

HINDUSTAN POWER

HCeL/CERC/RA/11

05/05/2015

To

The Secretary
Central Electricity Regulatory Commission (CERC)
3rd & 4th Floor, Chanderlok Building,
36, Janpath, New Delhi – 110 001

Phone : 011 - 23753915

Fax : 011 – 23753920

E-mail: secy@cercind.gov.in, secycerc@gmail.com, info@cercind.gov.in

Subject : Comments/suggestions on Proposed Framework for Forecasting, Scheduling & Imbalance Handling for Renewable Energy (RE) Generating Stations based on wind and solar at Inter-State Level.

Reference : CERC Public Notice No. 1/14/2015-Reg. Aff. (FSDS)/CERC dated 31.03.2015.

Madam,

This has reference to the above referred Public Notice for amendment in various Regulations with proposed framework for “Forecasting, Scheduling & Imbalance Handling for Renewable Energy (RE) Generating Stations based on wind and solar at Inter-State Level” notified by Hon’ble Central Electricity Regulatory Commission (hereinafter “**Hon’ble Commission**”) and inviting comments/suggestions thereon. Hon’ble Commission has also scheduled a public hearing in this matter on 05.05.2015. In this regard, comments/suggestions on behalf of Hindustan Cleanenergy Limited are as follows for kind consideration of the Hon’ble Commission as due to some unavoidable circumstances we shall not be able to attend the hearing;

1. Hon’ble Commission’s proposal for incentivizing/penalizing for scheduling is basically expecting accuracy of forecast by an RE generator. Further, all the risk related to forecasting, scheduling, over injection and/or over injection have been thrust upon RE generator only whereas, neither buyer of RE nor any other agency has been entrusted to share the risk of

Hindustan Cleanenergy Limited

(formerly Moser Baer Clean Energy Limited)

Registered Office: 616A (16A, Sixth Floor), Devika Tower, Nehru Place, New Delhi – 110019

Corporate Office: 239, Okhla Industrial Estate Phase – III, New Delhi 110020, India,

Phone 91-11-47624100, Fax : 91-11-47624229.

CIN: U40106DL2008PLC184260 Website: hindustanpowerprojects.com Email Id: contact@hpppl.in

environment friendly infirm power. Hon'ble Commission may appreciate that even the dedicated government departments using best of the forecasting technologies cannot accurately predict the phenomenon of the nature which is best known only to God thus, it would completely be unfair to penalize RE generator for any inaccurate forecasting. Instead RLDC may be entrusted with the responsibility of such forecasting, as being done proposed and RLDC may be compensated for additional costs instead of RE generator for forecasting. Any incentive/penalty for errors in such forecasting should be passed on to the beneficiaries as is being done for hydro stations. RE generator may be asked to give declaration of availability of plant for the purpose of forecasting. RE generator cannot be penalized for none of its fault.

2. Hon'ble Commission has proposed to incentivize/penalize for over/under injection beyond the allowed band of 12% deviation by way of issuance/deposit at the rate of REC price. Further, the RE generator will also carry the risk at which price the RECs (band of floor and forbearance price of REC) will be sold. The RE generator will have to manage the REC inventory also as time of REC will not be known to the generator and the present REC market, specially Solar REC, suggests that the solar REC have negligible buyers and expiring for want of buyer without getting sold off. Accordingly, the RE generator will carry double risk towards, over/under injection therefore, the same may be netted off by simple arithmetic and the resultant amount of deviation may be incentivized/penalized by way of proposed methodology. REC market itself has not attracted investor and, hence, forcing RE generator to purchase RECs will further dissuade them.

As mentioned in the proposed framework, the installed capacity of solar generation is only 3383 MW out of total RE capacity of 34351 MW and there are ambitious plans of solar generation capacity addition in near future. We welcome such ambitious plans but to achieve the set targets the solar generation needs support from all corners therefore any such penal provision by way of mandatory scheduling alongwith incentive/penalty of the infirm RE power and/or purchase of REC will discourage RE investment. However, the framework may be implemented on trial basis first for about a year and fine-tuned on annual basis based on experience.

3. In case Hon'ble Commission implements the proposed framework in present form then it is suggested that the cost towards necessary tools/techniques for forecasting which may be part of the capital investment as proposed by Hon'ble Commission has not been captured in the recently

issued generic tariff Order for different RE technologies. Under this Order the PPA can be signed upto 31.03.2016 and plant could be commissioned upto next year. It is therefore, requested that the generic tariff order for RE may accordingly be amended to capture such cost towards forecasting.

4. Further, Hon'ble Commission has proposed a band of +/- 12% for deviation settlement, has any study been conducted to arrive at this number of 12%, if yes then that study may be brought out in the public domain and an opportunity may be given to us submit our comments/suggestions. Hon'ble Commission had previously fixed the said deviation band as +/- 30%. Therefore, the tightening of this band suddenly from 30% to 12% seems unreasonable. In fact any such tightening of deviation band may be gradual. Also, such up/down ward revision of band may be please validated with sufficient reliable data. Considering the fact that unlike conventional sources where man & machine determine the output subject to system & fuel availability, nature plays a key role for RE sources therefore, the band may be provided only for bring in some discipline & with no consequent penalty to RE generator. In case Hon'ble Commission wishes to revise downwardly the 30% band then it is submitted that there may be an intermediary band of 25% i.e. for deviation between the band of +/- 12%, 100% incentive, from deviation between +/- 12% to +/- 25%, 50% incentive, from +/- 25% to +/- 30%, no incentive.

5. As per the proposed framework, in case of short-fall in generation the generator has to buy REC's and meet the Renewable Purchase Obligation/Solar Purchase Obligation (RPO/SPO) on behalf of Discom (Obligated Entity), to the tune of short-fall. It is like passing of Discom's responsibilities to RE Generators, considering the fact that RPO/SPO are responsibilities of the buyer, hence it would be justified if such responsibilities remain with Obligated Entity only. It is also submitted that Hon'ble Commission through the platform of Forum of Regulators may initiate effective enforcement of compliance of SPO/RPOs by Obligated Entities.

We shall be glad to provide any further information in this regard.

On behalf of Hindustan Cleanenergy Limited



(Ashish Nandan)