

**JOINT ELECTRICITY REGULATORY COMMISSION
(FOR THE UT OF J&K AND THE UT OF LADAKH)
To be published in Extra-Ordinary Part III, Section 4
DRAFT NOTIFICATION**

Jammu, the _____ 2023

No. JERC-JKL/REG/2023/..... - In exercise of the powers conferred under sub-section (1) and clause (zp) of sub-section (2) of Section 181, of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf, the Joint Electricity Regulatory Commission for the UT of J&K and the UT of Ladakh hereby makes the following Regulations, namely:

1. Short title and commencement. -

- 1.1.** These regulations shall be called the Joint Electricity Regulatory Commission for the UT of Jammu & Kashmir and the UT of Ladakh (Deviation Settlement Mechanism and other Related Matters) Regulations, 2023.
- 1.2.** These Regulations except commercial arrangements, Deviation Charges, Additional Charges for Deviation, and penal action shall come into force on the date of notification of these Regulations in the Official Gazette.

Provided that the commercial arrangements specified under Clause (8) and (10) of these Regulations, and the related provisions regarding Deviation Charges, Additional Charge for Deviation, and penal actions if any, shall come into force from the date to be notified separately through the order of the Commission.

- 1.3.** These Regulations shall be applicable to the UT of Jammu & Kashmir and the UT of Ladakh in their respective Licensed areas.

2. Definitions and Interpretation -

- 2.1.** In these regulations, unless the context otherwise requires. -

- a) **‘Act’** means the Electricity Act, 2003 (36 of 2003);
- b) **‘Actual Drawal’** in a time-block means electricity drawn by a buyer, as computed or projected appropriately, as described in more detail in regulation 6, on the basis of the energy recorded by the Interface meters and other related data of losses;
- c) **‘Actual injection’** in a time-block means electricity generated or supplied by the seller, as the case by, as computed or projected appropriately, as described in more detail in regulation 6, on the basis of the energy recorded by the Interface meters and other related data of losses;
- d) **‘Area Load Despatch Centre’ or ‘ALDC’** means a Load Despatch to carry out the operating directives of the SLDC and assist the SLDC for safe Centre established by the distribution licensee operating in the UTs and integrated operation of the concerned distribution network;
- e) **‘Area Clearing Price (ACP)’** means the price of a time block electricity contract established on the Power Exchange after considering all valid purchase and sale bids in a particular area(s) aftermarket splitting, i.e. dividing the market across constrained transmission corridor(s);
- f) **‘Beneficiary’** means the person purchasing electricity generated from a generating station;
- g) **‘Buyer’** means a person, including beneficiary and distribution licensee purchasing electricity through a transaction scheduled in accordance with the relevant regulations, including those applicable for short-term open access, medium-term open access, and long-term access;
- h) **‘Central Commission’** means the Central Electricity Regulatory Commission referred to in sub-section (1) of section 76 of the Act;
- i) **‘Commission’** means the Joint Electricity Regulatory Commission for the UT of Jammu & Kashmir and the UT of Ladakh referred to in sub-section (1) of section 82 of the Act.
- j) **‘Deviation’** in a time block for a seller means its total actual injection minus its total scheduled generation and for a buyer means its total actual drawal minus its total scheduled drawal.
- k) **‘Gaming’** in relation to these regulations, shall mean an intentional mis-declaration of declared capacity by any seller or buyer in order to make an undue commercial gain through a Charge for Deviations;
- l) **‘Grid Code’** means the Grid Code specified by the Commission under clause (h) of sub-section (1) of Section 86 of the Act;
- m) **‘Interface meters’** means interface meters as defined by the Central Electricity Authority under the Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006, as amended from time to time, or any other meter as may be relevant in the specific situation;
- n) **‘Interconnection Point’** means the HV side of the pooling station (line isolator of the outgoing feeder of the HV side of the pooling S/S), which shall be the same level at which forecast and schedule need to be prepared by wind and solar generating stations for onward submission to SLDC;
- o) **‘Intra-State/UT Deviation Charges’** mean charges for deviation as specified by these regulations;

- p) **‘Open Access Consumer’** means a consumer, trader, distribution licensee or generating company who has been granted Open Access under relevant regulations;
- q) **‘Applicable Open Access Regulations’** means the JERC Goa and UTs (Connectivity and Open Access in Intra-State/UT Transmission and Distribution) Regulations, 2017.
- r) **‘Scheduled generation’** at any time or for a time block or any period means the schedule of generation in MW or MWh ex-bus given by the State Load Despatch Centre;
- s) **‘Scheduled drawal’** at any time or for a time block or any period time block means schedule of despatch in MW or MWh ex-bus given by the State Load Despatch Centre;
- t) **‘Seller’** means a person, including a generating station and distribution license, supplying electricity through a transaction scheduled in accordance with the relevant regulations applicable for short-term open access, medium-term open access and long-term open access;
- u) **‘UTs Entity/Constituent’** means such a person who is in the SLDC control area and whose metering and energy accounting is done at the UTs level and as described in more detail in regulation 4 of these regulations;
- v) **‘State Load Despatch Centre’** means the centre established under sub-section (1) of section 31 of the Act, responsible for coordinating the scheduling of the buyers and the sellers in accordance with the provisions of the JERC for the UT of J&K and the UT of Ladakh (State/UT Grid Code) Regulations, 2023;
- w) **‘State Grid’** means the Intra-State/UT Transmission System/ network owned by the State/UT Transmission Utility (STU)/transmission licensee(s) and/or the EHV/High Voltage Distribution System/ network owned by the distribution licensee(s) within the UTs;
- x) **‘UTs Periphery’** means, except in situations which may warrant any other treatment in specific cases, the interconnection points of the transmission system of the STU with the transmission system of the CTU; or with any other inter-state/UT Transmission system not owned by any Entity; or with the generation bus-bar of the joint sector projects from where power is supplied to the distribution licensee through the STU system;
- y) **‘STU Periphery’** means the interconnection point between the transmission system of the STU with the distribution system of the distribution licensee;
- z) **‘UTs’** means Union Territory of Jammu & Kashmir and Union Territory of Ladakh.
- aa) **‘Time-block’** means a time block of 15 minutes, for which specified electrical parameters and quantities are recorded by special energy meter, with first time block starting at 00.00 hrs.:
- bb) Provided that the Commission may revise the duration of the time block to 5 minutes, or any other duration, from the date to be notified by it from time to time;
- cc) **‘Week’** means a period of seven continuous days beginning at 00 hrs. of each Monday or as reckoned by the Northern Regional Power Committee (NRPC) for preparing weekly deviation accounts.
- 2.2. The words and expressions used in these regulations and not defined herein, but defined in the Act or the regulations issued by the Commission, shall have the meanings assigned to them in the Act or in such regulations issued by the Commission; the words and expressions used herein but not specifically defined in these regulations or in the Act, but defined under any law, passed by a competent Legislature and applicable to the electricity industry in the UTs, shall have the meanings assigned to them in such law; the words and expressions used herein, but not specifically defined in the regulations or in the Act or any law passed by a competent Legislature, shall have the meanings as are generally assigned to them in the electricity industry.
3. **Objective. -**
The objective of these regulations is to maintain grid discipline and grid security as envisaged, under the Central Electricity Regulatory Commission Grid Code Regulations and Joint Electricity Regulatory Commission for the UT of Jammu & Kashmir and the UT of Ladakh (State/UT Grid Code) Regulations, 2023 in force through the commercial mechanism for Deviation Settlement through drawal and injection of electricity by the users of the grid.
4. **Scope. -**
- 4.1. These regulations shall be applicable to the buyers and the sellers i.e. the distribution licensee(s), State/ UTs Sector Generating Stations and Open Access Customers connected to the State/UT Grid:
Explanation: - The sellers selling power to a person forming the UTs Entity, including the distribution licensee, on regular basis shall not be considered as separate UTs Entity in relation to such sale of power under regular arrangement and the availability of power from the such sources shall be accounted for by the UTs Entity purchasing such power for all intents and purposes. However, in case only a part of the total energy sales by a seller is being sold under regular arrangement and balance part is sold to any other person, not forming a UTs Entity of the UTs, such seller shall be considered as a separate UTs Entity in relation to sale of such balance portion. Accordingly, the generating stations selling the entire saleable energy to the distribution licensee shall not be treated as the UTs Entities for the purpose of scheduling and dispatching.
- 4.2. Renewable Energy Generation Sources namely SHPS, Wind, Solar, Bio-mass, Cogeneration, Biogas etc.

connected to the State/UT Grid and selling power within or outside the State/UT are excluded from these Regulations till such time the Commission decides to bring them under the ambit of Deviation Settlement Mechanism (DSM). However, all Renewable Energy Generation Sources connected at 11 kV and above the voltage level of the State/UT Grid shall submit their schedule to SLDC enabling it to prepare a despatch schedule.

- 4.3. The Generating Stations including Renewable Energy Generation Sources directly connected to the Inter-State/UT Transmission network and supplying power outside the UTs shall be governed by CERC (Deviation Settlement Mechanism and Related Matters) Regulations, in force.

5. Applicability

- 5.1 These Regulations shall apply to the Seller(s) and Buyer(s) involved in the transactions facilitated through short-term open access or medium-term open access or long-term access using intra-State/UT transmission system (InSTS) and/or distribution system of electricity (and when such Intra-State/UT system is used in conjunction with Inter-State/UT Transmission System), subject to the following conditions:

- a) Deviation Settlement Mechanism under these Regulations shall be applicable for all Seller(s) having installed capacity above 5 MW (or such other threshold capacity), excluding renewable energy generators, open access generators, captive generators (excluding in-situ captive generators) connected to intra-State/UT transmission system;

Provided that, the revision in the threshold capacity limit shall be separately notified by the Commission in stages considering implementation issues;

- b) The Deviation Settlement Mechanism under these Regulations shall be applicable for all Buyer(s) including distribution licensee(s), deemed distribution licensee(s) located in the UTs and full open access consumers connected to intra-State/UT Transmission System (InSTS);

Provided that, Deviation Settlement of partial open access consumers connected to the Intra-State/UT Transmission System and all open access consumers connected to the distribution network shall be in accordance with the provisions of the Open Access Regulations;

Provided further that, in case of full open access consumers connected to InSTS and availing standby power under Open Access Regulations, the over drawal during the period of standby power shall be dealt as per the Open Access regulations.

6. Principles for Operationalizing Deviation Settlement Mechanism. -

The framework for the Deviation Settlement Mechanism shall cover the following key design parameters: -

- a) Scheduling period;
- b) Premise for least cost despatch;
- c) Operating range of frequency;
- d) Consolidated scheduling of all the Entities at the State periphery;
- e) Deviation;
- f) Settlement period;
- g) Measurement unit for State Deviation Pool;
- h) Deviation Pool Price Vector;
- i) Deviation Volume Limit;
- j) Premise for allocation of losses;
- k) Submission of data by the generating station not considered as the Entities;
- l) Procurement of un-requisitioned surplus (URS) in the interest of the State Grid;
- m) Congestion Charges; and
- n) Downloading/recording of SEMs and timely communication of data to the SLDC.

- a) **Scheduling Period:** The scheduling period shall comprise of 96-time blocks, each of 15-minute duration starting from 00:00 hours (IST) ending with 24:00 hours (IST). The first-time block of scheduling period shall commence from 00:00 hours (IST) to 00:15 hours (IST), second time block of scheduling period shall commence from 00:15 hours (IST) to 00:30 hours (IST) and so on:

Provided that from the date to be notified by it, the Commission may revise the scheduling period to 288-time blocks, each of 5-minute duration starting from 00:00 hours (IST) ending with 24:00 hours (IST). Accordingly, the Interface Metering, Energy Accounting and Deviation Settlement should be capable to undertake transactions with 5-minute duration. All future resource planning, IT and communication system requirement and infrastructure development shall be undertaken to cater to this requirement.

- b) **Guiding Principles for Scheduling and Despatch:** All the Sellers and Buyers under these Regulations shall be guided by the scheduling and despatch procedure to be formulated by the SLDC in accordance with the provisions of the State/UT Grid Code and amendments thereof. The scheduling and despatch code thereon shall be governed by the following principles:
- i. Based on the availability given by generators (Sellers) and load requirement forecasted by Buyers, the SLDC shall draw up the least cost despatch schedule on Day Ahead basis for the Entities in accordance with the merit order principles as specified in the State/UT Grid Code or the guidelines as may be approved by the Commission separately, if required, in accordance with the JERC for the UT of J&K and the UT of Ladakh (State/UT Grid Code) Regulations, 2023.
 - ii. Wheeling transactions of captive users and open access consumers shall be despatched as contracted, subject only to transmission constraints and system emergency conditions.
- c) **Premise for least cost despatch:** Based on the availability schedule forecasted by generating stations (Sellers) and load requirement forecasted by Buyers, the SLDC shall draw up the least cost despatch schedule on Day Ahead basis for the Entity(ies) in accordance with the merit order principles as applicable, or approved by State/UT Commission, from time to time:

Provided that wheeling transactions of captive users and open access consumers shall be despatched as contracted subject only to transmission and Distribution system constraints and system emergency conditions.

- d) **Operating Range of frequency:**
- i. The normal operating range for average grid frequency for the time block shall be in line with the range stipulated under Grid Code from time to time (viz. 49.90 Hz to 50.05 Hz). While the normal operating range of average frequency as per Grid Code has been stipulated as 49.90 Hz to 50.05 Hz, the deviation price vector has been specified under Regulations 8 and 10 for the frequency range of 49.85 Hz to 50.05 Hz;
 - ii. No over-drawal or under-injection shall be allowed when grid frequency is below 49.85 Hz and no under-drawal or over-injection shall be allowed when grid frequency is above 50.05 Hz; and
 - iii. During the time blocks when frequency is 49.7 Hz and above but below 50.05 Hz, the variation to the extent of +/- 12 % shall be permissible for the purpose of additional deviation charges, subject to payment of deviation charges:

Provided that in case of, -

- a) Over drawal/under injection by an Entity(ies) during 12 such time blocks, immediately preceding any given time, in which the frequency remained less than 49.9 Hz; or
- b) Under drawal/over injection by an Entity(ies) during 12 such time blocks, immediately preceding any given time, in which the frequency was more than 49.9 Hz;

Such Entity(ies) shall take immediate steps, to reverse the sign of deviation and in case of repeated failures by any Entity(ies) to reverse the sign of deviation, the SLDC may also issue appropriate directions to such Entity(ies), apart from taking suitable remedial measures to avoid such situations.

Explanation: The period of 12-time blocks shall be counted after ignoring the time blocks in which the frequency is beyond the limits stipulated in item (i) or (ii), as the case may be.

- e) **Consolidated scheduling of all the Entity(ies) at the State/UT periphery:** The injection/drawal schedules of the Entity(ies), other than the distribution licensee, shall be prepared with reference to their respective injection/drawal points in the State/UT and shall, for the purposes like preparation of consolidated schedule for the State/UT as a whole, accounting, computation and recovery of various charges under these regulations etc., be projected to the State/UT periphery by loading applicable transmission and distributed losses of the STU and distribution licensee, as applicable:

Provided that in cases involving sale of energy by the generating stations directly connected to the distribution system of the distribution licensee to the retail consumers of distribution licensee procuring power from such generating stations through intra-State/UT open access without involving STU system under the normal scheme of flows, the transmission losses of the STU shall not be loaded to their respective injection/drawal schedules for projecting the same to the State/UT periphery:

Provided further that the distribution licensee shall give its net schedule w.r.to the STU periphery which shall be projected to the State/UT periphery by loading the transmission losses of the STU:

Provided further that all the charges specified in these regulations shall be levied based on the data at the State/UT periphery.

- f) **Deviation:** For the purpose of Deviation settlement amongst Entity(ies), the SLDC shall work out the "Deviation Pool Accounts" comprising over-drawal/under-drawal and over-injection/under-injection for each

Entity(ies) corresponding to each Scheduling period in accordance with the principle that the deviation in a time-block for a Seller means its total actual injection minus its total scheduled generation and for a Buyer means its total actual drawal minus its total scheduled drawal.

- g) **Settlement Period:** Preparation and settlement of Deviation Pool Accounts shall be undertaken on a weekly basis coinciding with mechanism followed for regional energy accounts. The SLDC shall also prepare and issue detailed statements as per Regulation along with such accounts.
- h) **Measurement Unit for Deviation Pool Account:** The measurement unit for the State/UT Deviation Pool Account for Volume shall be kilowatt hours (kWh) and for Value (payable and receivable) shall be in Indian Rupees (INR). The decimal component of the energy unit (kWh) and amount (INR) shall be rounded off to the nearest integer value. In addition, the interface meters and the state/UT energy account shall capture the reactive energy exchange over interface points, however, the reactive energy pricing framework and compensation for reactive energy exchange shall be dealt with separately.
- i) **Deviation Pool Price Vector:** For the purposes of deviation settlement amongst the Entity(ies), the SLDC shall work out deviation comprising over-drawal/under-drawal and over-injection/ under-injection for each Entity(ies) corresponding to each scheduling period. Charges for Deviation shall be in accordance with these regulations.
- j) **Deviation Volume Limit:** To ensure grid discipline and grid security, conditions for Deviation Volume Limit and consequences of exceeding such Deviation Volume Limit by way of levy of Additional Charges for Deviation as specified under Regulation 10 shall be applicable.
- k) **Premise for allocation of losses:** For the purpose of Deviation Pool accounting, intra-State/UT transmission system losses and distribution losses, as approved by the Commission, shall be applicable to the Entity(ies) using the State/UT network on their actual drawal/injection:

Provided that the State Load Despatch Centre shall maintain account of actual intra-State/UT transmission system loss for each time block and publish a reconciliation statement of 52 weekly average loss vis-à-vis approved loss by the Commission on its website.

- l) **Submission of data by generating stations :** Such generating stations as are selling entire saleable energy to the distribution licensee and are not considered as separate Entity(ies) in view of explanation under regulation 4, shall submit their projections/estimates and other online and offline data as may be required by the ALDC so as to enable the ALDC to prepare consolidated schedule of the distribution licensee and also to keep SLDC updated on the information relating to the distribution licensee, including such generating stations.
- m) **Procurement of URS in the interest of the State/UT Grid:** In the event of a sudden fall in availability of one or more Entity(ies) by more than 20 MW for any individual Entity(ies), if the concerned the State/UT generator has not already initiated any steps, or is not entitled, to revise his schedule, the SLDC may, in the interest of grid security, procure, under intimation to such Entity(ies), URS from the concerned generating stations for such time blocks as it may feel appropriate duly keeping in view the main objectives that no energy cuts should be imposed in the UTs, as far as possible, and also that the grid parameters must be maintained within the permissible limits:

Provided that the SLDC shall, within 90 days of notification of these regulations, develop an uniform procedure, keeping in view the various possible situations under which URS are to be arranged and also incorporating the broad principles which shall be followed by it while procuring URS for any Entity(ies):

Provided further that in the uniform procedure to be developed by the SLDC, it may also spell out the broad situations under which it may procure URS even for the individual Entity(ies) whose cases fall in availability does not exceed 20 MW:

Provided further that till such time such uniform procedure is evolved, the SLDC shall procure URS only after,

- (1) Prior consultation with the concerned Entity in cases where the rate of URS at UTs periphery is equal to or less than 824.04 paise/kWh; and
- (2) Obtaining the consent of concerned Entity in cases where the rate of URS at UTs periphery exceeds 824.04 paise/kWh:

Provided further that while procuring URS on behalf of more than one Entity(ies), the SLDC shall duly indicate the share (quantum and rate) of each such Entity(ies) at the time of such procurement and shall also subsequently reflect the same in the weekly/monthly accounts statement showing the share of each Entity(ies) in the quantum of URS procured by it:

Provided further that the SLDC shall also, apportion, within 5 days from the date of issue of monthly accounts, whether provisional or final or revised, by NRPC for any month, the total energy booked for the UTs amongst

concerned Entity(ies) on the aforesaid lines:

Provided further that the distribution licensee, or any other Entity(ies), may also, of its own, procure URS under intimation to the SLDC and in that event the SLDC shall duly apportion such URS to that Entity(ies).

- n) **Congestion Charges:** If any, congestion charges are payable/receivable by the SLDC depending upon the real-time behavior of the UTs in line with the Central Electricity Regulatory Commission (Measures to relieve congestion in real-time operation) Regulations, 2009, the SLDC shall reflect the amount of congestion charges in the weekly accounts statement showing the share of each Entity(ies) on the basis of deviation by each user calculated for each time block:

Provided that the SLDC shall apportion congestion charges within three days from the date of issuance of Congestion Charges Account from NRPC and each Entity(ies) shall pay the amount indicated in the account within 7 (seven) days of issuance of such account by the SLDC. Any delays in payment shall be dealt as per regulation 14.

- o) **Downloading/recording of SEMs and timely communication of data to the SLDC:** Meter data downloading/reading of the interface Special Energy Meters (SEMs), or any other meters as appropriate, as required by the SLDC, shall be taken by the authorized officers of the transmission licensee or the distribution licensee, as the case may be, on weekly basis (on every Monday for preceding week (00:00 Hrs. of Monday to 24.00 Hrs. of Sunday) and shall supply the same to the SLDC by Tuesday. Any change in multiplication factor or CT/PT ratio setting shall also be recorded. The downloaded data in the electronic form and hardcopy printout along with a statement of consumption as recorded by the Main, Check SEMs and, in case of the consumers of the distribution licensee, the ToD meter also, duly authenticated by the concerned Sr. Executive Engineer of the concerned licensees, shall be sent to the SLDC for preparation of Intra State/UT Deviation Settlement account of the Entity(ies):

Provided that in cases where the Entity(ies), other than the transmission licensee/the distribution licensee, expresses its intention to associate itself in the process of downloading/reading of SEMs, the authorized representative of such Entity(ies) shall also be associated in the process:

Provided further that if the representative of the concerned Entity(ies) does not turn up at the scheduled time of downloading/taking such readings of SEMs, the authorised officer of the transmission licensee/the distribution licensee, as the case may be, shall download/take the readings and submit the same to the SLDC under intimation to the concerned Entity(ies):

Provided further that the SLDC may issue, on the need based, detailed instructions in this regard to all the Entity(ies).

7. Declaration, scheduling and elimination of gaming. -

- 7.1. The provisions of the JERC for the UT of J&K and the UT of Ladakh (State/UT Grid Code) Regulations, 2023, and JERC for the UT of J&k and the UT of Ladakh (Connectivity and Open Access in Intra-State/UT Transmission and Distribution) Regulations, in force and other appropriate regulations as may be relevant, as amended from time to time, shall be applicable for declaration of capacity, scheduling, and elimination of gaming.
- 7.2. The generating stations, as far as possible, shall generate electricity as per the day-ahead generation schedule finalized by the State Load Despatch Centre in accordance with the JERC for the UT of J&K and the UT of Ladakh (State/UT Grid Code) Regulations, 2023:

Provided that the revision in the generation schedule on the day of operation shall be permitted, in accordance with the procedure specified under the Joint Electricity Regulatory Commission for the UT of J&K and the UT of Ladakh (State/UT Grid Code) Regulations 2023 as amended from time to time.

- 7.3. The QCA shall coordinate the aggregation of the schedule of all generators connected to a pooling station or selling power to the distribution licensee and communicate it to the SLDC. The QCA shall undertake all commercial settlements on behalf of the renewable energy generator(s) connected to the respective pooling station(s) or selling power to the distribution licensee.
- 7.4. The Commission, either suo-motu, or on a petition made by SLDC or any affected party, may initiate proceedings against any Entity(ies) namely the generator, distribution licensee, Open Access consumer etc. on charges of gaming and, if required, may order an inquiry in such manner as decided by the Commission. When the charge of gaming is established in the aforesaid inquiry, the Commission may, without prejudice to any other action under the Act or Regulations made there under, disallow any Charges for Deviation received by such Entity(ies) during the period of such gaming.

8. Charges for Deviations. -

- 8.1. The Charges for Deviation 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, which are Entity(ies), and shall be worked out on the average frequency of a time-block by considering the Price Vector for Deviation Charges as specified in the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) Regulations, 2014, as amended from time to time.

- 8.2.** The charges for the Deviations for each time-block, payable for over drawl by the buyer and for under-injection by the seller; and receivable for under-drawl by the buyer and for over-injection by the seller; shall be worked out on the average frequency of that time-block at the rates specified in the Table-1 below as per the provisions specified in these Regulations:

Table 1: Frequency-based Charges for Deviation

Average Frequency of the time block (Hz)		Charges for Deviation (Paise/kWh)
Below	Not Below	
	50.05	0.00
50.05	50.04	1xP/5
50.04	50.03	2xP/5
50.03	50.02	3xP/5
50.02	50.01	4xP/5
50.01	50.00	P
50.00	49.99	50.00+15xP/16
49.99	49.98	100.00+14xP/16
49.98	49.97	150.00+13xP/16
49.97	49.96	200.00+12xP/16
49.96	49.95	250.00+11xP/16
49.95	49.94	300.00+10xP/16
49.94	49.93	350.00+9xP/16
49.93	49.92	400.00+8xP/16
49.92	49.91	450.00+7xP/16
49.91	49.90	500.00+6xP/16
49.90	49.89	550.00+5xP/16
49.89	49.88	600.00+4xP/16
49.88	49.87	650.00+3xP/16
49.87	49.86	700.00+2xP/16
49.86	49.85	750.00+1xP/16
49.85		800

Where P is the Daily Simple Average Area Clearing Price (SAACP) in paisa per kWh.

Notes: -

- The Deviation Settlement Mechanism (DSM) rate vector will have a dynamic slope determined by joining the identified price points at 50 Hz. (daily simple average ACP), frequency of 49.85 Hz (₹8 per unit) and 50.05 Hz (zero) on a daily basis.
- The maximum ceiling limit applicable for average Daily ACP discovered in the DAM segment of Power Exchange at 50.00 Hz shall be 800 Paise/kWh.
- The formulae have been devised in a manner which ensure that the Charges for deviation for each 0.01 Hz step shall be equivalent to the Slope determined by joining the price at 'Not below 50.05 Hz' and 'identified price at 50.00 Hz' in the frequency range of 50.05-50.00 Hz, and to the Slope determined by joining the 'price identified at 50.00 Hz' and price at 'below 49.85 Hz' in frequency range 'below 50 Hz' to 'below 49.85 Hz'.
- In case of non-availability of daily SAACP due to no-trade on a given day, daily SAACP of the last available day shall be considered for determining the DSM charges as per Table-1.
- Deviation price shall be rounded off to nearest two decimal places.

Provided that, -

- The receivables against the charges for the Deviation for the under drawal by the buyer in a time block in excess of 12% of the schedule shall be zero;
- Provided that in case of distribution licensee, when the absolute value of Schedule in a time block is less than or equal to 300MW, the charges for deviation for the under drawal in excess of 36 MW, shall be zero.” and
- The receivables against the charges for the Deviation for the over-injection by the seller in a time block in excess of 12% of the schedule shall be zero, except in case of injection of infirm power, which shall be governed by the sub-regulations (3) & (4) of this regulation, as the case may be.

- 8.3.** The charges for Deviation may be reviewed by the Commission from time to time either suo-moto or on receipt

of a comprehensive proposal from SLDC.

- 8.4.** In cases where treatment of infirm power has been included in the PPA, or in any other agreement, or the provision for treatment of such power are already provided in any of the regulations, the same shall be governed by such conditions or provisions.
- 8.5.** In cases not covered under sub-regulation (3), the infirm power injected into the grid by a generating unit or a generating station during the testing, prior to Commercial Operation Date (COD) of the unit, shall be paid at charges for deviation for infirm power injected into the grid, consequent to testing, for a period not exceeding 6 months, or for extended time allowed by the Commission, subject to a ceiling of cap rate of ₹1.78/kWh sent out in case of hydro/wind/solar/MSW generation.

9. Limits on Deviation Volume. -

- 9.1.** The over-drawal/under-drawal of electricity by any buyer during the time block shall not exceed 12% of its scheduled drawal when grid frequency is “49.85 Hz and above” but “below 50.05Hz”:

Provided that no over-drawal of electricity by any buyer shall be permissible when grid frequency is “below 49.85 Hz” and no under-drawal of electricity by any buyer shall be permissible when grid frequency is “50.05 Hz and above”.

- 9.2.** The under-injection/over-injection of electricity by a seller during a time- block shall not exceed 12% of the scheduled injection of such seller, when the frequency is “49.85 Hz and above but below 50.05 Hz”:

Provided that no under injection of electricity by a seller shall be permissible when the grid frequency is "below 49.85 Hz" and no over injection of electricity by a seller shall be permissible when grid frequency is "50.05 Hz and above”:

Provided further that any injection of infirm power by a generating station prior to COD of a unit during testing and commissioning activities shall be exempted from the volume limit specified above for a period not exceeding 6 months or the extended time allowed by the Commission:

Provided further that any drawal of power by a generating station prior to COD of a unit for the startup activities shall be exempted from the volume limit specified above when grid frequency is “49.85 Hz and above”.

10. Additional charges for crossing Deviation Volume Limits. -

- 10.1.** In addition to charges for Deviation as stipulated under Regulation 8 of these regulations, additional charges for Deviation shall be applicable for incremental over-drawal as well as under-injection of electricity for each slab in respect of each time block in excess of the volume limit specified in regulation 9 above, when average grid frequency of the time block is “49.85 Hz and above but up to 50.05 Hz” at the rates specified in the Table-2 below.

Table 2: Additional Charges for Deviation beyond the limits on Deviation Volume

Sr. No.	Deviation Volume	Additional Charges
1.	For over drawal of electricity by any buyer in excess of 12% and up to 15% of the schedule in a time block	Equivalent to 20% of the charge for Deviation corresponding to average grid frequency of the time block.
2.	For over drawal of electricity by any buyer in excess of 15 % and up 20% of the schedule in a time block	Equivalent to 40% of the charge for Deviation corresponding to average grid frequency of the time block.
3.	For over drawal of electricity by any buyer in excess of 20 % of the schedule in a time block	Equivalent to 100% of the charge for Deviation corresponding to average grid frequency of the time block.
4.	For under injection of electricity by any seller in excess of 12% and up to 15% of the schedule in a time block	Equivalent to 20% of the charge for Deviation corresponding to average grid frequency of the time block.
5.	For under injection of electricity by any seller in excess of 15% and up to 20% of the schedule in a time block	Equivalent to 40% of the charge for Deviation corresponding to average grid frequency of the time block.
6.	For under injection of electricity by any seller in excess of 20% of the schedule in a time block	Equivalent to 100% of the charge for Deviation corresponding to average grid frequency of the time block.

Provided that any drawal of power by a generating station prior to the COD of a unit for the startup activities shall be exempted from the levy of additional charges of Deviation.

- 10.2. In addition to the Charges for Deviation as specified under regulation 8 of these regulations, additional charge for Deviation shall be payable for the over-injection and/or under-drawal of electricity for each time block by a seller and/or buyer, as the case may be, when grid frequency is "50.10 Hz and above" at the rate of 178 paise per kWh.
 - 10.3. In addition to the charges for Deviation as stipulated under regulation 8 of these regulations, an additional charge for Deviation shall be payable for over-drawal and/or under-injection of electricity for each time block by a buyer and/or seller, as the case may be, when grid frequency is "below 49.85 Hz" and the rate for the same shall be equivalent to 100% of the charge for Deviation corresponding to the grid frequency of "below 49.85 Hz" i.e. 824.04 Paise/kWh.
- 11. Contravention of the limits and uploading of records on website. -**
- 11.1. Payment of charges for Deviation under Regulation 8 and the additional charges for Deviation under regulation 10, shall be levied without prejudice to any action that may be considered appropriate by the Commission under Section 142 of the Act for contravention of the limits of over-drawal/under drawal, or under-injection/over-injection, as specified in these regulations, for each time block or in case of violation of any other provisions of these regulations.
 - 11.2. The charges for over-drawal/under-injection and under-drawal/over- injection of electricity shall be computed by the SLDC.
 - 11.3. The SLDC shall, on weekly basis prepare and publish on its website, the records of the Deviation Accounts quantifying the over-drawal/ under- injection and over injection/under drawal and corresponding amount of charges for Deviation payable/receivable for each buyer and seller for all the time-blocks when grid frequency was "49.85 Hz and above" and "below 49.85 Hz" separately.
 - 11.4. The SLDC shall also submit quarterly reports to the Commission indicating summary of the grid behavior and discipline maintained by the Entity(ies) along with the details of any significant reportable events and the suggestions, if any, in regard to the matters concerning grid discipline.
- 12. Compliance with instructions of State Load Despatch Centre. -**
- Notwithstanding anything specified in these regulations, the sellers and the buyers shall strictly follow the instructions of the SLDC on injection and drawal in the interest of grid security and grid discipline.
- 13. Treatment of Infirm Power and Start Up Power Prior to COD**
- 13.1. Any infirm injection of power by a generating station prior to the COD of a unit during testing and commissioning activities shall be exempted from the volume limit as specified in regulation 10 above for a period not exceeding six months or the extended time as may be allowed by the Commission.
 - 13.2. Any drawal of power by a generating station prior to the COD of a unit for the start-up activities shall be exempted from the volume limit as specified in regulation when the grid frequency is "49.85 Hz and above".
 - 13.3. Any drawal of power by a generating station prior to the COD of a unit for the start-up activities shall be exempted from the levy of Additional Charges for Deviation.
- 14. Framework for Operationalisation and Monitoring of Deviation Settlement Mechanism**
- 14.1. The SLDC shall develop and implement the required software and interact with all entities to understand the difficulties or concerns of entities. The SLDC shall implement a mock trial run operation of the DSM software and intimate the results to the Commission, not later than 12 months' period from the implementation of these Regulations. Further SLDC shall submit the progress in this regard after completion of each quarter to the Commission.
 - 14.2. The SLDC shall develop and publish on its website procedure and methodologies for the computation of Charges for Deviation and Additional Charges for Deviation for each entity for crossing the volume limits specified for under-drawal/over-injection and for over-drawal/under-injection respectively.
 - 14.3. The charges for over-drawal/under-injection and under-drawal/over-injection of electricity shall be computed by the SLDC in accordance with the methodology used for preparation of "State/UT Energy Accounts."
 - 14.4. The SLDC shall, on weekly basis, prepare and publish on its website the records of the Deviation Accounts, specifying the quantum of over-drawal/under-injection and the corresponding amount of Charges for Deviation payable/receivable for each Buyer and Seller for all the time-blocks when the grid frequency is "49.85Hz and above" and "below 49.85" Hz separately.
- 15. Accounting of Charges for Deviation and Billing. -**
- 15.1. The SLDC shall prepare the State/UT Energy Accounts on monthly basis. In addition, the SLDC shall, on weekly basis, also -

- (i) prepare statements showing the amount payable and receivable, separately for deviation charges under regulation 8 and additional charges for Deviation under regulation 10, by each Entity;
 - (ii) In case, for any week, the total amount recoverable from the various Entity(ies) separately for deviation charges as per regulation 8 and sub-regulation (1) of regulation 10 falls short of the total amount payable separately in respect of any one or both of the aforesaid two items for the UTs as a whole as per the bill(s) raised by the NRLDC/NRPC, the amount recoverable from each Entity for each of two such items shall be increased in proportion to the amount recoverable from each Entity as per regulation 8 and sub-regulation (1) of regulation 10 so as to cover up such shortfall fully in respect of each of the aforesaid two items;
 - (iii) reflect other requisite details as it may consider appropriate in such statement;
 - (iv) devise suitable formats for preparing and reflecting the accounts/ payments detail in a fair and transparent manner; and
 - (v) the statements of Deviation charges on weekly basis and other details as above, as prepared by it, to all Entities for the seven-day period ending on the previous Sunday mid-night, within 3 days of issuance of bills by the NRLDC/NRPC.
- 15.2.** The SLDC shall also prepare and raise the weekly bills on its Entities, including distribution licensee also for the Deviation charges as well as the additional charges for Deviation, congestion charges, if any, as per clause (n) under regulation 6 and any other charges as due showing appropriate details, including the adjustments on account of shortfall if any as per item (ii) under sub-regulation (1), separately in respect of each of the items such as the charges under regulation 8 and each of the three sub-regulations under regulation 10.
- 15.3.** All payments on account of charges for Deviation including additional charges for Deviation levied under regulations, and interest, if any, received for late payment, shall be credited to the fund called “the State/UT Deviation Pool Account” which shall be opened, maintained and operated by the State Load Despatch Centre in accordance with provisions of these regulations:

Provided that, -

- (i) The Commission may, by order, direct any other entity to operate and maintain the “State/UT Deviation Pool Account”; and
 - (ii) Separate books of accounts shall be maintained by the SLDC for the principal component and interest component of charges for Deviation and each component of the additional charges for Deviation.
- 15.4.** All payments received in “the State/UT Deviation Pool Account” shall be apportioned on weekly basis in the following sequence, namely: -
- (i) first towards any cost or expense or other charges incurred on recovery of charges for Deviation.
 - (ii) next towards over dues or penal interest, if applicable.
 - (iii) next towards normal interest.
 - (iv) towards charges for Deviation, additional charges for Deviation and congestion charges.
 - (v) Lastly towards the defaulting amount recoverable by the SLDC from the concerned Entity under sub-regulation (15.4) of regulation 15 in respect of the relevant timeframe starting from the date on which the matter is referred by the distribution licensee to the SLDC.
- 15.5.** The amounts received in “the State/UT Deviation Pool Account” shall be utilized by the SLDC for payment of the consolidated bill(s) for the Deviation charges, the additional charges for Deviation and the congestion charges raised by the NRLDC/NRPC on distribution licensee/ SLDC for the UT as whole and also for making payments to any other UT Entities who may be entitled to the same in accordance with the Statement of Accounts issued under sub-regulation(1):

Provided that, as provided in regulation 15, the surplus balance, if any, in “the State/UT Deviation Pool Account” shall be retained in the said account and shall be utilized in a manner as may be approved/ directed by the Commission from time to time.

- 15.6.** The amount(s) billed by the NRLDC/NRPC generating stations to the distribution licensee on account of the supply of URS shall be paid by the distribution licensee, who shall, in turn, recover the same from other Entity(ies) to the extent such URS were procured on behalf of such other Entities in accordance with the Statement of Accounts issued by SLDC in accordance with sub-regulation (15.1).
- 15.7.** The bills raised by the distribution licensee as per sub-regulation (6) shall be payable by the concerned Entities within 15 days of issuance of such bills failing which interest shall be payable at the same rate as specified in regulation 15 for late payment:

Provided that if any of such bill(s) remain unpaid even after expiry of 120 days from the date of raising such bill, the distribution licensee may refer the matter to the SLDC, who shall then recover the same, along with interest for each day starting from the date of expiry of the grace period of 15 days till the date of payment/settlement from the defaulting Entity, by allocating suitable priority under sub-regulation (4) of this regulation, or by

operating LC or otherwise and the amount, so recovered, together with interest for late payment starting from the date or which it was originally due, shall be credited to the account of the distribution licensee.

- 16. Special provisions for Open Access Customer who are also retail Consumers of the distribution licensee.**
In case of the Open Access Customers who are also retail consumers of the distribution licensee, the following special provisions shall be applicable, namely: -
- 16.1.** A consumer who meets part of his requirement through open access and balance through supply of power by the distribution licensee, shall be entitled to draw the total power within its sanctioned contract demand irrespective of its purchase of power through open access. However, where the consumer has revised his contract demand temporarily within the total sanctioned contract demand as per the provisions of the Supply Code and relevant tariff order, he shall be entitled to draw power within such revised contract demand only until he further revises the contract demand. In case the consumer desires to draw power in excess of his sanctioned contract demand, he shall have to get his sanctioned contract demand increased in accordance with the provisions of the Supply Code and other relevant regulations notified by the Commission from time to time;
- 16.2.** Demand charges shall be payable by the consumer on the sanctioned contract demand/revised contract demand irrespective of its purchase of power through open access, to the licensee as per relevant Schedule of the tariff order. The additional charges on the average demand (₹./kVA/month) during peak load hours shall also be payable on the basis of the total consumption during the peak load hours in respect of the billing month irrespective of the quantum of energy availed through open access or otherwise;
- 16.3.** Consumers availing short term open access shall submit the schedule only for drawal of power through open access and no schedule for drawal of power as a normal consumer of distribution licensee shall be required;
- 16.4.** The total recorded drawal by the consumer for the different tariff blocks (i.e. peak, night and normal hours) in the billing month shall be reduced by the total scheduled entitlement for various time blocks in the respective tariff blocks in the billing month as per the schedules under open access arrangement, irrespective of actual drawal by the consumer in the respective time blocks, but subject to the provisions under the succeeding item. The balance energy shall be treated as supplied by the distribution licensee to the consumer as per the relevant tariff order of the Commission. This shall be subject to the condition that if the quantum of such balance energy works out to a negative figure in any time block, the energy supplied by the distribution licensee to the consumer in that time block shall be considered as zero and the remaining unadjusted energy for that time block shall be adjusted as per the succeeding item. In case the total drawal, including the same under the open access arrangement, exceeds the sanctioned contract demand or the reduced contract demand, as applicable, at any time during the billing period, such over drawal shall be considered as violation of the contract demand in accordance with the provisions of normal schedule of tariff and the contract demand violation charges shall also be charged accordingly in addition to the energy charges as per the schedule of tariff;
- 16.5.** In case of time blocks where the total recorded drawal of the consumer is less than the scheduled entitlement of the consumer in that time block, the SLDC shall account for such under drawal by the consumer in its accounts and compute the amounts payable/ receivable by that consumer under regulations 8 and 10 separately. The payable/ recoverable amounts so worked out by the SLDC shall be payable/recoverable by the consumer directly to/from the SLDC without involving the monthly billing for that consumer under the retail tariff. The distribution licensee shall not make any adjustment on this account in the monthly bills. However, the consumer shall not be entitled to any relief in the demand charges on account of any such under drawal;
- 16.6.** The consumer will, however, continue to be governed by the Supply Code and relevant Schedule of Tariff order approved by the Commission; and
- 16.7.** For the purposes of energy accounting, adjustments and billing, the energy scheduled (computed in kWh), under open access to the consumer of distribution licensee, as projected at the point of supply to that consumer, shall be converted into kVAh by adopting the actual average power factor as recorded in/calculated from special energy meter data for each 15 minutes' time block.
- 17. Schedule of Payment of Charges for Deviation. -**
- 17.1.** The payment of charges for Deviation, the additional charges for Deviation, congestion charges or any other charges payable as per the SLDC's statement shall have a high priority and the concerned buyer/seller shall pay the indicated amounts within 7 (Seven) days of the issue of statement of charges for Deviation including additional charges for Deviation by the SLDC into "the State/UT Deviation Pool Account".
- 17.2.** If payments against the charges for Deviation including additional charges for Deviation, congestion charges or any other charges are delayed by more than two days, i.e., beyond Nine (9) days from the date of issue of the bill by the SLDC, the defaulting buyer/seller shall have to pay simple interest @ 0.04% for each day of delay.
- 17.3.** All payments to the buyer/seller entitled to receive any amount on account of charges for Deviation shall be made within 5 working days of receipt of the payments in the "State/UT Deviation Pool Account" beyond which buyer/seller shall also be entitled for simple interest @0.04% for each day of delay:

Provided that, -

- (i) In case of delay in the payment of charges for Deviations into the State/UT Deviation Pool Account and interest, if any, there on, beyond 9 days from the date of issuance of the Bill of charges, the buyer(s)/seller(s) who have to receive payment for Deviation or interest there on shall be paid from the balance available, if any, in the State/UT Deviation Pool Account. In case the balance available is not sufficient to meet the payment to such buyer(s)/seller(s), the payment from the State/UT Deviation Pool Account shall be made on pro rata basis from the balance available in the Fund referred to the regulation 15; and
 - (ii) The liability to pay interest for the delay in payments to “the State/UT Deviation Pool Account” shall remain till interest is not paid; irrespective of the fact that buyer/seller who have to receive payments have been paid from the “State/UT Deviation Pool Account” in part or full.
- 17.4.** In case of default in payment of the amount recoverable by the distribution licensee from any other Entities as per regulation 15, the outstanding amount, along with interest shall be recovered by the SLDC from the defaulting Entities as per the provisions of this regulation by treating the same procedure as applicable for the Deviation charges and the additional charges for deviation. For this purpose, the SLDC shall assign priority to this amount on weekly/monthly basis, under sub-regulation (4) of regulation 15, starting from the date on which the matter is referred by the distribution licensee to the SLDC in accordance with these provisions. Such amount shall, on recovery, from the defaulting Entity(ies), be credited to the account of the distribution licensee.
- 17.5.** All buyers/sellers, which had at any time during the previous financial year, failed to make payment of charges for Deviation including additional charges for Deviation within the time specified in these regulations shall be required to open a Letter of Credit (LC) equal to 110% of its average payable weekly liability for Deviations in the previous financial year, in favor of the SLDC before 14th April of the financial year:

Provided that -

- (i) if any buyer/seller fails to make payment of charges for Deviation including additional charges for Deviation by the time specified in these regulations during the current financial year, it shall be required to increase the amount of LC already opened as per the above provision or open a new LC, as the case may be, for an amount equivalent to 110% of the average weekly liability for the current financial year; and
 - (ii) The LC amount shall be increased to 110% of the payable weekly liability for Deviation in any week during the year, if it exceeds the previous LC amount by more than 50%;
- Illustration:** If the average payable weekly liability for Deviation of a buyer/seller during 2018-19 is ₹20 Crore, the buyer/ seller shall open LC for ₹22 Crore in 2019-20. If the weekly payable liability during any week in 2019-20 is ₹35 Crore which is more than 50% of the previous financial year’s average payable weekly liability of ₹30 Crore, the buyer/seller shall increase the LC amount to ₹38.5 Crore (1.1* 35.0) by adding ₹16.5Crore.
- 17.6.** In case of failure to pay into the “State/UT Deviation Pool Account” within the specified time of 9 days from the date of issue of statement of charges for Deviations, the SLDC shall be entitled to encash the LC of the buyer/seller to the extent of the default and the buyer/seller shall recoup the LC amount within 3 days.

18. Application of fund collected through Deviations. -

The surplus amount, if any, in the State/UT Deviation Pool Account as on the last days of the months of June and December of each year, or at such other intervals as the Commission may direct from time to time, shall be transferred to a separate fund namely "the State/UT Power Systems Development Fund", which shall be opened, operated and maintained by the SLDC. The fund shall be utilized for the purpose relating to development of power system in the UTs in the manner specified in these regulations or as may be approved/ directed by the Commission from time to time:

Provided that the SLDC shall submit half yearly returns to the Commission i.e. on 31st July and 31st January of each year indicating the transactions in the said funds and the proposal, if any, for utilization of the said fund.

19. Power to Relax. -

The Commission may, by general or special order, for reasons to be recorded in writing, and after giving an opportunity of being heard to the parties likely to be affected by grant of relaxation, may relax any of the provisions of these regulations on its own motion or on an application made before it by an interested person.

20. Power to issue directions. -

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 directions as may be considered necessary in furtherance of the objective and purpose of these regulations.

21. Power to amend. -

The Commission may, at any time, vary, alter, modify or amend any provisions of these regulations.

22. Power to remove difficulties. -

If any difficulty arises in giving effect to the provisions of these regulations, the Commission may, by general or specific order, make such provisions not inconsistent with the provisions of the Act, as may appear to be necessary for removing the difficulty.

23. Overriding effect. -

The provisions of these regulations shall have overridden effect notwithstanding anything inconsistent therewith contained in any other regulations of the Commission, for the time being in force or in any instrument/detailed procedure having effect by virtue of any such regulations.

By order of the Commission.

**V.K. Dhar, (JKAS)
Secretary, JERC
J&K and Ladakh**