TAMILNADU POWER DISTRIBUTION CORPORATION LIMITED

From
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To
The Secretary
Central Electricity Regulatory Commission
World Trade Centre
6th, 7th & 8th Floors, Tower-B,
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Lr. No CFC/RC/SE/CERC/EE3/AEE / F. DSM Reg/D.223 /25, dt.30.09.2025.

Sir,

Sub: Determination of value of "X" for computation of the deviation (in %) for Wind and Solar (WS) Sellers from 01.04.2026 onwards under the provisions of the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2024 - TNPDCL's comments and suggestions - Submission of – Reg.

Ref: Public Notice issued vide No.L-1/260/2021/CERC Dated: 10.09.2025

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This has reference to the public notice issued vide No. L-1/260/2021/CERC Dated:10.09.2025, inviting comments/ suggestions/ objections from the stakeholders and interested persons on determination of value of "X" for computation of the deviation (in %) for Wind and Solar (WS) Sellers from 01.04.2026 onwards under the provisions of the DSM Regulations, 2024.

In this regard, TNPDCL suggests for swift trajectory of X = 0 % from FY 2026–27 onwards for existing WS sellers for equitable treatment, consumer protection and grid security, strict DSM penalties for aggregated WS sellers through QCA, enhanced deviation charges for over injection during high-frequency periods.

The detailed views and comments are enclosed as Annexure.

Thanking you,

Yours faithfully,

R Krishnaswami
30.09.2025

Chief Financial Controller
Regulatory Cell

Encl: As above

ANNEXURE

TNPDCL's comments on Petition No. 9/ SM/2025 (Suo-Motu):

IN THE MATTER OF: Determination of value of "X" for computation of the deviation (in %) for Wind and Solar (WS) Sellers from 01.04.2026 onwards under the provisions of the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2024.

1. TNPDCL supports the Commission's move for the transition from available capacity-based to a schedule-based deviation calculation for WS sellers. This shift is critical for aligning renewable energy generators with grid discipline, particularly in states like Tamil Nadu with high renewable penetration.

2. TNPDCL submits that Clause (2)(b) of Regulation 6 of the DSM Regulations, 2024, explicitly stipulates this transition to commence from 01.04.2026. Since these regulations have already been in force for over a year, RE generators have had ample notice to prepare for compliance. A gradual five-year transition proposed is excessively lenient and delays achieving much-needed grid discipline.

3. Tamil Nadu Electricity Regulatory Commission (Forecasting, Scheduling and Deviation Settlement and Related Matters for Wind and Solar Generation) Regulations, 2024, has already stipulated formula for Deviation of WS seller with scheduled generation in the denominator. If such a framework is considered feasible and has been made applicable to WS sellers within the state, there is no rationale for CERC to defer its application at the national level until 2031. Hence, TNPDCL recommends a swift trajectory of **X = 0 % from FY 2026–27 onwards for existing WS sellers.**

4. **Rationale for Accelerated Alignment:**

   - **Forecasting improvements**: Since 2017 REMCs, QCAs, and forecasting tools have significantly improved RE scheduling accuracy, a prolonged concession period for transition until 2031 is unnecessary.

   - **System security (technical impact):** Deviations by RE generators, significantly increase the need for balancing reserves and ancillary services, raising operational risks for system operators. Faster alignment of DSM norms will encourage accurate forecasting, reduce deviations, and strengthen overall grid reliability.

   - **Consumer interest & DSM Pool impact (financial impact):** The gradual reduction of "X" over a period of 5 years, combined with QCA benefits, reduces deviation charges payable by RE generators, creating deficits in the DSM pool used to fund ancillary services. This cost is shifted onto DISCOMs and ultimately consumers. Accelerating the reduction of X=0%, ensures generators bear the cost of their deviations and protects consumer interest to some extent.

5. TNPDCL submits that while QCA aggregation of multiple RE plants offers commercial advantages to generators, DSM penalties under aggregation must be stricter than those applicable for individual generators to ensure adequate contribution to the DSM pool and protect system-level grid security.

6. TNPDCL welcomes the provision that new WS projects bid on or after 01.04.2026 will face full DSM liability at par with conventional generators. However, there is no rational justification for deferring the parity of existing Wind and Solar (WS) projects with General Sellers until 01.04.2031. Once new WS projects bid on or after 01.04.2026 are treated at par with General Sellers, continuing preferential treatment for existing projects until 2031 is arbitrary and discriminatory.

7. TNPDCL supports the proposal to disallow payments for over-injection when the system frequency is at or above 50.05 Hz. To further enhance grid security, the Commission may consider implementing a graded penalty structure for over-injection during high-frequency events higher than 50.05 Hz. (>50.05 Hz).

Conclusion:

- TNPDCL respectfully submits that the Commission's proposed slow transition of "X" from 100% to 0% until 2031 unfairly shields RE sellers while disproportionately burdening DISCOMs and consumers. TNERC has already stipulated formula for calculation of deviation of WS generators as percentage of scheduled generation and the same is under implementation from 01.04.2024. Hence a stricter and swift trajectory of **X = 0 % from FY 2026–27 onwards for existing WS sellers** is both technically feasible and essential for equitable treatment, consumer protection and grid security.
- DSM penalties under QCA aggregation of multiple RE plants must be stricter than those applicable for individual RE generators.
- In addition, deviation charges during high-frequency periods should be significantly enhanced by implementing a graded penalty structure for over-injection during frequency events higher than 50.05 Hz, to avoid over-injection, ensuring that RE sellers operate with the same discipline as conventional generators well before 2031.

30.09.2025

Chief Financial Controller
Regulatory Cell