CERC public hearing on

Draft MYT Regulations,2024 for FY25-FY29

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Impact on consumer tariffs: Regulation 60

- 60 asks generators to ensure recovery of compensation and sharing with beneficiaries as per FSA, based on third party sampling on billing and receiving ends
- Good step but has challenges

- Legal responsibility of coal company limited to billing point
  - Ownership transfer as per FSA
  - Third party sampling SOPs

➔'GCV as billed' is the appropriate measure – with some allowance for transit and stacking loss as already allowed under Regs 59 and Reg 64 (3a)

- If 'GCV as received' retained

➔Ensure generator accountability by mandating publication of details such as sampling results, compensation received, shared etc.

Impact on consumer tariffs: Regulations 64(4) and 38

- 64(4) permits blending up to 6% by weight without beneficiary consultation
  - Can have significant tariff impact if blending is with imported coal
  - Multiple options for blending – Prudent choice important and needs oversight

➔Cap blending without beneficiary consultation based on tariff impact

- 38 computes input price of coal from integrated mines based on prudent cost
  - Objective of giving captive mines was to reduce cost of coal procurement and consumer tariffs

➔Input charges should be capped at CIL notified price of declared grade

Impact on consumer tariffs: Reg 63 and 64 (2)

- 63 links ECS FC recovery to plant availability and ECS ECR is computed based on scheduled energy as per 64 (2)
  - Plant availability/generation does not implicitly mean operation of the ECS
  - Investments undertaken towards adherence to norms

➔ ECS cost recovery should be based on compliance to the norms → linked to certificate from PCB/verification of compliance against publicly notified CEMS data about utilisation of equipment for at least (say) 90% of the period considered

- Final deadline (Dec 2027) falls in this control period

➔ Protect timely movers, Non-adherence post the deadline must be penalized

  - Detailed suggestions in written comments

Improvements in process

- Long-term lock-ins of new Sec 62 coal-based capacity
  - Needs greater regulatory oversight instead of fait-accompli capacity addition

➔Ideally, all new capacity contracted should be only under Sec 63

➔Sec 62 capacity to be considered only after approval from corresponding SERCs for procurement of at least 70% of proposed capacity at indicative cost

- Multiple stakeholders impacted by central capacity addition for the long term

➔Mandate capital investment / business plan from central entities whose approval is subject to a public process

Improvements in process: Reg 60 (2) and Reg 10 (6)

- 60 (2) requires GenCos to display details pertaining to fuel procurement on their website – not adhered to
  - Fuel procurement impacts consumer tariffs
  - Shortages, procurement from imports → fuel procurement should be transparent

➔Monthly fuel data reporting on GenCo website should be strictly mandated and non-compliance should be penalised

- 10 (6) has a provision for public hearing while granting tariff
  - Multiple stakeholders impacted, across states

➔Tariff of regulated central entities should be approved after public hearing

Enabling a smooth transition: Reg 62

- Reg 42 of 2019 regulations provided for high and low demand periods in addition to peak / off-peak hours
  - Removed in current draft citing operational difficulties
- But consideration of high demand season → important going forward
  - Changing role of coal-based generation → availability during high demand periods critical
- With an integrated national grid, coincident peak is what matters
  - Also highlighted in MoP Resource Adequacy guidelines
- High *net load* demand relevant for coal plant availability rather than overall high demand

➔Reintroduce high demand period based on national net load for AFC recovery

- Grid-India can define national high/low demand seasons and peak/off-peak hours based on net-load
- Detailed suggestions in written comments

This presentation only covers a few key inputs from Prayas (Energy Group). Elaborations of these, and our remaining comments will be included in our written submission.

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