

The Electricity (Promotion of Generation of Electricity from Must-Run Power Plant) Rules, 2021¹

In exercise of the power conferred by sub-section (1), read with clause (z) of sub-section (2), of Section 176 of the Electricity Act, 2003 (36 of 2003), the Central Government hereby makes the following rules, namely:—

1. Short title and commencement.—(1) These rules may be called the Electricity (Promotion of Generation of Electricity from Must-Run Power Plant) Rules, 2021.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. Definitions.—(1) In these rules, unless the context otherwise requires,—

(a) “Act” means the Electricity Act, 2003 (36 of 2003);

(b) “intermediary procurer” means an intermediary company, nominated by the Central Government or the State Government, between the distribution licensees and the generating company, required either to aggregate the purchased of electricity from different generators and sell it to the distribution licensee, or to enhance the credit profile;

(c) “must-run power plant” means a power plant, deemed to be a must-run power plant under sub-rule (1) of Rule 3;

(d) the expressions “credit profile”, “merit order dispatch”, “day ahead market”, “real time market”, “bucket filling basis” and “trading margin” shall have the meanings respectively assigned to them under the National Electricity Policy or the Tariff Policy made under Section 3 of the Act.

(2) The words and expressions used and not defined herein but defined in the Act shall have the meaning respectively assigned to them in the Act.

3. Must-run power plant.—(1) A wind, solar, wind-solar hybrid or hydro power plant (in case of excess water leading to spillage) or a power plant from any other sources, as may be notified by the Appropriate Government, which has entered into an agreement to sell the electricity to any person, shall be treated as a must-run power plant.

(2) A must-run power plant shall not be subjected to curtailment or regulation of generation or supply of electricity on account of merit order dispatch or any other commercial consideration:

Provided that electricity generated from a must-run power plant may be curtailed or regulated in the event of any technical constraint in the electricity grid or for reasons of security of the electricity grid:

1. Vide Notification G.S.R. 752(E), dated 22-10-2021, published in the Gazette of India, dated 22-10-2021.

Provided further that for curtailment or regulation of power, the provisions of the Indian Electricity Grid Code shall be followed.

(3) In the event of a curtailment of supply from a must-run power plant, compensation shall be payable by the procurer to the must-run power plant at the rates specified in the agreement for purchase or supply of electricity.

(4) Where, in the event of any technical constraint in the electricity grid or for reasons of security of the electricity grid, procurer gives the notice for curtailment to the must-run power plant in advance, prior to the start of the day ahead market or real time market or any other product introduced from time to time in the power exchange, the must-run power plant shall sell the electricity not scheduled by the procurer in the power exchange.

(5) The amount realised by such must-run power plant from such sale of electricity in a power exchange, after deducting actual expenses paid for the sale in the power exchange, if any, shall be adjusted against the compensation payable by the procurer under sub-rule (3).

(6) Any deficit in realisation of amount, with respect to the compensation shall be paid by the procurer on monthly basis.

(7) Any excess realisation of amount during a month from sale of electricity in a power exchange, if any, shall be carried forward and adjusted in the next month or months.

(8) The final adjustment of excess realisation of amount, if any, shall be paid by the must-run power plant to the procurer within one month of the close of the financial year.

4. Intermediary procurer to procure electricity for distribution licensees.—(1) The intermediary procurer, an agency nominated by the Central Government or State Government, may procure electricity through a transparent process of bidding in accordance with the guidelines issued by the Central Government under Section 63 of the Act for sale to one or more distribution licensees.

(2) The intermediary procurer referred to in sub-rule (1) shall be deemed to be a trader for the purposes of the Act, buying electricity from the must-run power plant and selling the same to one or more distribution licensees.

(3) In case of a bid on the bucket filling basis, where multiple generating companies, as successful bidders, are selected at different rates in order to meet the full quantum of electricity specified in the bid, the weighted average of all the selected bids shall be the resultant bid rate for that bid and power may be offered by the intermediary procurer or trading licensee for sale at the said resultant bid rate to the procurer:

(4) The manner of resultant bid rate specified under sub-rule (3), shall also be applicable to agreements entered into between the intermediary procurer and distribution licensees, prior to the commencement of these rules, for sale of

electricity based on sources of renewable energy from suppliers selected in a bidding process conducted under the guidelines issued by the Central Government under Section 63 of the Act.

(5) The Appropriate Commission, on application made to it by the intermediary procurer or distribution licensee, may adopt the weighted average tariff after hearing the parties concerned.

(6) The Appropriate Commission shall adjust the rate of tariff on annual basis based on the actuals.

(7) The intermediary procurer, from the sale of electricity under these rules, shall be allowed to retain only the trading margin as specified in the agreements or the regulations or as may be determined by the Appropriate Commission.
