

Mahagenco Comments on CERC MBED –Email

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Dear Sir,

Although the overall concept put-forth in the discussion paper on re-designing of Day-Ahead Market is a step in the right direction, whether the right time for the same has arrived or not is a big question. The Paper is in a way propogating the National MOD concept. Following are some of the comments on the Discussion Paper.

It is to mention that in the past, the State Governments have developed power projects at different locations in geographical regions keeping in view the regional power balance and also keeping in view region specific growth perspectives and such project development was not with purely commercial view. For the State Owned generating stations, which are mainly load center based ( except for coal rich states like M.P, Chhattisgarh, Orissa etc.), the distance from coal sources will turn into a locational disadvantage, even for the new and efficient units.

Also, it is the fact that the coal prices of CIL subsidiaries are not uniform throughout India. Especially, the coal prices for Western Coalfields Ltd. (WCL) are higher than other CIL subsidiaries. So the generators having coal linkages from WCL and similarly generators which need to procure coal from cost plus mines will be at disadvantage. Therefore, uniform coal pricing throughout India needs to be implemented first, to have a level playing field for all the generators. In such case the units in Maharashtra will be the sufferers in case of implementation of proposed DAM.

In this regards it is also to highlight that in immediate future there is dire need of coal regulator to sort out such issues.

Also as most of the coal resources are located in Central India and load centres are concentrated at different pockets located away at apprx. 1000 km. e.g. In Maharashtra, Mumbai & Western Maharashtra region, In Gujarth, Western Gujrath & Sourashtra region, In North India Delhi NCR, NOIDA, Gurugram area, In Southern India, Bengluru, Chennai and Madurai area etc. So power flow, grid voltage issues due to large distance power transmission may be faced, on which the Concept note is totally silent.

This mechanism will also affect the Technical Minimum of plants which are not at ECR L1 or L2, which may result in higher Auxiliary consumption and will adversely affect the cost of generation and its claim in the regulatory regime.

Therefore, even in case MoD is implemented at National Level, there is a need to operate the plant at the minimum technical capacity so as to meet any unprecedented surge in demand.

Regards,

Regulatory and Commercial Department,

Mahagenco