

MONTHLY SECTOR UPDATE

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POWER SECTOR

“Electricity can transform people's lives, not just economically but also socially.”

-Piyush Goyal

1

*Power Sector Reforms,
2020*

2

*News and
Announcements*

3

Key Players updates

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Power Sector Reforms, 2020

The year 2020 has ushered in a new decade for power sector reforms which include better demand management, cleaner energy mix and facilitate competitive market operations despite the temporary setback due to COVID-19. After providing electricity access to all Indian households and creating a roadmap to ensure 24*7 power to all by promoting off-grid electrification solutions, real-time monitoring of supply at the end-user level and network enhancement, the Electricity Amendment Bill 2020 now aims to reform the power sector with sustainability, viability, and transparency.

The country has witnessed a record addition of 51.25 GW of renewable capacity since 2015, and now there is a greater priority for system integration and grid balancing for accommodating rising shares of wind and solar energy as well. More efforts are being made to enable greater supply flexibility by building a flexible coal fleet, expanding pumped hydro and gas capacities, and exploring new ancillary services. But with the central government's efforts to support and generate more private sector investment in the renewable energy sector, this reform strategy looks promising. Once the Electricity Amendment Bill, 2020 is enacted, some of the most significant obstructions blocking the growth and expansion of the renewable energy sector, besides will finally move.

Another proposed amendment to the act, if implemented, shall be a sign of relief for the consumers. According to this amendment, all state regulatory commissions shall determine tariff for retail sale without any subsidy under Section 65 of the Act. Subsidies will be transferred directly to consumers by the state, even as they pay full price for the power.

With relatively more focus on storage and peak power with round the clock power from renewables, I am hopeful that Prime Minister Modi's vision to ramp up its renewable targets from 20 GW to 175 GW by 2022 can indeed be accomplished.

Nilaya Varma

Co-Founder & CEO

Primus Partners

Source:
1. Power Ministry

News & Announcements

1. 6th Foundation Day of AREAS: The Union Minister of Power and New & Renewable Energy and the ex-officio Patron of Association of Renewable Energy Agencies of States (AREAS), Shri R K Singh, addressed the ceremony of the 6th Foundation Day of AREAS on 27th August 2020. The AREAS website www.areas.org.in and the Telephone Directory of AREAS has also been launched by the Minister.

"Renewable energy is economically viable today. The only rider is storage. Prices of storage will come down over time. We should bring down storage prices by increasing demand and putting up more manufacturing facilities. Once that happens the transition to renewables will be faster. More and more future projects will have storage with them."

- Shri R K Singh

2. Off-grid solar power plants under the RESCO and PPA mode

The Ministry of new and renewable energy (MNRE) has declared fresh guidelines for the implementation of off-grid solar power plants under the RESCO and PPA mode. An earlier order of the Ministry had extended the off-grid and decentralized solar photovoltaic (PV) applications program phase-III, till March 31, 2021. According to the guidelines stated in this order, under phase-III of the program, off-grid solar power plants of individual size up to 25 kW can be installed in areas where grid power has not reached or is not reliable.

3. Green Term Ahead Market (GTAM)

The Minister of State (IC) Power and New & Renewable Energy & Minister of State (Skill Development and Entrepreneurship), launched pan-India Green Term Ahead Market (GTAM) in electricity on 1st September 2020 with an aim to lessen the burden on Renewable Energy-rich States and incentivize them to develop RE capacity beyond their own Renewable Purchase Obligation. This would promote RE merchant capacity addition and help in achieving RE capacity addition targets of the country.

Key features of GTAM include,

- Transactions through GTAM will be bilateral in nature with clear identification of corresponding buyers and sellers.
- GTAM contracts will be segregated into Solar RPO & Non-Solar RPO and within the two segments GTAM contracts will have Green Intraday, Day Ahead Contingency, Daily and Weekly Contracts
- Price discovery will take place on a continuous basis i.e. price time priority basis. Subsequently, looking at the market conditions open auction can be introduced for daily & weekly contracts and the energy scheduled through GTAM contract shall be considered as deemed RPO compliance of the buyer.

Key Players Updates

- The Central Government is implementing an INR1,200 crore project to combine Nubra valley in the country's northern tip, and Zaskar with the national power grid, implementing one of the first building blocks of Prime Minister Narendra Modi's plan to make Ladakh carbon neutral. REC (formerly Rural Electrification Corporation) has been asked to implement the project.
- The Punjab State Electricity Regulatory Commission (PSERC) had slashed late payment surcharge to be paid by the power corporation to generation companies to 6 per cent, in April, this year. The Union government in has now asked the state to raise 12 per cent late payment surcharge (LPS) to the generation and transmission companies in the state.
- After numerous legal battles leading to environmental and rehabilitation concerns, a proposed dam project in Himachal Pradesh has now been experiencing paucity of funds to initiate construction. The 40-MW Renukaji multipurpose project in Sirmaur district is awaiting approval from the Cabinet Committee on Economic Affairs (CCEA) of the Central government.
- OKAYA will now provide electric vehicle charging stations to BluSmart Electric Mobility (one of the largest 100 per cent electric fleet operator in India). OKAYA has announced a strategic partnership with BluSmart Electric Mobility, with an aim to provide a well-laid out electrical vehicle (EV) charging station for their fleet operations
- According to a study by the Institute for Energy Economics and Financial Analysis (IEEFA) and JMK Research & Analytics, solar power tariffs will continue to see 5 per cent to 10 per cent annual declines over the coming decade as a result of the technological development of solar and large factories that drive economies of scale.
- Uttar Pradesh state government has launched an investigation into the power failure on Janamashtmi eve (12th August 2020), which left more than 300,000 households in the dark. The Managing Director of UP Power Corporation Limited (central region) will conduct the investigation. Action has already been taken against Larson & Tourb, the company that looks after the maintenance of smart meters. The Chief Minister of UP has also asked the Special Task Force to investigate the matter.
- NTPC Group's monthly power generation increased by 13.3 per cent in the month of July'20 compared June'20. NTPC Group has achieved over 100 Billion Units (BUs) of cumulative generation in the current financial year. According to the data published by Central Electricity Authority (CEA), NTPC Korba (2600 MW) in Chhattisgarh has emerged as the top performing thermal power plant in India with 97.42 per cent Plant Load Factor (PLF) between April to July 2020.

Reference:
Energyworld.com,
from The Economic Times

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The founding team is supported by a distinguished advisory board that includes experts with leadership experience across Government, large corporate and notable civil society organizations.



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