

Date: 23.05.2024

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

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

Respected Sir,

Please find below the comments of Climate Connect Digital on the Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2024 dated 30th April 2024 (No. L-1/260/2021/CERC).

Comments on the Draft :

1. The drafted regulatory changes significantly increase Independent Power Producer's (IPPs) revenue losses.
2. Scheduling beyond a two-hour timeframe is very difficult, and the proposed reduction in DSM bands/slabs and changes in penalty factors have affected the IPPs financially.
 - The weather prediction companies, including IMD, cannot predict as accurately due to limitations in current forecasting models and technology.
 - Just decreasing the size of deviation bands doesn't confirm an increase in the accuracy of the forecast.
 - Due to these technological limitations, IPPs should not be penalized by reducing bands, which is not possible most of the time.
3. The regulatory changes in the draft are a major challenge for IPPs, as they lead to higher financial losses.
 - Expected increases in Financial Losses are twice as much compared to current regulations (No. L-1/265/2022/CERC).
 - Several times higher than those in the Old Regulation 2014(No. L-1/132/2013/CERC).
4. Aggregation at the ISTS level should help reduce the DSM Penalty, but here the penalty is increasing by more than 100%.
5. The symmetry in the deviation bands will help in achieving higher accuracy, as the current regulation (No. L-1/265/2022/CERC) has asymmetric deviation bands.

With Best Regards,



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