NEWSLETTER | Week 28 | July 2023

Power Purchase

» CEA revised methodology to calculate AT&C losses.

- The Central Electricity Authority (CEA) has issued a revision in the methodology adopted for calculating Aggregate Technical and Commercial (AT&C) losses.
- The latest amendment by the CEA has redefined collection efficiency after it received several feedbacks from the DISCOMs.
- The addendum of the methodology specified that collection efficiency means the actual collection efficiency of subsidy received and realisation from the sale of power together in the current financial year.

POWER PURCHASE

- » CEA revised methodology to calculate AT&C losses.
- » India's power consumption grew by 4.4 per cent to 139.23 billion units in June.

RENEWABLES

- » The Government of India has proposed scheme for hydropower projects with ₹16,000-crore outlay
- » As per CareEdge Ratings, India's Renewable Energy installations will reach 45 GW in next two years

RENEWABLES

- » APTEL stays Tariff approved by MERC for Tata Power Company Limited - Distribution (TPC-D)

Power Purchase

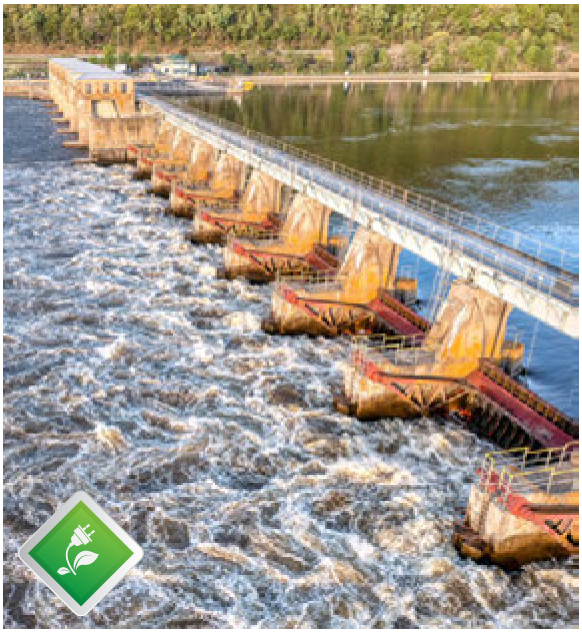
» India's power consumption grew by 4.4 per cent to 139.23 billion units in June.

- Power consumption grew by 4.4 per cent to 139.23 billion units in June this year compared to last year. In the previous year, power consumption stood at 133.26 billion units (BU), higher than 114.48 BU in June 2021, according to government data.
- The peak power demand met, which is the highest supply in a day, rose to 223.23 GW in June 2023. The peak power supply stood at 211.72 GW in June 2022 and 191.24 GW in June 2021.
- The Power Ministry had estimated the country's electricity demand to touch 229 GW during the summer season. But the demand did not reach the projected level in April-May this year due to unseasonal rains.
- Rains reduced the demand for electricity as people used fewer cooling appliances compared to the previous year, according to experts.

Renewables

» The Government of India has proposed scheme for hydropower projects with ₹16,000-crore outlay

- The Ministry of Power (MoP) has proposed a scheme to support new hydropower projects with an initial outlay of around Rs 16,000 crore.
- The financial support will foster infrastructure and grants for the North-eastern states to pick stakes in these projects.



- As part of the Hydropower Policy, which was submitted to the Cabinet for approval last month, the proposed scheme will infuse around Rs 12,000 crore to enable infrastructure around Hydropower projects.
- The proposal would involve infrastructure such as roads and bridges, as well as transmission lines from the power station to the pooling stations. Apart from this, pumped hydropower storage projects are also likely to reap financial benefits.
- In case, if the North-Eastern states intend to form a joint venture (JV) for such projects, around Rs 4,000 crore will be committed as financial assistance under the scheme.
- According to the Parliamentary Standing Committee, identified capacity in Arunachal Pradesh has the highest potential among other states for new Hydropower capacity.

Renewables

» As per CareEdge Ratings, India's Renewable Energy installations will reach 45 GW in next two years

- As per CareEdge Ratings, annual renewable energy installations in FY24 are to be around 20 GW, led by the solar sub-segment.
- This is based on the healthy pipeline of over 55 GW assets under development. The subsequent year is expected to see installations of 25 plus GW, leading to a cumulative increase of 45 GW over the next two fiscal.
- The solar sub-segment is expected to lead the way in terms of installations, followed by wind and hybrid capacity. The commercial and industrial segment is also expected to contribute significantly to future capacity additions.
- These projections are based on the government's commitment to ensuring the bidding of approximately 50 GW of annual capacity for the next five years to facilitate the achievement of the target of 500 GW capacity through non-fossil fuel sources by 2030.

Renewables

- This will require annual RE installations to exceed 40 plus GW. The trajectory for FY24 includes 10 GW of wind capacity and 40 GW collectively from solar, hybrid, and storage-based capacity. Additionally, key states like Gujarat, Maharashtra, and Karnataka, among others, are actively conducting state-specific auctions to support further capacity additions.
- Meanwhile, the report stated that the Indian government has awarded a PLI (Production Linked Incentive) scheme of over Rs 18,000 crore to encourage private investment in the solar module supply chain.
- This is expected to lead to the establishment of a fully integrated module manufacturing capacity of 27.4 GW, a deeply integrated module manufacturing capacity of 16.8 GW, and a partially integrated module manufacturing capacity of 7.4 GW.
- This capacity is expected to be commissioned between FY24 and FY27. The commissioning of this domestic capacity is anticipated to result in annual forex savings of approximately Rs 90,000 crore.

Policy and Regulatory

» APTEL stays Tariff approved by MERC for Tata Power Company Limited - Distribution (TPC-D)

- The Appellate Tribunal for Electricity (APTEL) has stayed Maharashtra Electricity Regulatory Commission's Multi-year tariff schedule for Tata Power for 2023-24. Tata Power's interim application to set aside the tariff schedule for FY 2023-24 has been accepted by APTEL.
- Tata Power had approached the APTEL this May, seeking a stay on the Multi-year tariff for 2023-24 and 2024-25 as the tariffs calculated by MERC were higher than it should be. For Tata Power, this move may also result in migration of customers to other service providers
- The stay imposed by APTEL will benefit the existing consumers of Tata Power in its license area. Tata Power also maintains the stand that it can offer cheaper electricity to consumers of Mumbai.
- In the interim period, the tariff approved by MERC in its Tariff Order dated March 30, 2020, becomes applicable once again. This tariff is 25-35% lower than the recently approved tariff.