



⚡ POWER SECTOR

NEWSLETTER | Week 18 | May 2023



POWER PURCHASE

» THE LIABILITY OF DISCOMS TO GENERATORS HAS INCREASED TO RS. 449 BILLION AT APRIL-END.

- » Discoms owe Power Generators Rs. 448.62 billion (~\$5.49 billion) in overdue payments for the monthly billing cycle at the end of April. These are higher as compared to ₹422.13 billion (~\$5.16 billion) owed at the end of March.
- » Similarly, the total outstanding owed to power generators stood at ₹711.35 billion (~\$8.7 billion), higher than ₹679.73 billion (~\$8.3 billion) at the end of March.
- » After the trigger date, which is a month after the due date, the total overdue of Rs. 262.72 billion including the late payment surcharge is owed to power generators.
- » The DISCOMS have been allowed to pay the dues in 48 installments.
- » To ensure the financial stability for DISCOM, MoP made provision in the Electricity (Amendment) Rules, 2023 for subsidy accounting and payment. The comments from the stakeholder has been invited on the same on May 11, 2023.



POWER PURCHASE

- » The liability of DISCOMS to Generators has increased to Rs. 449 Billion at April-End.



RENEWABLES

- » Indian's Solar generation is expected to surpass Thermal power by 2030 as per CEA.



Policy and Regulatory

- » Approval for the Introduction of Ancillary Services Segment on Power Exchanges by CERC.



POWER PURCHASE

- In the rules notified by MoP in the matter related to Late Payment Surcharge (LPS) which has raised the DISCOMs' cost for delaying payment to suppliers. As per the new rules, the rate of LPS for the successive months of default would increase by 0.5% for each month of delay, given that it will not be more than 3% higher than the base rate at any given time.
- The DISCOMs are reeling under the umbrella of loss of Rs. 0.93 per kWh of energy for which it is compelled to opt for loan for day to day operation and therefore it struggles to recover the cost of energy supplied.
- Favourably, AT&C losses of DISCOMs have reduced from 22.32% in FY 2020-21 to ~17% in FY 2021-22 which has given some sigh of relief.





RENEWABLES

» INDIAN'S SOLAR GENERATION IS EXPECTED TO SURPASS THERMAL POWER BY 2030 AS PER CEA.

- ▶ India's total thermal capacity of 276.5 GW will be surpassed by its total solar capacity of 292.6 GW by FY 2029-30.
- ▶ As per the report on the optimal generation capacity mix for the country, the renewable capacity is expected to increase to 62.4 % of the total installed capacity. Meanwhile, the thermal capacity is proposed to decrease by 35.5% of the total installed capacity.
- ▶ The total power sector capacity is expected to increase to 777 GW by FY 2029-30 in which the total installed capacity of solar will stand at 292.6 GW, wind will stand at 100 GW, hydropower will stand at 53.9GW, for pumped storage (PSP) its 18.9GW, for biomass its 14.5 GW along with battery energy storage capacity of 41.7 GW/208.3 GWh.
- ▶ At the end of the first quarter of the calendar year 2023, India's total installed renewable capacity stood at 170.32 GW accounting for 41 % share of the overall power capacity mix.





RENEWABLES



- The report also stipulates that the peak demand and energy requirement will be 334.8 GW and 2279.62 BU, respectively, by 2029-30.
- The gross electricity generation is projected to be 2,440.7 BU by FY 2029-30, with thermal sources (coal, gas, and lignite) contributing 1,364.5 BU, renewable energy 984 BU, and nuclear power 92.2 BU.
- It is estimated that India needs to increase the renewable energy capacity to 180.4 GW by FY 2030 which includes 145.9 GW of solar and 34.5 GW of wind, in addition to the current 117 GW (92.5 GW solar and 25 GW wind) in the planning or implementation stage.
- To offset the energy requirement of 34.8 BU, Solar roof top installation is expected to cater the needs along with the expected capacity utilization factor of 22.97% for solar and 40.8% for wind power.
- The total CO2 emissions increased from 910 million tons in 2020-21 to 1002 million tons in 2021-22. As per the studies, CO2 Emissions from the power sector are likely to increase to 1114 million tons in the year FY 2029-30.

**POLICY AND REGULATORY****» APPROVAL FOR THE INTRODUCTION OF ANCILLARY SERVICES SEGMENT ON POWER EXCHANGES BY CERC.**

- » CERC had notified the Ancillary Services Mechanism on January 31, 2022 which, except for certain provisions, came into an implementation on December 5, 2022.
- » The provision of Tertiary Reserve Ancillary Services (TRAS) came into an implementation on April 1, 2023 which later changed to May 1, 2023.
- » In the Indian energy market, through the ancillary services mechanism, it is expected to bring the inherent grid stability, safety and security.
- » The Order Carry Forward (OCF) mechanism as proposed by power exchangers has been acknowledged by CERC stating its effectiveness in the multi-energy trading. Consequently, TRAS providers could provide the reserve capacity required for grid stability and security without affecting energy market availability.
- » CERC directed that the bids placed under TRAS-DAM should be subject to the same price caps as applicable for the energy segment of I-DAM. Additionally, bids placed under TRAS-RTM will be subject to the same price caps as TRAS-DAM.
- » The NLDC is supposed to perform the most crucial role in this mechanism like retaining the settlements of TRAS as it plays a very vital role in ancillary services mechanism.
- » The Commission approved introducing the TRAS market segment on all three power exchanges from June 1, 2023.

