



⚡ POWER SECTOR

NEWSLETTER | Week 09 | Feb/Mar 2023



POWER PURCHASE

» MCL SURPASSES COAL DESPATCH TARGET OF 176 MT FOR FY23

- » On February 28, Mahanadi Coalfields Limited (MCL) has achieved the annual target of 176 million tons (MT) coal despatch to consumers for financial year 2022-23.
- » MCL surpassed its annual target on Tuesday (February 28, 2023) by registering a growth of 10 percent, against the same period in the last fiscal year
- » More than 77% of the total dispatched coal from MCL was to power sector, playing a major role in meeting the increased energy demand.

» CERC GRANTS LICENSE TO EVACUATE 1.5 GW OF SOLAR POWER IN KARNATAKA

- » CERC has recently granted a transmission license to Gadag II-A transmission to establish a transmission system for the solar energy zone (Gadag) of 1.5 GW.
- » CEA is directed to monitor the execution of the project and any lapse on the licensee's part to the notice of the Commission in order to meet the completion schedule.



POWER PURCHASE

- » MCL surpasses coal despatch target of 176 MT for FY23
- » CERC grants License to Evacuate 1.5 GW of Solar Power in Karnataka
- » IEX trade volume sees a 6% YoY decrease in February



RENEWABLES

- » NSE launches India's first indices for Sovereign Green Bonds
- » IEEFA report reviews the Transition to clean energy of Indian States



POLICY And REGULATORY

- » Power Ministry seeks enquiry against Member of DERC



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» CERC GRANTS LICENSE TO EVACUATE 1.5 GW OF SOLAR POWER IN KARNATAKA

- › In February last year, REC Power Development and Consultancy (RECPDCL) issued a tender to build an interstate transmission (ISTS) project on a build, own, operate, and transfer basis to evacuate 1.5 GW of renewable energy in Gadag
- › Based on the competitive bidding carried out by RECPDCL, ReNew Transmission was declared the successful bidder with the lowest quoted annual transmission charges of ₹2.45 billion.
- › After considering the application of the transmission licensee in light of the provisions of the Electricity Act and the Transmission License Regulations, the Commission granted the transmission license to the petitioner.

» IEX TRADE VOLUME SEES A 6% YOY DECREASE IN FEBRUARY

- › The total trade volume in February at IEX declined by 6% YoY with the sale of 8200 MU in the month including 341 MU of Green Energy trade.



- › The decrease as compared to the last year is said to be due to lower supply availability of electricity.
- › IEX has also sold 3.74 lakh (equivalent to 374 MUs) and 1.54 ESCerts (equivalent to 154 MU) during this period.
- › In comparison to this year, the trade volume in February 2022 stood at 8760 MU, comprising 7695 MU conventional and 453 MU in the green power market and 6.12 lakh Renewable Energy Certificates (equivalent to 612 MU).
- › IEX resumed the trading of ESCerts on February 14 after a gap of 14 months.

 **RENEWABLES****» NSE LAUNCHES INDIA'S FIRST INDICES FOR SOVEREIGN GREEN BONDS**

- » NSE Indices, National Stock Exchange's (NSE) subsidiary has launched India's first Sovereign Green Bond indices to track the performance of Indian Sovereign Green Bonds issued by the Government recently with a base date of 27th January 2023.
- » The two indices Nifty India Sovereign Green Bond Jan 2028 Index and Nifty India Sovereign Green Bond Jan 2033 Index have the maturity date of 31st January 2028 and 31st January 2033, respectively.
- » The yield on the five-year bond maturing in 2028 closed at 7.25%, and the 10-year bond maturing in 2033 closed at 7.34%. The Reserve Bank of India had set the cut-off yields at 7.23% and 7.29 % for the two bonds, respectively.
- » The Government has proposed to deploy the proceeds from the green bonds in public sector projects, which will help reduce the economy's carbon intensity.





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RENEWABLES



» IEEFA REPORT REVIEWS THE TRANSITION TO CLEAN ENERGY OF INDIAN STATES

- › IEEFA (Institute for Energy Economics and Financial Analysis) in its report published in February 2023 has reviewed the Clean Energy Transition efforts of the Indian States.
- › The key findings of the report have been summarized below:
 - › Karnataka and Gujarat are among the states to make the most progress towards clean electricity transition, Haryana and Punjab are best positioned to further their transition goals.
 - › Bihar, Uttar Pradesh and West Bengal are among the states that need to ramp up their efforts to maximise renewable energy generation potential and increase clean electricity transition.
 - › Rajasthan and Tamil Nadu among states with non-uniform progress rates.
 - › The states must ramp up their efforts to maximize renewable potential in order to reach the goals of 500 GW Renewable Capacity, 50% Power generation from renewables, reduction in carbon emission by 1 billion tons by 2030.



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POLICY And REGULATORY

» POWER MINISTRY SEEKS ENQUIRY AGAINST MEMBER OF DERC

- › Power Ministry in its letter to APTEL sought a probe against the lone Member (Technical) of DERC for not raising tariff in line with rising costs and has built a case for removal of the Member.
- › The issue raised by Power Ministry was over the ballooning of Regulatory Assets and deferment of tariff hike, resulting in widening of gap to Rs 8,955 Crores between the cost of electricity supply and tariff of Delhi based Discoms.



- › The Ministry pointed out that the Electricity Act 2003 says that Regulatory Commissions have to ensure that tariff progressively reflect costs and reduce cross subsidies, and only a maximum 20% variation can be applied to the retail tariff with respect to Average Cost of Supply.
- › Contrary to the above statutory provisions, DERC has allowed the regulatory assets to increase up to Rs 8,955 crores as per Tariff Order of FY 2021-22. Till date, the Commission has not been able come up with the trajectory to liquidate these regulatory assets, and the tariffs have also not been revised since 2014.