

**Neo Energy Limited**

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Ref: JSWNEL/CERC/23052024

Date: 23rd May 2024

To

Shri Harpreet Singh Pruthi

Secretary

Central Electricity Regulatory Commission

3rd & 4th Floor, Chanderlok Building,

36, Janpath, New Delhi- 110001

Subject- Comments and suggestion on the “Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2024 (hereinafter referred to as “**Draft Regulation**”).

Dear Sir,

As you are aware JSW Energy Limited, is one of India’s leading power companies with 6.7 GW of operational power capacity (Thermal – 3158 MW, Wind – 1480 MW, Hydro – 1391 MW & Solar – 667 MW) and set vision to become a 20 GW and 40 GWh storage capacity company by 2030. JSW Neo Energy Limited (a wholly owned subsidiary of JSW Energy Ltd) had acquired 100% stake of Mytrah Energy (India) Private Limited holding in the SPVs having operating renewable energy capacity of 1,753 MW. Our renewable energy projects are located in the state of Andhra Pradesh, Telangana, Karnataka, Gujarat, Punjab, Rajasthan, Madhya Pradesh, Tamil Nadu & Maharashtra.

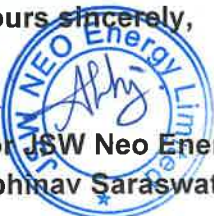
We are writing in reference to the aforementioned subject. As a concerned party and stakeholder, we have some comments and suggestions regarding the 'Draft regulation' published by Grid-India.

We appreciate the efforts of the Hon’ble Commission in soliciting public input on this crucial matter. We are confident that with collaborative efforts, we can develop a framework that not only meets the present needs but also paves the way for a sustainable and reliable energy future in India. Accordingly, we are hereby enclosing our comments and suggestions as Annexure I for your reference.

Thank you for considering our below comments. We look forward to seeing the final version of the DSM regulation, which we hope will reflect the collective wisdom and aspirations of all stakeholders.

Thanking you

Yours sincerely,



For JSW Neo Energy Limited

Abhinav Saraswat (Sr. Manager – Regulatory & Power Sales)



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Annexure I**JSW's comment and suggestion on "Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2024"**

Sr. No.	Regulation	Description of Regulation / Clause	JSW's Comment /Suggestion
1	Clause 3(1)(m)	'General seller' means a seller in case of a generating station based on other than wind or solar or hybrid of wind-solar resources	Amendment in the definition clause is suggested to hon'ble CERC as; 'General seller' means a seller in case of a generating station based on other than wind or solar or hybrid of wind-solar resources with or without ESS.
2	Clause 3(1)(cc)	'WS seller' means a seller in the case of a generating station based on wind or solar or a hybrid of wind-solar resources.	Amendment in the definition clause is suggested to hon'ble CERC as; 'WS seller' means a seller in the case of a generating station based on wind or solar or a hybrid of wind-solar resources with or without ESS.
3	Clause 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....	The following recommendations are proposed to the Hon'ble CERC regarding the specified clause: Aggregation - <ul style="list-style-type: none">Finalize the detailed procedure for aggregation, including aspects such as qualifying criteria, roles and responsibilities, and the de-pooling of DSM, before issuing the regulation.Permit aggregation at both the PSS level and across multiple PSS levels by the QCA to encompass a larger geographical area for improved grid stability. Volume Limits - <p>The reduction of volume limits by Hon'ble CERC to 5% for Solar or Hybrid generation and 10% for Wind generation is insufficient, given the average deviations observed during volatile seasons such as monsoon, high winds, and seasonal transitions.</p> DSM Slabs - <p>With the proposed DSM slabs, generators will face significant financial penalties: they will pay twice their contract rate for under-injection (UI) while receiving no compensation for over-injection (OI). This makes their projects commercially unviable, which is detrimental to renewable energy capacity addition and counterproductive to the Hon'ble Prime Minister of India's vision of achieving 500 GW of renewable energy by 2030.</p>



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			<p>Therefore, we request the Hon'ble commission to:</p> <ul style="list-style-type: none"> • Conduct a study with existing agencies/QCAs to determine the practical achievable accuracies and suitable DSM slabs for RE projects, both individually and at the aggregation level. • Maintain the current volume limits while implementing aggregation for one year to assess the actual improvement. • Adjust the volume limits for solar and wind hybrid projects to be similar to those for wind projects, given the higher intermittency of wind capacity in a hybrid project. • Revise the current DSM slabs of over-injections to at least 50% of the contract rate, up from the current 0% receivable.
4	Clause 8(6) (i), (ii) & (iii)	Charges for Deviation, in respect of an ESS co-located with WS Seller(s) connected at the same interconnection point..... clause (5) of this regulation.	<p>We wish to inform the Hon'ble Commission that the primary goal of installing co-located energy storage systems (ESS) at the same interconnection point as wind and solar (WS) sellers is to complement wind and solar technologies by reducing their variability and enhancing grid stability. Conducting separate scheduling and deviation settlements for ESS and WS components would undermine the project's overall purpose, as ESS is an integral part of the connectivity for such renewable energy projects according to the bidding framework.</p> <p>Therefore, we request the Hon'ble Commission to classify co-located ESS projects under the WS seller category to support generators and promote stable grid operation.</p>
5	Clause 8(6) (Table of OI & UI deviations)	Charges for Deviation, in respect of an ESS co-located with WS Seller(s) connected at the same interconnection point..... clause (5) of this regulation.	<p>We wish to inform the Hon'ble Commission that the applicability of the given table of deviation settlement contradicts clause 8(6)(3), which refers to the settlement of co-located ESS in the same manner as stand-alone ESS according to clause 8(5), which in turn refers to settlement based on the General seller as per clause 8(1).</p> <p>Therefore, we request clarity on this clause from the Hon'ble Commission.</p>
6	Additional Comment / suggestion		<p>We wish to inform the Hon'ble Commission that extending the gate closure time for revising schedules for RE projects from the 4th time block to the 7th/8th time block has reduced forecasting accuracy, as the forecasting agencies are unable to accurately predict changes in input resources i.e., wind speed and irradiance at 2 hours in advance.</p> <p>Therefore, we request the Hon'ble Commission to restore the schedule implementation time to the 4th time block while finalizing the proposed regulation and via suitable amendments in the IEGC 2023 (Grid Code).</p>



