Key Comments / Observations under CERC Draft Order

Over-tightening of DSM tolerance bands & inadequate revision flexibility

- The draft proposes reducing the deviation band from ±15 % → ±10 % for wind, and ±10 % → ±5 % for solar. This sharp contraction leaves very little margin for natural variability or forecast error in renewable outputs, thereby significantly raising the risk of frequent DSM penalties and thereby reducing the returns significantly.
- In parallel, the permitted revision window remains constrained to the 7th/8th time block. Such limited opportunity for real-time adjustment is unrealistic for variable renewables, especially where weather and generation forecasts evolve intra-hour. We request Realtime revision to be made applicable, possibly , next time block.
- Forecasting wind/solar output inherently depends on meteorological models and satellite data. But such data have limitations (spatial resolution, cloud cover, wind turbulence). Due to above, errors in forecasts cannot always be corrected within rigid revision windows.

Incorporation of "General Seller (GS)" linkage & frequency alignment

- Under Clause 25, all new WS projects (tendered or bid after 01.04.2026) are to be treated as General Sellers, implying X = 1 (i.e. no denominator relaxation). This subjects new plants to full DSM exposure as per General seller from day one.
- Linking WS projects with General Seller regime immediately reduces flexibility and may deter investment in new renewable projects, affecting bankability and predictability.

Analysis of DSM Increase and X-Factor Impact on Ayana Renewable Power's NR and SR Plants

Upon evaluating the performance metrics of Ayana Renewable Power's solar and wind projects in the Northern (NR) and Southern (SR) regions, a significant observation has been made regarding the (DSM) and its correlation with the X-Factor:

a) **DSM Increase:** The DSM percentage has escalated fourfold for solar projects and eightfold for wind projects when the X-Factor is set to zero.
b) **Risk on Investment :** This might result high risks to old investments made to existing projects, which may become NPA, with such high DSM loses.
c) CERC study as per draft order shows that for solar Projects revenue losses were observed in a moderate range, from approximately 3.5% to 11.1%.

d) Similarly, for Wind Projects the impact was much more pronounced — losses ranged from 2.8% up to 48.2%.

Moreover, the analysis by the Hon'ble CERC itself acknowledges the risks of substantial DSM% losses and the threat to the returns on investment for renewable energy assets under the current DSM + X-Factor setup.

Considering the challenges identified with the current (DSM) framework, particularly the adverse impact after introduction of X-Factor on RE assets, we propose Hon'ble CERC to eliminate the X-Factor from the DSM calculation.