Ref: IGL/Regs/25-26/450 **Date:17.10.2025**

To

The Secretary,

Central Electricity Regulatory Commission (CERC),

6th, 7th & 8th Floors, Tower B, World Trade Centre,

Nauroji Nagar, New Delhi- 110029

Subject: Comments on Draft Order in Petition No. 9/SM/2025 (Suo-Motu) – Determination of value of "X" for computation of deviation (in %) for Wind and Solar (WS) Sellers from 01.04.2026 onwards under the CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2024

Respected Sir/Madam,

We, on behalf of Indigrid Limited, thank the Hon'ble Commission for the opportunity to submit comments on the above-referred draft order.

While we acknowledge the objective of improving grid discipline and aligning renewable generators progressively with conventional generators, the proposed reduction trajectory of "X" (from 100% in 2026–27 to 0% from 2031 onwards) along with the tightening of tolerance bands will severely impact the viability of renewable energy (RE) projects.

Our detailed comments and suggestions are provided below for the kind consideration of the Hon'ble Commission.

Table of Comments and Suggestions:

Sl. No.	Clause / Para	Observation / Concern	Impact on RE Generators	Suggestion / Request
1	Para 10–11 – Reduction in Tolerance Band	The tightening of tolerance bands (from ±10% to ±5% for solar) will substantially increase DSM exposure for all WS Sellers.	Even under the simulation study, deviation within the band fell to as low as 45% for solar, clearly showing that such limits are impractical under prevailing conditions.	Maintain current tolerance bands (±10% for solar) for at least the next 3–5 years until robust forecasting and real-time monitoring systems are fully operational.
2	Para 22 – Proposed Trajectory for Reduction of "X"	The proposed trajectory (100% in FY 2026–27 reducing to 0% from FY 2031–32 onwards) is too steep and unrealistic given the current state of forecasting infrastructure and data availability.	Reduction of "X" will lead to progressively higher DSM penalties, resulting in significant revenue losses (up to 11% for solar as per CERC's own study). This will make many existing RE projects financially unviable and place them in a precarious condition before the Investors.	The "X" value for existing projects should be retained at 100% at least for another 10 years considering that the DSM Bands have already been made very stringent. It is pertinent to highlight that the post the change of regulations in December 2023 the DSM impact increased the revenue impact to 4%-5% from 0.50% which already is a huge hit to the developers in addition over-injection is also a huge hit wherein the quantum of over-injection beyond 10% is already zero. Making these regulations even further stringent would not only make the operation of plants very difficult, albeit is also an impact when compared to the base case of bidding / revenue projections developed at the time of project award based on the then DSM Regulations. The viability and profitability of the developers have already been impacted / jeopardized severely due to the changed DSM regulations. Modifying "X" Factor

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				from Available Capacity to Scheduled Generation / Capacity is going to place the RE developers in precarious non-viable position further impacting the revenue stream.
3	Para 25(a) – Treatment of Existing Projects	Bringing existing RE projects at par with conventional sellers from 01.04.2031 amounts to a retrospective regulatory change since these projects were developed under earlier DSM frameworks.	Existing PPAs do not provide for recovery of DSM losses under CIL, and such changes will affect project bankability and investor confidence.	Existing projects should continue under the current DSM framework for their entire PPA tenure to ensure the viability. It is pertinent to highlight that no major breakout inventions have come by in the field of weather forecasting which can appropriately monitor the weather phenomenon even with the huge investments by the government and private players. Until such inventions are not devised this predictability of RE generation should be kept at base case (this also require substantial investments in Research and Development as well as introduction of more hands-on forecasting tools which are currently not available). The Hon'ble Commission should also focus and drive their attention on these aspects before making the regulations more stringent impacting the revenue viability of the RE developers. The other aspects of utilizing this power by installing co-located BESS and developing a regulation around

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				it for sell of such power which is beyond the schedule will also be helpful in appropriate utilizing of power generated. (Using unscheduled for charging BESS in case of over-injection and meeting the DSM band requirement through power injected through BESS while doing under-injection).
4	Para 25(b) – Treatment of New WS Projects at Par with General Sellers	The proposal to treat all new wind and solar projects (with bid submission dates on or after 01.04.2026) at par with conventional generators disregards the fundamental difference between controllable and variable generation sources. New RE projects, despite being technologically advanced, remain dependent on natural variability of solar irradiation and wind speed, which cannot be fully forecasted or controlled being natural phenomenon and per say are not dependent fuel source like conventional generators have.	Imposing identical DSM treatment on new RE projects will increase financial risk at the bidding stage, forcing developers to inflate tariffs or reduce participation in future tenders. This could slow down capacity addition and conflict with national RE expansion targets. Moreover, such treatment transfers uncontrollable grid variability risks entirely to generators, contrary to the principle of equitable responsibility.	Here it is pertinent to highlight that RE generation can never be placed at the same level as conventional generators. Please note that the fuel source for conventional generators is controllable and predictable based on the grid requirement, however, that will never be the case for RE Developers no matter how much advancement in the field of forecasting is achieved. Treating RE at par with general sellers is not only going to dwindle the plans of transforming the national load dependency on RE but also would discourage the developers from investing in RE.
5	Para 25(c) – No Payment for Over-Injection when Frequency ≥ 50.05 Hz	Disallowing payment for over-injection during high frequency conditions will penalize RE projects for events beyond their control (as frequency is system-driven).	Will lead to unintended financial losses even when the generator is compliant with schedule; RE generators lack real-time visibility and dispatch signals to manage injection instantaneously.	This clause should be deferred until a real-time visibility and automated curtailment mechanism for RE plants is fully implemented by SLDCs/RLDCs. Here it is pertinent to highlight that mechanisms such as PPCs and

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				SVGs are being used for curtailment of power. However, it is also important to note that RE fuel sources if not consumed are lost (as fuel), hence, in case of such triggers it is required that a framework around utilization of such power by installing co-located BESS needs to be developed for appropriate utilization of power as and when required by the Grid.
6	General – Comparison of RE Generators with Conventional Generators	In conventional generation sources, the fuel supply (coal, gas, etc.) is stable and controllable, enabling demand-based and predictable generation. In contrast, non-conventional renewable sources such as solar and wind are dependent on natural factors like solar irradiation and wind speed, which are inherently variable and unpredictable. Therefore, comparing RE generators with conventional generators under the same deviation criteria is technically unjustified and inequitable.	Applying identical DSM norms and deviation formulas to both categories disregards the inherent intermittency of renewable energy, leading to unfair financial penalties for RE projects. This may also discourage future investments in the renewable sector and undermine national RE capacity targets.	The Hon'ble Commission may consider maintaining a differentiated DSM framework for RE generators that acknowledges the uncontrollable nature of renewable resources. RE generators should be provided separate deviation thresholds and relaxed penalty structures, distinct from conventional sources, in the interest of equitable treatment and continued RE sector growth.
9	General – Variation in Solar Irradiation and Climate Conditions	In recent years, solar irradiation levels have declined in several regions due to changing climatic patterns and increasing atmospheric disturbances such as smog, dust, and parali (crop residue) burning. These external	Unforeseen drops in irradiation and climatic anomalies reduce actual generation despite accurate forecasting, leading to increased deviations and higher DSM charges. Penalizing RE generators for such uncontrollable variations contradicts	The Hon'ble Commission may consider recognizing climate-induced variability as a legitimate factor influencing generation unpredictability. Accordingly, RE generators should be provided with relaxed tolerance limits or

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		factors directly affect the generation output of solar plants and are beyond the control or predictability of RE developers.	the principle of fairness in deviation management.	compensatory provisions in DSM computations during verified periods of abnormal climatic conditions. Further, RE developers may be allowed to submit meteorological impact data annually for CERC's consideration before implementing stricter DSM parameters.
10	General – Implementation and Impact of DSM Framework	Most of the RE Developers have common QCA's hence impact is similar for all, which is DSM charting.	Since the introduction of the revised DSM framework (effective from October 2023), there has been a notable increase in DSM charges for both solar and wind generators, irrespective of individual forecasting improvements. This indicates the need for a deeper, data-based assessment before further tightening of norms.	It is requested that the Hon'ble Commission allow RE developers, through QCAs and industry associations, to undertake a detailed impact assessment of the existing DSM framework. The findings of such a study may be submitted to the Commission, based on which further decisions on implementation or modification of "X" may be taken to ensure a fair and evidence-driven transition.

Thanking You,
Yours sincerely

IndiGrid Limited

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