

Ref. No. ISMA /93 / 2022

4<sup>th</sup> November, 2022

The Secretary,  
Central Electricity Regulatory Commission,  
3<sup>rd</sup> & 4<sup>th</sup> Floor, Chanderlok Building,  
36, Janpath,  
New Delhi-110 001.

**Reg.: Comments on the Staff Paper on Power Marketing Pricing.**

Sir,

Indian Sugar Mills Association (ISMA), is the apex all India Association of the private and public sector sugar mills in the country, and is actively associated in promoting bagasse-based cogeneration of power.

We are hereby furnishing our suggestions on the Staff Paper on Power Marketing Pricing issued by the Central Electricity Regulatory Commission (CERC) under its Public Notice No. Eco-4/2022-CERC dated 12<sup>th</sup> October, 2022.

a. Almost all the sugar factories have cogeneration power plants which use fuel as bagasse / bio-fuels to generate steam and power. Being renewable power, the Co-generation plants power tariff may be considered with premium than the fossil fuel based one, as the environment pollutants comes out of these plants are very negligible.

**b. 3.1. Does Pricing Methodology need a change?**

In our considered view, it will be better if the existing Uniform Market Clearing Pricing method with the existing bidding options through DAM, RTM etc., is continued.

In this method, there can be a price cap, different from other generators. Sugar industry being seasonal industry, has the average PLF is around 40% only. Hence, the average fixed cost of the industry is higher compared with that of the plants operating throughout the year. So, the higher side cap may be continued with the current price of Rs.12/unit. On the lower side also, floor price of Rs.3 /- unit may be considered and fixed.

**c. 3.2. What should be the criteria for Regulatory Interventions?**

After fixing the caps on pricing as suggested under 3.1 above, data may be collected and reviewed at regular interval to take a call on this question.

**d. 3.3. How do we address the negative impact of price cap?**

For Bagasse based Co-generation power plants, if the price caps are fixed reasonably as suggested under 3.1, most of the generators will continue to be in exchange platform. Floor price fixing is suggested to encourage the generators to continue selling the power through the exchange than looking for other options.

We hope and trust that our above suggestions would receive due consideration of the Hon'ble Commission while finalising the Power Marketing Pricing Scheme.

Thanking you.

Yours faithfully,



(Sonjoy Mohanty)

Director General