

To,

31st July 23

The Secretary,

Central Electricity Regulatory Commission,

3rd & 4th Floor, Chanderlok Building,

36, Janpath, New Delhi- 110001

Dear Sir,

Subject: Submission of Comments on CERC Discussion Paper on Terms and Conditions of Tariff Regulation - **MYT 2024-29**

With regard to the aforementioned subject, our comments are attached as annexure to this letter. Request the kind consideration of Hon'ble Commission on the points mentioned by us while finalizing the Terms and Conditions of Tariff for the ensuing control period ie. 2024-29.

Yours Sincerely,

for, Greenko Energies Private Limited

Nidasanametla
Seshagiri Rao

Digitally signed by
Nidasanametla Seshagiri Rao
Date: 2023.07.31 19:20:14
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Authorized Signatory

(Seshagiri Rao N, VP – Commercial -GEPL)

Annexure- Comments/ Observations on Draft CERC Terms and Conditions of Tariff 2024-29

SI No	Existing Clause in Draft CERC Terms and Conditions of Tariff 2024-29	Comments/ Suggestion
1	<p>4.8.1 Rigorous pursuit of approvals such as forest clearances and other critical clearances to be encouraged.</p> <p>Comments and Suggestions are sought on the following issues: 1. Whether RoE on Equity corresponding to cost and time overrun allowed over and above project cost as per investment approval may be allowed at the weighted average rate of interest on loan instead of fixed RoE? 2. Whether some part of cost impact (Say 20%) corresponding to the delay condoned may be disallowed to encourage rigorous pursuit of approvals? 3. Whether the current mechanism of treating time overruns may be continued, considering that Utilities are automatically dis-incentivised if the project gets delayed</p>	<p>Delays in getting forest clearances are mostly attributable to factors beyond the control of the developer. Hence, this should be treated as an 'Uncontrollable factor'</p> <p>From a developer stand-point resources are put to use in an optimal manner for getting the required clearances. Hence, fixed RoE on equity needs to be continued. Further, incentives may be designed for cases wherein the clearances are obtained before the stipulated time, instead of penal measures such as disallowance of part of the cost incurred/ decrease in ROE.</p>
2	<p>4.10.1 (i) Normative Add-Cap - Generating Station: "...However, based on past data of similar existing generating stations, if there is a need to allow additional capitalisation that may be legitimately required post cutoff date other than those presently allowed under Regulation 26 to 29, the same may be allowed as special compensation as proposed in the case of existing station that have crossed the cut-off date. While determining special compensation for a thermal or hydro generating station, costs incurred towards works presently covered under Regulations 26 to 29, wherever</p>	<p>As rightly mentioned in the discussion paper, additional capitalization requirements for Hydro plants are plant-specific and hence the additional capitalization may be allowed on actual basis subject to prudence check of the Hon'ble Commission.</p>

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	applicable, may not be included as these expenses may be allowed separately	
3	<p>4.16.4</p> <p>1. Review of Rate of RoE to be allowed, including that to be allowed on additional capitalisation that is carried out on account of Change in Law and Force Majeure.</p> <p>2. Whether the revised rate of RoE to be made applicable to only new projects or to both existing and new projects?</p> <p>3. Whether timely completion of hydro generating stations can be incentivised to attract investments?</p> <p>4. Merit behind approving different Rate of RoE to thermal, hydro generation and transmission projects with further incentives for dam/reservoir based projects including PSP.</p> <p>5. Merit in allowing RoE by linking the rate of return with market interest rates such as G-SEC rates/MCLR/RBI Base Rate</p>	<p>In view of the GoI objective of achieving 'net-zero' with progressive additions of RE and energy storage eco-system, it is pertinent to continue with RoE approach and current RoE may be retained.</p> <p>Additional RoE could be made available for Hydro projects which are completed within the timelines.</p>
4	<p>Clause 4.16.5</p> <p>Whether there is a case to allow higher RoE to Old but efficient Generating Stations?</p> <p>Proposal:</p> <p>Additional RoE for such old but efficient generating stations; or</p> <p>Additional Incentive in (Paise/kWh) for generation in excess of target PLF</p> <p>Genesis – Due to low capital base of Old Stations, Equity in Paise/kWh working out to be around 22 Paise/kWh as against around 65 Paise/kWh (new generating Stations). Most of these stations are pit head based whose energy charges are low.</p> <p>Unfavourable Risk –Reward Proposition</p>	<p>Going by the proposal, efficiency of old generating stations seems to be measured only in terms of the energy charges.</p> <p>However, having a lower energy charge does not necessarily indicate that the generating station is operating efficiently, the Station Heat Rate (SHR) could be higher. From green transition/ sustainability point of view it is necessary that such stations with poor station SHR are not incentivised as their emissions would be higher for each unit generated.</p>



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5	<p>6.1 Separate Norms for ROR/Storage Based Hydro Projects "...However, it is observed that there is a need for a more enabling framework or incentive mechanism for dam/reservoir based generating stations to operate as peaking plants. Considering the anticipated increase in peaking loads, these stations may be incentivised to operate as peaking plants. One way to do so is by providing additional incentives for energy supplied during peak periods"</p>	<p>As the quantum of RE increases in the grid, it is important to have incentive mechanisms which support the operation of PSP during peak hours. Some of the key factors to be considered for giving incentives to PSP during peak hours are</p> <ul style="list-style-type: none"> - A PHES integrated RE plant would be able to supply firm, reliable, round-the-clock power supply. This would help DISCOMs avoid the cost of power purchase from high-priced thermal power plants - PHES would be able to mitigate challenges associated with the intermittent and variable nature of RE, thus providing grid flexibility. - PHES would help reduce RE curtailment by using excess RE for pumping, suitable compensation needs to be given as an incentive measure for PSP