

Ref. No. NSPL-C&R-EXTM-FY25-022-31012025

31 January 2025

The Commission Secretary  
Telangana Electricity Regulatory Commission  
Vidyut Niyamtran Bhavan, GTS Colony, Kalyan Nagar  
Hyderabad, Telangana

Dear Sir,

Ref. : Notice inviting suggestions / objections / comments in OP No.33 of 2024

Sub. : OP No.33 of 2024-Proposals submitted by the Southern Power Distribution Company of Telangana Limited (TGSPDCL) and Northern Power Distribution Company of Telangana Limited (TGNPDCL) seeking consent for amendment to the model solar PPA for billing of imported energy from the grid by the solar power developers

We thank the Hon'ble Commission for providing the opportunity to submit suggestions / objections / comments in OP No.33 of 2024.

#### About Neo Solren Private Limited

The Government of Telangana (**GoTG**) has been progressive in formulating policies creating enabling environment to harness vast potential of solar energy as a part of which GoTG had set an objective to provide competitive, reliable power supply to its consumers and to ensure sustainable fuel mix in long term. GoTS has issued an integrated and comprehensive solar power policy ("**Telangana Solar Power Policy-2015**") w.e.f. 01.06.2015 for encouraging capacity additions in the Solar Power.

Under the ambit of Telangana Solar Power Policy-2015, Southern Power Distribution Company of Telangana ("**TGSPDCL**"), on behalf of the distribution companies, had floated the tender for purchase of 2000 MW solar power in the year 2015, as per the directions of Energy Department, GoTG. Pursuant to the said bidding process, Neo Solren Private Limited ("**NSPL**") has entered into a Power Purchase Agreement with Northern Power Distribution Company of Telangana Limited ("**TGNPDCL**") dated 24.02.2016 ("**PPA**") for sale of solar energy from the entire contracted capacity of 42 MW. Accordingly, NSPL has set up the 42 MW solar power project ("**Project**") at Waddekottapalle Village, Mahabubabad District. The Project was commissioned on 11.11.2017 and since then has been supplying solar energy to TGNPDCL for fulfilling their Renewable Power Purchase Obligation.

#### About Sustainable Energy Infra Trust

We wish to inform you that on 09.01.2024, the entire shareholding of NSPL was transferred from Mahindra Susten Private limited to Sustainable Energy Infra Trust ("**SEIT**"), which is India's largest renewable energy infrastructure trust listed on the National Stock Exchange, with an installed capacity base of 1500MWp spread across five States in India, including Telangana. SEIT is co-sponsored by **Ontario Teachers' Pension Plan Board** (one of the largest Canadian pension funds with significant investments in India) and **Mahindra Group** entities

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(one of most respected conglomerates in India), with investments additionally from **Asian Infrastructure Investment Bank** (one of the largest multilateral development banks), domestic **insurance companies** and other DIIs.

## Objections/comments

### Non-compliance to PPA provisions

Article 12.2 of the PPA reads as under:

*“No oral or written modification of this Agreement either before or after its execution shall be of any force or effect unless such modification is in writing and signed by the duly authorized representatives of the Solar Power Developer and the TSTRANSCO or the DISCOM, subject to the condition that any further modification of the Agreement shall be done only with the prior approval of TSERC. Provided that, the amendments to the Agreement in accordance with the orders of TSERC from time to time shall be carried out...”*

In accordance with Article 12.2 reproduced above, any amendment to the PPA has to be initiated only if both the Solar Power Developer and the DISCOM have agreed to such amendment in writing and post the approval by the Hon’ble Commission to the same, such amendment shall become effective with the execution of amendment to the PPA between the Solar Power Developer and the DISCOM. In the instant case, the Solar Power Developer has neither been informed of any proposed amendments nor concurred to the proposed amendments in writing. The Solar Power Developer has come to know of the proposed amendments only through the notice of the Hon’ble Commission seeking objections/comments/suggestions in the subject case.

The approach adopted by the Discoms in seeking amendments to the PPA is not in compliance to Article 12.2 of the PPA and therefore, the Hon’ble Commission may reject the proposed amendments in toto.

Without prejudice to the above, NSPL is hereby submitting its objections/comments in detail on the proposed amendments as under.

**Objections/suggestions/comments of Neo Solren Private Limited on the Proposals submitted by the Southern Power Distribution Company of Telangana Limited (TGSPDCL) and Northern Power Distribution Company of Telangana Limited (TGNPDCL) seeking consent for amendment to the model solar PPA for billing of imported energy from the grid by the solar power developers**

Article ref.	Existing	Proposed amendment	Objections/comments
2.6	<p>The solar power developer is entitled to draw the power from the DISCOM for its auxiliary consumption, subject to limit as specified in Schedule-1. The energy supplied by the DISCOM to the solar power developer through a bilateral arrangement, to maintain the auxiliaries of the power plant in situations of non-generation of power, in any billing month shall be adjusted from the delivered energy, as indicated below:</p> <p><b>Net Energy = Delivered energy by the project at the interconnection point – Energy drawl from DISCOM for auxiliaries.</b></p> <p>Provided that where there is NO Delivered Energy by the SPD at the Interconnection Point in any month, then Energy drawl from the DISCOM shall be billed at the applicable tariff of HT-1 category consumers as notified by the TSERC for the relevant financial year.</p>	<p>The solar power developer is entitled to draw the power from the DISCOM for its auxiliary consumption, subject to limit as specified in Schedule-1. The energy supplied by the DISCOM to the solar power developer through a bilateral arrangement, to maintain the auxiliaries of the power plant in situations of non-generation of power, <del>in any billing month shall be adjusted from the delivered energy,</del> <u>shall be treated</u> as indicated below:</p> <p><b>Net Energy = Delivered energy by the project at the interconnection point – Energy drawl from DISCOM for auxiliaries*</b></p> <p><u>*Here, Energy drawl from DISCOM for auxiliaries is restricted up to Auxiliary consumption as specified in Schedule 1 of this Agreement.</u></p>	<p>The rationale for proposed deletion of the words “in any billing month shall be adjusted from the delivered energy” has not been submitted. It is not clear on the periodicity in which the adjustment is proposed to be undertaken.</p>

Article ref.	Existing	Proposed amendment	Objections/comments
	<p>Provided further that during the plant shutdown or non-generation periods, the project shall draw the energy from the DISCOM only for the essential loads not exceeding the auxiliary consumption. Auxiliary consumption allowed for the purpose of the PPA is as specified in Schedule 1 of this Agreement.</p>	<p>Provided that where <del>there is NO Delivered Energy by the SPD at the Interconnection Point in any month, then Energy drawl from the DISCOM</del> <u>the consumption drawn from the DISCOM is over and above the auxiliary limit specified in Schedule 1 of this Agreement, such excess consumption</u> shall be billed <u>on kVAh basis</u> at the applicable tariff of HT-1 category consumers as notified by the TSERC for the relevant financial year.</p> <p>Provided further that during the plant shutdown or non-generation periods, the project shall draw the energy from the DISCOM only for the essential loads not exceeding the auxiliary consumption. Auxiliary consumption allowed for the purpose of the PPA is as specified in Schedule 1 of this Agreement.</p> <p><u>Provided that where there is NO Delivered Energy by the SPD at the Interconnection Point in any month, then Energy drawl from the DISCOM shall be billed on kVAh at the applicable tariff of HT-1 category consumers as notified by the TSERC for the relevant financial year.</u></p>	<p>Schedule 1 of the PPA specifies the auxiliary consumption as 0.1% of capacity of the project. The capacity of the project is in terms of MW thereby, the auxiliary consumption is in terms of MW. Illustration (as specified in Schedule 1): for a project of 42 MW, 0.042 MW is for auxiliary consumption and 41.958 MW is for export to grid for sale to DISCOM.</p> <p>The justification submitted by the Discoms is that once the import consumption exceeds the auxiliary consumption limit, the Solar Power Developer should be invariably treated as HT-I category consumer. This analogy of the Discoms is beyond that provided in the PPA. It is an established principle that the generating stations drawing electricity from the distribution licensees for their auxiliary consumption cannot be equated to the retail consumers of such distribution licensees. A generating station and a retail consumer are distinct. For example, the deemed contract demand of a Solar Power Developer is restricted to the permitted auxiliary consumption of 0.1% of the project capacity irrespective of the actual demand which is not the case with a retail consumer.</p>

Article ref.	Existing	Proposed amendment	Objections/comments
			<p>In so far as the justification of the Discoms with respect to reactive power affecting the system stability, Clause 17.4 of the Regulation No. 4 of 2018 (being the TGERC (State Electricity Grid Code) Regulation, 2018) exhaustively deals with reactive power compensation. The submissions of the Discoms are silent on the actions taken for reactive power compensation in accordance with Regulation No. 4 of 2018. The Hon'ble Commission may kindly take up the matter of reactive power compensation as specified in the Regulation No. 4 of 2018 separately, as deemed fit and proper.</p>

NSPL craves leave of the Hon'ble Commission to make additional submissions during the course of the proceedings as deemed necessary.

**Prayers:**

In light of the above, NSPL humbly requests the Hon'ble Commission:

1. to reject the proposed amendments of the Discoms.
2. to conduct a hearing before passing any orders in the subject matter.

Thanking you,

Sincerely,

For Neo Solren Private Limited

**Authorised Signatory**