Date: 03.06.2024

To
The Secretary,
Central Electricity Regulatory Commission,
Chanderlok Building,
36, Janpath, New Delhi

Subject: CERC Public Notice dated 30.04.2024 on Draft (Deviation Settlement Mechanism and Related Matters) Regulations, 2024.

Reference: CERC Public Notice No. L-1/260/2021/CERC dated 30.04.2024.

Dear Sir,

Greetings from ReNew Private Limited!

ReNew Pvt. Ltd. is one of the largest renewable power producers in India, having an aggregated portfolio of ~20 GW, including more than 10 GW of operational capacity. We have portfolio of solar, wind & hydro assets with presence across 10 states in the country. The company is also the first Indian renewable company to be listed on NASDAQ.

This is in reference to Public Notice issued by CERC on 30.04.2024 inviting comments/ suggestions. We are herewith submitting our comments as per attachment.

We request your good office to kindly consider our comments/suggestions while finalizing the same.

Thanking you.

Yours Sincerely,

Smarajit Sahoo

for ReNew Private Limited

ReNew Private Limited
(Formerly known as ReNew Power Private Limited)
CIN: U40300DL2011PTC291527
Corporate Office: ReNew.Hub, Commercial Block-1, Zone 6, Golf Course Road, DLF City Phase-V, Gurugram – 122009
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ReNew Comments on Draft CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2024

Hon'ble Central Electricity Regulatory Commission **("Hon'ble CERC/Commission")** has notified the Draft Deviation Settlement Mechanism and Related Matters Regulations, 2024 vide its communication dated 30.04.2024. At the outset, we take this opportunity to express our sincere gratitude to the Hon'ble Commission for proposing the draft Regulations and has invited comments from all stakeholders. Accordingly, the comments on the draft amendment are provided in the following Table.

Sl. No.	Proposed in the Draft Regulations	Suggestion	Rationale
1.	Regulation 3 (1) (x)**: Reference Charge Rate' or 'RR'** means (i) in respect of a general seller whose tariff is determined under Section 62 or Section 63 of the Act, Rs/ kWh energy charge as determined by the Appropriate Commission, or (ii) in respect of a general seller whose tariff is not determined under Section 62 or Section 63 of the Act, the daily weighted average ACP of the Day Ahead Market segments of all the Power Exchanges, as the case may be;	Regulation 3 (1) (x)**: Reference Charge Rate' or 'RR'** means (i) in respect of a general seller *and standalone ESS and ESS co-located with WS Seller* whose tariff is determined under Section 62 or Section 63 of the Act, Rs/ kWh energy charge as determined by the Appropriate Commission, or (ii) in respect of a general seller *and standalone ESS and ESS co-located with WS Seller* whose tariff is not determined under Section 62 or Section 63 of the Act, the daily weighted average ACP of the Day Ahead Market segments of all the Power Exchanges, as the case may be;	We request the Hon'ble Commission to define the **'Reference Charge Rate'** separately for General Seller and standalone ESS and ESS co-located with WS Seller as Reference rate ('RR') of such generators would be the daily weighted average ACP of the Day Ahead Market segments of all the Power Exchange as specified in the Regulations 8 (6) of the foot note (a). In view of the same, we therefore suggest to kindly align the definition with respect to the same.
2.	**Regulation 8 (4)**: Charges for Deviation, in respect of a WS Seller being a generating station based on wind or solar or hybrid of wind–solar resources, including such generating stations aggregated at a pooling station through QCA shall be without any linkage to grid frequency, as under:	**Regulation 8 (4)**: Charges for Deviation, in respect of a WS Seller being a generating station based on wind or solar or hybrid of wind–solar resources, including such generating stations aggregated at a pooling station through QCA shall be without any linkage to grid frequency, as under:	The objective of the DSM Regulations is to discourage all participating entities from deviating from their schedules. The Hon'ble Commission vide order dated 5.12.2022 directed to implement DSM Regulations 2022 wherein the tolerance band were tightened vis-à-vis DSM Regulations 2014. However, on account of difficulty expressed by RE developers, the Hon'ble Commission

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<tr><th>Deviation by way of over injection (Receivable by the Seller)</th><th>Deviation by way of under injection (Payable by the Seller)</th></tr>
<tr><td>(i) for VLwS (1) @ contract rate;
(ii) for VLwS (2) @ 90% of contract rate
(iii) for VLwS (3) @ 50% of contract rate,
(iv) beyond VLwS (3) @ Zero;</td><td>v) for VLwS (1) @ contract rate;
(vi) for VLwS (2) @ 110% of contract rate;
(vii) for VLS3 @ 150% of contract rate;
(viii) beyond VLwS (3) @ 200% of contract rate</td></tr>
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Note: Volume Limits for WS Seller
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<tr><th>WS Seller</th><th>Volume Limit</th></tr>
<tr><td>A generating station based on solar or a hybrid of wind –solar resources or aggregation at a pooling station</td><td>VLwS (1) = Deviation up to 5% DWS
VLwS (2) = Deviation beyond 5% DWS and up to 10% DWS
VLwS (3) = Deviation beyond 10% Dws and up to 20% DWS</td></tr>
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<td>vide order dated 6th Feb 2023 in 1/SM/2023 relaxed the tolerance band. Although the tolerance band in the said order were tighter vis-à-vis tolerance band in 2014 DSM Regulations, the RE industry somehow managed to adopt this and took steps to adjust to new tolerance band.
However, the Hon’ble Commission within a very short period again proposed to further tighten the tolerance band.
As you are aware that the generation from Wind and Solar is weather dependent and can never be fully controlled as weather cannot be 100% accurately predicted. The probability of both positive and negative deviations is equal. Even with robust forecasting tools, the actual availability of wind and solar resources are always either above or below the forecasted level.
There is no doubt that the forecasting has improved since 2015 DSM Regulations and most of the time, the deviation is in the range of ±15% for both solar and wind. This discipline in forecasting and scheduling has helped in better grid management.
Further, we would like to bring to your kind attention that there is a technical limit till the forecasting of wind and solar resources can be improved. We have also analysed the DSM data since implementation of the 2015 DSM Regulations, it has been found that there is %age reduction in DSM over the</td>
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	VLwS (2) = Deviation beyond 10% DWS and up to 15% DWS VLwS (3) = Deviation beyond 15% Dws and up to 25% DWS	VLwS (2) = Deviation beyond 15% DWS and up to 20% DWS VLwS (3) = Deviation beyond 20% Dws and up to 25% DWS	year but the reduction is not in commensurate with tightening of DSM bands. In line with the above development, we suggest to allow 10% deviation instead of 5% Deviation for Solar or Hybrid, as it would help solar/hybrid generators to better adapt to this change without paying excessive penalty. Similarly, the Deviation for Wind should be kept unchanged at 15%, instead of 10%.
3.	**Regulation 8 (4):** ……… Note: In case of aggregation of WS sellers at a pooling station through QCA, (a) the contract rate for the purpose of deviation shall be equal to the weighted average of the contract rates of all individual WS seller(s) opting for aggregation at the pooling station;	**Regulation 8 (4):** ……… Note: In case of aggregation of WS sellers at a pooling station through QCA, (a) the contract rate for the purpose of deviation shall be equal to the weighted average of the contract rates of all individual WS seller(s) opting for aggregation at the pooling station; **Provided that in that absence of contract rate, national APPC shall be considered for aggregation at pooling station**	We would like to submit that the absence of PPA rates (for merchant/BTB projects) will impact the contract rate, affecting the weighted average rate and potentially causing financial strain on WS sellers with PPA rates. We request the Hon'bel Commission to consider the national APPC rate for DSM calculations in the absence of a contract rate. Alternatively, merchant projects should be treated separately at the state level to mitigate financial impacts.
4.	**Regulation 8 (4):** ……… Note: In case of aggregation of WS sellers at a pooling station through QCA, (a)……………; (b)…………..; (c) de-pooling of deviation charges for WS seller(s) connected to the pooling station shall be as per the methodology mutually agreed	**Regulation 8 (4):** ……… Note: In case of aggregation of WS sellers at a pooling station through QCA, (a)……………; (b)…………..; (c) de-pooling of deviation charges for WS seller(s) connected to the pooling station shall be as per the methodology **to be prepared by**	The depooling of deviation charges should not be left to the discretion of individual sellers and the QCA, as this approach is prone to frequent disputes and delayed DSM payments to the pool. Instead, an aggregated DSM charge at the pooling station should be depooled in such a way that a WS Seller who over-injects is compensated from the deviation pool, and

	upon between the QCA and such individual WS seller(s).	**GRID-INDIA and approved by CERC** ~~mutually agreed upon between the QCA and such individual WS seller(s)~~.	one who under-injects pays back according to the price specified in its agreement/PPA. Allowing the QCA and sellers to handle this through bilateral arrangements opens a Pandora's box of potential litigations and disputes, undermining the concept of aggregation. Therefore, we request that the methodology for depooling be predefined based on each WS Seller's contribution to deviation at the pooling station, rather than relying on mutual agreements between the WS Seller and the QCA.
5.	Regulation 8(5): Charges for Deviation, in respect of a Standalone Energy Storage System (ESS), shall be at par with the charges for Deviation for a general seller other than an RoR generating station or a generating station based on municipal solid waste or WS seller as specified in Clause (1) of this Regulation …… Regulation 8(6): Charges for Deviation, in respect of an ESS co-located with WS Seller(s) connected at the same interconnection point, shall be as follows: …. (iii) Deviation corresponding to the ESS component shall be charged at the same rates as applicable for a standalone ESS in accordance with clause (5) of this regulation.		We would like to submit that • ESS technologies in the country are still under nascent stage and it will require considerable time for technological advancement and therefore, such stringent provisions should not affect the participating entities in terms of severe penalties. • Grid scale storage technologies connected to the power grid can store energy and then supply it back to the grid at a more beneficial time, specifically during peak hours or high demand seasons. The most widely-used technology is Pumped Storage hydropower, where water is pumped into a reservoir and then released to generate

	(b) The DSM shall be computed based on the Net schedule, i.e., the sum of all generator schedule injecting/drawing power and net actual injection/drawal at the interconnection point. (c) Each generator shall be metered with SEM so that individual actual injection/drawal can be captured; (d) Schedule shall be prepared separately for each type of generator. This shall help to understand the different profiles of each generator.		electricity at a different time, but this can only be done in certain locations. In view of the above, we humbly request the Hon'ble Commission to de-link the deviation charges based on frequency for Energy Storage System (ESS) standalone or co-located with WS seller. Further in case ESS is co-located with any other generation resources such as wind or solar, we suggest that such resources should be provided with tolerance band of +/- 10% or 100MW without any linkage with system frequency, however beyond such tolerance band it would be treated like a general seller.
6.	**Regulation 9 (7)**: …………………….. Provided that in case the surplus amount in the Deviation and Ancillary Service Pool Accounts of all other regions is not sufficient to meet such deficit, the balance amount shall be recovered from the drawee DICs - (i) for the period from the date of effect of these regulations till 31.03.2025, in the ratio of [50% in proportion to their drawal at the regional periphery] and [50% in proportion to their GNA]; and (ii) from 01.04.2025, in the ratio of the shortfall of reserves allocated by NLDC to such DICs in accordance with the detailed procedure to be issued in this regard by the NLDC with the approval of the Commission.	**Regulation 9 (7)**: …………………….. Provided that in case the surplus amount in the Deviation and Ancillary Service Pool Accounts of all other regions is not sufficient to meet such deficit, the balance amount shall be recovered from the drawee DICs - (i) for the period from the date of effect of these regulations till 31.03.2025, in the ratio of [50% in proportion to their drawal at the regional periphery] and [50% in proportion to their GNA]; and (ii) from 01.04.2025, in the ratio of the shortfall of reserves allocated by NLDC to such DICs in accordance with the detailed procedure to be issued in this regard by the NLDC with the approval of the Commission. *<u>Provided further that the aforesaid balance amount recovered from drawee DICs shall not</u>*	We request the Hon'ble Commission to add 2nd proviso to regulation 9(7) to disallow the drawee DICs to recover in impact of the balance amount in case the surplus amount in the Deviation and Ancillary Service Pool Accounts of all other regions is not sufficient to meet the deficit as pass through events. However, in case the aforesaid balance is allowed as pass through event by the Hon'ble Commission, the same should not be recovered from renewable energy generators.

		<u>be allowed as pass through in their respective ARR</u>.	
7.	**10. Schedule of Payment of charges for deviation** (1) 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 the 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.	**10. Schedule of Payment of charges for deviation** (1) The payment of charges for deviation shall have a high priority, and the concerned regional entity shall pay the due amounts within **<u>15 (Fifteen) working</u>** days of the issue of the 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. Provided that if generating stations are aggregated at a pooling station through a QCA, the late payment surcharge shall only apply to individual generators that fail to pay deviation charges on time.	The Hon'ble Commission has allowed pooling of schedules and depooling of DSM through QCA. As per the existing process, the DSM statement is validated by IPPs directly and dues are cleared accordingly. With introduction of QCA, the statement will be 1st validated by QCA and then by individual IPP. Thereafter, individual IPP will make payment to QCA and QCA will further deposit the recovered DSM amount in the regional deviation account. In view of this change, we request the Hon'ble Commission to provide at least 15 working days to make payment of charges for deviation. Further, the late payment surcharge should be applicable on those individual entities who fails to make payment either directly or through QCA within due date of issue of the statement of charges for deviation by respective RPCs.