Fwd: The company's comments/ suggestions 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 (De...

Ravindra Kadam < advisor-re@cercind.gov.in >

Tue, 11 Nov 2025 5:44:17 PM +0530

To "NAUSHEEN"<nausheen.786@nic.in>

Cc "cerc readvisor"<cerc.readvisor@gmail.com>

I think this is not mentioned in your list of comments on X factor under DSM

========== Forwarded message ==========
From: Harpreet Singh Pruthi <secy@cercind.gov.in>
To: "Ravindra Kadam"<advisor-re@cercind.gov.in>
Date: Tue, 11 Nov 2025 17:21:31 +0530
Subject: Fwd: The company's comments/ suggestions 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 (De...
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From: Lakshmi Kumar Velpuri <LakshmiKumar.Velpuri@itc.in>
To: "secy@cercind.gov.in"<secy@cercind.gov.in>, "advisorre@cercind.gov.in" <advisorre@cercind.gov.in>
Date: Fri, 17 Oct 2025 20:39:52 +0530
Subject: The company's comments/ suggestions 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 (De...
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Respected Sir/Madam,

ITC Limited (“**ITC**”), the **Objector** herein, is a company under the Companies Act 2013 with its registered office at Virginia House, 37 J.L. Nehru Road, Kolkata 700071. The objector has a wind power generating station in Andhra Pradesh.

1. The Hon’ble Commissions proposal and the company's comments/ suggestions against the Central Electricity Regulatory Commission (Deviation Settlement

Mechanism and Related Matters) Regulations,2024.

a. As per **Clause (4) of Regulation 8** of the DSM Regulations, 2024, the revenue-neutral tolerance band for Solar/ Wind-Solar Hybrid Generating Stations will reduce from +/- 10% to +/- 5% and for Wind Generating Stations it will reduce from +/- 15% to +/- 10% from 01.04.2026 onwards.

The company’s objections and suggestions:

As mentioned in point no. 9 of the said draft proposal, the Hon’ble Commission itself has observed from Grid India study during the period 16.09.2024 to 29.06.2025 that, the percentage of the deviation remained within the revenue neutral tolerance band of +/-15% for Wind Generating Stations is as low as 73%. This clearly shows that; the Hon’ble Commission also understands the challenges of wind generating stations to comply within even +/- 15% of the revenue neutral tolerance band.

Further, it is mentioned in point no. 10 of the proposal that, the Hon’ble Commission also noted that on tightening the DSM tolerance band to +/- 10%, the percentage of time the deviation within the proposed tolerance band would fall to as low as 32% for wind generating stations.

In view of above, the proposed change in DSM tolerance band will severely impact the wind generating stations and it also discourages the renewable energy investments. Therefore, it is humbly request the commission to retain the existing DSM band as it is.

In case, the Hon’ble commission decided to proceed with the proposed amendment, it may be considered only for incentives and not for DSM computation.

b. While **Clause (2)(b) of Regulation 6** stipulates that the deviation in a time block for WS Sellers (Dws) (in %) shall be computed for the period from 01.04.2026 onwards, as per the following formula:

Dws% = 100 x [(Actual Injection in MWh) – (Scheduled generation in MWh)] /
[(**X%** of **Available Capacity**) + (**100-X**) % of **Scheduled Generation**)

Provided ‘X’ shall be stipulated by the Commission through separate order(s) after public consultation.

The company’s objections and suggestions:

As mentioned in point no. 15 of the draft proposal that, according to Grid India study, the wind generating stations face the highest financial impact, with losses ranging from -2.8% to -48.2% depending on the value of “X”. This huge impact is majorly due to variation in wind power generation Vs the forecasting challenges.

The current forecasting accuracy is evident that the financial impact on wind generating stations is already high, hence the proposed DSM computation formula will further increase the financial burden.

Currently, the energy storage systems (ESS) are not available in financially feasible options. Therefore, it is requested to differ the implementation of the proposed formula for DSM computation. Alternatively, it may be consider under subsequent amendments in future as soon as financially feasible ESS options are available.

Additional Comments:

The objective of the Electricity Rules 2022 was focussed on promoting RE projects. Whereas the proposal to change the existing DSM computation formula and tightening the DSM tolerance will definitely discourage the RE projects.

Thanking you,
For ITC Ltd.
Lakshmi Kumar V.

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