

Ref: MSPL/CERC/Solar/Comments/2025-26/456

Date: 06/04/2026

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

Sub: Submission of comments and suggestions on the proposed “Rate of Congestion charge in real-time operation in inter-state transmission of electricity”

Ref.: CERC issued Suo-motu Order in Petition No. 1/SM/2026 dated 13.03.2026

Respected Sir,

- 1) Mahindra Susten (“Susten”), Mahindra Group’s flagship Renewable Energy company is one of the largest IPPs’ in India’s Renewable Energy space. Apart from Mahindra Group (“M&M”), Ontario Teachers’ Pension Plan Board (“OTPP”), one of the largest pension funds in Canada with an AUM of C\$266 Billion is also a 40% investor in the platform. In addition to the IPP business, M&M and OTPP entities are also co-sponsors of India’s largest Renewable Energy InvIT, Sustainable Energy Infra Trust (“SEIT”) listed on the NSE (current AUM of ~ INR 6,900 Crores), and co-shareholders of Mahindra TEQO, India’s largest and world’s sixth largest solar O&M services company (12GW+ capacity under management).
- 2) Susten and our shareholders, M&M and OTPP, have significant interests in India’s renewable energy sector and are playing a key role as investors in supporting Government of India and Honorable Prime Minister Shri Narendra Modi’s vision of achieving the 500GW RE milestone by 2030.
- 3) We appreciate the Hon’ble CERC’s initiative to review the congestion charges imposed as a commercial measure for mitigating real-time grid congestion and for inviting stakeholder comments and suggestions ide the above-mentioned Suo-motu Order dated 13.03.2026.
- 4) With the above context, as part of the stakeholder consultation process, we are pleased to submit our comments and suggestions on the proposed congestion charges as under:

a) Exempt RE from such charges:

At the outset, it appears that the concerns and practical challenges of the Renewable Energy (RE) sector may not have been adequately represented during the finalization of the said regulations. Consequently, the Hon’ble Commission may not have fully considered critical aspects unique to RE generation, including its inherent intermittency and the limitations

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associated with forecasting and scheduling due to complete dependence on weather conditions.

Accordingly, the following submissions are made for consideration of the Hon'ble Commission:

- i. While congestion charges were originally envisaged to deter deliberate over-drawl or over-injection in a thermal-dominated grid contributing to congestion, it is submitted that RE generators, by their very nature, are subject to unavoidable deviations from scheduled generation owing to unpredictable weather variations.
- ii. As a result of such continuous and non-discretionary deviations, RE generators—irrespective of whether they actually cause congestion, or whether such deviations fall within the permissible tolerance limits prescribed under the DSM Regulations—remain exposed to the risk of being levied congestion charges whenever congestion occurs anywhere in the grid.
- iii. It is pertinent to note that, unlike conventional generating stations which possess the ability to ramp up or ramp down generation in response to system contingencies and operational requirements, RE generators are inherently constrained in this regard.
- iv. While RE generators may be able to curtail its generation to address situations of over-injection contributing to grid congestion, they have no technical means to ramp up generation during instances of under-injection. Consequently, in situations where under-injection coincides with over-drawl by regional entities leading to grid congestion, attributing such congestion to RE generators would be technically incorrect and unjustified.
- v. Thus, penalizing such instances of under-injection does not contribute to congestion mitigation and therefore it would defeat the fundamental objective of the Congestion Charge mechanism.
- vi. Further, Present day congestion is mostly structural and is more related to transmission constraints in RE rich areas, rather than behavior of generators. Instead of resolving transmission constraints, penalizing generators for structural congestion risks discouraging renewable capacity addition in resource rich locations.

Therefore, it is humbly prayed before commission to exempt RE from the levy of such congestion charges.

b) Congestion Charges should be reasonable:

Without prejudice to the foregoing, even if congestion charges are proposed

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to be levied on Renewable Energy generators on grounds of grid security, it is submitted that the proposed rates are excessively high and contrary to the overall interests of the Renewable Energy sector, as well as the mandate of Renewable Energy promotion envisaged under the Electricity Act and the applicable Tariff Policy.

In this regard, following are worthy of kind consideration that:

- i. RE generators are already subjected to DSM charges and market exposure under the Real-Time Deviation Adjustment (RTDA) framework.
- ii. The imposition of additional congestion charges would materially escalate financial risk, particularly for competitively bid projects with fixed tariffs discovered on extremely thin margins.
- iii. Congestion charges must be levied strictly and exclusively in circumstances where an entity's deviation demonstrably aggravates grid congestion, and not merely because congestion and deviation coincide in the same time block.
- iv. Further, the grid is already equipped with multiple established operational and market-based mechanisms, such as SRAS, TRAS and the Real-Time Market (RTM), which are available can be explored by Load despatch centres for effective congestion management.
- v. In this context, any levy of congestion charges over and above existing DSM charges is unwarranted, counter-productive, and renders Renewable Energy projects financially unviable

Under the circumstances, it is therefore following are suggested for kind consideration of the Hon'ble commission that:

- a. Instances of under-injection by Renewable Energy (RE) generators should be kept outside the purview of congestion charges, as ramping up generation under such circumstances is not technically feasible.**
- b. Further, if congestion charges are to be levied on RE generators, the same should be applicable only when deviations exceed the outer limit of the tolerance band specified under the DSM Regulations. In cases where deviations by RE generators remain within the prescribed tolerance limits, no charges over and above the applicable DSM charges should be imposed.**
- c. Additionally, any congestion charges levied on Renewable Energy generators should be kept at a**

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minimal level such as Rs 0.005/Unit, taking into account the inherent intermittency and weather dependency of RE generation, as well as the low-margin tariffs discovered through competitive bidding.

c) Other recommendations:

- i. The Hon'ble Commission may consider directing the CEA, Grid-India, or any other competent agency to undertake a comprehensive study analysing historical congestion trends in the ISTS, including congestion attributable to RE generators. The study should also examine the operational measures adopted by Grid-India—including SRAS, TRAS, and the Real-Time Market (RTM) mechanisms under the Grid Code—for ensuring grid security during congestion. Such an evidence-based assessment is essential before arriving at any conclusion to justify the imposition of such high congestion charges on RE generators.
- ii. Priority List for various Generators (Thermal, Solar, Wind and others) and buying entities/Discoms, vis a vis not supporting the Grid during Congestion, to be prepared for levy of congestion charges.
- iii. It is pertinent to note that DSM Regulations, 2024 is already impugned before Hon'ble High Court of Delhi and is currently pending for adjudication. In view of this it is not appropriate to link congestion charges with DSM Charges as per DSM Regulations, 2024 and hence should be kept in abeyance till the final directions from High Court.
- iv. Repeal Regulations and Procedures for levy of Congestion Charges on Renewable Energy Generators after considering must run rules, and existing forecasting issues in RE.

We trust that the CERC will give due consideration to the suggestions offered while finalizing the proposed amendments.

Thanking You,

For, **Mahindra Susten Private Limited**

Authorized Signatory

