

ISW Energy Limited's comments/ suggestions on CERC's Staff Paper on "Methodology for Computing the Escalation Factors and other Parameters for the Purpose of Bid Evaluation and Payment for Procurement of Power from Renewable Energy Projects Complemented with Firm Power from any other source through Competitive Bidding" Dated 23.02.2021

SL. No.	Clause No.	Proposed Clause	Reason for changes
1.	3..... CERC is required to notify various escalation factors and other parameters for the purpose of bid evaluation as well as payment as under: (1) Escalation Rate for Domestic Coal (2) Escalation Rate for Domestic Gas	Insert new parameters under Sl. No. 10 as below: 3..... CERC is required to notify various escalation factors and other parameters for the purpose of bid evaluation as well as payment as under: (1) Escalation Rate for Domestic Coal (2) Escalation Rate for Domestic Gas <u>(10) Escalation Rate for Inland Handling of Coal for Imported Coal</u>	It may be noted that earlier CERC has been notifying various escalation factors including escalation rate for inland handling of coal for imported coal for evaluation purpose which was discontinued since 2014. Further, CERC is notifying the escalation factors for inland handling for imported coal for payment purpose. Escalation rate for inland handling for imported coal shall be required for the bidders offering non- RE power from imported coal based thermal power plant.
2.	8. Escalation Factors for Bid Evaluation	Insert new clause 8.8 after clause 8.7 as below: <u>8.8 Escalation rate for Inland Handling of Coal for Imported Coal: The escalation rate for Inland Handling of coal sub-component has been computed based on the time series data on WPI and CPI for the latest 12 years. The data for the 12 years period has been taken from the website of Ministry of Commerce & Industry and the data for the period prior to that has been arrived at by using conversion factor as given at the Ministry website. Composite series (Average index for Inland Coal Handling Cost), using 60% weight to WPI and 40% weight</u>	Therefore, it is suggested to include the escalation rate for inland handling for imported coal for evaluation purpose along with the other escalation factors.

		<u>to CPI has first been developed, which then has been used for computing the escalation rate.</u>	
3.	Dollar-Rupee exchange variation rate (annual escalation for the dollar)	<p>New clause for Dollar-Rupee exchange variation rate to be included as follows:</p> <p><u>The exchange rate of the Indian Rupee vis-à-vis the US Dollar has been taken from the website of the Reserve Bank of India. The data has been taken for the period of the last 12 Calendar Years.</u></p>	The proposed escalation factor methodology does not take into account any Dollar Rupee exchange rate variations for evaluation purpose. Escalation rate for Dollar Rupee exchange rate variation for imported coal & RLNG shall be required for the bidders offering non- RE power from imported coal / RLNG based thermal power plant.