

⚡ POWER SECTOR



POWER PURCHASE

» APTEL HOLDS PROCURERS LIABLE TO EXECUTE THE FUEL SUPPLY AGREEMENT WITH THE FUEL SUPPLIER

- » The Appellate Tribunal for Electricity (APTEL) in its recent judgment held that the procurers/discoms committed default/breach of the terms of the Request for Proposal (RFP) project documents, including the Power Purchase Agreement (PPA), when they failed to execute the Fuel Supply Agreement (FSA) with the fuel supplier. Thus, the successful bidders validly terminated the PPA.
- » Gurha Thermal Power Company Limited (GTPCL), initially a wholly-owned subsidiary of Rajasthan Rajya Vidyut Prasaran Nigam Limited (RRVPL), issued a Request for Qualification (RFQ) and RFP in the year 2009 for selection of developer on build, own, operate and maintain basis through tariff based bidding process for procurement of long term power from 70MW lignite based thermal power station linked to Gurha (West) mines to be set up in district Bikaner in State of Rajasthan.

NEWSLETTER | WEEK 03 | Jan 24



POWER PURCHASE

- » APTEL HOLDS PROCURERS LIABLE TO EXECUTE THE FUEL SUPPLY AGREEMENT WITH THE FUEL SUPPLIER



RENEWABLES

- » REC DESIGNATED AS IMPLEMENTING AGENCY FOR GRID-CONNECTED ROOFTOP SOLAR PROGRAM BY MNRE
- » MNRE RELEASES IMPLEMENTATION FRAMEWORK TO INCENTIVIZE 200,000 MT OF GREEN HYDROGEN PRODUCTION



Policy And Regulatory

- » MoP & REC RELEASE THIRD EDITION OF CONSUMER SERVICE RATINGS OF DISCOMS
- » LOAD SHEDDING TO ATTRACT PENALTIES, WARNS THE UNION MINISTER, MR. R K SINGH



⚡ POWER SECTOR

NEWSLETTER | WEEK 03 | Jan 24



POWER PURCHASE

- > After the competitive bidding process, a consortium formed by **SPML Infra Limited** and **Om Metals InfraProjects Limited** was selected as the successful bidders/developers, and a **Letter of Intent (LoI)** was issued. Subsequently, a **Share Purchase Agreement (SPA)** was executed, transferring shares of **GTPCL** to the successful bidders/developers. Thereafter, **GTPCL** executed the **PPA** with the discoms for the supply of power from the thermal power plant.
- > Later, **GTPCL** and developers terminated the **PPA** claiming that the respondents (discoms and **RRVNL**) failed to fulfill contractual obligations under the **PPA**, including non-execution of the **FSA** with the fuel supplier.
- > On the contrary, the respondents alleged that it was for the **GTPCL** and developers to take appropriate steps for execution of the **FSA** with the fuel supplier, and after the transfer of shareholding in **GTPCL** by **RRVNL** on **30.05.2013**, there was no obligation upon respondents to arrange for the signing of the **FSA**.
- > **Rajasthan Electricity Regulatory Commission (RERC)** concluded that there was no breach by the discoms and **RRVNL**, and dismissed the developers' petition and denied the claimed reliefs.
- > On appeal, the **APTEL** held that, by virtue of the **SPA** dated **30.05.2013**, **GTPCL** became a joint venture company of the developers and ceased to be authorized representative of the procurers with effect from the said date. Therefore, all the actions to be taken after **30.05.2013** on the part of the procurers were to be undertaken by them on their own or through any other authorized representative, and not by **GTPCL**.
- > Upon careful examination of the clauses of the **RFP** and **PPA**, the **APTEL** held that the intention of the parties was always that the **FSA** was to be executed by the procurers with the fuel supplier.





RENEWABLES

» REC DESIGNATED AS IMPLEMENTING AGENCY FOR GRID-CONNECTED ROOFTOP SOLAR PROGRAM BY MNRE

- > REC Limited has been designated as the implementing agency for the Grid-Connected Rooftop Solar Program, with a goal of achieving 40 GW of rooftop solar capacity by March 2026.
- > The program is executed based on the plan prepared by the Ministry of New and Renewable Energy (MNRE), and REC will coordinate with stakeholders nationwide for effective implementation.
- > Phase II of the program, launched in 2019 with a budget of Rs. 11,814 Cr., targets both the residential segment (Component A) and distribution companies (Component B).
- > Initially set to achieve 40 GW capacity by 2022, the program was extended until March 31, 2026.
- > MNRE disbursed Rs. 908 Cr. under the program as of November 2023, recognizing the benefits of rooftop solar, including cost savings and meeting renewable purchase obligations.
- > Recently, the MNRE announced an increase in the benchmark Central Financial Assistance, providing a subsidy of Rs. 18,000/kW for individual households with up to a 3-kW system in a general category state, up from the earlier Rs. 14,588/kW.





RENEWABLES

» MNRE RELEASES IMPLEMENTATION FRAMEWORK TO INCENTIVIZE 200,000 MT OF GREEN HYDROGEN PRODUCTION

- > MNRE releases an implementation framework to incentivize the annual production of 200,000 MT of green hydrogen.
- > Incentives are provided over three years under Mode 2B of the Strategic Interventions for Green Hydrogen Transition (SIGHT) program, with a total outlay of Rs. 13,050 Cr. for all modes.
- > The incentive structure for green hydrogen starts at Rs. 50/kg in the second year, and Rs. 30/kg in the third year.
- > The incentives apply through a competitive selection process for the production and supply of green hydrogen at the lowest cost to refineries.
- > Qualification for incentives requires adherence to the 'National Green Hydrogen Standard' set by MNRE, and bidders must meet specific eligibility criteria, including a net worth of Rs. 15 Cr. per 1,000 MT per annum.
- > Oil and gas companies, selected by the Ministry of Petroleum and Natural Gas (MoPNG) and the Centre for High Technology (CHT), act as implementing agencies and are eligible for administrative charges of 0.5% of the disbursed incentive amount annually.
- > Responsibilities of oil and gas firms include aggregating demand, calling for bids, and issuing acknowledgments and awards, while CHT verifies incentive claims, inspects production plants, and submits progress reports.
- > The program monitoring committee, co-chaired by the Secretary of MoPNG and MNRE, assesses the progress and performance of green hydrogen production and supply capacities established under the program



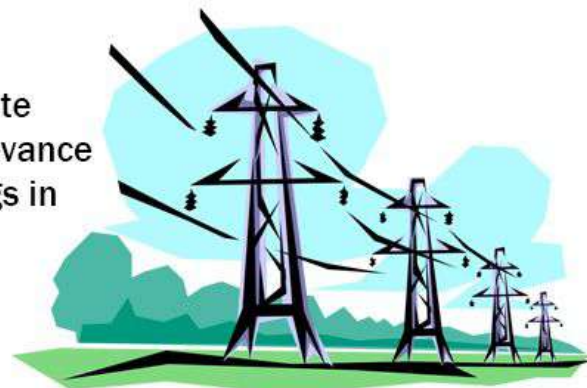


POLICY AND REGULATORY

» MOP & REC RELEASE THIRD EDITION OF CONSUMER SERVICE RATINGS OF DISCOMS



- > Ministry of Power and REC assessed consumer service performance of 62 DISCOMs for FY 2022-23.
- > Only four DISCOMs received an A+ rating: BSES Rajdhani Power, BSES Yamuna Power, Tata Power Delhi Distribution, and Noida Power Company.
- > All four A+ rated DISCOMs are private, catering to a predominantly urban demographic.
- > Private DISCOMs generally outperformed public ones, with nine out of ten having higher hours of supply than the national average.
- > Poor performers included Arunachal Power Department, Kashmir Power Distribution Corporation Limited, Jharkhand Bijli Vitran Nigam Limited, and Jammu Power Distribution Corporation Limited.
- > Overall, DISCOMs showed improvement compared to the previous year, with more A+, A, and B+ ratings (35 compared to 22) and fewer C and D grades (4 compared to 8).
- > The national average grade for all DISCOMs was B+.
- > Evaluation criteria included reliability, timely and accurate metering and billing, connection services, and swift grievance redressal, with 23 sub-parameters used to assign ratings in seven grades.





POLICY AND REGULATORY

» **LOAD SHEDDING TO ATTRACT PENALTIES, WARNS THE UNION MINISTER, MR. R K SINGH**

- > The Union Minister, Mr. R K Singh, warns distribution companies that unjustified load-shedding will be penalized, emphasizing consumers' right to 24*7 electricity.
- > Singh urges DISCOMs to increase capacity, sign power purchase agreements, and enhance efficiency to meet the projected peak demand of 366 GW in 2030, up from the current 243 GW.
- > Billing efficiency has improved, but collection efficiency remains at 92.7%, raising concerns about the financial viability of the power sector.
- > The gap between Average Cost of Supply (ACS) and Average Revenue Realized (ARR) increased by Rs. 0.15, requiring attention.
- > Minister emphasizes the need for states to adhere to laws and rules to ensure the power sector's viability, threatening consequences for non-compliance, including withholding power and loans.
- > Power secretary, Pankaj Agarwal, highlights some DISCOMs' lag in implementing loss reduction works under the Revamped Distribution Sector program, suggesting unutilized funds may be redirected to progressive DISCOMs; as of December, last year, DISCOMs owed Rs. 65,595 Cr. to power generators.

