

**TPL Comments/Suggestions on draft CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2024**

At the outset, we would like to thank the Hon'ble Commission for giving us an opportunity to submit our comments/ suggestions on the Draft Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2024. We are pleased to submit our comments/suggestions on the draft Regulations as per attached file. We request the Hon'ble Commission to kindly consider our comments/suggestions while finalizing the Regulations.

<b>Reg. No.</b>	<b>Clause Heading</b>	<b>Draft Regulation</b>	<b>Proposed Amendment</b>	<b>TPL Submission</b>
<b>7(1)</b>	<b>Normal Rate of Charges for Deviations</b>	<p>The Normal Rate (NR) for a particular time block shall be equal to the sum of:</p> <p>a) 1/3 [ Weighted average ACP (in paise/kWh) of the Integrated-Day Ahead Market segments of all the Power Exchanges];</p> <p>b) 1/3 [ Weighted average ACP (in paise/kWh) of the Real-Time Market segments of all the Power Exchanges]; and</p> <p>c) 1/3 [Ancillary Service Charge (in paise/kWh) computed based on the total quantum of Ancillary Services deployed and the net charges payable to the Ancillary Service Providers for all the Regions].</p>	<p>The Normal Rate (NR) for a particular time block shall be weighted average of:</p> <p>a) ACP (in paise/kWh) of the Integrated-Day Ahead Market of Exchange-1</p> <p>b) ACP (in paise/kWh) of the Integrated-Day Ahead Market of Exchange-2</p> <p>c) ACP (in paise/kWh) of the Integrated-Day Ahead Market of Exchange-3</p> <p>d) ACP (in paise/kWh) of the Real-Time Market segments of Exchange-1</p> <p>e) ACP (in paise/kWh) of the Real-Time Market segments of Exchange-2</p> <p>f) ACP (in paise/kWh) of the Real-Time Market segments of Exchange-3</p> <p>g) Ancillary Service Charge (in paise/kWh) computed based on</p>	<p>The formula for computation of normal rate of charges of deviation in the draft regulation does not factor the impact of segment volume.</p> <p>In turn this will lead to higher impact of the price of lower volume segment which may lead to artificial increase in the charges.</p> <p>Accordingly, we request the Hon'ble Commission to amend the formula as suggested.</p>

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				the total quantum of Ancillary Services deployed and the net charges payable to the Ancillary Service Providers for all the Regions.	
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	<b>Deviation by way of over injection</b> <ul style="list-style-type: none"> <li>• For VLwS (1) @ contract rate;</li> <li>• For VLwS (2) @ 90% of contract rate</li> <li>• For VLwS (3) @ 50% of contract rate,</li> <li>• Beyond VLwS (3) @ Zero</li> </ul>	<b>Deviation by way of under injection</b> <ul style="list-style-type: none"> <li>• For VLwS (1) @ contract rate;</li> <li>• For VLwS (2) @ 110% of contract rate;</li> <li>• For VLS3 @ 150% of contract rate;</li> <li>• Beyond VLwS (3) @ 200% of contract rate.</li> </ul>	<b>Request to continue the existing provision of clause 8(1) for a year in order to understand the impact of aggregation and then bring changes if necessary.</b>	<p>1. In the proposed draft, Hon'ble Commission has reduced the deviation band to 5% for Solar generation and 10% for Wind generation. In the explanatory memorandum, it has been explained that with the introduction of aggregation PSS wise deviation percentage will reduce, that is the sole reason behind shrinking the deviation bands.</p> <p>In this regard it is submitted that the proposed band is very stringent considering average deviation during monsoon or high wind season. Also, there is no technology available as on date which can forecast accurately change in wind speed and weather. Further, there</p>

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				<p>are events of sudden changes in wind speed at site without predictable reason also due to global warming and other related events, there is drastic change in weather patterns which has further made forecast prediction difficult.</p> <p>Such events are already causing high DSM penalty, further narrower band will additionally increase penalty level. Also, the Hon'ble Commission in the earlier DSM Regulations while acknowledging very intermitted nature of solar generators provided for a large tolerance band so that the Solar Generators are not penalized for reasons beyond their control.</p> <p>Further, we would like to apprise that aggregation of PSS has not been implemented yet and whatever impact is being foretold is mere a prediction. It is suggested</p>

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				<p>that Hon'ble Commission may allow the existing band to continue for a year to understand the impact of aggregation and then bring changes if consider necessary.</p> <p>2. In the proposed draft, the charges for the Deviation with respect to WS Seller or Hybrid of wind-solar resources will be settled through QCA. In this regard it is submitted that at the regional level registration procedure of QCA or procedure of aggregation has not been established yet. Therefore, it is requested that Hon'ble Commission may consider implementing the Aggregation at ISTS level after the procedure is finalized and then bring the QCA in the ecosystem of settlement of deviation charges at regional level.</p> <p>3. It is noteworthy that as per the proposed draft, the payable for</p>

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				<p>under injection by wind and solar generators has been doubled i.e. generator will end up paying twice of their contract rate whereas the receivable for over injection is nil, which is detrimental for RE capacity addition and is not in line with the MNRE's target of achieving the 500 GW of RE by the year 2030. In addition to this, RE generator have to incur huge revenue loss which is against the principle of natural justice since generators are not getting paid for power, they are injecting however the same has been consumed and paid for by the consumer/Discom as the case may be, which will result into additional burden on the RE Generators for the reasons beyond their control.</p> <p>4. Also, the deviation band of solar generation is considered as the deviation band for wind-solar hybrid projects. On this point, we</p>

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				<p>would like to humbly submit that in case of wind-solar hybrid projects, because of its wind components deviation is higher therefore we request Hon'ble Commission to consider the deviation band of wind generation instead of solar for wind-solar hybrid projects in view of technical aspect of the technologies.</p>
8(6)	<p><b>Charges for Deviation, for standalone and co-located ESS with WS Seller(s)</b></p>	<p>Charges for Deviation, in respect of an ESS co-located with WS Seller(s) 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</p>	<p><del>Charges for Deviation, in respect of an ESS co-located with WS Seller(s) connected at the same interconnection point, shall be as follows:</del></p> <p><del>i) Such seller shall provide a separate schedule for WS and ESS components through the Lead generator or QCA at the interconnection point;</del></p> <p><del>ii) Deviation corresponding to WS component shall be charged at the same rates as applicable for WS</del></p>	<p>It is submitted that the whole purpose of installing the ESS with WS sellers is to reduce the variability of the wind solar technology and make the grid more stable.</p> <p>However, if, the deviation of ESS is treated separately and allow penalty in line with general seller or differently from the WS seller, it will increase the impact of deviation charge. Also, Hon'ble commission may appreciate the fact that ESS itself is a very costly investment and such huge impact of deviation charge will no way encourage</p>

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		<p>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><del>Seller being a generating station based on solar or hybrid of wind-solar resource in accordance with clause (4) of this regulation; and</del></p> <p><del>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.</del></p> <p><b>The deviation band for ESS shall not be linked with the frequency.</b></p> <p><b>Also, it shall not be required to submit separate schedule for co-located WS &amp; ESS components separately.</b></p>	<p>the RE developers to include ESS in their system.</p> <p>Therefore, we humbly request that Hon'ble commission may consider deviation charges of ESS at par with the charges for Deviation for WS sellers.</p>
8(7)	<p><b>Charges for Deviation, in respect of a Buyer, Deviation by way of under drawl (Receivable by the Buyer)</b></p>	<p><b>(I) For VLB (1) and f within f band</b></p> <p>iii) When <math>49.90 \leq f &lt; 50.00</math> Hz, for every decrease in f by 0.01 Hz, charges for deviation for such buyer shall be increased by 1 % of NR so that charges for deviation become 95% of NR when f = 49.90Hz;</p>	<p><b>(I) For VLB (1) and f within f band</b></p> <p>iii) When <b>49.95</b> <math>\leq f &lt; 50.00</math> Hz, for every decrease in f by 0.01 Hz, charges for deviation for such buyer shall be increased by <b>3%</b> of NR so that charges for deviation become <b>100%</b> of NR when f = <b>49.95Hz;</b></p> <p><b>iv) @ 100% of NR when [49.95 &lt; f ≤ 49.90 Hz]</b></p>	<p>In draft DSM regulation, receivable due to deviation by way of under drawl by Buyer entities are lower than NR (Normal Rate) during outside frequency band (less than 49.9 Hz) even though entities are helping the grid. In turn, they should be paid fully.</p>

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		<p><b>(II) For VLB (1) and f outside f band</b> (ii) @ 95% of NR when [f &lt; 49.90 Hz]</p> <p><b>(III) For VLB (2) and f within and outside f band</b> (i) @ 80% of NR when f ≤ 50.00 Hz;</p> <p><b>(IV) For VLB (3) and f within and outside f band</b> (i) @ zero when f &lt; 50.10 Hz: Provided such buyer shall pay @ 10% of NR when [ f ≥ 50.10 Hz];</p>	<p><b>(II) For VLB (1) and f outside f band</b> (ii) @ <b>110%</b> of NR when [f &lt; 49.90 Hz]</p> <p><b>(III) For VLB (2) and f within and outside f band</b> (i) @ 80% of NR when <b>49.95</b> &lt; f ≤ 50.00 Hz; <b>(ii) @ 100% of NR when [f ≤ 49.95 Hz]</b></p> <p><b>(IV) For VLB (3) and f within and outside f band</b> <b>(i) @ 100 % when f ≤ 49.95 Hz</b> <b>(ii)@ zero when 49.95 &lt; f &lt; 50.10 Hz:</b> <b>Provided such buyer shall pay @ 10% of NR when [ f ≥ 50.10 Hz];</b></p>	<p>Accordingly, we request the Hon'ble Commission to amend the formula as suggested.</p>
8(7)	<p><b>Charges for Deviation, in respect of a Buyer, Deviation by way of over drawl (Payable by the Buyer)</b></p>	<p><b>(II) For VLB (1) and f outside f band</b> ((iii) @ 50% of NR when [ 50.05 Hz &lt; f &lt;50.10 Hz]:</p> <p><b>(III) For VLB (2) and f within and outside f band</b> (iv) @ NR when [50.00 Hz ≤ f ≤ 50.05 Hz]; @ 75% NR when [ 50.05 Hz &lt; f &lt; 50.10 Hz]; @ zero when [ f ≥ 50.10 Hz].</p>	<p><b>(II) For VLB (1) and f outside f band</b> ((iii) @ <b>25%</b> of NR when [ 50.05 Hz &lt; f &lt;50.10 Hz]:</p> <p><b>(III) For VLB (2) and f within and outside f band</b> (iv) @ NR when [50.00 Hz ≤ f ≤ 50.05 Hz]; @ <b>50%</b> NR when [ 50.05 Hz &lt; f &lt; 50.10 Hz]; @ zero when [ f ≥ 50.10 Hz].</p>	<p>In draft DSM regulation, payable due to deviation by way of over drawl by Buyer entities are higher than NR(Normal Rate) during outside frequency band (above 50.5 Hz) even though entities are helping the grid. In turn, they should be paid fully.</p>



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		<p><b>(IV) For VLB (3) and f within and outside f band</b>                      (ii) @ 200% of NR when <math>f &lt; 50.00</math> Hz.                      (iii) @ 110% of NR when <math>[ f \geq 50.00</math> Hz]</p>	<p><b>(IV) For VLB (3) and f within and outside f band</b>                      (ii) @ <b>175%</b> of NR when <math>f &lt; 50.00</math> Hz;                      (iii) @ <b>100%</b> of NR when <b>[50.00 Hz <math>\leq f &lt; 50.05</math> Hz]</b>;                      (iv) @ <b>75%</b> of NR when <math>[ f \geq 50.05</math> Hz]</p>	<p>Accordingly, we request the Hon'ble Commission to amend the formula as suggested.</p>