



भारत सरकार/ **Government of India**  
विद्युत मंत्रालय/ **Ministry of Power**  
केन्द्रीय विद्युत प्राधिकरण/ **Central Electricity Authority**  
आर .ए .प्रभाग/ **Regulatory Affairs Division**

To

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) Regulations, 2024.**

Sir,

This in reference to the draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2024 notified on 30.04.2024. In this regard, the comments/inputs of CEA on the said draft regulation are given at **Annexure**.

**Signed by Vikram Singh**  
**Date: 11-07-2024 17:11:02**

Yours faithfully

**Vikram Singh**  
**Chief Engineer (RA)**

Comments of CEA on draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2024.

Prior to December 5, 2022, **a tolerance band (the band in which deviations charge is equal to the Contract Rate) of +/-15% was applicable to Wind and Solar plants**, while deviations charges were frequency linked for others. Subsequently, the tolerance band was **made asymmetrical with range of -10% to +5% for Wind and Solar plants w.e.f. December 5, 2022** and for others, deviation charges were still delinked with frequency. However, after the implementation of DSM certain concerns were raised by the RE generators and to look into these issues, Ministry of Power vide order dated 21.12.2022 had constituted a committee under the chairmanship of Chairperson, CEA. The committee recommended to **set a symmetrical tolerance band of  $\pm 10\%$  for solar generation and  $\pm 15\%$  for wind generation to ensure grid security and promote generation from solar and wind sources**. The recommendations also covered variation from Contract Rate beyond tolerance band. The Committee had further recommended that a roadmap may be provided by CERC for further tightening of the tolerance band. After the recommendations of the committee, CERC issued order dated 06<sup>th</sup> February 2023, generally in line in with the recommendations of the aforesaid Committee.

Now the proposed draft CERC DSM Regulation, 2024 has provisions for tightening of the tolerance band from current level of  $\pm 15\%$  to  $\pm 10\%$  for wind generators. Similarly, for solar and Hybrid generators the tolerance band is proposed to be tightened from current level of  $\pm 10\%$  to  $\pm 5\%$ . On the other, relaxation in the form of level at which generators receive zero rate is proposed (from current level of +20% to +25% for wind generators and from current level of +15% to +20% for solar and hybrid generators). Such frequent and conflicting change in deviation limits is not desirable. The comments of CEA on draft CERC DSM Regulation, 2024 are given below:

**The observations/comments of CEA on CERC DSM Regulation, 2024 are given below:**

1. RE generators may be motivated to improve their forecasting. Also, the scheme should motivate them to progressively reduce the impact of intermittency and variability either through better forecasting or by an innovative method such as adding some energy storage capacity. Further, since regulations were amended only in February, 2023, another change within a short period may not be desirable, particularly as it may take few more months to establish the mechanism of QCA proposed in the amendment. In view of the above, it is suggested that the present Regulations may be continued till this financial year (31<sup>st</sup> March 2025).
2. Further from 1<sup>st</sup> April, 2025 onwards, a trajectory for tightening of the deviation limits may be specified with this amendment so that developers can take actions accordingly. Such trajectory could be in the form of further tightening of deviation limits on annual basis. The level at which generators receive zero rate should not be relaxed from pre-existing

level as it gives conflicting signal. We also recommend that the tolerance band should remain symmetrical. We feel that due to inherent nature of the wind generation and the difficulty in forecasting associated with it, the deviation limits for wind generators should be liberal as compared to solar and hybrid generators.

\*\*\*\*\*