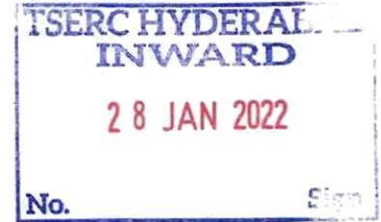


AEIPL/TSERC/2022/

27-01-2022

To,

1. The Hon'ble Secretary
Honorable Telangana State Electricity Regulatory Commission
5th Floor, Singareni Bhawan, Red Hills, Hyderabad – 500 004
2. The Chief General Manager (RAC)
TSSPDCL, Corporate office
'A' Block, First Floor, Mint Compound, Hyderabad – 500 063



Sub: - Objections/Suggestions 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,

The undersigned is an Independent Power Producer (IPP) having significant presence in Telangana. We own and operate solar power projects in Telangana and supply solar power through on-site solar plant to Govt of Telangana, Govt of India offices, public service providers and industrial consumers located in Hyderabad.

The undersigned as well as its consumers are likely to be severely impacted by the proposed imposition of Grid Support Charges on consumers operating Captive Power Plants (CPP) in parallel with the TS grid. This makes the undersigned an aggrieved party in case such charges are implemented. In this context, we are hereby submitting our comments/objections on the proposed matter seeking a fair hearing on the same.

The objection is being raised specifically on "Grid Support Charges" that is proposed to be levied on consumers as per Clause 2.1.2 (Other Tariff Proposals) for FY 2022-23 reproduced below:

"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 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."

Implementation of such charge would be unjust on consumers who have already adopted solar power to promote renewable sources of energy. Our comments against this proposed clause is as follows:

1. While providing context for Parallel Operation with the Grid, the state distribution companies (utilities) have referred to CSERC discussion paper on PoC determination dt. 01.06.2008, drafted in the context of CPP's based on firm sources of power (coal, gas, biomass etc) having surplus capacity over and above their own requirement and for Process industries having CPP's which run parallel to grid to avail continuous power supply in the event of CPP's failure to generate. Infirm sources of energy like solar and wind should not be brought under the ambit of such a regulation.

2. It is important to note that, consumers operating Captive Power Plants based on solar are governed by Contract Demand limit. consumer's availing solar CPP are not allowed to reduce Contract Demand corresponding to the installed capacity of the solar CPP. On the contrary, consumers continue to pay Demand Charges for the Contract Demand even after availing solar power from Captive Power Plant. The Utilities are already compensated for this through the Demand Charges levied in the consumer's bill.

This is unlike the consumer's referred in CSERC paper (dtd. 01.06.2008) whose Captive Power Plants were not governed by Contract Demand limits or consumers would avail Contract Demand from grid only to cater to demand over and above their load.

3. The Utilities also refer to APERC Order (dtd 08.02.2002) on Determination of Grid Support Charges in this ARR filing. It is important to note that this APERC order was issued before Electricity Act 2003 and was issued in the context of Captive Power Plants from firm source of power. The formula suggested in the APERC order also reflects the fact that Captive Power Plant capacity could be higher than the consumer's Contract Demand, which was possible in case of coal, gas, biomass, bagasse based Captive Power Plants. The same formula is not suitable to be applied to solar Captive power plants wherein the solar plant capacity would be lower than the Contract Demand in most cases.

While Hon'ble Supreme Court has upheld the APERC order, however, applying such an order on renewable sources of power like wind and solar, which are infirm, is not justified and applying this retrospectively on operational solar Captive Power Plants is against economic principles.

4. As per TSREDCO records, around 3,953 MW of solar power projects have been commissioned in Telangana as of 30.09.2021 which includes ground mounted, net metered and off-grid solar capacity.

While Telangana Solar Policy 2015 envisages 2,000 MW of Rooftop solar power capacity to be installed in the state by 2021-22, it is important to note that only around 210 MW rooftop solar capacity has been cumulatively installed up to December 2021 in the state. This clearly shows there is potential for growth in the segment and the state is far from reaching its target. Levy of grid support charges at such juncture would be detrimental to the growth of the segment in the state.

5. The Commission may also note that, in states like Maharashtra, MERC vide its Order dtd 30th March 2020 regarding Case No 322 of 2019, has clearly ruled against imposition of such Grid Support Charges until the target for rooftop solar power capacity set under the state government's solar policy is achieved in the state. States like Chhattisgarh and Rajasthan have exempted Grid Support Charges from being applicable on Captive Power Plants from Renewable sources. This is a step in the right direction and allow consumers to adopt renewable sources in the future.

Our Prayer:

In light of the above points, the Hon'ble Commission may kindly consider the below requests:

1. Grid Support Charges shall not be levied on consumers operating or consumers who wish to install solar Captive Power Plants.
2. If the Hon'ble Commission decides to levy such charges, the formula should be modified to reflect the infirm nature of solar plant and contract demand limitations applicable to solar power plants.



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We trust the Hon'ble Commission would consider our comments and resolve this matter in the interest of the state and all stakeholders involved.

Thanking you,
For AMP Energy India Pvt. Ltd.



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