

# DISTRIBUTED SOLAR POWER ASSOCIATION



DiSPA/TSERC/2022/

28-01-2022

To,  
The Hon'ble Secretary  
Honorable Telangana State Electricity Regulatory Commission  
5th Floor, Singareni Bhawan, Red Hills, Hyderabad – 500 004

The Chief General Manager (RAC)  
TSSPDCL, Corporate office  
'A' Block, First Floor, Mint Compound, Hyderabad – 500 063



**Sub: - Comments in the matter of Determination of Aggregate Revenue Requirement (ARR) for Retail Supply Business for the year FY 2022-23 for TSNPDCL & TSSPDCL**

**Ref: -Public Notice seeking objections / suggestions in above mentioned subject matter in OP No. 58 of 2021**

Dear Sir,

Distributed Solar Power Association (DiSPA), is an association of solar developers and system integrators working in the rooftop and off-grid solar segment across India. The association comprises of leading solar power developers, Independent Power Producers, EPC service providers, consultants concentrating on high growth of the distributed solar energy. DiSPA focuses on multilateral growth of distributed solar energy generation and associated verticals. We work closely with national solar federations and other industry organizations and contribute to Pan-India issues of solar industry.

The Utilities of Telangana State – TSNPDCL and TSSPDCL have filed their ARR for Retail Supply Business for FY 2022-23 on 30th November 2021, under Section 62 of Electricity Act 2003. The Utilities have requested the Hon'ble Telangana State Electricity Regulatory (Hon'ble Commission) to levy Grid Support Charges on consumers operating Captive Power Plants in parallel with TS Grid.

It is pertinent to note that progress of renewable energy projects in the state is likely to be severely impacted if such charges are levied on the consumers. Telangana has promoted rooftop solar projects through various supportive regulations and such a step would be regressive for Solar developers who bring investment into the state for such renewable energy projects and for EPC service providers who are actively engaged in installation of solar power projects across Telangana, thereby helping the State and the state Utilities meet their solar power capacity targets year on year. DiSPA is an aggrieved party in this matter since levy of such charges is likely to impact multiple stake holders operating Captive Solar Power Plants.

The following objections/comments are being raised to ARR for Retail Supply Business for FY 2022-23:-

## **Clause 2.1.2 (Other Tariff Proposals) for FY 2022-23- Grid Support Charges**

1. While providing context for Parallel Operation with the Grid, the state Utilities have cited Chattisgarh State Electricity Regulatory Commission (CSERC) Discussion Paper on Determination of Parallel Operating Charges dtd. 01.06.2008 and Andhra Pradesh Electricity Regulatory Commission (APERC) order dtd 08.02.2002 on Determination of Grid Support Charges. The relevant Clause 2.1.2 (Other Tariff Proposals) for FY 2022-23 is reproduced hereinbelow:

*“Persons Operating Captive Power Plants (CPPs) in parallel with the T.S. Grid have to pay ‘Grid Support Charges’ for FY 2022-23 on the difference between the capacity of CPP in KVA and the contracted maximum demand in kVA with licensee and all other sources of supply, at a rate equal to 50% of the prevailing demand charge for HT*

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*consumers. In case of CPPS exporting firm power to TSTRANSCO, the capacity, which is dedicated to such export, will also be additionally subtracted from the CPP capacity. "*

It is our submission that both these papers/ orders were drafted in the context of Captive Power Plants (CPP's) – specifically from conventional sources of power i.e. coal, gas, bagasse, biomass etc which are firm in nature. Applying such principles to power plants operating on renewable sources – solar and wind, is fundamentally not justified given the infirm nature of renewable sources, which is a well known and accepted fact.

2. The APERC order referred in this matter was drafted in 2002 and mainly applicable in the context of Captive Power Plants from conventional sources of energy – Coal, gas, bagasse etc. The formula suggested in this Order is relevant for instances where the capacity of Captive Power Plant may also be higher than the Contract Demand taken by the consumers from the grid. In case of Captive Power Plants from renewable sources, the consumers pays Demand Charges for the Contract Demand in the electricity bill. The utilities are adequately compensated by way of Demand Charges in such cases and so the Grid Support Charges over and above this would be an additional burden on the consumers.
3. The consumers who have already installed and are operating solar Captive Power Plants in the state of Telangana have done so under the guidelines/ regulations issued by the Hon'ble Commission in the state from time to time and with due approval of the state utilities. Any project which is operational under prevailing regulations with necessary approvals should not attract any new charges retrospectively. This would not be fair on consumers who have taken a progressive step towards installing renewable energy sources promoted by the various state and Central policies.

It is also pertinent to note that other states like Maharashtra (vide MERC Order dtd. 30<sup>th</sup> March 2020 regarding Case No 322 of 2019) has decided not to levy Grid Support Charges on Consumers until solar installations in the state do not reach the target capacity set by the government. Rajasthan and Chhattisgarh have exempted renewable sources from the ambit of such Grid Support Charges.

## **Clause 3.2 CSS for FY 2022-23- Computation of Cross Subsidy Surcharge**

4. With respect to methodology of calculation of Cross Subsidy Surcharge (CSS), the computation provided under Clause 3.2 of the ARR ensures that the CSS keeps increasing when the installation base increases irrespective of the cost of power. Relevant portion of the Clause is referred hereinbelow:-

*"The Tariff Policy 2016 mandates SERCs to determine roadmap for reduction of cross subsidy and bring tariff at +/- 20% Average Cost of Supply, however it restricts Cross Subsidy Surcharge at 20% of the consumer tariff. In case the consumer tariff is more than 120% of Average Cost of Supply, DISCOM will not be able to recover losses through cross subsidy surcharge in case consumer opts for open access. It is essential for SERCs to implement both Para 8.3 -2 and First proviso to para 8.5.1 of the Tariff Policy 2016 simultaneously. If one of the provision could not be implemented due to some reason, the second provision should also not be implanted to that extent"*

Notably, the aforesaid methodology will disincentivize consumers to opt for OA as the savings will keep declining year after year and may turn negative after a certain period.

In view of the aforesaid submission, we humbly request the Hon'ble Commission to consider the following:

- a) Reject the imposition of Grid Support Charges to consumers operating Captive Power Plants from renewable sources.

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- b) Reject the restriction of the Cross Subsidy Surcharge at 20% of tariff payable by the consumer as the tariffs are not within +/-20% Average Cost of Supply. This will enable the licensee in fixing up cross subsidy surcharge without any under recovery.”

Thanking you,

PINAKI Digitally signed by  
BHATTAC PINAKI  
HARYYA BHATTACHARYYA  
Date: 2022.01.28  
20:25:02 +05'30'

**Pinaki Bhattacharyya**  
President  
Distributed Solar Power Association (DiSPA)

*Enclosure: List of Members as Appendix*

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## Appendix

### List of DiSPA Members

S No.	Name & Address	Authorized Representative
1.	Amp Energy India 309, Rectangle One, Behind Sheraton Hotel, Saket, New Delhi, Delhi 110017	<b>Pinaki Bhattacharyya</b>
2.	Amplus Energy Solution Private Limited Emaar MGF The Palm Square Golf Course Ext Rd Sec 66 Gurgaon, 122102 India	<b>Alok Verma</b>
3.	Cleanmax Solar 4th Floor, The International, 16 Maharshi Karve Road New Marine Lines, Cross Road, No.1, Churchgate, Mumbai, Maharashtra 400020	<b>Ashu Gupta</b>
4.	Fourth Partner Energy Limited Fourth Partner House, Plot No: N46, House No: 4-9-10, (1st Left after HMT Nagar Arch), HMT Nagar, Hyderabad – 500 076	<b>Vivek Subramaniam</b>
5.	Renew Power Private Limited Commercial Block-1, Golf Course Rd, DLF City, Zone 6, Sector 43, Gurugram, Haryana 122009	<b>Prabhat Kumar Mishra</b>
6.	Hero Future Energies Private Limited 202, Third Floor Okhla Industrial Estate ,Phase III New Delhi South Delhi 110020	<b>Anuj Mishra</b>
7.	Surya Day Private Limited M-17,Fourth Floor, Main Market Greater Kailash, Part II New Delhi South Delhi DL 110048	<b>Girish Narang</b>
8.	Sunaura Tecchnologies Private Limited A-57 DDA Okhla Industrial Phase II, New Delhi-110020	<b>Kapil Kumar Nirmal</b>
9.	Sunshot Technologies Private Limited B-312, GO SQUARE Corporate Park, Wakad Hinjwaja Road, Wakad, Pune-411057	<b>Rahul Dasari</b>
10.	Kotak Power Private limited 378,10th Cross 4th Phase Peenaya Industrial Area, Bangalore-5660088	<b>Sunil Kamal Kotak</b>
11.	Solartown Rnergy Solutions Private Limited No.26 Paulwells Road Ravi Colony, St.Thomas Mount Chennai-600016	<b>Vijay Kumar sivaramar</b>
12.	Solfreedom Power Limited, Village Rangpur, Distt. Kota-324002	<b>Janme Jai Bagrodia</b>
13.	Ujaas Energy Limited 211/1. Opp Sector-C Metalman,Sanwar Road Industrial Area, Indore	<b>Ashu Gupta</b>
14.	Sunterrace Energy Private Limited C-8/5 Ground Floor, DLF Phase I, Gurgaon	<b>Sanjay Bhasin</b>
15.	Sunsource Energy Private Limited B-14 Sector-132, Greater Noida-201301	<b>Anil Ahuja</b>
16.	Harsha Abakus NH-8A, Sarkhej-Bavla Road, P.O. Changodar, Ahmedabad 382213, Gujarat, India.	<b>Parminder Singh</b>

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17.	Rays Power Experts 4th Floor Sheel Mohar Plaza, Yudhister Marg, C Scheme, Jaipur, Rajasthan 302001	
18.	Cleantech Solar Dr Charat Singh Colony Rd, Dr. Charatsingh Colony, S B Singh Colony, J B Nagar, Andheri East, Mumbai, Maharashtra 400053	
19.	Fortum India Pvt Ltd The Oberoi Centre, Building No 11, Level 6, DLF Cyber City Complex, Phase 2 Gurgaon 122002, Haryana, INDIA	
20.	Everest solar Gat No. 152 Lakhmapur Taluka Dindori Nashik -422 202 Maharashtra.	<b>Hiten Parekh</b>
21.	Enfinity Global	<b>Ankit Sharma</b>