

No.23/23/2020-R&R [254623]

Government of India

Ministry of Power

Shram Shakti Bhawan, Rafi Marg,
New Delhi, 22nd March, 2021

To

1. Pr. Secretary/Secretary in charge of Energy/Power Department, All States/UTs
2. CMDs of all CGSs

Subject: Enabling the Discoms to either continue or exit from the PPA after completion of the term of the PPA ie beyond 25 years or a period specified in the PPA and allow flexibility to the Generators to sell power in any mode after State/ Discom exit from PPA.

Sir/Madam,

I am directed to refer to this Ministry's letter of even no. dated 04.12.2020 seeking comments on the proposal mentioned above in subject and to say that the comments received on the proposal were examined in this Ministry.

2. Based on the comments received in this ministry, the following Guidelines for enabling the Discoms to either continue or exit from the PPA after completion of the term of the PPA i.e. beyond 25 years or a period specified in the PPA and allow flexibility to the Generators to sell power in any mode after State/ Discom exit from PPA have been framed for the compliance for all the concerned stakeholders.


- I. The first right to avail power from the Central Generating Stations developed under section 62 of the Electricity Act (eligible CGSs), even beyond the term of PPA i.e. on completion of 25 years from the date of commissioning of the plant or a period specified in the PPA will continue to be with the States/ Discoms with whom the PPA was signed.
- II. Willing State/Discoms may relinquish their share from eligible CGSs after expiry of the term of the PPA i.e. on completion of 25 years from the date of commissioning of the plant or a period specified in the PPA. The request for relinquishment of such power from CGSs may be submitted only after the approval of the State Commission who would ensure the adequacy of power tied up with the Discoms to meet the demand of electricity for all the consumers under such Discoms.
- III. a) The States/ Discoms having Long-term PPAs with the Central Generating stations, which are due to expire in the near future can opt to relinquish the entire allocated power (firm and unallocated share) from such eligible CGSs post completion of the PPA tenure i.e. on completion of 25 years from the

- date of commissioning of the plant or a period specified in the PPA by giving six months advance notice for their intention to relinquish such power.
- b) For the Stations, which have already completed 25 years, States may exit from the PPA of such eligible CGS after giving six months of notice of relinquishment of such power.
- IV. The relinquishment of such power will be considered only after the State/ discoms have cleared all the past dues. The State/Discoms shall continue to be liable to make all the eligible payments/ dues as per the prevailing rules/regulations to the Generators whose share of power has been relinquished till final settlement.
- V. In all such cases of relinquishment of share from power stations, the power allocation, if any, made by the Central government to the State from that power station would be treated as withdrawn. Intimation to this effect will be required to be given by either the generating company or the State to the Ministry of power.
- VI. States may also relinquish the entire unallocated power from the CGSs (except some specific allocations e.g. power which has been bundled with solar etc). Part relinquishment of share from unallocated pool of power shall not be feasible and accordingly shall not be allowed.
- VII. Any share for Central Generating stations, once relinquished by the State, will not be allowed to be taken back by the State under the same PPA conditions.
- VIII. In case of Bulk Power Supply Agreement (BPSA) also, the state / discoms may relinquish entire allocated power from such projects which have completed 25 years since commissioning of the project. Power supply from other projects shall continue as per the terms of the PPA.
- IX. For Nuclear Power Generating Stations, the mechanism of relinquishment of power after completion of term of PPA shall be as decided by the Department of Atomic Energy as the tariff of Nuclear Power Generating Stations is determined by the Department of Atomic Energy on recommendation of CEA.
- X. The central generating stations, whose power gets relinquished by States, would be free to sell such relinquished power under the various avenues such as:-
- a) Tie up with any other buyers desiring to go for long term PPAs or Medium term PPAs (upto 5 years) or short term PPAs through competitive bidding route.
- b) Sell power in the power exchanges including Day-ahead, Real-time market and Term-ahead markets, etc.
- c) Get the power reallocated to the willing buyers, if any, as per the extant provisions of reallocation of power from CGSs.

3. This issues with the approval of Competent Authority.

Yours faithfully,

Encl: As above


22/03/2021
(Ghanshyam Prasad)
Joint Secretary to the Government of India
Tele No. 2371 0389

Copy to:

- i) All Joint Secretaries/Chief Engineer, Ministry of Power.
 - ii) PS to Hon'ble Minister, Sr. PPS to Secretary (Power), PPS to AS (SKGR), PPS to AS (VKD), PPS to Sr. Advisor, Sr. PPS to JS (R&R), PA to DS (R&R).
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