

**POWER PURCHASE****» TOTAL OUTSTANDING OF DISCOMS TO POWER GENERATORS AT RS 422 BILLION AT END OF MARCH 2023**

- ▶ Distribution Companies owed power generators ~ Rs. 422 billion in terms of overdue payments for monthly cycle at end of March, 2023
- ▶ MoP had notified the LPS and Related Matters Rules, 2022, in June 2022 which substantially raised the Discoms' cost for delaying payment to generators.
- ▶ The new rules provided for an LPS payable on the outstanding sum after the due date at the base rate applicable for the first month of default.
- ▶ The Rules state that the rate of LPS for the successive months of default payment would increase by 0.5% for each month of delay, given that it shall not be more than 3% higher than the base rate at any time.

**POWER PURCHASE**

- » Total Outstanding of Discoms to Power Generators at Rs 422 billion at end of March 2023.
- » Coal production increases 12% to 107.84 MT in March

**RENEWABLES**

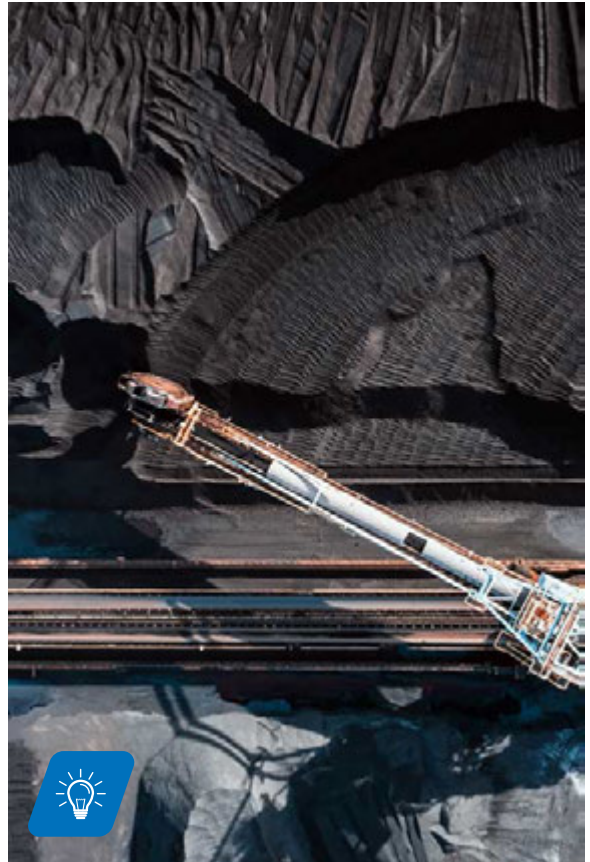
- » Government to provide incentives of at least 10% of cost for Green Hydrogen

**Policy And Regulatory**

- » CERC allows power exchanges to charge 2 paise/unit transaction fee
- » CERC relaxes Regulation 7 of the DSM Regulations, 2022

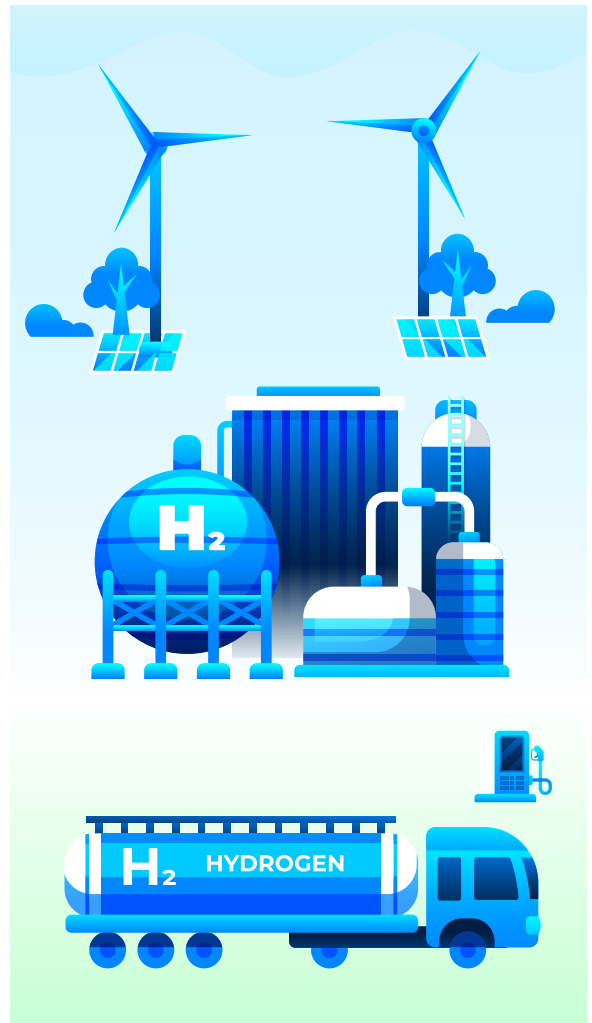
**POWER PURCHASE****» COAL PRODUCTION INCREASES 12% TO 107.84 MT IN MARCH**

- ▶ India's coal production in March 2023 increases by 12.03% to 107.84 MT from 96.26 MT as compared to March 2022.
- ▶ Overall power generation in March 2023 was 4.59%, higher than the power generated in March 2022.
- ▶ As per the data released by Ministry of Coal, during March 2023, CIL, Singareni Collieries Company Limited (SCCL) and captive mines among others registered a growth of 4.06%, 8.53% and 81.35% respectively.
- ▶ Of the top 37 coal producing mines in the country, 29 mines produced more than 100% and another six mines production stood between 80-100%.
- ▶ Coal dispatch has also increased by 7.49% to 83.18 MT during March 2023 from 77.38 MT as compared to March 2022.
- ▶ CIL, SCCL and captive and other mines registered a growth of 3.40%, 12.61% and 31.15% by dispatching 64.15 MT, 6.70 MT and 12.32 MT of coal respectively.
- ▶ Coal-based TPPs registered a growth of 5.70% in March 2023 as compared to March 2022.



**RENEWABLES****» GOVERNMENT TO PROVIDE INCENTIVES OF AT LEAST 10% OF COST FOR GREEN HYDROGEN**

- ▶ Government is planning to give hydrogen fuel producers incentives worth at least 10% of their cost under the various schemes set to begin before the end of June.
- ▶ Government approved Rs. 17,490 Crore incentive plan this year, to promote green hydrogen in a bid to cut carbon dioxide emissions and become a major exporter in the sector.
- ▶ The cost of manufacturing green hydrogen, which is made using renewable energy rather than power derived from fossil fuels, in India is currently at about Rs. 300 per kg.
- ▶ The Government is planning to provide incentives worth at least ₹30 per kilogram (kg) for production of green hydrogen fuel.
- ▶ From the total incentive plan for the sector, Government shall award about ₹13,000 Crores for producing green hydrogen and rest to be awarded for manufacturing electrolyzers, used to split hydrogen and oxygen molecules using electricity.



**POLICY And REGULATORY****» CERC ALLOWS POWER EXCHANGES TO CHARGE 2 PAISE/UNIT TRANSACTION FEE**

- ▶ CERC in its order dated 5th April has allowed the three power exchanges in the country to charge a transaction fee up to the ceiling of 2 paise/kWh on either side of the transactions.
- ▶ IEX, PXIL and HPX had petitioned the regulator to approve the ceiling of 2 paise/unit.
- ▶ CERC stated that at this stage any change in the transaction fee might hurt competition between the three exchanges rather than promoting it.



- ▶ "The smaller Exchanges may find it difficult to sustain with the reduction in transaction fees, which will negatively affect competition in the market," the Order said.
- ▶ CERC further added that it may not be prudent to keep a differential transaction fee on the basis of volume traded as this may distort participation across the exchanges and may also provide perverse incentives to the exchanges.

**POLICY And REGULATORY****» CERC RELAXES REGULATION 7 OF THE DSM REGULATIONS, 2022**

- ▶ CERC has relaxed Regulation 7 of the DSM Regulations, 2022 that provide the Normal Rate of Charges for Deviations for a time block as specified in Regulation 7 of the DSM Regulations, 2022
- ▶ The Normal Rate of Changes shall be equal to the higher of [the weighted average ACP of the Day Ahead Market segments of all the Power Exchanges; and the weighted average ACP of the Real Time Market segments of all the Power Exchanges, for that time block].
- ▶ Provided that for a Seller whose bid is cleared in the HP-DAM, the Normal Rate of Charges for Deviation by way of 'under-injection' for a time block shall be equal to the highest of [the weighted average ACP of the HP-DAM Market segments of all the Power Exchanges; ; or the weighted average ACP of the Day Ahead Market segments of all the Power Exchanges; or the weighted average ACP of the Real Time Market segments of all the Power Exchanges, for that time block] for the quantum of power sold though HP-DAM.
- ▶ For a seller whose bids are cleared in the HP-DAM, 'reference charge rate' specified for deviation by way of 'under-injection' shall be equal to [the weighted average ACP of the HP-DAM segments of all Power Exchanges, for that time block] for the quantum of power sold through HP-DAM.
- ▶ The directions of CERC shall come into effect from 00.00 hours of 10th April and remain in force until further Orders by the Commission.

