



POWER SECTOR

NEWSLETTER | Week 16 | April 2023



POWER PURCHASE

» PEAK POWER DEMAND RISES TO ALL TIME HIGH IN INDIA, BREACHES PREVIOUS HIGH

- » India's electricity demand met has reached a new high of 215,882 MW (215.88 GW), on 18th April 2023, owing to the ongoing heatwave across the country.
- » The previous highest peak demand that was met earlier was 211,856 MW (211.85 GW) which was on June 10, 2022.
- » The peak demand met on April 19 was 214,924 MW and that on April 17 was 210,829 MW. The Government is expecting that the peak power demand will cross 230 MW this summer.
- » The Government is aiming a total of 9,000 megawatt (MW) of electricity from gas-based power plants and another 2,920 MW from brand-new thermal power plants to meet the surge in power demand.

POWER PURCHASE

- » Peak Power Demand rises to all time high in India, breaches previous high
- » MoP Issues program for Pool Tariff of Plants with expired PPAs

RENEWABLES

- » Uttar Pradesh to waive stamp duty on acquisition of land for Solar Projects
- » Karnataka to allow Energy Banking for Renewable Energy Projects

Policy and Regulatory

- » Ministry of Power proposes Draft Subsidy Accounting and Framework for Distribution Utilities

**POWER PURCHASE****» MOP ISSUES PROGRAM FOR POOL TARIFF OF PLANTS WITH EXPIRED PPAS**

- The Ministry of Power has issued a program for pooling tariffs for coal or gas-based thermal power plants whose power purchase agreements (PPAs) have expired.
- The program shall ensure the availability of adequate resources in the grid for peaking, balancing, flexing, and redistributing benefits such as reliability and cost-effectiveness among the beneficiaries.
- The program will become operational starting July 1, 2023.
- Power Generators shall develop a Single Window System (SWS) to facilitate the process of seeking states/power distribution companies (DISCOMs) to sign PPAs with the common pool.
- The SWS must provide information on the number of generating stations of the common pool, the capacity to be offered from each generating station, the uniform capacity charges, and energy charges.
- The SWS must also include information on new capacities likely to be added to the common pool over the next five years. Hydropower stations will not be part of the common pool.



**RENEWABLES****» UTTAR PRADESH TO WAIVE STAMP DUTY ON ACQUISITION OF LAND FOR SOLAR PROJECTS**

- › Solar Developers shall not be required to pay any stamp duty for purchase or lease of land for solar projects and solar parks in Uttar Pradesh.
- › UP Government has notified 100% exemption on stamp duty for acquired land for solar projects in the State's Solar Energy Policy, 2022.
- › The Stamp duty exemption could help solar capacity additions in the state where land acquisition has been a major hurdle.
- › At the time of registering the land, developers are required to present the irrevocable bank guarantee of the amount equivalent to the remission of the stamp duty in favour of the Uttar Pradesh New and Renewable Energy Development Agency (UPNEDA).
- › The validity of the bank guarantee must be at least equivalent to the time prescribed to complete the project.



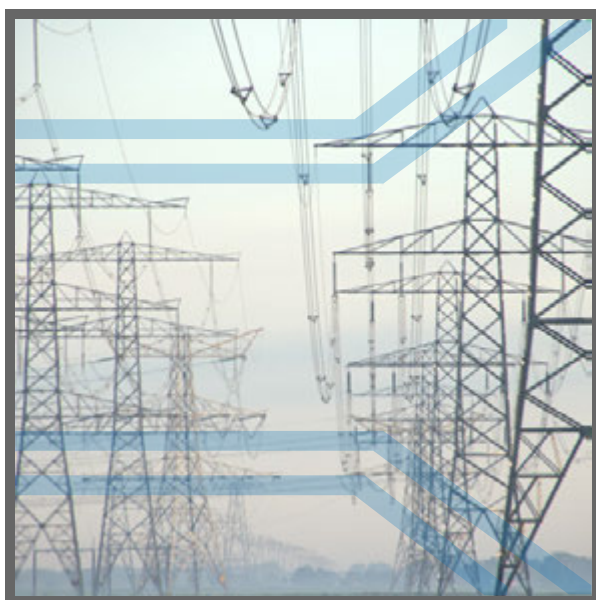
- › However, units that have obtained the stamp duty exemption benefit under any other policy will not be eligible for a similar exemption under the Solar Policy.

**RENEWABLES****» KARNATAKA TO ALLOW ENERGY BANKING FOR RENEWABLE ENERGY PROJECTS**

- » The Karnataka Electricity Regulatory Commission (KERC), under the new format for banking agreement, has now allowed monthly energy banking for RE generators to ensure grid stability and demand management.
 - » The state previously had an annual energy banking settlement mechanism.
 - » The new format for Energy Banking also includes wheeling agreements for renewable energy projects under its green energy open access regulations
 - » Banking will be allowed monthly on payment of applicable charges, but unutilized banked energy remaining at the end of the month cannot be carried forward to subsequent months.
 - » However, RE-generating stations would be entitled to RECs for such energy remaining unutilized at the end of the month. The formula for calculating banked energy at the end of a month is also provided.
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- » The ESCOMs must comply with the state grid code, distribution code, Central Electricity Authority safety regulations, and other applicable regulations, rules, codes, and standards.
 - » The charges associated with open access power supply must be paid on behalf of exclusive or non-exclusive, or captive consumers who fail to pay within 15 days of receiving the bill.
 - » A deposit of two months of estimated charges must be made as security with the nodal agency before starting wheeling, which will be returned upon ending the agreement. If any charge is not paid on time, the deposit will be used to pay it, and the deposit must be replenished immediately.

**POLICY AND REGULATORY****» MINISTRY OF POWER PROPOSES DRAFT SUBSIDY ACCOUNTING AND FRAMEWORK FOR DISTRIBUTION UTILITIES**

- ▶ MoP has released the draft provisions in the Electricity (Amendment) Rules, 2023, for subsidy accounting and payment along with a framework to ensure financial sustainability of Discoms.
- ▶ Stakeholders can submit their views and suggestions on the draft by 11th May, 2023.
- ▶ The provision states that the accounting of the subsidy will be done by DISCOMs as per the standard operating procedures issued by the Central Government.
- ▶ The State Regulatory Commission shall release a quarterly report for each distribution licensee within its jurisdiction. The Report must include an assessment of whether the DISCOM raised demands for subsidies in the relevant quarter.
- ▶ The Report shall provide the accurate accounts of energy consumed by all consumer categories, the per unit subsidy declared by the State Government, the actual payment of subsidy, and the discrepancy between the subsidy due and paid.
- ▶ A second new clause specifies that the State Commissions must adopt a loss reduction trajectory for tariff determination that aligns with the trajectory the relevant state governments agree upon.



**POLICY AND REGULATORY**

- The trajectory must also be approved by the union government under a national program.
- The pass-through of costs for assets created by the distribution licensee will be subject to certain conditions:
 - Gains or losses resulting from deviation from the approved AT&C loss reduction trajectory will be determined based on the Average Power Purchase Cost.
 - Two-thirds of the gains will be passed on to consumers through tariffs, while the distribution licensee will retain the remainder.
 - In case of losses, the distribution licensee will bear half, and the other half will be passed on to consumers through tariffs.

