



## **Government finalizes the revised framework of Day-Ahead National level Merit Order Dispatch Mechanism in power sector**

The Ministry of Power has finalized a revised structure of Day-Ahead National level Merit Order Dispatch Mechanism with a view to lower the overall cost of electricity generation, which will translate into lower electricity prices for consumers. As per the revised mechanism, the Merit Order for cheapest generating resources across the country to meet the system demand, would be finalized a day in advance as against 1.5 hours in the existing system. This will result in better planning for generating units and cost optimization. Moreover, the revised mechanism will also enlarge the scope of the present mechanism by including all the regional entity thermal power plants and subsequently all the intra-state thermal generators. In the existing system, only the NTPC thermal stations were part of the merit order dispatch.

The existing mechanism of merit order dispatch at real time was made operational in April 2019. This optimised the total variable cost of generation pan-India, while meeting technical and grid security constraints. The existing mechanism resulted in reduction of variable cost on pan-India basis to the tune of ₹ 2300 Crore and these benefits were being shared with generators and their beneficiaries ultimately reducing the cost of electricity to consumers.

The gains out of the proposed Day-Ahead National Merit Order Dispatch Mechanism would be shared between generating stations and their consumers. This will result in increased annual savings for the electricity consumers. This will also help the States in maintaining resource adequacy in a cost effective manner with less carbon footprints. The Day-Ahead National Merit Order Dispatch Mechanism will be implemented by CERC through necessary regulatory processes and it will be operated by GRID –INDIA at national level.

Since 2014, the government has added 184.6 GW of additional generation capacity and 1,78,000 ckt kms of transmission line to connect the whole country into one grid, which has transformed the whole country into one integrated electrical system. The Ministry of Power has been taking several measures to enhance the competition in the sector with the objective of lowering the cost of electricity to consumers.

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Warm regards,

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