



Regulatory Challenges and Economic Impact of COVID-19

P. K. Pujari

Chairman, Central Electricity Regulatory Commission (INDIA)

14th August, 2020

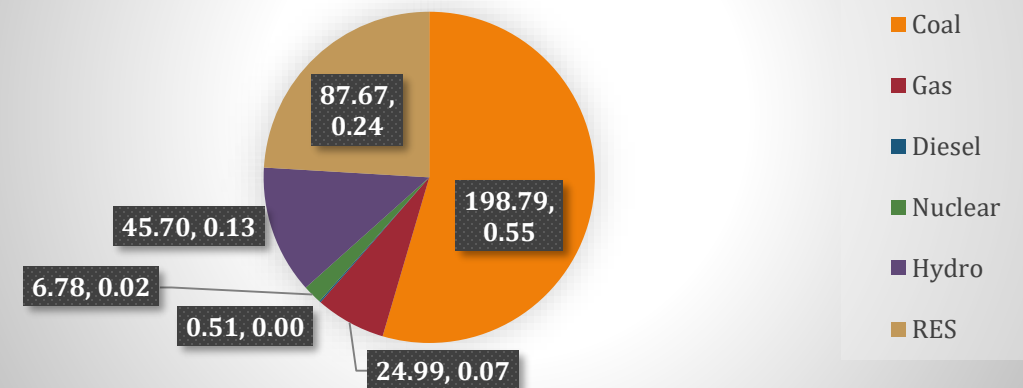
The Legal Framework

- Electricity – a concurrent subject as per Constitution of India.
- Both Centre and States can legislate. But in case of repugnancy, Central legislation prevails.
- One Central Regulator and each State has State Regulator.
- Primarily, administered tariff determination process is followed for GENCOs, TRANSCO and DISCOMs.

Multiplicity of Players

- 600+ Generating Stations.
- 30+ Transmission Licensees.
- 70+ Distribution Utilities.
- 2 Power Exchanges.
- 50+ Trading Licensees.
- 1 National & 5 Regional system operators.
- State system operator in each State.

ALL INDIA INSTALLED CAPACITY (GW) (as on 30th June, 2020)



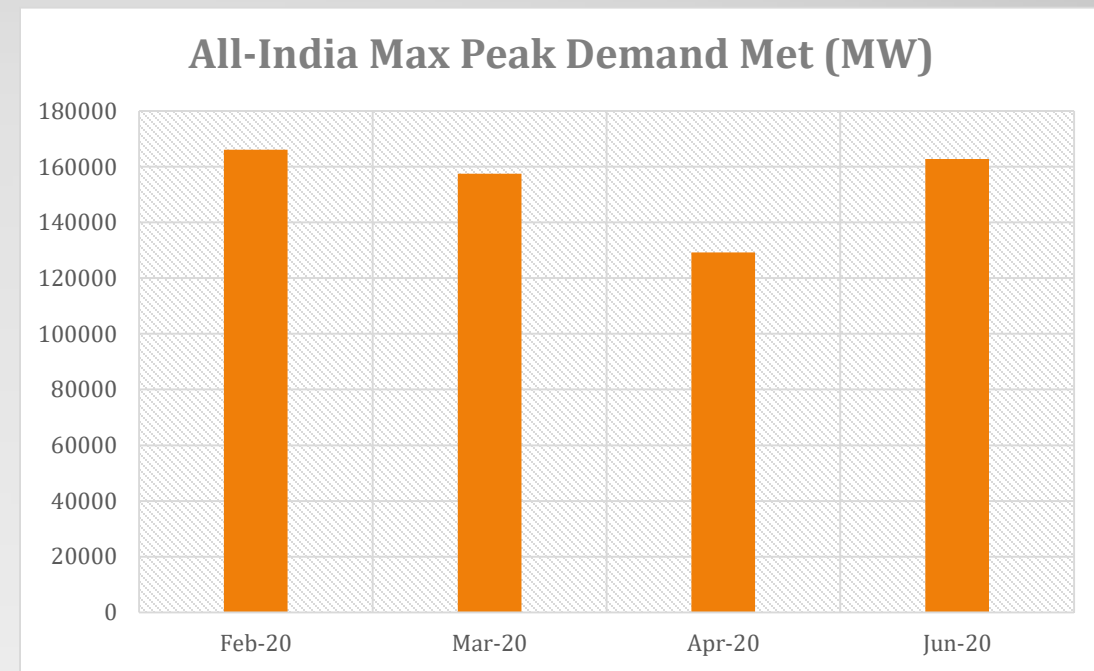
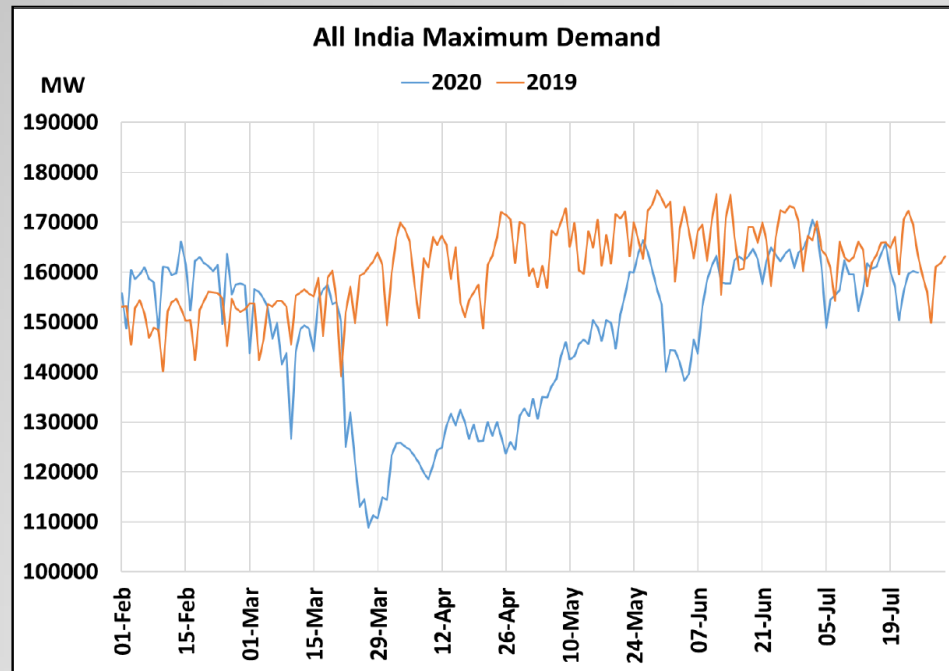
Key Regulatory Challenges in managing the impact of COVID-19

- Ensuring supply of electricity without disruptions(Supply chain, Manpower & Maintenance).
- Assessing & Addressing the impact of the pandemic on stakeholders:
 - Consumers (Individual, Industrial and Commercial).
 - DISCOMs (Reduction in overall demand, but disproportionate reduction in demand of I & C consumers v/s domestic consumers => reduction in power purchase costs of was not commensurate with reduction in revenue from I & C consumers => Impact on cross subsidy).
 - TRANSCOs (Reduction of overall demand).
 - GENCOs (Low PLF & lower recovery of revenues).
- Revisiting/reviewing policies, regulations and procedures to address the difficulties faced by stakeholders – balancing the interests of GENCOs, TRANSCOs, DISCOMs and consumers.
- Designing and putting in place recovery plan.
- Adopting and promoting the “New Normal”.

Impact of COVID-19 on Electricity Demand

Lockdown w.e.f 24th March, 2020

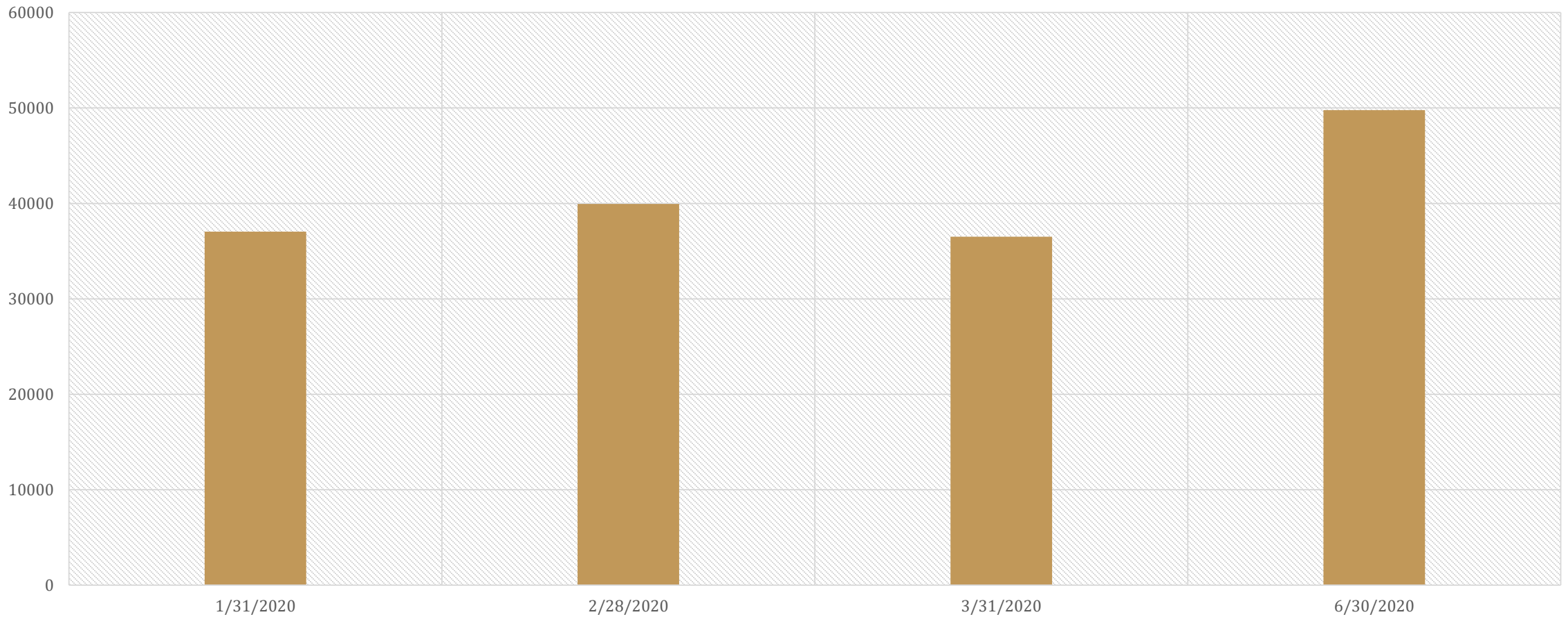
- ▶ Decrease in electricity demand.



- ▶ Consequent impact on GENCOs' and DISCOMs' revenues.

Outstanding Dues (More than 45 days) Of DISCOMs Payable to Central Sector GENCOs

Outstanding Dues (Rs. Crore = Rs. 10 million)



Based upon the information received from CPSUs

Key Policy Measures to Mitigate the Impact of COVID-19

- Power generation, transmission & distribution and coal production & transportation declared essential operation and exempted from lockdown [MoHA].
- Covid-19 declared as a Force Majeure (FM) event [MoF].
- Payment Security Mechanism of DISCOMs reduced by 50% [MoP].
- Deferment of capacity charges for 3 months by Central Sector GENCOs for power not scheduled by DISCOMs.
- Rebate of 25% on capacity charges by Central Sector GENCOs to DISCOMs.
- Rebate of 25% on transmission charges by TRANSCO (PGCIL) to DISCOMs.

Key Regulatory Measures to Mitigate the Impact of COVID-19

- 3 month moratorium to DISCOMs for payment.
- Reduction in Late Payment Surcharge payable by DISCOMs.
- Deferment of proposed tighter norms and higher charges for deviations.
- Extension in time limit for payment of annual License fees by licensees.
- Extension in time limit to retail consumers for payment of bills, with or without rebate.
- Reduction in fixed charges for retail consumers for a specified period.
- Waiver of fixed charges, fully or partly, for industrial and commercial consumers.
- Reduction in tariff for industrial and commercial consumers for a specified period.

Key Policy & Regulatory Measures of Recovery Plan

- Special financial package with soft loans for DISCOMs.
- Special package for Small & Medium scale industries, which is expected to result in demand recovery for electricity.
- Greater digitisation of billing and payment.
- Use of technology for remote monitoring of power system establishments.
- Greater use of e-office, including filing and hearing of adjudication cases and public hearings.



Thank you!

chairman@cercind.gov.in