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POWER SECTOR

NEWSLETTER | WEEK 06 | Feb 24

POWER PURCHASE

» STATE DISCOMS OWE POWER GENERATION COMPANIES RS. 87,810 IN JANUARY 2024

> In January 2024, State Distribution Companies (DISCOMs) owed power generators a staggering Rs. 87,810 Cr. for that month's billing cycle.

> Presently, outstanding dues, excluding the latest month dues, amounts to Rs. 34,752 Cr.

> Maharashtra tops the list with Rs. 6,092 Cr. in dues, followed by Uttar Pradesh with Rs. 5,263 Cr. and Tamil Nadu with Rs. 4,795 Cr.

> The trigger date for late payment surcharge is determined as one month after the due date or two and a half months' post presentation of bill by the generating company, whichever is later.

> DISCOMs have been granted the option to settle outstanding amounts in up to 48 instalments.

> The Ministry of Power has proposed amendments to the Electricity (Late Payment Surcharge and Related Matters) Rules 2023, aiming to regulate short-term and general network access for DISCOMs that fail to clear dues even after two and a half months.

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GERC APPROVES TARIFF OF 3.11/kWh FOR GUVNL FOR GRID CONNECTED WIND POWER PROJECTS

- Gujarat Electricity Regulatory Commission (GERC) has approved a tariff of Rs. 3.11/kWh for Gujarat Urja Vikas Nigam Limited (GUVNL) to procure power from 500 MW grid-connected wind power projects.
- GUVNL initiated the procurement through a tender for 500 MW grid-connected wind projects (Phase V), with an additional 500 MW capacity under the Green-shoe option.
- Out of the total capacity, only 300 MW was auctioned, with Juniper Green, Evergreen Renewables, SJVN Green, and Solarcraft Power shortlisted at varying tariffs.
- Developers to enter into a 25-year Power Purchase Agreement (PPA) with GUVNL and bear all project expenses, including interconnection with state or central transmission utilities.
- GERC emphasized the need to boost wind capacity alongside solar to balance generation patterns and decided to adopt tariffs discovered through transparent bidding for fostering renewable growth.

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RENEWABLES

JSERC INTRODUCES GREEN ENERGY OPEN ACCESS REGULATIONS

> Jharkhand State Electricity Regulatory Commission (JSERC) introduced Green Energy Open Access (GEOA) Regulations, 2024 aimed to promote electricity generation from renewable sources, outlining grid connection and green energy sale measures.

> **Categorization of Green Energy Open Access (GEOA) Consumers:**

(a) Long-term: Access for more than 12 years, up to the plant's useful life.
(b) Medium-term: Access for more than three months but not exceeding three years.
(c) Short-term: Access up to one month, with renewable terms and priority based on application date.

> **Eligibility Criteria:**

(a) Open to consumers, subject to regulations and system availability.
(b) Renewable energy companies with PPAs can use open access for the capacity specified in the PPA.
(c) Captive generating plant builders are eligible.
(d) Limitation on accessing renewable energy to avoid high demand variation.

> **Charges and Fees:**

(a) Include transmission, wheeling, cross-subsidy, additional, standby, banking, and other charges.
(b) Monthly transaction fee and meter reading charges, with exemptions for certain conditions.

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RENEWABLES

> **Banking of Energy:**

(a) Allows 100% energy banking with applicable charges, subject to technical feasibility.
(b) Banking permitted on a monthly basis; withdrawal according to slot-to-slot basis.
(c) Unutilized banked energy considered lapsed at the end of each banking cycle, with compensation for unused banked energy under specific conditions.

> **Charges Exemptions:**

(a) Grid-connected solar projects with storage devices are exempt from wheeling and transmission charges for a period of ten years.
(b) Additional and cross-subsidy surcharges exempted for certain solar projects.

» RERC Elevates Rooftop Solar Ambitions: Net Metering Cap Boosted to 1 MW

> Rajasthan Electricity Regulatory Commission (RERC) increased net metering cap from 500 kW to 1 MW for rooftop solar installations to boost solar penetration.

> This decision aligns with the State's Distributed Renewable Energy Generating Systems (DREGS) Regulations 2021 and the Electricity (Rights of Consumers) Amendment Rules 2021, encouraging renewable energy integration with the grid.

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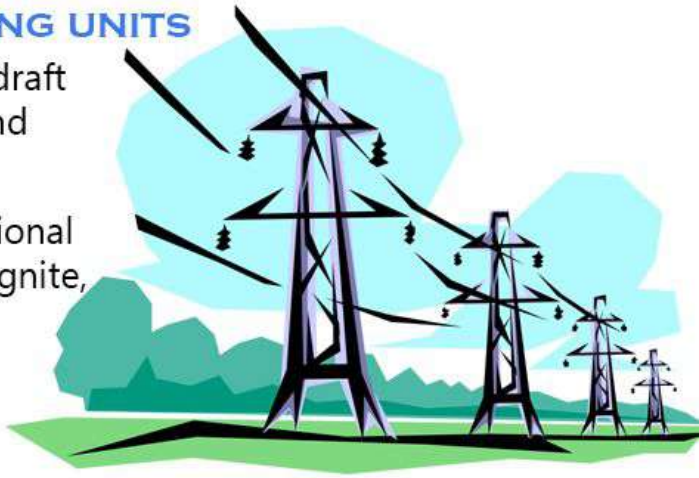
> In September 2021, RERC had set the net metering limit to 500 kW or the sanctioned load, whichever is lower, which is now revised up to 1 MW, not exceeding 100% of the consumer's sanctioned load.
> Rajasthan's Renewable Energy Policy 2023 promotes rooftop solar projects through net metering and gross metering, aiming to utilize the State's leading solar capacity potential of 142 GW.
> Despite its potential, Rajasthan's installed rooftop solar capacity stands at only 1 GW, with less than 2% penetration in the DISCOMs' energy mix.

POLICY AND REGULATORY

CEA ISSUES DRAFT REVISED GUIDELINES FOR RETIREMENT AND UP-RATING/DE-RATING OF GENERATING UNITS

> The Central Electricity Authority (CEA) has issued draft revised guidelines pertaining to the retirement and up-rating/de-rating of generating units.
> The scope of these guidelines extends to conventional sources of electricity generation, including coal/lignite, diesel, gas-based power plants, and large hydroelectric plants (above 25 MW).



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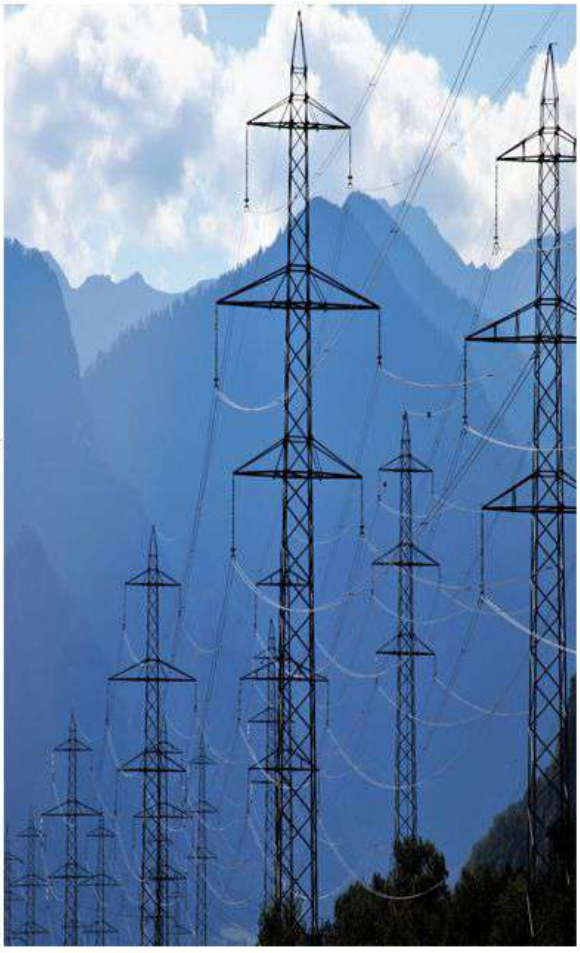
POLICY AND REGULATORY

> The guidelines specify a structured process for the retirement of generating units by generating companies or utilities, with the entire procedure overseen by the CEA. Broad process detailed out in the draft guidelines are as follows:

- When a decision is made to retire a generating unit, the first step involves submitting a formal request to the CEA. This request must be accompanied by a certified copy of the Board of Directors' resolution endorsing the decision.
- The Standing Committee, responsible for evaluating such proposals, scrutinizes them in accordance with existing policies, rules, regulations, guidelines, and directions set by the Central Government.
- If any misalignment with these provisions is identified, the Committee may disagree with the decision and communicate its stance to the generating company, utility, or State Governments.
- In cases where the Standing Committee approves the retirement of generating units, the CEA's installed capacity database is to be updated, and stakeholders are duly informed. However, final approval is contingent upon the Chairperson of the CEA.
- The entire proposal review process, from submission to decision, is expected to be completed within one month, provided that all necessary data and information are promptly supplied by the generating company or utility to the CEA.



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- These guidelines aim to establish a transparent and systematic approach to the retirement of generating units in the country.
- CEA has invited comments and suggestions on the draft guidelines by March 2, 2024.

CEA RELEASES DRAFT DISTRIBUTION PERSPECTIVE PLAN 2030

- CEA, based on data provided by distribution utilities, has developed the draft Distribution Perspective Plan (DPP) up to FY 2029-30.
- In accordance with the Electricity Act, 2003, the CEA is mandated to formulate the National Electricity Plan every five years. Section 73 (a) of the Act assigns the responsibility of preparing short-term and perspective plans for electricity system development to the CEA.
- Responding to this obligation, the CEA has prepared the DPP-2030, aligning with the Act's requirements.
- The draft DPP delineates infrastructure plans for substations, feeders, capacitor banks, distribution transformers, and low-tension feeders.
- The draft DPP incorporates industry best practices employed by distribution companies for the efficient management of distribution systems.
- Primary focus of the draft DPP is to ensure the reliable and high-quality delivery of power to consumers, aiming to enhance overall consumer satisfaction.
- CEA has invited comments and suggestions on the draft DPP by April 1, 2024.

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