Comments of APPCC(On behalf of APDISCOMs) on Hon'ble Central Electricity Regulatory Commission (CERC) proposal 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 CERC Deviation Settlement Mechanism and Related Matters) Regulations, 2024- Regarding

1. The AP Distribution Companies (APDISCOMs) respectfully submit that the increasing integration of Renewable Energy (RE) generation into the grid, while essential for meeting national energy transition targets, is also creating significant challenges for grid operation and demand-supply balancing. On one hand, higher penetration of RE introduces considerable intermittency, making real-time grid management more complex. On the other, there is a noticeable lack of adequate commitment from RE generators to adopt and implement advanced forecasting models, which could significantly improve the accuracy and reliability of RE scheduling.

2. The continued inadequacies in forecasting and scheduling by RE generators are severely affecting the day-ahead and real-time load-generation balance managed by the beneficiary DISCOMs. At present, there is no mechanism to penalise RE generators for maintaining poor forecast accuracy. Instead, the financial burden of deviation charges is largely being borne by the drawl entities, i.e., the DISCOMs, which have limited control over the RE generation injected into the grid.

3. In this context, the Hon'ble Commission had, through an amendment to the DSM Regulations, rightly proposed to revise the deviation percentage formula for wind and solar generators by introducing "Scheduled Generation" as the denominator. This was a welcome step towards aligning the deviation framework with actual grid impact.

4. However, the current proposal to continue using "Available Capacity" until 31.03.2026, and thereafter phasing out the transition to "Scheduled Generation" at a slow pace through the X-factor mechanism, is **highly concerning**.

5. It is pertinent to highlight that the study quoted by the Hon'ble Commission—conducted by NLDC/Grid India—primarily assesses the revenue impact and financial viability of RE generators due to forecast

errors, without adequately considering the substantial operational and financial burden this variability imposes on DISCOMs.

6. The DISCOMs are left exposed to high deviation charges, which, as per Ministry of Power guidelines, are not even recoverable through Fuel and Power Purchase Cost Adjustment (FPPCA) mechanisms or considered as part of power purchase costs.

7. While the Hon'ble Commission has taken cognizance of stakeholder suggestions regarding the denominator used in the deviation formula and proposed a phased transition plan through the X-factor, the pace and structure of this transition is neither equitable nor aligned with the realities faced by the distribution utilities.

8. The current proposal to retain the X-factor at **100% for FY 2026-27** effectively extends the preferential treatment granted to RE generators beyond the originally stipulated period of FY 2025-26. This extension, in turn, delays the much-needed shift by RE generators toward adopting advanced forecasting and scheduling tools.

9. Moreover, the proposed phased reduction of X-factor by only 20% annually and reaching **0%** by FY 2031-32, is excessively gradual. Such a timeline undermines the objective of fostering accountability among RE generators and continue the disproportionate financial burden on DISCOMs, who are compelled to bear the consequences of inaccurate RE forecasting.

10. Also, as the study done by NLDC has clearly depicted that QCA entities had lesser impact due to DSM charges compared to individual entity, the Hon'ble commission may notify such regulations/amendments which would encourage the RE entities to form QCA and reduce the revenue impact due to DSM charges on and also adopt better forecasting models.

11. **Proposal from APDISCOMs Regarding X-Factor Implementation**

In light of the above considerations, the APDISCOMs respectfully submit the following for the kind consideration of the Hon'ble Commission:

I. **For RE Entities Without QCA**:
The Hon'ble Commission is urged to revisit the proposed timeline and mandate a complete removal of the X-factor **(i.e., X = 0%)** with effect from **FY 2026-27** for renewable energy generators that have **not formed** or **do not intend to form** a Qualified Coordinating Agency (QCA). Continuing to extend leniency to such entities undermines accountability and places an undue burden on the grid and the distribution utilities.

II. **For RE Entities With QCA**:
At a minimum, the X-factor may be **reduced to 20%** from 1st April 2026, for those RE entities that have **already formed a QCA** or will be formed w.e.f 01.04.2026. The X-factor should then be fully phased out **(X = 0%)** by **01.04.2027.**

This differentiated approach would serve as a meaningful regulatory incentive for RE generators to improve forecasting accuracy, adopt structured coordination mechanisms, and meaningfully contribute to grid stability—especially critical as India progresses towards its goal of **500 GW of RE capacity by 2030**.

12. Table showing Value of X with timelines proposed by Hon'ble CERC and as demanded by APDISCOMs.

Sl.No	Timeline with effect from	As proposed by Hon'ble CERC	As proposed by APDISCOMs	
			For QCA Formed	For QCA not formed
1	01.04.2026 to 31.03.2027	100%	20%	0%
2	01.04.2027 to 31.03.2028	80%	0%	
3	01.04.2028 to 31.03.2029	60%		
4	01.04.2029 to 31.03.2030	40%		
5	01.04.2030 to 31.03.2031	20%		
6	01.04.2021 onwards	0%		