Suggestions on Draft
‘NATIONAL ELECTRICITY POLICY 2021’

Presentation to Ministry of Power Expert Committee Group

15 May 2021

Policy Design

- The National Electricity Policy may spell out vision and objectives stemming from current and emerging priorities including climate change, sustainability, environmental pollution, reliability, affordability and quality power supply.

- A review of the key initiatives and schemes bringing out achievement vis-à-vis objectives should inform the new policy.

- Estimation of future demand and projection of demand profiles should form the basis of sectoral planning.

- Envision transition towards a fossil-free electricity system along with with a strategy for Just Transition.

- Reassessment of hydro and renewable energy potential with cross-border energy transactions assumes critical importance.

- Retail tariff design with proper allocation of costs to consumer categories at various voltage-levels may be put in place; direct benefit transfer (DBT) to categories/sections of retail consumers may be provided as deemed appropriate by State Government.

- Enhancing domestic production in new and emerging technologies.

Strategic Requirements

Energy Transition	Fostering adoption of low-carbon pathways in power sector . Just Transition
Power Sector Planning	Short-, medium- and long-term load forecasting and demand profile projection on a regular periodicity
Renewable Energy integration	Holistic planning of different types of storage – hydro, pumped storage, solar thermal, battery, hydrogen, etc., from techno-economic considerations on lifecycle basis
Tariff Setting	Adoption of Time-of-Use tariffs in generation and for consumers with large enough price differentials to send price signals for attracting investments and voluntary participation of consumers in demand side management.
Grid Management	Provision of adequate reserves, ensuring requisite spatial distribution so as to maintain grid stability.

Financial Health of DISCOMs : Improving operational performance through new and emerging technologies.

Climate Change, Security & Sustainability

- Locking of investment in new coal capacity should be last resort; use of existing coal plants for meeting seasonal peaks.

Thermal Power

- Hydropower having value beyond electricity generation (grid support and flexibility, peaking power), right kind of market and regulatory framework should be developed to encourage investment.

Hydropower

- RE promotion should include floating solar projects on dams & canals, concentrating solar thermal technologies

Promotion of New Renewable Energy Technologies

- Given falling solar PV costs, and need to minimize overall power procurement costs, RPOs need not distinguish between solar and non-solar targets

RPOs and Power Procurement Costs

- Incentivize distributed solar using gross metering (with feed-in tariffs) and other emerging RE technologies - off-shore wind,etc.

Incentivizing RE

- Planning for transmission with focus on cost optimization and reliability.

Transmission Planning

- Factoring in prospects of cross-border trade in power system planning.

Cross Border Trading

Distribution

- Encouraging increased private participation in areas which continue to show sub-par performance.

Private Participation in Distribution

- Separation of carriage and content would create multiple challenges.

Carriage and Content

- A differentiated approach for metering should be adopted.

Metering

- Prescribe fixed timeline to reduce and eliminate regulatory assets;

Regulatory Assets and Retail tariff

- Actual cost of supply should be calculated for each consumer category/ voltage level; DBT
- SERCs to rationalize tariff categories

Tariff Rationalization

- Regulators to fix timelines for GIS mapping of all distribution assets
- implementation of Enterprise Resource Planning system.

Distribution Asset Management

Need of the Hour

- Need based evolution of spot market is important instead of prescribing a percentage in definite time frames.
- Study of international experience recommended before introducing forward contracts and derivatives.

Power Markets

- Timeline for notifying SOPs for e-waste disposal (solar panels & storage batteries); early identification will allow identified disposal costs & mechanism to be factored into tariffs & contracts

Environmental Issues

- Encouraging DISCOMs to expedite setting up of charging infrastructure through utility-centric business models with regulatory support

Creation of EV Charging infrastructure

- Promotion of domestic equipment manufacturing in AMI, Renewables, etc.
- Solar panels & grid storage require additional support.

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Thank You