

 **POWER SECTOR**

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 **POWER PURCHASE****» Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) procures only 10% of approved 1500 MW: TNERC**

- » Tangedco procures only 10% of the approved 1,500 MW to meet the anticipated deficit
- » TNERC had permitted Tangedco to procure 1,500 MW through floating of medium-term tender under the Centre's Pilot Scheme-II for a period of five years
- » Tangedco had executed power supply agreement with PTC India Limited for supply of 102 MW from M/s. GMR Kamalanga Energy Limited and sought adoption of tariff of ₹4.04 pu
- » TNERC approved procurement of 102 MW, noting that the tariff is reasonable when compared to APP rate of ₹5.64 pu and ₹5.14 pu under the medium and long-term PPA.

» SJVN winds 105MW floating PV project in Maharashtra:

- » SJVN secured 105MW solar project with lowest bid of INR 3.93/kWh in MSPGCL auction.
- » Project to be set up on build-own-operate basis.
- » Estimated cost of project development to be INR 730 crores.
- » Project is scheduled for commissioning within 15 months of the date of signing of PPA.
- » Project will generate 230 MUs in first year & 5420 MUs over a period of 25 years.

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 **RENEWABLES**

- » Import benefits denied for solar projects.

 **POLICY AND REGULATORY**

- » Guidelines for procurement of power on Finance, Own and Operate (FOO) basis under para B(v) of the SHAKTI Policy.
- » MERC (Maharashtra) MYT (Second Amendment) Regulations, 2022

 **RENEWABLES****» Import benefits denied for solar projects.**

- Union ministry of finance announced an amendment to the Project Imports Regulations, 1986 to exclude solar power projects from the purview of the norms.
- As per Project Imports (Amendment) Regulations, 2022, for the words 'All Power Plants and Transmission Projects', the words 'All Power Plants and Transmission Projects, other than solar power plants or solar power projects,' has been substituted.
- Solar power project developers will not be able to avail themselves of concessional import duty of 7.5 per cent and avoid the existing basic customs duty (BCD) levied on imports: the impact of a policy update that is likely to lead to increase the cost of production.
- The regulations pertain to a concessional import rate of 7.5 per cent for new industrial units. It was 5 per cent earlier. Developers were using this to circumvent the BCD on solar product imports.

 **POLICY and REGULATORY****» Guidelines for procurement of power on Finance, Own and Operate (FOO) basis under para B(v) of the SHAKTI Policy:**

- **OBJECTIVE:** Facilitate procurement of power on long-term and medium-term basis by the Nodal Agency through transparent bidding to meet power requirement of group of states with coal linkage as per para B(v) of the SHAKTI Policy.
- **Scope of the Guidelines:** Procurement of electricity by States/distribution licensees (Procurer) for: (a) long-term procurement of electricity for a period of 12 years to 15 years; (b) Medium term procurement for a period of up to 7 years but exceeding 1 year.
- **Commencement of Supply:** Commencement of Supply shall not be less than 120 days for medium term contract and not less than 1460 days for long term contract
- **The Nodal Agency:** Responsible for conducting the bid process for procurement of power under para B(v) of the SHAKTI Policy under tariff-based competitive bidding
- **PFC Consulting Limited,** has been designated as the Nodal Agency

**POLICY and REGULATORY**

- **Invitation of bids:** Nodal Agency shall aggregate power requirement of a group of States and initiate power procurement for group of States based on broad demand assessment.
- **Tariff Structure:** tariff shall be settled for each period (not exceeding one month)
- **Base Fixed Charge** and the **Base Variable Charge** specified in the bid shall each be at least 35% of the quoted Tariff.
- **Bidding process:** Nodal Agency shall invite bids from generating companies, specify a minimum capacity allowed to be offered by a bidder.
- **Bid evaluation** to done source wise with **bucket filling approach** starting with source with highest quantity of coal. Bidder quoting lower Fixed Charge to be selected first.
- **Payment Security:** In accordance with Electricity (LPS and Related Matters) Rules.

» MERC(Maharashtra) MYT (Second Amendment) Regulations, 2022**- Highlights:**

- **Applicability:** Applicable where Genco has arrangement for supply of coal or lignite from the integrated mine(s) allocated to it for one or more of its specified end-use generating stations.
- **Long-Term TSU** with Recorded Demand in any 15-minute time block **lower than Base TCR** and greater than Contracted Capacity shall not be subjected to payment of Short Term Transmission Charge
- Transmission System User availing Open Access liable to pay an additional Regulatory Charge at 25% of the Transmission Explanatory Memorandum for Draft MERC (Multi Year Tariff) Regulations, 2019 in excess of its Transmission Capacity Rights
- **O&M expenses** to be submitted by the Applicant and the life-cycle cost analysis, as may be allowed under the applicable MERC (Multi-Year Tariff) Regulations.
- If O&M expenses lower than normative O&M expenses, no sharing of efficiency gains.
- **OPEX Schemes:** Applicant shall submit detailed justification and cost benefit analysis and life-cycle cost analysis of such schemes.
- **Depreciation for recovery of Capex done at fag end of Useful Life of Principal Asset: Commission:** Linkage of Capex recovery of GENCO to remaining PPA tenure more appropriate in consumer interest, as the cost recovery of GENCO is linked to PPA tenure.
- **Commission may disallow capitalisation claimed against the respective DPR Scheme,** in part or in full, as appropriate, or allow lower Return on Equity on such investment.
- Landed cost of biomass fuel shall be worked out based on the delivered cost of biomass.