

Sir/ Madam,

Congratulations to CERC completing 25 years of successful power sector journey.

Appreciate Approach paper Elaborate work by staff.and seeking comments in time.  
As power sector professional I would limit my comments to new points as many of the points are repetition from previous Approach paper and many comments will be received from stakeholders on them.

1.0 Dealing Cost & Time over run and regulatory approach in Performance based approach:

Total disallowance will impact the project developer as direct booking loss as financial loss in books of accounts. It may be high time to bring Regulatory accounts in Place and fine tuning regulations to balance interests.

Allowing full cost over run will incentivise developer in cost plus to delay the project. It is inefficient.

Approach paper specifies methods to improve project implementation without any financial attractive incentive.

Projects having price variation clause and mitigating price shocks through through hedging commodity may be an option be introduced in draft regulation. Similar to FERV.

2.0 Renewables integration into grid need of the hour as elaborated in Approach paper. Solar hours peak and non Solar hours peak concept in draft regulations may be introduced. Annual Fixed charges to Generators for Solar Hours and Non solar hours may be in a ratio( Solar hours AFC: Non Solar Hours say 1:5) to incentivise fossil generators for reduction of load in solar hours instead of current overall PLF.

3.0 Tax Holiday is not available to new Generating stations Change in Government Policy.. Old stations availed Tax holiday continue to get benefit of it and New Generating stations have front loaded tariff with RoE and Tax grossing up. Billing of taxes to DISCOM may be reviewed and new mechanism may be developed in draft regulation. Tax true up mechanism can be one of option in case new generating station offers lower tariff ( only due to deferring tax component) initial years and collecting in later years with carrying cost.

4.0 Current regulations are prepared for BOOM concept Emerging scenario BOOT projects likely to come into operation in Hydel stations. Recognizing this change appropriate provisions and mechanisms be introduced.

Balancing interests of investor and consumer as elaborated in approach paper is commendable.

Hope new draft regulation will address emerging scenarios also.

Thanking you

Sincerely,

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