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

**Date: 22<sup>nd</sup> Oct 2021**

**Subject: Suggestions/Comments on “Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2021”- Reg.**

Dear Sir,

At the onset, we would like to introduce ourselves as Mytrah Energy (India) Pvt Ltd, a company based in Hyderabad and is one of the largest Independent Power Producers ('IPP') in renewable energy in India. We already have presence in Andhra Pradesh, Gujarat, Karnataka, Rajasthan, Maharashtra, Madhya Pradesh, Telangana and Tamil Nadu with commissioned wind capacity of 1329 MW. We also extended business segment into solar by winning 422MW of solar in three states Telangana, Punjab and Karnataka, PPA signed, and the entire capacity is successfully commissioned.

Before looking into the comments, we sincerely submit that the Forecasting tools which are presently being used by various agencies for WS generators in the country still in need of tremendous developments and robust models. The forecasting accuracy is in the range of 70 to 85% only. Therefore, the proposed regulations which are narrowing down the deviation band may result into commercial unviability of the projects as the actual generation is not in the control of any WS developer.

We would like to thank CERC, for providing opportunity to submit our suggestions on “**Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2021**”.

We hereby submitting our views for your kind consideration

Yours sincerely,

For Mytrah Energy (India) Private Limited



**Mytrah’s Suggestions/ Comments on “Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2021” are as follows:**

Sr. No.	Clause No.	Existing Clause	Suggestion/Comment /Modified Clause	Rationale
1	<b>Clause 4:</b>	<p><b>4. Scope:</b></p> <p>These regulations shall be applicable to all grid connected regional entities and other entities engaged in inter-State purchase and sale of electricity.</p>	<p>These regulations shall be applicable to all grid connected regional entities and other entities engaged in inter-State purchase and sale of electricity <b><i>except for the WS projects which are bid out before the commencement of this regulations.</i></b></p>	<p>The proposed amendments to DSM regulations are very wide and are about to change the entire scenario of penalties and huge financial implications to all the power projects and especially WS generators.</p> <p>As seen from the recent bidding scenarios of WS Projects, the tariffs are discovered at very competent tariffs based on very narrow margins which is evident from various reports published by industry news agencies.</p> <p>Therefore, the retrospective implementation of this new regulations will have a very huge financial impact which can’t be absorbed by any WS generator and may fall into commercially unviable situation and eventually it may create heavy pressure in achieving the national renewable target of 175 GW by 2022 and 450 GW by 2030.</p>

				<p>Even for the new WS projects, these proposed regulations are going to create a major shift in bid out tariff towards north.</p> <p>In view of the above, we submit that, the proposed regulations should be applicable to the upcoming projects only.</p>
2	Clause 7.1	<p>(1) The normal rate of charges for deviation for a time block shall be equal to the Weighted Average Ancillary Service Charge (in paise/kWh) computed based on the total quantum of Ancillary Services deployed and the total charges payable to the Ancillary Service Providers for all the Regions for that time block:</p> <p>Provided that for a period of one year from the date of effect of these regulations or</p>	<p>The normal rate of charges for deviation for a time block shall be equal to the <b><i>PPA Rate or in the absence of a contract rate at the rate of the Area Clearing Price of the Day Ahead Market for the respective time block</i></b></p>	<p>We submit that, as is evident from the recent bid out tariffs for WS generators in the e-reverse auctions, the rates being discovered are sub Rs 2 per kWh.</p> <p>However, the DSM penalties proposed in these draft regulations are linked to average ancillary service charges which seems to be in the range of average of more than Rs 8/kWh.</p> <p>In this competitive regime of bid out tariffs by WS generators, it will not be commercially viable to pay the deviation penalties linked to Ancillary services charge which is not in the control of any WS generator, and it will be very difficult to predict the DSM charges for consideration in financial modelling.</p> <p>Further, it is requested the commission to provide the clarification regarding Weighted Average Ancillary Service Charges in Time</p>

		<p>such further period as may be notified by the Commission, the normal rate of charges for</p> <p>deviation for a time block shall be equal to the highest of [the weighted average ACP of the Day Ahead Market segments of all the Power Exchanges, or the weighted average ACP of the Real Time Market segments of all the Power Exchanges; or the Weighted Average Ancillary Service Charge of all the regions] for that time block:</p> <p>Provided further that in case of non-availability of ACP for any time block on a given day, ACP for the</p>		<p>Block wise whereas the data about DAM and RTM prices discovered in Power Exchanges are readily available.</p> <p>In view of the above, we request to link the DSM penalties to PPA rate and in the absence of PPA rate, it may linked to ACP of Day ahead market for the respective time block</p>
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		corresponding time block of the last available day shall be considered:								
3	Clause 8 (Table 1)	For WS Seller Deviation charge by way of over injection is zero.	<p><b>For WS Seller:</b></p> <p><b><i>The wind or solar generators which are regional entities shall be paid as per schedule. In the event of the actual generation being more than the scheduled generation, the Deviation Charges for excess generation shall be payable to the wind or solar generators which are regional entities from the Deviation and Ancillary Service Pool Account as given below:</i></b></p> <table border="1"> <thead> <tr> <th><b><i>Sl. No</i></b></th> <th><b><i>Absolute Error in the 15-minute time block</i></b></th> <th><b><i>Deviation Charges payable</i></b></th> </tr> </thead> <tbody> <tr> <td><b><i>1</i></b></td> <td><b><i>&lt; = 15%</i></b></td> <td><b><i>At the PPA Rate for the shortfall energy for</i></b></td> </tr> </tbody> </table>	<b><i>Sl. No</i></b>	<b><i>Absolute Error in the 15-minute time block</i></b>	<b><i>Deviation Charges payable</i></b>	<b><i>1</i></b>	<b><i>&lt; = 15%</i></b>	<b><i>At the PPA Rate for the shortfall energy for</i></b>	<p>The existing forecasting tools and techniques are still at very nascent stage and many more improvements/developments are yet to happen.</p> <p>Over the above, even with the best accuracy levels achieved till date, it is impossible to predict the future scenarios as weather conditions are not in the control of either forecaster or generator. the generation</p> <p>In view of the above, making the payable as Zero to WS generators for any over injection will result into the commercial unviability of the projects and therefore, it is requested to retain the prevailing regulations towards deviation band and deviation charges till the time the forecasting tools produces an</p>
<b><i>Sl. No</i></b>	<b><i>Absolute Error in the 15-minute time block</i></b>	<b><i>Deviation Charges payable</i></b>								
<b><i>1</i></b>	<b><i>&lt; = 15%</i></b>	<b><i>At the PPA Rate for the shortfall energy for</i></b>								

					<i>absolute error up to 15%</i>	<p>accuracy of 95% or more in 100% of the scenarios.</p> <p>We request the commission to continue with existing deviation limits as per prevailing regulations.</p>
			2	<i>&gt;15% but &lt;= 25%</i>	<i>At the PPA Rate for the shortfall energy for absolute error up to 15% + 90% of the PPA Rate for balance energy beyond 15% and up to 25%</i>	
			3	<i>&gt;25% but &lt;=35%</i>	<i>At the PPA Rate for the shortfall energy for absolute error up to 15% + 90% of the PPA Rate for balance energy beyond 15% and up to 25% + 80% of the PPA Rate for balance energy beyond 25% and up to 35%</i>	
			4	<i>&gt; 35%</i>	<i>At the PPA Rate for the shortfall energy for absolute error up to 15% + 90% of the PPA Rate for balance energy beyond 15% and up to 25% + 80%</i>	



		to the Deviation and Ancillary Service Pool Account for the total shortfall in energy against its schedule in any time block due to under injection, (a) at the contract rate at which it has been paid based on schedule, or (b) in the absence of a contract rate at the rate of the Area Clearing Price of the Day Ahead Market for the respective time block.			<i>absolute error up to 15%</i>	<p>deviation band and deviation charges till the time the forecasting tools produces an accuracy of 95% or more in 100% of the scenarios.</p> <p>We request the commission to continue with existing deviation limits as per prevailing regulations.</p> <p>We also submit that if Commission opines to tighten the deviation system, instead of reducing the deviation band, it may increase the penalty rates linked to the PPA rates by another 5% for each deviation band.</p>
	2	<i>&gt;15% but &lt;= 25%</i>			<i>At the PPA Rate for the shortfall energy for absolute error up to 15% + 110% of the PPA Rate for balance energy beyond 15% and up to 25%</i>	
	3	<i>&gt;25% but &lt;=35%</i>			<i>At the PPA Rate for the shortfall energy for absolute error up to 15% + 110% of the PPA Rate for balance energy beyond 15% and up to 25% + 120% of the PPA Rate for balance energy beyond 25% and up to 35%</i>	
	4	<i>&gt; 35%</i>			<i>At the PPA Rate for the shortfall energy for absolute error up to 15% +110% of the PPA Rate for balance energy beyond 15% and up to 25% + 120%</i>	



					<i>of the PPA Rate for balance energy beyond 25% and up to 35% + 130% of the PPA Rate for balance energy beyond 35%</i>	
5.	<b>Clause 10 (1)</b>	The payment of charges for deviation shall have a high priority and the concerned regional entity shall pay the due amounts within 7 (seven) days of the issue of statement of charges for deviation by the Regional Power Committee, failing which late payment surcharge @0.04% shall be payable for each day of delay.	The payment of charges for deviation shall have a high priority and the concerned regional entity shall pay the due amounts within <b>30 days</b> of the issue of statement of charges for deviation by the Regional Power Committee, failing which late payment surcharge @0.04% shall be payable for each day of delay.			<p>We submit that as per PPA, there is a credit period of 30 days for Discoms/Buyers to release the payment after the issuance of invoice for the previous month.</p> <p>Further, as is evident from the PRAAPTI portal being maintained by Discoms, the outstanding receivables are due for more than 06 months.</p> <p>The only source of revenue for Developers is through the sale of power and one can sustain with the back logs of receivables for a period of 02 months with the working capital limits.</p> <p>At one hand, one arm of government organization is narrowing down the time limit for payable by generators and on the other hand, no strict measures/controls are</p>

				<p>being applied on Discoms/buyers for payables to generators.</p> <p>In view of the above, we submit that the commission may extend the due date to 30 days instead of 7 days from the date of DSM statements aligning to the payment's receivable from Discoms/buyers as per the terms of PPA.</p>
7	Additional Clause		<p><i>We submit that if Commission opines that forecasting accuracy have improved for WS generators and there is a need to implement these regulations, we request commission may appoint a committee comprising of RLDC /any other external Agency/representatives to undertake the forecasting and scheduling activities for a period of 06 months and study the variances and may call for public hearing before finalizing the proposed regulations.</i></p> <p><i>Further, Commission may appoint any agency as deem fit in order to carry out forecasting for WS generators at a fee as determined by</i></p>	

			<i>Commission provided no deviation charges are payable by Generators.</i>	
8	<b>Additional Clause</b>		<p><i>We submit that at one hand Commission is proposing to reduce the deviation band width from 15% -10% for WS generators and at another hand the real time revisions are limited to 16 per day.</i></p> <p><i>We request the Commission to waive off the restriction of number of revisions for WS generators so as they may adhere to the schedules.</i></p>	

In view of the above cited suggestions, we request your good selves to ensure that the interest of the renewable industry is protected, and Generation of clean energy continues. We look forward to rendering our services with best of our abilities in the renewable sector for all times to come.

Thanking you

For Mytrah Energy (India) Private Limited




**Mytrah's Suggestions/Comments on "Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2021".**