

Sl. No	Sections	Remarks
1.	4.7, 5.4.1, 33.3	High transmission and distribution (T&D) costs against a 21% decrease in the generation costs shows the existence of a sufficiently wide margin to accommodate for a supplementary tariff hike to accommodate emission control technologies. Therefore, the likelihood of significant impact on tariff (as stated in clause 33.3) due to emission control should not be overemphasized. Focus should be on reducing T&D costs and reducing coal prices which in all likelihood due to integrated mining system (clause 5.4.1) can be achieved. Also, increasing T&D costs without meaningful end user benefits (in terms of service delivery) highlights the need to account for tariff in a segregated manner. The segregation will help create accountability across the entire value chain and highlight the real bottlenecks so that the challenge can be suitably addressed.
2.	4.13, 26.3.1	Station Heat Rate improvements noted by CERC are marginal in nature, and do not reflect any significant improvement in the sector. In our own analysis, the SHR continues to be on the higher side, especially with the state owned generation companies. As it impacts the tariff, better monitoring and verification mechanisms need to be brought in by CERC. One way of doing it would be to ask plants to provide unit wise heat rates and incorporating this in a formula to determine merit order in a more comprehensive manner, forcing greater efficiency.
3.	4.9, 7.4, 10.4, 26.6.1	Focus on hydroelectric power projects is problematic for multiple economic reasons. The experience with the sector, especially the number of projects abandoned over time due to environmental and/or geological reasons highlights the folly of continued emphasis. Instead, focus on ensuring gas supply on a larger scale would be more useful. Further, the idea of risk sharing between developer and beneficiary is flawed, as it can lead to unnecessary penalization of the beneficiary for flawed technical choices on the part of the developer.
4.	7.2.1, 7.6.1	Three part tariff is a positive way for thermal power plants to recover at least the fixed costs.
5.	7.3.1	Identification of the requirement of an appropriate closure policy of old thermal power plants beyond their operational life is certainly welcome. However, the idea of renovation of such power plants should not be adopted, given the long delays seen in such projects across India. Further, non-pithead projects, even after R&M, are unable to compete in the merit list, making the entire exercise redundant. Instead, formal closure procedures, in the absence of any new replacement units coming up, must be laid out at the earliest. R&M focus should instead be restricted to the transmission sector.
6.	7.6.1	Two part tariff structure for renewable energy will enable the RE developers to get merit order listing, provided the appropriate scheduling and dispatch procedures are followed.
7.	7.6.1, 34	Bundling of renewable energy with thermal power is unwarranted. The idea had originally come up when RE tariffs were significantly high. In the

Comment [R1]: For load dispatch centre, cost is the ultimate consideration

Comment [R2]: Proper implementation with cost benefit analysis of R&M is required for desired result

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		present scenario of record low tariffs, (lower than the coal fired thermal power plant tariffs), bundling will amount to a potential subsidization of thermal power. This goes against the purported spirit of the Tariff policy as well as attempts to have a power market driven by economic forces.
8.	10	Allowing thermal power plants to sell surplus power and tap into unutilized power generation capacity is a good idea. DISCOMS have in the past been reluctant to buy power directly from stations – they have opted out of long term PPAs, and have preferred short term purchases from the energy exchange. Therefore, there should be no restriction on who can buy this surplus power - open access route could also be considered. One key challenge to open access has been the absence of a fixed cost determination process for maintaining grid connectivity, making the cost determination somewhat arbitrary. The government and CERC should come up with a suitable mechanism for the same.
9.	17.2, 18.7	Pegging the rates of return to the age of the power plant is a welcome idea. However, it also should consider volatility of the lending rates over time. A suitable hedge mechanism can be asked for plants with lower interest rates.
10.	19.3	The allowance of bonds can prove useful for plants to raise funds at lower borrowing costs. This can be creatively deployed in several ways, both in conventional and non-conventional generation and transmission spheres. The idea of green bonds has seen much traction for renewable energy projects - same can be extended to transmission sector, particularly for the financing of the much touted 'green corridor' as well as raising funds for thermal power plants to be used exclusively for building up pollution control equipment, with a payback from the tariff.
11.	29.2	Added environmental costs for thermal power stations must not become a criterion to prevent merit order scheduling, especially if there are plants with the same PLF competing to be listed. One way of addressing this challenge can be the incentivization of power plants that adopt the pollution control technologies as needed.
12.	33.2	Identification of suitable technology from CEA is welcome, but can lead to delays on the part of thermal power stations to meet the environmental norms within the stipulated deadline. Benchmarking of costs could be useful, but plants are anyway adopting tender based approaches to finalize orders. Therefore, benchmarks should not become the sole guidance factor during the supplementary tariff determination. Furthermore, the same should not be clubbed with R&M of power plants.
13.	33.4	Relaxation of debt-equity norms for pollution control equipment is welcome. This will allow power plants to consider bonds and other debt instruments for raising capital at the earliest.
14.		The recovery of the supplementary tariff should be linked to the compliance of the emission norms on the normative basis. To verify compliance by the plant, the independent third party auditor should be appointed to check for the correctness of the data. Also, power plants

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		must be asked, in consultation with the Central Pollution Control Board, to upload and live stream CEMS data on the website, and ensure that it is up to date.
15.	26.3.1, 26.3.8	Relaxation of the auxiliary consumption requirements, reduction arising from the operations of the pollution control equipment must be suitably addressed by the CERC.
16.	36	Energy storage systems are important for the further propagation of renewable energy. However, the regulations are premised on the belief that storage systems will be owned and operated by generators and transmitters. Globally, there is a trend of separate stand-alone storage companies whose services are utilized by these stakeholders. The regulations should therefore be cognizant of the global market trends. Therefore, a separate category of stakeholders should also be identified, and suitable sub-regulations be developed for them.

Comment [R3]: Related to SHR & APC