



NATIONAL SOLAR ENERGY FEDERATION OF INDIA
Regd. No. 362 / IV of 8 May, 2013

भारतीय सौर ऊर्जा महासंघ
पंजीकरण नं 362 / IV - 8 मई, 2013

Ref no: NSEFI/TGERC/2024-25/0102

Date: 05.02.2025

To,

The Commission Secretary,
Telangana Electricity Regulatory Commission,
Vidyut Nyantran Bhavan, G.T.S. Colony, Kalyan Nagar,
Hyderabad- 500045.

Subject: Additional Comments / Suggestions on the proposed notice related to amendment to model solar PPA for billing of imported energy from grid by the solar power developers

Ref:

- i. TSERC notice on OP 33 of 2024, D. No. 843
- ii. NSEFI/TNERC/2024-25/0101 (R)

Respected Sir,

Greetings from National Solar Energy Federation of India!

NSEFI is a non-profit organization with the objective of advocating for renewable power development. It is an umbrella organization representing Renewable energy companies active along the whole photovoltaic value chain: project developers, manufacturers, engineering companies, financing institutions and other stakeholders. NSEFI was founded in 2013 by solar energy industry leaders with the vision to promote solar energy, NSEFI is a public trust based in New Delhi. Our members have executed Solar as well as Wind power projects across the country, under the State and Central Schemes across India.

We are writing with reference to the invitation of Stakeholder's comments on proposal (by TGSPDCL & TGNPDCL) on Amendment of model Solar PPA as per the **TSERC notice on OP 33 of 2024, D. No. 843**. In response to this notice, NSEFI had done an extensive stakeholder consultation and submitted the comments on 20th January via letter no. **NSEFI/TNERC/2024-25/0101 (R)**. As the date for submitting the comments got extended till 5th February, our members have submitted additional comments which we would like to submit for your kind reference.

Our members have expressed concerns on the proposed notice related to amendment on imported energy from the grid by the Solar Power developers as the proposed regulations seeks to multiply the auxiliary consumption bills by 5 to 7 times. This regulation, if implemented, will have a profound impact on the financial viability of ongoing projects.

Currently, solar plants incur an average monthly auxiliary consumption cost of approximately Rs. 700/-. Under the proposed regulations, this cost would increase significantly. Specifically, with a 5-times multiplier, the monthly bill would rise to Rs. 3,500, and with a 7-times multiplier, it would escalate to Rs. 4,900. Annually, this would mean an increase from the current Rs. 8,400 to between Rs. 42,000 and Rs. 58,800, depending on the multiplier applied.

The drastic rise in operational costs could severely affect the economics of existing projects. These projects were originally planned and budgeted based on the current auxiliary consumption rates. Implementing such a significant cost increase would disrupt their financial structures, potentially reducing their profit margins and jeopardizing their overall sustainability.



In light of these potential challenges, we respectfully request that the proposed regulation not be applied to existing projects. Retroactively imposing these cost increases would place an undue financial burden on projects that were developed under a different regulatory framework. Allowing existing projects to operate under the previous regulations would help ensure their continued financial health and operational success.

Further, the PPAs that have been concluded through competitive bidding process U/s Sec.63 of the Electricity Act, 2003 can be amended only through mutual consent. The terms of such PPAs cannot be changed unilaterally. It is also settled principle of law that even Courts have no power to tinker with the terms and conditions of a contract concluded U/s 63 of the Electricity Act. In the light of this legal position, the proposal of Telangana Discoms cannot be made applicable to PPAs signed through competitive bidding.

In case of implementation on all project, the members have proposed the installation of reactive power compensation devices, such as Power Factor Correction (PPC) units and capacitor banks/Static Var Generators (SVG), at each plant to maintain the power factor at the delivery point. This solution would help us manage the increased auxiliary consumption costs by improving the power factor and, consequently, the overall efficiency of power usage at our facilities.

However, implementing this solution requires several forms of support and regulatory consideration:

1. Facilitation of Power Quality Meter (PQM) Installation by DISCOMs:

We request that DISCOMs facilitate the installation of PQMs at the metering points of our plants. This facilitation should include:

- Allocation of adequate space for the installation of Current Transformers (CT) and Potential Transformers (PT).
- Installation of the necessary meters for monitoring power quality.
- Assistance in obtaining all statutory approvals required for these installations. Ensuring proper installation and operation of these meters is critical for maintaining the desired power factor and complying with the proposed regulations.

2. Recognition of Capex as a "Change in Law" Under the PPA:

The financial burden of installing reactive power compensation devices and the necessary communication infrastructure is substantial. We urge that these costs be recognized as a "Change in Law" under our existing Power Purchase Agreement (PPA). By doing so, the one-time capital expenditure required for this infrastructure should be reimbursed to us. This recognition will provide the necessary financial support to ensure that the changes can be implemented without jeopardizing the economic feasibility of our projects.

3. Adequate Implementation Timeframe:

We request a minimum of six months to implement the required infrastructure changes before the proposed regulations take effect. This period is necessary to conduct detailed planning, procurement, installation, and commissioning of the reactive power compensation devices. A well-structured implementation timeline will allow us to comply with the new requirements effectively without causing operational disruptions.



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4. Exemption for Small Plants (10 MW and Below):

We further request that plants with a capacity of 10 MW and below be exempted from this regulation. These smaller entities often operate on tighter budgets and may not have the financial or technical capacity to absorb such significant capital expenditures. Providing an exemption for these plants will help protect small-scale projects that play a vital role in the energy sector but lack the resources to undertake extensive infrastructure modifications.

By considering these requests, the proposed regulations can be implemented more equitably, ensuring that existing projects can adapt without facing undue financial hardship. Your support in facilitating the required infrastructure changes and providing financial relief through the "Change in Law" provision will be crucial for the smooth transition and continued success of these projects.

Request to kindly consider our submission and provide regulatory stability to existing projects, which will help for a balanced approach to support the ongoing development and sustainability of the energy sector. Request to kindly have a stakeholder consultation before finalizing these Regulations.

With Best Regards,



Subrahmanyam Pulipaka
Chief Executive Officer
National Solar Energy Federation of India