

⚡ POWER SECTOR

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POWER PURCHASE

» OERC PROPOSES GREEN ENERGY OPEN ACCESS FOR CONSUMERS WITH MINIMUM LOAD OF 100 kW

- » OERC issued the draft Green Energy Open Access, 2023. The key points have been summarized below:
- » **Eligibility for Procurement:** Consumers with a load of 100 kW and above can procure green energy through open access. No load restriction for captive consumers in green energy open access.
- » **Draft Regulations Alignment:** Odisha Electricity Regulatory Commission's draft Green Energy Open Access Regulations, 2023 are aligned with the Ministry of Power's green energy open access regulations issued in June.
- » **Nodal Agencies for Access:** The State Load Despatch Center (SLDC) and State Transmission Utility (STU) will be nodal agencies for granting intrastate green energy open access on a short-term and medium/long-term basis, respectively.



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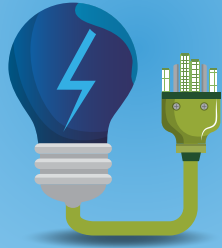
RENEWABLES

- » Renewables Captive Projects account for 3.25% of Total Electricity Generated in FY 2022



Policy And Regulatory

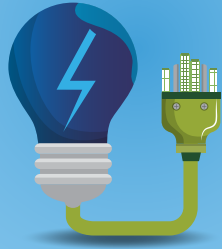
- » MoP issues New Bidding Guidelines for Wind-Solar Hybrid Projects
- » MNRE outlines strategy for developing Off-shore Wind projects



POWER PURCHASE

- **Interstate Access:** A central nodal agency will be established by the Union government for interstate transmission system (ISTS) green energy open access.
- **Transmission Charges:** Charges for using intrastate and ISTS transmission systems will be levied based on applicable regulations.
- **Wheeling Charges:** Consumers utilizing open access for green energy will pay wheeling charges calculated per kWh based on actual wheeled energy.
- **Cross-Subsidy Surcharge:** Consumers will pay a monthly cross-subsidy surcharge based on energy consumed via open access, remitted to the previous distribution company.
- **Banking of Energy:** Renewable energy banking permitted, with specific conditions and charges.
- **Application and Appeal:** Application to be approved within 15 days, and appeals raised to the Commission will be resolved within three months.



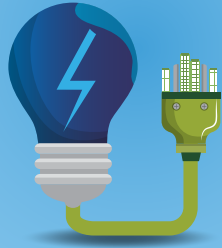


» RENEWABLES CAPTIVE PROJECTS ACCOUNT FOR 3.25% OF TOTAL ELECTRICITY GENERATED IN FY 2022

- ▶ As of March 31, 2022, renewable energy (wind and solar) constituted 9.07% of total installed captive capacity, with a cumulative capacity of 6.96 GW, while contributing 3.25% to total captive power generation in FY 2021-22.
- ▶ The overall installed capacity of all captive projects, encompassing thermal, renewables, gas, diesel, and hydropower, amounted to 76.73 GW, showing a decrease of 2.26% compared to the previous year.
- ▶ In FY 2021-22, cumulative electricity production from captive renewable power projects reached 6.81 TWh, comprising 2.79 TWh from captive solar projects and 4.02 TWh from captive wind projects.
- ▶ Maharashtra stood out as the top state in installed captive solar projects with 901.16 MW, while Tamil Nadu led in captive wind power projects with a capacity of 1.75 GW. Other significant states for captive solar and wind projects included Rajasthan, Gujarat, Karnataka, and Uttar Pradesh.



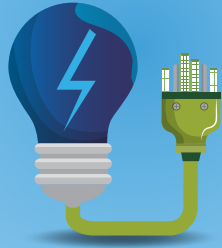
- ▶ For captive wind power projects, the textile industry topped electricity generation with 1.49 TWh, trailed by the chemical industry (663 GWh) and cement industry (175 GWh). Iron and steel (174 GWh), light engineering (164 GWh), and oil and petroleum (164 GWh) also made notable contributions.
- ▶ Maharashtra led in electricity generation from captive solar projects with 551.64 GWh, followed by Telangana (388.23 GWh). In terms of captive wind generation, Tamil Nadu ranked highest with 1.98 TWh, followed by Gujarat (1.14 TWh), Karnataka (375.01 GWh), Maharashtra (289.82 GWh), and Rajasthan (124.6 GWh).



» MOP ISSUES NEW BIDDING GUIDELINES FOR WIND-SOLAR HYBRID PROJECTS

- » The summary of the key changes in the Ministry of Power's guidelines for tariff-based competitive bidding for grid-connected wind-solar hybrid power projects is given below:
 - » **Capacity Criteria:** The guidelines apply to projects of 10 MW and above for intra-state transmission and 50 MW and above for inter-state transmission. At least 33% of the total capacity must be from wind or solar resources.
 - » **Bidding Timeline:** The new indicative bidding timeline is around 110 days, and additional time will be given to bidders if there are changes in the request for selection (RfS) document.
 - » **Tariff Range:** Bidders' tariff offers must fall within 2-5% of the lowest bid to be allocated the power capacity they offered.
 - » **Bidding Parameter:** The bidding parameter is now the tariff quoted in Rs./kWh for the power purchase agreement (PPA) period.
 - » **Single Bidder Capacity:** A maximum of 50% of the total capacity specified in the RfS can be allocated to a single bidder.
 - » **PPA Duration:** The PPA duration is set at 20 years from the scheduled commissioning date, extendable up to 25 years in certain circumstances.

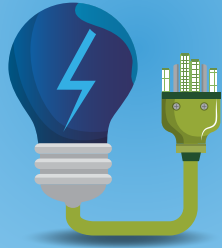




POLICY AND REGULATORY

- **Capacity Utilization Factor (CUF) Penalties:** Generators shall face penalties for energy shortfalls below the minimum CUF, set at 1.5 times the PPA tariff.
- **Excess Generation:** Excess energy can be sold to other entities, with the procurer having the first right of refusal, purchasing at the PPA tariff.
- **Payment Security Mechanism (PSM):** Developers shall commit to a PSM charge to establish a payment security fund, aligning with Electricity (Late Payment Surcharge and Related Matters) Rules.
- **Commencement of Supply:** Power supply for projects must start within 24 months for up to 1,000 MW capacity and within 30 months for projects above 1,000 MW.
- **Default Consequences:** Delays in power supply commence beyond six months shall trigger capacity reduction and PPA termination, with the generator facing debarment from bidding for a specified period.





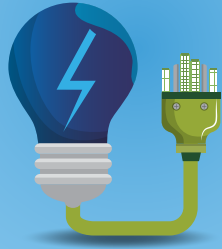
» MNRE OUTLINES STRATEGY FOR DEVELOPING OFF-SHORE WIND PROJECTS

- » The Ministry of New and Renewable Energy (MNRE) has introduced three models for offshore wind energy projects, targeting the southern and western coastlines of India. Calls for proposals have been issued to conduct surveys on identified offshore sites based on these models.
- » As per the National Offshore Wind Energy Policy, 2015, the National Institute of Wind Energy (NIWE) is tasked with overseeing offshore wind project development in India. NIWE has identified eight potential zones off Tamil Nadu and Gujarat coasts for such projects



» Model A (VGF Model)

- » MNRE and NIWE will apply this approach to specified offshore wind zones, backed by comprehensive assessments. The model's first phase will cover part of Zone B3, encompassing 365 sq km, equivalent to 500 MW capacity off Gujarat's coast, and another 500 MW off Tamil Nadu's coast.
- » MNRE, collaborating with implementing agencies, will initiate the bidding process for procuring offshore wind power capacity within this model. To ensure a predetermined power tariff, central financial assistance (CFA) in the form of Viability Gap Funding (VGF) will be offered.
- » The initiative aims to promote offshore wind energy development, starting with the identified zones, by providing financial support to achieve specific power tariff goals.



POLICY AND REGULATORY

➤ **Model B (Non-VGF Model with Exclusivity Over Seabed)**

- NIWE will apply this approach to identified locations, delineating proposed offshore wind sites within designated zones and leasing them for a defined period. No Central Financial Assistance (CFA) will be provided, and project development will be handled by potential developers.
- Generated electricity will be used internally via open access, sold through bilateral power purchase agreements (PPAs), or offered on power exchanges. After two years, the government might call for bids to procure power for DISCOMs based on tariffs.
- MNRE will allocate offshore wind energy sites to potential developers through competitive selection, providing a two-year exclusive lease for initial survey activities. Seabed area allocation will be done through competitive bidding.

- The overall offshore wind energy capacity, initially estimated at 14 GW, will be revealed gradually. The first bid for 4 GW will begin on December 1, 2023, followed by a 3 GW bid expected in the financial year 2024-25.

➤ **Model C (Non-VGF Model without Exclusivity Over Seabed)**

- Developers are allowed to identify offshore wind sites within Exclusive Economic Zones (EEZs), excluding those specified under Model-A and Model-B. Comprehensive surveys can then be carried out for these identified sites.
- The government will initiate the bidding process for project establishment and allocation of seabed areas. Developers who have conducted surveys can submit proposals for project development and site allocation within this framework.
- However, the actual development of projects in this zone will be the responsibility of potential developers, without the provision of Central Financial Assistance (CFA).