TPL Comment on the draft order "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- Regarding".

Based on the study conducted by TPL, for low PLF day (low wind season) and high PLF day (high wind season) it was observed that, DSM penalty will increase significantly if proposed regulation amendment is implemented due to narrower absolute error band and X=0. As per estimate, it may increase by 4-10 times or even for more, i.e., from current 4-5 Paisa/KWh to 40-50 Paisa/KWh.

1. Under the current DSM framework, RE generators need to bear high level of DSM penalties, even with the existing forecasting technologies in place. Proposed trajectory of X and squeezing of band will further increase it. Rather than achieving the intended objective of enhancing grid discipline, these measures may inadvertently undermine the financial viability of RE generation projects.
2. There is no technology available as on date which can forecast change in wind speed and weather accurately. There are events of sudden changes in wind speed at site without predictable reasons. This type of events is already causing high DSM penalty, further narrower band and X=0 will further increase DSM penalty.

3. Due to proposed revision in DSM calculation methodology, where the Available Capacity will be replaced by Scheduled generation in phased manner, Time block-wise Deviation (in %) will remain high in low wind season as compared to high wind season as value in denominator (i.e., scheduled generation) will generally remain on lower side in low wind season which pushes total deviation on higher side.
4. Due to global warming and other related events, there is drastic change in weather patterns. This has further made forecast prediction difficult.

Hence, considering the limitation of forecasting technologies, it is requested that the existing tolerance band and Available Capacity based DSM penalty Calculation (i.e., X=100%) shall be kept as it is. If proposed regulation X=0 and narrower tolerance band will be implemented, it will affect the financial viability of project.

With this we also would like to highlight that, Under Indian Electricity Grid Regulations, post 2023, Revision instruction in schedule for RE generators will become effective from 7th/8th time-block instead of 4th block. This change has further affected the financial liability of generators in terms of DSM penalties. For example, during a forced outage, the longer delay to the 7th/8th time block can result in higher penalties for deviation under the Deviation Settlement Mechanism (DSM) regulations.

Since DSM penalty/Deviation Charge in exiting regulation is already high and considering the other challenges that RE developers are facing, we request to keep formula for calculating DSM penalty as it is and absolute error band same.

In light of the Hon'ble Commission's proposal to transition from available capacity-based computation to scheduled generation-based computation and the concurrent tightening

of tolerance bands, it is respectfully submitted that such regulatory changes will significantly increase DSM penalties for RE projects which is also backed by the Grid India's study. Given the inherent variability of renewable generation and the limited control RE developers have over such deviations, these changes pose a serious threat to the financial viability of RE projects**. Therefore, it is humbly requested that DSM penalties arising from these regulatory changes be treated as a Change in Law, allowing for their pass-through under applicable contractual frameworks to safeguard the interests of RE developers.**