



# POWER SECTOR

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## POWER PURCHASE



### » EXPERT PANEL CONSTITUTED BY MoP OUTLINES ROADMAP TO REDESIGN THE INDIAN ELECTRICITY MARKET

- » A Committee of experts constituted by MoP aimed to develop India's Electricity Market has proposed solution to address key changes in the market.
- » The changes aim to create an efficient, optimal, and reliable market framework to enable RE transition and integration in the grid.
- » The proposed changes include demand response and aggregation, strengthening market monitoring and surveillance activities, and implementing a regional-level balancing framework for deviation management.
- » The roadmap to incorporate these changes have been classified as near, medium term and long term and includes changes such as setting up a mechanism to monitor supply adequacy, enhancing the efficiency of Day ahead Market, introducing a market-based mechanism for secondary reserves and implementing 5- minutes based metering, scheduling, dispatch and settlement.

## POWER PURCHASE



- » Expert Panel constituted by MoP outlines Roadmap to redesign the Indian Electricity Market
- » DISCOMs' performance shows considerable improvement in AT&C Losses

## RENEWABLES



- » MP Issues Guidelines for development of New Pump Hydro Projects

## Policy and Regulatory



- » Government directs CERC to consult MoP before issuing any Regulation
- » MoP asks SERCs to comply with Green Energy Access Rules
- » MoP chairs meeting with industry and other stakeholders

**POWER PURCHASE**



» **DISCOMS' PERFORMANCE SHOWS CONSIDERABLE IMPROVEMENT IN AT&C LOSSES**

- ▶ Stricter regulation around financing, severe penalties for non-payment of dues, mandatory energy accounting and auditing have been factors behind improvement in Discoms' AT&C losses.
- ▶ MoP has recently published data notifying a considerable decline in Aggregate Technical and Commercial (AT&C) losses and the gap between ACS (Average Cost of Supply) and ARR (Average Realizable Revenue).
- ▶ The AT&C losses of Discoms declined significantly to ~17% in the FY 2021-22 from 22.32% in FY 2020-21. The gap between ACS and ARR declined 68% to Rs. 0.22/kWh in FY22 from Rs. 0.69/kWh in FY21.
- ▶ The improvements come after MoP recently revised norms of lending agencies like the PFC (Power Finance Corporation and REC, restricting them from financing loss-making Discoms without any action plan to improve within a specific timeframe.



**RENEWABLES**



## » MP ISSUES GUIDELINES FOR DEVELOPMENT OF NEW PUMP HYDRO PROJECTS

- » Madhya Pradesh has released guidelines to promote the development of pumped hydro storage (PHS) projects in the state. The State has a significant potential of 11.2 GW for Pump Hydro projects.
- » These Guidelines specify the methods for allotment of project sites, tax waivers, and project completion timelines.
- » PHS developers and nodal agencies shall identify project sites. The developers must register with MPIDC (Madhya Pradesh Industrial Development Corporation) to be eligible for benefits.
- » The State had identified two modes for developing the Pump Hydro Storage projects:
  - » Mode 1 includes selling power to third parties or captive consumption
  - » Mode 2 for meeting MPPMCL requirements through bidding.
- » PHS sites for Mode 1 shall be allotted through Competitive bidding and MPPMCL to have first right of refusal for up to 10% of generation.
- » The waivers available for these projects are
  - » Exemption from electricity duty and energy development cess for ten years from COD
  - » 50% waiver on wheeling charges for five years from COD
  - » 20% exemption on registration - cum - facilitation fees and reimbursement of 65% of stamp duty on purchase of private land
- » The project registration must be completed within three months from site allotment and the Project must be commissioned within six years from the site allotment

**POLICY AND REGULATORY**



**» GOVERNMENT DIRECTS CERC TO CONSULTS MoP BEFORE ISSUING ANY REGULATION**

- ▶ The Central Government has instructed the CERC asking for it to consult the MoP before issuing any new regulation henceforth.



- ▶ The Government has also asked the Central regulator to function in a transparent manner, stating that CERC has been issuing Regulation on critical issues that in some way necessitated the MoP's intervention after feedback from stakeholders.
- ▶ "CERC is required to consult all stakeholders before framing (any) regulation and the Government is the most important stakeholder. In view of this, CERC must consult the Ministry of Power in detail at the stage of formulating Regulations." read the letter dated May 8, 2023 issues by MoP.
- ▶ To avoid frequent amendments in electricity regulations to ensure a stable and predictable system, the Government asked the CERC to share all its proposed regulations with the MoP before floating it to the public and stakeholders for their objections and suggestions.

**POLICY AND REGULATORY**



» **MOP ASKS SERCs TO COMPLY WITH GREEN ENERGY ACCESS RULES**

- » MoP has instructed the SERCs (State Electricity Regulatory Commissions) to comply with the Electricity (Promoting Renewable Energy Through Green Energy Open Access) Rules and align their respective states OA Regulation with the notified Rules.
- » MoP issued the directive considering the fact that the application of Green Tariff Rules currently is being executed only by a few States. Moreover, the States which are executing these Rules, have very high tariffs as compared to the procurement cost of Renewable Energy, which defeats the purpose of these Rules.



- » MoP has directed all SERCs to report their compliance by May 28, 2023.
- » Under the Green Energy Open Access Rules, SERC are responsible for determining the tariff for the supply of Green Energy based on the average pooled power purchase cost of renewable energy, cross-subsidy charges and service charges.
- » The Rules prescribe that a cross-subsidy should not exceed 20% of the average cost of supply.
- » To incentivize the use of RE, the Green Tariff shall not exceed the average power purchase cost of renewable energy plus 20% of average cost of supply plus a margin of Rs. 0.25/kWh.



**POLICY AND REGULATORY**



**» MOP CHAIRS MEETING WITH INDUSTRY AND OTHER STAKEHOLDERS**

- ▶ Union Power & NRE Minister Shri R. K. Singh chaired a meeting with Industry and other stakeholders in New Delhi on Green Energy Open Access Rules.
- ▶ The Union Power minister called upon the industry leaders to set targets for going green and take advantage of the provisions of Green Energy Open Access Rules to get Green Power at reasonable rates and also contribute to a greener and sustainable environment.
- ▶ Shri Singh also asked the Industry stakeholders to inform the Government of such cases where the Green Energy Open Access Rules are not being followed so that the Government can take up the issue with the concerned agencies and if required, take penal actions.
- ▶ The Industries were assured of all possible help including resolution of regulatory, policy, evacuation infrastructure, connectivity, GNA, etc., as may be required for adoption of Green Energy Open Access Rules by the Industry.

