



PASCHIM GUJARAT VIJ COMPANY LTD

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Date: 21/05/2014

To,
The secretary
Gujarat Electricity Regulatory Commission
6th Floor, GIFT One
Road 5C Zone 5,
GIFT City,
Gandhinagar - 382 355

Sub: - Implementation of Intra - State Open Access - clarification thereof

Dear Sir,

Hon'ble Commission through communication dated 14th May, 2014 has directed to follow the Open Access regulations notified by Hon'ble Commission while issuing consent to the eligible persons. Hon'ble Commission has referred some of the incidents on the basis on which consent has been denied by Discoms of SLDC.

Discom's clarifications on the issues mentioned are as under:

1. **Discoms Insistence on under drawl to kept less than 12%:**

It is mentioned that Distribution Licensees are insisting that the under drawl of the Open Access customer must not be more that 12% in any time block and are threatening the customer that if during any time block the under drawl is more tahtn 12%, the consent grated for open access shall be withdrawn immediately.

It has also been mentioned that the above requirement of 12% has been incorporated by the Distribution Licensees presumably based on the Deviation Settlement Regulations notified by the Central Commission but such Regulations of the Central Commission has no application to the Intra State Open Access. It has been further stated that unless the Hon'ble Commission provides for such 12% requirement in the Intra State ABT Mechanism notified by the Hon'ble Commission, it is no open to the Distribution Licensees to provide for any such condition.

We respectfully submit our clarification and submissions as under:

- (a) The Grid System of the State of Gujarat is integrated with the Inter State Grid System mainly operated and maintained by the Central Transmission Utility. The operation of the Intra State Grid System cannot be segregated from the Inter State Grid System. In this regard, the Electricity Act, 2003 specifically provides for the Grid Code having regard to the Grid Standard to be primarily notified by the Central Commission. This is stated so in section 79 (1) (h) read with the definition of the 'Grid Code' contained in section 2 (33) of the Electricity Act, 2003. Section 86 (1) (h) of the Electricity Act provides for the Hon'ble State Commission to specify the State Grid Code consistent with the Grid Code specified under section 79 (1) (h).
- (b) Further, section 28 of the Electricity Act provides for the functions of the Regional Load Dispatch Centre which includes optimum scheduling and dispatch of electricity within the region and monitoring of Grid Operation as well as exercising supervision and control over the Inter State Transmission System. Section 32 of the Electricity Act which deals with the functions of the State Load Dispatch Centre and Intra State Operation is subservient to the Inter State Grid Operation. In this regard section 33 of the Electricity Act provides that the State Load Dispatch Centre shall comply with the directions of the Regional Load Dispatch Centre.
- (c) In the circumstances mentioned above, the Deviation Settlement Regulations notified by the Central Commission will have an impact on the Intra State Grid Operation. If otherwise, there could be a serious mismatch in the operation of the Grid by the State Utilities and operation of the Grid by the Utilities which have implication on the Inter State Grid. Accordingly, it is respectfully submitted that the requirement of maintaining not more than 12% of under-drawl was considered to be applicable to Intra State Grid Operation also.

Without prejudice to the above, it is also relevant to mention that majority of the Open Access consumers are having collective transactions through Power Exchanges under short

term arrangement. Hon'ble Commission had held a meeting on 24th November, 2011 to discuss various issues raised by the Utilities and Consumers regarding implementation of the Open Access Regulations, 2011 notified by Hon'ble Commission. During the meeting it was clarified by the Hon'ble Commission that Open Access transactions through Power Exchanges are to be treated as collective transactions and to be dealt with according to the Inter-State Open Access regulations of CERC. Meaning thereby, transactions through Power Exchanges are Inter-State Transaction and not intra-state and are governed by the regulations notified by Central Commission.

Hon'ble Central Commission has notified, Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) Regulations, 2014. Regulation 7 of the above notification provides as under:

QUOTE:

7. Limits on Deviation volume and consequences of crossing limits

(1) The Over-drawls / under drawals of electricity by any buyer during a time block shall not exceed 12% of its scheduled drawal or 150 MW, whichever is lower, when grid frequency is "49.70" Hz and above" Provided that no over drawal of electricity by any buyer shall be permissible when grid frequency is "below 49.70Hz"

UNQUOTE:

It is further provided at Regulation 5 (iii) that the charges for the Deviation for the under drawls by the buyer in a time block in excess of 12% of the Schedule or 150 MW, whichever is less, shall be zero and at regulation 7(4) that in addition to charges for deviation as stipulated under regulation 5 of these regulations, Additional Charge for deviation shall be applicable for over-injection / under drawl of electricity for each time block by a seller/ buyer as the case may be when grid frequency is "50.10 Hz and above" at the rates equivalent to charges for deviation corresponding to the grid frequency of "below 50.01 Hz but not below 50.0 Hz".

Gujarat is power surplus and well disciplined state, and has been adhering "Schedule" or to remain in the under-drawl state. Under drawl by the Open Access consumers by more

than 12% results in payment liability of the GUVNL [in turn to DISCOMs] as a regional entity or reduces GUVNL's and in turn DISCOMs receivables, which in turn pass on to the General body of consumers.

It is further provided at Regulation 7(10) that in the event of sustained deviation from schedule in one direction (Positive or negative) by any regional entity, such regional entity (buyer or seller) shall have to make sign of their deviation from schedule change, at least once, after every 12 times blocks.

In view of the above, it is respectfully submitted that Open Access consumers may not under draw more than 12% of its scheduled energy for consecutive 12 time blocks or more. Therefore, above stipulation is rightly insisted by the Distribution Companies from the Open Access consumers. It is to clarify that DISCOMs are insisting that under drawl should not be more than 12% for consecutive 12 time blocks OR more and not raising any issue for few isolated instances of under drawals.

2. **DISCOMs Insisting on minimum 1 MW Drawl at all times:**

It is mentioned that the distribution licensees are insisting that at any time block the drawl of power by an open access customer should not fall below 1 MW. In this regard it is observed by the Commission that it is not realistic to presume that the consumption of any customer shall be constant throughout. Further, the drawl of the consumer may be affected due to breakdown of its plant and machinery. To address such issues, the Commission has provided for imbalance charges in regulation 32 of the Intra-State Open Access Regulations, 2011. The licensee should, therefore, refrain from putting such unrealistic conditions. In fact, the Commission in order to redress the genuine difficulties of the distribution licensee, agreed to their proposal regarding RTC scheduling of open access transactions in Suo-motu Petition No. 1226/2012. Further, in case of Petition No. 1325 of 2013 and allied matters, the Commission vide its order dated 18.10.2013 clarified that the minimum capacity of 1 MW for availing open access has been stipulated for scheduling and not for drawal at all times.

In regard to the above, we wish to clarify the position as under:

The 5th proviso to section 42(2) of the Electricity Act, 2003 provides that "Provided also that the State Commission shall, not later than five years from the date of commencement of the Electricity (Amendment) Act, 2003 (57 of 2003) by regulations, provides such open access to all consumers who require a supply of electricity where the maximum power to be made available at any time exceeds one megawatt.

Above proviso implies that consumer should establish through it drawl that its power requirement exceeds one megawatt atleast at some point of time. Actual drawal less than 1 MW on consistent basis is not permitted. Accordingly, it is insisted that open access consumer should establish through its drawl that its actual requirement of power is more than one megawatt by drawing more than one megawatt power at least during any one of the time block in a calendar month and to be eligible for availing power supply through open access in the ensuing month. It is so clarify that we are not taking any action for not drawing power of 1 megawatt in all the time block but we are insisting that consumer should establish that he is a consumer of one megawatt by drawing one megawatt power in any time block during the Open Access period.

It is respectfully submitted that there is a rational for restricting the Open Access for consumers who avail at any point of time the quantum of electricity through Open Access of 1 MW. The intention is clear, namely, that there should be a drawl through Open Access of 1 MW at least for some time. The Open Access Regulations cannot be violated in an indirect manner in seeking Open Access for more than 1 MW but availing on a consistent basis less than 1 MW. The provisions of the Act and Regulations need to be interpreted in a manner consistent with the scheme and objective of the Act.

3. **Delay in issuing consent by the DISCOMs:**

Since Discoms are required to verify provisions of regulations for a consumer to be eligible open access consumers and also required to verify the actual drawl by the consumers on the basis of the issues mentioned as above, some time is in granting the consent. However, the consent is given by the Distribution Company well in time so as to enable consumer to avail open access, if eligible, from the date from which open access sought for.

The Hon'ble Commission maybe pleased to take the above clarification into account. In case, any further clarification or explanation is required, the Distribution Licensees will provide the same.

Thanking You,

Yours faithfully



(J. A Parekh)

Additional C.E. (R&C)

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C.f. w. cs. To:

The General Manager (Com.) GUVNL, Vadodara.

The Chief Engineer, SLDC, GETCO, Vadodara.

The Superintending Engineer (R&C), GETCO, Vadodara.