

POWER PURCHASE

» Steep Drop in DISCOMs Late Payment Surcharge dues in September 2022:

- » DISCOMs outstanding dues declined to Rs. 713.29 Crores on 16th September 2022, compared to 17th August, 2022, 86% drop, which followed after the strict action against defaulter utilities.
- » Power System Operation Corporation Ltd (POSOCO) had asked three power exchanges - IEX, PXIL and HPX -- to restrict electricity trading by 27 discoms in 13 states having outstanding dues towards gencos in August 2022.
- » As on 16th September, 2022, three Discoms in Karnataka and one in Jammu & Kashmir have total outstanding dues of Rs. 713.29 Crore. J&K Discom owned Rs. 655.26 Crore.

» Govt. to consider proposal to grant DFI status to REC:

- » REC limited stated that govt. is considering proposal to grant status of development financial institution (DFI) to REC Ltd.
- » Objective of government behind the move will be to enable REC to steer global climate funding.
- » Company chairman appraised investors about their plans to diversify into energy transition and future technology funding.
- » For transition, estimated funding of USD 3.5 trillion needed till FY 2050 and USD 10 trillion needed till 2070.
- » As DFI, REC will analyse end to end capital flow requirements and help in fund mobilisation.

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RENEWABLES

- » Solar Developers Carrying Cost Claims rejected by CERC, allowed by APTEL
- » Second Tranche of PLI (Performance linked incentive) Scheme approved by Cabinet

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- » HERC Haryana petition for waiving off DISCOMs backlog of Solar RPO due to force majeure condition of COVID-19/ change in law etc.

R **ENEWABLES**

» Solar Developers Carrying Cost Claims rejected by CERC, allowed by APTEL:

» APTEL allowed carrying cost pass through under Change in Law for petitions of solar developers, previously cancelled by CERC.

Background:

- » Solar developers Parampujya Solar Energy, Wardha Solar had entered into PPAs with NTPC and SECI which became operational on 2018.
- » CGST and IGST Acts came into existence earlier on August 2017.
- » NTPC and SECI were selling power to CSPDCL-Chandigarh and few other DISCOMs.
- » Solar developers had filed petitions seeking approval for 'Change in Law', compensation claim, and carrying cost based on GST Laws.
- » CERC granted the project developers entitlement to compensation to escalation in construction cost because of GST.
- » However, CERC did not entitle appellants to grant of carrying costs.

- » CERC noted that PPAs did not have provision to restore parties to same economic provision or compensate for additional tax burden resulting from outsourcing operational & maintenance services.
- » Aggrieved by CERC order SGDs filed petition before APTEL.
- » CSPDCL argued against GST dispensation as the projects were intra state and SECI did not inform DISCOM about CIL provision earlier.

APTEL Judgement:

- » Hon'ble APTEL noted that it did not approve CERCs view on issue of carrying cost and entitled the developers relief for carrying cost over and above the compensation granted by Central Commission.

 **RENEWABLES****» Second Tranche of PLI (Performance linked incentive) Scheme approved by Cabinet:**

- Tranche-II of PLI Scheme approved with an outlay of Rs 19,500 Crs on 21st September.
- The Centre, in an official release, noted that the scheme will bring "direct investment of around Rs 94,000 crore", and lead to direct employment of about 1,95,000 persons and indirect employment of around 7,80,000.
- The solar PV manufacturers, will be selected through a transparent selection process, the government said.
- Cabinet has also approved the amendments to the "Programme for Development of Semiconductors and Display Manufacturing Ecosystem in India", which would result in higher subsidies for the developers.
- The Government now offering fiscal support of 50 percent, instead of 30 percent, for setting up of semiconductor ATMP / OSAT facilities in India.

POLICY AND REGULATORY NEWS

» HERC Haryana petition for waiving off DISCOMs backlog of Solar RPO due to force majeure condition of COVID-19/ change in law etc.

- Haryana Electricity Regulatory Commission (HERC) has allowed DISCOMs time up till 31st March 2023 to fulfil their RPO obligation including previous year's backlogs, in response to petition filed by Haryana Power Purchase Center (HPPC) requesting waiver of solar RPO backlogs for FY 2020-21 & FY 2021-22 due to delay in commissioning RE Projects because of events like Covid-19 and 'Change in Law'.

 **POLICY AND REGULATORY****Background:**

- HERC had allowed carry forward of RPO backlog for FY 2020-21 to FY2020-22.
- HPPC in petition had stated that the pandemic situation had hindered the fulfilment of RPO obligations.
- HPPC stated that non-trading of RECs in exchanges due to APTEL orders and limited availability of short term power had posed challenges in meeting RPO during 2020-21 and 2021-22.
- Haryana DISCOM also argued that even after accounting for RPO backlog, they would exceed revised RPO targets set by Ministry of Power in current FY2022-23.

Commission's Analysis:

- The Commission in previous order had allowed for carry forward of RPO shortfall for FY 2020-21 to FY 2021-22 and allowed targets to be met by March 31, 2022. However, DISCOMs had failed to meet target.
- Commission stated that DISCOMs showed no inclination to take REC route to fulfil their obligation.
- Moreover as per the quarterly information submitted by nodal agency HAREDA, deficit in RPO target for Q1FY 2022-23 is observed. 2756 MU for Solar and 1359 MU for Non-Solar.
- Commission stated that as DISCOMs were confident in exceeding RPO targets in FY 2022-23, the Commission allowed time till 31st March, 2023 to achieve targets including backlogs.
- Commission directed nodal agency to report compliance for FY 2022-23 not later than April 15, 2023.