

MAHINDRA SUSTEN PRIVATE LIMITED
Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400 018
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Ref No: MSPL/CERC/Solar/Comments/2024-25/186

Date: 30th Oct, 2024

To,
The Secretary,
Central Electricity Regulatory Commission,
7th Floor, Tower B, World Trade Centre,
Nauroji Nagar, New Delhi-110029

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

Dear Sir,

- A. We would like to introduce ourselves as Mahindra Susten Private Limited, a clean-tech arm of the Mahindra Group. Over the years, we have developed 1.5 GWp+ of IPP renewable assets contributing to India's RE targets. We have also successfully executed 4.2 GWp+ of renewable projects as an EPC in India and across the globe. Our commitment to decarbonization and achieving ESG goals is further strengthened by our dedicated in-house EPC team, ensuring excellence in all our endeavours.
- B. We are pleased to note that CERC has proactively issued Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) (First Amendment) Regulations, 2024. In this regard, we would like to participate in the consultation process with CERC and we are herewith submitting our comments on the same (enclosed herewith). We are hopeful that CERC would find merit in our submissions and incorporate the same Regulations.

Thanking you,
Yours faithfully,



Ankur Pathak,
Head – Regulatory Affairs

Encls: As above

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MSPL comments and suggestions on “Draft (Deviation Settlement Mechanism and Related Matters) (First Amendment) Regulations, 2024.

Regulation No.	Principle Regulations (CERC-DSM-2024)	Regulation No.	Draft First Amendment	MSPL’s Comments on Draft 1 st Amendment	Rationale
		Reg. 1 (1.2)	<i>These regulations shall come into force with effect from 01.12.2024</i>	<ul style="list-style-type: none"> • Need clarification that the entities who received penalties based on Principle Regulations may also be covered under this amendment? if yes then whether revised penalty notices to be issued to Generating Units by the concerned RLDCs based on this amendment. 	<ul style="list-style-type: none"> • Some RE Generators has already received DSM Penalty notices based on Principle Regulations so it might possible that the computation of Deviation charges based on First Amendment may result in additional penalties to RE Developers. Hence sought clarification.
Regulation (3)(1)(g)	‘Available Capacity’ for generating station based on wind or solar or hybrid of wind-solar resources, which are regional entities, is the cumulative capacity rating of wind turbines or solar inverters that are capable of generating power in a given time block		‘Available Capacity’ for generating station based on wind or solar or hybrid of wind-solar resources, which are regional entities, is the cumulative capacity rating of wind turbines or solar inverters that are capable of generating power in a given time block <u>and shall be limited to the quantum of connectivity granted</u>	<ul style="list-style-type: none"> • It is requested to not to put restriction on RE Generation Capacity upto the quantum of Connectivity granted. • Further it is suggested to allow deviations at a suitable percentage over and above the quantum of connectivity. 	<ul style="list-style-type: none"> • Since RE is intermittent source of energy so its injection as per schedule is uncontrollable and also it requires an absolute forecasting which is not achievable so far. Any restriction on excess RE Generation is also against the provisions of the Acts and Policies that has already granted must run status to RE Plants. • Any excess Generation during the peak seasons for RE generation should be allowed to fulfill the demand and the developer shall not to be penalised but instead to be treated fairly for supporting the Grid in managing the demand-supply gap during peak seasons of RE Generation
Regulation (3)(1)(j)	‘Contract rate’ means (i) in respect of a WS seller or a MSW		‘Contract rate’ means (i) in respect of a WS seller or a MSW	<ul style="list-style-type: none"> • It is requested to consider the actual PPA rate for computation 	<ul style="list-style-type: none"> • The proposal to levy deviation charges on WS or MSW seller that are selling

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	<p><i>Seller or such other entity as applicable, whose tariff is determined or adopted or approved under Section 62 or Section 63 or Section 86(1)(b) of the Act, Rs/kWh tariff as determined or adopted or approved by the Appropriate Commission; or (ii) in respect of a WS seller or a MSW Seller or such other entity as applicable, whose tariff is not determined or adopted or approved under Section 62 or Section 63 or Section 86(1)(b) of the Act, and selling power through power exchange(s), the price as discovered in the Power Exchange for the respective transaction; or (iii) in case of captive consumption of a captive generating plant based on renewable energy sources, the weighted average ACP of the Integrated-Day Ahead Market segments of all Power Exchanges for the respective time block; (iv) in case of multiple contracts or transactions</i></p>		<p><i>Seller or such other entity as applicable, whose tariff is determined or adopted or approved under Section 62 or Section 63 or Section 86(1)(b) of the Act, Rs/kWh tariff as determined or adopted or approved by the Appropriate Commission; or (ii) in respect of a WS seller or a MSW Seller or such other entity as applicable, whose tariff is not determined or adopted or approved under Section 62 or Section 63 or Section 86(1)(b) of the Act, and selling power through power exchange(s), the price as discovered in the Power Exchange for the respective transaction; or <u>(iii) in respect of a WS seller or a MSW seller or such other entity as applicable, selling power through open access to a third party or</u> in case of captive consumption of a captive generating plant based on renewable energy sources, the weighted average ACP of the Integrated-Day Ahead Market segments of all Power</i></p>	<p>of Deviation Charges for WS seller who is supplying power under Open Access scheme.</p> <p>(Provided that the PPA is available and signed by the parties linked to Open Access scheme).</p>	<p>power through open access at the weighted average ACP of the Integrated-Day Ahead Market segments of all Power Exchanges and not on the actual contract rate is seems to be discriminatory for the Open Access Category. The Act under Section 2 has defined "Open Access" as a non-discriminatory provision and subsequently via Section 42, the Act has mandated Discoms to treat Open Access Consumers in a fair and non-discriminatory manner.</p> <ul style="list-style-type: none"> The rate at exchanges are floating in nature which are either higher or lower than the actual contract rates or PPA rate between the Generator and Consumer, whereas the tariff for supply under Open Access is the negotiated tariff between the Generator and OA Consumer legalised through a binding PPA in most of the cases. So computing deviation at floating rates of exchange instead of fixed PPA rate is doesn't considered as fair treatment to RE Developers supplying power under Open Access scheme. Further the exchange prices also includes power from Thermal, gas and other sources which doesn't justify the tariff for RE Generation alone.

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			<i>Exchanges for the respective time block; (iv) in case of multiple contracts or transactions</i>		
Regulation (3)(1)(y) of the Principal Regulations	'Reference Charge Rate' or 'RR' means (i) in respect of a general seller whose tariff is determined or adopted or approved under Section 62 or Section 63 or Section 86(1)(b) of the Act , Rs/ kWh energy charge as determined or adopted or approved by the Appropriate Commission, or (ii) in respect of a general seller whose tariff is not determined or adopted or approved under Section 62 or Section 63 or Section 86(1) (b) of the Act, and selling power through power exchange(s), the price as discovered in the power exchange for the respective transaction; or (iii) in case of captive consumption of a captive generating plant based on resources other than renewable energy sources, the weighted average ACP of the Integrated-Day Ahead Market segments of all the Power Exchanges for the respective time block; or (iv) in case of multiple contracts or transactions including captive consumption, the weighted		'Reference Charge Rate' or 'RR' means (i) in respect of a general seller whose tariff is determined or adopted or approved under Section 62 or Section 63 or Section 86(1)(b) of the Act , Rs/ kWh energy charge as determined or adopted or approved by the Appropriate Commission, or (ii) in respect of a general seller whose tariff is not determined or adopted or approved under Section 62 or Section 63 or Section 86(1) (b) of the Act, and selling power through power exchange(s), the price as discovered in the power exchange for the respective transaction; or (iii) <u>in respect of a general seller selling power through open access to a third party or</u> in case of captive consumption of a captive generating plant based on resources other than renewable energy sources, the weighted average ACP of the Integrated-	<ul style="list-style-type: none"> It is suggested to compute deviation charges on the Contract Rate or PPA Rate which is mutually agreed and signed by the parties under open access scheme. <p>(Provided that the PPA is available and signed by the parties linked to Open Access scheme)</p>	

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	<i>average of the reference rates of all such contracts or transactions</i>		<i>Day Ahead Market segments of all the Power Exchanges for the respective time block; or (iv) in case of multiple contracts or transactions including captive consumption, the weighted average of the reference rates of all such contracts or transactions</i>		
Clause (8) of Regulation 8 of the Principal Regulations	<p><i>The charges for deviation by way of injection of infirm power shall be zero:</i></p> <p><i>Provided that if infirm power is scheduled after trial run as specified in the Grid Code, the charges for deviation over the scheduled infirm power shall be as applicable for a general seller or WS seller, as the case may be.</i></p>		<p><u>The charges for injection of infirm power shall be zero:</u></p> <p><u>Provided that if infirm power is scheduled after a trial run as specified in the Grid Code, the charges for deviation over the scheduled infirm power shall be as applicable for a general seller or WS seller, as the case may be;</u></p> <p><u>Provided further that when the system frequency, $f > 50.05\text{Hz}$, the charges for deviation of scheduled infirm power by way of over injection by a general seller or WS seller, as the case may be, shall be zero.</u></p>	<ul style="list-style-type: none"> • It is requested to allow the scheduling of Infirm Power which is generated and injected in the Grid during the period from FTC to COD of WS Seller. • The Infirm Power which is scheduled after Trial Run and upto COD is to be completely exempted from Deviation Charges. • The proviso linking frequency with injection of infirm power by WS seller is to be deleted. 	<ul style="list-style-type: none"> • As per Regulation 22 of the IEGC, 2023, there is a timeline of one year for conduct of trial run for WS seller if the trial run is not completed in first attempt. Further Trial Run is allowed to be completed in 5 phases which can be started with a minimum capacity of 50 MW. Subsequently vide first amendment dated 23.10.2024, In Regulation 19 (b) the timeline for Injection of infirm power is reduced to 45 days from FTC which could be extended to 3 months on approval of RLDC. As per IEGC 2023, unless trial run is not completed, there is a chance of generation of infirm power from RE Plant. Therefore, infirm power always generates from FTC to Trial Run. Hence it is difficult to differentiate the scheduled infirm power with the infirm power in the scenario when trial run is successfully completed for partial capacity for whom the output capacity is known

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					<p>whereas the balance capacity for which the trial run is pending, the output of infirm power is unknown. Hence there is chance of deviation in schedule of infirm power till the completion of Trial Run for all the Units.</p> <ul style="list-style-type: none"> • The RE Generator can't predict the quantum of Generation or infirm power during Trial Run, which is a process of testing and tuning of RE Plant. Therefore, it is difficult to adhere schedule and impossible to not overinject infirm power generated during Trial Run which may be conducted in multiple phases as per Grid Code and its Amendments. Hence some relaxation to be provided in terms of no deviation charges during trial run from FTC to Trial Run of last unit. • Not allowing the scheduling of Infirm Power from FTC to Successful Trial Run for a period of 45 days (as per recent Amendments in Grid Code) or more than that in certain scenarios may lead to wastage of natural resources in the form of power output from RE Plant. Even this uncontracted power may support the Grid in fulfilling the demand-supply gap. Keeping in

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					<p>mind the “must run” status of RE projects, it is suggested that the scheduling of Infirm Power must always be allowed.</p> <ul style="list-style-type: none"> • Injection of Infirm Power should not be linked with Grid frequency because it is already explained above that the generated infirm power during the trial run of RE plant is unrated power for whom the output capacity can't be predicted beforehand. The output is dependent on environmental conditions and RE Forecasting is yet to be satisfactorily done, hence frequency based injection is restrictive and may suppress the growth of RE Generation.