
Fwd: Comments on staff paper dated 02.06.2022 on the blending of imported coal with domestic coal.

From : Harpreet Singh Pruthi <secy@cercind.gov.in> Mon, Jun 13, 2022 06:13 PM
Subject : Fwd: Comments on staff paper dated 02.06.2022 on the blending of imported coal with domestic coal. 1 attachment
To : Awdhesh Kumar Yadav <awdhesh@nic.in>

From: "se ra ruvnl" <se.ra.ruvnl@rajasthan.gov.in>
To: "Harpreet Singh Pruthi" <secy@cercind.gov.in>
Sent: Monday, June 13, 2022 3:37:58 PM
Subject: Comments on staff paper dated 02.06.2022 on the blending of imported coal with domestic coal.

Respected Sir/Madam,

Kindly find the enclosed comments on staff paper dated 02.06.2022 on blending of imported coal with domestic coal to mitigate the domestic coal shortage. These comments are on behalf of Rajasthan Urja Vikas Nigam Limited.

Regards
SE (RA)
RUVNL,Jaipur

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 **RUVNL blending of imported coal.pdf**
887 KB

Comments on Hon'ble CERC's staff paper on 'Blending of Imported Coal with Domestic Coal to mitigate the domestic coal shortage'

Hon'ble CERC has published a staff paper on blending of domestic coal with imported coal to increase power generation from the coal based thermal power projects and alleviate the adverse effect of coal shortage across the country. MoP also directed the concerned stake holders to import at least 10% of their requirements of coal for blending.

As per Hon'ble CERC's present tariff regulations for computation and payment of Energy Charges to the thermal power stations; if the energy charges based on the weighted average price of fuel upon use of alternative coal increases by 30% of the base energy charge rate or exceeds 20% of the energy charge rate of the previous year, prior consultation with the beneficiary must be made by the generating company.

Hon'ble CERC in its paper also made a sensitivity analysis on the % of blending that can be achieved at various prices of imported coal without breaching the ceiling of 30% increase in Energy Charge Rate. It was found that imported coal prices are inversely proportional to the blending ratio i.e. higher the imported coal price lower is the quantity of blending ratio that can be undertaken by the generating station. Hon'ble CERC concluded that the threshold limit of 30% increase in ECR was breached even at blending levels of less than 10% due to high imported coal prices.

Hon'ble CERC invited comments of the stakeholders on following issues:

"If further flexibility is to be provided to the generators to blend imported coal without the permission or consultation of the beneficiaries, then

- *to what extent of blending of imported coal be allowed without the permission or consultation of the beneficiaries?*
- *to what extent the increase in energy charge rate over and above base energy charge rate, approved by the Commission for that year, be allowed upon blending of imported coal without the consent or consultation of the beneficiaries?"*


Comments:

1. Hon'ble CERC Tariff Regulations are applicable to the power plants where PPAs are signed under Section-62 of the Electricity Act, 2003 and Energy Charge Rate for supply of electricity is determined by CERC.
2. As per Hon'ble CERC Tariff Regulations, actual cost of fuel is a passthrough subject to prudence check. The ceiling of 30% and 20% on the ECR is mandated to keep a check on the use of alternative coal by the power generator. Since, actual expenditures on fuel are a



passthrough on the end consumers, such ceiling limits are essential to keep consumer end tariff lower.

3. Prevailing situation leading to power deficit scenario is a one-off event due to lower domestic coal availability and high imported coal prices due to geo-political events. Hence, for such events temporary measures can be prescribed as against amending the tariff regulations which otherwise would have a lasting impact on the end consumers and will open window for the generators to use costly alternative coal and put burden on the end consumers.
4. Hence, to check that unnecessary burden is not put on to the beneficiaries and alleviate the power shortage scenario, it is suggested that,
 - a. Generating Company to provide details to Hon'ble CERC w.r.t. additional power generation possible by using alternative coal along with price details of alternative coal.
 - b. Hon'ble CERC to compute ECR for such additional power generation using alternative coal. Beneficiaries of the power plant are given an option to avail this additional power.
 - c. If any beneficiary doesn't avail this additional power, power generator is free to sale this power at same tariff to other beneficiaries or in open market. Gain from sale of power in open market to be shared with equally with the original beneficiary of the capacity.
5. Further, power plants planning to import coal for meeting the shortfall coal quantity shall explore the option to swap imported coal quantity with equivalent domestic linkage coal quantity of other coastal power projects which will help in keeping the imported coal cost low by saving the in-land transportation charges. Further, this will also help in reducing the requirement of railway rakes for transportation of imported coal.


13/06/2022
Executive Engineer (RAI)
RUVNL Jaipur