

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

No. L-1/260/2021/CERC

CORAM:

Shri Jishnu Barua, Chairperson

Shri Ramesh Babu V., Member

Shri Harish Dudani, Member

Date of Order: 15th October, 2024

In the matter of:

Approval of “Detailed Procedure for recovery of charges in case of deficit in the Deviation and Ancillary Service Pool Account” under 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 called ‘DSM Regulations, 2024’) were published on 21.08.2024 in the Gazette of India Extraordinary (Part-III, Section-4, No. 642).

2. Regulation 9(7) of the DSM Regulations, 2024 requires NLDC to prepare 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. Relevant extract of the Regulation is reproduced below:

“Regulation 9 (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.”

3. Accordingly, NLDC, vide its letter dated 03.10.2024, has submitted the “Detailed Procedure for recovery of charges in case of deficit in the Deviation and Ancillary Service Pool Account,” applicable for recovery of charges in case of deficit for the period from 16.09.2024 to 31.03.2026, for the Commission’s approval.

4. The Commission has examined the Detailed Procedure submitted by NLDC, and after incorporating suitable changes, the Commission hereby approves the “Detailed Procedure for recovery of charges in case of deficit in the Deviation and Ancillary Service Pool Account” in terms of Regulations 9(7) of the DSM Regulations applicable for recovery of charges in case of deficit for the period from 16.09.2024 to 31.03.2026. The approved Detailed Procedure is enclosed as Annexure to this order.

5. NLDC is further directed to prepare a separate procedure for recovery of deficit in the Deviation and Ancillary Service Pool Account, in line with Regulations 9(7) of the DSM Regulations, for the period from 01.04.2026 onwards, and submit for approval of the Commission.

Sd/
(Harish Dudani)
Member

Sd/
(Ramesh Babu V.)
Member

Sd/
(Jishnu Barua)
Chairperson

Annexure

**Grid Controller of India Limited
(Formerly: Power System Operation Corporation
Limited)
National Load Despatch Centre (NLDC)**



**Detailed procedure for recovery of charges in case of deficit
in the Deviation and Ancillary Pool Account**

Prepared in Compliance to Deviation Settlement Mechanism Regulations,
2024
Regulation No. 9(7)

Revision–1A: 15th October 2024

1. Introduction

1.1. This Procedure is prepared in accordance with the CERC Deviation Settlement Mechanism (DSM) Regulations, 2024: Regulation No. 9(7).

2. Definition and Interpretation

2.1. All the words and expressions used in the Procedure shall have the same meaning as assigned to them in the DSM regulation 2024 or otherwise in the IEGC 2023.

2.2. Format SCUC_BB means the format for RPC "Net Regional Shortfall/emergency and SCUC weekly Statement" as mentioned in the CERC approved "Detailed Procedure for Security Constrained Unit Commitment (SCUC), Unit Shut Down (USD) and Security Constrained Economic Despatch (SCED) at Regional Level" and its amendments from time to time.

2.3. Format SCUC_CC means the format for RPC "Statement of Compensation due to Part Load Operation due to SCUC" as mentioned in the CERC approved "Detailed Procedure for Security Constrained Unit Commitment (SCUC), Unit Shut Down (USD) and Security Constrained Economic Despatch (SCED) at Regional Level" and its amendment from time to time.

2.4. Drawee Designated ISTS Customers (DICs) for the purpose of this procedure means all the regional entity Buyers who are members of the respective regional Deviation and Ancillary Service Pool Account and considered as "Buyer" as per the regulation except all the cross-border entities.

2.5. The assessment period shall be weekly, and the assessment shall be carried out after the publication of the statement by all the RPCs for that week.

3. Applicability

3.1. This procedure shall be applicable from 16.09.2024 up to 31.03.2026.

3.2. For the period from 01.04.2026, a separate procedure shall be notified by the NLDC with the approval of CERC.

3.3. This procedure shall not be applicable to cross-border entities.

4. Deviation and Ancillary Service Pool Account

4.1. In line with IEGC 2023, "Pool Account" means Deviation and Ancillary Service Pool Account as defined in the DSM Regulations, where the following transactions shall be accounted:

- a. Deviations and Ancillary Services
- b. Reactive energy exchanges
- c. Congestion charge.

5. Payment for Ancillary Services from Deviation and Ancillary Service Pool Account

5.1. The surplus available based on the weekly account for payment of Ancillary Services/SCUC (Security Constrained Unit Commitment) in the regional Deviation and Ancillary Service Pool Account shall be considered as follows:

5.1.1. The net surplus available after payment of the deviation charges, Reactive Energy Charges payments and congestion charges to all the receivable entities.

5.1.2. Net Interest amount received in the Deviation and Ancillary Service Pool Account (due to delay in payment and bank interest).

5.1.3. Congestion amount as defined in Central Electricity Regulatory Commission (Power Market) Regulations, 2021 and its subsequent amendment.

5.1.3.1. Till operationalization of the National Deviation and Ancillary Services Pool account, NLDC shall maintain a separate account for congestion amount where Power Exchange shall transfer the congestion amount.

5.2. The net payment for Ancillary Services from Deviation and Ancillary Service Pool Account shall be as per the RPC Format SCUC_BB and Format SCUC_CC.

6. Deficit in the Deviation and Ancillary Service Pool Account of a region

6.1. In case of deficit in the Deviation and Ancillary Service Pool Account of a region:

6.1.1. The surplus amount available in the Deviation and Ancillary Service Pool Accounts of other regions shall be used for settlement of payment under clause 9 (6) of the CERC Deviation Settlement Mechanism Regulations, 2024 and its subsequent amendments.

6.1.2. The Surplus amount of a regional Deviation and Ancillary Service Pool Account for inter pool transfer shall be considered after accounting for:

6.1.2.1. Payment of deviation charges, Reactive Energy Charges, congestion charges, and payment as per the RPC Format SCUC_BB and Format SCUC_CC.

6.1.2.2. Net Interest received in the Deviation and Ancillary Service Pool Account (due to delay in payment and bank interest).

6.1.2.3. Amount available in the congestion amount account.

6.1.3. The details of inter pool transfer, along with the amount required to be transferred from the congestion amount account, shall be provided by the NLDC to the RLDCs.

6.2. In case the surplus amount in the Deviation and Ancillary Service Pool Accounts of all other regions and amount available in congestion amount account are not sufficient to meet such deficit on an accrual basis, the balance amount shall be recovered from the drawee DICs in the ratio of their total block-wise actual drawl as per SEM readings at the ISTS periphery [50% weightage] and proportion to their GNA[50% weightage].

7. Recovery from the drawee DICs for the deficit in the pool from 16.09.2024 onwards.

7.1. In line with the DSM Regulations 2024, the Secretariat of the Regional Power Committee shall prepare and issue the statement of charges for deviation on a weekly basis along with the RPC Format SCUC_BB. Further, RPC shall prepare and issue monthly Format SCUC_CC.

7.2. Regional Load Despatch Centres (RLDCs) shall assess the net deficit in their respective regional Deviation and Ancillary Service Pool Account on an accrual basis and provide the details to NLDC.

7.3. The interest payment due to delay in payment from the Deviation and Ancillary Pool Account, if applicable, on account of deviation charges, Reactive Energy Charges, congestion charges, and net payment as per the RPC Format SCUC_BB and the latest interest statement as published by respective RPC shall also be considered as part of the deficit amount.

7.4. After the publication of a statement by all the RPCs and due details received from the respective RLDCs, NLDC shall assess, on a weekly basis, the net deficit in the Deviation and Ancillary Pool Account on All India basis duly considering the Amount available in congestion amount account.

7.5. In case the deficit in a Regional Deviation and Ancillary Service Pool Account can be met from the surplus available in another regional pool account on an accrual basis and the amount available in the congestion amount account, NLDC shall issue details of such inter-regional fund transfer to the respective RLDCs.

7.5.1. After such inter-regional fund transfer, if the Deviation and Ancillary Pool Accounts on an All India basis and the amount available in the congestion amount

account is surplus, then the surplus of such assessment period shall be utilized in offsetting the deficit of the next assessment periods.

7.6. If the surplus amount in the Deviation and Ancillary Service Pool Accounts of all other regions and the amount available in the congestion amount account is not sufficient to meet such deficit on an accrual basis, the balance amount shall be recovered from the drawee DICs in the ratio of:

7.6.1. 50% of the net deficit in proportion to their actual drawl as per SEM reading taken at the ISTS periphery for the week for which the assessment is carried out. The actual drawl (in MU) for the period shall be computed by adding block-wise actual drawl. (in case of any actual injection in a block, the said block shall be excluded from computing the actual drawal).

7.6.2. The rest 50% of the net deficit shall be apportioned among the drawl DIC in proportion to their GNA. GNA, as per the latest notification of ISTS charges by NLDC in line with CERC Sharing of Inter-State Transmission Charges and Losses 2020 and its subsequent amendments, shall be considered for apportionment.

7.7. If during an assessment period, the net shortfall is less than Rs 100 (Hundred) Crores on an accrual basis after due offsetting the surplus, if any, from the last assessment period/period(s) as per Clause 7.5.1 of this procedure, then such calculated net shortfall shall be carried forward to next assessment period and NLDC shall publish the deficit recovery statement as per Format_ Net shortfall Recovery only when the cumulative shortfall amount exceeds Rs. 100(Hundred) crores.

7.8. NLDC shall publish the net deficit recovery statement on an All India basis as per Format_ Net shortfall Recovery and shall notify on its website.

8. Payment of net shortfall statement.

8.1. The drawee DICs shall pay the designated amount as per Format_ Net shortfall Recovery in their respective regional Deviation and Ancillary Service Pool Account within ten (10) days from the date of issue of the statement by the NLDC.

8.2. If payments by the drawee DICs are delayed beyond ten (10) days from the date of issue of the statement by the NLDC, the drawee DICs shall pay simple interest @ 0.04% for each day of delay from the due date, i.e., from 11th day onwards.

8.3. The interest statement for the same shall be published by the respective RPC based on the details provided by the concerned RLDC.

8.4. All payments received in the "Regional Deviation Pool Account Fund" of each region shall be distributed in the following sequence from the date of approval of this procedure:

8.4.1. First towards past payment yet to be settled from the week starting from 16.09.2024.

After that the remaining dues will be settled as per the following sequence.

8.4.2. Deviation charges.

8.4.3. Reactive Energy Charges.

8.4.4. Congestion charge.

8.4.5. Ancillary Services.

8.4.6. Towards normal interest payable to regional entities.

8.5. The RLDCs shall reconcile such payment with all the concerned entities within 1(one) month after the end of the financial quarter.

9. Recovery from the drawee DICs for the deficit in the pool for the period prior to 16.09.24 (Legacy dues).

9.1. Total shortfall towards payment of deviation, reactive, congestion charge, Ancillary charges, SCUC_BB, SCUC_CC, and interest payable, if any, for the period prior to 16.09.24 shall be recovered from the drawee DICs in the ratio of:

- a. 50% of the total net shortfall in proportion to their actual drawl as per SEM at the ISTS periphery. Actual drawl shall be considered as per SEM at the ISTS for the period 16.09.2023 to 15.09.2024. The methodology of calculating the actual drawl shall be the same as per clause 7.6.1 of this procedure and;
- b. The remaining 50% net shortfall shall be apportioned among the drawl DIC in proportion to their GNA. GNA, shall be considered as average GNA for the period October'23 to September'24 as per the notification of ISTS charges by NLDC in line with CERC Sharing of Inter-State Transmission Charges and Losses 2020 and its subsequent amendments, shall be considered for apportionment.

9.2. NLDC shall publish the net deficit recovery statement for the period prior to 16.09.24 as per Format_ Net shortfall Recovery_ Legacy Dues. The net shortfall shall be recovered in equal instalments on a weekly basis in such a way that the total shortfall for the period prior to 16.09.2024 shall be recovered by the end of the financial year 2024-25.

9.2.1. Provided that NLDC, on a quarterly basis, shall assess the weekly surplus available in the Deviation and Ancillary Pool Accounts on an All India basis and the amount available in the congestion amount account after payment of details mentioned in clause 5 of this procedure for the FY 2024-25 and shall offset this surplus, if any, towards the upcoming instalments of legacy dues and shall notify the revised statement and upcoming instalments on its website.

9.3. Drawee DICs are required to pay into their respective regional Deviation and Ancillary Service Pool Account within ten (10) days from the instalment due date as defined by NLDC statement as per Format_ Net shortfall Recovery_ Legacy Dues.

9.4. If payments by the drawee DICs are delayed beyond ten (10) days from the instalment due date, the drawee DICs shall be liable to pay simple interest @ 0.04% for each day of delay from the 11th day onwards, and the interest statement for the same will be published by respective RPCs.



**NLDC: Net Deviation & Ancillary Services Pool Account Deficit
Recovery Statement (Format_ Net shortfall Recovery)**

For the assessment period – dd.mm.yyyy to dd.mm.yyyy

Dated: dd.mm.yyyy

Net shortfall Amount (Rs):

50% Recovery in proportion to the drawl at the ISTS periphery (Rs):

50% Recovery in proportion to the GNA (Rs):

Week considered for drawl: from: dd-mm-yyyy to dd-mm-yyyy

GNA considered from Notification of Transmission charges payable by DICs for Billing
Month of mm-yyyy dated: dd.mm.yyyy.

Due date of payment: dd.mm.yyyy

State/DIC	Actual drawl (MU) for the week	GNA (MW)	50% in proport ion to drawl (Rs) (A)	50% in proport ion to their GNA (Rs) (B)	Total (Rs) (C = A + B)
drawee DIC...1					
drawee DIC...2					
drawee DIC....3					

State/DIC	Actual drawl (MU) for the week	GNA (MW)	50% in proport ion to drawl (Rs) (A)	50% in proport ion to their GNA (Rs) (B)	Total (Rs) (C = A + B)
drawee DIC...n					
Total					



**NLDC: Net Deviation & Ancillary Services Pool Account Deficit
Recovery Statement for period prior 16.09.2024 (Legacy Dues)
(Format_ Net shortfall Recovery_ Legacy Dues)**

Dated: dd.mm.yyyy

Net shortfall Amount in Deviation & Ancillary Services Pool Account prior to 16.09.2024 (Rs):

50% Recovery in proportion to the drawl at the ISTS periphery (Rs):

50% Recovery in proportion to the GNA (Rs):

Period considered for drawl: from: dd-mm-yyyy to dd-mm-yyyy

GNA considered from Notification of Transmission charges payable by DICs for Billing Month of mm-yyyy dated: dd.mm.yyyy

Number of instalments to be divided into: N

Table1: Proportional amount payable by Drawee DICs

State/DIC	Actual drawl (MU) For the week	GNA (MW)	50% in proportion to the drawl (Rs) (A)	50% in proportion to the GNA (Rs) (B)	Total (Rs) (C = A + B)	Per Instalment Amount (Rs.) (D = C/N)
drawee DIC...1						
drawee DIC...2						
drawee DIC....3						

State/DIC	Actual drawl (MU) For the week	GNA (MW)	50% in proportion to the drawl (Rs) (A)	50% in proportion to the GNA (Rs) (B)	Total (Rs) (C = A + B)	Per Instalment Amount (Rs.) (D = C/N)
drawee DIC...n						
Total						

Table2: Instalment date and due date of payment by Drawee DICs

Instalment Number	Instalment Date	Due date of payment by Drawee DICs
1		
2		
3		