

Fwd: Comments/Views of the SRPC Secretariat on the Staff Paper on Methodology for Computing "Deterrent Charges" for maintaining lower coal stock by coal based thermal generating stations

From : Sunil Kumar Jain <sunil_jain@nic.in> Fri, May 27, 2022 03:54 PM
Subject : Fwd: Comments/Views of the SRPC Secretariat on the Staff Paper on Methodology for Computing "Deterrent Charges" for maintaining lower coal stock by coal based thermal generating stations  1 attachment
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To: "Sunil Kumar Jain" <sunil_jain@nic.in>
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Sent: Friday, May 27, 2022 3:24:51 PM
Subject: FW: Comments/Views of the SRPC Secretariat on the Staff Paper on Methodology for Computing "Deterrent Charges" for maintaining lower coal stock by coal based thermal generating stations

From: MEMBER SECRETARY <>
Sent: 27 May 2022 14:28
To: Harpreet Singh Pruthi <secy@cercind.gov.in>
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Subject: Comments/Views of the SRPC Secretariat on the Staff Paper on Methodology for Computing "Deterrent Charges" for maintaining lower coal stock by coal based thermal generating stations

Sir

Please find attached comments of SRPC secretariat on the Staff Paper on Methodology for Computing "Deterrent Charges" for maintaining lower coal stock by coal based thermal generating stations.

Regards
MS, SRPC



 **Final draft comments on CERC staff paper on coal norms.docx**
21 KB

Comments/Views of the SRPC Secretariat on the Staff Paper on Methodology for Computing “Deterrent Charges” for maintaining lower coal stock by coal based thermal generating stations

1. As per the Staff Paper, CEA has suggested as under:

- a) Power plant designed on domestic coal: In the event, the availability is less by 5% or more from the Normative Availability (as applicable) on quarterly basis, the fixed charge shall be reduced to the extent of shortfall in Normative Availability and in addition, the reduction below the Normative Availability shall be multiplied by a factor of 0.2 (i.e. levy of additional 20% due to reduced availability) to determine the charges payable for non-maintenance of coal stock on quarterly basis.
- b) Power plant designed on imported coal: In the event the availability is less by 5% or more from the Normative Availability (as applicable) on quarterly basis, the fixed charge shall be reduced to the extent of shortfall in Normative Availability and in addition, the reduction below the Normative Availability shall be multiplied by a factor of 0.5 (i.e. levy of additional 50% due to reduced availability) to determine the charges payable for non-maintenance of coal stock on quarterly basis.
- c) Further, in case the availability is less by 25% or more from the Normative Availability (as applicable) on quarterly basis, the fixed charge shall be reduced to the extent of shortfall in Normative Availability and in addition, the reduction is beyond 25% below the Normative Availability shall be multiplied by a factor of 1 (one) (i.e. levy of additional 100% due to reduced availability) to determine the charges payable for non-maintenance of coal stock on quarterly basis.

CERC, in the Staff Paper, has proposed the following provision to be inserted after Regulation 42 (7) of the 2019 Tariff Regulations.:

“42(8) (i) In case, the Plant Availability in any month is short by more than 5 % but up to 25 % of NAPAF and average coal stock availability for the last three months (month for which reduction in capacity charges are computed and two months preceding that month) is lower than the average coal stock norms specified by CEA for the respective three months:

a. The reduction in capacity charges for the month for thermal plants designed on domestic coal =

$$0.2 \times \text{AFC}_{\text{Month}} \times [(1 - (\text{PAFM}_{\text{Actual}} / \text{PAFM}_{\text{Normative}}))] \times [(1 - (\text{Average Coal Stock in last three months in no. of days} / \text{Average Coal Stock in last three months in no. of days as per CEA}))]$$

b. The reduction in capacity charges for the month for thermal plants designed on imported coal =

$$0.5 \times \text{AFC}_{\text{Month}} \times [(1 - (\text{PAFM}_{\text{Actual}} / \text{PAFM}_{\text{Normative}}))] \times [(1 - (\text{Average Coal Stock in last three months in no. of days} / \text{Average Coal Stock in last three months in no. of days as per CEA}))]$$

(ii) In case, the Plant Availability in any month is short by more than 25 % and average coal stock availability for last three months (month for which reduction in capacity charges are computed and two months preceding that month) is lower than the average coal stock norms specified by CEA for the respective months:

The reduction in capacity charges for the month for thermal plants designed either on domestic coal or imported coal =

$$\text{AFC}_{\text{Month}} \times [(1 - (\text{PAFM}_{\text{Actual}} / \text{PAFM}_{\text{Normative}}))] \times [(1 - (\text{Average Coal Stock in last three months in no. of days} / \text{Average Coal Stock in last three months in no. of days as per CEA}))]$$

d) The following are the views of SRPC Secretariat on the above:

➤ *As per the CEA suggestion, in case the availability is less by 5% or more from the Normative Availability **on quarterly basis**, additional levy of 20% of the quarterly PAF reduction below the Normative Availability to be imposed on Generator to determine the charges payable for non-maintenance of coal stock on quarterly basis.*

*Hence, non-maintenance of coal stock on quarterly basis to be seen and **if coal stock was not maintained as per CEA norms and quarterly PAF is less by 5% or more from the Normative Availability**, then only additional levy of 20% of the quarterly PAF reduction below the Normative Availability to be imposed on Generator on quarterly basis.*

➤ *The above is in addition to the reduction of fixed charges to the extent of shortfall in Normative Availability which is already being factored in the Tariff Regulations.*

➤ *Hence the formulae would have been as below:*

Case1 (Domestic coal): When PAF_{Previous FY quarter} < = 5% to 25% of NAPAF

The reduction in capacity charges for the quarter for thermal plants designed on **domestic coal** =

$$0.2 \times AFC_{\text{previous FY quarter}} \times [(1 - (PAF_{\text{Previous FY quarter}} / PAFM_{\text{Normative}}))]$$

Case 2 (Imported coal): When PAF_{Previous FY quarter} < = 5% to 25% of NAPAF

The reduction in capacity charges for the quarter for thermal plants designed on **imported coal** =

$$0.5 \times AFC_{\text{previous FY quarter}} \times [(1 - (PAF_{\text{Previous FY quarter}} / PAFM_{\text{Normative}}))]$$

Case 3 (Domestic & Imported coal): When PAF_{Previous FY quarter} < 25% of NAPAF

The reduction in capacity charges for the quarter for thermal plants designed either on domestic coal or imported coal =

$$AFC_{\text{previous FY quarter}} \times [(1 - (PAF_{\text{Previous FY quarter}} / PAFM_{\text{Normative}}))]$$

2. *Comments of SRPC Secretariat on Methodology for Computing the Deterrent Charges for maintaining lower coal stock by coal based thermal generating stations*

a) *It may be noted that reduced PAF may not be only due to coal shortages. It may be due to planned outages/forced outages/partial outages etc. Therefore reduction in PAF cannot be the sole factor for reduction in Fixed Charges for not maintaining the coal stock as per CEA norms.*

b) *It may be noted that despite maintaining coal stock below the CEA norms, the generating station can achieve normative PAF (in some cases it is observed that even with less than 3 days coal stock, generating station is achieving normative PAF). This is not the intent of the Staff Paper as given below:*

“Thus, failure to maintain coal stock as per norms impacts the availability of the plant and the power supply to the beneficiaries, thereby forcing the concerned to procure power from alternate sources, which are often costlier. The failure of the generating stations to maintain coal stock as per norms, thus gets transferred to the

consumers in the form of higher cost of procurement of power from alternate sources.”

Therefore, not maintaining the coal stock as per norms should be the criteria for reduction in fixed charges (the factor on coal stock as suggested in the staff paper).

- c) *It is understood that presently the number of days of coal stock availability is computed taking into the consideration of the planned outage of units, but not the forced outage of the units. Guidelines for computation of the number days of coal stock availability at generating station may be clearly specified in view of commercial impact being envisaged.*
- d) *In view of the above, the following criteria and the formulae may be considered:*

Case1 (Domestic coal): When Average monthly Coal Stock in days less than norms (in days) and up to 50% of the Norms (in days)

The reduction in capacity charges for the quarter for thermal plants designed on **domestic coal** =

$0.02 \times \text{AFC}_{\text{Month}} \times [(1 - (\text{Average Coal Stock in the month in no. of days}) / \text{Coal Stock in no. of days as per CEA norm})]$

(Approximately Rs15.38 lakhs for one day lesser stock and Rs 1.07 Crores for 7 days lesser coal stock based on monthly AFC of Rs 100 Crores and CEA norm of 13 days coal stock)

Case 2 (Imported coal): When Average monthly Coal Stock in days less than norms (in days) and up to 50% of the Norms (in days)

The reduction in capacity charges for the quarter for thermal plants designed on **imported coal** =

$0.05 \times \text{AFC}_{\text{Month}} \times [(1 - (\text{Average Coal Stock in the month in no. of days}) / \text{Coal Stock in no. of days as per CEA norm})]$

Case 3 (Domestic & Imported coal): When Average monthly Coal Stock in days less than 50% of the Norms (in days)

The reduction in capacity charges for the quarter for thermal plants designed either on domestic coal or imported coal =

$0.1 \times \text{AFC}_{\text{Month}} \times [(1 - (\text{Average Coal Stock in the month in no. of days}) / \text{Coal Stock in no. of days as per CEA norm})]$

(Maximum liability of Rs 10 Crores for AFC of Rs 100 Crores)

- e) It is mentioned in the Staff paper that the reduction in capacity charges for the month shall be adjusted in the invoice of the same month.

As per the above, it is understood that generator itself to compute the reduction in CC and adjust accordingly in the bill.

It is proposed that the penalty for not maintaining the coal stock availability as per CEA may be computed by RPCs and to be included in the REA

- f) *CEA had suggested the computation of reduction in capacity charges for the month for thermal plants designed on indigenous coal and imported coal separately. For the plants designed & operate on both indigenous and imported coal i.e blended coal (if any), **procedure needs to be formulated for those cases.***
- g) *Further, though the plant may be designed for indigenous coal, it may be availing imported coal and **the correction for coal stock may be appropriately factored in the Guidelines** for computation of the number days of coal stock availability at generating station.*