaking only Intra State transactions. Further, the Respondent No. 30 is currently also involved in developing Municipal Solid Waste based Waste to Energy Power Plant Projects in the State of Gujarat. The Respondent No. 30 has planned to establish more than 50 MW of such Municipal Solid Waste based Waste to Energy Power Plants across major cities in Gujarat.

- 5.9. That the Petitioner, State Load Despatch Centre (“SLDC”) is a body constituted under the aegis of Section 31 and Section 32 of the Electricity Act, 2003 and is responsible for optimum scheduling, despatch of electricity within state and monitoring grid operations. With such functions to be undertaken, it is difficult to understand how can the Petitioner be aggrieved of any commercial impact as claimed under the present Petition and that how can the Petitioner be legally entitled to seek any compensation on behalf of other interested parties, who have chosen to remain silent in this matter. However, without giving any submission on the question of maintainability of the Petition, at present, the Respondents are submitting the written submissions with the limited purpose of exclusion of biomass based and municipal solid waste based waste to energy generating plants from the mechanism proposed by the Petitioner through the present petition which actually deviates from the prime motive of grid stability and convenes commercial gains.
- 5.10. That the attention to the fact that the Central Electricity Regulatory Commission (CERC) in exercise of the powers vested under Section 178 of the Electricity Act, 2003 had published the Central Electricity Regulatory Commission (Unscheduled Interchange and related matters) Regulations, 2009 developing the mechanism to improve grid efficiency, grid discipline, accountability and responsibility by imposing charges on those who defer their actual generation or drawl from their scheduled generation or drawl. Further, with the objective of driving the distribution utilities to go for planned procurement of electricity and creating an environment for investors to set up new power plants and with purpose to convert the UI mechanism as a purely grid discipline mechanism with stricter limits on deviation from the schedule the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) Regulation, 2014 (herein after referred to as “DSM Regulations”) repealing the UI Regulations.
- 5.11. That for the State of Gujarat, prior to issuance of DSM Regulations, the generating station(s) of Gujarat, were under the purview of Intra-State Availability Based Tariff. However, on issuance of the DSM Regulations by Central Commission the same had been adopted by a majority of the State Electricity Regulatory Commissions throughout the country, including for the State of Gujarat by the Commission.

- 5.12. That the CERC after following due process of law and considering the market developments the said DSM Regulations enabled Load Despatch Centres levying Deviation Charges, Additional Deviations Charges from the generating station(s). As a matter of fact the 4th Amendment and 5th Amendment were issued by the Central Commission to these DSM Regulations making the regulations more stringent and in line to the present market developments of Interstate power supply transactions. Both these amendments enabled levying from the generating station(s) an additional charge being Sign Violation Charges from the generating station(s). Up and above these charges the aforesaid regulations does not have any provision to levy any additional cost from the generating station(s) in the form of any other compensation.
- 5.13. That when the Petitioner is already levying charges from generating station(s) under the DSM Regulations adopted for the State of Gujarat as per directives of the Commission, the Petitioner cannot demand imposition of any additional charges not defined under the DSM Regulations under the shadow of suffering commercial losses. Therefore, it is humbly prayed to the Commission not to allow the Petitioner to recover any compensation charge not determined under the regulatory framework notified by the Central Commission and consequently being outside the scope of the Electricity Act, 2003.
- 5.14. That the Respondent is electricity generators involved in the generation of power through biomass and municipal solid waste undertaking only intra state transactions in the State of Gujarat with the total installed capacity of up to 10 MW for biomass based projects and installed capacity of up to 15 MW for MSW based projects. The Government of India has from time and time stressed through various policies lately through National Tariff Policy, 2016 for promotion of generation capacity from Non-Conventional Energy/Renewable sources. The objective thereby was to promote usage of clean sources of energy and secure India's long term energy security mix. The said Non Conventional Energy / Renewable sources that were promoted also included Biomass based Power Projects, Municipal Solid Waste based Waste to Energy Projects. Additionally, the National Tariff Policy 2016 also mandated the State distribution utilities to procure 100% power generated from Municipal Solid Waste based Waste to Energy Projects.

- 5.15. That both biomass based and Municipal Solid Waste generating station(s) are generally small capacity plants typically up to 15 MW and are highly dependent on the corresponding fuel required. It is also imperative to stress that these generating power projects are planned for larger public and consumer interest as these projects not only generate clean energy but on the other hand process and dispose refuse/waste which has been identified as one of the most critical issue presently to mitigate the health and environment issues that have direct impact on public welfare.
- 5.16. It is submitted that the said projects are also considered under must run plants in order to maximise waste disposal in environmental benefit in addition to electricity generation. Accordingly, on one hand, whereby these Projects has the obligation to process and dispose the waste regardless of the quality of corresponding fuel quality/composition on other hand these projects are also exposed to commercial liability in case of deviation of generated electricity from scheduled electricity. Therefore, considerable the environmental mandates on these projects apart from electricity generation and on the basis of the aforesaid submissions it is humbly prayed to the Commission not to allow the Petitioner overburden the Renewable Energy Generators particularly Biomass based generating stations and Municipal Solid Waste based Waste to Energy generating stations by recovering any compensation charge not determined under the DSM regulatory framework.
- 5.17. That technically, the biomass based plants and MSW based waste to energy plants operate in fuel follow versus turbine follow mode. In other words, in these plants the turbine follows the steam generated from the boiler instead of demanding steam to match the desired generation when compared to the conventional power generating plants. This makes the boilers respond comparatively slowly, whereby the boilers may take up to 2 hours to respond to variations if at all it is possible.
- 5.18. It is stated that the fuel used in these generating stations being biomass/municipal solid waste, by nature is inherently variable and unpredictable and varies on seasonal basis. Municipal solid waste additionally is also linked to lifestyle and socio-economic variances across the cities. Therefore, due to heterogeneous nature of such

fuel there are significant variations in generations which are beyond the control of the developers.

- 5.19. That the MSW based waste to energy projects are still at nascent technology for the country, even the biomass based projects are still being considered under struggling/evolving industry. Accordingly though the Renewable Power Purchase obligation to be fulfilled by obligated entities in Gujarat is fixed to 0.75% by the Commission in regard to Biomass based power projects and MSW based Waste to Energy Projects, there has been considerable deficit in the total installed capacity of the Biomass based generating stations in the State with only 45 MW installed till date and none MSW based WTE installed till date.
- 5.20. That, apart from the aforesaid hurdles all other expenses including manpower, auxiliary power consumption, etc. remains the same at part load for the biomass based generating station. Further, the Respondents have been acting in accordance with the applicable Regulations as issued by the Commission and thus working under the allowed limits provided under the DSM Regulations issued by the CERC. Also the Respondents have been operating its plant based on the directives of the Petitioner and have been making payment against the Deviation Charges weekly bills raised by the Petitioner. The Respondents thus are already being levied with the deviation charges under the DSM Regulations and with effect from 01.01.2019 are also burdened with commercial impact of sign change violations. In such scenario whereby the biomass based generation stations are already exposed to various challenges and commercial retributions any additional impositions on these plants will leave the biomass based generating station financially unviable to operate and ultimately compel the developers to shut down these plants. Therefore, it is humbly prayed to the Commission not to allow the Petitioner overburden the Renewable Energy Generators particularly biomass based generating stations by recovering any compensation charge not determined under the DSM regulatory framework.
- 5.21. From the aforesaid facts, without prejudice, it is to bring to consideration that the Petitioner has been following the scheduling and despatch services for the State of Gujarat since early 2010 year. However, the Petitioner has approached the

Commission only in year 2015 providing obscure and one-off illustrations and case studies. The Respondents state between the time the petition was filled and the current scenario significant developments have taken place both in terms of grid discipline and energy sector particularly renewable energy. It is stated that in year 2016, National Tariff Policy 2016 was issued by Government of India giving more focus to non-conventional sources of energy. Further the launch of *Swacchh Bharat Mission* also rose the urgent need of development of waste to energy plants for public welfare, due to which the National Tariff Policy 2016 mandated the Distribution utilities to procure 100% power generated from Waste to Energy Projects. Further even the Government of Gujarat issued Gujarat Waste to Energy Policy 2016. It is submitted that considering all these recent developments, the prayers sought by the Petitioner on the basis of the scenario of year 2015 needs to be re-examined with reference to current developments. Further the Petitioner as stated in the petition is only concerned due to actions of some of the generating stations carrying inter state transactions and as a consequence is attempting to burden intra State entities which is illegitimate. Also as stated by the Petitioner in the petition the power injected by generating company is based on the despatch instructions issued by the Petitioner and the power allocations as per PPA arrangements. It is submitted that the Commission in accordance with the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations has been determining the retail tariff on Financial Year to Financial year basis considering all the applicable factors including the aggregate revenue requirement for the remaining years of the control period, revenue from the sale of power at existing tariffs, revenue Gap or revenue Surplus as compared to approved for the previous year. That said any power attributable to the GUVNL/DISCOMs of GUVNL including the fixed cost and variable cost of the generation station(s) supplying power to GUVNL/DISCOMs of GUVNL are already accounted in the retail tariff determined by the Commission. Consequently, the submission made by the Petitioner that additional burden is being face by GUVNL/DISCOMs of GUVNL due to the Petitioner's obligation to maintain the schedule and grid frequency is untenable and ought to be rejected. Therefore, it is humbly prayed to the Commission not to allow the Petitioner recover any additional compensation charge already accounted during tariff determination in particular the fixed cost of generators.

- 5.22. That there is no proof or evidence submitted by the Petitioner validating the additional commercial burden being faced by the Petitioner or DISCOMS or GUVNL with respect to maintaining the schedule. Rather, it should be noted that over the past financial years there has been no substantial increase in the retail tariff determined by the Commission for the DISCOMs of GUVNL that exhibits additional burden being faced by the Petitioner or DISCOMs of GUVNL or any prejudice caused to Petitioner or the DISCOMs of the state. This also exemplifies that the Petitioner here is deviating from its prime motive of maintaining load balance and grid frequency and instead focusing on commercial interests. On the other hand grave prejudice will be caused to the Respondents as detailed above if the prayers sought by the Petitioner are allowed by this the Commission.
- 5.23. It is further submitted that the Commission should while considering the consumer interest, may please consider that biomass and waste to energy plants are being set up primarily to process and dispose waste which is also in larger consumer and public and are in nascent stages of development. Unforeseen and unanticipated commercial burden on such plants shall have grave impact on the viability of such plants and shutting down of such plants shall be against public and consumer interest.
- 5.24. As per the above submissions, the captioned petition deserves to be dismissed, and if at all considered, must exclude the Renewable Energy Generating entities specifically biomass based generating stations and municipal solid waste based generating stations from the mechanism proposed.
- 5.25. That the Deviation Settlement Mechanism Regulation 2014 Order do not take into consideration the aforementioned practical hurdles for biomass based renewable energy projects. Presently small capacity biomass plants, such as the respondent's, running on varying types and quality of biomass fuel have the same UI liability as large conventional plants running on single type of fuel that is typically uniform. Therefore, there may be a disproportionate burden on small biomass-based renewable energy power plant developer compared to large conventional plants.

5.26. Some of the specific reasons for variations in actual generation versus scheduled generation in case of Biomass based power plants are as under:

- a. Given *specific* quality and quantity of biomass, technically the output can be predictable. However, quality and availability of biomass are not in absolute control of the developer and variations in generation are inevitable. No single type of biomass is available around the year – a combination of different types of biomass have to be sourced from multiple unorganized sources from various parts of the State. There is unmanageable variation in fuel type, moisture content, calorific value and therefore variation in actual generation vs. scheduled energy.
- b. Moisture content in the Biomass could be higher (20% to 40%) and due to this, the boiler furnace temperature may come down drastically and due to it steam parameters can not be maintained which results in sudden reduction in Generation. Again it takes lots of time to normalize it because of moisture content in the fuel.
- c. The Characteristics of Biomass fuel is sticky type so that some time fuel may jam in the fuel Conveyor. This is also a situation where the generator has to first clear jam problem from the fuel feeding equipment which would not control generation and creates variation in actual generation. Some times jam happens on fuel feeders and 25% to 75% feeders may not be available and reduction in generation becomes unavoidable.
- d. Unlike coal and gas-based plants where supply of fuel is via rail, road, ships, and gas line, biomass has to be transported from distant and rural areas of the State by road only in smaller trucks of 6-8 ton capacity. This is logistical challenge especially for biomass power plants that are in nascent stages and fuel supply unorganized. The biomass fuel quality and availability is worsened during monsoons when no ready to use biomass is available. Fuel supply is often unpredictably disrupted due to water-logging on roads, trucks getting stuck in muddy areas, and other logistical issues on which the plant operator has no control.

- e. The biomass continues to have very high moisture and deteriorates even after monsoons which results in lower calorific value as the biomass is stored in open in rural areas and even in yards. This is also a situation where the generator has no control on and creates variation in actual generation.

Due to reasons beyond control of the generator that result in variations in scheduled energy output.

5.27. It is further submitted that the following provisions through which the Commission has the powers to grant the exemption:

- I. Section 86(1) (e) of the Electricity Act, 2003 calls for promotion of renewable energy source and the Respondent's project is a small scale renewable energy project.

"86. (1) The State Commission shall discharge the following functions, namely:-

(e) promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution license."

- II. The Commission in its Intra-State ABT Order 3 of 2006 has stated:-

"The Commission based on the practical experience so documented, if considered necessary, will review the provisions of this order."

According to the above provisions, the Commission is empowered to allow the exemption from Deviation Settlement Charges applicable to the Respondent power plant, which may please be granted renewable energy Project and the biomass power faces difficulties that are not in control of the Respondent. The exemption will serve a promotional measure and provide needed support.'

5.28. The Respondent has requested the Commission to grant exemption on Deviation Settlement Charges / Mechanism to the Biomass-based power plant in view of all above reasons. It is relevant to note that though the Abellon's Project is a 9.9 MW Biomass-based power plant, the difficulty faced on account of biomass *quality* and *quantity* remain the same. Also as per CERC guideline, such Biomass based projects with installed capacity less than 10 MW, it is not suppose to follow scheduling. Though the Commission has not agreed to that looking to the difficulty being faced by Biomass operators, they should be exempted from Deviation Settlement Charges / Mechanism and should be exempted levying any penalty, payment of UI charges could be Okay.

5.29. The Respondent has prayed for granting the relief by way of exemption to the Project of respondent on Deviation Settlement Charges under to promote as "Renewable Energy Project".

6. The Respondent No. 19, Welspun Captive Power Generation Ltd. has filed its reply vide affidavit dated 02.03.2015 in the Petition. The brief facts submitted are as under:

6.1. There is no specific proposal by the Petitioner and therefore it is understood that the options under consideration would be in accordance with the CERC/GERC Regulations. The Electricity Act, 2003 does not discriminate between the Government owned genrators or any private Sector/Captive generators.

6.2. It is further submitted that the Gujarat system has huge surplus/stranded generation capacity of 20000+ MW and robust transmission network as claimed, small stakeholders have less than 100 MW transactions (0.5% of the system) like the Respondents like them should not be considered for any material/penal actions. The DISCOM consumers who are also using Open Access are not included under the REA pool account membership for applying the UI/DSM regime and all their energy/power for which they are already paying but could not draw is being pocketed by any other beneficiaries and therefore they cannot be penalized for pool account related problems. It is understood that at present all the four DISCOMs transactions/deviations are clubbed together for accounting at the State periphery for accounting under the DSM mechanism. While deciding applicability of 12% limit and consequential measures for exceeding it, each entity including all four DISCOMs

will have to be treated separately for the deviations as against the net deviation of four DISCOMs.

- 6.3. It is further submitted that the Short term Open Access transactions quantum of power is very small as compared to total power transacted at State periphery and assessment for quantum of power to be scheduled by the other stakeholders (mainly DISCOMs) under the Long Term Open Access (LTOA) plays the vital role. Continual realistic reassessment and revising the DISCOMs schedules to minimize the deviation is also required as it plays vital role. It is not only the generators, but the DISCOMs also need to be monitored for ensuring revisions in their drawal schedules commensurate with the real time loads/drawals as it severely affects the other stakeholders as far as the 12% limit requirement is concerned. As far as reference to the costlier generation injection is concerned, it must be appreciated that all power sector stakeholders are equally affected and singling out only private/CPP generators and/or OA users is not justified more particularly when Open Access to consumers is being permitted within the Contract Demand only in general.
- 6.4. The contention raised that, "the subsidiary DISCOMS of GUVNL are opposing such scheduling which puts additional burden on them even though the scheduling of costlier power is not attributable to GUVNL/DISCOMS of GUVNL." is difficult to accept as no such issue appears under any of the UI/DSM Regulations of CERC or GERC. Such approach would tantamount to discriminative treatment not tenable under the spirit of the Electricity Act, 2003. The State Grid code is also referred by the Respondent, the relevant provisions of the same reads as under:

".....11.4 The system of each Discom shall be treated as a notional control area. The algebraic summation of scheduled drawal from ISGS/SGS and from contracts through a long-term access, medium-term and short-term open access at arrangements shall provide the drawal schedule of each Discom, and this shall be determined in advance on a day-ahead basis. The Discom(s) would generally be expected to regulate their generation and/or consumers' load so as to maintain their actual drawal from the state grid close to the above schedule.

11.5 Each Distribution Licensee, through their ALDC, shall always endeavour to restrict the net drawl of their own Distribution Licensee from the grid to within the drawl schedules, whenever the system frequency is below 49.8 Hz. The concerned distribution licensee, user, shall ensure that their automatic demand management scheme acts to ensure that there is no over-drawal when frequency is 49.7 Hz or below. If the automatic demand management scheme has not yet been commissioned, then action has to be taken as per manual demand management scheme to ensure zero over-drawal when frequency is 49.7 Hz or below.

11.6 The Distribution Licensees shall regularly carry out the necessary exercises regarding short-term demand estimation for their respective area, to enable them to plan in advance as to how they would meet their consumers' load without over-drawing from the grid....."

- 6.5. That there cannot be any difference in attitude/treatment for “private utilities” and other utilities such as discrimination is unwarranted under the Regulatory Regime as also under the Electricity Act, 2003. Moreover, the open Access consumers, not having Contract Demand are very negligible and details of total MW under such category need to be furnished to assess realistic situation such quantum may not count for material percentage of the total system. As such the DISCOMS' approach of denying permitting Open Access beyond Contract Demand, the material impact on the system work out to be negligible. All the said issues were addressed and decided long back while implementing the ABT Regime and also covered under the Grid Code provisions including the Grid Security measures in similar situations.
- 6.6. It is stated that the data made available under the public domain and in particular under the petition/submissions by the Utilities for claiming the Additional Surcharge, most of the Coal based units of GSECL operate with poor power load factor (PLF) and get benefitted by additional injection under the situation explained. The petitioners perhaps refers to exceptional situations of injecting costlier power treating/projecting it as a general situation which is not correct. Quantified data be furnished for realistic assessment of the situation rather than qualitative information. Moreover, the SLDC has the authority to direct the erring

utility/Member for corrective actions and subsequently the other appropriate actions as per the Grid Code as against the actions/measures as conveniently directed by the interested stakeholder viz. GUVNL/DISCOMS.

- 6.7. That the DSM charges are decided by the CERC and adopted by SERC's which is not possible/desirable to have different set of DSM charges under the same synchronous system as it may lead to even worst problems of gaming on account of different DSM charges under the same system.
- 6.8. That the instances cited seems to be an exceptional adverse situations for a very short durations but there could be many other occasions wherein failures resulting in loss of generation allocated to Gujarat system getting supplemented by stakeholders of other States system operating in synchronous mode under the Inter State system. It would therefore not be justified to act upon such exceptional situations without quantifying the matter for overall impact on the system considering the benefits also the losses.
7. The Respondent No. 10,CLP India Private Limited (CLPIPL) has filed its reply vide affidavit dated 25.03.2022, the brief reply is as stated below:
 - 7.1. The Respondent is engaged in the business of power generation and owns and operates a 655 MW gas based power plant named "Paguthan Combined Cycle Power Plant" erstwhile GPEC situated at Bharuch.
 - 7.2. It is stated that they had entered into a Power Purchase Agreement with the Respondent No. 6, (erstwhile GEB) Gujarat State Electricity Company Limited, for sale and purchase of 654.7 MW (635 MW net) power from the gas based combined cycle power plant (comprising of 3 gas based turbines of 137.945 MW each and 1 steam turbine of 240.891 MW). The PPA was amended vide supplementary PPA dated 05.12.2003 and 26.02.2014 and is subsisting as on date on mutually agreed terms and conditions.
 - 7.3. The present Petition Petitioner is seeking indulgence of the Commission to formulate a suitable compensatory mechanism in order to make good the loss incurred by the Petitioner. The Petitioner is trying to meet its responsibility of maintaining regional

grid frequency and ensuring that the overall drawal from the grid is in compliance with limits stipulated by Central Electricity Regulatory Commission (CERC) through various rules and regulations especially in cases of under injection of power by interstate generators and/ or over drawal by distribution licensees in deviation of their respective schedules.

7.4. It is stated that the Petitioner SLDC is required to take necessary steps as may be required to maintain the grid frequency in terms of the extent CERC's Regulations including when;

- (a) interstate generating stations who have contracted to supply power outside the State of Gujarat fail to inject power as scheduled for whatsoever reason, or
- (b) private distribution companies within the State of Gujarat overdrawn from the grid in excess of their schedules.
- (c) In exercise of its mandate to maintain the grid frequency and maintain the overall drawal of the State within the prescribed deviation limits, the Petitioner/SLDC is constrained to instruct generators such as the Respondent to Despatch power in order to partially offset the shortfall in generation of the aforementioned interstate generating stations or partially offset the overdrawal of power by the private distribution companies within the State, as the case may be. As the Petitioner has submitted the details of the power tariff contracted with the intrastate generators with GUVNL, such as the Respondent, it could be more than the UI charges that are payable by the defaulting interstate generating companies or defaulting distribution companies, as the case may be. The GUVNL or its subsidiaries distribution companies are unfairly being forced to bear the difference.

7.5. It is stated that the present Respondent is not a necessary party to this proceeding as no relief/s have been claimed against it. The Respondent, CLPIPL is an intrastate generator which is bound to supply power to GUVNL in terms of the PPA executed between the answering Respondent and GUVNL. Further, the primary grievance of the Petitioner is against those generating companies which supply power outside the

State of Gujarat under Open Access and/or against distribution companies who overdraw from the grid.

- 7.6. It is further submitted that the terms of the PPA and obliged to comply with the dispatch schedules as and when issued by the Respondent CLIPIPL. It is to get paid the tariff as set out in the PPA. The Respondent cannot be made liable for contributing to the pool account proposed to be created in favour of the Petitioner since it is not their case that the situation of impact on regional grid is attributable to any deviation in the schedule by the present Respondent thereby causing monetary loss to the Respondent No.1 or such other distribution licensee. It is further submitted that they are not responsible for any violation at regional periphery as it solely operates on instructions of the Petitioner which is well within its Rights to intervene and pass necessary directions in intrastate supplies at any stage.
- 7.7. That the claim of the Petitioner may be legitimate as against the power generators/ distribution licensees actually responsible for deviation in schedule, it would be unfair and against the very spirit of Electricity Act, regulatory regime and principle of equity to make this Respondent liable for payment of any additional charges other than those agreed upon between parties under its existing PPA.
8. The Respondent No. 15 and 18 have filed their reply and the brief facts are as follows:
- 8.1. The Respondent No. 15, Philips Carbon Black Limited, Bharuch is engaged in the business of manufacturing the Carbon Black and it has the captive power plant of 12 MW capacity from which it exports power to various entities within the State of Gujarat.
- 8.2. The Respondent No. 18, Philips Carbon Black Limited, Kutch has a captive power plant of 22 MW capacity from which it exports power to various entities within the State of Gujarat. The Respondents are the undertakings for intra State Open Access Transactions.
- 8.3. That the prayers contained in the Petition with respect to consequences of directions given by the Petitioner can never be granted at the behest of the Petitioner. The Petitioner cannot be said to be a person aggrieved a consequence of its own

directions. Similarly, the other prayer for deciding the compensatory mechanism for amounts payable to generating stations or distributions licensees or open access users to compensate the generator. Such a claim can only be made either by the generator or by the distribution licensees or an open access user. In the present case the Petitioner is none of the three. The Petitioner is therefore not entitled to seek any compensation on behalf of others when the other interested parties have never come forward with such a claim. The present petition is therefore misconceived and deserves to be dismissed.

- 8.4. It is further submitted that there is no rationale or details which are pleaded in the Petition or placed on record to show why the Respondent which is engaged in Intra State Open Access Transaction is impleaded in the present Petition. It is also submitted that in view of the said contention, the present Petition deserves to be dismissed under the provisions of the Order 7 Rule 11 (a) of the Code of Civil Procedure, 1908.
9. The Respondent No. 36, SAL Steel Limited has filed its reply vide affidavit dated 04.04.2015 and Respondent No. 33, Saurashtra Cement Ltd., has filed its reply vide affidavit dated 24.04.2015 and stated the following facts:
- 9.1. The Respondent No. 36, SAL Steel Limited, is having its manufacturing unit at Village - Bharapar, District - Kutch and it is engaged in the business of manufacturing Sponge Iron, Ferro Alloys etc. It has a Captive Power Plant of 40 MW capacity. Such CPP is a Group Captive Power Plant within the meaning of Electricity Rules, 2005 since a sister concern, namely Shah Alloys Limited owns the stake of 35.61% in the Respondent's company. It is further submitted that an arrangement to supply of 13.5 MW power under a Wheeling Agreement on 11.08.2006 is done to supply the power to its sister concern, Shah Alloys Limited, the said captive user is also situated in the State of Gujarat. Thus, the Respondent is involved in Intra State transaction.
- 9.2. That the Respondent, SCL is engaged in the business of manufacturing cement and it has setup a captive generating plant of 25 MW capacity at its manufacturing unit and it is engaged in export of power through Indian Energy Exchange under Short Term

Open Access. Before dealing with the said petition in seriatim, the Respondent raise the preliminary objections to the maintainability of the present Petition.

- 9.3. The Respondent, SCL has submitted the table showing supply of power NOC & Actual Bid Power supplied/exported in the year 2014-15 which reads as under:

“.....Annexure A

Sr. No.	Month	NOC amount (Rs)	Approved Capacity (MW)	Power Export to GRID (in MWh)	Commitment for Power Export to GRID without line Loss	Extra power exported
1	Apr-14	5000/-	5	130.1	0.0	130.1
2	May-14	5000/-	5	609.7	508.0	101.6
3	Jun-14	5000/-	5	1296.9	946.7	350.2
4	Jul-14	5000/-	5	8.8	0.0	8.8
5	Aug-14			52.7	0.0	52.7
6	Sep-14	5000/-	5	1612.8	1258.8	354.0
7	Oct-14	5000/-	3.71	1278.4	848.2	430.1
8	Nov-14	5000/-	3.71	15.8	0.0	15.8
9	Dec-14	5000/-	3.71	0.4	0.0	0.4
10	Jan-15	5000/-	3.71	0.5	0.0	0.5
11	Feb-15	5000/-	3.71	0.0	0.0	0.0
12	Mar-15	5000/-	3.71	0.0	0.0	0.0

10. The Petitioner, SLDC has submitted the Rejoinder to the Respondent No. 19, in reply to the contentions raised by the Respondent, Welspun Captive Power Generation Limited (WCPGL) vide affidavit dated 23.05.2015, the brief facts of the said Rejoinder is as follows:

- 10.1. It is stated that the said reply filed by Respondent (WCPGL) to the petition is misconceived and is liable to be rejected. The allegations made by the Respondent that the Grid of Gujarat is not affected by operation of the Captive Generating Plant of the Respondent, WCPGL and others in the range of 100 MW or less or by Open Access users taking Short Term Open Access is without any merit. There have been a substantial number of Captive Power Plants as well as Open Access users in the State of Gujarat. Their operation, without ensuring that under injection of power generated or over-drawl of power is within the range consistent with Deviation and Settlement Mechanism at the inter State level, is causing adverse impact on the State grid. The

entire Deviation and Settlement Mechanism and the compensatory mechanism is burdened on the distribution licensees and accordingly on the consumers in the State. The Petition filed is for optimum methodology for apportioning the impact of such Deviation and Settlement Mechanism in order to ensure that the Captive Power Plants, Open Access users, the Generating Stations in Gujarat and the distribution licensees all adhere to scheduling and dispatch to the maximum extent.

- 10.2. It is wrong and denied that the distribution licensees are not subject to the methodology proposed by the Petitioner. The prayers of the Petitioner clearly provides for the distribution licensees to be also subjected to the Deviation and Settlement Mechanism.
- 10.3. It is wrong on the part of the Respondent to compare with the consumers of the distribution licensees. The consumers of the distribution licensees are being charged the retail supply tariff taking into account all the implications of the Deviation and Settlement Mechanism faced by the distribution licensees.
- 10.4. It is wrong and denied that the Distribution Licensees are not subject to any adverse financial implications. The petition filed illustrates as to how the adverse burden is being placed on the consumers through the distribution licensees.
11. Further the Petitioner, SLDC has filed the Rejoinder to the Reply filed by the Respondent No. 15, 18, 33 & 36 vide affidavit dated 23.05.2015, the brief are as under:
 - 11.1. The reply filed by the above mentioned Respondents to the petition of the Petitioner is misconceived and is liable to be rejected.
 - 11.2. The Respondents instead of dealing with the specific issues raised by the Petitioner in the petition, has sought hyper-technical and extraneous issues to confuse the matter. The petition filed by the Petitioner is for appropriate Orders of under-injection by the generating stations within the State of Gujarat supplying power to any entity or over-drawl by the persons in the State, namely, the distribution licensees and the Open Access users which have an implication on the Deviation and Settlement Mechanism at the inter State level on account of the Gujarat Grid being connected and integrated with the Inter State Grid.

- 11.3. The present Petition has been filed by SLDC in the discharge of its functions under Sections 32 and 33 of the Electricity Act, 2003, namely, discharging the responsibility for optimum scheduling and discharge of electricity within the State, monitoring the grid operation, exercising supervision and control of the grid system and ensuring secure and economic operation. In addition, SLDC is also bound to carry out the directions from time to time given by the Regional Load Dispatch Centre.
- 11.4. It is, therefore, necessary for SLDC to evolve an appropriate mechanism with the approval of the Commission for equitable, fair and just methodology to deal with the deviation in the scheduling and dispatch. SLDC has placed on record before the Commission the specific instances on some of the dates like 27.8.2014, 17.10.2014, 13.10.2014 etc. bringing out the implications and the need to immediately evolve a proper mechanism. In the petition, SLDC has brought out that the optimum scheduling, dispatch etc. necessitate that the generating stations or captive power plants injecting power in the State or Open Access users drawing power, as the case may be, need to be regulated by the Commission in regard to the under-injection or over-drawl and the burden of such under-injection or over-drawl in the State of Gujarat qua Inter State operation and the consequences should not be borne only by the distribution licensees in the State but equitably amongst all such generating stations/captive power plants/Open Access users.
- 11.5. The above aspects had been brought to the notice of SLDC from time to time by the DISCOMs and the Petition has been filed in order to obtain appropriate Orders for proper methodology to be implemented in the interest of all concerned. The objections raised on the issues of maintainability of the petition on the ground that SLDC should not be concerned with commercial settlement or SLDC is not going to receive the money under the compensatory mechanism or that the distribution licensees/GUVNL should alone be concerned etc. are without any basis.
- 11.6. That it is wrong and denied that SLDC is acting on behalf of the distribution licensees or GUVNL and are attempting to give advantage to GUVNL or the distribution licensees. As mentioned hereinabove, SLDC is discharging its functions under Sections 32 and 33 and other applicable provisions of the Electricity Act, 2003. The petition filed by SLDC

is for equitable and appropriate methodology to be adopted balancing the interest of all concerned. It is not the intention of SLDC to make any gain for the distribution licensees or GUVNL. The Objectors instead of dealing with the issues on merit and adverse implication of a generating company under-injecting or Open Access user over-drawing has proceed to raise frivolous issues on the maintainability of the petition.

- 11.7. The Petitioner submits that the contention raised on the aspect of Inter State or Intra State activities is wrong. The under-injection by the generating companies or captive power plants or over-drawl by the distribution licensees or the captive power plants or Open Access users irrespective of whether it is an Intra State supply or Inter State supply would have an adverse impact on the grid. The Deviation and Settlement Mechanism evolved by the Central Commission and administered by the Regional Load Dispatch Centre is treating the Gujarat State as a whole and it is for the Gujarat SLDC to administer an appropriate mechanism back to back for all generating stations and captive power plants within the State of Gujarat and the Open Access consumers drawing power in the territory of Gujarat.
- 11.8. It is, therefore, wrong on the part of the Respondent – Objectors to attempt to make a distinction of Inter State or Intra State supply, so long the Deviation and Settlement Mechanism at the Inter State level is decided qua Gujarat as a whole and not qua Open Access User or for such of the generating companies or captive power plants which are within the State of Gujarat. The allegations to the contrary are without any merit.
- 11.9. The petition filed by the Petitioner is for an appropriate mechanism to be adopted for dealing with the deviation and settlement issues, considering the Deviation and Settlement Mechanism at the Inter State level is for Gujarat as a whole. The petitioner has given certain examples of actual dealings of a particular day as illustration. The petitioner is, however, praying for a decision on the methodology to be adopted as a principle. The petitioner has impleaded all concerned and interested parties as Respondents. The issue of extent to which any particular generator or captive power plant or Open Access user will be liable shall depend upon the actual injection or actual drawl at the relevant time. Many of the issues raised by the Respondent/Objectors on specific aspects needs to be decided based on the methodology to be settled. The

methodology to be applied will be general application to all the generating companies and Open Access users as well as the distribution licensees.

- 11.10. It is wrong and denied that the Petitioner has not placed adequate data in regard to the illustrations given. It is further submitted that in so far as the generating companies or captive power plants or the Open Access users who have agreed to follow the methodology, there should not be any issue.
- 11.11. That all the data in regard to scheduling and dispatch of electricity from the generating companies to GUVNL are available in SLDC's website maintained on a day to day basis. These information are available for any Respondent – Objectors to see. The Petitioner can place on record any specific data required by any of the Respondent – Objectors, if so, desired.
- 11.12. It is stated that the Respondent Objecting are mixing up the issue of payment of additional surcharge, non-scheduling by the distribution licensees, merit order dispatch etc. These are not relevance for the matter in issue in the present petition. The issue is with regard to the need for all the suppliers, namely, the generating companies and captive power plants and the Open Access users as well as the distribution licensees to act consistent with the Deviation and Settlement Mechanism in regard to drawl (over-drawl) of power or injection (under-injection) of the power generated. It is reiterated that the implications of the Deviation and Settlement Mechanism should be equitably apportioned among all players, namely, the generating companies, captive power plants, the distribution licensees and the Open Access users.
12. The Respondent No. 37, Essar Power Gujarat Limited (EPGL) has filed its reply vide affidavit dated 18.06.2015 and the brief of the reply as follows:
- 12.1. The Respondent No. 37 (EPGL) is a company registered under the Companies Act, 1956 and is inter alia, in the business of generating and supplying of electricity and it is a generating company within the meaning of Secion 2 (28) of Electrcity Act, 2003. It is submitted that the present affidavit is filed for the limited purpose of opposing admission of the subject petition and / or for opposing any reliefs, including any

interim relief(s) as prayed for or even otherwise. however, the Right is reserved to file further detailed affidavit, if and when it becomes so necessary.

12.2. It is submitted that the petition is ostensibly filed under Section 32, 33 and 86 of the Electricity Act, 2003.

12.3. Referring the Section 32 (2) the Respondent submitted as under:

It is submitted that on perusal of the aforesaid none of the function as listed empowers the Peittioner to propose extra compensatory charge mechanism in order to maintain the grid security. Referring to Section 33 of the Electrcity Act, 2003, it is submitted that sub-section (1) entitles the Petitioner to give directions for ensuring the integrated grid operations and for achieving maximum economy and in order to achieve efficiency in the operation of power system. However, the above sub-section does not entitle the Petitioner to propose any such additional cost or charges as have been proposed by it through present petition. Whereas sub section (2) of Section 33 requires all generating companies and any person(s) connected with operation of power system to comply with directions issued by the Petitioner for ensuring the integrated grid operations and for achieving the maximum economy and efficiency in the operation of power system in that State. Whereas sub-section (3) of Section 33 provides that the Petitioner shall comply with directions issued by Regional Load Dispatch Centre whereas sub section (4) provides that in case of any dispute, the same shall be referred to State Commission for adjudication. While Sub section (5) of Section 33 provides for penalty payable by entity(ies) in default of following any directions of the Petitioner for ensuring the integrated grid operations and for achieving the maximum economy and efficiency in the operation of power system in that State. Therefore, in view of the aforesaid, it is submitted that the present petition suggesting compensating Intra State Grid Entities for extra cost in implementing direction of the Petitioner deserves to be dismissed.

12.4. Whereas the Petitioner in the present petition has also considered Section 86 of the Act which list out the functions of the State Commission wherein none of the functions of the State Commission authorizes the Petitioner to suggest compensatory charges as

suggested to compensate intra state grid entities for extra cost in implementing directions of the Petitioner. Therefore, in light of the aforesaid provisos, it is submitted that the present petition filed by the Petitioner is not admissible and maintainable under any of the section namely Section 32, 33 or 86 of the Act and hence, deserves to be dismissed.

- 12.5. That the relationship between DISCOMs / GUVNL and the Generating Companies is governed by contract separately entered into between them i.e. through Power Purchase Agreement. Therefore, the supply by such Generating Companies under the circumstances is governed by the Terms of the contract. It is pertinent to note that in any case the claim being made is in nature of damages allegedly suffered by the Distribution Companies upon being compelled to purchase power from the Generating Companies who is charging higher amount. However, such claim which is a subject matter of application is beyond the jurisdiction of this Commission. Therefore, this Commission lacks jurisdiction to entertain and adjudicate such claims or to facilitate recovery of higher amount allegedly paid by the DISCOMs / GUVNL.
- 12.6. It is submitted that if the Generating Companies defaults or fails to inject power or under inject the power as per the schedule, the generating company in accordance with this Commission's Order and in existing Central Electricity Regulatory Commission's Notification is already bearing additional cost for default or failure on their account. Since the DISCOMs are supplying power to all consumers of Gujarat and therefore, load variations are bound to happen which are required to be absorbed or settled through Deviation Settlement Mechanism or Unscheduled Interchange Charges which are applicable from time to time. It is the case of the Petitioner that Respondent No. 1 Gujarat Urja Vikas Nigam Limited and DISCOMs are opposing to such scheduling which impose additional burden on them. In such circumstances, GUVNL and DISCOMs should approach this Commission instead of approaching the Petitioner. Moreover, when the power system of more than 10000 MW is in operation, deviation from schedule is likely to happen which is settled in accordance with Order or Regulations made available by the Regulatory Commission.

- 12.7. That the Petitioner's case that when Private Utilities and Open Access consumer (not having Contract Demand) over draw in excess of their schedule, the Petitioner is scheduling costlier power of GUVNL generators is hereby denied. It is submitted that Open Access consumers in Gujarat are not granted permission to purchase more open access power than their contract demand. Furthermore, in the event where the Consumer having contract demand, overdraw power than its open access schedule, for such over drawl, the consumer pay prevailing tariff. Therefore, the contention of the Petitioner is invalid and is not maintainable in law.
- 12.8. That in accordance with this Commission's Regulations, generating stations are paying Deviation Settlement Mechanism Charges or Unscheduled Interchange charges based on frequency prevalent at a particular point in time. Furthermore, the prevailing Unscheduled Interchange Charges may be more than the alternate power scheduled by the Petitioner from other generator, in such circumstances, the Generator under injecting faces loss for which such generating station is not compensated. It is pertinent to note that when constituents are operating in grid of more than 10,000 MW, Generating Companies and DISCOMS / GUVNL encounters certain losses as well as certain gains also. In view thereof, such gain or loss could be dependent upon conduct of many inter related grid constituents. Moreover, GUVNL / DISCOMS are catering to requirement of all consumers of Gujarat and depending upon load fluctuations of all consumers' at large, unintentional commercial gain or loss is likely to happen, which is being borne by all constituents. However, all grid constituents are following prevailing Order /Regulations of Regulatory Commission for payment / receipt of Unscheduled Interchange Charges / Deviation Settlement Mechanism Charges. Therefore, there is no reason for making change in such well established commercial system since the same is being suggested by the Petitioner.
- 12.9. That all grid constituent of Gujarat are following existing Order / Regulations of the Regulatory Commission. The generating companies always endeavor to follow the actual schedule for stipulated injection. However, being generating companies, it is not possible to inject exact power as per the schedule. In view thereof, the State Commission has passed Orders or framed Regulations permitting such deviations. Moreover, there may be circumstances where the generating company is under

injecting the power according to schedule, the Unsheduled Interchange Charges levied/paid by Generating companies may be much higher than alternate power purchased by the Petitioner for GVUNL/ DISCOMS. In such circumstances, the generating company suffers loss. Therefore, it is necessary for the Petitioner, being independent entity, to consider the interest of generating company also, rather than looking at interest of GUVNL and DISCOMS of the State.

- 12.10. That the limit specified by CERC for under / over injection is not linked to frequency which is reason of anomaly. In this regard, it is submitted that in such circumstances the Petitioner should approach CERC for revision in its Deviation Settlement Mechanism regulations and make such deviation and rate of Deviation Settlement Mechanism linked to the frequency. It is the Petitioner's case that Deviation Settlement Mechanism charges are not sufficient to compensate the cost of such generator. It is submitted that, despite the Petitioner being a system operator it has no financial implication for deviation by grid constituent as Unsheduled Interchange or Deviation Settlement Mechanism is zero sum account. Therefore, under such circumstances, it is not appropriate for the Petitioner to conclude the rate of Deviation Settlement Mechanism and cost of generation.
- 12.11. That the contentions rased in the petition narrated have taken place in exceptional circumstances. It is submitted that the illustration provided in the memo of the petition are exceptional wherein the Petitioner scheduled alternative power from gas based power stations to compensate reduction in loss due to tripping of coal based power station, where power purchase cost of alternate power was much costly than average Unsheduled Interchange / Deviation Settlement Mechanism charge. However, the scenario could also have been the Deviation Settlement Mechanism charges or Unsheduled Interchange charges may be much higher that cost of alternate power purchase from coal based competitive guideline bided power stations.
- 12.12. It is further submitted that further contentions raised in the petition are misleading. It is submitted that generating company always endeavour to generate and inject power according to schedule. Further, if deviations are reflected, generating companies are paying prescribed charges in accordance with Unsheduled Interchange or Deviation Settlement Mechanism notified by Central or State Commission. Moreover, it is

submitted that GUVNL /DISCOMs would not suffer loss because the Deviation Settlement Mechanism or Unscheduled Interchange charges are depending upon the frequency prevailing at time of deviation. However, there will be instances, when Unscheduled Interchange / Deviation Settlement Mechanism Charges is too high due to low frequency and price for purchase of alternate power could be much cheaper in case such power purchase is from coal based competitive bid power stations, in such circumstances, GUVNL / DISCOMs gets benefit and generator is at loss. Therefore, the Petitioner should address such loss of generator rather than the looking at loss and attributing compensation towards loss only to GUVNL / DISCOMs.

12.13. It is further submitted that the generators of Gujarat are settling their Under/Over injection in accordance with existing Order / Regulations of Regulatory Commissions. Furthermore, the directions by the Petitioner for injection of power are based on Merit Order instructions provided by the Regulatory Commission. Therefore, the Respondent No. 37 i.e. Essar Power Gujarat Limited objects to devising any mechanism for payment other than Deviation Settlement Mechanism / Unscheduled Interchange mechanism acceptable and adopted at National level. With respect to prayers in the Petition, it is submitted that deciding compensatory mechanism based on variable cost and fixed cost of generator who is scheduled by the Petitioner for deciding amount payable by generating company to SLDC pool account and thereafter the Petitioner directly compensate the generator to whom schedule has been given under such conditions will amount to payment made by one generator to other generator without any commercial mechanism in place and at the rate which may not be acceptable or even known to generator who has to make such type of compensatory payment.

13. The Respondent No. 38, OPGS Power Gujarat Limited (OPGSPGL), has filed its reply vide affidavit dated 19.01.2016. The brief facts of the reply reads as under:

13.1. The Respondent No. 38, OPGS Power Gujarat Limited, having its registered office at No.6. Sardar Patel Road, GUINDY, Chennai - 600 032 is engaged in the business of generation of electricity at its 150 x 2 MW Generating station situated at Village Bhadreshwar, Dist. Kutch, Gujarat and it is a Generating Company within the meaning of Section 2(28) of the Electricity Act, 2003. The reply is limited to the objection to the maintainability of the present Petition.

- 13.2. That present petition is ostensibly filed under the provisions of Sections 32, 33 and 86 of the Electricity Act, 2003. (Section 32 of the Act prescribes the functions to be undertaken by the petitioner. Section 33 of the Act empowers the petitioner to, *inter alia*, give such directions as may be required for ensuring the integrated grid operations and for achieving the maximum economy and efficiency in the operation of power system in the State. Such directions are required to be complied with by every licensee, generating company, generating station, sub stations and any other person connected with the power system of the State.)Only in case a dispute arises with reference to quality of electricity or safe, secure and integrated operation of the State Grid in relation to any direction given under Section 33 (1) of the Act, than such dispute is to be referred to this Commission. In light of fact that under Section 86 (1) (f) of the Act, the commission is authorized to adjudicate disputes when arising between licensees and generating companies such a dispute is require to be with a licensee or a generating company.
- 13.3. It is stated that the present Petition ought not be entertained unless the Petitioner discloses whether or not the DISCOMS in the State of Gujarat are claiming the excess cost incurred by them for procuring expensive electricity as a result of compliance of Petitioner's directions in their Tariff Petitions and/or Truing up Petitions.
- 13.4. The Respondent has denied that the Notification dated 05.03.2012 issued by CERC places an absolute embargo for deviation of 150 MW of 12% of Schedule, whichever is lesser, as alleged or at all. The restriction, if at all, is only with respect to grid frequency.
14. It is stated that the Respondent has complied with the CERC Deviation Settlement Regulations and any under injection is within specified limits. It is submitted that not even a single direction issued by the Petitioner to GUVNL is placed on record of these proceedings. Even if it is assumed, GUVNL or DISCOMS are required to be purchase power which is injected pursuant to directions given by the petitioner such power is ultimately sold by the DISCOMS to both industrial as well as individual consumers and the DISCOMS are recovering the full cost of power under tariff fixed by the Commission. In the circumstances, no grievance can be raised by the DISCOMS in any

power is purchased by them under the PPAs allocations pursuant to direction of the petitioner. The petitioner certainly cannot raise such an issue. There is nothing on record to demonstrate that GUVNL or DISCOMS are opposing the directions of the Petitioner.

15. The Respondent No. 15, 18, 33, 36, 38 has filed certain common contentions in their submissions which are as under:

15.1. The Respondents have raised the objections to the maintainability of the present Petition. That the present Petition is filed by the Petitioner under the provisions of the Section 32, 33 and 86 of the Electricity Act. Section 32 of the Act prescribes the functions to be taken by the Petitioner, SLDC whereas Section 33 of the Act empowers the Petitioner to, inter alia, give such directions as may be required for ensuring the integrated grid operations and for achieving the maximum economy and efficiency in the operation of power system in the State. Such directives are required to be complied by the licensee, generating company, generating stations, sub stations and any other person connected with the power system of the State. The dispute arises in case of quality of electricity or safe, secure and integrated operation of the State Grid in relation to any direction given under Section 33 (1) of the Act, than such dispute is to be referred to the Commission in light of the fact that Section 86 (1) (f) of the Act, the Commission is authorized to adjudicate disputes when arising between licensees and generating companies such a dispute is required to be with a licensee or a generating company.

15.2. That in the present Petition, the Petitioner has only prayed for initiation of proceedings to consider to consequences of directions given by the Petitioner and to decide a compensatory mechanism, where a generator deviates from the schedule. In the present Petition the Petitioner has not referred to any dispute in respect of any direction given by the Petitioner. As a matter of fact the Petitioner has unequivocally stated that the directions are complied with by the State owned generating stations and by Respondent Nos. 1 to 6. In these circumstances, no dispute whatsoever appears to have arisen as envisaged under Section 33 (3) and (4) of the Act. Therefore, the present Petition is misconceived and deserves to be dismissed.

- 15.3. That the Respondent No. 15, 18, 36, & 37 are engaged in the intra State Open Access transactions only. The relevant para of the Petition reads as under:

".....11. In Gujarat Grid, number of captive power projects, distribution licensees and generators are undertaking inter-state transactions for purchase / sale of electricity through Open Access which has implication on the drawl at regional periphery of Gujarat. In the event when the generator (selling inter-state power) fails to inject as per their schedule either on account of tripping of machine or due to technical problems or due to transmission constraints and also are not requesting for revision in schedule, SLDC Gujarat is required to maintain the overall drawl of the State within the limit prescribed by CERC. In order to circumvent the adverse situation at Regional periphery on account of such eventuality, SLDC is giving dispatch instructions to costlier generators of GUVNL / DISCOMs to inject power and this power is allocated to subsidiary DISCOMs of GUVNL as per their PPA Allocation. The subsidiary DISCOMs of GUVNL are opposing such scheduling which puts additional burden on them even though the scheduling of costlier power is not attributable to GUVNL/ DISCOMS of GUVNL".

The Respondent No. 15, 18, 36, & 37 are engaged in intra State Open Access transaction, being such position the present petition is not maintainable against the said Respondent.

Respondent No. 38 stated that it is operating and injecting power from 150 x 1 MW Power plant. Of this, around 75 to 80 MW power is supplied within the state of Gujarat under MTOA. Only about 20 to 25 MW power is sold in inter-state transaction under STOA. The Petitioner has always maintained the limit of deviation within 12%. Considering the fact that limit of deviation is within permissible limits, no further compensation can be sought from the Respondent. That being the position the present petition is clearly not maintainable against the Respondent and same deserves to be dismissed.

- 15.4. That the present Petition only deals with deviation which is occasioned pursuant to Inter-State transaction of sale of power. It is not admitted that the Petitioner gives any

dispatch instructions to the generators of GUVNL / DISCOMs or that such generators are costly generators, as alleged or at all, no particulars in this regard are placed on record of the present Petition. It is also submitted that the Petitioner has admitted that the power injected in the grid is pursuant to the instructions as per the PPA allocation of the GUVNL /DISCOMs, so there is no question of such power being costly. The cost of power is already factored in the tariff of the DISCOMs.

15.5. It is further submitted that the Petition is restricted to such generating stations who are situated in Gujarat but they are supplying the power outside the Gujarat. The Respondent is wrongly made as party (R-15,18,33,36) to the petition. It is submitted that even if GUVNL or DISCOMs are required to be purchased power which is injected pursuant to directions given by the petitioner, it is completely incorrect to contend that GUVNL or the DISCOMs are having to pay a price much higher than the UI Charges. It is submitted that such power is ultimately sold by the DISCOM to both industrial as well as individual consumers and the DISCOMs are recovering the full cost of power under tariff fixed by this Commission. It is noteworthy that GUVNL and DISCOMs had filed a petition for determination of Additional Surcharge before this Commission claiming that on account of open access there is a standard capacity which the DISCOMs are unable to off take under their respective PPA but are required to pay for such power. In the circumstances, no grievance can be raised by the DISCOMs if any power is purchased by them under the PPA allocations pursuant to direction of the petitioner. The petitioner certainly cannot raise such an issue. It is further submitted that the DISCOMs are able to recover the cost of power from the consumers and therefore it is wholly fallacious to state that deviation settlement charges are not sufficient to compensate such generation.

15.6. The Respondent No. 33, 36 and 38 have submitted that the prayer of the Petitioner in para No. 18 (a) of the Petition is with regard to consequences of directions given by the Petitioner, which cannot be granted at the behest of the Petitioner. The Petitioner cannot be said to be a person aggrieved as a consequence of the directions issued by itself. Similarly, the prayer contained in other para which is Para No. 18 (b) which pertains to deciding a compensatory mechanism for amounts payable to generating stations or distribution licensees or open access users to compensate the generator.

Such a claim can only be made either by the generator or by the distribution licensees or an open access user and the Petitioner is neither of the three. The Petitioner is therefore not entitled to seek any compensation on behalf of others when the other interested parties have never come forward with such claim.

- 15.7. It is further submitted that the grievance raised by the Petitioner pertains to deviation in injection and/or drawal in Inter-State Open Access transactions. The Petitioner has referred to the Deviation Settlement mechanism of CERC which is applicable to Inter State transactions only.
- 15.8. The Respondent No. 15, 18, 33 & 36 have submitted that as such the present Petition deserves to be dismissed under the provisions of the Order 7 Rule 11 (a) of the Code of Civil Procedure, 1908. The Respondent has craved leave to refer to Notification dated 05.03.2012 issued by CERC for its true meaning and import at the time of hearing of the Petition.
- 15.9. The Respondent NO. 15, 18, 33 and 36 have submitted that the illustrations are not backed up with any cogent data. Such illustrations do not and cannot pertain to the Respondent. It is apparent from the said illustrations that various entities have followed the directions given by the petitioner without raising any dispute. It is, however, denied that there is any additional burden of GUVNL or the DISCOMs. It is submitted that GUVNL and DISCOMs are complying with the directions of the Petitioner and the averments made in Petition are only an attempt to mislead the Commission. It is denied that the consumers of Gujarat are being burdened unnecessarily, as alleged or at all. It is to be remembered that industrial consumers are also bearing this burden. It is denied that a generating company which under injects power is required to pay any extra cost, as alleged or at all. It is submitted that SLDC is an independent statutory body and cannot make commercial claims on behalf of the licensees. Such attempts ought to be deprecated and an endeavour deserves to be made to free SLDC from the clutches of the licensees.
- 15.10. It is submitted that the Commission has no jurisdiction to entertain the present petition and grant the same. The present Petition does not bring forth a dispute between a Licensee and a Generating Company. There is clearly no dispute as regards

instructions issued by the Petitioner, since as per the Petitioner, the same are complied with. It is further stated that there is no jurisdiction to try and entertain the present Petition and devise a compensatory mechanism as prayed for. Such compensatory mechanism is not prescribed for or even envisaged under the Act. Such proposed mechanism is not a part of regulating sale and purchase of power.

15.11. That the Petitioner has admitted that GUVNL and the DISCOMS are able to realize the price of power. It is therefore wholly fallacious to state that deviation settlement charges are not sufficient to compensate such generation.

16. The Petitioner vide letter dated 14.11.2016 submitted the reply in compliance of the Daily Order dated 24.08.2016 and it has further submitted its Rejoinder dated 28.01.2017, pursuant to the Oral Order dated 17.11.2016. It is also submitted that-

Proposed compensation mechanism

- a) SLDC to be considered as a Nodal agency for implementation.
- b) Nodal agency may advise to pick up other available generation in following cases:
 1. Consistent violation (say for more than 4 time blocks) of DSM limits by generators/DISCOMS/OA users (All DSM pool members).
 2. Tripping of generators having sale through collective transaction (Revision in collective transaction is not envisaged).
 3. Similarly, in case of tripping of generator (capacity 100 MW and above) selling power through inter-state bilateral transaction, only one revision is allowed and schedule gets revived as per the restoration time declared by the generator. In case, generator fails to bring back machine on bar as per the commitment, the provision to schedule power from other on bar machine is required.
- c) Defaulter has to pay FIXED cost (FC) + VARIABLE COST (VC) of the generator for the quantum picked up by SLDC.
- d) Generators are required to provide details of VC and FC (as approved by appropriate Commission). Such details will be displayed on SLDC website.

- e) Merit order principle will be followed in picking up generators. However, in case of specific locational grid requirement of generation, need of generation at a faster rate, merit order may be discounted.
- f) First preference may be given to 'on bar' unrequisted generation. In case of requirement for a longer duration 'off bar' generators may be called for.
- g) Before scheduling of the generation, SLDC will issue notice to the defaulter. If defaulting entity fails to comply it, SLDC may pick up generation from the immediate block.
- h) The decision of SLDC in the matter to be full and final bound to all.
- i) Details of such events will be recorded separately.
- j) Payment settlement to be done directly between generator(s) and defaulter(s) as per the monthly certificate issued by SLDC.
- k) Additional incentive to be given to the generator for such pick up say payment of markup price (as decided by the commission) in line with the existing CERC ancillary services regulation.

17. The Respondent No. 8, Adani Power Ltd. has submitted the reply on 27.03.2017 in the petition. The brief facts are as follows:

17.1. Adani Power Ltd. is a Generating Company within the meaning of Section 2(28) of the Electricity Act, 2003 and has set up a thermal power plant with total capacity of 4620 MW at Mundra, Kutch District, Gujarat.

17.2. In response to main Petition & Petitioner's submissions pursuant to Orders dated 24.08.2016 & 17.11.2016 passed by the Commission for the hearing held on 08.08.2016 & 15.11.2016 respectively in this Petition, reply is filed.

17.3. That the Commission vide Daily Order dated 21.05.2015 has admitted the Petition of the Petitioner under Section 32 of the EA, 2003 and vide the same Daily Order, the Commission reserved the rights of the parties to raise the preliminary objections on the maintainability of the Petition. It was also observed that the directions given by the Petitioner from time to time were complied by all concerned entities and as such, no incident of non-compliance has been brought to the notice of the Commission by the

Petitioner. Hence, the admission of the Petition under Section 33 of EA, 2003, did not come into picture.

- 17.4. That the Petitioner has communicated to the Commission vide its letter No. GETCO/SLDC/ Comm./ 214/ 13.1.2014 regarding implementation of Deviation Settlement Mechanism and related matters which was notified by Hon'ble Central Electricity Regulatory Commission vide its Notification dated 06.01.2014 which was made effective from 17.02.2014. The Commission vide letter No. GERC/Legal/2015/0436 dated 05.03.2015 responded to the Petitioner's letter stating that after due consideration & pursuant to the presentation made by the Petitioner from time to time and information submitted by GETCO/Petitioner, this Commission has decided to adopt the provisions of CERC (Deviation Settlement Mechanism and related matters) Regulation, 2014 in the State of Gujarat from 17.02.2014.
- 17.5. With regard to the jurisdiction of the Commission, it is submitted that CERC (Deviation Settlement Mechanism and related matters) Regulation, 2014 was notified by Hon'ble CERC after following the due consultation process in which Petitioner had also participated. Thereafter, Deviation Settlement Regulation were adopted by this Commission based on Petitioner's inputs. However, the Petitioner, vide the present Petition before the Commission has sought amendment to the Regulations notified by CERC for Deviation Settlement Mechanism which were originally implemented by CERC and were adopted by the Commission for the State of Gujarat in toto. Hence, it is submitted that if the Petitioner is seeking any changes/modifications to the existing provisions of Deviation Settlement Mechanism, the same may be adopted for the State of Gujarat by the Commission. The Petitioner cannot now seek any amendment to such Regulations before the Commission which was originally notified by the CERC. Additionally, it is a settled law that a regulation framed by CERC cannot be challenged on its validity or amended or modified, even by Hon'ble APTEL. The only recourse available is to seek Judicial Review upon such regulations under Article 226 of the Constitution of India as settled by Hon'ble Supreme Court in the case of PTC India Limited versus Central Electricity Regulatory Commission [(2010) 3 SCC 603]. Hence, on these grounds alone, this petition deserves to be dismissed as being not

maintainable before the Commission with the direction to the Petitioner to approach the appropriate forum.

17.6. That the Petition is admitted under Section 32 and 86 of EA, 2003, from the perusal of above provisions, the following points may be observed and stated as under:

- a. SLDC is the apex body which ensures integrated operation of power system in State.
- b. SLDC is responsible for optimum scheduling of electricity within a State as per relevant contracts.
- c. SLDC is responsible for despatch of electricity within a State as per relevant contracts.
- d. SLDC monitors the Grid operations and keep accounts of quantity of electricity transmitted through the State grid.
- e. SLDC exercises supervision and control over the intra-State transmission system.
- f. SLDC is responsible to carry out real time operations for grid control and despatch of electricity within the State through secure and economic operation of the State grid in accordance with the Grid Standards and the State Grid Code.
- g. SLDC may levy and collect such fee and charges from the deviating entity engaged in intra-State transmission of electricity as specified by State Commission for the specific State.
- h. State Commission has the power of adjudicate upon the disputes arisen between the licensees and the generating companies.

17.7. That the Petitioner lacks locus to file the present petition since none of the provision of the EA, 2003 gives it power to file petition or even approach the State Commission for the purpose of devising any Mechanism or seek amendment/modification of the existing regulations. Moreover, SLDC is a statutory body created under EA, 2003 with the functions as enumerated in Section 32 of EA, 2003.

- 17.8. That the Petitioner has sought to devise a mechanism for recovery of compensatory charges from entities who are in deviation of their schedules leading to any under or over drawal condition, whereby Petitioner has to direct non-scheduled generating companies to inject power into the Grid at costlier tariffs. This increase in cost of electricity is recovered by Distribution Companies from the end consumers. However, it is pertinent to note that the Petitioner incurs no monetary losses if such non-scheduled injection due to under injection by a generating entity takes place. Petitioner/SLDC being a statutory body, its main function is to balance the injection & drawl of electricity within the State and to maintain the schedules in case of under drawal/over drawal or under injection/over injection by taking necessary actions.
- 17.9. That in terms of the provisions of Electricity Act, 2003, SLDC being a statutory body, is obliged only to levy and collect such fee and charges from the deviating entity engaged in intra-state transmission of electricity as specified by State Commission for the specific State. As stated in preceding paragraphs, the Commission vide letter no. GERC/Legal/2015/0436 dated 05.03.2015 has informed to the Petitioner that after due consideration & pursuant to the presentation made by the Petitioner from time to time and information submitted by GETCO/Petitioner, the Commission has decided to adopt the provisions of CERC (Deviation Settlement Mechanism and related matters) Regulation, 2014 in the State of Gujarat from 17.02.2014. Hence, SLDC has a limited role of following the Regulations as adopted by the Commission for the State of Gujarat.
- 17.10. That the present petition is filed under Section 86 of the Electricity Act, 2003 which shall only be maintainable in the event of a dispute between licensee(s) and generating companies. SLDC is neither a licensee nor a generating company, and additionally, there exists no dispute amongst any party as to the issue of under drawal/ over drawal and Petitioner's directions to maintain Grid schedule. On the said grounds alone, this petition deserves to be dismissed instantly as it is not maintainable.
- 17.11. It is stated that with regard to the allowed deviation limits at Gujarat State periphery, the same has been modified by Central Electricity Regulatory Commission through the notification dated 06.05.2016 under 3rd amendment to the Deviation Settlement

Mechanism and related matters effective from 30.05.2016. The revised limits are mentioned in Annexure-III of the amendment notification dated 30.05.2016 and reproduced in the table below:

“....

Sr. No	States having combined installed Capacity of Wind and Solar projects	Deviation Limits (MW) “L”
1	1000-3000 MW	200
2	>3000 MW	250

Gujarat having total installed capacity of Wind and Solar projects greater than 3000 MW, the deviation limit is 250 MW instead of 150 MW as earlier.

17.12. It is further submitted and denied that the generator is not requesting for revision in schedule when it fails to inject power as per schedule due to any reason. In this regard, the following is submitted:

- a. They have bestowed complete responsibility of disturbing the Schedule by under injection upon the generator who are involved in inter state supply of power.
- b. They have also not provided proof as to when has the generator failed to request the scheduled when it fails to inject power as per schedule in event of tripping of machine or any technical problem or due to transmission constraints.
- c. The data provided by the Petitioner pursuant to direction of the Commission pursuant to hearing dated 08.08.2016 is misconceived and is not sufficient to reach at any conclusion.
- d. The Commission had directed the SLDC to provide one year block wise details of instances where revision of schedule took place with reasons of under drawal at Gujarat periphery along with its impact on GUVNL's beneficiary DISCOMS.

e. However, the data provided by SLDC stipulates the incidents of revision with respect to only those generators who are engaged in Inter-state supply of power. It is pertinent to state here that such disturbance in the Schedule can in no way be attributable only upon generators who are supplying power outside Gujarat.

17.13. That the over drawal by private utilities and Open Access consumers in excess of their schedule is bare minimum with regard to the deviation at Gujarat State periphery. However, the Petitioner has the power to restrict such over drawal under Section 32 and 33 of the EA, 2003.

17.14. That the Petitioner has attributed the reasons for deviation at periphery over only those entities who are engaged in inter state supply of power. This contention of the Petitioner is highly misplaced. It is submitted that deviation can occur not only due to inter state entities, but due to under or over injection / drawal by intra state entities also. The data provided by the SLDC is devoid of this clarity and hence no conclusion can be made in this regard.

17.15. That it is the responsibility of the Petitioner to maintain Grid Standards and Schedule and give necessary directions to DISCOMS as per Section 32 and 33 of Act. The grievance raised by SLDC does not even fall under its ambit. Norms for any deviations by the entities with respect to under / over injection or drawal are governed under the existing Deviation and Settlement Mechanism regulation and all entities are functioning as per the regulations framed so far. With no prejudice to what has been submitted above, it is submitted that if any entity is aggrieved by such regulations which are in force, than that aggrieved entity may approach the appropriate forum for settlement of their grievances as per the provisions of the EA, 2003. It is reiterated at the cost of repetition that the Petitioner has no statutory right to raise issue on behalf of DISCOMs since it is not aggrieved by Deviation and Settlement Mechanism which is in force.

17.16. That in the event of absence of complete data with respect to deviation at Gujarat State periphery for all Inter State as well as Intra State entities is provided, no

conclusion could be made in this regard. It is also submitted that SLDC should provide the deviation data with respect to deviations in schedules (injection as well as drawal) by all entities (Discoms or Generators or Open Access Consumers) in the State of Gujarat. This instant petition, apart being not maintainable in terms of Electricity Act, 2003, is also an attempt to target only inter state entities.

17.17. In response to the data provided by the Petitioner on 14.11.2016 and 28.01.2017 pursuant to the directions of the Commission vide its Order dated 24.08.2016 and 17.11.2016 respectively, it is primarily submitted that the data is incomplete and insufficient to arrive at any conclusion. For the sake of brevity, Respondents would like to rely upon the submissions already made herein above of this reply. However, for the clarity of the Commission, Respondent hereunder shall explain the incidents where deviation took place which are attributable to Adani Power Limited as per the data provided by SLDC:

- i. 21.08.2015 – Unit 8 tripped due to Condenser Tube Leakage during Block – 52. Request for revision of schedule was sent to SLDC during Block – 50 and the revised schedule was implemented at Block – 53. The request for revision and implementation of revised schedule took place as per the provisions of Indian Electricity Grid Code.
- ii. 19.09.2015 – Unit 7 tripped due to 100% leakage of feed water line valve at Block – 28. Request for revision of schedule was sent to the Petitioner at Block – 31 and the revised schedule was implemented from Block – 34 which was done under the provisions of Indian Electricity Grid Code.
- iii. 23.01.2016 – Unit 5 was withdrawn at Block – 53 due to some technical problem in Generator. However, request for revision of schedule was sent to the Petitioner at Block – 54 and the revised schedule was implemented from Block – 57 which was done under the provisions of Indian Electricity Grid Code. It is also pertinent to note that the deviation of Gujarat State at regional periphery was much higher – upto 340 MW – which is merely nor a resultant of the deviation of 30 MW by APL generator.
- iv. 20.03.2016 – Unit 2 tripped due to high turbine bearing vibration at Block – 87. This Unit was immediately re-synchronised from Block – 89. In this case, no request for revision of schedule was sent to the Petitioner because the

boiler was still live and the tripped Unit was expected to be synchronised with the Grid within 15-20 mins, which was actually done. The noteworthy fact here is that the deviation at Gujarat State periphery was much higher – upto 280 MW – which is merely not a resultant of the deviation of 46 MW by APL generator.

From the perusal of data provided by SLDC and the submissions made by the Respondent in the said paras, it may be easily construed that SLDC has not come out with full facts and relevant data, and has not provided complete details as to what were the reasons for the entire deviation at the Gujarat periphery at different point of time. The only difference between the data provided by Petitioner at two instances i.e., on 14.11.2016 and 28.01.2017, is that vide submissions dated 28.01.2017, Petitioner have provided the monetary impact occurred due to deviations, selectively enumerated, which is attributable to selective entities only. At the cost of repetition, it is reiterated that this data is again insufficient to come to any conclusion for same reasons as submitted.

- 17.18. That the Petition itself is not maintainable as per the provisions of the EA, 2003. However, without prejudice, it is requested before the Commission that it may be please to reject the prayers of the Petitioner in toto, on the basis of the facts and averments made by the present Respondent vide this Reply.
18. The Respondent No. 37, Essar Power Gujarat Limited (EPGL) has filed its reply vide affidavit dated 09.10.2017, which is limited on merits and methodology. The brief of the reply is as follows:
 - 18.1. That the Petitioner has invoked section 32, 33 and 86 of the Electricity Act, 2003 for filling in the captioned Petition. The Respondent submits that Section 32 of the Act provides for functions of SLDC, none of the functions as listed in the said provision empowers the Petitioner to propose extra compensatory charges under Section 32 of the Act in implementing the directions provided in order to maintain the grid security by adhering to the specified limits at Regional periphery.

- 18.2. That the Section 33 entitles the Petitioner to give directions for ensuring the integrated grid operations and for achieving maximum economy and in order to achieve efficiency in the operation of power system. However, the said provision does not entitle the Petitioner to propose any such additional cost or charges as have been proposed by it in the present Petition. Thus, the captioned Petition suggesting compensating Intra-State Grid entities for extra cost in implementing direction of the Petitioner deserves to be dismissed.
- 18.3. That a mechanism for compensatory charge is already in place in form of CERC (Deviation Settlement Mechanism and related matters) Regulations, 2014. Regulation 5 of the said Regulations provide for levy of Charges for deviation for all time blocks for over drawl by buyer and under injection by seller. Regulation 5 of the said Regulations also provides methodology on basis of which such charges are required to be calculated. Thus, the Respondent submits that the prevailing Regulations of CERC in this regard are sufficient for compensating the concerned Distribution Companies.
- 18.4. That the Commission has vide letter dated 05.03.2015 decided to adopt the provisions of aforesaid CERC (Deviation Settlement Mechanism and related matters) Regulations, 2014 after due consideration to the presentation made by SLDC. Thus, the Commission has adopted the said Regulations which provide for a mechanism for compensation in case of deviation in form of deviation charges in Regulation 5 notified by CERC. Thus, the captioned Petition filed by the Petitioner, SLDC praying for devising a new mechanism in this regard, deserves to be rejected.
- 18.5. That the Petitioner SLDC has impliedly sought to amend CERC Regulations which are adopted by the Commission, since sufficient mechanism in this regard has already been proposed by CERC as submitted above. The Respondent submits that any change in the methodology of compensation or devising a mechanism may be done only by the Central Electricity Regulatory Commission and the Commission may, in turn, adopt the same, as and when carried out by the CERC.

- 18.6. It is further submitted that the Petitioner SLDC is not being monetarily affected by the deviation and has no locus to pursue the captioned Petition, on behalf of the Distribution Companies.
- 18.7. That in accordance with the Regulations, the generating stations are paying Deviation Settlement Mechanism Charges or Unscheduled Interchange Charges based on frequency prevalent at a particular point in time. The Respondent submits that the prevailing Unscheduled Interchange Charges may be more than the alternate power scheduled by the Petitioner from other generator, in such circumstances, the Generator under-injecting faces loss for which such generating station is not compensated. It is pertinent to note that when the constituents are operating in the grid for more than 10,000 MW, Generating Companies and DISCOMS/GUVNL encounters certain losses as well as certain gains. In view thereof, such gain or loss could be dependent upon conduct of many inter related grid constituents. Moreover, GUVNL and other distribution companies are catering to the requirement of all consumers of Gujarat and depending upon load fluctuations of all consumers at large, unintentional commercial gain or loss are likely to happen, which is being borne by all the constituents. Thus, the prevailing deviation settlement mechanism in this regard is sufficient.
- 18.8. That in case of shutdown of entire Generation Station and part of power being scheduled through Collective Transaction for which revision is not possible, generation of power is being penalized twice by the proposed methodology in such scenario. i.e., Deviation Settlement Charges as well as proposed Charges. The Respondent submits that such penalty, being sought to be imposed by the proposed methodology will amount to double jeopardy.
- 18.9. That the Petitioner, SLDC has filed Affidavit dated 27.01.2017 before the Commission proposing a methodology of compensation in case of deviation. The Respondent submits that as per the proposed methodology, petitioner SLDC is indirectly imposing restriction on the Generators to not sell power in Exchanges, in order to maintain Schedule at Regional Periphery, which is against to the principles of allowing non-discriminatory Open Access as per the provisions of Electricity Act, 2003. Therefore,

the proposed methodology by Petitioner ,SLDC is contrary to the principles incorporated in the provisions of the Act.

- 18.10. That the Petitioner, by way of Affidavit has submitted very limited data in order to show the deviation at regional periphery. With the limited data submitted by SLDC, it is not possible to conclude that deviation at Regional Periphery is only due to a particular Generator. It is submitted that there may be other factors like trip of Generators selling power within State which would have impacted State drawl Schedule at Regional Periphery. As per the Market Monitoring Reports of CERC, Gujarat State is one of the major buyer/seller of power in IEX. The data provided by Petitioner, SLDC is insufficient to conclude the reasons for deviation at regional periphery. The methodology proposed by the Petitioner ,SLDC based on insufficient data, is therefore unworkable.
- 18.11. That in order to relieve transmission congestion and frequency stabilization, the CERC determined Ancillary Services Operations Regulations, 2015. The Respondent submits that the Commission may consider these regulations to implement the same at State level, which will resolve the issues pertaining to methodology of compensation for deviation charges at regional periphery.
- 18.12. It is submitted with reference to the data submitted by the Petitioner, SLDC regarding EPGL is concerned, on 05.01.2016, Unit 1 of EPGL was tripped during block 67 and the revised schedule was implemented at block 74 as per the provisions of Indian Electricity Grid Code. The Respondent further submits that on 30.09.2015, Unit-1 tripped at block 72 and revised schedule was implemented from block 79, which is as per the provisions of Indian Electricity Grid Code.
- 18.13. That mere deviation of 51 MW of the Respondent is not to be held solely responsible for Gujarat's performance at Regional Periphery whose deviation in the range of 150 to 300 MW. Thus, the data provided by the Petitioner SLDC to conclude deviations on regional periphery is insufficient and consequently the methodology suggested by the Petitioner may not be adopted.

- 18.14. It is submitted that a mechanism for deviation charges is already in place in form of CERC Regulations, as elaborated above. Moreover, the data provided by the Petitioner SLDC vide its Affidavit of January, 2017, is insufficient to arrive at any conclusions as stated by the Petitioner in its Petition. The proposed methodology by the Petitioner SLDC, therefore lacks basis and the captioned Petition deserves to be dismissed.
19. The Respondent No. 7, Torrent Power Limited filed its reply vide affidavit dated 10.10.2017, the brief facts are as follows:
- 19.1. The Respondent No. 7, Torrent Power Limited, is a Company incorporated under the Companies Act, 1956 carrying on the businesses of generation and distribution of electricity.
- 19.2. The Petitioner, SLDC, has filed the present petition requesting the Commission to initiate a proceeding for considering the consequences of the directions given by SLDC Gujarat for generation of electricity by a specified generating station in the State of Gujarat and to decide on the compensatory mechanism under such conditions. In this regard, the Commission has issued the Daily Order on 29.09.2017 wherein it has directed the Respondents to file the reply on merits of the petition and methodology proposed by the Petitioner.
- 19.3. That the CERC has promulgated the CERC (Ancillary Services Operations) Regulations, 2015. Accordingly, the Respondent suggests to implement the similar mechanism at State level on back to back basis as the mechanism specified by CERC takes care of the interest of all the stakeholders.
- 19.4. The Respondent No. 7, Torrent Power Limited, has further filed its reply vide affidavit dated 16.03.2020. It is submitted that SLDC has filed the Petition requesting the Commission to initiate the proceedings for considering of consequences of directions given by SLDC, Gujarat for generation of electricity by a specified generating station in the State of Gujarat and to decide the compensatory mechanism under such condition. Vide Daily Order dated 28.02.2020, the Commission has directed to all the

Respondents to file their reply, if any. The Reply submitted by the Respondent is as follows:

- 19.5. The Petitioner has filed the Petition on the premises that GUVNL/DISCOM of GUVNL are subjected to additional burden due to dispatch instruction to costly generators of GUVNL/DISCOM of GUVNL to maintain the overall drawal of the State within the limit prescribed by CERC. The Respondent submits that the SLDC is carrying out optimum scheduling and dispatch of electricity within a State. Commercial implications if any on GUVNL/DISCOM cannot be the background for SLDC to file the present Petition seeking mechanism for compensating GUVNL/DISCOM.
- 19.6. It is further submitted that it is required to be seen that for the instant refer by the Petitioner in its Petition and subsequent submission email whether the Petitioner SLDC has acted prudently while giving instruction or dispatch of costly generation. The Commission is requested to call for all details and do necessary prudent check in the matter.
- 19.7. With respect to the statement filed by the Petitioner vide submission dated 27.01.2017, showing net impact of deviation in monetary terms, the Respondent stated that same is incomplete as details of only private entities, licensees / Open Access consumer and generator have been provided for the same time block, the detail of State entitites (Generation/DISCOMs) in term of over injection/under injection and over drawal or under drawal is not provided. Vide submission dated 27.01.2017, at annexure B, it has proposed compensation mechanism which specifies that as the defaulter has to pay Fixed cost (FC) + Varriable cost (VC). On the contrary the impact shown in the limited instant submitted along with the Petition is only in term of variable charge only. As there is a contradiction in the methodology proposed by the Petitioner. Further, there cannot be any fix charge which in any case is linked to availability of plant and has nothing to do with actual dispatch. It can be seen from the submission that the generators already have PPA with GUVNL/DISCOM and in turn fixed cost for these generators is required to be born by GUVNL/DISCOM. The compensation if any to be paid by defaulter should be on the basis of only variable cost.

19.8. That the Petition was filed in the year 2015-16 and substantial time has been elapsed and in the mean time CERC has devised various mechanism for scheduling and deviation settlement. The Commission is requested to kindly call for fresh detail for existing status of deviation and measures taken by SLDC in this background before deciding on the compensation mechanism.

20. The Respondent No. 34 Shree Renuka Sugars Limited has filed its reply. The brief reply is as follows:

20.1. It is submitted that the National Electricity Policy read with Section 86 (1) (e) of the Electricity Act 2003 mandates promotion of co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid. While passing of any regulations, the Commission shall be guided by the objective of promotion of co-generation and generation of electricity from renewable sources of energy. The National Electricity Policy in Clause 5.12.3 provides as follows:

“Industries in which both process heat and electricity are needed are well suited for co-generation of electricity. A significant potential for co-generation exist in the country, particularly in the sugar industry. SERC’s may promote arrangements between the co-generator and the concerned distribution licensee for purchase of surplus power from such plants. Co-generation system also needs to be encouraged in the overall interest of energy efficiency and also grid stability.”

20.2. The Co-generation concept is a process simultaneously produces two or more forms of energy steam & electricity. The distinction sought to be canvassed by the petitioner relates to a category of Co-generators distinct from the category of CPP or IPP. The Respondent unit neither falls under Captive Power Producers (CPP) or Independent Power Producers (IPP) because it neither consumes 51% of the total average weighted power on annual basis nor it is an independent unit generating exclusively under Co-generation i.e. a process with simultaneously producers two or more forms of useful energy including electricity as per section 2(12) of Electricity Act, 2003. Co-generation power is green energy, increases efficiency of the grid and also reduces its transmission losses.

- 20.3. That the Co-generation, increases efficiency of the grid and also reduces its transmission losses. When things stood thus, it should not be burdened with the same level of penalty and restrictions as of large capacity IPP, like Hydro, Thermal, Atomic etc., whose regular business involves only generating the core energy. But Co-generation are generating power for their own consumption i.e. production and plant operation and surplus power is only exported to the grid.
- 20.4. That these Co-generation plants are integral part of the Sugar Mills/Refineries whose primary obligation is to produce the sugar as essential commodity. As per devising mechanism, all the power plants are required to schedule their power supply in time blocks, which is too difficult for Sugar Mill/Refinery based Co-generation Power plants to maintain such schedule time blocks for which they may face additional burden of penalty obligations for fluctuations in supply of committed quantity of energy to the grid.
- 20.5. That the production of power is not constant for sugar refineries/factories and accordingly the applicability of the Devising Mechanism Schedule to the above Respondent is arbitrary, it is further submitted that the power generation fluctuates based on the steam and power demand of the sugar refinery/mill and also unstable plant operations.
- 20.6. That the Co-generation power plant generates steam & electricity simultaneously, primarily for their own use (captive consumption) & only remaining excess power is being injected to the grid. The power produced through Co-generation substitutes the conventional thermal alternative.
- 20.7. It is further submitted that in a sugar refinery/ factory, the fuel used for generation of both steam & power simultaneously which in turn is being used as a fuel source for sugar production activity and the surplus electricity is being exported to the power grids of state governments. The surplus quantity is not constant but varies as per the captive production requirement of the refinery/mill. Thus, electricity production through Co-generation in sugar refinery/mills in India is an important avenue for supplying low-cost, non-conventional power. Therefore, if this Commission shall not

exempts these Industries from applicability of Divising Mechanism schedule, the survival of said Co-generation plants would be very difficult.

- 20.8. The sugar factories/refineries continue to face various problems such as natural calamities, sluggish market and also policy related limitations since past few years. With the result, sugar factories/refineries are undergoing financial stress due to various factors such as natural calamities like floods, draught, and Covid-2019 pandemic etc. The impact on sugar factories/refineries are struggling for their survival. Presently looking at the conditions of the sugar mills, Government has to help and introduce subsidy schemes to the Co-generation based sugar refineries.
- 20.9. That a cogeneration facility is defined as one which simultaneously produces two or more forms of useful energy such as electric power and steam, electric power and shaft (mechanical) power etc. Cogeneration facilities, due to their ability to utilize the available energy in more than one form, use significantly less fuel input to produce electricity, steam, shaft power or other forms of energy than would be needed to produce them separately. Thus by achieving higher efficiency, cogeneration facilities can make a significant contribution to energy conservation. This being produced by sugar refineries/mills, reduce the transmission losses & saves the environment from pollution so also improves the grid efficiency in the non-urban area. Further, considering the fast depletion of fossil fuel, Co-generation is alternate remedy to satisfy and maintain energy requirement of the country. Considering the significant contribution of Co-generation power in safeguarding environment and also the total generation of the country, imposing Divising Mechanism Schedule on Co-generation is unnecessary & unwarranted. On the contrary, Co-generation power is the need of the age hence should be encouraged with restriction free, without any burden, and with nil incidence.
- 20.10. That the applicability of the Devising Mechanism Schedule is contrary to the Electricity policy so also it may discourage further developmental activities in producing green energy. This act of the SLDC is depriving the country from enjoying benefits of green energy.

20.11. It is prayed that the Commission pleased to:

- a) Set aside the applicability of Divising Mechanism Schedule to the Sugar Refinery / Mill based Co-generation power plants.
- b) Set aside the applicability of Compensatory Mechanism on fixed cost & variable cost on Sugar Refinery / Mill based Co-generation power plants.

21. The Respondent No. 38, Bhadreshwar Vidhyut Private Limited (formerly known as OPGS Power Gujarat Limited) has filed its reply, the brief reply is as follows:

21.1. It is submitted that the Respondent No. 33, in terms of the directions passed by this Commission, vide its ROP / Order dated 19.02.2020 in the captioned petition. Further, it is stated that the said written submissions are in addition to the stand and contentions raised in the reply, already filed by the Respondent No. 38, on the record of this Commission and the same may be treated and read as part of the said reply while considering the captioned case. It is specifically brought to the notice of this Commission that, since 14.05.2018, the Petitioner has been renamed and now known as Bhadreshwar Vidyut Private Limited (formerly known as OPGS Power Gujarat Limited). Furthermore, the entire gamut of facts is not stated in the present submissions except the relevant facets, which are imperative to be considered by this Commission.

21.2. That the Petitioner before the Commission is the State Load Despatch Centre ("SLDC") which is a statutory body, constituted under the aegis of Section 31 of the Electricity Act 2003 (the "Act") and it discharges various functions, as envisaged under Section 32 of the Act.

21.3. It is further submitted that amongst various Respondents arrayed in the captioned petition, the Respondent (Respondent No. 38) is a coal based thermal power captive generating plant, as defined under Section 2(8) of the Act and sources power from the each of its two generating stations, having an installed capacity of 150 MW each, located at Vill – Bhadreshwar, Dist – Kutch, in the state of Gujarat.

- 21.4. That the paramount issue which purportedly arises, relates to devising a methodology/ mechanism for recovery of compensatory charges from entity (ies) who are in deviation from the schedule and for whom, a generating station of any entity is scheduled by State Load Dispatch Centre, for the purpose of maintaining grid stability.
- 21.5. That it becomes imperative to draw attention of the Commission towards the mechanism of Unscheduled Interchange, which is a settlement mechanism for setting off the charges of "actual" injection/ drawal, against the "scheduled" injection/ drawal. That, the said mechanism at the regional level is administered, monitored and controlled by the Regional Load Dispatch Centre, in coordination with the concerned State Load Dispatch Centre, in accordance with the CERC (Deviation Settlement Mechanism and Related Matters) Regulation 2014, the Indian Electricity Grid Code Regulation 2010 notified by the Central Electricity Regulatory Commission. The intent behind the aforesaid Regulations is to ensure smooth and optimal operation and functioning of the grid and to maintain grid stability and it is pertinent to note herein that, the aforesaid Deviation Settlement Mechanism Regulation, notified by the Central Electricity Regulatory Commission, has been adopted by a majority of the Regulatory Commissions throughout the country, including the state of Gujarat.
- 21.6. That the captioned petition is neither maintainable nor the Commission has the requisite and proper jurisdiction under the law to entertain the said petition, for devising a compensatory mechanism as prayed for.
- 21.7. That under the scheme of the Act, the compensatory mechanism as prayed for by the Petitioner, is neither prescribed nor envisaged, as the same is not a part of the regulating sale and purchase of power.
- 21.8. That the Petitioner failed to establish any dispute, whatsoever, between the generating company and licensee for invoking the adjudicatory powers of the Commission, conferred under Section 86(1)(f) of the Act. That, a perusal of the prayers in the captioned petition also evidences the fact that no reference has been to a dispute, in any manner whatsoever, thus, the proceedings so initiated deserve rejection by the Commission. it is also stated that the prayer sought in the captioned petition, is with

respect to consequences of directions issued by the Petitioner, can never be granted at the behest of the Petitioner. The Petitioner cannot be said to be a person aggrieved as a consequence of its own directions. Further, the prayer sought by the Petitioner in the petition, pertains to devising a compensatory mechanism for amounts payable to generating stations or distribution licensees or open access users to compensate the generator. In this context, it is submitted that such claim can only be made either by the generator or distribution licensee or open access user.

- 21.9. That the Petitioner is not entitled to seek any compensation on behalf of the distribution licensees, when the distribution licensees have never come forward for raising such claim. The Petitioner has also failed to disclose whether or not the distribution licensees in the state of Gujarat are claiming excess cost incurred by them for procuring expensive electricity as a result of compliance of the Petitioner's directions in their Tariff Petitions and / or Truing up petitions.
- 21.10. That under the prevalent regulatory framework as mentioned above, there is no mechanism provided for recovery of any additional cost in the form of compensation, from entity (ies) which deviate from their schedule. Thus, when the parent regulation itself does not provide for imposition of such compensation, then the prayer(s) as prayed for by the Petitioner, ought to be rejected by this Commission.
- 21.11. That the issue of devising a mechanism for recovery of compensatory charge is not envisaged under the existing regulatory framework notified by the Central Commission, and therefore, the Commission ought not to grant the prayers of the Petitioner as the same are beyond the scope and purview of the Electricity Act 2003 and the extant Regulations.
- 21.12. That Section 33 of the Act deals with the compliance of the directions issued by the Petitioner for ensuring integrated grid operations and for achieving maximum efficiency in the operation of the power system in the state. In the present case, the Respondent has always complied with such directions of the Petitioner as issued from time to time, and there arises no dispute between the Petitioner and the Answering Respondent, on account of non-compliance of the said directions. Thus the

Commission lacks the necessary jurisdiction to entertain the present petition and allow the prayers as prayed for therein, as the same does not even remotely relate to any dispute between a generating company and distribution licensee, as the Petitioner is the State Load Despatch Centre and cannot maintain the present petition at the behest of the distribution licensees.

21.13. That the Petitioner nowhere contemplates any event(s) or issues pertaining to non-compliance of directions issued by the Petitioner and also fails to establish any event(s) wherein the said Petitioner is being aggrieved by such non-compliance or consequences of its directions. As such, the prayer contained in the Petition can never be granted, in any manner, whatsoever, at the behest of the Petitioner. Further, the relief sought in the petition pertains to devising a mechanism/ methodology for compensatory charges payable by the deviating entity(ies) against the volume of the power deviated beyond its scheduled quantum. Without prejudice and admitting anything to the contrary it is stated that such claim for compensation cannot be made by the SLDC and, if at all, can be made either by the generating company or the distribution licensee or open access consumer(s) affected by such deviation from the schedule. In the present case, the Petitioner, is not an aggrieved party, and thus, maintain the present petition claiming additional compensatory charges, other than deviation charges, from the entities, on account of deviation from their scheduled quantum of power.

21.14. That under the prevalent regulatory framework, deviation charges are recovered by the concerned State Load Despatch Centre, in coordination with the Regulation Load Despatch Centre, in accordance with the Deviation Settlement Regulations notified by the Central Commission, from time to time. That, the aforesaid regulation framed by the Hon'ble Central Commission, does not specify any provision which allows recovery of additional cost from the entity (ies) deviating from their schedule, in the form of compensation, which is over and above such deviation charges. That Regulation 5 of the CERC (Deviation Settlement Mechanism and Related Matters) Regulation 2014 deals with deviation charges and additional deviation charges, payable by the entity whoever is deviating from their scheduled quantum issued by the Petitioner, based on the system-based grid frequency. The same is set out hereinbelow:

“5.Charges for Deviation

(1) The charges for the Deviations for all the time blocks shall be payable for over-drawal by the buyer and under-injection by the seller and receivable for under-drawal by the buyer [and over-injection by the seller, except for wind and solar generators which are regional entities, and shall be worked out on the average frequency of the time-block at the rates specified in the table below as per the methodology specified in clause (2) of this regulation]

....

(Charges for deviation for each 0.01 Hz step in equivalent to 35.60 Paise/kwh in the frequency range of 50.05 – 50.00 Hz, and 20.81 Paise/kwh in frequency range 'below 50 Hz' to below '49.70 Hz')

Provided that –

(i) ...

(ii) The charges for the deviation for under-drawals by the buyer (except Renewable Rich State) in a time block in excess of 12% of the schedule or 150 MW, whichever is less, shall be zero;

Provided that in case schedule of a buyer (except Renewable Rich State) in a time block is less than or equal to 400 MW, the charges for deviation for the under-drawal in excess of 48 MW shall be zero;

Provided further that Deviation for the under-drawal by the Renewable Rich State in excess of the limits specified in the Annexure-III shall be zero.

(iii) The charges for the deviation for the over-injection by the seller (except Renewable Rich State) in a time block in excess of 12% of the schedule or 150 MW, whichever is less, shall be zero, except in case of injection of infirm power, which shall be governed by clause (5) of this regulation:

Provided that in case schedule of a seller (except Renewable Rich State) in a time block is less than or equal to 400 MW, the charges for deviation for the over-injection in excess of 48 MW shall be zero;

Provided further that charges for Deviation for over-injection by a Renewable Rich State in excess of the limits specified in the Annexure – III shall be zero;”

[Emphasis Supplied]

21.15. It is further submitted that in the underlying regulation, the Central Commission nowhere contemplates any provisions relating to recovery of any additional compensatory charges by the Petitioner, and as such, the petitioner have no locus standi for recovering anything beyond the ambit of the extant Regulations. Therefore, this Commission cannot allow the Petitioner to recover additional compensatory charges, in any manner, which is *dehors* the intent and scheme of the Electricity Act, 2003 or the extant rules and regulations.

21.16. It is submitted that the Respondent is engaged in the business of generating electricity and sourcing its power from the each of its two generating stations having an installed capacity of 150 MW each, located at Vill - Bhadreswar, Dist - Kutch, in the state of Gujarat. It is stated that at present, the Respondent is operating two generating unit of 150 MW each wherein, the entire electricity generated from its generating stations, is being supplied with the state of Gujarat under Open Access. It is stated that the Deviation Settlement Regulations notified by the Central Commission provides for relaxation of the limit of deviation from its actual schedule, i.e. within 12% or 150 MW, whichever is lesser, and without prejudice, it is submitted that the Respondent has always maintained such permissible limit of deviation. Therefore, in the instant case, the Petitioner cannot recover any arbitrary additional cost in the nature of compensatory charges, on account of deviation from scheduled quantum of power. That being the position, the present petition filed by the Petitioner is not maintainable and the same deserves to be dismissed.

21.17. That it is an admitted fact that the power injected by a generating company pursuant to the directions/ instructions issued by the Petitioner is allocated to the distribution

licensees in the state of Gujarat as per the contractual arrangements executed or tied up with the generating company(ies). That under the terms and conditions of such contractual arrangements, the cost of power, i.e. tariff already embodied or factored in the retail supply tariff orders determined by the Commission. In this regard, it may be noted that since such tariff of the distribution licensees is already been embedded in the retail supply tariff orders of a particular year, the Petitioner cannot allege that they are being compelled to pay a tariff higher than the deviation / UI charges, while recovering the cost of deviation.

21.18. That without prejudice and without admitting anything herein, it is stated that even if it is assumed that the distribution licensees are required to purchase power at a higher tariff, which is injected pursuant to the directions/ instructions issued by the Petitioner, such power is ultimately being sold to the various end consumers, viz. industrial and commercial, through which the distribution licensees are recovering the entire cost of the said power, in accordance with the retail supply tariff orders determined by this Commission. In the event, the entire cost of tariff is not recovered by the said distribution licensees for a particular year, the balance unrecovered tariff is trued up in the tariff orders in the subsequent year. Therefore, in the present context, no grievances can be raised by the distribution licensees in regard to under-recovery of the said tariff as the same is already factored in the tariff orders and Power Purchase Agreements tied up with the generating companies.

21.19. That Respondent has always complied with every directions/ instruction issued by the instant Petitioner and that any deviation made by the Respondent is within the permissible limits provided under the Deviation Settlement Regulations notified by the Central Commission and as such, the Respondent cannot be again penalised leading to a situation of double jeopardy at the whims and caprice of the Petitioner. It may be further noted that the Respondent has always, time and again, complied with all the applicable laws and Indian Electricity Grid Code, as far as the issue of maintaining grid security/ safety is concerned and that the present issue contemplated by the Petitioner in the petition does not, in any manner, pertain to the Respondent. Moreover, the Petitioner being an independent statutory body, constituted under the Electricity Act, 2003 cannot maintain claims on behalf of the distribution licensees.

22. We note that the Petitioner has filed the Petition and sought following prayers:

- a. Initiate a proceeding for considering the consequences of the directions given by SLDC Gujarat for generation of electricity by a specified generating station in the State of Gujarat on account of under injection by generating station supplying Power to any entity or over drawl by the distribution licensees/ open access users as the case may be.
- b. Decide on the compensatory mechanism based on variable cost and fixed cost of generator who is scheduled by SLDC in such circumstances for deciding the amount payable by such generating stations or the distribution licensee or Open Access users as the case may be to SLDC pool account and SLDC will directly compensate the generator to whom schedule has been given under such conditions; and
- c. Pass such further order or orders as this Commission may deem just and proper in the circumstances of the case.

22.1. We note that the monitoring grid operations, optimum scheduling and despatch of electricity within a State, keep accounts of the quantity of electricity transmitted through the State grid, exercise supervision and control over the intra-State transmission system, be responsible for carrying out real time operations for grid control and despatch of electricity within the State through secure and economic operation of the State grid in accordance with the Grid Standards and the State Grid Code are the major functions vested with the Petitioner, SLDC.

SLDC will be responsible for carrying out real time operations for grid control and despatch of electricity within the State through secure and economic operation of the State grid in accordance with the Grid Standards and the State Grid Code. The SLDC shall comply with the directions of the RLDC.

22.2. The Respondent No. 7, 8, 9, 13, 16 and 23 has argued and submitted their reply stating that the present Petition does not shows any dispute between the generators and distribution licensees.

- 22.3. We note that the Respondent No. 7, Torrent Power Limited (TPL) submitted its reply that Hon. CERC has promulgated the CERC (Ancillary Service Operation) Regulations, 2015 and suggested to implement the similar mechanism at State level to take care of the interest of all the stakeholders.
- 22.4. The Respondent No. 30, Abellon Clean Energy Ltd. requested to give exemption to their renewable energy project from the DSM Framework. Respondent No. 19, Welspun has contended that there should not be discrimination between private/government generators and captive power plant as per the Petition filed by the Petitioner. Further, Respondent No. 19 contended that as far as deviation point of view all the DISCOM transactions are club together for accounting at the State level periphery for accounting under DSM Regulations. Respondent No. 18 Philips Carbon Black Ltd. has made argument that the proposal is made by the Petitioner arguing that the deviation charges are not sufficient to compensate such generator and sufficient data has not been placed by the Petitioner for the proposed mechanism. In replying to the aforesaid argument Petitioner submitted that the suggested compensatory mechanism is at par and with considering all the technical aspect as well as commercial settlement and frameout for the approval purpose.
- 22.5. The Respondent No. 36, SAL Steel Limited has contended that the Petitioner itself admitting that the power injected pursuant to its instruction is as per the PPA allocation of GUVNL / DISCOM. There is no question of such power being costly. The cost of such power is already factored in the tariff of DISCOM. In the aforesaid contention it is seen that if any default happen on part of injection of supply by the generator who are supplying power to inter state and intra state in such case the Petitioner SLDC has to match the schedule injection/drawl looking to State level periphery as well as to the Regional level periphery. In doing so i.e. to balance the schedule injection/drawl at Regional periphery the Petitioner has to perform three function by calling the generators who are having merit order approved by the Commission having difference in the variable cost/fixed cost with that to the defaulting entities that is generators and thereby cost incur on part of defaulting generator came into the picture for the recovery purpose. Here it is to Note that in the

such type of event the Stakeholder entities are covered under the Deviation Settlement Mechanism by way of DSM Regulation of 2014 in the instances shown by the Petitioner and deviation charges were applicable from the stakeholder connected with grid.

- 22.6. The Respondent has submitted about the Order VII Rule 11 Clause (a) of the Civil Code of Procedure, 1908 and contended that under the said Rule the aforesaid Petition needs to be rejected and hence it should be dismissed for want of cause of action. The said Order VII Rule 11 Clause (a) reads as under:

“Rejection of plaint: The plaint shall be rejected in the following cases:

a) Where it does not disclose a cause of action:”

As per the above, in the present matter as it is clear from the facts that the Petitioner, SLDC is on point of commercial aspect is not an affected party but by way of role and functions assigned to the Petitioner, has to place a balance view on part of smooth operation of the grid network considered the technical as well as commercial settlement and being a nodal agency suggest the relevant mechanism before the Commission.

- 22.7. The Respondent No. 37 Essar Power Gujarat Limited (EPGL) contended that in case of shutdown of entire generating station and part of power being scheduled through collective transactions for which revision is not possible, the generation of the power is penalised twice by proposed methodology that is Deviation Settlement charge as well as proposed compensatory charge. The proposed compensatory mechanism in which Petitioner has suggested the conditions for which pick up of other generation to compensate the deviation/ gap at regional periphery level as per the merit order dispatch of the State generators. Deviation settlement charge based on DSM regulation is different than the proposed mechanism. This is to note that on part of regional level deviation based on schedule injection /drawl of state level if any deviation found and to compensate the same, the Petitioner takes suitable steps like direct the merit order base generators to inject the quantum of power in such a circumstances, defaulting generators has to compensate the same to the Pool account of the Petitioner.

Therefore both the charges are different and unique, leviable for the reliable operation of the Grid.

- 22.8. We note that the Petitioner SLDC is being a nodal agency and has to maintain pool account on part of deviation if any by way of Regulatory regime. The responsibility of maintaining regional grid frequency and ensuring that overall drawal from the grid is in compliance with limits stipulated by GERC through various rules, regulations especially in cases of under injections of power by inter state generators and/or over drawal by distribution licensees in deviation of their respective schedules.
- 22.9. To maintain the grid frequency in terms of extent of CERC Regulations the Petitioner has require to take necessary steps. When the interstate generating stations also have contended to supply power outside the State of Gujarat fast to inject power as per their schedule for whatsoever reason or distribution companies within State of Gujarat overdrawn from the grid in excess of their schedules. In exercise of its functions, the Petitioner, SLDC constrained to instruct the generators to dispatch power in Order to overcome shortfall in the generation which in turn attract the approved tariff of respective generators to bear & who have contract with said generators has to born such cost, this happens under the way of default on part of respective generators who have schedule quantum of injection of power with grid at regional level and due to any reason if any default happens then the Petitioner SLDC has to pass the instruction to the respective generators to inject the shortfall quantum of power into the grid in term of the functions assigned to the Petitioner. Therefore the role of Petitioner SLDC is to take appropriate action at right point of time without disturbing the stability of the grid. In exercise of the same the involvement of transactions at grid level among the various stakeholder take places which ultimately involve the commercial settlement among the stakeholder who are connected with the grid.
- 22.10. Section 32 of the Electricity Act, 2003 prescribes the functions of the SLDC and we note that SLDC is at liberty to approach the Commission to discharge its functions under the Act, 2003. As stated above, in the present case the petitioner has approached the Commission by way of the present petition, for the difficulties that arose while carrying out the real time grid operation, its commercial impact to the other intra-state

entities and consumers at large, for which the necessary commercial/compensatory mechanism needs to be formulated.

- 22.11. It is noted that real time grid operation and balancing mechanism at regional level governed through various Regulations e.g. Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2022 and Central Electricity Regulatory Commission (Ancillary Services) Regulations, 2022.
- 22.12. Further it is also noted that the Ministry of Power has notified the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 which is also provides for access and power supply Regulations.
- 22.13. Recently CERC through its Order dated 16th April 2024 prescribed- “Detailed Procedures for Security Constrained Unit Commitment (SCUC), Unit Shut Down (USD), and Security Constrained Economic Despatch (SCED) at Regional Level.”
- 22.14. It is noted that the CERC formed a high-level committee of experts tasked with conducting a thorough analysis of the performance of grid-connected buyers and sellers to ensure smooth and secure grid operation. The Committee’s scope of work included behavioural analysis of regional entities, reviewing reserve adequacy, and an examining design-related issues related to the DSM. The Expert Committee (EC) conducted a thorough analysis of the Deviation Settlement Mechanism (DSM) to identify areas for improvement and fine-tuning the design of the DSM framework.
- 22.15. Based on Committee’s report, the CERC recently published the Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2024.
- 22.16. In view of the above and taking note of the recent Rules, Regulations and Order in connection with the Grid Operations and related matters, we are of the view that there is a need for comprehensive analysis of current framework related to Grid Operations, Scheduling and Balancing Mechanism and Power Regulations before finalising framework for Intra-State Level.

22.17. Accordingly, we decide to form a committee of experts for providing comprehensive analysis and recommendations for suitable framework at Intra-State level. This committee of experts will provide a detailed report and recommendations in this regard.

22.18. Office of the Commission is hereby directed to initiate action for constitution of Committee of Experts, defining its scope of work and timeframe for competition of analysis and recommendations.

23. With this Order the matter stands disposed of.

Sd/-
[Mehul M. Gandhi]
Member

Sd/-
[Anil Mukim]
Chairman

Place: Gandhinagar.

Date: 31/05/2024

