

WITHOUT PREJUDICE

To,

Date: 28.10.2024

The Secretary,  
Central Electricity Regulatory Commission  
6th, 7th & 8th Floors, Tower B, World Trade Centre,  
Nauroji Nagar, New Delhi- 110029

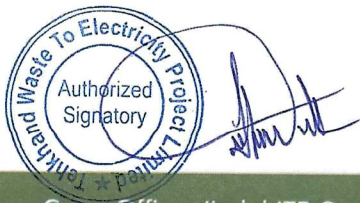
Dear Sir,

**Subject:** Re: CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2024

**References:**

- i. CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2024.
- ii. CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2022.
- iii. DERC Order dated 02.11.2018 passed in Petition No. 56/2017.

1. We, at Tehkhand Waste to Electricity Project Limited (TWEPL) write to you with regard to the notification dated 27.08.2024 issued by the Hon'ble Central Electricity Regulatory Commission (CERC/Commission) to implement the Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2024 (CERC DSM Regulations, 2024) which has come into force w.e.f 16.09.2024, for WtE plants.
2. The primary aim of Waste to Energy initiatives is to manage waste disposal effectively while reducing landfill usage, thereby contributing to environmental protection. These facilities also support the goals of the Swachh Bharat Mission and the Namami Gange Mission by transforming waste into energy. Furthermore, the amount of energy produced from waste is relatively small and the technology is still in nascent stage. Therefore, till date appx. 15 WtE plants with installed capacity close to 200 MW operational in India.
3. Further to this Hon'ble DERC order in Petition No 56/2017 in the matter of:  
*"Petition under Section 86(1)(b) and other provisions of the Electricity Act, 2003 for approval of bidding process, adoption of tariff of Municipal Waste based plant and approval of draft PPA" directed as under:*  
  
*"For a period of maximum (2) year from the date of the commissioning of the Project, there shall be no commercial/ financial implication in the case of deviation from the scheduled power and the actual generation shall be treated as scheduled generation."*
4. Also, vide the Hon'ble Delhi Electricity Regulatory Commission's Order under Ref. 2, dated 21.01.2019, the aforesaid exemption of two (2) years, has been extended for the useful life of



existing and future WtE projects. The relevant excerpts from the Order dated 21.01.2019 are as under:

"1....

...

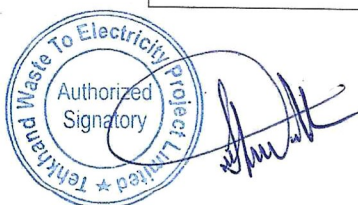
(ii) Any commercial/financial implication in case of deviation from the scheduled power under Deviation Settlement Mechanism from the date of the commissioning of the project and the actual generation shall be treated as scheduled generation.

5. In furtherance, Hon'ble CERC issued the CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2022 stating...

### 8. Charges for Deviation

(1) Charges for deviation in a time block by a seller shall be payable by such seller as under:

Seller	Deviation by way of over injection	Deviation by way of under injection
For a general seller being a generating station based on municipal solid waste	Zero: Provided that such seller shall be paid back for over injection up to [20% Deviation-general seller (in %)] @ contract rate, or in the absence of a contract rate, @ the weighted average ACP of the Day Ahead Market segments of all Power Exchanges for the respective time block.	(i) Zero up to [20% Deviation-general seller (in %)]: Provided that such seller shall pay back for the shortfall in energy against its schedule in any time block due to under injection up to [20% Deviation-general seller (in %)] @ 50% of the contract rate, or in the absence of a contract rate, @ 50% of the weighted average ACP of the Day Ahead Market segments of all Power Exchanges for the respective time block; and (ii) @ normal rate of charges for deviation





		beyond [20% Deviation general seller (in %)].
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6. Also, draft notification dated 30.04.2024 issued by Hon'ble CERC stated...

**8. Charges for Deviation**

**(3) Charges for Deviation, in respect of a general seller being a generating station based on municipal solid waste, shall be without any linkage to grid frequency, as under:**

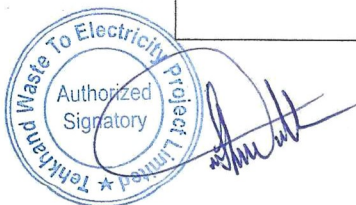
Deviation by way of over injection (Receivable by the Seller)	Deviation by way of under injection (Payable by the Seller)
(i) @ contract rate for deviation up to [20% DGS];	iii) @ 50% of contract rate for deviation up to [20% DGS];
(ii) (ii) @ Zero for deviation beyond [20% DGS];	(iv) @ RR for deviation beyond [20% DGS ].

7. However, contrary to draft notification, Hon'ble CERC vide its Order dated 05.08.2024 has issued CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2024 (CERC DSM Regulations 2024) related to WtE plants as under:

**8. Charges for Deviation...**

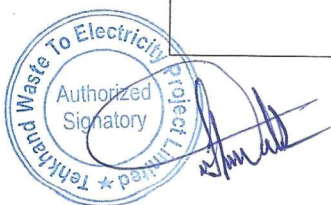
**"3) Charges for Deviation, in respect of a general seller being a generating station based on municipal solid waste, shall be without any linkage to grid frequency, as under:**

Deviation by way of over injection (Receivable by the Seller)	Deviation by way of under injection (Payable by the Seller)
(i) @ contract rate for deviation up to [20% DGS];	(iii) @ contract rate for deviation up to [20% DGS];
(ii) (ii) @ Zero for deviation beyond [20% DGS];	(iv) (iv) @ 110% of contract rate for deviation beyond [20% DGS ].



8. Pertinently, Hon'ble CERC while passing the said order duly examined and considered the purpose of WtE Plants, set up with minimal quantum of waste to energy and extremely limited operation precedence, to dispose of the waste with the objective of protecting the environment and aiding the Swachh Bharat Mission as well as Namami Gange Mission through conversion of waste to energy. As such, the subsequent Order dated 05.08.2024 has eroded the sanctity of the legitimate expectation which accrued to the undersigned.
9. Therefore, it is requested that the Hon'ble Commission may kindly issue necessary directions to **exempt the undersigned from the said order for minimum two to three years** or in absence of the exemption, CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2024 must be allowed for the undersigned in following manner –

Seller	Deviation by way of over injection	Deviation by way of under injection
For a general seller being a generating station based on municipal solid waste	Zero: Provided that such seller shall be paid back for over injection up to [20% Deviation-general seller (in %)] @ contract rate, or in the absence of a contract rate, @ the weighted average ACP of the Day Ahead Market segments of all Power Exchanges for the respective time block.	(i) Zero up to [20% Deviation-general seller (in %)]: Provided that such seller shall pay back for the shortfall in energy against its schedule in any time block due to under injection up to [20% Deviation-general seller (in %)] @ 50% of the contract rate, or in the absence of a contract rate, @ 50% of the weighted average ACP of the Day Ahead Market segments of all Power Exchanges for the respective time block; and (ii) @ <b>Contract rate for deviation beyond [20% Deviation general seller (in %)]</b> .





Therefore, a clarification/necessary direction w.r.t the charges towards CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2024 for the WtE projects may be issued.

**Yours Sincerely,**



**For Tehkhand Waste to Electricity Project Limited**

