

Ref:- MSEDCL/Dir-Comm/MoP/ 5500

Date:- 14/03/2018

To,  
The Under Secretary,  
Ministry of Power, Govt. of India  
New Delhi.

**Sub:-**MSEDCL comments on the concept paper on flexibility in generation and scheduling of thermal stations to reduce emissions-reg.

Dear Sir,

This is with reference to the above cited subject , MSEDCL comments on concept paper on flexibility in generation & scheduling of thermal stations to reduce emmissions-reg. are as below:-

1. RE prices have touched new bottom line in the recent times, in most cases lesser than Thermal Tariff. This has allowed the DISCOMs to tie-up cheaper Renewable power. However, the concept Paper proposes that any conventional (or) hydro generating station may establish or procure renewable energy generating capacity for supplying power against existing commitments to supply the power from thermal (or) hydro station and may deprive the DISCOMs from the existing benefit of procuring economical RE power through competitive bidding and shall result in an scenario similar to the cost-plus regime.  
Also, in concept paper nothing is mentioned about balancing power. Is generators are going to tie up with balancing power to make RE power schedulable?.
2. Looking at the current trend of tariffs, it is well observed that the renewable power is getting cheaper in comparison to Thermal Power and as per the proposal, the thermal power is required to be bundled with the Renewable power. The thermal power has two part tariff and renewable power has single part tariff. In the given situation, the proposed mechanism under the concept paper fails to address how the fixed charges of Thermal would be adjusted for supply of a cheaper Renewable Energy. Thus a situation may arise, wherein the Generator will eligible for entire fixed cost, in spite of the unavailability of Thermal Plant. Therefore, the scheduling mechanism and the implication of the fixed charges for such bundled power is totally missing in the proposal.
3. Considering the benefit of the renewable energy generation for reducing emission and to encourage the penetration of Renewable Energy in Indian power sector, CERC and all major

SERCs had already introduced respective RPO regulations and RPO targets to be fulfilled by DISCOMS. For compliance of RPO regulations, DISCOMs across the country had undertaken prudent efforts by signing long term PPAs with Renewable Generators to meet the designated RPO targets

On similar lines, MSEDCL had signed ७५२५ MW long term EPAs with RE generators out of total tied up capacity of ३१०९८ MW. Further to meet the ambitious target of RE power of १७५ GW of GoI, DISCOMs including MSEDCL has taken steps to tie up RE power through competitive bidding.

Moreover, it is highlighted that since DISCOMs across country have themselves initiated necessary action to encourage renewable energy to reduce the emission, the need doesn't arise for generators to perform the same through bundling of power.

4. Implementation of this concept paper shall result in amendment in the existing PPAs. It is submitted that the current PPA of DISCOM with generating station are under MoU route as well as under competitive bidding mechanism and such changes will result in renegotiation of PPAs. This will lead to ambiguity and numerous complications and required deviations from the existing regulatory framework.

Moreover, any such action pertaining to opening the current PPAs or Re-negotiation of PPAs on account of the proposed mechanism under this ibid concept paper shall result the IPPs in unduly advantageous position and burdening the DISCOMs and its consumers.

5. Moreover on account of the below complexities and operational discrepancy, with the existing regulatory framework and systems in place, the proposed mechanism has lot of ambiguity to be addressed:
  - Computation of Tariff, because the Thermal/Hydro power have two-part tariff but RE power has single part tariff
  - Monitoring of source of power (Thermal / RE) supplied by the Generator and
  - Scheduling of Power, because the Thermal Power is subjected to scheduling, whereas RE Power is must run.

Hence, MSEDCL shall not concur with the proposed mechanisms of bundling power.

Submitted for consideration please.

Yours Sincerely



(Satish Chavan)

Director (Commercial), MSEDCL

Copy submitted with respect to:-

Chairman & Managing Director, MSEDCL, HO, Mumbai