

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Suo Moto Petition No. 2/SM/2023**

**Coram:**

**Shri I. S. Jha, Member  
Shri Arun Goyal, Member  
Shri Pravas Kumar Singh, Member**

**Date of Order: 14.02.2023**

**In the matter of**

Blending of Imported Coal with Domestic coal.

**Background**

CERC had published in June, 2022 a staff paper on “Blending of imported coal with domestic coal to mitigate the domestic coal shortage” and invited comments from the stakeholders vide notice dated 2.6.2022, on issues such as “the extent of blending of imported coal that can be allowed without the permission or consultation of the beneficiaries and to what extent the increase in energy charge rate over and above base energy charge rate, approved by the Commission for that year, be allowed upon blending of imported coal”.

2. Based on the comments of stakeholders and considering the inadequate coal stocks / supply from domestic sources and power demand scenario, **this Commission in exercise of its powers under Regulation 76 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter “2019 Tariff Regulations”)**, vide **Order in Petition No. 10/SM/2022 dated 26.07.2022 relaxed the provisions of Sub-Regulation (3) of Regulation 43 till 31.10.2022 or**

**until further orders, whichever was earlier.** The Order dated 26.07.2022 allowed blending of imported coal up to 20% without prior permission of the beneficiaries and operation of the second and third provisos of regulation 43 (3) of the 2019 Tariff Regulations regarding ceiling limits for increase in ECR by 30%/20% were kept in abeyance, up to 31.10.2022.

3. The actual Power Supply Position for December 2022 and January 2023 indicates surge in the all India energy demand and peak power demand as compared to the projected figures for the year 2022-23. As compared to the anticipated all India energy requirement and peak demand of 118254 MU and 196950 MW, as per CEA Load Generation Balance Report (LGBR) report 2022-23 for the month of December 2022, the actual all India energy supplied and peak demand met is 121913 MU and 205101 MW respectively. Similarly for January 2023, as against the anticipated all India energy requirement and peak demand of 121402 MU and 202065MW, the actual all India energy supplied and peak demand met is 125151 MU and 210618 MW respectively. As per the "Report on Twentieth Electric Power Survey of India" published by CEA in November 2022, the all-India peak electricity demand for the year 2023-24 is projected to be around 230 GW.

4. Ministry of Power, in consideration of anticipated surge in energy demand during remaining period of current financial year (2022-23) and first two quarters of 2023-24, has assessed that increase in supply of domestic coal supply shall not be commensurate with the energy demand. Ministry of Power vide its letter dated 09.01.2023 has directed the Central Gencos, State Gencos and IPPs to take necessary action and immediately plan to import coal through a transparent competitive

procurement for blending at the rate of 6% by weight so as to have coal stocks at their power plants for smooth operation till September 2023.

5. In light of the above there is a need for providing regulatory support to GENCOs to procure and blend imported coal so as to have adequate coal stocks at their power plants for smooth operation.

6. Regulation 43 of the 2019 Tariff Regulations provides for Computation and Payment of Energy Charge in respect of Thermal Generating Stations, the relevant provision of which is extracted as follows:

*“43. Computation and Payment of Energy Charge for Thermal Generating Stations*

*(1).....*

*.....*

*(3) In case of part or full use of alternative source of fuel supply by coal based thermal generating stations other than as agreed by the generating company and beneficiaries in their power purchase agreement for supply of contracted power on account of shortage of fuel or optimization of economical operation through blending, the use of alternative source of fuel supply shall be permitted to generating station:*

*Provided that in such case, prior permission from beneficiaries shall not be a precondition, unless otherwise agreed specifically in the power purchase agreement:*

*Provided further that the weighted average price of alternative source of fuel shall not exceed 30% of base price of fuel computed as per clause (5) of this Regulation:*

*Provided also that where the energy charge rate based on weighted average price of fuel upon use of alternative source of fuel supply exceeds 30% of base energy charge rate as approved by the Commission for that year or exceeds 20% of energy charge rate for the previous month, whichever is lower shall be considered and in that event, prior consultation with beneficiary shall be made at least three days in advance.*

.....”

7. The Commission is vested with the power to relax any of the provisions of the 2019 Tariff Regulations on its own motion or on an application made by an interested person. Regulation 76 of the 2019 Tariff Regulations is extracted as under:

*“76. Power to Relax: The Commission, for reasons to be recorded in writing, may relax any of the provisions of these regulations on its own motion or on an application made before it by an interested person.”*

8. Accordingly, in order to facilitate availability of adequate quantum of coal in thermal power plants to ensure smooth and uninterrupted generation and in turn to aid the distribution companies to meet their universal supply obligation to consumers, the Commission in exercise of its powers under Regulation 76 of the 2019 Tariff Regulations, relaxes the provisions of Sub Regulation (3) of Regulation 43 and issues the following directions:

a. The first proviso of sub Regulation (3) of Regulation 43 of 2019 Tariff Regulations shall be read as under:

“Provided that in such case, prior permission from beneficiaries shall not be a precondition for blending up to 6% by weight GENCO wise from alternate

sources of fuel supply including imported coal, subject to technical feasibility, unless otherwise agreed specifically in the power purchase agreement.”

b. The operation of second and third provisos of sub Regulation 3 of Regulation 43 of 2019 Tariff Regulations shall be kept in abeyance.

9. The above directions shall remain operative till 30.9.2023 or until further orders, whichever is earlier.

10. Petition No. 2/SM/2023 is disposed of in terms of the above.

sd/-  
**(P. K. Singh)**  
**Member**

sd/-  
**(Arun Goyal)**  
**Member**

sd/-  
**(I.S. Jha)**  
**Member**