TATA POWER

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POWER MARKET CAPSULE-208th Edition

Issue no: 208th –5th November 2022

TPTCL'S E-NEWS LETTER

CONTENT INSIDE

Tata Power Trading Company Limited (TPTCL)

Lighting up Lives!

Power Market News

Govt issues norms for power procurement on FOO basis, suggests making PFC nodal agency

The government has released guidelines for the procurement of power on Finance, Own and Operate (FOO) basis under SHAKTI policy for a group of states and has suggested making PFC Consulting Limited a nodal agency for undertaking the process. In a gazette notification issued on October 20, the Ministry of Power has said that power requirement of a group of states can be aggregated and procurement of such aggregated power can be made by an agency designated by Ministry of Power or authorised by such states on the basis of tariff-based bidding.

Although the provision is already spelled out in Para B(v) of SHAKTI policy, the government has just issued the guidelines to put the provision into practise.

PFC Consulting Limited or a nodal agency chosen by states can conduct bidding

"PFC Consulting Limited, a wholly-owned subsidiary of Power Finance Corporation Limited has been designated as the Nodal Agency by Ministry of Power for the purpose of procurement of power under para B(v) of SHAKTI Policy. Alternatively, a group of states may also appoint a Nodal Agency of their choice," the Ministry of Power has said.

The nodal agency will be responsible for conducting the bid process for procurement of power under para B (v) of the SHAKTI Policy under tariff-based competitive bidding in accordance with these guidelines, it added.

"The Nodal Agency shall aggregate the requirement of power of a group of states for medium-term or long-term basis in terms of quantum (MW) and duration (period), including the date of commencement for supply of power. The Nodal Agency may also initiate procurement of long-term or medium-term power for a group of states based on broad demand assessment on the basis of consultation with states," the government has said.

Nodal agency to work out coal requirement for power demand

Based on the quantum and period of power to be procured, the nodal agency shall work out the quantity of domestic coal required on the basis of CEA norms and the estimated commencement date of supply. The Ministry of Power shall send the request for coal requirement along with duration and estimated date of commencement of coal supply to the Ministry of Coal for further consideration. ***Source***

Will 'price cap' for power work?

"Price cap" is becoming the buzz word in the energy space, including in India. There can be varied reasons for policymakers to talk about putting a lid on the price of electricity or auto fuel. But does it not go against the very rationale of open market? There can be arguments or debates on the concept, but today the trigger for such a discussion is mainly geopolitical. Recently, the Central Electricity Regulator Commission (CERC), the key regulator of the power sector in India, floated a paper on power market pricing seeking stakeholders' view on 'uniform pricing' versus 'pay as bid'.

Now the concept of uniform pricing is not new for India's electricity sector, and globally also it is the most commonly adopted pricing methodology. But concerns have been raised regarding the efficacy of this mechanism. The most important question is: What will be the criteria of these interventions as regulating the market will itself bring in its own set of challenges?

Earlier this year, the CERC had capped the prices in the 'day ahead' and 'real time' markets on the power exchanges to ₹12 a unit, from the previous level of ₹20 a unit. This was to bring the then prevailing crisis situation — triggered by erratic supply of fuel feedstock, namely, coal — under control. Due to low coal stocks at several power plants and depleted water levels in rivers, the supply of power could not keep pace with the rise in demand, leading to peak power shortage touching double-digit figures. Critics at that time had termed it as knee-jerk reaction.

Will price cap work in India where power is generated through various sources — coal, gas, renewables?

Experts endorsing the concept say, it will work if proper due diligence is done, which will dependent on two things — the method being adopted to derive the price, and the threshold price. Also, in India, the uniform price concept is relatively at a nascent stage, so challenges may not be many in the short-term but for the long-term if this system has to be adopted then the framework has to be properly structured with enough flexibility to tweak when the need arises.

First and the foremost, it is important to get a fix on what is the trigger for the spike in price — is it speculative or because of fuel supply uncertainty or demand driven? Once the trigger is identified, then, based on it a mechanism for fixing the cap can be worked out. Also important will be to have a floor price in case a cap is being set to ensure that the market is not distorted. One also needs to remember that power can be produced at zero cost, marginal cost and high cost, so to set a uniform price, strategy will need to be made accordingly.

From a consumer perspective, it is good, but for the industry to survive both the seller and the buyer should be equally comfortable. If a correct approach is not adopted, it sends a wrong signal to the market. Earlier, the cap worked as the spike was mainly because of fuel supply issues and the government facilitated the supply to assure availability. A price cap is put mostly in an abnormal situation, so before deriving any formula this needs to be considered.

For example, in March 2022, India witnessed a period of demand surge coupled with supply shortage. The demand surged due to multiple factors such as rise in temperature caused by early onset of summer and increase in economic activities with lifting of Covid-19-related restrictions. On the other hand, increase in the supply has been limited. The situation was further aggravated due to geopolitical factors affecting fuel supply and certain domestic supply constraints. The increased prices of fuel, particularly imported coal, led to a significant increase in marginal costs of the margin-setting generators of the market.

Direction to exchanges

According to the paper, on April 1, the Commission directed the power exchanges, until further orders, to redesign with immediate effect, the bidding software in such a way that members can submit their bids in the price range of ₹0/kWh to ₹12/kWh for DAM (day ahead market) and RTM (real time market). "As a result, the cleared volume was getting pro-rated amongst the buyers quoting the ceiling price in proportion to their bid volumes. Due to apprehensions of such pro-rating, it was observed that buyers increased their bid volumes at the ceiling price substantially, however they were still not able to meet their demand of electricity...", it said.

"The Commission felt the need for a uniform price ceiling in all segments of the Power Exchanges so that there is no shift in supply volume from one segment of the Power Exchanges to another segment, induced by differential ceiling price between different market segments of the Power Exchanges; and so that there is no profiteering by the sellers in the backdrop of increased demand and reduced supply ..."

"So, on May 6, 2022, the Commission directed the power exchanges to revise the ceiling price of all segments to ₹12/kWh. Based on the assessment of demand-supply position in the power sector, it is felt that the high demand for electricity is likely to continue over the next few months due to factors like increase in economic activity, high agricultural load, increase in household demand, anticipation of peak demand (morning and evening peaks) to remain significant due to lighting and heating load in the winter month, festive season, etc. Thus, the capping of ceiling price at ₹12/kWh on all segments at power exchange, has been continued by the Commission, till December 31, December, 2022," it said. Clearly, work on this cannot happen blindly. While the debate and discussion are happening, there is also a need to ensure that there is an inbuilt mechanism of pass through so that generators and distributors do not take a hit when viewed in terms of their market sale/purchases on annualised basis. ***Source***

Power utilities in Andhra Pradesh to focus on improving generation capacity, supply at affordable price and reduction of T&D losses

The power utilities in Andhra Pradesh are gearing up to implement a three-pronged strategy—enhancement of power generation capacity, providing quality power at affordable price and reducing transmission and distribution (T&D) losses. As part of the plan to improve the power generation capacity, Chief Minister Y.S. Jagan Mohan Reddy will inaugurate a 800-MW supercritical unit (Stage-II) of the Sri Damodaram Sanjeevaiah Thermal Power Station (SDSTPS) at Krishnapatnam in Nellore district on October 27 (Thursday).

Minister for Energy Peddireddi Ramachandra Reddy visited the plant and reviewed the arrangements made for the Chief Minister's visit. He also reviewed the power generation and supply position with Special Chief Secretary (Energy) K. Vijayanand, AP-GENCO Managing Director B. Sreedhar and other officers. In view of the rising demand for energy, the thermal power plants at the SDSTPK Krishnapatnam Stage-II and Dr. NTTPS (800 MW) at Ibrahimpatnam are major steps towards enhancing power generation in the State, said the Minister.

"The 800 MW super critical unit at Krishnapatnam generates 19 million units of electricity per day and helps meet the rapidly increasing demand. The plant uses less amount of coal when compared to the normal thermal power units, thus reducing the negative impact on the environment. The Stage-II unit of the SDSTPS has been designed to run entirely on domestically-produced coal, which in turn will help reduce the cost of power generation," said Mr. Ramachandra Reddy.

It is the first supercritical thermal power plant in the country in the public sector. In the first phase, two 800 units have been launched. The Chief Minister will launch another 800 MW unit on October 27. Works at the plant, which were delayed due to coronavirus pandemic, have been expedited, he said. Informing that the power utilities has saved around ₹4,925 crore through cost-effective power purchases and other best practices in the last three years, the Minister said that measures had also been put in place to reduce the transmission and distribution losses. The transmission losses that were around 3.10 % in 2018-19 financial year, were reduced to 2.83% by May 2022.

Green energy

He also pointed out that to supply power to agriculture sector for the next 30 years, the government had entered into an agreement with the Solar Energy Corporation of India (SECI), which would facilitate procurement of 7000 MW solar power in a phased manner.

"Despite severe shortage of power in other States, power utilities in Andhra Pradesh are able to meet the energy demand. The State had surpassed the national average consumption in October last year," said the Minister. APGENCO Director (Thermal) G. Chandrasekhar Raju, Director (Finance) B. Venkatesulu Reddy and other officials were present at the review meeting. ***Source***

In the works: PLI scheme for power transmission

NEW DELHI: The Union government is looking to introduce a production-linked incentive (PLI) scheme for power transmission and distribution equipment, two officials aware of the plans said, as part of India's push for greater self-reliance in strategic sectors.

This comes against the backdrop of India trying to curb the use of Chinese power equipment, given the cyberattacks on its grid, including from Red Echo, a Chinese state-sponsored group. While these attempts were thwarted, if successful, such attempts may lead to blackouts, impacting services such as water supply, telecom infrastructure, hospitals, airports and metro rail networks.

The government has already enforced prior permission requirements for imports from countries with which it has a conflict. "The PLI scheme for power transmission and distribution equipment is in the works," one of the two officials cited above said, requesting anonymity. India has rolled out PLI schemes for 14 sectors with a total outlay of ₹2 trillion. This includes a ₹24,000 crore PLI scheme allocation for the local manufacture of solar photovoltaic modules.

Given the growing electricity requirements of the Indian economy, the transmission and distribution equipment also need to keep pace with the generation side. According to the Central Electricity Authority, by 2030, the country's power requirement will be 817 gigawatts (GW). This will result in new orders, with India's current inter-regional transmission capacity of 112GW set to grow and an additional ₹8 trillion investment requirement in the transmission sector till 2031-32. Also, a ₹3.03 trillion reforms-based result-linked power distribution sector scheme applicable till 2025-26 is being implemented.

Queries emailed to the spokespersons for the ministries of power, and commerce and industry on remained unanswered till press time.

The Union budget earlier this year announced a scheme under the Atmanirbhar Bharat package to set up three manufacturing zones for critical power and renewable energy equipment across generation, distribution and transmission. India is also focusing on building self-reliance in emerging technologies and promoting domestic production of critical equipment such as supervisory control and data acquisition (SCADA), transformers and batteries. The plan is to have SCADA systems in all urban areas and distribution management systems in 100 urban centres.

The growing threat of cyberattacks on India's power grid has also prompted the government to consider setting up a specialized computer security incident response team to thwart any attempt at crippling the critical power infrastructure, as reported by Mint earlier. The specialized team to stem any threat from hackers will be set up and housed under the Central Electricity Authority of India, the country's top power sector planning body, with officers having a background in computer science and information technology to be recruited through Combined Engineering Services Examination conducted by Union Public Service Commission.

State-run Posoco oversees the grid through the National Load Dispatch Centre, five regional load despatch centres and 34 state load despatch centres. The grid is under constant attack, with at least 30 events reported daily, as reported by Mint earlier. Most originate from China, Singapore, Russia and the Commonwealth of Independent States. Some high-profile cyberattacks on India's power sector include those at state-run Nuclear Power Corp. of India Ltd's Kudankulam nuclear power plant, THDC Ltd's Tehri dam, West Bengal State Electricity Distribution Co. Ltd and at Rajasthan and Haryana discoms.
The National Critical Information Infrastructure Protection Centre oversees India's cybersecurity operations in critical sectors, and the Indian Computer Emergency Response Team (CERT-In)

coordinates efforts on cybersecurity issues. The Union power ministry, on its part, has set up six Computer Emergency Response Teams for grid operation, thermal, hydropower, electricity distribution, transmission and renewable energy. India also has a National Cyber Coordination Centre. ***Source***

Power reforms CERC pitches for levy on 'super normal profits' by certain Gencos

The Central Electricity Regulatory Commission (CERC) has floated a paper to discuss high market prices in power exchanges and apprehensions on "super normal profits" earned by units with lower marginal costs of producing electricity. CERC has pointed out that the recent surge in electricity demand due to revival of economic activity and unprecedented climatic events have put pressure on prices discovered in the power market. It has asked the stakeholders to share their suggestions by November 4.

"In wake of such developments, the Commission finds it expedient to review the regulatory framework, especially pricing methodology used in the power market, and to explore possible options to deal with such situations in a predictable manner," it added. The regulator asked stakeholders to share views on using a mechanism like the windfall profit tax imposed by the government to check private refiners making huge profits by exporting diesel to the US and Europe, at the expense of the domestic market this year. On regulatory intervention, the CERC said: "To partially capture the surplus profits made by the inframarginal generators, would it be advisable to impose a levy on supernormal profits, as was done by the government for petroleum?" Inframarginal generators are sellers with lower marginal costs such as lignite-based power plants, cheaper coal-based generation and RE generators.

Super normal profits

CERC emphasised that it is imperative to mitigate the concern of super normal profits which may apparently be achieved through pay-as-bid auction. While participating in the market, Gencos quote prices to receive their marginal costs and, in addition, recover part of their fixed cost. Pay-as-bid auctions may encourage sellers to offer high bid prices (higher than marginal cost) to earn a profit and also recover fixed costs (business rationale), it added.

Suggesting a discussion on pricing methodology, it opined, "Given these facts, would it make sense to switch to pay-as-bid pricing methodology and would it address the concerns regarding super normal profits for inframarginal generators under uniform market clearing price?"

In pay-as-bid model, the prices paid to the cleared sellers are based on the sell bid offered by the respective seller. Thus, each seller is paid a different price tied to the bid offered by them and these prices do not depend on the price of the most expensive seller cleared to meet demand.

Rationale

Though the overall demand-supply situation generally gets reflected in the prices discovered through exchanges, some spikes in prices were witnessed in October 2021. The situation, however, was short-lived and improved with increased supplies and fall in temperature.

In late March 2022, a similar phenomenon was observed due to unprecedented high demand without commensurate increase in supply and prices in day ahead market and real time market remained significantly high for a consistent period which led to regulatory intervention in terms of imposition of price-ceiling that was later extended to all market segments. "In the wake of these events, it is imperative to review the regulatory framework, especially pricing methodology in this context and explore possible options to deal with such situations in a predictable manner," CERC said. ***Source***

IEX net profit falls 7% to ₹71.20 crore in July-September quarter

New Delhi: Indian Energy Exchange (IEX) reported nearly 7% fall in its consolidated net profit at ₹71.20 crore in September quarter compared to a year ago. The consolidated net profit was ₹77.38 crore in September, the company said in a BSE filing. “On a consolidated basis, revenue for the quarter increased by 0.3% QoQ, from Rs. 113.4 Cr. in Q1FY’23 to Rs. 113.8 Cr. in Q2FY’23. PAT grew by 3% QoQ from Rs. 69.1 Cr. to Rs. 71.2 Cr. with a margin of 63%," the company said in a release.

Total income declined to ₹113.77 crore in the quarter from ₹122.30 crore in the same period a year ago. During the quarter, the exchange traded 23.1 BU electricity volume versus 23.4 BU in Q1 FY’23. The volume comprised 19.7 BU in the conventional power market, 1.5 BU in the green market segment and 19.14 lakh certificates in the renewable energy certificates (REC) market which is equivalent to 1.9 BU, the company said.

During the quarter, volumes declined by 11% YoY compared to Q2FY’22. However, during H1FY23 the volumes declined marginally by 2% YoY. The volumes were impacted due to supply side constraints, led by high prices of e- auction coal, imported coal and gas, it said. The average day-ahead market prices increased to ₹5.40 per unit during Q2 FY23, as against ₹4.14 in Q2 FY22. The average day ahead market price was ₹7.76 per unit during Q1 FY23.

“Going forth, easing supply-side constraints and lower demand in the impending winter season, we expect an increase in liquidity on the exchange platform leading to reduction in prices, which will provide opportunity to discoms to optimize their power procurement and commercial and industrial consumers to buy cheaper power," the company said.

During the quarter, IEX added new products to the existing longer duration contracts portfolio such as daily contracts up to 90 days, Weekly contracts for up to 12 weeks and Monthly contracts for a period of upto 3 months. On the gas market front, despite the increase in prices, during the quarter, the Indian Gas Exchange (IGX) traded 5.9 million mmBtu in terms of volume and the profit after tax was recorded at ₹2.42 crore witnessing a growth of 111% on QoQ basis.

As India moves towards carbon neutrality and harnesses vast amounts of renewable power to meet its growing appetite for energy, IEX will continue to make use of technology and innovation to facilitate the nation’s energy transition. ***Source***

Thermal capacity build-up still key to energy security

NEW DELHI : Rising power demand following the post-covid opening up of the economy has brought thermal power generators into focus. While renewable capacities are growing at a fast pace, the dependence on thermal and hydropower will continue, considering that
renewables contribute in low double digits, and may not be able to meet peak seasonal demand, said analysts.

Hydropower generation is seasonal and gas-based generation has been impacted by rising natural gas prices. Hence, thermal power capacity addition is likely to continue, and even some stressed assets may find takers. Demand for thermal power is likely to stay for at least 3-4 years, Anuj Upadhyay, institutional research analyst at HDFC Securities, said. Till battery storage capacities become viable, renewables may not be able to meet peak season demand, Upadhyay added.

Power-generation data reflects the significance of thermal power plants in the current scenario. While the overall power generation in India surged 11.9% from a year ago so far in FY23, coal-based power

generation was up 12.8%, according to Elara Securities data. In September, coal-based thermal power generation rose 13.4% from a year ago against the 0.3% rise in September 2021.

Hydropower generation grew at a faster pace of 22.1% from the year earlier in September, against 11.8% in August, after falling 13% from a year ago in June. Gas-based generation did bear the brunt of rising gas prices, dipping 40.4% from a year ago in September. The sharp increase in spot gas prices remains a key concern and can impact gas-based production.

Though renewable power generation grew at the fastest pace of 20.6% from a year ago in September, renewables just contributed about 12% to overall power generation, said analysts at Elara Securities. India's renewable energy capacities stand at 118.0GW (60.8GW solar and 41.6GW wind), while thermal capacities dominate with 236GW, and hydro is at 46.8GW as of September.

The government's focus on increasing hydropower capacity and expanding the renewables portfolio can help reduce India's carbon footprint, but the dependence on thermal assets is still critical and necessitates a further expansion of capacity. Over 1,00GW of generation capacity (ex-nuclear) is under construction or is being implemented, according to analysts. As of August-end, 27.6GW thermal capacity is under construction at a cumulative cost of ₹2.3 trillion (out of which ₹1.5 trillion has been spent), said analysts at ICICI Securities. However, most of it is being developed by central public sector undertakings and state PSUs. About 11.9GW is being developed by CPSUs, and the balance of 15.6GW is by state PSUs.

Thermal capacities can increase by 15-20 GW over and above those under implementation, said Upadhyay. REC Ltd and Power Finance Corp announced the signing of a memorandum of association with SJVN Thermal Pvt. Ltd for financing two 660MW coal-based Buxar Thermal Power Plant. However, no thermal capacity is currently being developed by the private sector. Several large private conglomerates have recently shown interest in acquiring stressed thermal plants, said analysts at ICICI Securities Ltd.

Analysts said some large groups could also show interest in stressed assets to meet their captive requirements, but it is yet to take off. Rupesh Sankhe, vice president at Elara Securities India Pvt. Ltd said out of the 40GW stressed assets, around 20GW is before the National Company Law Tribunal (NCLT) and may be revived. Coal linkages or power purchase agreements, nevertheless, will remain crucial and those without PPAs or linkages are likely to find it difficult to get buyers. ***Source***

Goa: Centre approves nearly Rs 700cr for power infra works, smart metering

Panaji: The central government has sanctioned around Rs 242 crore for power infrastructure projects, including replacement of old transformers, and Rs 467 crore has been sanctioned for smart prepaid metering projects, power minister Ramkrishna 'Sudin' Dhavalikar said. He said the infrastructure works include replacement of old transformers with new transformers and panels, reconditioning of 33KV feeders, 11KV underground cabling works, besides various other works.

The smart meter project will include smart meters with communication facilities, meter data management system and meter data acquisition system where all data in meters will be acquired and analysed for the purpose of load forecasting, calculation of losses, etc. The meter will also facilitate remote connection and disconnection. The department is also looking at bringing down distribution losses presently at 13% to a single digit.

It is also planning underground cabling work with focus on agricultural areas, dense forest areas, the coastal belt and places of touristic importance. The proposals will be sent to the planning department

within a month's time for approval, he said. The estimate will be prepared and cabinet approval sought too, he said.

He also spoke of plans to convert Panaji into a solar city. When questioned over the city being far from a smart city, he said it is not the only city to be selected to be turned into a solar city. "Altogether 37 solar cities will be set up in India," he said. "Work on the smart city is not over so people will be inconvenienced. But when work is over these people who are against it will be satisfied," he said. The department's revenue generation is up by 40%, he said, congratulating department staff. ***Source***

Regulator can't revise power tariff payable to discom in the guise of prudence check: SC

The Supreme Court said the electricity regulator, DERC, cannot revise or re-determine the already fixed power tariff for discoms in the guise of "prudence check and truing up" as it would amount to amending the rates to be levied from consumers. Prudence check relates to scrutiny of reasonableness of capital expenditure incurred or proposed to be incurred, while a true up claim is the expenditure incurred by a utility over and above the annual revenue.

A bench comprising justices S A Nazeer and Krishna Murari allowed the appeal of private discom BSES Yamuna Power Ltd challenging certain findings of the Appellate Tribunal for Electricity (APTEL) in a 2014 judgment by which the downward revision of electricity tariff by Delhi Electricity Regulatory Commission (DERC) was upheld.

"Revision or redetermination of the tariff already determined by DERC on the pretext of prudence check and truing up would amount to amendment of the tariff order, which can be done only as per the provisions of subSection (6) of Section 64 of the 2003 Act within the period for which the Tariff Order was applicable," Justice Nazeer, writing a 54-page judgement, said.

Setting aside the DERC order, it said the power regulator cannot amend the tariff order for the period April 01, 2008 to March 31, 2010 "in the guise of 'trueup' after the relevant financial year is over and the same is replaced by a subsequent tariff Order." BSES Yamuna Power Ltd supplies electricity in certain parts of the national capital and has alleged that the DERC, which fixes the power tariff, has wrongly disallowed certain financial aspects in the name of truing up.

The Tariff Appeals were filed by the discom before the APTEL challenging certain findings of the DERC in the Tariff Order of August 26, 2012 for truing up of financials for financial year 200809 and Aggregate Revenue Requirement (ARR) for financial year 2011-12. It was alleged by the discom that since privatisation, the ARR determined by the DERC was not even sufficient to meet the actual power purchase cost which has led to creation of a huge revenue gap.

The actions of the DERC have resulted in a situation where the discoms are deeply indebted and have been forced to take loans to fund their day-to-day operations which, in turn, have also dried up leaving them without adequate money to pay their suppliers. "One of the substantial questions of law raised on four issues ... is whether it is permissible to amend the tariff order made under Section 64 of the 2003 Act during the 'truing up' exercise which needs to be answered before answering each of the aforesaid issues," it said.

Answering the question, the bench said, "It is not permissible to amend the tariff order during true up exercise. On the pretext of prudence check and truing up, DERC could not have amended the tariff order." The discom alleged that truing up cannot be used to upset the methodology used for determination of

ARR and such a conduct essentially amounts to changing the rules of the game after the game has started or changing the goal post with the sole intention to deny legitimate allowances to it.
"We hold that the appellants are entitled to recover interest on Consumers Security Deposit as held by the DPCL. We direct the DERC to allow the interest on Consumers Security Deposit held by the DPCL and impact thereof to the appellants. The findings of the DERC and the APTEL in this regard are set aside," it said. ***Source***

Dependence on fossil fuels unhealthy for environment, economy: RK Singh

New Delhi: Global dependence on fossil fuels is unhealthy for environment and economy, said power, and new and renewable energy minister Raj Kumar Singh said.

Addressing the Fifth Assembly of the International Solar Alliance (ISA) in his capacity as the president, the minister said that we have the tools to counter the dependence. “The development in technology is making sure that even more effective resources are available in the years to come. In this pursuit for energy transition, we also have the responsibility to enable development in the parts of the world that lack access to energy and energy security."

Singh added that it is our mission that ISA can assist member nations in formulating and implementing solar-ready policies, regulatory development of national energy landscapes and to engage with public and private sector entities to leverage low-cost financing to achieve ISA’s solarization agenda. “The ISA is structured as an international resource hub with in-house technical expertise that will be readily accessible by member nations and is capable of guiding project implementation at scale. The ISA has come a long way since its formation, and we are moving forward at a great pace, thanks to the guidance and support provided by each and every member of ISA."

While India holds the office of the president of the ISA Assembly, France is as co-president. The Assembly is the apex decision-making body of ISA, in which each member country is represented. This body makes decisions concerning the implementation of the ISA’s Framework Agreement and coordinated actions to be taken to achieve its objective. The assembly meets annually at the ministerial level at the ISA’s seat.

The Fifth Assembly of the ISA will deliberate on the key initiatives of ISA on three critical issues energy access, energy security, and energy transition. “On the sidelines of the Fifth ISA Assembly, the International Solar Alliance, in collaboration with the Asian Development Bank and the Ministry of New & Renewable Energy, the Government of India will host a High-Level Conference on New Technologies for Clean Energy Transition on 19 October 2022," the Ministry of New and Renewable Energy said in a press release. ***Source***

Mumbai: Power bills may continue to be 10-20% higher till March; MERC to take final call

The Fuel Adjustment Charge (FAC), an additional levy of 10-20% that you are paying in monthly power bills between July and November, is likely to continue for four subsequent months, power industry sources have indicated. Around 50 lakh consumers in Mumbai and an additional 2.8 crore across the state may thus incur higher electricity costs till March 2023.

An official from the Maharashtra Electricity Regulatory Commission (MERC), requesting anonymity, said the present order to levy FAC is valid only till November. “A few power discoms have petitioned us to allow recovery of more FAC and this is being looked into,” he said, adding that MERC will take a final call in a month. The FAC allowed utility firms such as BEST, Tata Power, Adani Electricity and MSEDCL to charge 10-20% extra till November on account of increase in coal prices in the international market due

to the Russia-Ukraine war and the surge in purchase costs up to Rs 12 per unit at power exchanges in summer months.

Reasons cited to collect FAC beyond November are: cost of power procurement remains high in recent months, imported coal is expensive, and to cater to high demand due to October heat and Diwali, power firms have signed short term purchase agreements at costs as high as Rs 7.50 per unit.

“Consumers should not panic,” said MSEDCL managing director Vijay Singhal. “FAC is a variable component in your bill, and there is also the possibility of input costs and power purchase prices reducing in near future, which could lower the FAC drastically and reduce burden on consumers. Since we procured imported coal at higher costs, it increased power procurement costs and therefore we levied this charge. MERC, however, takes final call on whether to allow or not allow FAC in electricity bills,” he pointed out.

Responding to a query, Tata Power spokesperson said: "During the increased temperature days and in festive seasons, we see a trend of rising power demand. For the month of October when Diwali will be celebrated, we tied up 75 MW of extra power to meet our customers’ requirements. We don’t see any major effect of this on FAC. Also, there is sufficient quantity of power with long-term tie-ups and we can meet high demand when needed."

An Adani Electricity official said that consumers are safeguarded from rising imported fuel prices and the company is already procuring cheaper renewable energy. Further the utility has also taken additional measures to further reduce cost of power supply, which will reduce FAC burden significantly.

Power expert Ashok Pendse said power demand prior to the pandemic was around 17,000 MW for MSEDCL, but it shot up to a record 25,800 MW this summer. “We struggled to have zero load shedding…to manage such a power situation, we opted for electricity which was then being sold at a mind-boggling rate of Rs 20 per unit. The Central Electricity Regulatory Commission capped this price and issued directives that it cannot be over Rs 12 per unit—which too was very high for Maharashtra. All these factors have increased purchase costs for discoms,” he said. As for power generators, they are citing coal imports, taxes and rail freight as reasons for input costs. “The MERC has allowed levy of FAC but this is spread over a few months so that there is no tariff shock to consumers — maximum hike being 20%,” Pendse said.

Consumers are, however, fuming over the 10% hikes. Said a MSEDCL consumer from Bhandup, “The bills were already high in summer and now there is a hike in my bills by 15% —from Rs 2,900 in May to Rs 3,400 now.” A consumer from Lokhandwala complex in Andheri said the bill from Adani in May had shown charges of Rs 940 and now this has escalated to Rs 1,170, the hike being 12%. BEST general manager Lokesh Chandra too said the FAC hike permitted by MERC is likely to be levied till early next year. A MSEDCL official said the average hike was one rupee due to FAC, and this was being collected in installments, thereby reducing burden on consumers. In MSEDCL areas, it was observed that the FAC burden now was more on those whose power consumption was 300-500 units and 500+ units every month. Sources said the average hike in bills was one rupee per unit, but for those above 300 units consumption, the FAC hike was over Rs 2 per unit. The overall burden on state consumers was an estimated Rs 1,000 crore, the sources added. ***Source***

Concerns over the Electricity (Amendment) Bill, 2022

The government sought to usher in some vital reforms in the power distribution sector with the Electricity (Amendment) Bill, 2022. However, the draft bill has faced vehement opposition.

THE Electricity (Amendment) Bill, 2022 was tabled in Lok Sabha on August 8, seeking to amend the Electricity Act, 2003. The bill, first introduced in the Monsoon Session of Lok Sabha by the Ministry of Power aimed to transform the power sector with a special emphasis on bolstering the network for power distribution in the country. However, owing to fervid opposition and demonstrations led by various stakeholders such as power sector employees, power engineers, and the farming community across the country, it was soon referred for scrutiny to the Parliamentary Standing Committee for Energy.

What are the proposed amendments?

Some of the major amendments to the Act are as follows –

Multiple distribution licensees to operate in the same area of supply: The bill primarily seeks to allow the licensing of multiple distribution companies ('discoms') for supply in the same area. The bill further stipulates that the discoms must render "non-discriminatory open access" to its network to other discoms operating in the same area, subject to payment of certain charges. Resultantly, both Section 42 and 14 of the Amended Act allow "competition in retail distribution of power by offering the customers the option to choose electricity suppliers, just like they can choose telephone or internet service providers."

Procurement of power and tariff: The Bill states that upon the grant of multiple licenses in the same area, the existing discoms' power and related costs, according to the existing power purchase agreements, is to be shared among all the discoms. Also, in case of multiple discoms in the same area, Section 62 makes a provision that the concerned State Electricity Regulatory Commission ('SERC') is required to fix the maximum ceiling and minimum tariff.

Setting up of a cross-subsidy balancing fund: The Bill sets up an arrangement wherein one consumer category subsidises the consumption of another consumer category. This fund will be employed in financing deficits in cross-subsidy for other discoms in the same or other areas.

Renewable purchase obligation ('RPO'): The bill warrants SERCs to specify RPOs for discoms, which refer to the mandate of procuring a certain percentage of electricity from renewable sources. Punishment has also been prescribed in case of failure to meet the RPO, with penalty ranging between 25 paise and 50 paise per kilowatt of shortfall.

Grant of license and Union Government's role: The bill empowers the Central Electricity Regulatory Commission ('CERC') to grant licenses, and mandates the Union Government to give directions directly to the SERCs, thus enabling it to bypass state governments.

Strengthened payment security mechanisms: The bill envisages that until adequate payment security is not given by the discoms, electricity shall not be scheduled or dispatched. According to Section 166 of the Act, "It has become necessary to strengthen the regulatory mechanism, adjudicatory mechanism in the Act and to bring administrative reforms through improved corporate governance of distribution licensees".

What are the concerns raised by the Opposition?

Following the introduction of the bill, widespread resistance to its amended provisions came to the forefront in several opposition-ruled states. Primarily, it was felt that the proposed legislation is violative of the federal structure as 'power', being a subject covered by the Concurrent List of the Seventh Schedule of the Constitution, rendered it mandatory for the Union Government to consult state governments on laws related to the same.

Also, the clause pertaining to grant of license by the CERC instead of the SERC poses a problematic situation as the latter is likely to be more cognisant of field-level conditions than the former central

regulatory commission. The bill, by seeking to make the SERC chairman a nominee of the Union Government, gives a strong impression that the Union Government is trying to control the SERC's appointments. Therefore, vesting of unlimited powers in the Union Government can have a severe impact on the functioning of regulatory commissions, with them becoming subordinate entities rather than autonomous bodies.

Also, the universal service obligation as laid out in the bill only applies to government companies having a responsibility to supply power to consumers regardless of their paying capacity. On the contrary, private players will supply and distribute power only in profitable areas, most significantly to commercial entities or industrial consumers. A regime allowing the new private entrants to use the existing government discoms by paying certain 'wheeling charges' is concerning as this results in indiscriminate privatisation.

As Sudip Dutta, working president of the Power Transmission Employees' and Workers' Union also elaborates,''The Act itself is problematic as it seeks to de-license power generation and privatisation of State Electricity Boards. It proposes the concept of "open access" with large consumers getting to choose their power suppliers, bypassing distribution companies." NITI Aayog also stated in its 2021 report that while the presence of private players is noteworthy in cities such as Delhi, Kolkata, Mumbai and so on, in states such as Odisha, wherein four discoms got privatised in 1999, it has been a failure, with hardly any improvement in the distribution system or reduction of losses.

Regarding the concept of multiple discoms in a single area, Somit Dasgupta, from International Council for Research on International Economic Relations, stated that "[t]he concept of having multiple licensees in one area is not a workable proposition in India where we have large scale cross-subsidy, huge commercial losses etc". He further elaborated that it is highly unlikely that consumers might be benefitted in case of more than one discom in competition with the other, as around 80 per cent of the costs sustained by the discoms are directed towards the purchasing power from power generating companies. Thus, according to these statistics, the myth of cheaper electricity to consumers seems to be a far-fetched dream.

Further, amongst the many concerns expressed by several power sector associations, the idea of 'cherry-picking' of profitable areas by the private players and leaving the loss-incurring ones to the state discoms must be underscored. This means that with entities venturing in lucrative urban areas, the loss-making areas will inevitably be neglected. For farmers, the fear of power subsidies being done away with looms large.

Another bone of contention is that the implications of the bill can put a huge burden on the State exchequer as the cross-subsidising consumers shall move towards private companies offering competitive rates and the subsidised ones shall stay with the government companies. The government discoms will by default go into losses and soon become unable to purchase electricity from generators. There also seems to be the fear of consequences leading to a quagmire of corruption, since if the Electricity Regulatory Commissions fail to grant the license or reject an application within 90 days, companies shall be 'deemed to have been granted the license'.

In the view of the aforesaid, it is clear that even though the scheme of the bill is to encourage competition and transform electricity into a market commodity, such competition is unworkable in the electrical power supply industry. Moreover, in this respect, an important communication, as also highlighted by The Print, of the French multinational electric utility company, Électricité de France S.A. with the World Bank becomes apposite, wherein it states that as per modern economic theory, competition is rather difficult to be introduced in network infrastructure and even more complex in electricity that in other networks. It

further states that “competition does not streamline regulation but makes it on the contrary more complex and burdensome. Introducing competition creates a “half-free, half slavesector”.

Quietening the disquietude and the way ahead

Despite some crucial issues surrounding the bill, the rationale in its favour can also be culled out. The first is pertaining to the compensation of the affected party within 90 days in case of the renegotiation of power purchase agreements by the states. The bill has also envisaged a reduction in time from 120 to 90 days in case of processing tariff petitions. The regulatory commissions have been empowered by suo motu jurisdiction if the said petitions are not filed within the stipulated time. Moreover, safeguards in the form of ensuring a payment security mechanism prior to dispatch have been ensured and the national load dispatcher has been strengthened to facilitate efficient functioning of high renewable capacity grid wherein intermittency of generation is a major obstacle.

Overall, it can be said that the bill, despite its loopholes, is not regressive in every way. However, its introduction at a time of the ongoing freebies debate, which has resulted in the inability of state discoms to make due payments to power generating companies, poses a huge concern. As per government data, states owe discoms Rs. 62,931 crore for services and another Rs. 76, 337 crores pertaining to the cost of freebies announced by them. To untangle this Gordian knot, it is recommended by experts that the regulators must decide upon tariff revisions and ensure that the government freebies must be through direct benefit transfer even on electricity.

Lastly, there is an urgent need for wider consultations on the subject matter of this bill and timely redressal of the concerns raised, which can ensure its effective implementation in the near future. A level playing field for both government and private discoms is the need of the hour. ***Source***

India's power demand set to double by 2030: R.K. Singh

India's power demand is set to double by 2030, which will require capacity addition and this will entail huge capital investment, Minister for Power R.K. Singh said. He also noted that to achieve energy transition towards green hydrogen, distribution companies or DISCOMS across the country will have to follow prudent and sustainable financial practices to ensure that they are viable.

Singh made these observations while inaugurating the state power ministers conference in Udaipur. "Capital investments would also be required for modernising the power systems and promoting new technologies like green hydrogen, storage, offshore wind etc. to help India achieve its energy transition trajectory. To this end, it is absolutely imperative that the DISCOMS across the country follow prudent and sustainable financial practices to ensure that they are viable," he said.

He also highlighted the achievements made in the recent years in power sector in terms of surplus generation capacity, development of national grid, universal access to all households and improved supply to rural areas. At the same time however, he cautioned that there are existing challenges like continuous availability of 24x7 quality power, cyber security of the national grid and renewable energy integration, which need to be addressed through policy action and through collaboration and cooperation with all stakeholders.

It was highlighted that for the last four to five months, the demand for electricity has been growing at about 11 per cent, but the government has managed to meet the demand, even at a time when there is a global energy crisis. "Coal prices have increased internationally but we have managed to keep electricity prices under control," Singh said. ***Source***

CEA revises transmission capacity targets for FY23

Central Electricity Authority (CEA), under the Union power ministry, has announced a revision of targets for power transmission capacity addition for FY23. The targets for capacity addition in FY23 have been downwardly revised for both transmission lines and substations.

In an official report, CEA said the revisions were carried out based on the deliberations in a meeting chaired by Chief Engineer (PSPM Division) of CEA, on September 21, 2022. This was followed by a discussion in the Union power ministry. The transmission line capacity addition target for FY23 has been revised from the original 21,098 ckm to 17,863 ckm – a downward revision of 15.3 per cent. In the case of substations, the revision has been to the tune of 12 per cent from 95,659 MVA to 84,169 MVA.

It is understood that the revision in target was the outcome of a mid-term review of the performance in FY23. At the aforementioned meeting, it was decided that only those projects that are most likely to be commissioned in FY23 will be considered in the target. It is further understood that most of the slippage taking place is on account of projects of state government utilities and the private sector. The performance of the Central public sector – comprising mainly of Power Grid Corporation of India Ltd (PGCIL) – has by and large been in tune with the targets.

As can be seen from the table alongside, there has been no revision insofar as Central government utilities are concerned. With respect to state government entities, the downward revision in target has been 19 per cent for transmission lines, and 18.2 per cent for transformation (substation) capacity. In the case of private sector, the revision has been the most – 22.9 per cent for transmission lines and 28.6 per cent for substations.

Transmission capacity addition: FY23 targets

	Transmission Lines (ckm)			Substation (MVA)		
	Original	Revised	% chg	Original	Revised	% chg
Central	4,588	4,588	0.0	36,515	36,515	0.0
State	14,066	11,390	-19.0	52,144	42,654	-18.2
Private	2,444	1,885	-22.9	7,000	5,000	-28.6
Total	21,098	17,863	-15.3	95,659	84,169	-12.0

Performance In H1 Of FY23

The overall addition of transmission lines in the first half (April to September) of FY23, across all ownership groups, stood at 6,661 ckm. This was only 55 per cent of the target set for the period. The maximum shortfall was seen in the case of state government utilities.

With respect to substation capacity, the overall addition in the first half of FY23 was 34,012 MVA as against the target of 64,724 MVA , implying achievement of just 53 per cent.

Given the downward revision of the annual FY23 targets, it is likely that the shortfall in target achievement would reduce by the end of the year. With six months of the year elapsed, the country has reached 40 per cent of the target with respect to substation capacity addition. The comparable metric for transmission lines is 37 per cent.

Note:

- CEA targets for transmission infrastructure upgrade relate to only transmission lines and substations of 220kV or higher.

- The "PSPM" Division of CEA referred to in this story stands for Power System Project Monitoring.

Source

Transmission charges payable by DICs for the billing month of November'22

The Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses), Regulations 2020 came into force with effect from 1.11.2020. In these New Regulations, STOA charges will be determined based on monthly state transmission charges and there shall not be any separate injection and drawl PoC charges, for STOA. Further, DISCOMs having long term Access are not required to make any payment against POC charges for STOA transaction.

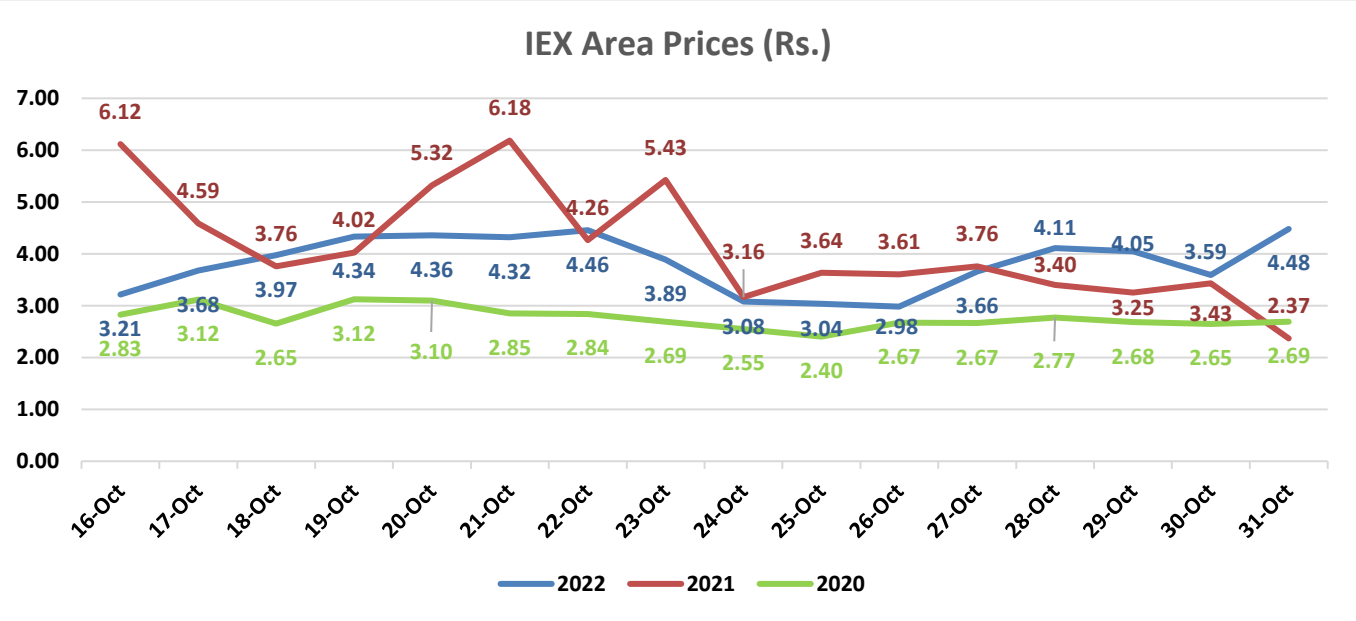
Transmission Charges for Short Term Open Access (STOA)			
Sl. No.	**State**	**Region**	**STOA rate (paise/kWh)**
1	Delhi	NR	49.45
2	UP	NR	51.01
3	Punjab	NR	49.75
4	Haryana	NR	59.33
5	Chandigarh	NR	42.59
6	Rajasthan	NR	58.57
7	HP	NR	40.68
8	J&K	NR	43.47
9	Uttarakhand	NR	50.58
10	Gujarat	WR	44.98
11	Madhya Pradesh	WR	45.38
12	Maharashtra	WR	52.66
13	Chhattisgarh	WR	38.13
14	Goa	WR	46.41
15	Daman Diu	WR	50.11
16	Dadra Nagar Haveli	WR	50.11
17	Andhra Pradesh	SR	59.63
18	Telangana	SR	45.64
19	Tamil Nadu	SR	45.52
20	Kerala	SR	46.86
21	Karnataka	SR	52.21
22	Pondicherry	SR	43.16
23	Goa-SR	SR	41.57
24	West Bengal	ER	52.02
25	Odisha	ER	49.18

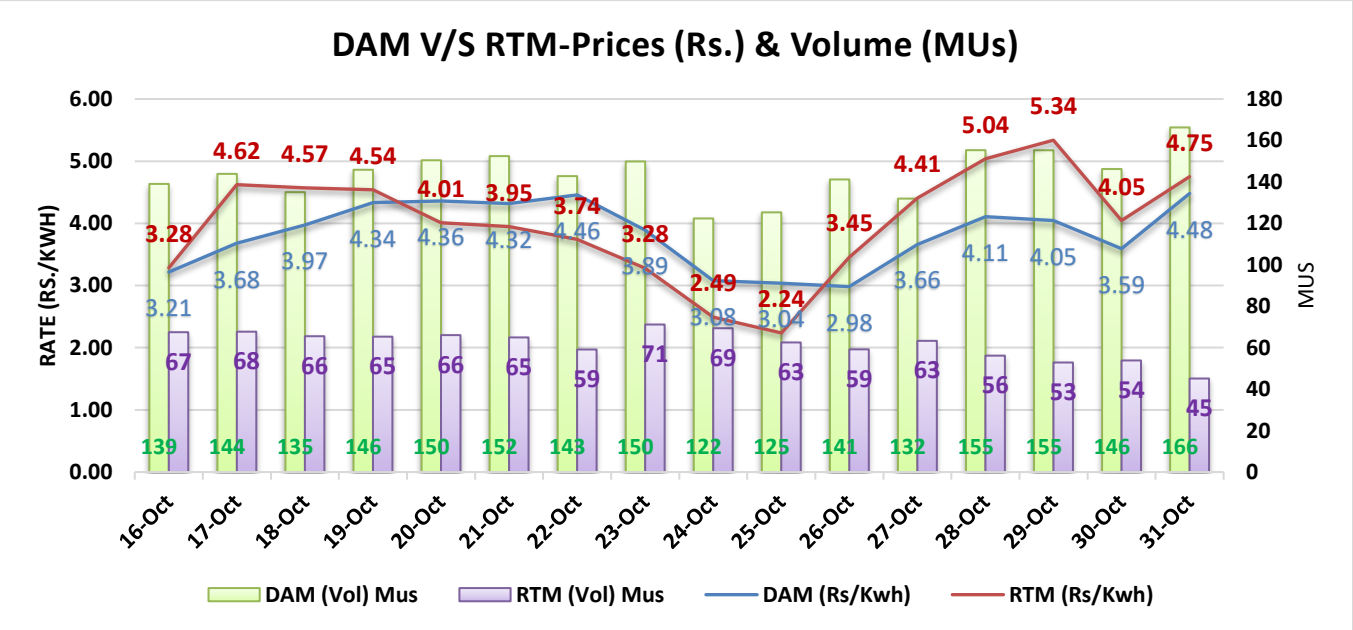
26	Bihar	ER	43.69
27	Jharkhand	ER	48.71
28	Sikkim	ER	38.76
29	DVC	ER	42.31
30	Bangladesh	ER	36.88
31	Arunachal Pradesh	NER	41.61
32	Assam	NER	41.90
33	Manipur	NER	42.13
34	Meghalaya	NER	36.02
35	Mizoram	NER	40.72
36	Nagaland	NER	56.16
37	Tripura	NER	46.79

Bilateral Tender Results: -

Sl. No.	Tender Quantum (MW)	Supply Period	Time Blocks (Hrs.)	Price (Rs./kWh)	LOI Status
Torrent Power Limited/Short/22-23/RA/164					
1	200	01.04.2023 to 30.04.2023	00:00 to 24:00	7.99- 8.00	Validity Expired /LOI not issued
2	250	01.04.2023 to 30.04.2023	09:00 to 24:00	-	
3	200	01.05.2023 to 31.05.2023	00:00 to 24:00	7.99- 8.00	
4	250	01.05.2023 to 31.05.2023	09:00 to 24:00	-	
5	200	01.06.2023 to 30.06.2023	00:00 to 24:00	7.99- 8.02	
6	250	01.06.2023 to 30.06.2023	09:00 to 24:00	-	
Torrent Power Limited/Short/22-23/RA/165					
1	75	01.07.2023 to 30.09.2023	00:00 to 24:00	7.75	Validity Expired /LOI not issued
2	75	01.10.2023 to 31.12.2023	00:00 to 24:00	7.77	
3	75	01.01.2024 to 31.03.2024	00:00 to 24:00	7.8	
HPSEBL/Short/22-23/RA/168					
1	75	01.11.2022 to 30.11.2022	00:00 to 24:00	4.95	Awaited
2	155	01.12.2022 to 31.12.2022	00:00 to 24:00	5.19	
3	70	01.01.2023 to 31.01.2023	00:00 to 24:00	5.62	
4	85	01.02.2023 to 28.02.2023	00:00 to 24:00	6.61	
5	130	01.03.2023 to 31.03.2023	00:00 to 24:00	6.61	
PSPCL/Short/22-23/RA/160					
1	1000	16.10.2022 to 31.10.2022	00:00 to 24:00	7.86-9.0	Awaited
2	1000	01.11.2022 to 30.11.2022	00:00 to 24:00	6.98-7.5	
3	1000	01.12.2022 to 31.12.2022	00:00 to 24:00	6.98-7.5	
4	1000	01.01.2023 to 31.01.2023	00:00 to 24:00	6.99-9.07	
5	1000	01.02.2023 to 28.02.2023	00:00 to 24:00	6.99-9.07	
6	1000	01.03.2023 to 31.03.2023	00:00 to 24:00	6.99-8.75	

IEX Price Trends





Weather (Estimated for next fortnight)

City	Max Temp	Min Temp	Precipitation (Probability)
DELHI	28	14	7%
MUMBAI	35	23	4%
KOLKATA	30	19	4%
CHENNAI	30	24	43%

(Source - Accuweather)

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