

Fwd: DIL Comments on CERC Staff Paper on Blending of Imported Coal

From : Awdhesh Kumar Yadav <awdhesh@nic.in> Mon, Jun 13, 2022 04:46 PM
Subject : Fwd: DIL Comments on CERC Staff Paper on Blending of Imported Coal 📎 1 attachment
To : Sunil Kumar Jain <sunil_jain@nic.in>

plz discuss

From: "Harpreet Singh Pruthi" <secy@cercind.gov.in>
To: "Awdhesh Kumar Yadav" <awdhesh@nic.in>
Sent: Monday, June 13, 2022 3:32:24 PM
Subject: Fwd: DIL Comments on CERC Staff Paper on Blending of Imported Coal

From: "aveek chatterjee" <aveek.chatterjee@rpsg.in>
To: "Harpreet Singh Pruthi" <secy@cercind.gov.in>
Sent: Monday, June 13, 2022 3:26:41 PM
Subject: DIL Comments on CERC Staff Paper on Blending of Imported Coal

Dear Sir,

We thank the Hon'ble Commission for bringing out the Staff Paper dated 13.05.2022 on 'Blending of imported coal with domestic coal to mitigate the domestic coal shortage' and providing an opportunity to all stakeholders to provide comments on the same.

In view of the above, please find attached the comments on behalf of Dhariwal Infrastructure Limited (DIL) on the aforesaid Staff Paper for your kind perusal and consideration.

Regards,

Aveek Chatterjee

DGM (Corporate Regulatory Affairs & Power Sale)



DIL Comments on CERC Staff Paper on blending of Imported



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299 KB

DHARIWAL INFRASTRUCTURE LIMITED

Comments on CERC Staff Paper on Blending of imported coal with domestic coal to mitigate the domestic coal shortage

At the outset, Dhariwal Infrastructure Limited (“DIL”) would like to thank the Hon’ble Central Electricity Regulatory Commission (“**Hon’ble Commission**”) for bringing out the Staff Paper on ‘Blending of imported coal with domestic coal to mitigate the domestic coal shortage’ and providing the stakeholders an opportunity to provide comments/suggestions on the same. Accordingly, the comments and suggestions on behalf of DIL on the afore-said Staff Paper are provided in the following matrix for the kind perusal of the Hon’ble Commission.

REGULATION NO.	PROPOSED REGULATION	COMMENTS AND SUGGESTIONS							
Stakeholder Feedback									
<p>Para 4</p> <p><i>Analysis of the blending of imported coal with domestic coal under different scenarios</i> <i>An analysis has been carried out to assess the likely change in ECR as a result of blending of imported coal under different scenarios as depicted below (this is only for illustration purpose):</i> </p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">Imported Coal Price(assumed)</td> <td style="text-align: center;">No blending</td> <td style="text-align: center;">\$140</td> <td style="text-align: center;">\$180</td> <td style="text-align: center;">\$200</td> <td style="text-align: center;">\$220</td> <td style="text-align: center;">\$275</td> </tr> </table>	Imported Coal Price(assumed)	No blending	\$140	\$180	\$200	\$220	\$275	<p><i>Analysis of the blending of imported coal with domestic coal under different scenarios</i> <i>An analysis has been carried out to assess the likely change in ECR as a result of blending of imported coal under different scenarios as depicted below (this is only for illustration purpose):</i> </p>	<p>The Hon’ble Commission has, while assuming the price of Imported Coal, considered only the foreign pricing component which is applicable for transfer of coal from the country of import up to the Indian sea port/inland port. It is important to note that after the receipt of the imported coal at the concerned port, the same has to be transferred to the power plant through inland transportation system which includes several charges like inland handling (loading and unloading), cost of rail/road mode transportation and other logistics. Such inland coal handling and transportation charges are incurred in INR and the same needs to be considered while assuming the landed price of the Imported Coal. The Hon’ble Commission may, therefore, incorporate suitable amount towards such inland coal handling and transportation charges in INR and revised the landed price of Imported Coal to derive the optimum blending ratio in the given example.</p>
Imported Coal Price(assumed)	No blending	\$140	\$180	\$200	\$220	\$275			
<p>Para 8</p> <p><i>In view of the above analysis, comments are invited from the generating companies, distribution companies and all other stakeholders on the following:</i></p> <p><i>If further flexibility is to be provided to the generators to blend imported coal without the permission or consultation of the beneficiaries, then</i></p> <ul style="list-style-type: none"> • <i>to what extent of blending of imported coal be allowed without the permission or consultation of the beneficiaries?</i> • <i>to what extent the increase in energy charge rate over and above base energy charge rate, approved by the Commission for that year, be</i> 	<p><i>In view of the above analysis, comments are invited from the generating companies, distribution companies and all other stakeholders on the following:</i></p> <p><i>If further flexibility is to be provided to the generators to blend imported coal without the permission or consultation of the beneficiaries, then</i></p> <ul style="list-style-type: none"> • <i>to what extent of blending of imported coal be allowed without the permission or consultation of the beneficiaries?</i> • <i>to what extent the increase in energy charge rate over and above base energy charge rate, approved by the Commission for that year, be</i> 	<p>In view of this precariously low level of domestic coal situation which has not been caused due to any reluctance or deficiency on part of the thermal generating stations, we request this Hon’ble Commission to consider our proposals as provided below:</p> <ul style="list-style-type: none"> • The MoP has vide its directive under Section 107 of the Act to the Hon’ble Commission advised to amend Regulation 43 of CERC Tariff Regulations, 2019 to facilitate higher blending of up to 30% with Imported Coal subject to technical feasibility, without the requirement of prior consultation with the beneficiaries up to 31.03.2023. In view of the same, we are of the considered opinion that the generating companies should have the flexibility to blend Imported Coal at least 10% (which is currently recommended) and to go up 							

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Comments on CERC Staff Paper on Blending of imported coal with domestic coal to mitigate the domestic coal shortage

REGULATION NO.	PROPOSED REGULATION	COMMENTS AND SUGGESTIONS
	<i>allowed upon blending of imported coal without the consent or consultation of the beneficiaries?</i>	<p>to the ceiling of 30% depending on the requirement for supplying the scheduled demand as per the PPA.</p> <ul style="list-style-type: none"> The MoP has vide its various notifications under Section 11 of the Electricity Act mandated the generating companies to procure and use imported coal owing to severe shortage of coal in the country. In this context, we propose that the entire incremental Energy Charge Rate due to procurement and use of Imported Coal may be considered as pass through (the extent to which Imported Coal can be actually blended based on technical specifications) in such extraordinary circumstances i.e., there should be no limit for this purpose. In this regard, it is noteworthy that the Generators having PPA's u/s 63 of the Act are permitted to recover the actual additional cost due to procurement and use of Imported Coal as prescribed by the MoP vide Para 7 of the letter dated 26.05.2022. In line with the same, the Generators having PPA's u/s 62 of the Act should be permitted to recover the actual additional cost of Imported Coal in similar manner. <p>Accordingly, we request the Hon'ble Commission to insert an appropriate proviso at the end of Regulation 43(3) of the CERC Tariff Regulations which may be read as follows:</p> <p style="text-align: center;"><i>“Notwithstanding anything contained in Regulation 43, the increase in Energy Charge Rate of any generating company arising out of any “extraordinary circumstances” and under any statutory directive under Section 11 of the Act, shall be borne by the beneficiaries in entirety. Further, any financial impact on Capacity Charges due to loss of Plant Availability Factor on account of denial or delay in providing consent by the beneficiaries to procure coal from alternative sources as mentioned above shall also be borne by the beneficiaries.”</i></p> <p style="text-align: center;"><i>Explanation - For the purpose of this section, the expression “extraordinary circumstances” shall mean the circumstances arising in the public interest including but not limited to surge in the demand of</i></p>

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		<p style="text-align: center;"><i>electricity, depleting coal stocks at the generating stations and power shortages in the country etc. and have a binding effect on the generating companies as per the provisions of the Electricity Act, as amended from time to time”</i></p> <p>Further, we also request the Hon’ble Commission to continue incorporating the above proviso in the subsequent Tariff Regulations, as the said scenario of coal shortage may also likely occur in the subsequent years.</p>
-	<i>Other Points</i>	<p>We would also like to request the Hon’ble Commission to address the following issues vide its final notification:</p> <ul style="list-style-type: none">a) For scheduling of power in the MOD stack, the additional impact on Energy Charge Rate due to procurement and use of imported coal should not be considered.b) The element of oil cost to be taken out from the computation while claiming the additional cost.c) As submitted hereinabove, the cost of imported coal should be considered based on the landed price of such Imported Coal at generating station, including all costs related to inland transportation, logistics and handling.d) It is understood the norms used in the model calculation in the Staff Paper is representative and actual norms as applicable for a Generator will be used for computation.