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Subject: Tata Power Comments_ Rate of Congestion charges in real time operation in ISTS

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Dear Sir/Mam

Please find enclosed comments from Tata Power on the Rate of Congestion charge in real-time operation in inter-state transmission of electricity

Regards,

Mohd Sarim Siddiqui

Group Head - Advocacy

The Tata Power Company Limited, Shatabdi Bhawan, B-12 & 13, Sector 4, Noida, UP-201301

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Tata Power comments/suggestions on CERC Petition No. 1/SM/2026
(Rate of Congestion charge in real-time operation in inter-state transmission of electricity)

S.No.	Existing provision	Proposed provision	Rational/Comments/Suggestions
1.	<i>In view of the above discussions, the Commission proposes to revise the rate of congestion charge and its applicability as under:</i> <i>(a) The rate of congestion charge shall be 1.5 times the 'Reference Charge Rate' (RR), 'Contract rate' or 'Normal Rate of Charges for Deviation' (NR), as applicable for such entity for such time block as per Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2024 and subsequent amendments and re-enactments, with a minimum rate of Rs 3/unit and a maximum of Rs 10/unit.</i>	(a) The rate of congestion charge shall be 1.5 times the equal to the 'Reference Charge Rate' (RR), 'Contract rate' or 'Normal Rate of Charges for Deviation' (NR), as applicable for such entity for such time block as per Central Electricity Regulatory Commission (Deviation Settlement Mechanism and Related Matters) Regulations, 2024 and subsequent amendments and re-enactments, with maximum up to a minimum rate of Rs 3/unit and a maximum of Rs 10/unit. Relevant changes may be done based on the comments	RE generators (solar/wind) are weather-dependent and non-dispatchable, unlike thermal plants. While the intent to strengthen grid security is appreciated, the proposed congestion charge mechanism, in its current form, may lead to disproportionate and unintended consequences, particularly for renewable energy generators. A more nuanced, equitable, and system-aligned approach is required to balance grid reliability with market efficiency and sustainability goals. The following to be taken into consideration while appropriately while determining the congestion charge. 1. Imposing congestion charge on under-injection is technically unjustified. Hence, congestion charges should not be levied in case of under injection. 2. Lack of Justification for 1.5× Multiplier: - The proposal does not provide any analytical or empirical basis for fixing congestion charges at 1.5 times the DSM rate. In the absence of a clear rationale, the multiplier appears arbitrary. Commission may think of adoption of a graded or slab-based congestion charge structure instead of a flat 1.5× multiplier. 3. Removal of floor (Rs 3/unit) and forbearance (Rs 10/unit) price for RE plants: A significant number of Power Purchase Agreements (PPAs), have been executed at tariffs in the range of ₹3.0–₹3.5/unit. Imposition of the proposed

			floor/forbearance price may therefore result in a disproportionate financial burden on renewable energy generators and adversely impact project viability. the proposed floor/forbearance price may be reconsidered and preferably removed. 4. Congestion charge for utility PPAs and C&I PPAs may be based on the following: • For utility PPAs, the congestion charge may be rationalized by linking it to the contracted PPA tariff (for example, as a percentage of the tariff, such as 40% or any other lower benchmark as may be determined by the Commission), to ensure proportionality and financial sustainability. • For C&I PPAs, the congestion charges may be determined based on market conditions, such as 40% (or any other lower benchmark as may be determined by the Commission) of day average of real-time market prices of the day congestion event occurs. Please note RE generator is already paying DSM charges (being made stringent with time), Hence it is requested that the Hon'ble commission may adopt more prudent approach, while determining the congestion charge for RE plants, as indicated above. Both DSM Charges and Congestion charges may not be applicable together in any time block.
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