

22th October 2021

To  
Shri Sanoj Kumar Jha  
Secretary  
Central Electricity Regulatory Commission  
3rd & 4<sup>th</sup> Floor, Chanderlok Building, Janpath Road,  
New Delhi-110001

**Subject: comments/ suggestions on draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2021**

**Reference:** Central Electricity Regulatory Commission Notification No.: L-1/260/2021/CERC issued on 07<sup>th</sup> September 2021 on draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2021.

Dear Sir,

We wish to introduce ReNew Power Private Limited ("ReNew Power") which is among the top and fastest growing renewable IPPs in the country. ReNew is in the business of setting up wind, solar and roof-top power plants and has more than 10 GW of operational and under construction projects spread over multiple states. ReNew Power has completed its previously announced business combination with RMG Acquisition Corporation II ("RMG II") which has resulted in RMG II becoming a wholly owned subsidiary of "ReNew Energy Global plc" (the post-combination entity referred to in the remainder of this release as "ReNew") and has commenced trading on 24<sup>th</sup> August 2021 on The Nasdaq Stock Market LLC ("Nasdaq") under the symbols "RNW" and "RNWWW," respectively. ReNew Power is a vertically integrated business model and predictable cash flows, supported by long-term power purchase agreements, make the company among the most profitable in the sector, not only in India, but worldwide.

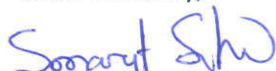
This is in reference to the public notification issued by the Hon'ble Central Electricity Regulatory Commission (CERC) on 07<sup>th</sup> September 2021 to invite comments/suggestions on draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2021. *Accordingly, we are hereby enclosing our comments and suggestions as Annexure I for your reference.*

We request the Hon'ble Commission to kindly consider our comments/suggestions while finalizing the Draft Regulations.

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

Thanking you.

Yours Sincerely,



Authorised Signatory

ReNew Power Private Limited



**ReNew Power Private Limited**

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

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Annexure-I

Draft DSM Regulation 2021

ReNew Power Comments/Suggestions

Sr. No.	Clause No.	Existing Clause	Suggestion/Comment /Modified Clause	Rationale
1	Clause 4:	<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>We propose that, this Regulation should be made applicable only to the upcoming projects, whose bidding is yet to be concluded post notification of these regulations. For the existing and bid out RE projects, the existing DSM regulations should continue to be in vogue, with necessary amendments such as linking of penalties to the PPA tariff</p>	<p>Retrospective application of this Regulation on wind and solar (WS) generators will have huge financial implications. All existing WS generators, and WS projects for which bid has been completed before the notification of this regulations would have only considered existing Deviation Settlement Mechanism for arriving at bid tariff.</p> <p>At ISTS level, for which the proposed regulations are intended, almost 60,000 MW of WS projects are going to be adversely impacted.</p> <p>RE generators are heavily dependent upon weather conditions for their plant operation &amp; generation and accurate projection of their electricity generation and revenue cannot be ascertained. In such a scenario, reducing permissible band for deviation result in such projects being commercial unviable.</p>

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				<p>Therefore, we propose that, this regulation should be applicable to only to the upcoming projects whose bids is concluded post notification of these regulations and for existing WS generators current Deviation Settlement regulation should be applicable</p> <p>Doctrine of Promissory estoppel explicitly provides the principle that any proposed changes should be made applicable only for new projects, which in the current context would mean projects that get bid after the new regulations are finalized.</p>
2	Clause 8 (Table 1)	For WS Seller Deviation charge by way of over injection is zero.	For WS Seller:  Deviation charge by way of over injection should remain same as in existing regulation till 15% and Deviation charge by way of over injection beyond 15% may be made Zero.	<p>RE generators are heavily dependent upon weather conditions for their plant operation &amp; generation and accurate projection of their electricity generation is not feasible.</p> <p>Considering this inherent nature of RE generation and scenarios being beyond the control of RE generator, CERC after profound analysis had permitted deviation band of 15% for both under injection and over injection.</p> <p>Taking away the right to get payment of Over injection quantum of WS power, which is beyond the control of RE generator and trying to forcibly align it to thermal projects (which are fully under control of its operator), is not</p>

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				<p>aligned with the principle of natural justice and in fact would lead to loss of clean electricity.</p> <p>As RE /WS generator is not supposed to get any charges/receivables as per proposed regulations, the only remedy left with the impacted generators would be to curtail the additional quantum and bear losses for the same, or act irresponsibly and over-schedule in all the times blocks possibly resulting in to situation of Grid instability.</p> <p>Therefore, we request Hon'ble commission to allow payment as per the existing DSM mechanism till 15% of over-injection.</p> <p>Considering RE power (Wind and Solar) being an Infirm power, its impact will be huge at ISTS level, therefore deviation charge due to over injection should not be zero.</p> <p>Secondly, due to inherent weather forecasting challenges and its operational limitations, it is very difficult to forecast accurately for wind and solar power.</p>

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3.	Clause 8 (Table 1)	<p>For WS Seller:</p> <p>Deviation by way of under injection:</p> <p>(i) Zero up to 10% Deviation-WS seller (in %);</p> <p>(ii) @ 10% of the normal rate of charges for deviation beyond 10% Deviation-WS seller (in %):</p> <p>Provided that such seller shall pay back 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.</p>	<p>For WS Seller:</p> <p>Deviation by way of under injection:</p> <p>(i) Zero up to <b>15%</b> Deviation-WS seller (in %)</p> <p>(ii) @ 10% of the normal rate of charges for deviation beyond <b>15%</b> Deviation-WS seller (in %):</p> <p>Provided that such seller shall pay back 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.</p>	<p>Reduction in Deviation band % would be against the interest of justice as it would create serious prejudice against Renewable Energy (RE) generators without any fault or role by the RE generators. To further explain the above:</p> <p>In case of wind power plants, an error of 0.5 meter per second in calculating/analysing wind speed may result in 15% variation in terms of power generated. It is pertinent to note that 0.5 meter per second is the count that can be recorded/ achieved by any method adopted in the world for recording the wind speeds. Further, it is also quintessential to highlight that the average error in calculating wind speed for wind power plant is actually of around 0.7 meter per second.</p> <p>In the case of solar power plants, an error of 50 watt per meter square in calculating Global Horizontal Irradiance (GHI) result in an error of 10% variation in terms of power and it is pertinent to note that for solar sites, the average error in calculating GHI is actually 100 watt per meter square.</p>

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4.	<b>Clause 8 (Table 2)</b>	Buyer (being an RE Rich State), Deviation charge by way of under drawl is zero.	Buyer (being an RE Rich State), Deviation charge by way of under drawl should not be zero. We propose to allow 15% deviation by way of under drawl and any deviation more than 15% to be zero.	<p>Making no payments to an under-drawing RE rich state could lead to further commercial implications for such discoms / states.</p> <p>While highlighting that curtailment of RE generation for commercial reasons is illegitimate, some discoms do curtail RE when it comes to deciding between under-drawl and curtailing state gird connected RE projects. Such a provision could result in enhanced curtailment of RE, which though would be illegal, the generators would have to take a long route to get compensation for same.</p>
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 settlement of charges for deviation shall have a high priority and the concerned regional entity shall settle the due amounts within 12 (Twelve) working days from the issuance of statement of charges for deviation provided that in case of any discrepancy in deviation charges the same shall be raised by the WS generator within 3 working days of issuance of statement of deviation charges and the discrepancy shall be resolved by the concerned Regional Power Committee before completion of 12 working days from issuance of statement of deviation charges, failing which late	<p>Considering the involvement and huge amounts and complex calculations in Deviation settlement, 7-day timeline is very low.</p> <p>Further since it has been observed that at times there are few discrepancies in Deviation charges declared by Regional Power Committee, thus a timeline should be fixed for resolution of the same before due date of payment</p>

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			payment surcharge @0.04% shall be applicable for each day of delay.	
6.	<b>Additional Clause</b>		Due to invariable nature of RE power and lack of 100% accuracy in weather forecasting, it is difficult for WS generators to follow injection schedule and avoid deviation. In order to accommodate these regulations despite the possibility of deviations, we propose that all upcoming RE Projects should be allowed to buy/sell power from power markets (using real time/ancillary markets) to settle down the deviation in injection schedules at any given time and reduce the impact of deviations on grid and optimize their portfolio.	
7.	<b>Additional Clause</b>		Hydro projects that are not Run of the River, do not have a predictable water flow and therefore, they should also be allowed a higher deviation limit, in line with the limits sought for WS projects.	

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8.	<b>Additional Clause</b>		Since, solar power is more predictable than wind power and thus solar power has low variability. So, we propose for different deviation limit (10% without any charges for solar, and 15% without any charges for wind) and accordingly different deviation charges for solar and wind projects.	
9.	<b>Additional Clause</b>		The regulations may please clarify that in case of deviation, the amount to be paid to deviation pool account should be weighted average price of different contracts from a single generation source/connectivity point, for instance a single project may be selling power, both under long-term PPA as well as through markets.	