

No. 23/17/2022-R&R Part-(1)
Government of India
Ministry of Power
**

Shram Shakti Bhawan, Rafi Marg,
New Delhi, 16th January, 2023

To,

1. Secretary, MNRE
2. Chairperson, CEA
3. ACS, Energy Dept, Karnataka
4. Secretary, CERC
5. CMD, Grid India
6. Chairman, Wind Independent Power Producers Association (WIPPA)
7. Chairman, Indian Wind Power Association (IWPA)
8. DG, Solar Power Developer's Association (SPDA)
9. Chairman, National Solar Energy Federation of India (NSEFI)

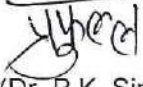
Subject: Minutes of the meeting chaired by Hon'ble Minister of Power and NRE on 1st December 2022 at 1645 hrs on Deviation Settlement Mechanism Regulations.

Sir/Madam,

I am directed to forward herewith the minutes of the meeting held under the Chairmanship of Hon'ble Minister of Power and NRE on 1st December 2022 on Deviation Settlement Mechanism Regulations, for information and necessary action.

Encl: As above

Yours faithfully,


(Dr. P.K. Sinha)

Deputy Secretary to Government of India
Tele: 23736275

Copy to:

- i. Sh. Ajay Talegaonkar, Member (E&C), CEA
- ii. Sh. Pardeep Jindal, CE (R&R), CEA
- iii. Sh. Dinesh Dayanad Jagdale, Joint Secretary, MNRE
- iv. Dr. S K Chatterjee, Chief (Regulatory Affairs), CERC
- v. Sh. S S Barpanda, Director (Market Operation), Grid India
- vi. Sh. Debasis De, Executive Director (NLDC), Grid India
- vii. Sh. K V N Pawan Kumar, Chief Manager (NLDC), Grid India

Copy for information to: PS to HMOP, Sr. PPS to Secy. (P), PS to CE (R&R), Ministry of Power.

Minutes of the Meeting, Chaired by Hon'ble Minister of Power and NRE, on 01st December 2022, at 1645 hrs on Deviation Settlement Mechanism Regulations,

List of Participant is given at Annexure I.

1. Secretary (P) welcomed the participants and outlined the purpose of the meeting. He further explained that at present, $\pm 15\%$ tolerance band available to ISTS connected renewables in which there are no penal charges for deviation and in the proposed DSM mechanism, the tolerance band has been further tightened to $\pm 10\%$ with graded deviation charges.
2. Subsequently, ACS (Energy Department), Government of Karnataka made a Presentation (Copy of presentation is enclosed) and explained the energy mix and renewable integration issues being faced by them. The variable RE generation is handled with flexible hydro stations and keeping state thermal units as low as 50% of loading. Due to wide variation in the day-ahead forecast and actual generation, Karnataka is getting heavily penalized both for under-drawal (during over-injection by renewables) and over-drawal (during under-injection by renewables). Due to this, Karnataka had to resort to distress sale in electricity market at extremely low prices. Further, the formula for computation of error containing Available Capacity in the denominator is causing lower deviations being reported. He requested changes in the proposed DSM regulations with respect to deviation calculation and special consideration for RE Rich States in deviation limits. He requested for tightening of permissible deviation for RE generations.
3. CMD (Grid-India) made a Presentation (Copy of presentation is enclosed) and explained that from the utility perspective, the day ahead forecast is important from the view point of committing or de-committing the thermal units and, therefore, any large errors with respect to day ahead forecast leads to operational challenges in minimizing the deviation from the schedule. This aspect requires urgent attention as percentage share of intermittent RE is increasing very rapidly in the power flows of the country. The forecasting by system operator is purely from system security point of view whereas the forecasting by developer would be to avoid deviations and corresponding economic implications. The forecasting improves with larger set of historical data. Further, the tolerance band tightening with improvement in forecast was signaled long time ago in the Statement of Reasons issued by Central Commission in August, 2015. CMD, Grid-India further explained that there is a fundamental difference in the settlement of deviations at inter-state and intra-state level. At inter-state level, the payment to generators by DISCOMs is based on schedules (with the deviation amounts settled through RLDCs Deviation and Ancillary Services Pool Account) whereas at intra-state level, it is based on actuals (with the DISCOMs paying a graded charges for forecast errors into the SLDCs DSM Pool Account).
4. The RE developers explained their difficulties due to penalty provisions proposed in the new DSM regulations. One of the developers (M/s Tata Power) mentioned