
FW: RKMPPPL comments on staff paper on Methodology for Computing Deterrent charges for Maintaining Lower coal stock

From : Harpreet Singh Pruthi <secy@cercind.gov.in> Fri, May 27, 2022 06:25 PM
Subject : FW: RKMPPPL comments on staff paper on Methodology for Computing Deterrent charges for Maintaining Lower coal stock 1 attachment
To : Sunil Kumar Jain <sunil_jain@nic.in>
Cc : sushanta chat <sushanta_chat@yahoo.com>

From: rkmpowergen@gmail.com <>
Sent: 27 May 2022 15:02
To: Harpreet Singh Pruthi <secy@cercind.gov.in>
Subject: RKMPPPL comments on staff paper on Methodology for Computing Deterrent charges for Maintaining Lower coal stock

Dear Sir

Please find attached copy of RKM PPL comments on staff paper on Methodology for Computing Deterrent charges for Maintaining Lower coal stock dated 13.05.2022 for your kind consideration.

Thanks and regards

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RKMPPPL comments on CERC M Staff paper on Methodology for Deterrent Charges 27052022.pdf
232 KB

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RKMPPL/Coal Stock/CERC/27052022

dated 27.05.2022

To

Mr.Harpreeth Singh Pruthi
Secretary
Central Electricity Regulatory Commission
3rd and 4th Floor, Chandralok Building,
36,Janpath, New Delhi -110001.

Sub : Staff paper on the Methodology for Computing Deterrent Charges for maintaining lower coal stock-Issues faced in maintaining coal stock

Ref: Staff paper on the Methodology for Computing Deterrent Charges for maintaining lower coal stock-May 2022

With reference to your Public Notice inviting comments on the Staff paper on the Methodology for Computing Deterrent Charges for maintaining lower coal stock-May 2022 dated 13.05.2022 we give below the issued faced in maintaining coal stock as per Revised coal stocking Norms.

- a. As per FSA amendment dated 04.06.2021 CIL has increased the trigger level of coal supply from 75% of ACQ to 80% ACQ. For the balance 20% the company has to arrange coal through E auction
- b. Due to difference in GCV of coal determined by Equilibrium basis by CIL and GCV of coal in As Received Basis at site as a result of difference in moisture content another 8 to10% of coal is being excessively consumed in the plant.
- c. We were able to manage the shortage in FSA coal due to the above reasons through Special Forward E auctions for Power plants. Now Ministry of Coal has approved for Unification of the auction windows which has lead to significant increase in price of coal for power plants, leading to significant adverse impact on coal availability of coal for our power plant
- d. Paid Rake Allotment and loading status from Nov 2021 to April 2022 is given below

Month	Type of supply	Total Rakes Paid	Rakes Allotted	Rakes Loaded	Lapsed rakes	% lapsed
Apr-22	FSA	28	28	23	5	18
	E Auction	392	370	247	145	37

	FSA	35	35	34	1	3
Mar-22	E Auction	334	320	211	123	37
	FSA	36	36	33	3	8
Feb-22	E Auction	274	265	166	108	39
	FSA	44	44	41	3	7
Jan-22	E Auction	197	197	107	90	46
	FSA	86	80	73	13	15
Dec-21	E Auction	180	179	67	113	63
	FSA	141	140	67	74	52
Nov-21	E Auction	124	124	33	91	73

It can be seen from the rake loading details given above that lapsed quantity of FSA rakes varies from 3% to 56% and that of E auction rakes from 37% to 73%.

- e. To manage the shortage in FSA coal we had participated in E auctions. After successful allotment due to non availability of coal stock in certain mines huge quantity of allotted quantity has lapsed. Details of lapsed quantity of E auction coal for the year 2020-21 is given below

Date of Auction	Auction Type	Coal Company	DO Quantity MT	Lapsed Qty.	% lapsed	Remarks
27-02-2020	SFEA	SECL	530,000	530,000	100	Lapsed due to Force majeure condition due to Covid 19 pandemic
31-08-2020	SPOT	SECL	74,700	38,735	52	DO lapsing is due to non availability of sufficient coal stock at mines.
10-12-2020	SFEA	MCL	116,000	103,318	89	
19-01-2021	SFEA	SECL	20,000	10,959	55	
23-02-2021	SFEA	SECL	110,000	53,237	48	
27-04-2021	SFEA	SECL	102,000	60,068	59	
09-10-2021	SFEA	SECL	15,000	11,734	78	

02-11-2021	SFEA	SECL	24,000	21,596	90
26-11-2021	SPOT	SECL	166,650	85,431	51
21-12-2021	SFEA	SECL	90,000	89,961	100
21-01-2022	SFEA	SECL	10,000	1,748	17
22-12-2021	Shakti-B (Oct- Dec,21)	SECL	166,700	49,561	30
Total			1,425,050	1,056,348	74

It can be seen from the above E Auction coal lapsed list on a average 60.91% of allotted coal has lapsed due to non availability of coal stock in certain mines in the year 2020-21.

- f. For relief when the details of lapsed e auction rakes was reported in the sub group meeting which is being held every week to monitor coal stocks in all Thermal power plants rakes are being converted to road mode and offered as relief leading to shortage vehicles for transporting the already allotted road mode coal.
- g. Medium term PAPP signed with PTC for supply of power to Telangana Discoms under Ministry of Power Aggregated scheme for Stressed project power off take is only for 6 months in a year. Telangana/PTC had not released payment for power supplied from Feb 2021 onwards hence power supply to Telangana Discom's have been stopped from Oct 2021. Ministry of Power notification on payment mechanism allows for sale of power in exchange in case of nonpayment of power supply dues by Discom's for over 75 days. But FSA coal supply for 550MW was not given for the last six months.
- h. We were not able to get coal allotment in recent spot auction for regulated and non-regulated sectors combined conducted by MCL and SECL due to heavy competition and unviable bid prices being offered by Non regulated sector.
- i. For Shakti Auction April 2022 to June 2022 CEA had allotted normative quantity of 108.04 Lac tons of coal for all IPPs as per their eligibility but only 61.9 Lac tons was offered by coal companies leading to stiff competition. We had to bid 50% more than reserve price to retain eligible quantity allotted.

- j. In view of the issues explained above we had requested CEA to review the facts and allot the following additional coal quantity in upcoming Shakti B (VIII) a coal linkage auctions and sanction normative coal allotment for 1210 MW for the quarter July 2022 to Sept 2022. But CEA has approved normative coal allotment for 500MW only.
- k. Due to acute shortage of coal at coal mines Sub Group Committee of Ministry of Coal has asked coal companies to strictly follow Rake allotment as decided during Sub Group meetings. As a result of this 142 paid rakes allotted for our plant in various E auctions are pending from MCL, SECL and CCL.
- l. From the above facts it can be seen that in spite of the best efforts from the company to increase the coal stock, coal companies are not able to deliver the coal for which the company has already paid for which is beyond the control of the company.

The company has been classified as stressed asset by Ministry of Power and recently having undergone restructuring of accounts. We request CERC to kindly consider the above mentioned facts which are beyond the control of the company, while reviewing the staff paper of the Methodology for Computing Deterrent Charges for maintaining lower coal stock-May 2022 and keep in abeyance approval of Deterrent Charges for lower coal stocks which are beyond the control of the company as it would be an additional burden on the already stressed asset

Thanking you

Yours Sincerely

For RKM Powergen Pvt Ltd


Authorized Signatory

