



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

Subject: - WIPPA Comments/Suggestions on Draft CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2021.

Respected Sir,

We wish to introduce Wind Independent Power Producers Association (WIPPA), a national level registered body having association of more than 30 Independent Power Producers (IPPs) of capacity around 12,000 MW with asset base of more than Rs. 60,000 Crores and a healthy pipeline in wind energy sector in India through policy advocacy and presenting independent views / suggestions / comments / analysis to various stakeholders at various forums to provide fillip to the sector.

This is with reference to the Draft Central Electricity Regulatory Commission (CERC) Deviation Settlement Mechanism and Related Matters, Regulations, 2021 dated 7th September 2021 published on website of Hon'ble Central Electricity Regulatory Commission for inviting comments.

Our observation on the Draft Regulation is mentioned in **Annexure-I** enclosed herewith.

Thanking you

Yours Faithfully,
For **Wind Independent Power Producers Association**

Mahesh Vipradas
Secretary

ANEXURE-I

WIPPA's comments/Suggestions on Draft (Deviation Settlement Mechanism and Related Matters) Regulations, 2021.

Sr. No.	Proposed Clause	Comments/Suggestions/Suggested Clause	Rationale/Remark
1)	<p>7. Normal Rate of Charges for Deviations</p> <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 such further period as may be notified by the Commission, the normal rate of charges for 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 corresponding time block of the last available day shall be considered:</p>	<p>7. Normal Rate of Charges for Deviations</p> <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><u>Provided that for WS generators, the normal rate of charges for deviation shall be their PPA tariff.</u></p> <p>Provided that for a period of one year from the date of effect of these regulations or such further period as may be notified by the Commission, the normal rate of charges for 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 corresponding time block of the last available day shall be considered:</p>	<p>The proposed regulation suggests Normal Rate of Charges for Deviation linked to weighted average cost of Ancillary Service Charge. As observed in POSOCOs monthly report on Ancillary Services for August 2021, the ancillary service charge for the participating thermal generating stations varied from Rs. 2.04/kwhr (Sasan) to Rs. 14/kwhr (NTPC Anta LF). The all India weighted average ancillary service charges (payable to Gencos) for August 2021 was Rs. 8.63/kwhr</p> <p>10% of the Ancillary Service Charge, that is required to be paid as deviation penalty by WS generators, would potentially vary from Rs. 0.20/kwhr to Rs. 1.40/kwhr and have a weighted average rate of Rs. 0.86/kwhr for August 2021. Penalty of such high value, which cannot be predicted or controlled by WS generators would make operating the project unviable as the competitively bid tariffs are very low in the Rs. 2/kwhr to Rs. 2.80/kwhr range. Hence it is suggested that WS generators are penalized at the PPA rate only.</p>

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2)	<p>8. Charges for Deviation</p> <p>(1) Charges for deviation in a time block by a seller shall be payable by such seller as under:</p> <table border="1" data-bbox="205 440 785 1422"> <thead> <tr> <th data-bbox="205 440 365 532">Entity</th> <th colspan="2" data-bbox="365 440 785 532">Charges for deviation payable to Deviation and Ancillary Service Pool Account</th> </tr> <tr> <th data-bbox="205 532 365 667">Seller</th> <th data-bbox="365 532 575 667">Deviation by way of over injection</th> <th data-bbox="575 532 785 667">Deviation by way of under injection</th> </tr> </thead> <tbody> <tr> <td data-bbox="205 667 365 1422">For WS seller</td> <td data-bbox="365 667 575 1422">Zero</td> <td data-bbox="575 667 785 1422">(i) Zero up to 10% Deviation-WS seller (in %); (ii) @ 10% of the normal rate of charges for deviation beyond 10% Deviation-WS seller (in %): 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</td> </tr> </tbody> </table>	Entity	Charges for deviation payable to Deviation and Ancillary Service Pool Account		Seller	Deviation by way of over injection	Deviation by way of under injection	For WS seller	Zero	(i) Zero up to 10% Deviation-WS seller (in %); (ii) @ 10% of the normal rate of charges for deviation beyond 10% Deviation-WS seller (in %): 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	<p>8. Charges for Deviation</p> <p>(1) Charges for deviation in a time block by a seller shall be payable by such seller as under</p> <p>(A) By a WS seller where WS project is commissioned or where bid submission date is on or after date of notification of these regulations</p> <p>(i) For Over Injection by WS Generators where projects are commissioned after notification of these regulations</p> <table border="1" data-bbox="814 651 1394 1084"> <thead> <tr> <th data-bbox="814 651 1058 743">Over injection by Wind/Solar Generators</th> <th data-bbox="1058 651 1394 743">Applicable rate</th> </tr> </thead> <tbody> <tr> <td data-bbox="814 743 1058 808">12%</td> <td data-bbox="1058 743 1394 808">100% deviated units to be received at PPA tariff</td> </tr> <tr> <td data-bbox="814 808 1058 901">>12-20%</td> <td data-bbox="1058 808 1394 901">100% deviated units to be received at PPA tariff + 10% penalty at PPA tariff</td> </tr> <tr> <td data-bbox="814 901 1058 993">>20-28%</td> <td data-bbox="1058 901 1394 993">100% deviated units to be received at PPA tariff + 20% penalty at PPA tariff</td> </tr> <tr> <td data-bbox="814 993 1058 1084">>28%</td> <td data-bbox="1058 993 1394 1084">100% deviated units to be received at PPA tariff + 30% penalty at PPA tariff</td> </tr> </tbody> </table> <p>(ii) For Under Injection by WS Generators where projects are commissioned after notification of these regulations</p> <table border="1" data-bbox="814 1295 1394 1388"> <thead> <tr> <th data-bbox="814 1295 1058 1388">Under injection by Wind/Solar generators</th> <th data-bbox="1058 1295 1394 1388">Applicable rate</th> </tr> </thead> <tbody> <tr> <td data-bbox="814 1295 1058 1388"></td> <td data-bbox="1058 1295 1394 1388"></td> </tr> </tbody> </table>	Over injection by Wind/Solar Generators	Applicable rate	12%	100% deviated units to be received at PPA tariff	>12-20%	100% deviated units to be received at PPA tariff + 10% penalty at PPA tariff	>20-28%	100% deviated units to be received at PPA tariff + 20% penalty at PPA tariff	>28%	100% deviated units to be received at PPA tariff + 30% penalty at PPA tariff	Under injection by Wind/Solar generators	Applicable rate			<p>The draft regulations propose the following treatment to deviation from schedule of wind and solar generators:</p> <ol style="list-style-type: none"> Deviation by way of over injection shall have to pay no over injection charge Deviation by way of under injection shall be penalized at 10% of Normal Rate of Charges and generators pay back total shortfall in energy against its schedule at the contract rate at which it has been paid on schedule <p>The proposed draft regulation deviates from the earlier deviation settlement mechanism regulation for solar and wind generators in the following ways:</p> <ol style="list-style-type: none"> The error band has been reduced from 15% to 10% The vector sign of error band for deviation penalty is negative (-) only For any under injection or negative deviation, shortfall in energy against schedule has to be paid back at contract rate Over injection does not require payment of any deviation error penalty For over injection the RE generator shall not receive any money corresponding to its contract price <p>The proposed regulation does away with the principle of treating over injection (or positive Error) and under injection (or negative Error) on equal footing for reasons not mentioned in the</p>
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			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.	<table border="1"> <tr> <td>12%</td> <td>100% units to be paid at PPA tariff</td> </tr> <tr> <td>>12-20%</td> <td>100% units to be paid at PPA tariff + 10% penalty at PPA tariff</td> </tr> <tr> <td>>20-28%</td> <td>100% units to be paid at PPA tariff + 20% at PPA tariff</td> </tr> <tr> <td>>28%</td> <td>100% units to be paid at PPA tariff + 30% penalty at PPA tariff</td> </tr> </table>	12%	100% units to be paid at PPA tariff	>12-20%	100% units to be paid at PPA tariff + 10% penalty at PPA tariff	>20-28%	100% units to be paid at PPA tariff + 20% at PPA tariff	>28%	100% units to be paid at PPA tariff + 30% penalty at PPA tariff		<p>Provided that Charges for deviation in a time block by a WS Where WS project is commissioned prior to the date of notification of these regulations would be as per regulation 5 (V) of the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and related matters) (Second Amendment) Regulations, 2015</p>	<p>(B) By a seller other than WS seller</p> <table border="1"> <thead> <tr> <th data-bbox="823 899 974 1026">Seller</th> <th data-bbox="982 899 1180 1026">Deviation by way of over injection</th> <th data-bbox="1188 899 1390 1026">Deviation by way of under injection</th> </tr> </thead> <tbody> <tr> <td data-bbox="823 1032 974 1399">For a general seller other than an RoR generating station or a generating station based on</td> <td data-bbox="982 1032 1180 1399"> <p>(i) <u>Zero up to 2% Deviation-general charges for seller (in %).</u></p> <p>(ii) <u>@ 10% of the normal rate of charges for deviation beyond 2% Deviation-</u></p> </td> <td data-bbox="1188 1032 1390 1399"> <p>(i) <u>@ normal rate of charges for deviation up to 2% Deviation-general charges for seller (in %).</u></p> <p>(ii) <u>@ 110% of the normal rate of charges for deviation beyond</u></p> </td> </tr> </tbody> </table>	Seller	Deviation by way of over injection	Deviation by way of under injection	For a general seller other than an RoR generating station or a generating station based on	<p>(i) <u>Zero up to 2% Deviation-general charges for seller (in %).</u></p> <p>(ii) <u>@ 10% of the normal rate of charges for deviation beyond 2% Deviation-</u></p>	<p>(i) <u>@ normal rate of charges for deviation up to 2% Deviation-general charges for seller (in %).</u></p> <p>(ii) <u>@ 110% of the normal rate of charges for deviation beyond</u></p>	<p>Statement of Reasons. It appears that the regulations are biased against over injection and presupposes the availability of excellent weather data to preclude any over-injection error by the wind/solar generator. We enlist reasons below to demonstrate that this bias against over injection would result into larger errors and consequent grid instability:</p> <p>Wind-Solar Generation is weather determined and positive/negative error are considered equally probable</p> <p>Generation from Wind and Solar is weather dependent and never fully controllable as weather cannot be 100% accurately predicted. Even with robust forecasting tools, the forecast would be only near to injection but never equal to injection due to Errors that may be on positive (over injection) or negative (under injection) side.</p> <p>As an example, in wind sites, neither gusts of wind nor sudden drop in wind can be predicted causing over injection and under injection respectively. Thus, one has to begin with by considering the probability of positive/negative Error as equally likely that would vary from site to site. As an example, the three wind sites of Sembcorp Green Infra Ltd (SGIL) (SECI 1 – 300 MW; SECI 2-250 MW; SECI-3-250 MW) won under SECI wind tenders presents the following picture on positive/negative Error calculated over the period April 2020 to March 2021 (FY 2021):</p> <table border="1"> <thead> <tr> <th data-bbox="1432 1341 1570 1399">Wind Site</th> <th data-bbox="1579 1341 1759 1399">% Positive Error (Over-</th> <th data-bbox="1768 1341 1965 1399">% Negative Error (Under-</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Wind Site	% Positive Error (Over-	% Negative Error (Under-			
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		municipal solid waste	<u>general seller (in %)</u>	<u>2% Deviation-general seller (in %).</u>	<table border="1"> <thead> <tr> <th></th> <th>injection from Schedule)</th> <th>injection from Schedule)</th> </tr> </thead> <tbody> <tr> <td>SECI 1-300 MW</td> <td>42%</td> <td>58%</td> </tr> <tr> <td>SECI 2 - 250 MW</td> <td>40%</td> <td>60%</td> </tr> <tr> <td>SECI 3-250 MW</td> <td>40%</td> <td>60%</td> </tr> <tr> <td>Total (Average)</td> <td>41%</td> <td>59%</td> </tr> </tbody> </table>		injection from Schedule)	injection from Schedule)	SECI 1-300 MW	42%	58%	SECI 2 - 250 MW	40%	60%	SECI 3-250 MW	40%	60%	Total (Average)	41%	59%	<p>As can be observed from the above table, the positive and negative Error average around 41% and 59% respectively. Sites that have sudden low wind problem show a proclivity towards negative Error and vice versa. The likelihood of positive or negative Error is unpredictable, site specific and either is equally likely.</p>	<p>A proposed deviation regulation that removes over injection Error deviation penalty, essentially violates the principle of equal Error likelihood.</p>	<p>Forecasting and Scheduling has improved since 2015 DSM regulations to bring majority of Error in acceptable deviation band of 15% Since the 2015 Deviation Mechanism Regulation was introduced, the Error level improved from earlier around 60% Error in $\pm 15\%$ range to present more than 90% Error in $\pm 15\%$ range. Sites of SGIL have recorded an improved Error in the $\pm 15\%$ range for the above mentioned three wind projects from 85% in 2019 to 90% in 2021. This shows a clear improvement in forecasting and scheduling framework within the country post the 2015 DSM regulations that has enabled better predictions and</p>
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For a general seller being an RoR generating station	Zero	(i) @ normal rate of charges for deviation up to 12% Deviation-general seller (in %). (ii) @ 110% of the normal rate of charges for deviation beyond 12% Deviation-general seller (in %).																					
For a general seller being a generating station based on municipal solid waste	Zero	(i) Zero up to 20% Deviation-general seller (in %). (ii) @ normal rate of charges for deviation beyond 20% Deviation-general seller (in %). limit.																					

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			<p>reduced Errors. Reduced Errors have helped in improved grid management, despite the persisting challenges on more accurate weather forecasting.</p> <p>A proposed -10% Error band would now reduce the Error within this band to only 60% to 65% of the time blocks (all things being same as on date). Increasing the same to 12% would increase this band to around 75%. It is suggested that instead of 10% Error, the Commission should consider revising it to 12%, as that would help solar/wind generators to quickly adopt to this change without paying excessive penalty.</p> <p>Impact of proposed DSM charges would be usurious and potentially make projects unviable</p> <p>The proposed change in deviation wherein over injection is not paid at all is a very severe change proposed and would have a very serious impact on existing projects. The current 2015 DSM regulations impact on the top line of wind generators is about 0.5% to 1% per annum. SGIL conducted a simulation of the proposed regulations impact on the aforementioned three wind sites for the full FY 2021 (April 2020 to March 2021) and observed that the potential impact on its top-line shall be from 5% to 7%. The impact can be summarized in the following table: -</p> <table border="1" data-bbox="1423 1252 1906 1369"> <thead> <tr> <th data-bbox="1423 1252 1581 1284">Wind Site</th> <th data-bbox="1591 1252 1749 1369">% Impact on Top line Existing Regulation</th> <th data-bbox="1759 1252 1906 1369">% Impact on Top line Proposed Regulation</th> </tr> </thead> <tbody> <tr> <td data-bbox="1423 1369 1581 1369"></td> <td data-bbox="1591 1369 1749 1369"></td> <td data-bbox="1759 1369 1906 1369"></td> </tr> </tbody> </table>	Wind Site	% Impact on Top line Existing Regulation	% Impact on Top line Proposed Regulation			
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			SECI 1- 300 MW	0.50%	5%
			SECI 2 -250 MW	0.30%	6%
			SECI 3- 250 MW	0.30%	7%
			Total (Average)	0.40%	6%
			<p>Such a high penalty would potentially make businesses unviable in India. It will erode investor's wealth and cause them to lose interest in the nations RE market. The Hon'ble Commission may appreciate that the objective of the DSM regulations has been to maintain grid safety and grid discipline through a reasonable commercial mechanism. The objective has never been to unreasonably penalize RE generators. The extant mechanism allows for compensation to generators and compensation by generators thereby offsetting the loss with gain. By disallowing this an unreasonable commercial mechanism is being imposed which shall make operating solar/wind generators extremely difficult.</p> <p>Proposed deviation regulations would result higher levels of over-scheduling and under-injecting</p> <p>The existing 2015 DSM regulation recognizes equal likelihood of both positive and negative Errors. It provides for compensation at contract tariff for over injection to generators and also same compensation at contract tariff by generator for under injection. As a result, the nation's forecasting and scheduling market matured to bring more than</p>		

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			<p>90% of deviation Errors within the $\pm 15\%$ range, created an ecosystem of world class forecasters, improved absorption of RE power in grid and penalized solar/wind generators reasonably for deviations. The said gains shall be frittered away if the proposed regulations are allowed.</p> <p>The proposed regulations don't recognize over injection Error for compensation to generators at contract price. It rather penalizes solar/wind generators for over injecting by disallowing tariff compensation. Therefore, the solar/wind generators in order to avoid revenue losses would be compelled to give higher schedules (higher than forecast) and higher available capacity so that Errors are in the negative side and low as far as possible defeating the whole purpose of DSM. Further, the painstakingly developed forecasting market shall be deterred from investing in better weather forecasting technology, as generators (to avoid over injection) would always schedule more energy than that forecasted, thereby removing any incentive or higher performance bonuses being given now by generators to forecasters for accuracy. It will spell the death knell to quality forecasting in the country. Further, as more negative Errors would come due to over scheduling and that quality forecasting would take a back seat, the range of negative Error would be very high thereby threatening grid safety/security and creating challenges for the grid operator to absorb RE power. Consequently, it will not be surprising to see more curtailment in RE power across the country, which already many renewable generators are struggling with.</p>

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			<p>Hence it is suggested that the proposed regulations may please be modified as follows:</p> <ol style="list-style-type: none"> 1) The proposed regulation may be applied prospectively i.e., for projects which would be commissioned or where bid submission date is after notification of these regulations and for projects commissioned or where bid submission date is prior to the date of notification of these regulations the provisions of pervious regulations. 2) Error band to be reduced to $\pm 12\%$ range 3) Compensation at contract price to and from generators for over injection and under injection respectively be retained as suggested
3)	<p>10. Schedule of Payment of charges for deviation</p> <p>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.</p>	<p>The payment of charges for deviation shall have a high priority and the concerned regional entity shall pay the due amounts within 12 (twelve) 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.</p> <p>Further, 2 days of grace period shall also be provided for making the payment for 5 instances in a year.</p>	<p>Existing time period allowed for the payment of deviation charges is 12 days. Generators cashflow depends on payment from Discoms. As the Hon'ble Commission is aware of the fact that Discoms payment have been consistently delayed putting pressure on working capital of the sellers. In fact, for many generators such working capital limit has already exhausted. Proposed reduction in payment period from 12 days to 7 days would put undue pressure on generators who are already facing cashflow issues due to delayed payments from Discoms.</p> <p>Further, even if there is no such cashflow issue from Discoms, 7 days seems to be very less, and delays might happen undesirably due to external factors. We request the Hon'ble Commission to retain the period of 12 days for payment. We</p>

Sr. No.	Proposed Clause	Comments/Suggestions/Suggested Clause	Rationale/Remark
			further, request to additionally allow 2 days of grace period for at least 5 instances of delayed payment.
4)	<p>7. Normal Rate of Charges for Deviations</p> <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 such further period as may be notified by the Commission, the normal rate of charges for 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 corresponding time block of the last available day shall be considered:</p> <p>(2) The normal rate of charges for deviation shall be rounded off to the nearest two decimal places.</p>	<p>7. Normal Rate of Charges for Deviations</p> <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 such further period as may be notified by the Commission, the normal rate of charges for 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 corresponding time block of the last available day shall be considered:</p> <p>(2) The normal rate of charges for deviation shall be rounded off to the nearest two decimal places.</p> <p>(3) The normal rate of charges for each time block determined as per above methodology shall be published on website of RLDCs at least 1 (one) time block prior to the respective time block.</p>	<p>In the proposed draft, deviation charge is linked with spot price in DAM/RTM/Ancillary market, this may cause ambiguity on applicable charges for a particular time block. To optimally manage the operations, sellers as well as the buyers needs to be aware the charges/penalties applicable for deviation. To avoid such ambiguity, the deviation charges may be published by a competent authority (POSOCO/RLDC) prior to the start of respective time block.</p>

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Charges for Deviation</p> <p>(1) Charges for deviation in a time block by a seller shall be payable by such seller as under:</p> <table border="1" data-bbox="814 370 1394 1406"> <thead> <tr> <th data-bbox="814 370 978 461">Entity</th> <th colspan="2" data-bbox="982 370 1394 461">Charges for deviation payable to Deviation and Ancillary Service Pool Account</th> </tr> <tr> <th data-bbox="814 464 978 555">Seller</th> <th data-bbox="982 464 1180 555">Deviation by way of over injection</th> <th data-bbox="1184 464 1394 555">Deviation by way of under injection</th> </tr> </thead> <tbody> <tr> <td data-bbox="814 558 978 1406">For a general seller other than an RoR generating station or a generating station based on municipal solid waste</td> <td data-bbox="982 558 1180 1406">(i) Zero up to 2% Deviation-general seller (in %); (ii) @ 10% of the normal rate of charges for deviation beyond 2% Deviation-general seller (in %)</td> <td data-bbox="1184 558 1394 1406">(i) @ normal rate of charges for deviation up to 2% Deviation-general seller (in %); (ii) @ 10% of the normal rate of charges for deviation beyond 2% 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</td> </tr> </tbody> </table>	Entity	Charges for deviation payable to Deviation and Ancillary Service Pool Account		Seller	Deviation by way of over injection	Deviation by way of under injection	For a general seller other than an RoR generating station or a generating station based on municipal solid waste	(i) Zero up to 2% Deviation-general seller (in %); (ii) @ 10% of the normal rate of charges for deviation beyond 2% Deviation-general seller (in %)	(i) @ normal rate of charges for deviation up to 2% Deviation-general seller (in %); (ii) @ 10% of the normal rate of charges for deviation beyond 2% 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	<p>For a thermal generator having schedule under LTOA /MTOA /STOA, even in case of unit trip can revise the schedule only from 7th/8th time block (As per clause 6.5.18 of IEGC Regulations 6th Amendment, 2019).</p> <p>As per the proposed DSM Regulations, even in case of unit trip, the generator would have to pay penalties for under injection for at least 6-time blocks. Such event of unit trip is entirely uncontrollable for any generator, and current regulations does not have any provisions for early revision in schedule. In such scenario, although generator is willing to revise the schedule, however it is forced to deviate from the schedule and additionally pay penalty on the same.</p> <p>For commercial implication let's understand it with an illustration. Suppose the contracted VC for a plant under LT/MT PPA is Rs. 2.2/kWh and the normal charge rate for a particular time-block is Rs. 8.0/kWh. In case of under-injection, the generator would get revenue of Rs. 2.2/kWh for the scheduled quantum but as per the proposed draft it would have to pay the DSM charge of Rs. 8.8/kWh (110% of normal rate of charge). This results in effective penalty of Rs. 6.6 /kWh (8.8 – 2.2). However, if the same plant is tied up in spot market which will be closed to Normal rate of charge i.e. Rs.8.0/kWh, it would have to pay penalty of only Rs. 0.8/kWh (8.8 – 8.0).</p> <p>Such discrimination based on the contract type is unjustified, in view of the same, it is proposed that the deviation charges should be capped at the contract rate at which it has been paid based on schedule. Or in absence of a contract rate such</p>
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			<p>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>deviation charges may be considered at rate of ACP of the DAM for the respective time block.</p>
6)	Miscellaneous	<p>The implementation of these regulations should be specified prospectively and not retrospectively. All existing projects whether commissioned or not, including those under implementation/already bid, should be kept out of the scope of the new DSM regulations.</p>		<p>Hon'ble CERC already knows that the projects which are already commissioned, under implementation/already bid cannot come under the ambit of these regulations as they will become financially unviable.</p>