

Telangana State Electricity Regulatory Commission
5th Floor, Singareni Bhavan, Red Hills, Hyderabad -500004

Present

Sri Ismail Ali Khan, Chairman
Sri H Srinivasulu, Member
Sri L. Manohar Reddy, Member

Dated 16-07-2016

O.P.No.11 of 2016

ORDER

In the matter of approval/consent to the Power Purchase Agreement (PPA) entered by the Southern Power Distribution Company of Telangana Ltd.(TSSPDCL) with -

- (i) the Individual Generators in the Solar park developed by M/s.Enrich Energy Pvt. Ltd at Zaheerabad, Medak District of 60 MW on Long Term basis;
- (ii) M/s. Rays Power Infra Pvt. Ltd., for procurement of 2 MW on long term basis out of 10 MW Solar Park developed by it at Dharmajipet (v), Dubbak (m), Medak district

Southern Power Distribution Company of Telangana State Limited (TSSPDCL)
.....Applicant

1. This matter came up for public hearing on 17-06-2016 before several consumers and the representatives of various consumer organizations and associations; and having stood over for consideration till this day, the Commission passed the following order.
2. The erstwhile Govt. of A.P. vide G.O. Ms. No. 39, dated: 26.09.2012 had pronounced the Andhra Pradesh Solar Power Policy 2012 where in it had provided some incentives. This G.O. had been amended vide G.O. Ms. No. 46, dated: 27.11.2012. As per this amended policy (i) the DISCOMs had to ensure the promotion of solar power plants with aggregate quantum of 1000 MW before June, 2013 (ii) the DISCOMs should select the solar power developers through the process of competitive bidding (iii) the Chairman and Managing Director of APTRANSCO would conduct the bidding process duly notifying the substations near which the solar power developers setup the solar power plants to facilitate

the easy evacuation and the CMD, APTRANSCO would develop a bidding document for selection of developers with the process of competitive bidding duly providing pre-bid conference to hear and address difficulties of the potential bidders before the final bid received and also authorized the CMD, APTRANSCO to take the necessary action accordingly.

3. In Compliance of the above G.O. the CMD, APTRANSCO had floated the tenders for procurement of 1000 MW solar power through the competitive bidding route, wherein the lowest tariff (L1 price) quoted was a sum of Rs.6.49 per unit (quoted by M/s. Sunborne) and this price was offered to all the bidders who were qualified. Thirty Four (34) Nos. PPAs were entered into for 183 MW with the developers who agreed for the above lowest tariff.
4. Consequent to the request of CMD, APTRANSCO, the erstwhile Govt. of A.P., through the Principal Secretary, Energy Department vide letter no.1550, RES-A1-2013-8, dated:12.07.2013, had given orders as follows.

“Government after careful examination of the proposal received through the reference cited, permit C&MD, AP Transco to give an offer to all other prospective solar developers against the remaining identified location to produce and sell solar power at the price of Rs.6.49 per unit by giving four weeks time for response. A report be submitted thereafter”

5. The erstwhile Govt. of A.P. communicated the further approval through special chief secretary to Govt. Energy Department vide letter no.4543/RES-A1/2013-2, dated: 01.12.2013, which is as follows.

“Adverting to the reference 2nd and 3rd cited, Government after careful examination hereby accepts the proposals of the APTRANSCO and permits signing of PPA with the all the applicants whose proposals were received up to 30.11.2013 at the tariff of Rs.6.49 per unit by giving time for 2 months to sign PPA from the date of communication of technical feasibility to complete the projects within 12 months from the date of entering into PPA. Further the applicants who have applied connectivity approval under REC mechanism up to 30.11.2013 are also permitted to change over to the PPA regime at Rs.6.49 per unit. The CMD, AP Transco shall take further action accordingly”

6. The Chief Engineer, IPC, APPCC, Vidyut Soudha addressed to the then APERC vide his letter no. CE/ IPC/ APPCC/ F.Solar/ D.No.172/2014, dated:13.03.2014 stating that (i) the APTRANSCO published a solar open offer guidelines for setting up the solar power plants at the tariff of Rs.6.49 per unit in the state vide guidelines issued dated:31.08.2013. (ii) In response M/s. Enrich Energy Pvt. Ltd. submitted their proposal for setting up solar plant under the solar park concept for supply of power to the Andhra Pradesh Central Power Distribution Company Limited (APCPDCL) at 132 KV substation at Zaheerabad vide its letter dated:21.11.2013. (iii) Based on the above, a Letter of Intent was issued by the APTRANSCO to the M/s. Enrich Energy Pvt. Ltd., to enter into a PPA for the long term power purchase for a period of 20 years vide its letter no. CE/IPC/APPCC/F.Solar/ D.No.115/2014, dated: 22.02.2014. (iv) the solar park concept details based on the proposals submitted by M/s. Enrich Energy Pvt. Ltd., were (a) M/s. Enrich Energy Pvt. Ltd. will start allocation of 1 MW and multiples of 1 MW to its customers or individual owners of the solar projects and the total allotment will be completed by M/s. Enrich Energy Pvt. Ltd. within a period of one year (b) as and when capacities allotted by M/s. Enrich Energy Pvt. Ltd. to the owners of individual the solar power projects, such owner will enter into a PPA with the concerned DISCOM after submitting the Performance Guarantee (c) the PPAs with the individual owners of the solar power projects, energy billing will be on a pooling concept like wind pooling concept, metering shall be provided at the individual projects and at the pooling substation (d) M/s. Enrich Energy Pvt. Ltd. will act as a single point of contact for all communications and co-ordination purpose with various departments.
7. The Chief Engineer (IPC), APPCC addressed a letter to M/s. Enrich Energy Pvt. Ltd., vide letter D.No.314/14, dated:06.05.2014 duly communicating the approval for the enhancement of solar park capacity from 40 MW to 60 MW under the open offer at 132 KV Zaheerabad substation based on the request of the M/s. Enrich Energy Pvt. Ltd., (Hereinafter known as EEPL) vide its letter dated: 28.03.2014 and also directed it to approach the Chief General Manager, Commercial, APPCC to enter in to the amended PPA on or before 31.01.2015 and

also further stated that all other terms and conditions of the Lol remained unaltered.

8. The CE, IPC, APPCC addressed a letter to M/s. Enrich Energy Pvt. Ltd. vide Lr.No. 346/14, dated: 24.05.2014 duly issuing an amendment to the conditions stipulated under item (ii) Lol dated:22.02.2014 (i.e., item (b) of para no.6 above). As per the amendment, the Company shall enter into an agreement with the APCPDCL either by the nominated individual investor or by own company in a stipulated time i.e., on or before 31.03.2015.

9. The TSSPDCL, has entered into a PPA on 10.03.2015 with M/s. Sansui Electronic Unit-II (customer of M/s. Enrich Energy Pvt. Ltd.) for purchase of 1.05 MW solar power plant out of 60 MW solar park proposed to be set up at 132 KV Zaheerabad substation and submitted for the consent of the Commission (TSERC) vide letter No. CGM (Commercial&RAC)/SE(IPC)/D.No.460/15, dated:04.06.2015. The TSSPDCL in its letter stated that it entered into a PPA with the developer duly modifying the model Power Purchase Agreement (PPA) approved by the erstwhile APERC and incorporating the provisions pertaining to the cluster scheme borrowed from the model PPA approved for the wind power projects by the erstwhile APERC on 01.08.2014.

10. The TSSPDCL also submitted the PPAs entered into by it with the individual generators under the solar park, developed by M/s. Enrich Energy Pvt. Ltd. at Zaheerabad, to the Commission for approval. The names of individual generators are listed below.

Sl. No.	Name of the Individual generator	Address	Capacity for which PPA entered (in MW)	PPA entered Date	Letter reference in which the TSSPDCL submitted for consent of the Commission
1	M/s. Pudhari Publications Pvt. Ltd.	Bhawan, 2318 'C' ward, , Bhausingji Road, Kolhapur - 416 002 Maharashtra	1	31.03.2015	Lr. No. CGM (Comml & RAC)/ SE(IPC)/ F. Solarbid 2014/D.No.410/15, dtd: 26.05.2015
2	M/s. Harsha Construction	2nd Floor, B.G.R. Towers, Opp. Congress Bhavan, Hanamkonda, Warangal - 506001 Telangana	1	24.04.2015	
3	M/s. Pudhari Publications Pvt. Ltd.	Bhawan, 2318 'C' ward, , Bhausingji Road, Kolhapur - 416 002 Maharashtra	2	24.04.2015	

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4	M/s. Pudhari Publications Pvt. Ltd.	Bhawan, 2318 'C' ward, , Bhausingji Road, Kolhapur - 416 002 Maharashtra	1	24.04.2015	
5	M/s. Abbas Constructions Pvt. Ltd.	D.No.141-135/66, Flat No.XI-LA, J K Modern Homes, Maharanipeta, Nowroji Road, Visakapatnam - 530002 AndhraPradesh	2.5	29.04.2015	
6	M/s. Minopharm Laboratories Pvt. Ltd.	105, B-Block, Usha Enclave, Navodaya Colony, Near Satya Sai Nigam, Srinagar Colony, Hyderabad - 500073 Telangana	2.5	29.04.2015	
7	M/s. Shreyalaxmi Properties	Laxmi Business House, Manjunath Nagar Cross, Gokul Road, Hubli - 580030	1	30.04.2015	
8	M/s. Sapphire Proventures Pvt. Ltd.	SoliatreBldg' Sy No.27, Plot No.40/A, 2nd Phase, Doddanekkundi Industrial Area, Krishnarajapuram, Bangalore-560048	1	30.04.2015	
9	M/s. Marudhar Fashions	8 Cama Industrial Estates, Sun Mill Compound, Lower Parel(W), Mumbai-400013	1	30.04.2015	
10	M/s. Associated Ceramics Ltd.	PO - Chirukunda, Dhanbad, Jharkhand-828202	1	30.04.2015	
11	M/s. Jsons Foundry Pvt. Ltd.	Plot No.G-2B/G-13, Kupwad Block, MIDC, Sangli-416436 Maharashtra	3	30.04.2015	
12	M/s. Western Preciacast Pvt. Ltd.	Gat No.170, Near Kupwas MIDC, Village Savali, Tal. Miraj, Dist: Sangli-416410 Maharashtra	2	02.05.2015	
13	M/s. Sanjay Mohanlal Bafna	E59, Market Yard, Gultekadi, Behind Krushi Panan Mandal, Pune-411037, Maharashtra	1.1	04.05.2015	
14	M/s. Advik Hi Tech Pvt. Ltd	Gat No.357/99, Chakan Telegaon Road, Village-Kharabwadi, Tal-Khed, Chakan, Pune-410501 Maharashtra	3	04.05.2015	
15	M/s. Sunil Bankattal Dessadla	E59, Market Yard, Gultekadi, Behind Krushi Panan Mandal, Pune-411037, Maharashtra	1.1	05.05.2015	
16	M/s. Enrich Energy Pvt. Ltd.	201-A, The Orion Building, 5 Koregaon Park Road, Pune-400001, Maharashtra	3	05.05.2015	
17	M/s. Enrich Energy Pvt. Ltd.	201-A, The Orion Building, 5 Koregaon Park Road, Pune-400001, Maharashtra	2	05.05.2015	
	Sub-Total		29.2		
1	M/s. Silver Line Investment Company Pvt. Ltd.	Oricon House, 4th Floor, 12 Rampart Row, Fort, Mumbai-400023 Maharashtra	1	23.01.2015	Lr. No. CGM(Comml&RAC)/SE(IPC)F. Solarbid 2014/D.No.435/15, dtd: 18.03.2015
2	M/s. Govindram Shobharam & Co.	Post Box NO.42, Ganapati Peth, Sangli-416416 Maharashtra	1	24.01.2015	

Sl. No.	Name of the Individual generator	Address	Capacity for which PPA entered (in MW)	PPA entered Date	Letter reference in which the TSSPDCL submitted for consent of the Commission
3	M/s. Agarwal Enterprises	364, Gokhale Road, Model Colony, Pune-411016 Maharashtra	1	23.01.2015	
4	M/s. Saraswathi Industries	672, Ganapati Peth, Sangli-416416 Maharashtra	1	24.01.2015	
5	M/s. Swaraj PVC Pipes Pvt. Ltd.	40, Raviwar Peth, Phaltan, Satara-415523 Maharashtra	1	06.02.2015	
6	M/s. Jsons Foundry Pvt. Ltd.	Plot No. G-12, Kupwad Block, MIDC, Sangli-416436 Maharashtra	1	05.02.2015	
7	M/s. Mahalingashetty & Co. Ltd.	64, Vishweshwar Nagar, Hubli-580032 Karnataka	1	22.01.2015	
8	M/s. Ravindre K. Reshamwala	7/A, PIL Court, 111 Maharshi Karve Road, Mumbai-400020 Maharashtra	1	22.01.2015	
9	M/s. Sansui Electronics Unit II	Khasara No.421, Village-Naryal, Parwanoo-173220 Himachal Pradesh	1.05	10.03.2015	
	Sub-Total		9.05		
1	M/s. D. J. Malpani	Malpani Estate, Kasara Dumala, Sangammer-422605, Admednagar, Maharashtra	16.25	23.12.2014	
2	M/s. Paramount Minerals and Chemicals Ltd.	33, Old Hanuman Lane, 1st Cross lane, 2nd Floor, Kalbadevi Road, Mumbai-400002 Maharashtra	1	24.12.2014	
3	M/s. Marudhar Fashions	8 Cama Industrial Estates, Sun Mill Compound, Lower Parel(W), Mumbai-400013	1	24.12.2014	
	Sub-Total		18.25		
1	M/s.L.B.Kunjir (customer of M/s.Enrich Energy)	==	2	19.12.2014	Lr. No. CGM(Comml&RAC)/SE(IPC)F. Solarbid 2014/ D.No.1260/15, dtd: 08.12.2015
2	M/s. Vikram Tea Processor Pvt. Ltd. (Customer of M/s.Enrich Energy)	==	1.5	19.12.2014	
	Sub-Total		3.5		

11. M/s. Enrich Energy Pvt. Ltd., (M/s.EEPL) has represented to the Commission vide Letter No. EEPL/2014-15/TSERC/004, dated 19.06.2015 for early approval of the above PPAs entered into by the various individuals duly enclosing a copy of the Tripartite agreement for metering and billing of 60 MW solar park as per which the M/s.EEPL and the TSSPDCL will jointly take the meter reading at the

interconnection point and the meter readings of individual generators shall be taken by M/s. EEPL. The individual generator shall raise a bill on TSSPDCL based on the breakup up of energy of individual generator after allocation of loss done by M/s. EEPL.

12. The Commission vide its letter TSERC/ Secy / F - PPA / D.No.606 / 2015, dated 22.07.2015 addressed to CMD, TSSPDCL and M/s. EEPL by duly raising certain issues such as (i) validity of the Tripartite agreement enclosed by M/s. EEPL along with its representation, (ii) whether prior approval of the then APERC was taken for the solar park concept. In this regard the Commission desired to know the views of the TSSPDCL and M/s. EEPL on the above issues before taking a decision on the PPAs executed under the solar park scheme and required them to make a presentation before the Commission on 29.07.2015 at 11.00 am.

13. In continuance to the letter cited in the para 12, the Commission further raised certain issues vide letter D.No.635/15, dated: 06.08.2015 addressed to the TSSPDCL such as:

(i) legal status of the APTRANSCO and TSTRANSCO in this project under the provisions of the Electricity Act, 2003 for making correspondence with the M/s. EEPL on behalf of TSSPDCL (ii) legal status of APPCC / TSPCC for signing of Letter of Intent (LoI) on behalf of TSSPDCL, (iii) approval of the then GoAP on the solar park concept due to non-existence of the same in the solar power policy of the then GoAP, (iv) enhancing the capacity of the solar park from 40 MW to 60 MW (v) not fixing of timeline for completion of the projects in line with other participants under the open offer (vi) furnishing of financial statements of the investors for perusal of the Commission (vii) arrangements made for O&M of the solar park and its recovery by M/s. EEPL (viii) taking of meter readings and allocation of the aggregate losses by M/s. EEPL among the individual generators and their conformity with the guidelines of the CEA orders/ regulations (ix) disputes in individual meter readings, losses allocations and disputes redressal mechanism (x) conformity of the Tripartite agreement entered into by TSSPDCL with M/s. EEPL and individual generators under the provisions of the Electricity Act, 2003.

On the above issues, the TSSPDCL was directed to make a presentation before the Commission on 24.08.2015.

14. The Commission has addressed a letter to M/s. EEPL vide letter no.690/15, dated: 02.09.2015 duly asking it to furnish the copies of the annual reports of the M/s. EEPL for the FY 2012-13 to 2014-15 and also the copies of the land document, equipment and other assets belonging to the solar park and details of transferring the same in favour of the individual generators.

15. The Commission after going through the entire information made available to it in the above subject matter and having heard the DISCOM, the individual generators and M/s. EEPL made certain observations and communicated to the CMD, TSSPDCL vide letter no.912/15, dated: 11.12.2015. The observations made are:

(i) the then APPCC vide letter dated:02.01.2014 communicated the technical feasibility to M/s. EEPL and gave one year time to enter into the PPA for which there was no approval of the State Govt. (ii) there was no solar park concept in the solar power policy of the then State Govt. (iii) the APPCC/TSPCC has not made any request to the State Govt. for approval to the solar park concept (iv) no approval of the State Govt. for enhancement of capacity from 40 MW to 60 MW was taken and without competitive bidding enhanced the capacity (v) the Lol was issued to M/s. EEPL whereas the PPAs were entered into in the names of the individual generators (vi) the TSSPDCL entered into the PPAs from Dec,2014 to May, 2015 i.e., more than 18 months (vii) the cost of solar power has been declining considerably, coming down to as low as Rs.4.60 per unit whereas the TSSPDCL entered into the PPA in the solar park by extending the time without proper approval, how can the DISCOM justify the action of signing of PPAs at a much higher rate.

In view of the above, the Commission has directed the TSSPDCL to re-negotiate the price with the individual generators of the solar park developed by M/s. EEPL.

16. In response to the above, the TSSPDCL, vide Letter No.709/15, dated: 25.01.2016 stated that it has held negotiations with the individual generators in the solar

park developed by M/s. EEPL and the individuals were unwilling to negotiate the PPA price.

Brief history of the matter related to M/s. Rays Power Infra Pvt. Ltd. (M/s. Rays):

17. M/s. Rays Power Infra Pvt. Ltd., (Hereinafter known as “M/s.Rays”) had setup a 10 MW solar power plant at Dharmajipet(V), Dubbak (M), Medak district, for sale of power to a third party, made an application on 16.11.2013 for the grid connectivity to the then APCPDCL (TSSPDCL). A technical feasibility of 10 MW was approved and communicated by the then APCPDCL to M/s.Rays on 10.01.2014.
18. Vide Lr. No.4543/RES-A1/2013-2, dated: 01.02.2014, the erstwhile Govt. of AP issued orders permitting the then APTRANSCO for signing of the PPAs with all the applicants whose proposals were received up to 30.11.2013 at the tariff of Rs.6.49 per unit by giving time for two (2) months to sign the PPA from the date of communication of the technical feasibility with the condition to complete the project in Twelve (12) months from the date of entering into the PPA. Further, the applicants who applied for the connectivity under the REC mechanism up to 30.11.2013 were also permitted to change over to the PPA regime at Rs.6.49 per unit. Accordingly open offer guidelines were issued by the APPCC/APTRANSCO.
19. Responding to the open offer, M/s. Rays made an application on 17.01.2014 to the APTRANSCO/APPCC and offered to develop a 2 MW solar plant out of 10 MW under the open offer @ Rs.6.49 per unit.
20. Vide letter dated: 15.03.2014, the APPCC required M/s. Rays to enter into a PPA on or before 31.03.2014. The PPA was entered into between the TSSPDCL (ex-APCPDCL) and M/s. Rays on 05.08.2014.
21. Vide letter dated: 07.01.2015, the TSSPDCL submitted to the Commission for approval of the PPA, since the approved model solar PPA was amended to enter into this PPA as M/s. Rays was developing a 10 MW capacity solar power under the solar park concept and out of 10 MW, 2 MW of power is offered for sale to

TSSPDCL. The project was synchronized on 30.03.2015 as per the Lr. No. SE/OP/MDK/ADE/ COMML/D.No.24/14, dated: 05.05.2015.

22. The Commission addressed a letter no.941/15, dated:22.12.2015 stating that a single feeder being connected from the project switchyard to the interconnected 132/33 KV sub-station of TSTRansco. The losses on this feeder are being shared/ allocated to different generators totaling to 10 MW out of which the TSSPDCL entered into a PPA with M/s. Rays for 2 MW only and the remaining capacity is for open access/ sale to third parties. For this, the TSSPDCL was asked to furnish (i) who is going to take meter readings of the generators other than the PPA entered into by the TSSPDCL (ii) Legally, who is entitled to take the meter readings (iii) Who is going to allocate the losses. The TSSPDCL was asked to examine the possibility of having exclusive feeder for the 2 MW power project for which the TSSPDCL entered in to the PPA and was further directed to negotiate the price of the project in view of the capital cost of solar power projects are declining.
23. In response, the TSSPDCL vide letter no.1994/16, dated:03.03.2016 replied that (i) initially technical feasibility was issued for 10 MW to M/s. Rays under the solar park concept vide letter no.308/14, dated:13.05.2014. As per the Lol issued by the CE/IPC/APPCC under open offer, a PPA was entered into with M/s.Rays for sale of power to TSSPDCL for 2 MW out of 10 MW of the solar park. For the balance 8 MW, technical feasibility was given to M/s. Dubbak Solar Projects Pvt. Ltd for third party sale. (ii) All the generators' readings (Joint meter reading - JMR) will be taken by DEs/Operation/ TSSPDCL, DE/ TSTRANSCO and the generator. (iii) TSPCC has provided a Tripartite agreement to be entered into with the solar park developer, individual generator in the solar park and the TSSPDCL making the solar park developer or any one generator in the park responsible to take the readings, allocate the losses, and submit the JMRs. (iv) the Tripartite agreement provides for the dispute resolution. (v) regarding the negotiation of the price, M/s. Rays refused to reduce the price.

24. Taking the entire matter in to consideration as discussed in the above paras, the Commission, before giving approval/ consent to the PPAs, decided to hear the views of all the stake holders and interested parties in the matter of approval/consent to the Power Purchase Agreements (PPA) entered into by the Southern Power Distribution Company of Telangana Ltd.(TSSPDCL) with - (i) the Individual Generators in the Solar park developed at Zaheerabad, Medak District by M/s.Enrich Energy Pvt. Ltd. for procurement of 60 MW of Solar Power on a Long Term basis and; (ii) M/s. Rays Power Infra Pvt. Ltd., for procurement of 2 MW on a long term basis out of 10 MW Solar Park developed by it at Dharmajipet (V), Dubbak (M), Medak district.

25. Accordingly a public notice was issued on 29.04.2016 In the matter of according approval to the Power Purchase Agreements (PPAs) entered into between the Telangana State Power Distribution Companies (TSDISCOMs) and the individual generating companies (developers/investors) in the 60 MW solar park at Zaheerabad in the Telangana State developed by M/s. EEPL and 2 MW in 10 MW solar park developed by M/s. Rays at Dharmajipet (V), Dubbak (M), Medak district duly inviting the comments and suggestions from all the interested persons and stakeholders on the following issues before the consent is accorded to the said PPAs:

- i. The then GoAP did not notify the park concept for solar energy procurement in the open offer made / offered to all the prospective developers. Whether the Solar Park concept is acceptable?
- ii. The Enrich Energy Private Limited is the developer of the Solar Park. Whether a company can quote the rate of power on behalf of the individual generating companies to match the discovered price and whether this can be accepted?
- iii. Whether the park concept of development of solar energy under the open offer permitted to M/s. Enrich Energy Private Limited is in conformity with the open offer as an extension to the competitive bidding process purpose?
- iv. Whether the extension of time for entering into the PPAs upto March 2015 by APPCC/TSPCC and signing of some of PPAs beyond this date i.e. up to 05.05.2015 is appropriate without further approval from the Government?

- v. In view of the downward trend in price for Solar Energy, whether the time extensions granted by APPCC/TSPCC to the owners of Solar Parks are acceptable against the time line prescribed i.e., one year from the date of signing of PPA?

It was informed that interested persons and all stakeholders may inspect the details of relevant documents and obtain copies of the required documents from the TSSPDCL office and to submit their comments and suggestions, so as to reach the Commission on or before 20th May, 2016 by 5.00 PM.

26. In response to the public notice, Thirty Nine (39) Nos. stake holders including individual generators of the solar park have submitted their objections and suggestions on the subject matter. Some of the stake holders have requested to hold a public hearing in the matter so as to participate in person.

27. The Commission has conducted the public hearing on 29.04.2016 in the court hall of the TSERC after giving a press notification. During the public hearing some stakeholders have attended and expressed their views. The main objections/ suggestions received in written/ during public hearing are discussed below along with the replies of TSSPDCL.

28. The following objections / suggestions were received

- i. **Limiting the capacity of the solar park to the extent of commissioned projects:**

The Enrich Energy Solar Park is ready for only 30 MW out of 60 MW, hence, the agreement for power purchase should be limited to the 30 MW, as there is considerable increase of production of solar panels and drastic reduction of cost of panels nationally and internationally.

Reply of TSSPDCL:

The individual developers in the park of M/s Enrich commissioned their plants on 31.03.2015 to the extent of 46.0 MW (77%) and commissioned 14.2 MW in September 2015 Later on 5 MW was commissioned, leaving around 5 MW capacity not realized.

ii. **Entering PPAs for higher tariff when solar tariffs are declining:**

The developer seems to have reflected the land at a higher level of Rs.5.00 lakhs per acre whereas the actual purchase cost being at Rs.1.00 lakhs only and similarly other costs may also have been shown at higher rates, the same may be thoroughly examined before allowing the Tariff. Since there is a surplus power in Northeastern states, with the corridor development, the power tariffs will reduce drastically. Hence, the future lower tariffs may be taken into account in deciding the tariff. The developer has got Income Tax incentives on the solar power projects which should have to be transferred to the consumer. The solar park permission given to the developer was sold by him to others, which is illegal. In view of presentation given by one of the representatives in the State advisory committee that the short term purchase rate being at Rs.3.70 per unit, the tariff of the project may be restricted to that level or to a maximum of Rs.4.50 per unit. The Govt. of India also informed the state governments that the benchmark tariff is now reduced to Rs.4.50 per kWh for the next 25 years without escalation. The Solar power tariffs have been coming down, and there are several agreements entered in the recent periods with tariff of Rs.4.63 to Rs.4.34. The incentives for early commissioning of the projects have no rationale but imposing the burden on consumers.

Reply of TSSPDCL:

The Solar capacity commissioned in the said park was in the year 2015. The tariff of Enrich park developers, vis-à-vis the Average unit price/unit discovered through 2014 bidding by TSSPDCL for selection of 500 MW was a sum of Rs.6.78/KWh. Also, the CERC generic tariff for the PV Solar Power Projects for FY2014-15 & 2015-16 was a sum of Rs. 7.72/Unit and Rs. 7.04/Unit respectively. The tariff comparison of M/s Enrich may not be compared with the MNRE tariff of Rs.4.50/kWh. As national Solar Mission under Phase-II, Batch - III (Viability Gap Funding) provides fund for the viability to the selected solar projects. The issue of incentives is under the purview of TSERC. The decision of Hon'ble TSERC will be adopted.

iii. Continuous Extension of timeline for entering in to PPA by the individual generators

M/s. Enrich Energy was approved for a solar park for 40 MW under the open offer on 21.11.2013 and was given three extensions of time for enhancing the capacity to 60 MW and issuing of LOI is contrary to the guidelines of the State Govt. Undue favour was given to the solar park by prolonging the time to issue the LOI and allowed the same tariff of Rs.6.49. The State Govt. failed to issue directions to the APPCC/DISCOMs to give up this much delayed project.

Reply of TSSPDCL:

The then APPCC/APDISCOMs issued the permission to M/s.EEPL to establish 60 MW on 06.05.2014. Additionally the then APERC was informed as to the award of 60 MW solar project under the park concept on 09.05.2014 with time till 31.03.2015 to conclude the PPAs in the park. The timeline to commission the project is as per the provision of individual PPAs.

iv. Excess procurement of solar energy over and above the RPP0:

As per the ARR filings of DISCOMs for FY 2016-17, the power procurement of solar energy works out to 2.83% which is much higher than the RPP0 of 0.25%, hence these PPAs need not be entered into.

Reply of TSSPDCL:

The issue is under the purview of TSERC. The decision of Hon'ble TSERC will be followed.

v. Tariff for the energy generated over and above the specified CUF

The competitive bidding conducted during 2015-16 by the DISCOMs for 2000 MW solar power procurement also had received very competitive rates and the renewable power purchase obligation is also met by this bidding and there is no further requirement of the solar power. Therefore, requested to reduce the tariff from Rs.6.49 to Rs.4.50 per unit, to delete the clause for providing incentive for early completion, to reduce the tariff after 25% CUF at Rs.0.25 per unit instead of Rs.3.00 since there is no incurring of variable cost and no additional effort is put on the project.

Reply of TSSPDCL:

Though the negotiations were held with the individual solar developers of M/s. Enrich park developers as per the directions of TSERC, the developers were unwilling to negotiate the PPA price, as agreed the same was informed to TSERC on 25.01.2016.

29. The individual generators of the solar park have responded to the public notice and the following responses were furnished towards the solar park concept for consideration and for consent of the Commission

- i. The solar park concept has been acknowledged by the MNRE and is a proven model in other states. It ensures optimum utilization of the evacuation infrastructure. The park concept will bring in a significant investment from the project developers and enables the state to meet its RPP0. In the solar parks developed by MNRE in collaboration with NTPC, the local state utilities have to mandatorily purchase 20% of power at the price discovered and the state utility has no say on the price. The solar park brings multiple small investors to participate. The park concept involves development of infrastructure so that the prospective investors can come and set up their facility. The solar prices may go up or down, the utilities and developers must honor their respective roles as per the agreements. The APPCC vide its letter dated 13, March 2014 apprised of the then APERC about the solar park concept and the Solar park concept is in line with the wind project concept existing in the state.
- ii. The price quoted by the park developer on behalf of generators is acceptable to the generators in the park. The solar park concept is popularly accepted in the India and is not against the law of the land and not against the interests or objectives of the solar power policy 2012 and 2015. The downward trend of solar energy price is instantaneously attributed to the excess supply and anti-dumping from China and later may go up. Time extensions must be viewed from the genuine challenges faced by the developer.

- iii. The solar park concept is in line with the open offer of the state and is also similar to the pooling concept of wind power which was recognized by the APPCC and brought to the notice of the State Commission. Any deviation/ delay in the cash flows in the solar power projects will have negative impact on the bankability of the whole industry.
- iv. The terms and conditions of the PPA are stipulated by the utility only and as long as the terms and conditions are honored by the generating company it is a fair transaction. Timeline extensions are a part of nascent industry irrespective of market prices and the Commission and utility should encourage the industry.
- v. The individual generators of the solar park have complied with all the PPA conditions, all approvals were sought and the electricity generation is injected from the solar park to the state utility but no payment is received till date. Investments were made based on the open offer at the discovered price of Rs.6.49 per unit for 20 years. Investment in solar park is done only because of the promise of Government under the legally binding PPA.

The generators of the solar park have requested for approval of the PPAs and issuing necessary directions to the DISCOMs for release of their payments.

30. In response to the public notice, the TSSPDCL vide letter No.372/15, dated:25.05.2016, furnished the following responses to the issues raised therein.
- i. The erstwhile GoAP vide G.O. 46, dated 27.11.2012 directed the CMD, APTRANSCO to float the tenders for procurement of 1000 MW solar power and also issued the guidelines. As the sufficient number of bidders did not turn up, the GoAP authorized the APTRANSCO vide letter dated: 12.07.2013 to invite open offer to all the prospective solar power developers at Rs.6.49 per unit which was the lowest tariff of the bidding. In response M/s. EEPL applied to set up 40 MW solar power plant. As there was no solar park concept, the CE/IPC/APPCC vide letter dated: 13.03.2014 submitted to the then APERC regarding the approval of proposal under the solar park concept. Though the solar park concept was not there, allotment was done in line with the wind

power pooling concept. The solar park concept was recognized under the Telangana State Solar Power Policy, 2015.

- ii. The tariff of Rs.6.49 per unit was the L1 rate discovered from the competitive bidding and the same was offered under the open offer. On behalf of the individual generators, M/s. EEPL has not quoted any rate and the PPAs were signed based on the offered price and based on the Lols issued by the Andhra Pradesh Power Coordination Committee (APPCC).
 - iii. The open offer was announced subsequent to the competitive bidding in the year 2012 and the tariff offered was the discovered price of the bidding. All the important clauses of the PPA were the same as that of the bid document. The open offer was made available to the public at large and was not a special offer for M/s.EEPL. Till the bidding for 2000 MW (of year 2015), the competitive bidding price was either equivalent to or even more than the open offer price.
 - iv. Initially the developers were given a time up to 31.01.2015 to enter into the PPA. The APPCC, vide its letter dated 24.05.2014 had given the approval for enhancing the capacity of the solar park to 60 MW and the time for signing the individual PPAs was specified as on or before 31.03.2015. Time extension beyond 31.03.2015 is due to delay in receipt of the confirmation of performance bank guarantee and internal approvals.
 - v. The TSSPDCL is of the opinion that since the solar power supplied from the solar park at the rate of Rs.6.49 per unit is lesser than the average bid price of 2014-15 and is also lesser than the average tariff determined under the subsequent bidding for 500 MW in the state of Telangana which is at Rs.6.78 per unit for which execution time line is April,2016.
31. The TSSPDCL further submitted that it has always adhered to the instructions of state government as well as state ERC and taken all possible steps to abide by the instructions issued by the Hon'ble commission from time to time. The individual PPAs concluded in the Solar park are in line with the model PPA approved by the erstwhile APERC, duly adopting the wind pooling concept. The 60MW solar capacity would substantially decrease the line losses to that effect as the source of supply to 132/33 KV Zaheerabad SS is either from Ramagundam CGS or from

Jurala Hydro power plant or from distant power generating stations. The transmission lines corridor is relieved to carry 60MW power during the Solar power generation and there by considerable reduction in line losses with the distributed energy generation. Therefore, prayed for granting the consent of the Commission with suitable modifications as deemed fit, since the generators are supplying the power to TSSPDCL from March,2015 onwards.

32. The Commission after hearing the views / objections / suggestions of all the stakeholders including the individual generators of the solar park is of the view that the following issues arise broadly:
- i. Applicability of the solar park concept in the absence of approval of the state Govt. and increase of the capacity from 40 MW to 60 MW.
 - ii. The tariff to be considered for the individual generators in the solar park in view of declining prices/ tariff day by day in the open market.
 - iii. Continuous extension of timelines for entering into the PPAs without considering the declining trend of prices of solar power and without the approval of the competent authority.
 - iv. Validity of the Tripartite agreement entered into by the TSSPDCL under the Electricity Act,2003.

Applicability of the solar park concept in the absence of approval of the state Govt.

33. The then GoAP had authorized the CMD, TSTRANSCO to invite the prospective solar power developers who were ready to establish the solar PV plants at the tariff of Rs.6.49 per unit discovered through the competitive bidding, as open offer by giving the timeline up to 30.11.2012. M/s. EEPL has applied for supply of the solar energy at the open offer rate of Rs.6.49 per unit by developing a solar park with 40 MW capacity at nearby Zaheerabad 132 KV substation. Subsequently the APPCC/DISCOMs have enhanced the capacity of the solar park from 40 MW to 60 MW after examining the technical feasibility such as the maximum demand, existing transformer capacity of the substation and availability of upward transmission capacity from the substation. M/s.Rays has also developed a solar

park at Dhammaji (v) at nearby Dubbak 132 kV SS for selling of power to a third party. Later on as per the then GoAP open offer policy, 2 MW (out of 10 MW solar park) was offered for sale to the TSSPDCL and entered into a PPA. Though there is no solar park concept at that time, yet the APPCC/ DISCOMs have accepted the proposal of M/s. EEPL and M/s.Rays, borrowing the pooling concept of wind energy plants which was approved by the erstwhile APERC. Recently, the Govt. of India issued the guidelines on procurement of the solar energy which contains the solar park concept also. The Solar Power Policy 2015 issued by the Govt. of Telangana State also contains the solar park concept. The concept of solar park is to reduce the cost of evacuation by small generators and the cost of other common infrastructure. Further during the hearing, the investors stated that they had already established the solar park and if it is not considered, they will have to re-pay the loan amount with interest apart from the equity amount contributed by them.

34. Before considering the acceptance of the solar park concept and extension of timelines given by the APPCC/TSSPDCL, the Commission records its displeasure for not obtaining the prior approval of the Commission and also the approval of the state Govt. due to which the investors have undergone the agony of approval by the Commission. There is no prior approval for the solar park concept, but such concept is later on recognized by the solar policy of the GoTS (2015) and hence the Commission accepts the same for promoting the renewable energy in the state and to strengthen the power situation in the state. Accordingly the Commission approves the solar park concept.

The tariff to be considered for the individual generators in the solar park in view of declining prices/ tariff day by day in the open market.

35. The Commission has examined the approval given for the rates by it under section 63 vide orders dated: 11.03.2015 and 15.02.2016 to procure 520 MW and 2000 MW solar PV power through the competitive bidding.

(A). The Commission orders dated: 11.03.2015 on adoption of the tariff for procurement of 500 MW

Lols were issued in Jan, 2015 to Thirty Three (33) successful bidders with a total capacity 505 MW and a Lol was issued on 28.02.2015 to one successful bidder with 10 MW capacity (Aggregating to Thirty Four (34) generators). The PPAs were entered into by Thirty (30) generators with 469 MW capacity by the end of Mar,2015 and the balance four (4) PPAs were entered in Apr,2015 with 46 MW (last PPA was entered on 27.04.2015). As per the PPA terms, all the projects should be completed within a period of one year from the date of the PPA. Thus, the last date to enter into a PPA was 27.04.2015 and the last date of CoD of the projects was 26.04.2016.

The least rate approved was Rs.6.45 per unit for 50 MW and a Lol was issued to the generator on 23.01.2015 and the PPA was entered on 31.03.2015. The schedule CoD of the project as per the bid document is 30.03.2016 and the project has been commenced by 31.03.2016.

(B). The Commission orders dated: 15.02.2016 on adoption of the tariff for procurement of 2000 MW

The Lols were issued in Dec,2015 to Sixty Two (62) successful bidders with a total capacity 1602 MW and also Lols were issued in Feb,2016 to Four (4) successful bidders with 198 MW capacity. The PPAs were entered into by Fifty Six (56) Nos. generators with 1602 MW capacity by the end of Feb,2016, and balance 10 PPAs with 386 MW capacity were entered into in Mar,2016 (last PPA was entered on 08.03.2016). As per the PPA terms, all the projects should be completed within a period of one year from the date of the PPA. Thus, the last date to enter a PPA was 08.03.2016 and the last date of CoD of the projects is 07.03.2017.

The least price accepted was Rs.5.4991 per unit for 15 MW at 33 kV level and the Lol was issued to the generator on 31.12.2015 and the PPA was entered into on 29.02.2016. The scheduled CoD of the project as per the bid document is one year i.e.,28.02.2017.

The least price accepted was Rs.5.1729 for 50 MW at 132 kV level and the Lol issued to the generator was on 16.12.2015 and the PPA was entered into on

23.02.2016. The scheduled CoD of the project as per the bid document is one year i.e.,22.02.2017.

(C). Solar Park developed by M/s. EEPL

The details of individual generators in the solar park, who have entered into an agreement and commissioned the projects are listed below.

Sl. No	Name of the project	Capacity	Commissioned Capacity	Issue of LOI	Signing of PPA	CoD of the project
1	M/s L. B. Kunjir (Customer of M/s Enrich Energy)	2	2	22-2-2014	19-12-2014	31-03-2015
2	M/s Vikram Tea Processor Pvt ltd (Customer of M/s Enrich Energy)	1.5	1.5	22-2-2014	19-12-2014	31-03-2015
3	M/s Marudhar Fashions (Customer of M/s Enrich Energy)	1	1	22-2-2014	24-12-2014	31-03-2015
4	M/s D.J. Malpani (Customer of M/s Enrich Energy)	16.25	16.25	22-2-2014	23-12-2014	31-03-2015
5	M/s Paramount Minerals & Chemicals Limited (Customer of M/s Enrich Energy)	1	1	22-2-2014	24-12-2014	31-03-2015
6	M/s Agarwal Enterprises (Customer of M/s Enrich Energy)	1	1	22-2-2014	23-01-2015	31-03-2015
7	M/s Ravindra K. Reshamwala (Customer of M/s Enrich Energy)	1	1	22-2-2014	22-01-2015	31-03-2015
8	Silver Line Investment Company Private Limited(Customer of M/s Enrich Energy)	1	1	22-2-2014	23-01-2015	31-03-2015
9	M/s Saraswati Industries (Customer of M/s Enrich Energy)	1	1	22-2-2014	24-01-2015	31-03-2015
10	M/s Govindram Shobharam & Co (Customer of M/s Enrich Energy)	1	1	22-2-2014	24-01-2015	31-03-2015
11	M/s Mahalingashetty & Co. Limited (Customer of M/s Enrich Energy)	1	1	22-2-2014	22-01-2015	31-03-2015
12	M/s Swaraj P.V.C. Pipes Private Limited	1	1	22-2-2014	06-02-2015	31-03-2015
13	M/s Sansui Electronics Unit II	1.05	1.05	22-2-2014	10-03-2015	31-03-2015
14	M/s Jsons Foundry Private Limited	1	1	22-2-2014	05-02-2015	31-03-2015
15	M/s Pudhari Publications Pvt Ltd	1	1	22-2-2014	31-03-2015	31-03-2015
16	M/s Associated ceramics Limited	1	1	22-2-2014	30-04-2015	30-09-2015
17	M/s Sunil B. Desadla	1.1	1.1	22-2-2014	05-05-2015	30-09-2015
18	M/s Pudhari Publications Private Lts - III	2	2	22-2-2014	28-04-2015	30-09-2015
19	M/s Jsons Foundry Private Limited	3	3	22-2-2014	30-04-2015	30-09-2015
20	M/s Shreyalaxmi	1	1	22-2-2014	30-04-2015	30-09-2015
21	M/s Sanjay M Bafna	1.1	1.1	22-2-2014	04-05-2015	30-09-2015

Sl. No	Name of the project	Capacity	Commissioned Capacity	Issue of LOI	Signing of PPA	CoD of the project
22	M/s Marudhar Fashions	1	1	22-2-2014	30-04-2015	30-09-2015
23	M/s Sapphire Proventures Pvt Ltd	1	1	22-2-2014	30-04-2015	30-09-2015
24	M/s Advik Hi Tech Ovt Ltd	3	3	22-2-2014	04-05-2015	03-10-2015
25	M/s Harsha Construction	1	1	22-2-2014	28-04-2015	16-02-2016
26	M/s Westren Precicast Pvt Ltd	2	2	22-2-2014	02-05-2015	05-03-2016
27	M/s Pudhari Publications Private Ltd -II	1	1	22-2-2014	28-04-2015	31-03-2016
28	M/s Enrich Energy Private Limited	3	3	22-2-2014	05-05-2015	27-05-2016
29	M/s Abbas Construction Pvt Lts	2.5		22-2-2014	29-04-2015	Not completed
30	M/s Minopharm laboratories P Ltd	2.5		22-2-2014	29-04-2015	Not completed
31	M/s Enrich Energy Private Limited	2		22-2-2014	05-05-2015	Not completed
	Total:	60	53			

36. The Commission has examined the tariff to be considered for the solar power plant pertaining to M/s.Rays which has entered into a PPA for 2 MW with TSSPDCL for selling the solar power at the rate of Rs.6.49 per unit, out of 10 MW solar park.

37. The Commission has also examined the details of other bidders who have entered into the PPAs under the open offer scheme and commissioned the solar projects and the details are as follows.

Sl. No	Name of the project	Capacity	Commissioned Capacity	Issue of LOI	Signing of PPA	CoD of the project
1	M/s Bhagyanagar Green Energy Limited	5	5	10-10-2013	27-01-2014	08-07-2015
2	M/s Marikal Solar Parks Private Limited	10	10	18-10-2013	29-05-2014	01-06-2015
3	M/s Mahaboobnagar Energy Projects Private Limited	10	10	10-10-2013	17-06-2014	15-06-2015
4	M/s Rays Power Infra Private Limited	2	2	01-03-2014	05-08-2014	31-03-2015
5	M/s Sunborne Energy Services India (P) limited	35	35	10-10-2013	30-05-2014	01-02-2016
6	M/s Maheswari Mining & Energy Pvt. Limited	10	10	19-10-2013	30-09-2014	28-03-2016
7	M/s Maheswari Mining & Energy Pvt. Limited	10	10	19-10-2013	24-11-2014	31-03-2016
8	M/s Earth Solar Private Limited	5	5	10-10-2013	29-01-2014	24-03-2016
9	M/s Abhyudaya Green Economic Zones	4	4	24-03-2014	24-05-2014	31-03-2016
10	M/s Polepally Solar Parks Private Limited	25	25	10-10-2013	29-05-2014	31-03-2016

38. The Commission examined the TSSPDCL letter no.756, dated:20.08.2015 wherein the TSSPDCL with the consent of Govt. of Telangana (GoTS letter no.4543, dated:08.05.2015) had extended the timeline to the solar power developers under the competitive bidding-2012 and open offer-2013 for those who are willing to commission their projects up to 31.12.2015 with the condition (i) to reduce the tariff to L1 tariff prevailing at that time of Rs.6.45 per unit (ii) incentives for early commissioning are not applicable.
39. After considering the above details, the Commission notices the following facts:
- i. The lowest price accepted under 500 MW competitive bidding of year 2014 was Rs.6.45 per unit and the PPA was entered on 31.03.2015. Under this bidding, the first generator who had commissioned the plant was on 29.09.2015 with 10 MW capacity at the tariff of Rs.6.60 per unit. The second plant commissioned in this bidding was on 15.10.2015 with 2 MW capacity at the tariff of Rs.6.49 per unit.
 - ii. The lowest price accepted under 2000 MW competitive bidding of year 2015 at 132 KV level was Rs.5.1729 per unit and the PPA was entered into on 10.02.2016.
 - iii. Fifteen (15) individual generators with the aggregate capacity of 31.8 MW in the solar park had commissioned the power plants on 31.03.2015.
 - iv. The TSSPDCL vide its letter dated: 20.08.2015 extended the timeline to the projects under the open offer up to 31.12.2015 with a tariff of Rs.6.45 per unit.
40. The lowest price accepted in case of 500 MW solar power competitive bidding of the year 2014, is Rs.6.45 per unit and the PPA was entered into on 31.03.2015. If at all any price is to be negotiated it shall be negotiated for all the individual generators who have entered into the PPA after 31.03.2015 and commissioned the project or yet to commission the project after entering the PPA.
41. The Commission notices that: (i) the lowest price received in the open bidding for 500 MW is Rs.6.45 per unit and (ii) in the TSSPDCL letter dated:20.08.2015, offered the tariff of Rs.6.45 per unit for the individual generators who are willing

to commission the projects up to 31.12.2015. It is also found that certain generators have entered into the PPA after 31.03.2015 and commissioned the project between the period 01.04.2015 and 31.12.2015, the price to be negotiated for such generators shall be Rs.6.45 per unit. Considering the above, the Commission is of the view that the said individual generators of the solar park developed by M/s. EEPL have to reduce the price from Rs.6.49 per unit to Rs.6.45 per unit.

42. The Commission is also of the view to allow the tariff of Rs.6.49 per unit to the individual generators who have entered into the PPAs with the TSSPDCL and commissioned their projects on or before 31.03.2015.
43. Regarding the projects which were not commissioned as on 31.03.2016, the Commission has noticed that the maximum price discovered through the competitive bidding of 2015 for 2000 MW ranged from Rs.5.1729 to Rs.5.5949 per unit. The said price is adopted by the Commission on 15.02.2016. All such solar projects which are commissioned post 31.03.2016, in principle, are entitled to get the above tariff.
44. Therefore, the Commission hereby determines the tariff (price) of Rs.6.49 per unit for the individual generators of the solar park developed by M/s. EEPL and M/s. Rays who entered into the PPAs with the TSSPDCL and commissioned their projects on or before 31.03.2015. The Commission also hereby directs to make the necessary amendment to the PPAs of the individual generators (i) commissioned after 31.03.2015 up to 31.03.2016 and are willing to sell the power to the TSSPDCL under the long term PPA route, with a tariff of Rs.6.45 per unit (ii) For the projects commissioned or yet to be commissioned after 31.03.2016, and are willing to sell the power to the TSSPDCL under the long term PPA route, the DISCOMs are directed to approach the Commission for proper fixation of tariff for the projects commissioned post 31.03.2016. The DISCOMs are also directed to submit the copies of the PPAs of the projects commissioned as on 31.03.2016 to the Commission for approval.

45. After considering the totality of the facts, there shall be no incentives to be allowed for early commissioning of any or all of the solar power generators including the solar park developed by M/s. EEPL and M/s. Rays.

Continuous extension of timelines either for entering in to PPA or date of Commissioning of the solar power project without considering the falling of prices:

46. The Commission noticed that the TSSPDCL has extended the timeline either for entering of PPA or for date of commissioning of the project either with the approval of the State Govt. or on its own. Since the prices of solar power are declining rapidly in the market day-by-day. If the timeline is extended over and above the timelines specified in the bidding document approved by the Commission based on which the bidder had offered the rate, allowing such higher price by extending the timeline it will burden the end users in the state of Telangana. Hence the Commission hereby directs that no extensions shall be allowed beyond 31.03.2016 for commissioning of the solar the projects, who responded to the competitive bidding route for 1000 MW and 500 MW vide G.O.Ms.No.46 Dated 27.11.2012 and Letter No.50/Budget/2014-2 Dated 18.07.2014 respectively issued by the GoTS. The DISCOMs are directed to get the approval of the Commission for any deviation in the terms of the PPA including the tariff payable to the generator and the schedule of commercial operation.

Validity of the Tri-partite agreement under the Act.

47. M/s. EEPL has furnished the Tripartite agreement entered into among the individual generators of the solar park, the TSSPDCL and M/s. EEPL, Wherein there is a provision/clause containing that meter readings of the individual generators shall be taken by M/s. EEPL and allocation of the losses between the individual generator and the pooling substation shall be done by M/s. EEPL based on the formula specified in the PPA. Allocation of losses is necessitated for the following reasons-

- i. The total amount to be paid to the individual generators shall be based on the energy meter readings of main meter located at HV side of the pooling substation (which is interconnecting point).
- iii. As per the PPA, the billing and the payment is to be done to the individual generators who have entered into the agreement.
- iii. The energy procured and billed is the sum of energy pumped by the individual generators as per the meter readings at the generating points (standby meters) less loss of energy occurred on the line connected between the individual generators and the pooling substation.
- iii. The total loss of energy to be allocated to the individual generators is as per the formula specified in the PPA. From this, the loss of energy occurred on account of energy supplied by the individual generators is known. The loss of energy computed for the individual generators will be subtracted from the energy meter reading of the meter located at the generator.

48. The Commission has examined the issue based on the provisions contained in the Electricity Act, 2003 about the validity of the Tri-partite agreement vis-à-vis the provisions in the PPA entered between the TSSPDCL and the individual generators. The TSSPDCL stated in their letter that the solar park concept is developed based on the pooling concept of the model cluster wind power PPA. But in the model cluster wind PPA, there is no provision for taking the meter reading of the generators and the allocation of losses by any third party. Even in the PPA of the individual generators in the solar park, there is no mention of the Tri-partite agreement and taking of the meter reading by a third party. In the PPA it is indicated that the individual generators meters are the property of TSSPDCL and shall be sealed by it. The Individual generators' meters are used as the standby meters as per the metering regulations issued by the Central Electricity Authority. Further, the meter reading has to be taken in the presence of the generators. If the meter readings of individual generators are not taken and the allocation of losses up to the point of pooling substation is not done by the TSSPDCL and any disputes arise on account of this including billing disputes, the individual generators may face the problems. And as per the section 86(f) of the Electricity Act, 2003, the state Commission has to adjudicate the disputes

between the licensee and the generators. The TSSPDCL cannot make payment on the bills raised based on the energy account done by a third party (M/s. EEPL) which is not a party in the PPA entered into between the individual generators and the TSSPDCL., but disputes arising due to the third party cannot be adjudicated by the Commission under the section 86(f) of the Act. Considering the above points, the Commission is of the view (i) not to recognize the third party under the PPA and (ii) energy accounting (meter reading and losses allocation) has to be done by the TSSPDCL (iii) the meter readings have to be taken by the TSSPDCL in the presence of the individual generators. Hence the Commission hereby directs to amend the PPA wherever required and reject the Tripartite Agreement.

This order is signed on this 16th day of July, 2016

Sd/-
L. Manohar Reddy
Member

Sd/-
H. Srinivasulu
Member

Sd/-
Ismail Ali Khan
Chairman

// CERTIFIED COPY //

List of Stakeholders submitted written objections/suggestion and/or participated in the Public Hearing

Sl. No.	Name & Address
1	Venugopal Rao, Senior Journalist & Convener, Centre for Power Studies
2	The Federation of Telangana and Andhra Pradesh Chambers of Commerce and Industry
3	Bharatiya Kisan Sangh: Sri Muduganti Sridhar Reddy, State General Secretary
4	Sri M. Sridhar Reddy, Sri D. Ramu and Sri J. Sri Ranga Rao
5	Enrich Energy Pvt.Ltd
6	M/s. D.J malpani
7	ADVIK HI-TECH PVT.LTD.
8	Marudhar Fashion
9	Jsons Foundary PVT.LTD
10	Associated Ceramics Limited
11	Mahalingashetty & Co.Ltd
12	M/s.L.B.Kunjir Power Generation Business
13	Pudhari Publication Pvt.Ltd
14	Shapphire Pro-Venture (p) Ltd
15	Western precicast Pvt.Ltd
16	Saraswathi Industries
17	Govindram Shobharam & Co
18	Shreyalaxmi Properties Estate Developers
19	Swaraj P.V.C. Pipes Pvt.Ltd
20	Vikram Tea
21	Agarwal Enterprises
22	Sansui Electronics
23	Profuse Energy & Infrastructure (P)Ltd
24	Paramount Minerals and Chemicals Ltd
25	Ravindra k.Reshamwala
26	Nereus, Dubbak Solar Projects Pvt.Ltd
27	International Solar Corporation Pvt.Ltd
28	Shining Sun Power Telangana Pvt.Ltd
29	Haldirams Snaks Pvt.Ltd
30	Pavan Kumar Donda Energy Consultant
31	CH.Durga Bhavani Electrical Engineer, RPI infra Power Pvt.Ltd
32	Earth Solar Power Pvt.Ltd
33	R.Bharath Reddy Energy Consultant
34	U.Gangadhara Rao, Sr.Manager (Projects) Rithwik Projects
35	Suryanandan Texturizers Pvt.Ltd
36	Jajoo Rashmi refractories Pvt.Ltd
37	A.Omprakash
38	Solar Voltaic Power LLP
39	R.G.S. Solar Power Pvt.Ltd