



Changing Role of Regulators: Challenges Ahead

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In this presentation ...

- Present Role of Regulators
- The Expectations
- Challenges and Issues
- New Regulatory Initiatives
- Way Forward

Present Role of Regulators

- Powers of Civil Court for the purposes of inquiry or proceedings under the Act. (Section 94)
- Powers to impose penalty for non-compliance of direction of Regulatory Commissions
- Powers to adjudicate

- Tariff Regulation
 - Regulated Tariff
 - Competitive Bidding
- Licensing
 - Transmission, Trading, Distribution
- Development of power market
 - Facilitating Open Access
 - Licensed traders
 - Power Exchanges
- Inclusive Growth
 - Consumer Protection
 - Promotion of Green Energy

Important Regulatory interventions ...

- **Generation**

- Introduced Availability Based Tariff in Generation
- Incentive provided to generator to increase availability and efficiency/ Disincentive for underperformance
- Efficiency and operating norms of generators tightened over the period
- Norms for Plant Availability Increased Availability of existing power stations facilitated (More value for money for Consumer)
- Improved / Tightened Operational Norms

- **Grid Discipline**

- Improved Reliability of power supply through Grid Discipline , UI mechanism and Grid Security.
- Deviation Settlement Mechanism 2014 Replaced UI mechanism. Grid frequency has been further tightened and strict volume limits have been imposed on over/under drawl
- Frequency variation index has also improved

- **Transmission**

- Availability Based Tariff in Transmission
- Incentive / Disincentive linked to Normative system availability
- Has resulted in higher actual availability than prescribed Operating Norms

Important Regulatory interventions ...

- **Open Access**
- Concept of open access through Act : Framework by CERC
- Interstate Open Access regulations (STOA – upto 3 months)
- Allowed generators to sell power to any buyer across the country
- Connectivity, Long Term and Medium Term Open Access (LTA – 12 years & above, MTOA – 3months to 3years)

- **Improved Market Access for generators**
- Provided certainty and surety of evacuation for new capacity
- Development of Power Market through regulations
- Provided multiple buyer-seller model
- Multiple alternatives available to generators to sell power – directly, traders, power exchange

- Regulatory approval for transmission network augmentation
- Ensures Transmission Network expansion keeps pace with Generation capacity addition
- Ensures new generation is not stranded

- Introduced Point of Connection Tariff
- Removes regional cascading of transmission charges
- Level playing field among all generators to compete in Competitive bidding

Important Regulatory interventions ...

- Created a Market Structure and Market Rules – License to electricity traders, power exchanges
- Multiple alternatives for purchase power i.e. Open Access / Electricity Traders / Power Exchange
- Inducing efficiency in operation through tariff interventions
- Consumer focus through Performance Standards
- Promotion of Green Energy through Preferential Tariff / RPO / REC
 - Target to achieve 175 GW of RE by 2022
 - Enablers to handle variability in RE - Grid Code / Deviation Settlement Mechanism / Framework for Forecasting, Scheduling & Imbalance Handling of RE
- Complementary Market Design
 - Ancillary Services Regulations
 - 24x7 power exchange market

Achievements

- Brought **Transparency** in Regulatory process
- Introduced **Efficiency** in Operation
- Created environment to attract private **investment** in Generation
- Promoted **Competition** in generation and transmission
- Created **Market Structure** in power sector
- Facilitated **Sustainable development** through promotion of **Renewable Energy**

The Expectations

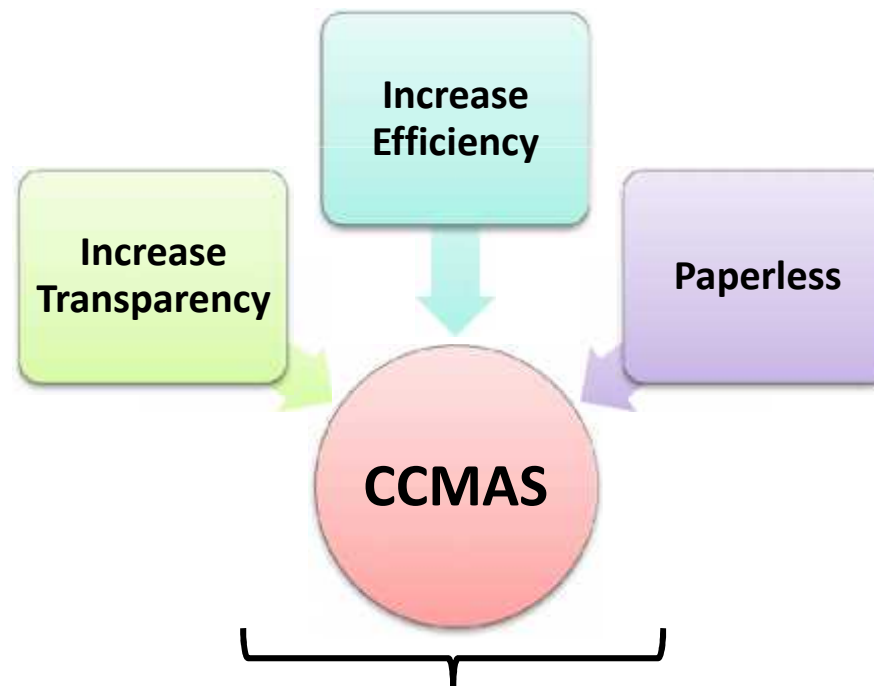
- Speed in service delivery
- Control on technical and commercial losses
- Effective financial management and elimination of financial losses
- Immediate redressal of consumer grievances
- Effective use of IT enabled tools

Broad Challenges & Issues

- **Generation**
 - Accurate Demand Estimation ?
 - Lack of demand owing to poor financial health of discoms
 - Stranded capacities
- **Transmission**
 - Transmission congestion
 - Right of Way
- **Distribution**
 - Energy Access
 - Distributed Energy Resources
 - Regulations included MSW
 - Integration of RE Sources
 - Forecasting, Scheduling & Deviation Settlement Mechanism framework
 - Ancillary services regulations
 - Reduced technical minimum (to 55%) of thermal generation
 - Cost effective solutions for mitigation of technical and commercial losses
 - HVDC
 - Load shedding in high commercial loss making areas
 - Issues plaguing Open Access
 - High Cross-Subsidies
 - Timely tariff revisions
 - Cost reflective tariffs
 - Regulatory Assets
 - Acceptance of AT&C loss levels
- **Pendency of Petitions**

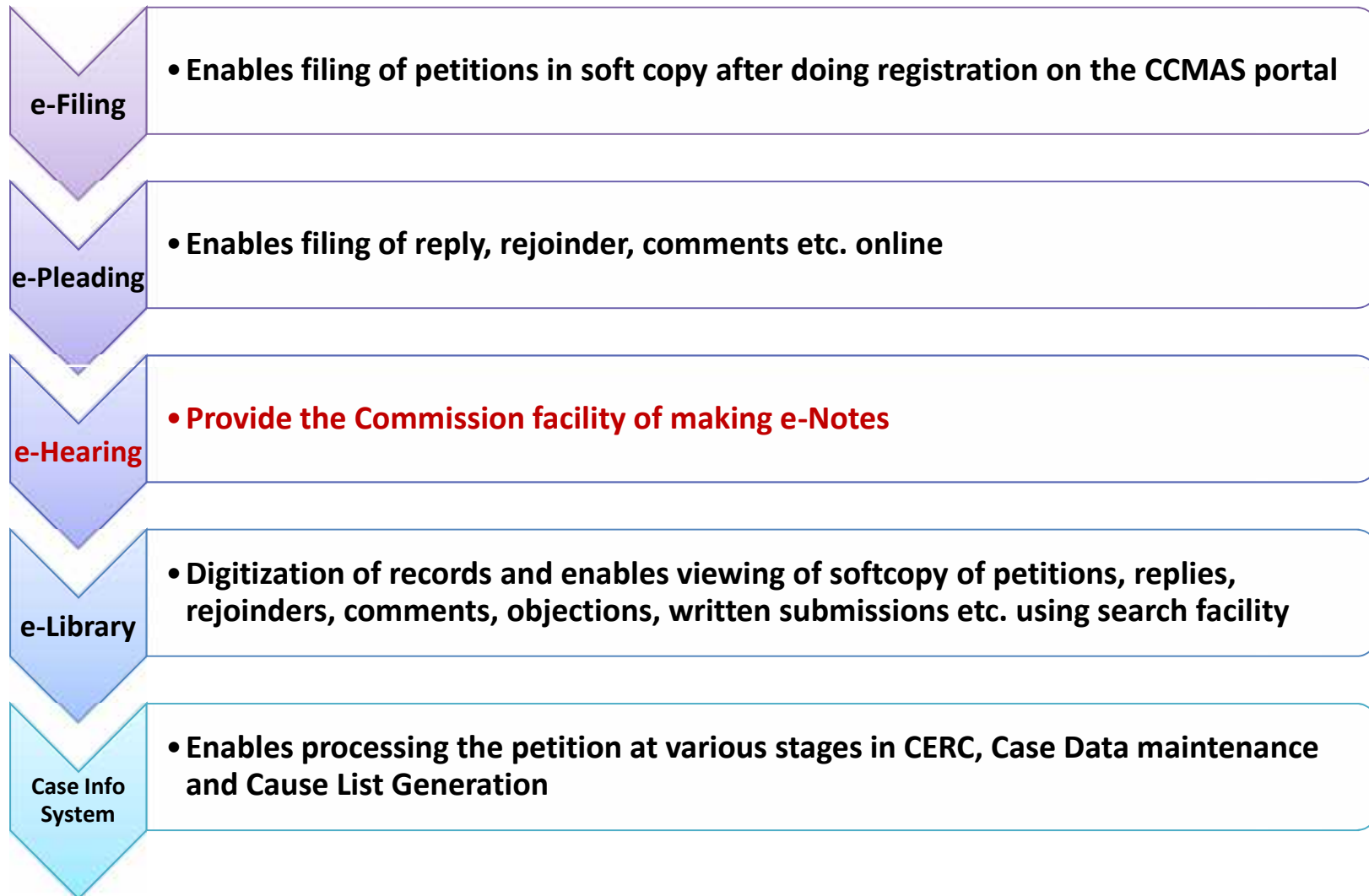
New Solutions

- Special Drive to address pendency of petitions
 - During FY 2015-16, the CERC disposed of 611 petitions against 234 in FY 2014-15
- e-Court
 - An initiative towards e-governance & Digital India



Court Case Management Automation System (CCMAS)

E-Court Services



How the **Solution** helped ?

- **For the parties involved**
 - Reduced the lead time between filing petitions and listing them for hearing
 - Greater transparency & Access to information for the stakeholders who are aware of the **EXACT** status of the petition
 - Procedural compliance improved
 - Increased economy / efficiency / Increased accountability
- **For the Commission (CERC)**
 - Strengthened MIS & Improved internal monitoring
 - Streamlining of internal systems
 - Clarity in delegation of powers
 - Increased accountability
 - Transparency owing to Automated workflow, easy data storage & retrieval

Innovations

- Alerts, e-mails & SMS while sending notifications – A unique ID **“CCMAAS”** allotted by TRAI for sending SMS
- Online tutorials, FAQs, Procedures available on the application
- Application hosted on NIC cloud to have 24x7 access
- Facility to file from any geographical location
- Dashboards for better decision making and availability of time-series-data
- Dedicated helpdesk to address user concerns
- **Above all, complete support of Chairperson**

Future Roadmap of the Project





Thank you