

December 29, 2005

## **Press Release**

### **CERC issues revised Indian Electricity Grid Code (IEGC)**

The Central Electricity Regulatory Commission (CERC) has issued the revised Indian Electricity Grid Code which will come into force with effect from April 1, 2006. The Grid Code has been finalised by the Commission after wide consultations with the stakeholders. The draft code was published on web in July, 2005 and 22 stakeholders including the Central Electricity Authority (CEA), Power Grid, National Thermal Power Corporation, National Hydro-electric Power Corporation, Power Trading Corporation, a number of State Electricity Boards and State Electricity Regulatory Commissions had given their comments and suggestions.

2. The Grid Code has been revised in light of various provisions of the Electricity Act, 2003 and the operational experience gained since February, 2000 when the Grid Code was first implemented by the CERC for Inter-State transmission. The salient features of the revised Grid Code are as follows:

- The IEGC brings together a single set of technical rules, encompassing all the utilities connected to or using the Inter-State Transmission System (ISTS) and provides the following:
  - Documentation of the principles and procedures which define the relationship between the various users of the Inter-State Transmission System as well as the Regional and State Load Despatch Centres.
  - Facilitation of the operation, maintenance, development and planning of economic and reliable Regional Grid.
  - Facilitation for beneficial trading of electricity by defining a common basis of operation of the Inter-State Transmission System applicable to all the users.
- A new chapter on Inter-Regional Energy Exchanges has been added with a view to enhance the grid security and energy balancing among the five electrical regions in the country.

- The Regional Load Despatch Centres would henceforth issue the regional energy accounts. Earlier these accounts were issued by the Regional Electricity Boards, which are in the process of being replaced by the Regional Power Committees as per the notification of the Ministry of Power, dated May 25, 2005.
- The Regional Power Committees shall also have representations from IPPs and electricity traders in addition to generating, transmission and distribution utilities, the CEA and Regional Load Despatch Centres.
- With the improvement in frequency regime after implementation of Availability Based Tariff (ABT) in all regions in the country, it has become possible to introduce Free Governor Mode of Operation (FGMO) of generating units which automatically corrects the frequency fluctuations. However, the generators have shown certain difficulties and to overcome them, an expert team involving CEA has been constituted. The team is visiting various power stations in the country and testing various control models for FGMO implementation. The Commission shall separately announce the timetable for implementation of Free Governor Mode of Operation in the country.
- In order to improve grid voltages, the revised Grid Code proposes to apply reactive energy charges @ 5 paise per unit of reactive power on power flows on all inter-state transmission lines. The rate shall be escalated by 5 per cent every year thereafter.
- Reorganization of the State Electricity Boards (SEBs) would lead to formation of a large number of independent entities (generating companies, transmission licensees and distribution licensees) in each State and consequently a very large number of such intra-State entities in each region. The Grid Code provides that the operation of all entities within the State would be coordinated by the concerned State Load Despatch Centre (SLDC), who in turn would coordinate with Regional Load Despatch Centre (RLDC) on real time basis.
- In order to ensure clear chain of accountability, each State as a whole shall be treated as single entity in the regional grid for the purpose of:
  - Allocations from Inter State Generating Station (ISGS)
  - Daily scheduling and despatch.
  - Accounting of unscheduled interchange (UI)
  - Accounting of reactive energy.

### 3. Continuing Activities

The Grid Code covers whole gamut of activities ranging from transmission planning to day to day scheduling. The various provisions related to planning of inter state transmission, connection conditions, system security aspects, outage planning for generation and transmission, emergency procedures for grid restoration etc., have been retained.

4. Guiding Principles for SERC

As per the Electricity Act, 2003, every State Electricity Regulatory Commission is required to issue a State Grid Code consistent with the Grid Code specified by the CERC. As such, CERC has taken a lead in revising the Grid Code so that it can serve as a guiding principle for the SERCs.

5. The Indian Electricity Grid Code lays down the rules, guidelines and standards to be followed by the various agencies and participants in the system to plan, develop, maintain and operate the power system, in the most efficient, reliable, economic and secure manner, while facilitating healthy competition in the generation and supply of electricity.

Sd/-  
( A.K. Sachan )  
Secretary