No.23/70/2017-R&R
Government of India
Ministry of Power
***

Shram Shakti Bhawan, Rafi Marg,
New Delhi, the 5th April, 2018

To

1. Principal Secretaries/Secretaries (Power/Energy) of all State Governments/UTs.
2. CMD/MDs of State Gencos/ Discoms
3. CMD of all CPSUs under administrative control of Ministry of Power

Sub: Flexibility in Generation and Scheduling of Thermal Power Stations to reduce emissions.

Sir/Madam,

The concept of Flexible utilization of coal as introduced by the Central Government in year 2016, allows the use of coal within its basket in optimal manner. This avoids unnecessary coal transportation and reducing the power generation cost. In a similar manner, it is has been decided that there should be some flexibility in Generation and scheduling of Thermal Power Stations so that Discoms are able to meet their RPO without facing any additional financial burden.

2. Further, due to large scale integration of Grid connected renewables which inherently has huge variability of generation, there is a need of balancing power to maintain security and stability of Grid. Under present regulation, such balancing power is to be arranged by the Discoms. Hence, the responsibility of arranging balancing power requirement will now also be shared by the Generators.

3. This flexibility will provide the Power Generators an opportunity to optimally utilize generation from RE sources and also help in reducing emissions and it shall also facilitate further RE Capacity addition.

4. The detailed mechanism of allowing Flexibility in Generation and Scheduling of Thermal Power Stations is enclosed at **Annexure**.

5. All stakeholders are requested to take necessary action in this regard.

6. This issues with the approval of Hon'ble Minister of State (I/C) for Power and New & Renewable Energy.

Yours sincerely,

Enclosure: as above

5/4/18

(Ghanshyam Prasad)
Chief Engineer
Tel. No. 011-23710389

Copy to:
1. Secretary, Ministry of New & Renewable Energy, New Delhi
2. Secretary, Ministry of Coal, New Delhi
3. Chairperson, CEA, New Delhi
4. Secretary, CERC, Chanderlok Building, Janpath, New Delhi
5. Secretaries of all State Electricity Regulatory Commissions/JERCs

Copy for information to:
PS to MOSP (I/C), PPS to Secretary (Power), All Joint Secretaries/EA/ CE (OM&RR) and Directors/ DS, MoP

Flexibility in Generation and Scheduling of Thermal Power Stations to reduce emissions.

A. Background

The Government of India has given commitment that as part of Nationally Determined Contributions (NDC), India would have 40% of its installed capacity from non-fossil fuel sources by the year 2030.

In pursuance of this, as per provisions of Tariff Policy issued on 28th January, 2016, Ministry of Power has issued 'Long term growth trajectory of RPOs' for Non-solar as well as solar sources, uniformly for all States/UTs, initially for three years from 2016-17 to 2018-19.

Long Term trajectory	2016-17	2017-18	2018-19
Non-Solar	8.75%	9.5%	10.25%
Solar	2.75%	4.75%	6.75%
Total	11.5%	14.25%	17.00%

In the year 2016, Government has introduced the concept of flexible utilization of coal. Earlier, each power plant owned by a company had to sign Fuel Supply Agreements (FSA) for supply of coal from a specified coal mine. The policy for flexible utilization of coal allowed a company to use coal within its basket in the most optimal manner such that unnecessary coal transportation is avoided and lower costs of power generation could be passed on to the beneficiary states.

In a similar manner, there should be some flexibility provided in electricity Generation so that Discoms are able to meet their RPO without facing additional financial burden.

B. Need for allowing flexibility in Generation

Due to larger procurement of Renewables, the issues being faced by the stakeholders including Discoms which need to be addressed inter-alia are:

i) Need for balancing power: RE Generation sources have the benefits of cleaner energy sources but Solar and Wind energy is available only during some part of the day and is generally infirm in nature. This necessitates the user of RE energy