========== Forwarded message ==========
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Date: Thu, 24 Sep 2026 13:14:50 +0530
Subject: Submission of Suggestions / Comments on Draft Central Electricity Regulatory Commission (Indian Electricity Grid Code) (Second Amendment) Regulations, 2026.
========== Forwarded message ==========

Dear Sir / Madam,

Ark Energy is a startup in the Energy-tech space, and we are building a platform for facilitating Aggregation / Productization and Monetization of Demand Flexibility in India and providing *Grid Flexibility as a Service.*

We are pleased to submit the suggestions / comments on the subject draft regulation as per attached document.

We request the Hon'ble Commission to look into the matter. WSe believe unlocking the immense energy resources sitting idle behind the meter can help India manage this historic transition more smoothly and at optimal cost.

Thanks & with Best Regards

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Comments submitted to CERC on Draft Central Electricity Regulatory Commission (Indian Electricity Grid Code) (Second Amendment) Regulations, 2026.

Preamble :

The Draft Grid Code amendment is aimed at aligning the IEGC with the realities of today's evolving and transitioning electricity grid in the country, and to enable the grid face the challenges to stability and reliability posed by increasing influx of Variabl;e Renewable Energy. The issue has boiled down to, as one of the researchers on the subject has aptly stated *'matching dynamic supply to dynamic demand'*.

Our Comment / Suggestion

The proposed amendment to the IEGC has missed out on a golden opportunity to give rightful place to all consumers in the electricity sector. The proposed amendment should make it possible for all consumers including residential, commercial and industrial consumers regardless of their capacity to act as active participants, either on their own (if they are > 1 MW) or through Aggregators in markets for Ancillary Services (SRAS and TRAS), Congestion relief, RE following and deviation mitigation and (in future) Capacity Markets.

Distributed Energy Resources, specifically resources sitting behind-the-meter are an untapped source of huge capacity for ancillary services, capacity, congestion relief, matching of VRE to demonstrate DSM compliance.

This paper elaborates some of the policy interventions required to be undertaken in short and medium term to significantly accelerate India's energy transition , in a significantly cost effective manner.

What should be considered as 'Distributed Flexibility & Energy Resources'

Distributed Flexibility and Energy Resource (DFER) are Behind-the-meter (BTM) assets which can provide energy or services to the electricity grid, and would comprise of the following types :

- 'Curtailable Loads' – loads of any capacity, which switch off or reduce power consumption when they receive command from a remote system;

- 'Controllable Loads' – loads of any capacity, which remain Normally Off, but can be switched on to consume electricity on command from a remote system;
- 'Distributed Battery Energy Storage system (DBESS)' - battery and inverter used in homes and offices / shops as back-up power resource , of any capacity, can be commanded to either charge or discharge through command from remote system;
- 'Roof top solar system' of any capacity which is BTM and either with or without co-located storage.

Key Regulatory Amendments required for creation of market for Demand Flexibility

Sr. No	Parameter	Amendment Proposed	Rationale
1	Ancillary Services – SRAS and TRAS	Allow discom connected loads and Behind-the-meter battery to participate in Ancillary Services market (for SRAS and TRAS). Loads with capacity < 1 MW may participate through Aggregators, and loads above 1 MW may either participate on their own or through Aggregators. We propose GERC notifies GERC Ancillary Services Regulations	CERC Ancillary Services 2022 regulation was notified to develop Ancillary Services market. However, it only allowed STU connected loads to participate, which severely limits the eligible loads, aand that is probably one of the reasons why this initiative did not take up as expected. Opening up the Ancillary Services market to all Behind-the-meter assets will unlock a huge capacity in the sector. This will enable SLDC to procure a large part of ancillary services from Distributed Flexible Resources, and so the dependence on coal or gas resources will reduce to some extent.

			This will relieve the pressure on coal plants for fast ramp up and ramp down, and also save energy cost for the Grid operator as procurement of Ancillary services from Flexible resources will be much cheaper compared to gas based power generators.
2	RE Following	RE generators are proposed to be covered under Deviation Settlement mechanism, however the DSM Regulations do not provide any avenue to RE generators to mitigate their deviations. Allow RE Operators to use Demand Flexibility to follow RE and mitigate the deviation. So, for example is a Solar Plant with rated schedule of 100 MW in a particular time block generates 85 MW which is 15% deviation and 10 MW under-injection below the threshold, it should be allowed to use Demand Flexibility to mitigate the 10 MW under-injection by either dropping load and / or discharging Distributed Battery. Penalties for deviation as per the formula provided in the regulation should be used only for that part of deviation which is not mitigated appropriately by Demand Flexibility.	The CERC Deviation Settlement Regulations and its amendments do impose grid and schedule discipline on RE Operators which is necessary to do so when RE capacity in the country has crossed the capacity from conventional power generators. However, policy or regulation, while imposing an obligation and a consequence of non-compliance with the obligation, should also provide an avenue to the obligated entity to mitigate its non-compliance in a lawful manner. In case of Variable RE generation, the deviations are due to unpredictability of weather. While RE Operators are supposed to deploy advanced prediction software either directly or through their QCAs, fact remains that we cannot beat Mother Nature.

		We propose GERC notify GERC Deviation Settlement Mechanism Regulations for RE power projects connected to Gujarat STU.	So, it would serve the country's economic interests as well as interests of natural justice that RE Operators be allowed an avenue to mitigate their deviations, either fully or even partially, by deploying appropriate response from Demand Flexibility BTM resources.
3	Congestion Relief	The CERC Congestion Charges Regulations 2009 and the order on Congestion charges of March 2026 are based on the principle that 'Any entity which causes congestion should pay for causing congestion charges, which will be received by any entity which relieves congestion'. GERC may notify GERC Congestion Charges Regulations which should consider Distributed Demand Flexibility Assets, either acting on their own (in case of assets > 1 MW) and / or acting through Aggregators to participate in congestion relief, and get paid out of the congestion charges pool.	Congestion is a localized phenomenon, and many a times, a temporary phenomenon. The only business-as-usual response to congestion is curtailment – it could be involuntary load curtailment when a demand / load center is facing congestion in importing power, or it could be curtailment of RE generators, if the congestion is caused by over-injection by RE due to favorable solar irradiation or wind gusts. Since congestion is a localized phenomenon, Distributed Demand Flexibility resources, which are also inherently localized are best placed to mitigate congestion. So in case of Load center congestion, some loads can be dropped or Home Inverter

			batteries can be discharged to mitigate the congestion. In case of RE generation curtailment due to glut, some loads can be scheduled to consume additional power, or batteries of Home Inverter battery sets can be charged to absorb the excess power, and thus reduce RE curtailment. Since Distributed Flexibility Resources are inherently distributed, they are best placed to address congestion, which is also an inherently localized phenomenon.