

Central Electricity Regulatory Commission sets trajectory for deviation computation in renewable energy sector

The Central Electricity Regulatory Commission (“CERC”), *vide* its order dated March 31, 2026 (“CERC Order”), has determined the value of ‘X’ for computation of deviation (in percentage) for Wind and Solar Sellers (“WS Sellers”), i.e., generating stations based on wind, solar or wind-solar hybrid resources, under the CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2024 (“DSM Regulations, 2024”).

Under Regulation 6(2)(a) of the DSM Regulations, 2024, the deviation (in %) for WS Sellers, up to March 31, 2026, is computed with reference to available capacity as the denominator.¹ Thereafter, pursuant to Regulation 6(2)(b) of the DSM Regulations, 2024, with effect from April 1, 2026, the computation transitions to a revised methodology wherein the denominator comprises a weighted combination of available capacity and scheduled generation, with such weights determined through a factor ‘X’, to be specified by CERC.²

The CERC Order operationalises this revised framework by prescribing the value of ‘X’ and its trajectory over time for different categories of WS Sellers.

Salient features

- Trajectory of ‘X’ for ‘Wind’ and ‘Solar/Wind-Solar Hybrid’ Sellers:** The CERC Order prescribes separate trajectories for the value of ‘X’ for different categories of WS Sellers, as set out below:

Period	Solar / Wind-Solar Hybrid Generators	Wind Generators
2026–27	100%	100%
2027–28	90%	95%
2028–29	75%	85%
2029–30	55%	65%

The differentiated trajectory reflects a calibrated approach, recognising the relatively higher variability associated with wind generation as compared to solar and hybrid resources.

¹ For the period up to March 31, 2026: Deviation – WS Seller (in %) = $100 \times \frac{[(\text{Actual Injection in MWh}) - (\text{Scheduled Generation in MWh})]}{[(\text{Available Capacity})]}$.

² With effect from April 1, 2026: Deviation – WS Seller (in %) = $100 \times \frac{[(\text{Actual Injection in MWh}) - (\text{Scheduled Generation in MWh})]}{[(X\% \text{ of Available Capacity}) + (100 - X) \% \text{ of Scheduled Generation}]}$.

2. **Transition to schedule-based deviation framework:** The progressive reduction in 'X' results in a gradual shift in the basis of deviation computation:
 - a) higher reliance on available capacity in the initial years; and
 - b) increasing reliance on scheduled generation over time.At 'X' equal to 0%, deviation will be computed entirely with reference to scheduled generation, thereby aligning WS Sellers with a schedule-based discipline.
3. **Directions for implementation beyond March 31, 2031:** CERC has directed the National Load Despatch Centre to frame a procedure, in consultation with the Regional Power Committees, to address computation of deviation (Dws%) in cases where scheduled generation is minimal, particularly beyond March 31, 2031.
4. **Subject to outcome of pending proceedings:** The implementation of the Order has been made subject to the outcome of writ petitions pending before the Hon'ble High Court of Delhi challenging the DSM Regulations, 2024 and related proposals.

Conclusion

The Order provides operational clarity to the revised deviation computation framework under the DSM Regulations, 2024 by specifying differentiated trajectories for 'X' across categories of WS Sellers.

The phased transition towards a schedule-based regime, coupled with category-specific treatment, reflects CERC's approach of strengthening grid discipline while accounting for the operational characteristics of renewable energy generation. Over time, this framework is expected to incentivise improved forecasting and scheduling practices and support grid reliability in a high-renewable system.

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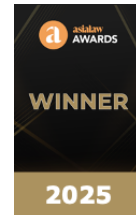
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