



POWER SECTOR



POWER PURCHASE

NEWSLETTER | WEEK 41 | OCT2023

>> KARNATAKA TO PROCURE ~ 1.5 GW OF POWER ON SHORT TERM TO MEET GROWING DEMAND

- > *Karnataka has been recently facing a severe power shortage with a daily deficit of up to 2,000 MW.*
- > *The State is closely monitoring power demand and plans to purchase additional power from the market based on projections from the Karnataka State Load Despatch Centre (KSLDC).*
- > *It intends to procure 1,300 to 1,500 MW of power on a short-term basis with the approval of the Karnataka Electricity Regulatory Commission.*
- > *Power swapping agreements of 300 MW and 600 MW are being finalized with Uttar Pradesh and Punjab, with Karnataka returning the power in June 2024.*



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KARNATAKA TO PROCURE ~ 1.5 GW OF POWER ON SHORT TERM TO MEET GROWING DEMAND.



DISCOM'S LIABLE TO PAY POWER GENERATORS ~80,000 CRORE IN OCTOBER.



RENEWABLE



MNRE REITERATES THE NEED TO FOLLOW NORMS FOR DOMESTIC FLOATING SOLAR MODULES.



POLICY & REGULATORY



PSERC SETS ADDITIONAL SURCHARGE FOR OPEN ACCESS CONSUMERS



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- > *The State is invoking emergency provisions under Section 11 of the Electricity Act to procure 800 MW from open access generators of thermal, renewable, and co-generation sources.*
- > *Several states have witnessed power shortages including Karnataka, with peak demand in Karnataka surging from 11,268 MW in August last year to 16,950 MW on August 25 this year with a year-on-year growth of 50%..*
- > *To address long-term energy needs, the Karnataka Government plans to implement projects under the PM-KUSUM program for solarizing irrigation pumps and the 2,000 MW Sharavathi pumped hydropower project, subject to regulatory clearances.*

>> DISCOM'S LIABLE TO PAY POWER GENERATORS ~80,000 CRORE IN OCTOBER.

- > *Distribution companies (DISCOMs) owed power generators a total of Rs. 79,977 Cr. for the monthly billing cycle in October 2023.*



- > *The current outstanding dues, excluding the latest monthly dues, amount to Rs. 23,262 Cr.*
- > *The overdue amount before the trigger date is Rs. 23,246 Cr. due to the late payment surcharge (LPS) becoming applicable.*



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- > DISCOMs have the option to pay the outstanding amount in up to 48 instalments.
- > The Ministry of Power has proposed provisions in the Electricity (Amendment) Rules, 2023, to address subsidy accounting and payment, as well as to establish a framework for ensuring the financial sustainability of DISCOMs
- > Additionally, the LPS and Related Matters Rules, 2022, were implemented in June of the prior year, imposing significant financial penalties on DISCOMs for delayed payments to suppliers.



RENEWABLE

>> MNRE REITERATES THE NEED TO FOLLOW NORMS FOR DOMESTIC FLOATING SOLAR MODULES.



- > Ministry of New and Renewable Energy (MNRE) has emphasized its commitment for enforcing Domestic Content Requirements (DCR) for the use of domestically manufactured solar cells and modules in relevant projects, in line with World Trade Organization (WTO) Regulations.



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- > *Violations of DCR provisions can lead to various actions against entities, including the filing of criminal cases under IPC 420 and related sections.*
- > *Other potential consequences for violators include blacklisting of developers for a ten-year period, forfeiting of bank guarantees, and the initiation of disciplinary proceedings against officers of Central Public Sector Undertakings or State Governments.*
- > *The Government has been actively promoting domestic solar cell and module manufacturers by implementing DCR provisions for specific projects, aiming to provide a guaranteed market for local solar component producers.*
- > *Concerns have been raised about the supply of solar cells and modules that may not fully comply with DCR provisions outlined by MNRE's programs.*
- > *In 2018, MNRE had first introduced penalties for violations of DCR norms, and it had also expressed concerns about potential misuse of the policy through mis-declaration and the use of imported solar cells and modules in DCR projects.*
- > *MNRE had issued advisories related to the procurement of modules to maintain the desired Capacity Utilization Factor for solar projects developed under the DCR category.*
- > *The Government's focus on enforcing DCR provisions underscores its commitment to supporting domestic solar manufacturing and ensuring compliance with these Regulations.*





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>> PSERC SETS ADDITIONAL SURCHARGE FOR OPEN ACCESS CONSUMERS

- > Punjab State Electricity Regulatory Commission (PSERC) has implemented additional surcharges for open access consumers within the supply area of the Punjab State Power Corporation (PSPCL).
- > Full open access consumers and partial open access consumers beyond their contract demand will face an additional surcharge of Rs. 1.29/kWh.
- > Partial open access consumers who use power up to their contract demand maintained with the distribution licensee will be subject to an additional surcharge of Rs. 0.92/kWh.
 - > These surcharges will be applicable for power purchased from April 1, 2023, to September 30, 2023.
 - > PSPCL filed a petition to determine the applicable additional surcharge for open access consumers who source power from providers other than PSPCL. The surcharge compensates for stranded generation capacity due to universal supply obligations.
 - > PSPCL asserted that the burden of fixed costs negatively affects its financial interests and, consequently, consumers who purchase power from PSPCL.
 - > PSERC's analysis considered PSPCL's obligation to supply power and the fixed costs associated with generation capacities and contracts.
 - > Different rates of additional surcharge were set based on whether consumers were paying fixed charges or not to the distribution licensee.

