

For the kind attention of:

Shri Harpreet Singh Pruthi

Secretary

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**Comments on the Draft of the Central Electricity Regulatory
Commission (Deviation Settlement Mechanism and Related
Matters) (First Amendment) Regulations, 2024**

Background

The Regulatory Assistance Project (RAP) thanks the Commission for this opportunity to comment on the CERC Draft on Deviation Settlement Mechanism and Related Matters) (First Amendment) Regulations, 2024, issued on October 02, 2024.

We commend the CERC for developing these regulations and appreciate the chance to contribute RAP's insights to advance this effort.

Our interest is to contribute to CERC efforts to reform the country's electricity system, to make it more efficient, achieve important public policy goals, and to contribute to serving the public good in India. We trust that you will find our observations below to be objective, independent, and tailored to support CERC's guidance.

RAP wishes to offer comments on the draft regulations as follows:

Amendment to Regulation 3 of the Principal Regulations:

In response to the request from RE association for clarification to the Commission, the draft regulation proposes that *“following words shall be inserted after the words “that are capable of generating power in a given time block” in sub-clause (g) of clause (1) of Regulation (3) of the Principal Regulations: “and shall be limited to the quantum of connectivity granted”*

The Deviation Settlement Mechanism Regulations 2024 define 'Available Capacity' as the cumulative capacity rating of wind turbines or solar inverters that can generate power in a given time block. The Commission's Explanatory Memorandum explains, *“the Commission believes that the connectivity granted determines the evacuation infrastructure built for such a seller, and at any moment, WS sellers should not evacuate power beyond the connectivity granted.”*

We agree. Typically, interconnection studies for attaching facilities are performed by the Transmission Owner or System Operator to evaluate the impact of the new attaching project on the pre-existing electric system and interface transfer capability, determine whether the project triggers the need for any Network Upgrade Facilities, and if so, to develop a list of the Network Upgrade Facilities that would be required. Respecting the connectivity granted and limiting net injections is important to operate the system in a reliable fashion. Facilities can limit the net injections during their peak output hours to the connectivity granted by controlling the output or using storage for the excess output.

However, there can be modifications to an existing facility and the Transmission owner or System Operator would have to evaluate the materiality of the proposed modifications to see if a new interconnection study would be required. For example, the New York Independent System Operator's Interconnection manual establishes threshold criteria for a material capacity increase as the greater of ten (10) MW or 5% of the baseline interconnection level of the facility¹.

While we are fully supportive of promoting renewable energy resources, we are also fully supportive of promoting a reliable electric system.

Thank you for this opportunity to comment. If we can be of further assistance, please do not hesitate to contact. We would be keen to collaborate with CERC on these and related matters.

Sincerely,

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¹ See Transmission Expansion and Interconnection Manual (23) of the New York Independent System Operator, Section 3.3.4.2.1 (page 54): https://www.nyiso.com/documents/20142/2924447/tei_manual.pdf/94a26e65-fd68-98e1-535b-fc41a9536607