

FW: BYPL comments on Staff Paper on the "Methodology for Computing 'Deterrent Charges' for maintaining lower coal stock by coal based thermal generating stations

From : Harpreet Singh Pruthi <secy@cercind.gov.in> Fri, May 27, 2022 06:22 PM
Subject : FW: BYPL comments on Staff Paper on the "Methodology for Computing 'Deterrent Charges' for maintaining lower coal stock by coal based thermal generating stations"  1 attachment
To : Sunil Kumar Jain <sunil_jain@nic.in>
Cc : sushanta chat <sushanta_chat@yahoo.com>

From: Sameer.Singh@relianceada.com <>
Sent: 27 May 2022 17:46
To: Harpreet Singh Pruthi <secy@cercind.gov.in>
Cc: Rajeev.Chowdhury@relianceada.com; Abhishek.Ku.Srivastava@relianceada.com
Subject: BYPL comments on Staff Paper on the "Methodology for Computing 'Deterrent Charges' for maintaining lower coal stock by coal based thermal generating stations

Sir,

Please find enclosed BYPL comments on Staff Paper issued by Hon'ble CERC on the "Methodology for Computing 'Deterrent Charges' for maintaining lower coal stock by coal based thermal generating stations.

Regards,
Sameer Singh(समीरसिंह)
Regulatory Affairs (BYPL)
Ext: 011-41247791
Mob-8010618255

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 **BYPL Comments on CERC Staff paper dated 13.05.2022.pdf**
3 MB



BSES Yamuna Power Limited

Shakti Kiran Building, Karkardooma,
Delhi - 110032, India
CIN : U40109DL2001PLC111525
Tel. : +91 11 4124 7111
Fax : +91 11 4124 9765
www.bsesdelhi.com

Ref: RA/BYPL/2022-23/65

Dated:27.05.2022

The Secretary,
Central Electricity Regulatory Commission,
Third Floor, Chanderlok Building,
36, Janpath,
New Delhi-110001

Sub: - BYPL comments on Staff Paper on the "Methodology for Computing 'Deterrent Charges' for maintaining lower coal stock by coal based thermal generating stations".

Ref: Public Notice issued by Hon'ble CERC on 13.05.2022.

Sir,

We write in reference to the aforesaid draft Staff Paper, wherein comments have been sought from the stakeholders.

Accordingly, BYPL comments on the same are enclosed as Annexure-A for kind consideration of the Hon'ble Commission.

Thanking You,

For BSES Yamuna Power Limited,

Abhishek Srivastava

(Authorized Signatory)

BYPL's comments on CERC staff paper on Methodology for Computing "Deterrent Charges" for maintaining lower coal stock by coal based thermal generating stations

We appreciate the progressive step of the Hon'ble Commission to introduce reduction of fixed charges of generation plant by deterrent charges corresponding to the coal stock availability. This reduction will compel the generator to maintain adequate coal stocks so that the risk of non-availability of coal is not passed on to the beneficiaries.

BYPL has recently raised the similar issue with tied-up thermal generating station of low coal stock position. As low coal stock position not only increases the risk in maintaining uninterrupted power supply to the consumers of Delhi, it is a threat to the essential services like hospitals, metro, etc. in its supply license area. BYPL has entered into long term agreement with generators to meet the power requirement of Delhi while mitigating the risk of power supply scenario.

We would like to submit our observations / suggestions on the methodology suggested in the staff paper, detailed as follows:

1. A long term tied-up generator has an option to arrange alternate power source for the beneficiaries in case of its inability to supply. However, whenever the generator declares low plant availability, beneficiary schedule deficit power from alternate sources mostly short term power from power exchange/DEEP portal. As a result, beneficiary incurs additional power purchase cost. This additional cost is consequently passed down the supply chain to end consumers.

Suggestion: In order to solve this problem, either generator may be mandated to arrange power from alternate sources for the beneficiaries and bear the additional impact on its own or deterrent charges may be considered equivalent to the additional impact of power purchase by the beneficiaries corresponding to low coal stock availability.

In case there is deviation in declared Availability from the Supplier side from the Contracted Capacity, then the Supplier shall pay to Beneficiary a compensation on Daily/Weekly/Fortnightly basis at the rate, which shall be the difference between the Tariff payable by the Beneficiary and the Open market energy charges for such date and for the quantum of shortfall.

The methodology as provided in the draft staff paper in Clause 7 (i) (a) & (b) may be modified by the Hon'ble Commission as under:

"a) The reduction in capacity charges for the month for thermal plants

designed on domestic coal =

$$0.2X AFC_{\text{Month}} X \left(1 - \frac{PAFM \text{ Actual}}{PPAFM \text{ NAFM}} \right) X \left(1 - \frac{\text{Average Coal Stock for last three months in no. of days}}{\text{Average Coal Stock for last three months in no. of days as per CEA}} \right)$$

+

(Open Market Energy charges - energy charges from thermal plant) X shortfall MUs)"

"b) The reduction in capacity charges for the month for thermal plants

designed on imported coal =

$$0.5 \times AFC_{\text{Month}} \times \left(1 - \frac{PAFM \text{ Actual}}{PPAFM \text{ NAPAF}}\right) \times \left(1 - \frac{\text{Average Coal Stock for last three months in no.of days}}{\text{Average Coal Stock for last three months in no.of days as per CEA}}\right)$$

+

(Open Market Energy charges - energy charges from thermal plant) X shortfall MUs)"

The possibility of not maintaining the coal stock below 25% is actual conditions of defaulting of payment by generators to coal suppliers. These conditions leads to generators providing the power in around 55% - 45% NPA against CEA specified 85%. This led to large storage of power to DISCOM which eventually buys power from open exchange at very high rates.

Thus, there should be higher penalty on generators if the availability of coal stock is below 25%.

"7(2) The reduction in capacity charges for the month for thermal plants designed either on domestic coal or imported coal =

$$AFC_{\text{Month}} \times \left(1 - \frac{PAFM \text{ Actual}}{PPAFM \text{ NAPAF}}\right) \times \left(1 - \frac{\text{Average Coal Stock for last three months in no.of days}}{\text{Average Coal Stock for last three months in no.of days as per CEA}}\right)$$

+

(Open Market Energy charges - energy charges from thermal plant) X shortfall MUs)"

2. There has been cases wherein plant continued power supply with coal stock below norms/critical coal stock position. However, regulation 35 of the CERC (Terms and Conditions of Tariff) Regulations, 2019 provides working capital considering cost for normative coal stock position of 10/20 days (pit-head plants/non-pithead plants). As a result, beneficiary pays an amount against cost attributed which is not been incurred by the generator on actual basis.

Suggestion: It is suggested that difference in the working capital requirement from normative vis-à-vis actual coal stock position must be considered as part of deterrent charges for adjustment in the capacity charges for the month.

3. Impact of low coal stock availability is minuscule when plant availability factor is considered cumulatively on annual basis in the process of determination/true-up of Annual Fixed Charges (AFC). Subsequently, monthly capacity charges are determined from the approved AFC as per the regulation 42 of the CERC (Terms and Conditions of Tariff) Regulations, 2019 and accordingly levied on beneficiaries. As a result, aforesaid minuscule impact gets distributed over the year which does not account for actual daily/weekly/fortnightly/monthly burden of the beneficiary.

Further, it is a settled principle that coal based thermal generation plant is responsible for arranging sufficient coal for power generation and supply. Owing to this, long term tied-up generation plant under section 62 of the Electricity Act, 2003 is allowed 10/20 days (pit-head/non-pithead) coal cost along with 30 days coal cost (against advance payment based on annual NAPAF) as part of working capital at the time of determination/true-up of AFC under regulation 35 of the CERC (Terms and Conditions of Tariff) Regulations, 2019. However, beneficiary incurs the burden of working capital corresponding to normative coal stock despite of actual low coal stock position.

Moreover, beneficiary has to arrange for working capital (short term loan) in order to meet the requirement of aforesaid additional burden towards alternate power purchase which has consequential impact.

Suggestion: Deterrent charges may be determined Daily/Weekly/fortnightly basis in place of monthly basis as working capital is allowed considering normative coal stock position.

4. In addition to above, this methodology does not provide for determination of deterrent charges for domestic coal based thermal generation plants utilizing imported/e-auction coal for blending. In this regard we would like to highlight the fact that as per the New Coal Distribution Policy -2009, domestic coal based thermal generation plant were allotted Letter of Assurance (LOA) / Annual Contracted Quantity (ACQ) under Fuel Supply Agreement (FSA) with Coal India Ltd. based on location of the plant, viz., coastal (70% of the annual requirement) and non-coastal (90% of the annual requirement) and balance coal requirement is to be arranged by the generator from alternate sources (import/e-auction/open market). Standing Linkage Committee (Long Term) vide meeting (SLC/LT No. 2/2020) dated 27.07.2020 revised the ACQ for non-coastal plant from 90% to 100%. Further, Standing Linkage Committee (Long Term) vide meeting (SLC/LT No. 1/2021) dated 04.02.2021 revised the ACQ for coastal plant from 70% to 100%.

It is pertinent to mention here that it is the responsibility of generator under FSA to lift coal from the point of delivery/off-take, viz., loading point/railway siding for supply under rail mode and coal stock pile of mine under road/road-cum-rail mode. Henceforth, domestic coal based thermal generation plant are allowed to fulfill 100% of their annual requirement by lifting coal from Coal India Ltd under FSA.

However, domestic coal based thermal generator uses blended coal (including coal sourced from import, e-auction, open market, etc.) for generation of electricity and accordingly declares plant availability on accumulated coal stock position.

Suggestion: Since domestic coal is allocated and allowed to be lifted under FSA corresponding to the long term tie-ups (PPA) with beneficiary (ies), deterrent charges in case of domestic coal based thermal generation plant must be determined considering domestic coal stock availability only omitting coal sourced from other than FSA.

5. It is imperative to mention here that post monsoon season in FY 2021-22 (Aug'21 onwards), we as a beneficiary were forced to purchase power at around Rs 20/kWh owing to the fact that generators were unable to supply due to low coal stock availability, imported coal prices were high and costly power was available in power exchanges at that time. Tied-up generators were requested to arrange for coal and continue power supply, a copy of the correspondences with generators are attached as **Annexure** (Colly).

Such situation has not occurred for the first time, low coal availability at thermal generating station has been a major issue during the same months in pre-COVID years also and as a result discoms have been enforced to purchase costlier power from power exchanges during such times.

Suggestion: It is suggested that norms for coal stock position throughout the year must be aligned with the power requirement of the beneficiaries during the corresponding months.

6. Further, it is suggested that reduction in capacity charges may be effected from the first calendar day of the first month after the notification of these regulations.

We request the Hon'ble Commission to kindly consider the above suggestions.

BSES

BSES Yamuna Power Limited

Shakti Kiran Building, Karkardooma,
Delhi - 110032, India
CIN : U40109DL2001PLC111525
Tel. : +91 11 4124 7111
Fax : +91 11 4124 9765
www.bsesdelhi.com

Annexure-1 copy

No. PMG/BYPL/2021-22/2266

Dated: 24.03.2022

To,
Chief Engineer (Commercial)
Damodar Valley Corporation
DVC Tower, VIP Road
Kolkata-700054,

Sub: Request to ensure adequate plant availability and sufficient coal stock position at DVC Coal fired Stations during the upcoming Summermonths of 2022.

Dear Sir,

1. We write to seek your support in maintaining uninterrupted reliable power supply to our consumers in the NCT of Delhi during the upcoming Summer months of 2022. Kindly appreciate that: -

- (a) Indian Meteorological Department (IMD) in its seasonal outlook dated 1/3/2022 for the upcoming summer months of 2022 has indicated that major part of India including Delhi NCR is likely to be hotter than usual.
- (b) Further, DDMA by various orders, has been gradually lifting the restrictions imposed on account of outbreak of Covid-19 pandemic and commercial and residential loads are returning to normal.
- (c) It is our assessment that demand in the upcoming Summer months, 2022 may also increase manifold and Delhi being national capital is expected to touch a peak demand of 8200MW (~1800MW of BYPL).



2. As on date, BYPL has an allocation of about 213 MW from DVC coal fired stations which cater to around 12% of its peak demand. In view of the above, we urge you to kindly ensure that the DVC Stations have adequate coal stock and declare full availability to meet the increased demand.

3. In terms of Regulation 34 of the CERC Tariff Regulations, 2019, the pit head stations have to maintain a coal stock of 10 days and the non-pit head stations of 20 days. Ministry of Power, Government of India (*'MoP'*) after reviewing the coal stock positions of thermal stations had issued advisory to NTPC & DVC in December 2021 to import coal for blending purpose. Thereafter, on 06.12.2021, CEA has issued 'Revised Coal Stocking Norms for Coal Based Thermal Power Plants' for maintaining sufficient coal stock at power stations.

4. As per the CEA Norms, the coal stock requirement for each month for both pit head and non-pit head stations have been defined by CEA which is as below:

Month	Coal Stock to be maintained by the power plant during the month (in no. of days)	
	PITHEAD (N1)	NON-PITHEAD (N2)
April	17	26
May	17	26
June	17	26
July	14	22
August	13	21
September	12	20
October	13	21
November	14	22
December	15	23
January	16	24
February	17	26
March	17	26

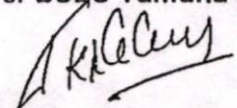
12

5. In view of the above, we request DVC to maintain sufficient coal stock and 100% power availability for its stations during coming months and provide its continued support to BYPL in our endeavor to provide uninterrupted and reliable power supply to the consumers of BYPL.

Thanking you,

Yours faithfully,

For BSES Yamuna Power Ltd.



Jitendra Nalwaya
Head-Power Management

BSES

BSES Yamuna Power Limited

Shakti Kiran Building, Karkardooma,
Delhi - 110032, India
CIN : U40109DL2001PLC111525
Tel. : +91 11 4124 7111
Fax : +91 11 4124 9765
www.bsedelhi.com

No. PMG/BYPL/2021-22/2268

Dated: 24.03.2022

To,
GM(Commercial)
NTPC Limited,
EOC Annexe, A-8A, Sector-24
Noida-201301(UP)

Sub: Request to ensure adequate plant availability and sufficient coal stock position at NTPC Coal fired Stations during the upcoming Summermonths of 2022.

Dear Sir,

1. We write to seek your support in maintaining uninterrupted reliable power supply to our consumers in the NCT of Delhi during the upcoming Summer months of 2022. Kindly appreciate that: -

- (a) Indian Meteorological Department (IMD) in its seasonal outlook dated 01.03.2022 for the upcoming summer months of 2022 has indicated that major part of India including Delhi NCR is likely to be hotter than usual.
- (b) Further, DDMA by various orders, has been gradually lifting the restrictions imposed on account of outbreak of Covid-19 pandemic and commercial and residential loads are returning to pre covid period.
- (c) It is our assessment that demand in the upcoming Summer months, 2022 may also increase manifold and Delhi being national capital is expected to touch a peak demand of 8200 Mw In which BYPL expected.demand shall be ~1800Mw

2. As on date, BYPL has an allocation of about 419 MW from NTPC coal fired stations which cater to around 23% of its peak demand.Majority of peak demand of BYPLis being catered through the NTPC generating stations.In view of the above, we urge you to kindly ensure that the NTPC Stations have adequate coal stock and declare full availability to meet the increased demand.

3. In terms of Regulation 34 of the CERC Tariff Regulations, 2019, the pit head stations have to maintain a coal stock of 10 days and the non-pit head stations of 20 days. Ministry of Power, Government of India ('MoP') after reviewing the coal stock positions of thermal



stations had issued advisory to NTPC & DVC in December 2021 to import coal for blending purpose. Thereafter, on 06.12.2021, CEA has issued 'Revised Coal Stocking Norms for Coal Based Thermal Power Plants' for maintaining sufficient coal stock at power stations.

4. As per the CEA Norms, the coal stock requirement for each month for both pit head and non-pit head stations have been defined by CEA which is as below:

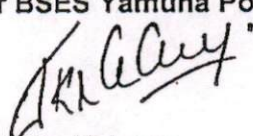
Month	Coal Stock to be maintained by the power plant during the month (in no. of days)	
	PITHEAD (N1)	NON-PITHEAD (N2)
April	17	26
May	17	26
June	17	26
July	14	22
August	13	21
September	12	20
October	13	21
November	14	22
December	15	23
January	16	24
February	17	26
March	17	26

5. In view of the above, we request NTPC to maintain sufficient coal stock and 100% power availability for its stations during coming months and provide its continued support to BYPL in our endeavor to provide uninterrupted and reliable power supply to the consumers of BYPL area of supply.

Thanking you,

Yours faithfully,

For BSES Yamuna Power Ltd.


Jitendra Naiwaya
Head-Power Management