Comments on the CII proposal for eliminating Load Shedding in Pune Urban Circles

Prayas Energy Group

Load Shedding – Impact of MERC Order

- Present Load shedding
  - 1 or 2 hours per day (540 MWh) in Pune City
  - 6 to 8 hours per day in rural areas
- However, consumers of the same category in rural and urban area pay the same tariff
- Large no. of HT industries excluded from LS
- It is only because Pune is an urban area with better revenue, load shedding hours are minimum with no load shedding during evening peak

CII Proposal

- Welcome initiative
  - Consumer initiative
  - Principle of higher cost for better service being considered

CII proposal :Operational Issues

- Variable (Fuel) charge
  - Detailed cost audit is essential
- Reliability
  - Continuous availability of 90-100 MW should be ensured
- Administrative issues and costs
  - Appropriate metering arrangements
  - Setting up of a mini-Load Dispatch Centre

Tariff Impact

CII proposal	MSEB Response
About 37 p/kWh	About 42 p/kWh

(For daily LS of 540 MWh)

- Some gaps in both calculations
  - Industries willing to pay such surcharge?
  - Should poor / small consumers pay such surcharge?
  - What will be costs of operationalisation and monitoring?
- Considering these factors, the real tariff hike would be about 60 p/kWh or 20 %!

➔ A very high cost proposal

Concerns

- Increasing urban – rural and industrial – non industrial differences
- Need to strike a balance between equity and economic efficiency
- Need to explore alternative approaches

Alternative Approaches …1

- Other possibilities of generation e.g. Converting Uran to liquid fuel
  - 1/6th of the annual cost of this scheme (25 Cr)
  - Addition of 450 MW with much lower cost of generation
- Buying peaking power from a Trader
  - CII could facilitate this transaction

Alternative Approaches …2

- Present Scheme = Incentivising load withdrawal at Rs 10.18/kWh
  - Why should other big consumers (malls, hoardings, multiplexes etc) be excluded ?
  - They could possibly be incentivised at a lower rate!
- Management of reliability may be dealt at the micro level
  - Those who cannot afford load shedding of even 0.5 – 1 hr, may switch to inverters / DG sets – why to force increased cost & reliability on all?

Important issues that need urgent action

- Long term demand forecast
- Capacity addition plan and associated PPAs
- Reduction of T & D losses (e.g.zone-wise public hearing?)

Prayers

- Need to revisit the load shedding protocol
- Need to reduce urban – rural differences
- Current proposal – very high cost and hence should not be considered for eliminating load shedding in Pune
- Initiate urgent action on important issues (e.g. demand forecast, capacity addition plan and PPAs)