

F. No.09/11/2021-RCM
Government of India
Ministry of Power

Shram Shakti Bhawan, Rafi Marg,
New Delhi, the ~~17th March~~, 2022

12th April

To

1. ACS/Principal Secretaries/Secretaries (Power/Energy) of all States Governments/UTs.
2. CMD/MDs of State Gencos/ Discoms
3. All Central Power Sector Utilities

Sub: Scheme for Flexibility in Generation and Scheduling of Thermal/ Hydro Power Stations through bundling with Renewable Energy and Storage Power.

Sir/Madam,

Ministry of Power vide letter dated 15th November 2021 has issued the Scheme for Flexibility in Generation and Scheduling of Thermal/ Hydro Power Stations through bundling with Renewable Energy and Storage Power. Since the issuance of the scheme, the stakeholders have requested to i) allow the RE power plants established anywhere in the country to bundle their power with thermal/ hydro power, ii) to allow the sharing of gains between the generator and beneficiary in the ratio of 50:50 without subjecting to a cap of 7 paise/KWh, as was the case in the earlier scheme and iii) other incidental matters.

2. In view of above, the matter was examined in the Ministry and taken up with the competent authority. Accordingly, it has now been decided with the approval of competent authority and in the interest of renewable energy promotion, to repeal the scheme notified on 15th November 2021 and substitute with the fresh scheme notified hereunder.

3. Further, the Guidelines for Tariff Based Competitive Bidding Process and nomination of third party Bid Process Coordinators will be issued shortly. A Trajectory for replacement of Thermal/ Hydro power with renewable power will also be issued shortly.

4. This issues with the approval of Hon'ble Minister of Power and New & Renewable Energy.

Yours sincerely,



(Ghanshyam Prasad)
Joint Secretary (R&R, Trans, OM & RCM)
Tel. No. 011-23710389

Copy to:

1. Secretary, Ministry of New & Renewable Energy, New Delhi
2. Secretary, Ministry of Coal, New Delhi
3. The Chairperson, CEA, New Delhi
4. The Secretary, CERC, Chanderlok Building, Janpath, New Delhi
5. Secretaries of All State Electricity Regulatory Commissions/JERCs

Copy for information to:

1. PS to Hon'ble Minister of Power and NRE
2. PS to Hon'ble Minister of State for Power and Heavy Industries
3. Sr. PPS to Secretary(P)/ PPS to AS (Hydro)/ PPS to AS (Thermal)/ PPS to JS (R&R)/ PPS to JS (Hydro)/ PS to Director (RCM), Ministry of Power

Revised Scheme for Flexibility in Generation and Scheduling of Thermal/ Hydro Power Stations through bundling with Renewable Energy and Storage Power, 2022

1. Introduction

Ministry of Power vide letter dated 05th April 2018 had introduced a detailed mechanism for allowing Flexibility in Generation and Scheduling of Thermal Power Stations. The objective was to promote bundling of cheaper Renewable Energy (RE) with costlier Thermal Power, promote energy transition, and enable the beneficiary DISCOM achieve RPO at least costs. Recently, changes in energy-mix and the larger procurement by distribution licensees has brought new issues to the forefront needing policy attention. Accordingly, the detailed mechanism that was issued earlier in this regard, was revised on 15th November 2021, to comprehensively cover replacement of thermal and hydro power with standalone renewable energy power or renewable energy combined with battery energy storage systems; so that the distribution licensees can meet their Renewable Purchase Obligation (RPO) within the existing contracted capacity and without facing any additional financial burden.

India is aiming to have Net Zero Emissions by 2070. In the recent COP-26 Summit at Glasgow, India has upped its target of electricity from non-fossil fuel-based sources to 500 GW by 2030 and thus, about 50% of total energy consumed by 2030 is expected to come from renewable sources. As India prepares for the energy transition from fossil fuel to non-fossil fuel based energy systems and aims to achieve the reduction in GHG/CO₂ emission by 1 billion tonnes by 2030, India will need to promote installation of 500 GW of non-fossil fuel capacity, out of which 450 MW will come from RE. The instant scheme will propel growth in installed capacity of RE as well as its uptake. Keeping these commitments in mind, the scheme issued earlier vide MoP letter dated 15th Nov, 2021 has been repealed and a new scheme as hereunder is hereby brought into force.

2. Applicability

- 2.1. All new and existing coal/lignite/gas based thermal generating stations or hydro power stations for the purpose of the scheme are hereinafter referred to as a 'Generating Station'.
- 2.2. Any Generating Company having such Generating Station(s) may establish or procure renewable energy from a Renewable Energy (RE) power plant which is either co-located within the premises or at new locations.
- 2.3. The generating companies shall be allowed to utilize such renewable energy for supplying power against their existing commitments/PPAs i.e., replacement of Thermal/ Hydro power to procurers anywhere in India. The RE in the mix shall count towards the RPO compliance of the Distribution Licensee.



- 2.4. The 'RE power plant' under the scheme may be established on a standalone basis or in combination with Battery Energy Storage System (BESS) in the cases mentioned in para 2.2.
- 2.5. Accordingly, henceforth the term 'RE power' shall mean either standalone RE power or RE power with BESS.

3. Tariff Determination of RE Power Plants

- 3.1. In case of RE power plant co-located within the premises of a Generating Station under section 62, the Appropriate Commission shall determine the tariff of RE supplied. Provided that such RE power plant shall be established through a competitive EPC tendering.
- 3.2. In all other cases except para 3.1, RE shall be procured on a competitive bid basis.
- 3.3. A Generating Company under section 62 or its subsidiary shall also be allowed to establish an RE power plant through tariff based competitive bidding process under section 63 provided the bids are called by a Central Government approved third party.
- 3.4. Any Battery Energy Storage System (BESS) to be established with a RE power plant shall be established through a competitive bid process under section 63.

4. Transmission Charges

- 4.1. No additional transmission charges shall be levied for bundling of RE power with Thermal/ Hydro power when the RE power plant is co-located within the premises of a Generating Station.
- 4.2. No transmission charges for use of Inter State Transmission System (ISTS) shall be levied when RE power from an RE power plant is being scheduled to the Thermal/Hydro generating stations as a replacement power; for supply to procurers of another Generating Station located at a different location and owned by the same Generating Company.

Provided that the evacuation of RE power is being made from the same switchyard of the Thermal/ Hydro power plant, up to total transmission capacity.

- 4.3. In any other cases the waiver of transmission charges for use of ISTS for sale through power exchange or to any third party shall be as per the extant policy of the Central government.

5. Transmission Connectivity and Access



