UNIVERSITY OF PETROLEUM & ENERGY STUDIES

End Semester Examination – DEC, 2021

Name of the Program: MBA Power Management SEM - IIIrd

Subject Name: Power Pricing & PPA Max. Marks : 100

Duration : 3 Hrs Course Code : PIPM 8003

SECTION – A Total - 20 Marks – (All CO1)

Attempt all questions (Each questions carry same marks) – (10X2Marks)

1. **What do you mean by term PPA in Indian power sector? Explain.**
2. **What is Station Heat Rate in TPP? Explain.**
3. **Explain "DSM" in power sector.**
4. **Expand terms FSA and UI in power business.**
5. **Explain force majeure.**
6. **Explain concept of Capacity Charge.**
7. **Explain Energy Charge.**
8. **Explain term ARR in power.**
9. **Explain GCV in Thermal Power Plant.**
10. **Name Chairman of CERC and CEA.**

SECTION – B Total - 20 Marks - (All CO2)

Attempt all questions. Each question carries equal marks.- (4 X5 Marks)

11. **What are charges for Open Access? Explain.**
12. **What is Various Component of fixed Charge for Tariff? Explain.**
13. **Distinguished between Cross Subsidy and Subsidy.**
14. **What do you mean by delicensing Distribution? Explain.**

SECTION – C 30 Marks (All CO3)

Attempt any thtree questions. (30 marks = 3X10 Marks)

15. **"Solar PV tariff has come down in Indian power sector" – critically explain this statement.**
16. **Calculate first year tariff for 1000 MW Hydro-Electric Power Plant in Uttarakhand assuming all norms and regulations as per CERC.**
17. **What are main features of any PPA document? Critically analyze them.**

SECTION – D - 30 Marks = 2X15Marks (All CO4)

Case Study: CERC moots compensatory tariff for Mundra UMPP

The Central Electricity Regulatory Commission (CERC) in its path-breaking order has asked Tata Power promoted Coastal Gujarat Power Limited (CGPL) and procurers to set down a consultative process to find out an acceptable solution in the form of compensatory tariff over and above the tariff decided under the power purchase agreement (PPA) to the Mundra ultra mega power project (UMPP).

This is to mitigate the hardship arising out of the need to import coal at benchmark price on account of Indonesian Regulations.

CERC delivered order on Tata Power's petition filed under sections 61, 63 and 79 of the Electricity Act, 2003 for establishing an appropriate mechanism to offset in tariff the adverse impact of the unforeseen, uncontrollable and unprecedented escalation in the imported coal price due to enactment of new coal pricing Regulation by Indonesian Government and other factors in the matter of Mundra UMPP.

The respondents include Gujarat Urja Vikas Nigam Limited, Maharastra State Electricity Distribution Company Limited (MSEDCL), Ajmer Vidyut Vitaran Nigam Limited, Jaipur Vidyut Vitaran Nigam Limited, Jodhpur Vidyut Vitaran Nigam Limited, Punjab State Power Corporation Limited, Haryana Power Generation Corporation Limited and the Ministry of Power.

Tata Power had argued that in view of Indonesian Regulations and escalation in international coal prices, it was supplying power to the procurers by purchasing coal at a higher price that what was agreed in the Coal Supply Agreements without any adjustment of tariff and is consequently stated to suffer a loss of Rs 1873 crores per annum and Rs 47,500 crores over a period of 25 years.

CERC in its order asked Tata Power and respondents to constitute a committee within one week from the date of order consisting of the representatives of the Principal Secretary (power/managing directors of the distribution companies) of the procurer states.

Besides, the committee would also comprise of the Tata Power chairman or his nominee, an independent financial analyst of repute and an eminent banker dealing and conversant with infrastructure sector. The nominees of financial analysts and banker be selected on mutual consent basis.

CERC said the committee would go into the impact of the price escalation of the Indonesian coal on the project viability and obtain all the actual data required with due authentication from independent auditors to ascertain the cost of import of coal from Indonesia and suggest a package for compensatory tariff which can be allowed to the Tata Power over and above the tariff in the PPAs.

The committee while recommending the compensatory tariff would consider the net profit less government taxes and cess earned by the petitioner's company from the coal mines in Indonesia on account of the benchmark price due to Indonesian Regulation corresponding to the quantity of the coal being supplied to the Mundra UMPP be factored in full to pass on the same to the beneficiaries in the compensatory tariff. Moreover, the possibility of sharing the revenue due to sale of power beyond the target availability of Mundra UMPP to the third parties may be explored.

Attempt both questions :- (30 marks = 2X 15 Marks) (All CO4)

18. State the reasons for which Tata needs to hike its tariff? Explain.
19. Critically analyze the above case with your suggestions.