

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 07/SM/2023

Coram:

Shri Jishnu Barua, Chairperson

Shri I. S. Jha, Member

Shri Arun Goyal, Member

Shri P. K. Singh, Member

Date of Order: 31st May, 2023

IN THE MATTER OF:

Expansion of scope for procurement of Ancillary Services under shortfall conditions of the CERC (Ancillary Services) Regulations, 2022

ORDER

The Central Electricity Regulatory Commission (Ancillary Services) Regulations, 2022 (hereinafter 'AS Regulations, 2022') have been published in the Official Gazette on 12.02.2022 and were made effective in a phased manner. The provisions regarding the Secondary Reserve Ancillary Services (SRAS) were made effective from 05.12.2022 and the Tertiary Reserve Ancillary Services (TRAS) shall become effective from 01.06.2023.

2. The Commission is regularly monitoring the power supply situation in the country. Various policies and regulatory measures have been initiated to facilitate the adequacy of resources during the crunch period. It is also observed that on 18.05.2023 peak demand touched 221.076 GW at the national level. The peak demand is expected to intensify further and is projected to be around 230 GW during this year.

3. To ensure the adequacy of reserves, various policies and regulatory measures have been initiated. Upon request received from Grid-India, this Commission, vide Order dated 23.04.2023 in Petition 06/SM/2023 expanded the scope of operation of the CERC (Ancillary Services Operations), Regulations, 2015 (hereinafter 'RRAS Regulations, 2015') to include resources other than the generating stations regulated by the Commission.



4. With the coming into effect of the provisions relating to TRAS provisions under the CERC (Ancillary Services) Regulations, 2022 from 01.06.2023, the RRAS Regulations, 2015 along with related Detailed Procedures for RRAS shall cease to be in operation.

5. Grid India, vide communication dated 24.05.2023 has requested for necessary directions to consider generation capacity procured in advance for dispatch under shortfall conditions in Tertiary Reserve Ancillary Services (TRAS) on similar lines of the Order dated 23.04.2023 in Petition No. 06/SM/2023 for expansion of Operation of RRAS Regulations.

6. The Commission notes that appropriate provisions have been made in the AS Regulations, 2022, authorizing the NLDC, being the Nodal Agency, for procurement of Ancillary Services in case of shortage and emergency conditions. Under the shortage condition, NLDC is enabled to use URS available in the generating stations whose tariffs are determined by the Commission under section 62 of the Electricity Act, 2003 (hereinafter “the Act”). During the emergency condition NLDC can use any generating station irrespective of whether it is covered under section 62 or section 63 or otherwise.

7. In view of the prevailing power supply situation in the country and in light of the request received from the Grid-India, the Commission considers it necessary to facilitate the availability of adequate reserves with the system operator during the shortfall conditions in line with the earlier directions dated 23.04.2023 in Petition No. 06/SM/2023 to expand the scope of RRAS Regulations.

8. Regulation 25 of the AS Regulations, 2022 provides as under:

“25. Power to issue directions and Removal of Difficulties

If any difficulty arises in giving effect to these regulations, the Commission may on its own motion or on an application filed by any affected party, issue any general or specific directions as may be considered necessary in furtherance of the objective and purpose of these regulations”

9. As per the AS Regulations, 2022, only the generating stations whose tariffs are determined by the Commission under section 62 of the Act are available with the Nodal Agency for use as SRAS and TRAS. As reported by Grid-India, this is causing difficulty in using other resources, whose tariff is not determined by the Commission, under shortfall condition. In view of the similar directions of the Commission in Petition No. 06/SM/2023

and the prevailing power supply situation in the country, the Commission, is of the view that a direction be given within the meaning of Regulation 25 of the AS Regulations, 2022, in furtherance of the objective and purpose of these regulations. Accordingly, the Commission in exercise of the powers under Regulation 25 of the AS Regulations, 2022, hereby directs as under:

- a. In case of shortfall conditions, in addition to the generating stations whose tariffs are determined by the Commission under section 62 of the Act as specified in Clause (a) of Regulation 20 of AS Regulations 2022, (i) the regional generating stations other than those whose tariffs are determined by the Commission under Section 62 of the Act, (ii) the state generating stations whose tariffs are determined or adopted by the State Commission and (iii) the generating stations mandated by the Central Government whose tariffs are discovered through a competitive bidding process, shall be eligible to make themselves available for use by the Nodal Agency by declaring their compensation charge in advance to the Nodal Agency .
- b. The Nodal Agency shall prepare the merit order stack of all generating stations available under shortfall conditions for economic dispatch of Ancillary Services.
- c. Such generating stations shall pay or be paid, as the case may be, for the corresponding quantum of dispatch under shortfall conditions on similar lines as applicable for the generating stations whose tariffs are determined by the Commission under section 62 of the Act, as specified in Regulation 20 of the AS Regulations, 2022 by considering their compensation charge as energy charge.

10. The above directions of the Commission shall come into effect from 01.06.2023 and remain in force until further orders of the Commission or until appropriate provisions are made in the AS Regulations, 2022, whichever is earlier.

11. Accordingly, the Petition 07/SM/2023 is disposed of in terms of the above.

Sd/-
(P.K. Singh)
Member

Sd/-
(Arun Goyal)
Member

Sd/-
(I. S. Jha)
Member

Sd/-
(Jishnu Barua)
Chairperson

