

APL comments on Draft CERC (Terms and Conditions of Tariff) (First Amendment) Regulations, 2024

From : Chintan Mankad <Chintan.Mankad@adani.com> Fri, Sep 27, 2024 01:03 PM
Subject : APL comments on Draft CERC (Terms and Conditions of Tariff) (First Amendment) Regulations, 2024  2 attachments
To : Harpreet Singh Pruthi <secy@cercind.gov.in>, Manish Chaudhari <mmchaudhari@cercind.gov.in>
Cc : MR Krishnarao <MR.Krishnarao@adani.com>, Tanmay Vyas <Tanmay.Vyas@adani.com>, MolayKumar Maitra <MolayKumar.Maitra@adani.com>

Dear Sir,

Please find enclosed herewith APL comments on Draft CERC (Terms and Conditions of Tariff) (First Amendment) Regulations, 2024 with a request to kindly take the same on record.

Thanks and Regards,
Chintan Mankad

Adani Power Limited
K P Epitome, Block-B, 4-Floor, Near DAV International School,
Makarba, Ahmedabad, Gujarat-380051, INDIA.
Off +91 79 2555 6086 (M): 6359974062
E-mail: chintan.mankad@adani.com, www.adani.com

adani

Growth
with
Goodness

Our Values: Courage | Trust | Commitment



DISCLAIMER: The information contained in this electronic message and any other attachment to this message are intended solely for the addressee and may contain information that is confidential, privileged and exempt from disclosure under applicable law. If you are not the intended recipient, you are hereby formally notified that any use, copying or distribution of this e-mail, in whole or in part, is strictly prohibited. Please immediately notify the sender by return e-mail and delete all copies of this e-mail and any attachments from your system. Any views or opinions presented in this email are solely those of the author and do not necessarily represent those of the company.

WARNING: Computer viruses can be transmitted via email. The recipient should check this email and any attachments for the presence of viruses. Adani Group accepts no liability for any damage caused by any virus transmitted by this email.

 **APL Cover Letter and Comments on Draft CERC Tariff 1st Amendment.pdf**
409 KB

Ref.: APL/CERC/27092024

Date: 27.09.2024

To
The Secretary,
Central Electricity Regulatory Commission,
World Trade Centre, 6th, 7th and 8th floor, Tower -B,
Nauroji Nagar, New Delhi - 110029

Sub.: Submission of comments on Draft CERC Terms and Conditions of Tariff (First Amendment) Regulations, 2024, sought vide Notification No. L-1 /268/2022/CERC dated 02.08.2024.

Dear Sir,

With reference to the comments invited by the Hon'ble Central Electricity Regulatory Commission on the Draft Terms and Conditions of Tariff (First Amendment) Regulations, 2024, we hereby submit our comments on the same with a request to kindly take the same on record.

Thanking You,
Yours Sincerely,

For **Adani Power Limited**



M. R. Krishna Rao
President

Adani Power Limited
Adani Corporate House
Shantigram, S G Highway
Ahmedabad 382 421
Gujarat India
CIN : L40100GJ1996PLC030533

Tel +91 79 2656 7555
Fax +91 79 2555 7177
info@adani.com
www.adani.com

Registered Office: Adani Corporate House, Shantigram, Near Vaishno Devi circle, S.G Highway,
Khodiyar Ahmedabad – 382 421, Gujarat, India.

APL Comments on Draft First Amendment to CERC Tariff Regulations, 2024

Sr. No.	CERC Tariff Regulations, 2024	CERC Draft First Amendment, 2024	Comments
1	<p>36. Operation and Maintenance Expenses: (3) Transmission System: (d) The Security Expenses, Capital Spares individually costing more than Rs. 10 lakh and Insurance expenses arrived through competitive bidding for the transmission system and associated communication system shall be allowed separately after prudence check: Provided that in case of self-insurance, the premium shall not exceed 0.09% of the GFA of the assets insured; Provided that the transmission licensee shall submit the along with estimated security expenses based on assessment of the security requirement,</p>	<p>36. Operation and Maintenance Expenses: (3) Transmission System: (d) The Security Expenses, Capital Spares individually costing more than Rs. 10 lakh and Insurance expenses arrived through competitive bidding for the transmission system and associated communication system shall be allowed separately after prudence check: Provided that in case of self-insurance, the premium shall not exceed 0.12% of the GFA of the assets insured; Provided that the transmission licensee shall submit the along with estimated security expenses based on assessment of the security requirement, capital spares and insurance expenses, which shall be trued up based on details of the year-wise actuals along with appropriate justification for incurring the same and along with confirmation that the same is not claimed as a part of additional capitalisation or consumption of stores and spares and renovation and modernization. Provided that the self-insurance premium shall be transferred to a separate fund for utilization to meet the claims, and the expenditure incurred or utilized from the self-insurance fund shall be made available to the Commission as and when directed.</p>	<p>This is a welcome step in respect of Transmission Licensees.</p>

APL Comments on Draft First Amendment to CERC Tariff Regulations, 2024

Sr. No.	CERC Tariff Regulations, 2024	CERC Draft First Amendment, 2024	Comments								
	<p>capital spares and insurance expenses, which shall be trued up based on details of the year-wise actuals along with appropriate justification for incurring the same and along with confirmation that the same is not claimed as a part of additional capitalisation or consumption of stores and spares and renovation and modernization.</p>										
2	-	<p>70. (G) Compensation for the operation of generating station below normative plant availability factor (4) For the purpose of compensation under regulation (1) of this regulations, the degradation of gross station heat rate (SHR) over and above the norms specified under Regulation 70(B) of these regulations shall be considered as under:- a) For coal or lignite based generating stations:-</p> <table border="1" data-bbox="646 1279 1272 1425"> <thead> <tr> <th data-bbox="646 1279 789 1425">Sr. No.</th> <th data-bbox="789 1279 951 1425">Unit loading as a % of Installed</th> <th data-bbox="951 1279 1110 1425">Increase in SHR (for sub-</th> <th data-bbox="1110 1279 1272 1425">Increase in SHR (for super</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Sr. No.	Unit loading as a % of Installed	Increase in SHR (for sub-	Increase in SHR (for super					<ul style="list-style-type: none"> • It is a welcome step as the Heat rate compensation & AEC compensation have been refined further to multiple bands of plant loadings. • However, the Heat rate compensation proposed in the draft is on lower side when compared with plant's calculated loss based on OEM curves. • Previously, CEA vide file no. CEA-TH-17-13/1/2019-TETD Division dated 19.12.2023 had recommended operational norms for thermal power stations based on detailed analysis and OEM & design curves. The Heat rate
Sr. No.	Unit loading as a % of Installed	Increase in SHR (for sub-	Increase in SHR (for super								

APL Comments on Draft First Amendment to CERC Tariff Regulations, 2024

Sr. No.	CERC Tariff Regulations, 2024	CERC Draft First Amendment, 2024				Comments																																												
			Capacity of the Unit	critical units) %	critical units) %	<p>compensation values proposed in the draft are significantly lower than the recommended values by CEA at lower unit loading where impact on heat rate is much higher.</p> <ul style="list-style-type: none"> We humbly request the Hon'ble Commission to align the Heat Rate Compensation values at lower unit loading in line with CEA's recommendation, as below: <table border="1" data-bbox="1297 643 1873 1292"> <thead> <tr> <th>Sr. No.</th> <th>Unit loading as a % of Installed Capacity of the Unit</th> <th>Increase in SHR (for sub-critical units) %</th> <th>Increase in SHR (for super critical units) %</th> </tr> </thead> <tbody> <tr><td>1</td><td>85 -100</td><td>Nil</td><td>Nil</td></tr> <tr><td>2</td><td>80 - <85</td><td>2.1</td><td>1.8</td></tr> <tr><td>3</td><td>75 - <80</td><td>3.0</td><td>2.5</td></tr> <tr><td>4</td><td>70 - <75</td><td>4.0</td><td>3.3</td></tr> <tr><td>5</td><td>65 - <70</td><td>5.1</td><td>4.1</td></tr> <tr><td>6</td><td>60 - <65</td><td>6.1</td><td>4.9</td></tr> <tr><td>7</td><td>55 - <60</td><td>7.6</td><td>6.0</td></tr> <tr><td>8</td><td>50 - <55</td><td>9.4</td><td>7.7</td></tr> <tr><td>9</td><td>45 - <50</td><td>11.9</td><td>10.7</td></tr> <tr><td>10</td><td>40 - <45</td><td>14.2</td><td>13.2</td></tr> </tbody> </table>	Sr. No.	Unit loading as a % of Installed Capacity of the Unit	Increase in SHR (for sub-critical units) %	Increase in SHR (for super critical units) %	1	85 -100	Nil	Nil	2	80 - <85	2.1	1.8	3	75 - <80	3.0	2.5	4	70 - <75	4.0	3.3	5	65 - <70	5.1	4.1	6	60 - <65	6.1	4.9	7	55 - <60	7.6	6.0	8	50 - <55	9.4	7.7	9	45 - <50	11.9	10.7	10	40 - <45	14.2	13.2
Sr. No.	Unit loading as a % of Installed Capacity of the Unit	Increase in SHR (for sub-critical units) %	Increase in SHR (for super critical units) %																																															
1	85 -100	Nil	Nil																																															
2	80 - <85	2.1	1.8																																															
3	75 - <80	3.0	2.5																																															
4	70 - <75	4.0	3.3																																															
5	65 - <70	5.1	4.1																																															
6	60 - <65	6.1	4.9																																															
7	55 - <60	7.6	6.0																																															
8	50 - <55	9.4	7.7																																															
9	45 - <50	11.9	10.7																																															
10	40 - <45	14.2	13.2																																															
1		85 -100	Nil	Nil	Nil																																													
2		80 - <85	2.1	3.0	2.5																																													
3		75 - <80	4.0	4.0	3.3																																													
4		70 - <75	5.1	5.1	4.1																																													
5		65 - <70	6.1	6.1	4.9																																													
6		60 - <65	7.6	7.6	6.0																																													
7		55 - <60	9.2	9.2	7.1																																													
8		50 - <55	11.3	11.3	8.3																																													
9		45 - <50	13.8	13.8	9.9																																													
10		40 - <45	13.8	13.8	9.9																																													
3	-	70. (G) Compensation for the operation of generating station below normative plant availability factor				<ul style="list-style-type: none"> The generator operates the unit based on LDC instructions and has no control on overall demand. The financial loss 																																												

APL Comments on Draft First Amendment to CERC Tariff Regulations, 2024

Sr. No.	CERC Tariff Regulations, 2024	CERC Draft First Amendment, 2024	Comments
		<p>(7) The financial gains computed, after taking into account compensation, over and above the actual energy charges shall be shared between the generating station and the beneficiaries in the ratio of 1:1. in accordance with the procedure to be issued by NLDC with the approval of the Commission.</p> <p>(8) There shall be a reconciliation of the compensation at the end of the financial year considering actual weighted average operational parameters of station heat rate, auxiliary energy consumption and secondary oil consumption.</p>	<p>incurred due to operational inefficiencies caused by partial loading affects the generator only.</p> <ul style="list-style-type: none"> • It may be noted that the existing as well as the proposed compensation mechanism for partial load operation considers a complete financial year as one block to determine the eligibility for compensation. • It is submitted that loss incurred by the generator due to degradation of operational parameters on account of partial load operation during one time block cannot be recovered even with full load operation in subsequent time blocks. • Pertinently, an Expert Committee under the chairmanship of Shri Rakesh Nath, ex-Member APTEL, also recommended compensation for partial load operation on time block-wise basis instead of considering a year as a block in its report submitted to CERC on 14.01.2020, in view of the reasons mentioned above. • Thus, under such circumstances where the generator is not even being fully compensated for part load operation due to consideration of entire year as one block for

APL Comments on Draft First Amendment to CERC Tariff Regulations, 2024

Sr. No.	CERC Tariff Regulations, 2024	CERC Draft First Amendment, 2024	Comments
			<p>computation of compensation, if the generator is further asked to share any purported savings with the beneficiaries, the same will only widen the financial loss incurred by the generators.</p> <ul style="list-style-type: none"> • In view of the above, the provision related to sharing of financial gains should be dropped.
4	-	<p>70. (G) Compensation for the operation of generating station below normative plant availability factor</p> <p>-</p>	<ul style="list-style-type: none"> • Similar to Heat Rate and AEC compensation, partial loading significantly impact the plant life and to address the same Generating station requires additional operational & maintenance cost to keep the plant operation reliable and safe. • Hence, we humbly request the Hon'ble Commission to provide compensation for additional operational & maintenance cost for the operation below normative plant availability factor.
5	<p>60. Gross Calorific Value of Primary Fuel: (1) The gross calorific value for computation of energy charges as per Regulation 64 of these regulations shall be</p>		<ul style="list-style-type: none"> • In case of imported coal also there is loss of GCV during transit from port of loading to the power plant just like in case of domestic coal. In fact, such loss is higher for imported coal as compared to domestic coal since transit time for domestic coal from mine to plant is around 3-5 days

APL Comments on Draft First Amendment to CERC Tariff Regulations, 2024

Sr. No.	CERC Tariff Regulations, 2024	CERC Draft First Amendment, 2024	Comments
	<p>done in accordance with 'GCV as Received'; (2) The measurement of GCV of domestic coal shall be done based on third party sampling through an agency to be appointed by the generating company in accordance with the guidelines, if any, issued by the Central Government and the generating company shall ensure recovery of compensation as per Fuel Supply Agreement(s) and pass on the benefits of the same to the beneficiaries of the generating station: Provided that in the absence of third party sampling, computation of the energy charges as per Regulation 64 of these Regulations shall be done in accordance with 'GCV as Billed';</p>		<p>whereas it is much higher at around 15-20 days in case of imported coal.</p> <ul style="list-style-type: none"> • Presently, the regulations provide for considering GCV 'as received' to calculate energy charges. In the absence of 3rd party sampling certificate, the GCV 'As billed' shall be considered for calculation of energy charges in case of domestic coal. However, no such provision exists in case of imported coal. Therefore, similar provision should be made applicable in case of imported coal as well in order to ensure parity between plants operating on domestic coal and imported coal.

APL Comments on Draft First Amendment to CERC Tariff Regulations, 2024

Sr. No.	CERC Tariff Regulations, 2024	CERC Draft First Amendment, 2024	Comments
	<p>..... (4) No loss in calorific value between 'GCV as billed' and 'GCV as received' shall be admissible for generating stations procuring coal through import.</p>		