

CENTRAL ELECTRICITY REGULATORY COMMISSION

3rd & 4th Floor, Chanderlok Building, 36, Janpath, New Delhi-110001

MINUTES OF THE COMMISSION MEETING ON DIRECTION ISSUED UNDER SECTION 107 OF THE ELECTRICITY ACT, 2003 BY MINISTRY OF POWER, GOVERNMENT OF INDIA FOR IMPLEMENTATION OF REVISED FLEXIBILITY SCHEME

Venue : CERC 3rd Conference Room, New Delhi

Date : 21st September, 2022

List of Participants : Annexure-1 (Enclosed)

Ministry of Power issued the scheme dated 12th April, 2022 for flexibility in Generation and Scheduling of Thermal/ Hydro Power Stations through bundling with Renewable Energy and Storage Power (herein after referred to as ‘the Scheme’) and trajectory for replacement of Thermal Energy with about 58,000 MU (30,000MW) of Renewable Energy by 2025-26 dated 26th May, 2022. The Ministry also vide letter No. F. No. 09/11/2021-RCM dated 15th September, 2022 (direction under Section 107 of the Electricity Act, 2003) advised CERC to take necessary action for establishing procedure and to make changes in regulations, required if any, for operationalising the Scheme. To deliberate on the issue a meeting was held through Video Conference and physical mode on 21.9.2022. List of participants is enclosed at Annexure.

2. At the outset, the Commission welcomed and appreciated the scheme as it may reduce cost of power to beneficiaries and the beneficiaries will also be able to meet their RPO commitments, besides saving coal resources. The Commission assured required support to facilitate implementation of the scheme.

3. POSOCO, during the meeting, informed the Commission that the required procedure for scheduling under the scheme has already been submitted to the CEA, being monitoring agency for the scheme, with a copy to the Commission. On observation of the Commission as to , whether scheduling under the Scheme may be undertaken without any change in the existing regulatory framework, the representative of the POSOCO answered in affirmative. Representative of NTPC also agreed that there is no difficulty in scheduling the power under the existing regulatory framework ..

4. Chairman (CEA)/Ex-Officio Member (CERC) stated that he does not see any difficulty in operationalizing the Scheme under the existing regulatory framework as, from operation point of view the Scheme is similar to Security Constrained Economy Dispatch (SCED) which is already in operation.

5. Representatives of NTPC informed the Commission about the Scheme and raised the following concerns in implementation of the scheme:

- i) NTPC raised the issue about the fixation of the tariff for procurement of Renewable Energy (RE) power under the Scheme for replacement of thermal

power under the existing long term PPA. The Commission observed that given that the RE tariff will be used only as a reference price for the purpose of settling/sharing of gains, and further in view of the fact that NTPC may need to sell surplus RE to the market (which by design is unregulated), there may not be a requirement of undergoing the process of tariff determination under section 62 or tariff adoption under section 63 of the Act. In any case, as per the Scheme, the procurement of RE shall have to be done through competitive bidding process. As such, the Commission does not see any difficulty in the discoms accepting the discovered tariff as reference price for gains sharing. However, the Commission may facilitate if NTPC and the discoms jointly approach the Commission for approving the reference RE tariff.

- ii) At the query of NTPC regarding scheduling of the RE Power not co-located with thermal/ hydro generating stations for replacement, the POSOCO explained the provisions in this regard stipulated in the procedure. NTPC was asked to go through the procedure submitted by the POSOCO.
- iii) On the issue of scheduling RE power without any contract under the scheme, the representative of the POSOCO explained that this aspect has been addressed in the procedure submitted under the scheme to the CEA vide letter dated 14.09.2022.
- iv) On the issue of allowing flexibility for a specific RE power to replace any thermal power dynamically at the will of the Generating Company, the POSOCO responded that this will create challenge in managing the scheduling and accounting under the scheme and suggested to start with one to one replacement. The Commission directed NTPC to prepare a detailed proposal by identifying the thermal generators under the Scheme and prepare a detailed proposal with beneficiaries detailing the sharing of net savings under the Scheme.
- v) NTPC sought clarity on the treatment of DSM during operationalization of the Scheme. POSOCO clarified that the scheduling and deviation accounting shall have to be undertaken separately for thermal and RE generation. It was also highlighted that separate account would also facilitate RPO compliance of the beneficiaries as envisaged in the scheme.

6. Based on the deliberations in the meeting, following consensus emerged:

- i) Existing regulatory framework is adequate for implementation of the Scheme. There is no need to change any Regulations for implementation of the Scheme as of now.
- ii) Tariff discovered through bidding/ calculated by NTPC based on Tariff norms can be used as reference price for sharing gains with the beneficiaries under the Scheme. NTPC to prepare a detailed proposal for modalities of sharing net savings with beneficiaries under the Scheme based on discussion with the beneficiaries.

- iii) POSOCO has already prepared a procedure for scheduling thermal and RE generation under the Scheme. As per the procedure, scheduling can be done under the existing regulatory provisions without the need for any change in any Regulations . NTPC to discuss with POSOCO on the Procedure submitted for implementing the Scheme.
- iv) In case of any difficulty arising during implementation of scheme, NTPC may approach CERC for the necessary facilitation.

7. Meeting ended with the vote of thanks to all participants

Annexure-1:

List of Participants in the Commission meeting held on 21.09.2022 on implementation of 'Revised flexibility Scheme'

- Shri I. S. Jha, Member, CERC
- Shri Arum Goyal, Member, CERC
- Shri P.K. Singh, Member, CERC
- Shri Ghanshyam Prasad, Chairperson CEA, Ex. Officio Member , CERC (through VC)
- Shri Harpreet Singh Pruthi, Secretary, CERC
- Shri S.K.Chatterjee, Chief (RA), CERC (through VC)
- Shri Awdhesh Kumar Yadav, Chief (Engg), CERC
- Shri Proteek Kumar Chakraborty, Chief (Fin), CERC
- Shri Rajeev Pushkarna. Chief (Eco), CERC
- Shri Sameer Saxena, CGM, POSOCO (through VC)
- Shri.Ajay Dua, CGM(Commercial)
- Shri.S S Mishra GM (RE Engg)
- Shri. A S Pandey AGM(Commercial)
- Shri. Rajesh Jain AGM (Commercial)

Other participants

- Smt Shilpa Agarwal Joint Chief (Engg), CERC
- Smt Rashmi Nair DCRA, CERC
- Sh. Sunil Jain, Joint Chief (Engg), CERC
- Sh. Shiva Suman, Dy. Chief (Engg), CERC
- Sh. Jagdish Chander, As. Chief (Engg), CERC
- Sh. Virender Singh Rana, As.Chief (Engg), CERC
- Sh. Ravindra Kadam, Sr.Adv-RE, CERC