



To,
The Secretary,
Central Electricity Regulatory Commission (CERC),
3rd & 4th Floor, Chanderlok Building, 36, Janpath, New Delhi – 110 001

Date: 10.10.2018

Subject: Discussion Paper on “Re-designing Ancillary Services Mechanism in India” dated 06th September 2018

Dear Sir,

This is with reference to the captioned Discussion Paper on “Re-Designing Ancillary Services Mechanism in India” issued by Hon’ble CERC vide notice No.RA-14026(12)/3/2018-CERC dated 06th September, 2018. Also, vide public notice in the matter, CERC has invited comments/suggestions from various stakeholders by 10th October, 2018.

Accordingly, we are hereby enclosing comments and suggestions on the captioned amendment as Annexure I. We request the Honourable Commission to kindly consider the same while finalizing the Draft discussion paper.

Lastly, should there be any requirement, it would be a privilege for us to support the Honourable Commission by providing information/data relevant to the matter.

Yours truly,

For ReNew Power Limited

A handwritten signature in blue ink, appearing to read "Parag Sharma", written over a horizontal line.

Parag Sharma
Chief Operating Officer
ReNew Power Limited

Annexure I: Comments and Suggestions on Discussion Paper on “Re-Designing Ancillary Service Mechanism in India”

Participation in the Ancillary Market:

The Hon’ble Commission has very clearly articulated the challenges faced by system operators in India today, i.e. need of adequate reserves, Flexibility of such reserves, gate closure time for scheduling process and absence of threshold quantum for ancillary services. Therefore, the issue critical to success of Ancillary Service Market (“ASM”) in India is ensuring participation from generators (which we understand will be easier to do as it creates another market for their offering) from all level by creating a transparent and competitive market.

As of today several generators as well as consumers of power are embedded in the STU network, the paper however proposes to limit participation to only ISTS entities, we’d therefore humbly submit to the Hon’ble Commission that the participation be extended to embedded entities as this will only increase the depth and the volume of the market and assist in meeting its overall objective.

Procedure of the proposed framework:

The overall success of the market depends on the ease of application procedure and timeliness of approvals to the market participants from the nodal agency. Therefore, we’d humbly request that the Hon’ble Commission before finalising the proposed framework the Commission may undertake stakeholder consultation on the procedure and timelines to be adopted under the framework.

The Hon’ble Commission should also undertake a trial of the proposed framework without any commercial implication with varying modalities.

Settlement in the proposed Real Time Electricity Market:

The proposed settlement in the ASM has been illustrated with a few scenarios in the draft paper. In order to analyse effectiveness of the proposed framework, it is vital to keep in mind the envisaged objective behind its implementation. It is a known fact that the primary objective of the framework is to **facilitate better grid management in light of the fact that ratio of renewables (which is infirm in nature) is increasing in the Indian grid**. Accordingly, the framework has been designed with a goal to induce revelation of schedule of power generation and demand as close as possible to actual.

Further, in our mind one of the other key design principles of any market framework must be to include all the participants in the mechanism and minimize the financial impact on the participants. The Commission after several rounds of deliberations has finalised the Deviation Settlement Mechanism for the RE generators and several states are now adopting the same. It is a globally accepted truth that the wind and solar energy is of infirm nature and their generation pattern is subject to change depending on multiple factors of environment which are external to the generator and beyond their control. The Central Commission vide a public notice No. 1/14/2015-Reg. Aff. (FSDS)/CERC dated 31st March 2015 had a come out with a discussion paper inviting comments on a Proposed Framework on “Forecasting, Scheduling & Imbalance Handling for Renewable Energy (RE) Generating Stations based on wind and solar at Inter-State Level”. The Commission in its paper had highlighted:

“However, difficulties have been experienced on implementation of these provisions. There is, therefore, a need for creating a framework for forecasting, scheduling and handling deviations from schedule for the infirm RE generation (like wind and solar) which also factors in the variable and intermittent nature of such generation.”

ReNew Power Limited

(Formerly Known as ReNew Power Private Limited and ReNew Power Ventures Private Limited)

CIN - U40300DL2011PLC291527

Registered Office: 138, Ansal Chambers-II, Bhika Ji Cama Place, Delhi - 110066

Tel: +91 11 4677 2200, **Fax:** +91 11 4111 2980

Corporate Office: Commercial Block-1, Zone 6, Golf Course Road, DLF City Phase-V, Gurugram - 122009

Tel: +91 124 4896 670, **Fax:** +91 124 4896 699

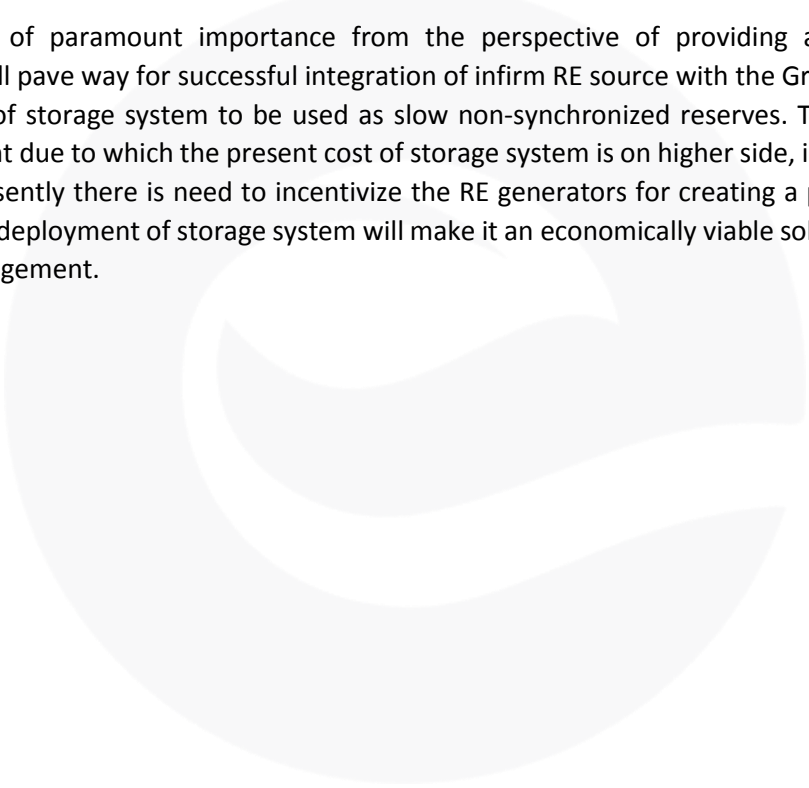
Email: info@renewpower.in, **Web:** www.renewpower.in

In the scenarios illustrated by the Hon'ble Commission in the draft paper, in all possible instances generators are required to buy back the reserve offered in the Day ahead ASM in case there is downward revision in the reserve requirement same needs to be bought back by the supplier at the prevailing real time ASM rate. Such buying back activity might affect the ability of RE generators to service their debts. RE generators unlike conventional sources of power also have single part tariff and in current scenario of competitive bidding where the tariffs are in the range of INR 2.5 – INR 2.75 unit any loss of revenue will make the project unviable and create a situation where even debt serviceability shall be a concern.

Development of new interventions:

This paper also presents an interesting opportunity before the Hon'ble Commission to develop market interventions by way of which RE generators invest in technologies and processes which makes them predictable and act as base load. The Commission can propose incentives for such actions by RE generators. For instance, if by investing in storage the RE generator is able to demonstrate adherence to schedule in a manner wherein he remains within the band of 95%-105% of scheduled capacity for more than 90% time blocks in a month he may possibly be incentivised with an added tariff of ~10-15 paisa over and above the market determined price for ancillary service market and same can be provided for from the regional pool.

Deployment of storage is of paramount importance from the perspective of providing ancillary service for better management of grid and will pave way for successful integration of infirm RE source with the Grid. The proposed paper also speaks about deployment of storage system to be used as slow non-synchronized reserves. The storage technology is in nascent stage of deployment due to which the present cost of storage system is on higher side, increasing the overall cost of the generating system. Presently there is need to incentivize the RE generators for creating a pull towards deployment of storage system. Mass scale deployment of storage system will make it an economically viable solution for providing ancillary service for better grid management.



ReNew Power Limited

(Formerly Known as ReNew Power Private Limited and ReNew Power Ventures Private Limited)

CIN - U40300DL2011PLC291527

Registered Office: 138, Ansal Chambers-II, Bhika Ji Cama Place, Delhi - 110066

Tel: +91 11 4677 2200, **Fax:** +91 11 4111 2980

Corporate Office: Commercial Block-1, Zone 6, Golf Course Road, DLF City Phase-V, Gurugram - 122009

Tel: +91 124 4896 670, **Fax:** +91 124 4896 699

Email: info@renewpower.in, **Web:** www.renewpower.in