CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI

Petition No. 02/SM/2026 (Suo-Motu)

Coram: Shri Jishnu Barua, Chairperson
Shri Ramesh Babu. V, Member
Shri Harish Dudani, Member
Shri. Ravinder Singh Dhillon, Member

Date of Order: 30th March, 2026

<u>IN THE MATTER OF</u>

Directions for removal of difficulty in implementation of the provision in Regulation 9(7) of the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2024.

ORDER

The Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2024 (hereinafter referred to as "DSM Regulations, 2024"/ "Principal Regulation") were notified on 05.08.2024 and came into effect from 16.09.2024 except for Regulation 8 (8) of the DSM Regulations, 2024. Subsequently, the Commission notified the DSM (1st Amendment) Regulations, 2024 on 17.12.2024, whereby Regulation 3 and Regulation 8(8) of the Principal Regulations were amended with effect from 23.12.2024. Thereafter, the Commission notified the DSM (2nd Amendment), 2025 on 25.06.2025, whereby Regulation 8(8) of the Principal Regulations was further amended with effect from 01.07.2025.

2. Regulation 9(7) of the Principal Regulations provides for the settlement of a deficit in the Deviation and Ancillary Service (DAS) Pool Account. In terms of the said provision, for the period beyond 01.04.2026, any deficit in the DAS Pool Account is to be shared in the ratio of the shortfall of reserves allocated by the National Load Despatch Centre (NLDC) to such Designated ISTS Consumers (DICs). The said provision also stipulates that NLDC shall prepare a detailed procedure for the recovery of charges in the event of a deficit in the DAS Pool Account, including the methodology for computing the shortfall of reserves

and allocating the deficit amongst DICs.

3. The extract of Regulation 9(7) of the DSM Regulations, 2024 is as follows:

"(7) In case of deficit in the Deviation and Ancillary Service Pool Account of a region, the surplus amount available in the Deviation and Ancillary Service Pool Accounts of other regions shall be used for settlement of payment under clause (6) of this Regulation: Provided that in case the surplus amount in the Deviation and Ancillary Service Pool Accounts of all other regions is not sufficient to meet such deficit, the balance amount shall be recovered from the drawee DICs - (i) for the period from the date of effect of these regulations till 31.03.2026, in the ratio of [50% in proportion to their drawal at the ISTS periphery] and [50% in proportion to their GNA]; and (ii) from 01.04.2026, in the ratio of the shortfall of reserves allocated by NLDC to such DICs: Provided further that the NLDC shall prepare, with the approval of the Commission, a detailed procedure for recovery of charges in case of deficit in the Deviation and Ancillary Service Pool Accounts, and for the methodology of computation of shortfall of reserves and allocation of deficit amongst DICs.

4. In pursuance of the above provisions, the Grid India/ NLDC has reported operational challenges pertaining to high reserve requirement and suggested the need to establish an appropriate methodology for quantification, declaration of reserves by SLDC, measurement of actual reserves, as well as despatch and settlement of reserves mechanism. Accordingly, additional time is considered necessary to establish the requisite framework for the effective implementation of the said provisions.

5. Therefore, in view of the above implementation issue, the Commission considers it a fit case to exercise the powers conferred under Regulation 12 (Power to Remove Difficulty) of the DSM Regulations, 2024.

6. Regulation 12 of the DSM Regulations, 2024 provides as follows:
"*12. Power to Remove Difficulty 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 such practice directions as may be considered necessary in furtherance of the objective of these regulations."*

7. Accordingly, in exercise of the powers conferred under Regulation 12 of the DSM Regulations, 2024, the Commission issues the following directions:

   (i) Sub-clause(i) of Regulation 9(7) of the DSM Regulations, 2024 shall, unless notified otherwise, continue to remain in force till 04.10.2026 (as against 31.03.2026) and sub-clause(ii) of Regulation 9(7) shall, unless notified otherwise, come into effect from 05.10.2026 (as against 01.04.2026) onwards.

8. Petition No. 02/SM/2026 is disposed of in terms of the above.

Sd/-	Sd/-	Sd/-	Sd/-
Ravinder Singh Dhillon	**Harish Dudani**	**Ramesh Babu. V**	**Jishnu Barua**
Member	**Member**	**Member**	**Chairperson**