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To
Secretary
Central Electricity Regulatory Commission
3rd & 4th Floor, Chanderlok Building
36, Janpath
New Delhi: 110 001 Fax No: 011 23753923

Sub.: Draft proposed framework on "Forecasting, Scheduling & Imbalance handling for Renewable Energy generating stations based on Wind & Solar at inter-state Level – Comments of GUVNL

Sir,

This has reference to public notice dated 31.03.2015 on the above cited subject and seeking comments of the Stakeholders on the draft framework.

In this regard, the suggestions / comments of GUVNL on the draft proposed framework are as under:

1. The proposed methodology for forecasting & scheduling would be applicable for the inter-state Wind and solar generators whose scheduling is done by RLDCs i.e. at inter-State level.

Comment:

The RE project connected with the State Transmission network may also supply power outside the state. In such condition the scheduling of the RE project will be undertaken by RLDC. However, the proposed framework is not providing any mechanism to deal with such projects. Therefore, suitable guideline may be incorporated while finalizing the framework for forecasting & scheduling of such RE projects.

2. In the methodology, it is proposed that for deviation, RE generator would be liable to pay a pre-defined charges to DSM Pool & buy REC for under-injection while for over-injection will receive pre-defined charges & would be eligible for REC

Comment:

The realization (payment of scheduled energy ± deviation incentive/penalty ± realization from REC to the RE project developer is higher within ±12% deviation level whereas the realization at accurate forecasting i.e. no deviation is lower.

For example, the net realizable tariff for Wind generator for over injected energy within 12% is Rs. 5.50 per unit (i.e. Rs. 4.00 from DSM pool + Rs. 1.50 of REC) while the Generator adhering to schedule and having accurate forecast i.e. no deviation would have realizable tariff of Rs. 5/unit.

Therefore the methodology should be such that the realization by a RE project developer forecasting accurately or near to accuracy should not be lower than a project developer deviating within ± 12%.

3. In the methodology, it is proposed that incentive / penalty in the form of pre-defined charge would be applicable to Wind / Solar Generator for over-injection / under-injection, the commercial settlement of which shall be through the DSM pool.

Comment:

In the draft methodology, it is proposed to adjust the incentive to RE generators operating in the band of ±12% i.e. overall 24% as well the impact of slightly lower rates for over-injection / higher rates for under-injection for deviation beyond ±12% is to be settled through DSM pool at the pre-specified rate. Therefore, the difference between specified rates and applicable DSM rate is to be settled through regional DSM pool which is being settled amongst the constituents of the concerned Region. Thus the impact of variation is to be shared only by the States in the region where such RE projects are located. This will put additional burden on the States located in the region with good RE potential.

Therefore, instead of adjusting the variation through DSM pool, it would be appropriate to apportion the deviation charge across the country or alternatively it should be funded through National Clean Energy Fund, Power system Development Fund etc.

4. In the methodology, it is proposed that the Rate of Penalty / incentive for excess generation / shortfall energy would be pre-defined (i.e reviewed every 6 months by Commission) assuming a benchmark tariff rate.

Comment:

In this regard, it is to state that with economies of scale, the tariffs of Wind/Solar are varying based upon the location, quantum of capacity and technology adopted for the Project.

Further, future tie-up from RE projects would be through bilateral/negotiated arrangements, tendering process, reverse auction process, viability gap funding etc wherein in the tariff discovery would be contingent to various parameters.

In view of above, it is necessary that pre-defined incentive / penalty should not give undue benefits to the RE project developers especially where RE tariff is very low.

5. The proposed framework provides for issuance of REC / purchase of REC by the RE generators for over-injection / under-injection which shall be specified in the DSM account published by the RPC of the respective Region.

Comment:

In this regard it is to state that, Nodal Agency would issue REC to the eligible RE generators based on RPC account. However, RE generators under-injecting are required to purchase the same by placing bid on the Power Exchanges for which a time limit should be prescribed.

It is requested to consider GUVNL's views while finalizing the Framework.

Thanking you.

Yours faithfully,

(K.P. Jangid)
General Manager (Comm.)