

Ref: MSPL/CERC/2021/10/08

Date: 8<sup>th</sup> Oct, 2021

To,  
**The Secretary,**  
Central Electricity Regulatory Commission,  
3<sup>rd</sup> and 4<sup>th</sup> Floor, Chanderlok Building,  
36, Janpath, New Delhi-110001

**Subject: Comments/Suggestions on Draft (Deviation Settlement Mechanism and Related Matters) Regulations, 2021**

Respected Sir,

This has reference to the Draft (Deviation Settlement Mechanism and Related Matters) Regulations, 2021 on which Hon'ble Commission invited comments from stakeholders.

At the outset, Mahindra Susten Private Limited appreciate Hon'ble Commission's efforts in promotion of Renewable Energy and looks forward to support in achieving ambitious targets set by the Central Government.

We also take this opportunity to introduce Mahindra Susten, as a part of Mahindra Partners which is the \$1 billion private equity division of the \$20.7bn Mahindra group, whose mission is to accelerate value creation through a diversified portfolio of emergent businesses. We seek to shape the future through innovative ways of thinking and commitment in the area of renewable energy. Mahindra Partners adapts the group's unique strengths of constant innovation, prudence and creative business models with a mandate of incubating new ventures for the group. The division provides growth capital to bring our stakeholders diversified products and services. Apart from Susten, Mahindra Partners also manages portfolio companies in various industry sectors like retail, steel, logistics, vocational education, consulting, media, luxury and speed boat manufacturing, and conveyor systems.

As an IPP, Mahindra Susten develops, builds, owns and operates utility scale solar projects with strategic focus on Steady Annual Returns, Enabler to the EPC business, Enhanced Brand Value and creating a Sustainable Portfolio. Our Development Mantra is, 'Lowest Levelized cost of Electricity'. To achieve this, we deploy a combination of the highest quality components from Tier- 1 suppliers and advanced technology such as the Single Axis Trackers, etc.

We are powering solar power production in India using the latest solar engineering methods to push India towards a greener future. Being a solar IPP, we build and operate solar

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photovoltaic plants, thus contributing to India's target of 100GW (solar) by 2022. When solar power is produced at a fraction of the cost, it directly impacts the end user since they get the power from a non-exhausting, clean source of energy which creates true sustainability for the planet.

Our IPP portfolio stands at 1569+MWp in terms of DC Capacity, with recent wins of 250 MW project under the 1200 MW SECI ISTS Tranche - IV tender and 200 MW under 750 MW SECI Rajasthan Tranche - II Tender.

We, as stakeholders are therefore submitting our suggestions and comments (enclosed and marked as **Annexure - I**) on the Draft Regulations.

It is requested to Hon'ble Commission to consider the same while finalizing the Procedure.

Thanking you,  
For **Mahindra Susten Private Limited**



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**Encls:** *Annexure - I*



### Annexure - I

- The definition of RE-Rich States should be based on RE (only Wind Solar) consumption in % terms, say, upto 30% of total consumption in previous financial year and hence it should be dynamic based on yearly basis. These were also recommendations of CERC Report of the Expert Group (Volume-II) on Review of the Deviation Settlement Mechanism (DSM) in 2017.
- Startup power for auxiliaries especially for Solar may be charged at 90% of Contract rate. The rationale is that going forward, Normal Charges/ACP of Power exchanges may or may not increase i.e. charges are dynamic. RE power especially Solar technologies usually do not generate during night time when the requirement for startup power/auxiliaries is required. So effectively schedule will always be zero which is inherent nature of technology. As a measure of equity and technology constraint, such charges may be linked to Contract rate as provided above.
- The RPCs may be directed to publish/display Normal rates as envisaged for other forms of generation on their websites to ensure and maintain transparency and methodology of calculation of Deviation prices.
- The deviation band of WS should be increased i.e. +/- 15% and no penalty be levied for such deviation. Deviation beyond such range should be charged linked to PPA tariffs as a measure of equity as there is nothing more than deployment of better forecasting technologies that RE developers can do. Most of WS projects are Section 63 projects quoting low fixed tariffs for duration of 25 years and has infirm nature. The normal charges so proposed in draft are linked to market activity of power exchanges which places WS projects in an unequitable position w.r.t penalties compared to more conventional schedulable technologies. That is why differentiator wrt DSM penalties were determined in previous regulations which should be followed. In any case, the present DSM draft provides for depositing additional revenue in the Pool so accrued due to under injections.



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