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Subject: 7th FORENS Meeting at Gangtak, Sikkim

From: West Bengal Electricity Regulatory Commission <wberc99@gmail.com> on Thu, 04 May 2017 18:14:51

To: "orierc@rediffmail.com" <orierc@rediffmail.com>

1 attachment(s) - 04.05.2017.doc (30.50KB)

To
The Secretary, OERC

Sir,
Based on the discussion held on 28th April, 2017 the attachment is for perusal please.

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Thanks & Regards ,

West Bengal Electricity Regulatory Commission
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Expression of Interest (EOI) for reduction in Cost of Generation and Cost of Sale to end Consumer :

There is a constant increase in tariff across the country resulting into high cost of power to Industries and all other consumers like Domestic and Commercial. There is a substantial increase in cost of generation in thermal power station mainly due to increase in fuel cost and other statutory requirement notified by GOI from time to time. The major impact are mainly for the following:

- a) Imposition of Clean Coal Cess to the tune of Rs. 400/MT
- b) Imposition of Service Tax in Railway Freight
- c) Increase in Railway Freight along with addition of new items like loading and unloading charges.
- d) Increase in coal price by Coal India
- e) Cancellation of coal mine allocated to the power generating company and subsequently delay in making them operation

In addition to this the power sector has been made to carry the burden of other sectors of railways when it change its coal freight from Class-100 to Class-150 which results around 50% increase in freight along with ramped transmit loss for the railway system resulting less available of coal at plant end though the whole transport route is under railway surveillance, as railway disown the transit loss responsibility this affects the cost of power.

In addition to this due to regular grade slippage and loading of big size stone in the wagon by coal company resulting substantial commercial loss and damage of the equipment at plant end takes place.

Already this has resulted into 40% to 50% increase in the cost of power at generator terminal.

With the notification of new environment norms, for which coal thermal plants will have to install FDG & NOX Control equipments cost of power are likely to be increased by 35P-40P per kWh at generator end.

In the distribution sector there is a high amount of technical and commercial loss and poor network due to unplanned and adhoc construction implemented from time to time. There is a continuous increase in commercial loss mainly due to theft and poor realization. Sometimes the AT&C losses are as high as 30% to 40% against international average of 5% to 6% thus making the whole sectors unviable and defective.

It is proposed to conduct detail study and analysis of each and every component which ultimately has its contribution towards quality and cost of supply through analysis. The consultant will have to identify such area along with their impact in complete details and will draw road map for addressing those issues to make the power affordable to all category of consumers including industries.

Based on this preamble, job specific Terms of Reference may be submitted by the consultants along with expression of interest.

Sub: Roadmap for equalizing the cost of Solar Power across the Country.

Government of India through MNRE has announced Central Financial Assistance (CFA) to the tune of 70% for the Special Category States/ UTA and 30% for General Category States/ UTA.

The Solar Generation cost per kWh depend on number of factors namely, Solar Radiation Level, Capacity Utilization Factor (CUF), availability of adequate land at reasonable rate, Climate condition i.e. duration of cloud coverage, type of terrain, cost of land etc.

So as such, the generation from the same module of solar panel varies place to place which makes the cost of power higher in the Eastern and North East States.

In place like Rajasthan, Gujarat the cost of power always remains low due to their high CUF, very low cloud cover and availability of abundant land at very low price.

Hence, there is a need to look all the issues separately and come out with a comprehensive CFA framework/ Viability Gap Funding (VGF) so that all part of the country can get equal encouragement.

Recently Solar Corporation of India has come out with number of tender notice for different part of the country under RESCO Model. The same can be extended for inviting similar tender for RTS along with Govt. Subsidy (i.e. 30% for General Category States/ UTA and 70% for Special Category States/ UTA) for different part of this country and accordingly the price discovery through this mechanism will help to decide the incentive mechanism/ VGF/ subsidy that can be given for attending the cost of power at such discovered price across the country i.e. in case lowest cost of power in particular state comes around Rs. 3/ kWh and highest comes Rs. 5/kWh then the VGF/ subsidy fund works out Rs. 5- Rs. 3 = Rs. 2/kWh.

Thus everywhere will have equal opportunity & cost of Solar Power to the distribution licensee / end consumer will be same across the country.