

Analysis and Suggestions on Draft CERC (DSM) (First Amendment) Regulations, 2024

Amended Regulation	Interpretation of Amended Regulation	Suggestion for Renewable Generators	Requested Amendment
<p>Regulation 3 (1)(g) - Definition of Available Capacity (AvC) for WS Sellers</p>	<p>The amendment clarifies that Available Capacity (AvC) for Wind and Solar (WS) sellers should be restricted to the granted connectivity capacity, even if the installed capacity is higher. This ensures that WS sellers cannot inject power beyond their connectivity limit, which is based on evacuation infrastructure constraints.</p>	<p>Mostly, RE generators are underutilizing the Transmission infrastructure due to Lower PLF and that there is already enough margin available in the system.</p> <p>Since renewable energy output can naturally exceed connectivity limits due to environmental factors at a very limited timeframe, a buffer (e.g., $\pm 5\%$) specific to renewables would prevent penalties for minor, uncontrollable over-injections. This amendment could recognize the operational realities of renewables and the limits of current forecasting technologies.</p>	<p><i>“and shall be limited to the quantum of connectivity granted with 5% margin”</i></p>
<p>Regulation 3 (1)(j) and 3 (1)(y) - Definition of Contract Rate and Reference Rate for Third-Party Sales</p> <p><i>“in respect of a WS seller or a MSW seller or such other entity as applicable, selling power through open access to a</i></p>	<p>The amendment clarifies that the weighted average ACP of the Integrated-Day Ahead Market segments of all Power Exchanges for the respective time block will be applicable for WS seller or MSW Seller.</p>	<p>In case of captive consumption of a captive generating plant based on renewable energy sources, National APPC rate should be applicable as it is not a third party sale and not a transaction on Exchange</p>	<p><i>“in case of captive consumption of a captive generating plant based on renewable energy sources, National APPC rate as derived by CERC shall be applicable.”</i></p>

Amended Regulation	Interpretation of Amended Regulation	Suggestion for Renewable Generators	Requested Amendment
<i>third party or”</i>			
<p>Regulation 8 (8) - Treatment of Infirm Power</p> <p><i>“The charges for injection of infirm power shall be zero:”</i></p>	<p>The amendment specifies that deviation charges for injecting infirm power (power generated during testing before a trial run) shall be zero. However, once the trial run is complete, standard deviation charges apply for scheduled infirm power. If the system frequency is above 50.05 Hz, deviation charges for over-injected infirm power remain zero.</p>	<p>Since renewables can experience natural fluctuations that impact output even post-trial, it would be fair to extend the zero or reduced deviation charge period for renewables beyond the trial run. This could prevent penalizing renewable projects for inherent variability, particularly when the system frequency is high and grid stability is less impacted by over-injection.</p>	<p><i>“The charges for injection of infirm power before the trial run operations shall be zero:”</i></p>
<p>Additional Clarification on Infirm Power Scheduling Before Trial Run - Discouragement of unscheduled infirm power injections before trial run</p>	<p>Unscheduled injections of infirm power by renewable generators before trial run are discouraged, as they can cause grid imbalances, especially in large volumes. The Commission cites challenges from unverified generation capacity before the trial run, which can lead to over-frequency conditions and impact grid stability.</p>	<p>For cases where delays in certification for trial completion impact scheduling, it is advisable to consider a short, provisional scheduling period for infirm power before the official trial run, limited to a specific capacity percentage.</p> <p>This would prevent grid disruption while acknowledging project commissioning timelines that are beyond the generator's control.</p>	<p><i>“Scheduling of Infirm power before trial run operation will be allowed for WS seller of General Seller as the case may be.”</i></p>

The amendment increasing the penalty for under-injection from 50% to 100% of the PPA has significantly impacted commercial losses. This change has increased the commercial loss rate from 1.5% to 3.5%, resulting in substantial revenue loss for renewable generators.

We respectfully request the Honourable Commission to consider revising the penalty band for under-injection to mitigate the heightened commercial losses.

Given the current impact on renewable generators, a more balanced penalty structure—such as a gradual penalty increase rather than an immediate jump to 100%—would support financial stability in the renewable sector while still promoting accurate forecasting and grid stability.

Regards,

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