

**Ref No:** CERC/MSPL/DSM/01

**Date:** 03<sup>rd</sup> June, 2024

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

**Subject:** Comments on Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) 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) 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

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

Regulations	Proposed Regulations	MSPL’s Comments
	<p>The requirement of tightening the band from 0-15% to 0-5% for Solar/Hybrid and 0-10% for Wind is a sea change for RE generators who were following CERC order issued on 06<sup>th</sup> February, 2023. Even with best forecasting tools, the forecast would be approaching to match the injection and never will be equal to injection. In this context, it is suggested that gradual tightening in the band may be done. Further, WS sellers have been able to consistently perform with +/-15% deviation in most of the time blocks, keeping the error to minimum in the said band. In line with the same, it is suggested that instead of 5% Deviation for Solar or Hybrid, the Commission should consider revising it to 10%. Similarly, the Deviation for Wind should be kept unchanged at 15%, instead of 10%.</p>	
<b>Clause 2 of Reg. 13</b>	<p>Notwithstanding such repeal, anything done, or any action taken or purported to have been done or taken, including any procedure, minutes, reports, confirmation or declaration of any instrument executed under the repealed regulations, shall be deemed to have been done or taken under the relevant provisions of these regulations</p>	<ul style="list-style-type: none"> <li>It basically represents the retrospective operation of these Regulations and all WS projects will now have to follow these Regulations. Such retrospective tightening of the bands should be avoided and existing operational plants including plants which have been bid out on the day of notification of these draft regulations should be excluded from the applicability of these regulations. It is analysed that the impact is two times higher in DSM numbers compare to existing regulation. Therefore, CERC may review the impact of Slab change as specified in Draft DSM 2024. It is therefore, requested to continue with the deviation slabs defined in CERC DSM Order dated 06<sup>th</sup> Feb, 2023. Please refer our analysis at <b>Annexure – A.</b></li> </ul>
<b>Regulation 8 (5)</b>	<p>8. Charges for Deviation            ...            (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</p>	<ul style="list-style-type: none"> <li>Hon’ble Commission has specified the treatment of deviation in terms of ESS as a seller, or injecting entity on standalone basis. There will be scenarios where ESS would be behaving as a drawee entity as well, as the charging power would need to be scheduled/ procured from the grid. The same may be clarified so that there is no room for ambiguity in interpretation.</li> </ul>
<b>Regulation 8 (6)</b>	<p>8. Charges for Deviation            ...            (6) Charges for Deviation, in respect of an ESS co-located with WS Seller(s)</p>	<ul style="list-style-type: none"> <li>There are scenarios possible where the ESS is co-located with a General Seller as well. The MoP scheme dated 12.04.2022 for flexibility in Generation</li> </ul>

	<p>connected at the same interconnection point, shall be as follows:</p> <p>(i) Such seller shall provide a separate schedule for WS and ESS components through the Lead generator or QCA at the interconnection point;</p> <p>(ii) Deviation corresponding to WS component shall be charged at the same rates as applicable for WS Seller being a generating station based on solar or hybrid of wind-solar resource in accordance with clause (4) of this regulation; and</p> <p>(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.</p>	<p>and Scheduling of Thermal/ Hydro power stations also provided for co-location of RE and ESS with Thermal/ Hydro generating stations as an option. Therefore, suitable amendment in the regulations may be done to address the issue.</p>
<ul style="list-style-type: none"><li>• In case of a hybrid pooling station, the penalty should be applicable with respect to higher installed capacity of the same (Wind/Solar)</li></ul>		

**Annexure – A**

**Comparison between DSM Regulations 2022 and Draft DSM Regulations 2024**

- MSPL has done some analysis on the impact of % revenue loss due to DSM as per New CERC draft DSM regulations, 2024. The impact analysis on the operational units of MSPL are reproduced hereinbelow:

Impact on % revenue loss due to DSM as per NEW CERC draft DSM regulation (Summary)								
Solar Plant		Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Overall %
Plant 1	As per existing CERC regulation	0.76%	1.57%	0.69%	2.62%	1.14%	0.62%	1.23%
	As per new draft CERC regulation	1.72%	3.29%	1.59%	4.93%	2.30%	1.32%	2.52%
Plant 2	As per existing CERC regulation	1.19%	1.09%	1.51%	3.42%	2.01%	0.85%	1.68%
	As per new draft CERC regulation	2.28%	2.18%	3.37%	6.52%	4.11%	1.85%	3.39%
Plant 3	As per existing CERC regulation	0.66%	0.95%	0.63%	2.61%	1.22%	0.54%	1.10%
	As per new draft CERC regulation	1.38%	2.02%	1.16%	4.62%	2.21%	1.22%	2.10%