

OBJECTIONS RAISED BY M. VENUGOPALA RAO, SENIOR JOURNALIST & CONVENER, CENTRE FOR POWER STUDIES

Sl.No.	Objections raised by M. Venugopal Rao	Replies by TSDISCOMs
1	<p>On the subject issue correspondence has been going on between the TS Discoms and the Hon'ble Commission for more than last two and a half years. The latest reply of TSSPDCL to the Commission is dated 19.4.2021 relating to PSAs with NTPC and the one related to PSA with SECI is dated 8.6.2021. The Hon'ble Commission has clubbed both the issues, while inviting suggestions, objections and comments from stakeholders and interested public so as to reach the Commission by 16.7.2021, as indicated in its public notice. While the documents attached to the issues pertaining to the PSAs with NTPC run into 514 pages, those attached to the issues pertaining to the PSA with SECI run into 109 pages. A cursory glance over the bulky documents shows that a detailed study is required to submit meaningful and purposeful objections and constructive suggestions.</p> <p>Despite the fact that the Hon'ble Commission had sought a number of clarifications from the Discoms, some more crucial issues need to be examined and relevant information and clarifications need to be submitted by the Discoms.</p> <p>As such, a public hearing is very much required on the subject issues. The public notice of the Hon'ble</p>	-

	<p>Commission is silent about holding a public hearing on the issues, implying that the Commission would issue its orders after considering written submissions of interested public. Going by the indicated scheduled dates of commissioning the solar units concerned, there does not seem to be any extraordinary urgency to decide the issues without holding a public hearing on the same. Therefore, I request the Hon'ble Commission to hold public hearings on the subject issues and give adequate time to interested objectors to make their submissions, both written and oral.</p>	
2	<p>Except the transmission and SLDC capacities approved by the Hon'ble Commission for the 4th control period, nothing has been made public by the Discoms about medium and long-term load forecast. Needless to say, before entering into long-term PPAs with power projects by the Discoms and consents given by the Hon'ble Commission, it is imperative to assess availability of power from sources under PPAs in force, capacities being added, availability of surplus or deficit vis a vis growing demand, in which year and how much generation capacity needs to be added on medium and long-term basis.</p> <p>The addition of capacities also should be prudent to maintain balance in power mix to suit fluctuating demand curve to the extent possible, taking into account renewable power the Discoms have to purchase as per their obligations under renewable power purchase obligation (RPPO) order issued by</p>	<p>DISCOMs have been entering into Long-term, Medium-term and Short-term power purchase agreements based on the growing demands and to meet the additional demand of the Lift Irrigation Projects taken up by the State Govt.</p> <p>Further, DISCOMs have to ensure 24Hr uninterrupted power supply to all the categories of the consumers in the state, including the Agricultural consumers, for which DISCOMs plan the power purchases. The loads have become more dynamic in nature due to 24Hr power supply to Agl consumers and Lift Irrigation Projects loads. In respect of the power purchases, whether it is through agreements or through markets, DISCOMs are ensuring a balance to the extent possible, for ensuring the grid stability and other required technical parameters.</p>

the Hon'ble Commission. Such a balance needs to be maintained in order to avoid, to the extent possible and subject to technical limitations, availability of substantial surplus power, backing down the same and paying fixed charges therefore, problems of grid integration, need for purchasing power from market sources even in the face of availability of surplus power, etc. Without taking such a holistic view based on ground realities, entering into long-term PPAs indiscriminately and giving regulatory consents to the same would lead to disastrous consequences, disorderly development of power sector and increase in avoidable burdens on consumers of power.

Unfortunately, with the TS Discoms continuing to fail to submit their ARR and tariff proposals for the last two and current financial years, the ground reality continues to be shrouded in secrecy. The Discoms have not been submitting the above-narrated information whenever a PPA or related issues have been coming up for public hearings and consideration of the Hon'ble Commission.

The view that public hearing on long-term load forecast, resource plan, procurement plan, etc., need not be held on the simplistic ground that regulations do not contain such a provision for holding public hearing simply takes shelter behind trivial technicalities, ignoring the principles of transparency, accountability and public participation which the regulatory process is

Further, while entering the PPAs for purchase of RE power, DISCOMs are also examining the RPP0 targets in vogue both at State level & National level.

In the draft Electricity Act Amendment Bill, Section 142 of the principal act is proposed to be amended. In the proposed amendment it is stated that if the power is not purchased from renewable sources as prescribed by the Central Government, penalties ranging from Rs 0.25/Kwh to Rs 2/ Kwh have to be paid.

	<p>expected to ensure. No regulation prohibits the Hon'ble Commission from holding public hearings on issues under its consideration, if it so decides.</p> <p>The Hon'ble Commission has power to direct the Discoms to submit long-term load forecast, resource and procurement plans, etc., and discretion to hold public hearing on the same before giving its order.</p>	
3	<p>Despite the fact that the Hon'ble Commission had given in-principle approval for purchase of solar power from SECI by the Discoms through competitive bidding, it was constrained to raise the loaded question, among others, in its letter dated 4.7.2020 to TSSPDCL - whether it (purchase of 400 MW solar power from SECI) will result in backing down any base load stations at any point of time, as this procurement is must run status.</p> <p>In their reply dated 24.9.2020, the Discom was at its evasive and escapist best when it maintained that depending on the grid load dynamics, steps would be taken for merit order despatch in case of grid constraints. It is an irresponsible reply. It goes without saying that, when substantial surplus power is available and when it cannot be sold in the market, it has to be backed down as per the principle of merit order despatch. The question of the Hon'ble Commission is not whether the Discoms would implement the principle of merit order despatch, but whether purchase of 400 MW solar power from SECI would lead to backing down any</p>	<p>As already submitted to the Honorable Commission, while entering into these power purchase agreements for 400MW each with SECI & NTPC, DISCOMs have taken the upcoming loads from Lift Irrigation Projects and also other loads into consideration, apart from the RPPO targets.</p> <p>DISCOMs wish to clarify that RPPO target is fixed as a percentage of the DISCOMs' annually increasing total power consumption. Further, demand-supply is dynamic in nature and cannot be predicted in absolute terms, particularly in a state like Telangana wherein 24Hr Power Supply is to be ensured by the DISCOMs.</p> <p>Since the Renewable Energy projects are accorded must run status, the power from these projects needs to be mandatorily off taken by DISCOMs. However, depending on the grid load dynamics, steps has to be taken for merit order despatch in case of grid constraints. Further, the latest market conditions enable the DISCOMs to sell surplus RE power to the other needy Purchasers in real time market through GTAM.</p>

base load stations.

Another implication in the loaded question of the Hon'ble Commission is that, since solar power plants enjoy must-run status, the Discoms have to invariably purchase the power generated and supplied by them, whether they require it or not, even when surplus power is available to them. In other words, the Discoms have to substantiate and justify, with factual position, need for purchase of the said 400 MW solar power each from SECI and NTPC to meet demand, without backing down thermal stations during the period when that solar power is supplied. How and why the Discoms have been so debilitated as not to give required factual information and data and what kind of coordination is being brought about by the TS Power Coordination Committee is intriguing.

Unless there is something questionable, unjustifiable, detrimental to larger consumer interest and embarrassing to the authorities concerned, there is absolutely no need and justification for hiding the relevant information. If their decisions and actions, as well as their consequences, are in larger public interest, progressive and laudable, the powers-that-be would always tend to propagate the same as widely as possible.

4	<p>In its letter dated 6.1.2021 addressed to TSSPDCL, the Hon'ble Commission raised pointed queries - a to t - relating to the proposed purchase of 400 MW solar power from NTPC. Query '1' states that "the TSDISCOMs are also required to clarify that the capacity now sought to be added by procurement from the NTPC, the stated solar capacity would not amount to surplus procurement for the relevant year in terms of the regulation of the Commission." In its reply dated 19.4.2021, TSSPDCL stated that "the Solar Power Purchase plans are made keeping in view of the total RPPO trajectory issued by TSERC in the relevant regulation. Further, as the mandated RE purchases are in proportion to the total consumption of energy, which were likely to increase in view of the proposed Lift Irrigation loads, the procurement of Solar power was necessitated. Keeping these facts in view, the present solar power purchases in the subject PSA will not amount to surplus solar power purchase." This reply of TS SPDCL is also in the nature of a conjecture, without any certainty about requirement of the proposed solar power, devoid as it is of any substantiation with factual position, but simply based on "likely" increase in demand.</p>	<p>As already submitted above, demand-supply is dynamic in nature and cannot be predicted in absolute terms, particularly in a state like Telangana wherein 24Hr Power Supply is to be ensured by the DISCOMs.</p> <p>The reply submitted by DISCOMs to the Commission, vide Lr Dt: 19.04.2021, stating that <i>'the Solar Power Purchase plans are made keeping in view of the total RPPO trajectory issued by TSERC in the relevant regulation. Further, as the mandated RE purchases are in proportion to the total consumption of energy, which are likely to increase in view of the proposed Lift Irrigation loads, the procurement of Solar power is necessitated. Keeping these facts in view, the present solar power purchases in the subject PSA will not amount to surplus solar power purchase'</i>, is not conjecture in nature, as opined by the Objector, in view of the dynamic nature of the power demand-supply position in the state.</p> <p>The details of demand supply position, as sought by the Hon'ble Commission were submitted in the detailed replies furnished on the queries sought by TSERC.</p>
5	<p>When the Discom submitted, in the above-mentioned reply, that the solar power purchase plans are made keeping in view of the total RPPO trajectory issued by TSERC in the relevant regulation, it did not give any details as to how much solar power the Discoms were required to</p>	<p>As per the provisions of the RPPO regulation issued by the Honorable Commission, DISCOMs have been periodically submitting the compliance reports. In view of limited Non-Solar RE potential availability in the State of Telangana and considering comparatively higher tariffs for Non-Solar RE projects such as</p>

	<p>purchase under RPPO order issued by the Hon'ble Commission and whether further procurement of solar power was required to meet their obligations under the said order.</p> <p>Since the PSAs with NTPC were signed in the month of June, 2016, how much solar power the Discoms were required to procure at that time as per the RPPO order in force and whether the 400 MW solar power sought to be procured from NTPC was required to meet their obligations under RPPO need to be explained and examined.</p>	<p>Biomass, Industrial Waste & Bagasse projects, DISCOMs have been requesting the Commission to consider any surplus solar RE over & above the obligation against the short fall in the non-solar RE obligation.</p> <p>Besides meeting the Renewable Purchase obligation, the purchase of Solar power (at relatively lower tariffs) also results in reducing the average procurement cost of power.</p>
6	<p>Since the bidding process was initiated by NTPC in the year 2015 and PSAs were signed by the Discoms in June, 2016 with NTPC, and consents of the Hon'ble Commission to the same have not been given so far, are the TS Discoms getting supply of the proposed 400 MW solar power, and if so, from when? CERC adopted the individual tariff for power projects as discovered through competitive bidding by NTPC with effect from 20.5.2020 and stated that the tariff would be valid till PPA remains valid. Expiry date is defined that it shall mean the date occurring twenty five years from the date of commercial operation of the last unit of the solar power project.</p> <p>However, when the SPDs would declare CODs and when NTPC would start supply of power to the Discoms are not incorporated specifically in the PSAs between NTPC and the Discoms. If the SPDs</p>	<p>TSDISCOMs entered into this PSA with NTPC for purchase of 400MW of Bundled power (400MW Solar +200MW Thermal) in the year 2016, since it is an MNRE scheme approved by Govt of India for Grid connected Solar PV projects under Batch-II Tranche-I of National Solar Mission Phase-II State Specific Bundling Scheme for DCR Category & Open category in Telangana vide RfS No: NTPC/2015-16 /NSM/TI/NSP-TEL/10 & NTPC/2015-16/NSM/ TI/ NSP-TEL/11.</p> <p>DISCOMs have been receiving energy from these Telangana state specific 400MW Bundled Solar Power Projects as follows, from the date of synchronization of the plants. There has been a delay in adoption of the respective Tariffs by CERC discovered through the bidding conducted by NTPC.</p>

concerned have not started generation and supply of solar power to NVVN and if the later has not yet started supply of solar power to the TS Discoms, the tariffs for that power as incorporated then in the PSAs being higher than the tariffs discovered by SECI through competitive biddings later, continuing the entire process for such a long period of more than five years becomes questionable. It also shows that the said solar power has not been required by the Discoms all these years, though PSAs were signed in the year 2016.

Moreover, delay in execution of solar power plants by the SPDs concerned for a long time, gives scope for them to set up the same with much lower capital costs in view of subsequent technological improvements and falling tariffs being discovered through competitive biddings and get the old higher tariffs discovered through competitive bidding and incorporated in the PPAs between NTPC and SPDs, without reducing the same as per the subsequent lower tariffs discovered through competitive biddings. If that is the factual position, it is detrimental to the interests of the Discoms and their consumers and questionable. When solar power tariffs discovered through competitive biddings are reaching as low as Rs.2 per kwh, there is no justification in the Discoms sticking to the proposal to buy solar power @ Rs.4.66 per kwh from NTPC. Starting the process of competitive bidding in the year 2015 and getting tariffs discovered through that

Project Name	Capacity	Date of Synchronization
M/s Parampujya Solar Energy Pvt Ltd under DCR	50 MW	17.11.2017
M/s Parampujya Solar Energy Pvt Ltd under OCR	50 MW	19.09.2017
M/s Renew Wind Energy (TN2) Pvt Ltd	100 MW	01.11.2017
M/s Azure Power India Pvt Ltd	100 MW	12.01.2018
M/s Acme Solar Holdings Pvt Ltd (ACME Mahabubnagar & ACME Yamunanagar)	50 MW	09.09.2017
M/s Karvy Consultances Pvt Ltd (Achintya, Grinibhrit & Suvarchas)	40 MW	17.01.2018
M/s Karvy Consultances Pvt Ltd (Vishvarupa)	10 MW	28.10.2017

Whereas SECI, vide letter dated 11.07.2018, offered for allocation of Solar power from MNRE schemes. TSERC was pleased to accord in-principle approval vide letter dated 09.11.2018. After finalization of the bids, SECI confirmed allocation of 400 MW Solar power quantum

	<p>process for individual SPDs adopted by CERC with effect from 20.5.2020 provides opportunity to the SPDs to get undue benefit of higher tariffs and impose such burdens on the Discoms as explained above. Obviously, it is a manipulatory arrangement much to the undue benefit of SPDs and other vested interests and detrimental to the interests of the Discoms and their consumers of power.</p>	<p>to TSDISCOMs from ISTS Scheme Tranche-VI at a tariff of Rs.2.78 per Kwh (including trading margin of Rs.0.07/Kwh), vide letter dated 13.12.2019 (discovered price in the competitive bidding conducted during 2019). The Power Sale Agreement (PSA) was entered by TSDISCOMs with SECI on 21.01.2020. Thereby the consent for PSA was sought from TSERC, vide letter dated 19.02.2020</p> <p>It is to be noted that the tariff of Rs.2.00/Kwh pointed out by the objector is the tariff discovered in bidding conducted by SECI during November 2020, for which PPA is entered in January 2021. However, the agreements signed by TSDISCOMs are earlier to that period. Besides, the discovered price in the competitive bidding depends largely on various bid specifications such as location of the plant, technical parameters such as level of irradiance etc., financial parameters such waiver of duties/levies, VGF etc., In some of the recent bids opened by SECI the prices are ranging from Rs 2.33 to Rs 2.44/Kwh. As such the tariff Rs. 2.00/Kwh discovered in 2020-2021 which is exclusive of Basic Customs Duty cannot be compared with bids conducted during 2015 & 2019.</p>
7	<p>In its order for ARR and transmission tariff for the 4th control period dated 20.3.2020, the Hon'ble Commission approved transmission contracted capacity for TS Transco to the tune of 21370.12 MW for 2021-22, 21878.73 MW for 2022-23 and 21866.04 MW for 2023-24. It does not include the balance 2400 MW from TSTPP of NTPC and it is not</p>	<p>NTPC bundled power allocated by MoP, GoI, is included in the ARR and transmission tariff for the 4th control period. The necessary submissions required to justify the proposed increase in Transmission capacity have already been furnished in the subject ARR filings</p>

	<p>known whether the bundled thermal power to be allocated by MoP, GoI, is included or not. In their presentation during the public hearing on 30.6.2021 in OP Nos.15 to 19 of 2021 relating to the PPAs they signed with TS Genco, TS Discoms projected availability of total installed capacity of 25,760 MW by 2022-23. This also does not include the balance of 2400 MW from TSTPP. Out of 25,760 MW, solar power is 5565 MW, wind power 128 MW and other RE 196 MW, i.e., a total RE of 5889 MW. Against a contracted capacity of 21878.73 MW, as approved by the Commission in the MYT order for TS Transco, do the Discoms require 25,760 MW, i.e., 3882 MW additionally? What is the basis and justification for requirement of the additional capacity? The said presentation of the Discoms avoided to explain the same.</p>	
8	<p>In the above-mentioned presentation, TS Discoms informed that there has been no load relief from 20.11.2014 and that as on 1.6.2021, against a maximum demand of 13,688 MW, the contracted capacity is 16,603 MW. With this capacity, when the Discoms are in a position to meet maximum demand during 2021-22, the transmission contracted capacity approved by the Commission for the same year to the tune of 21,370.12 MW is, obviously, very high. Then, what is the basis for additional requirement of an additional capacity of 9,157 MW (25,760 – 16,603 = 9,157) by 2022-23, i.e., an increase of 55.15% within a span of less than two years? In which way the subject 800 MW of solar</p>	<p>As submitted above, the necessary details required to justify the proposed increase in Transmission capacity have already been furnished in the subject ARR filings. DISCOMs are obligated, as per the State Govt policy, to maintain 24Hr uninterrupted power supply to all the categories of services, including Agl services which consume more than 30% of the total energy being supplied by the DISCOMs. Solar Power, apart from helping in meeting the RPPO targets, is helpful in meeting the regular demand also. Besides the purchase of Solar power (at relatively lower tariffs) also results in reducing the average procurement cost of power.</p>

	power, which cannot meet peak demand, its generation and supply being between 8 AM and 6 PM, that, too, with occasional intermittence, is required to meet maximum demand?	
9	TSERC, in its letter dated 19.11.2018, had given in-principle approval for procurement of 500 MW solar power through SECI under competitive bidding only. In response to the queries raised by the Hon'ble Commission in its letter dated 4.7.2020, TSSPSDCL, in its reply dated 24.9.2020, submitted the following points, among others:	-
	i) As per long-term RPO trajectory of MoP, GoI, issued on 14.6.2018, the targets are 17.50% (in which solar is 7.25%) for 2019-20, 19% (8.75% solar) for 2020-21 and 21% (10.50% solar) for 2021-22. The RPO shall be on total consumption of electricity by an obligated entity, here, Discom, excluding exemption from hydro sources of power. The RPPO targets fixed by the Hon'ble TSERC, after holding public hearing, in its order dated 1.4.2018, are 6% (5.33% solar) for the year 2018-19, 6.5% (5.77% for solar) for 2019-20, 7% (6.21% for solar) for 2020-21 and 8% (7.10% for solar) for 2021-22 and they are mandatory on the Discoms. These RPPO targets are further likely to be enhanced as the targeted RE capacity addition is being revised to 450 GW by GoI to be achieved by the year 2030, the Discom maintained. The Discom also contended that though it is not mandatory for the State Discoms to comply with the MoP notification, it is likely that the State	-

	<p>RPPOs may be directed to align with the MoP RPPO, in terms of National Tariff Policy. It also referred to the amendments proposed by MoP to EA, 2003, in this regard. The contentions of the Discom have to be examined in the light of the following points, among others:</p>	
	<p>a) Though the trajectory was stated to be uniform to all States, in the said order, MoP, GoI, made it clear that “in exercise of power conferred under the Electricity Act, 2003, SERCs may consider to notify RPO for their respective States in the line with aforesaid uniform RPO trajectory.” It is for two reasons. One, it is the SERC concerned which has to give its RPPO order as per law. Two, uniform trajectory to all States is irrational and unrealistic, because availability of power under existing sources already contracted, demand position, availability of sources for renewable power, etc., vary from State to State. If a State is having substantial surplus power available, even after the Discoms meeting their obligations under RPPO issued by the SERC in force, imposing obligations of higher percentage of RE on them as per the trajectory of MoP, GoI, is unwarranted, as it would create additional problems by increasing availability of surplus power, with attendant disastrous consequences. Moreover, the trajectory of MoP, GoI, on its</p>	<p>Through the Energy Dept of the State Govt, DISCOMs have already expressed their concerns over the proposed Govt of India’s policies on RE Power Policy stating that <i>‘before insisting for the RPO trajectory uniformly across all the States, the potential of RE resources in each State have to be examined and respective State Commissions may be given free hand to notify the RPO targets u/s 86(1) (e) of Electricity Act 2003, duly considering the Renewable Energy potential available in the respective States. Flexibility need to be given to States for meeting the Non-Solar RPO with Solar RPO and vice versa depending on the State Resources’.</i></p>

	<p>own admission, by virtue of recognising the powers and responsibilities of SERC to issue RPPO order, is legally not binding either on the Discoms or the SERC concerned.</p>	
	<p>b) The announcements by GoI in international fora on its targets of adding RE capacities in the country, its targets accordingly in the country and trajectory of MoP, GoI, have been made without consulting the States and without considering the problematic implications for the States. Whether any consultations have been made in the Central Cabinet is also not known. There has been criticism that the targets announced in the international fora are a one-man show, without any consultations required in the country and without any deliberation in, and sanction of, the Parliament. Such arbitrary announcements cannot impose any binding obligations on the States, as they have no legal sanctity.</p> <p>Imposing such arbitrary targets by GoI on the States stifles the spirit of federalism and would be tantamount to GoI exercising its authority, taking undue advantage of power being in the concurrent list, without itself taking any responsibility and accountability for the disastrous and harmful consequences that arise as a result of implementing its diktats by the States.</p>	-

	<p>c) The contention of the Discom that the State RPPOs may be directed to align with the MoP RPPO, in terms of National Tariff Policy, is presumptuous. Such a direction, if issued by GoI, encroaches upon the powers of SERCs and would be questionable for the aforementioned reasons, among others. The States are expected to decide what is in their best interests and SERC also has to take the interests of the State concerned and need for orderly development of power sector while deciding RE targets under RPPO.</p>	<p>DISCOMs expressed a concern that if the amended Electricity Act is implemented, then, aligning of the RPPO targets in line with the National RPPO targets may become mandatory for all states, including Telangana.</p>
	<p>d) There has been strong opposition for very valid reasons from several States, different political parties and informed sections of knowledgeable people to the amendments proposed by the GoI to the Electricity Act, 2003. Therefore, the Discoms are not expected to proceed on what the GoI is likely going to do by way of the proposed amendments. In this connection, I would like to remind that the TS Discoms, then represented by the then CMD of TSCPDCL Sri G Raghuma Reddy garu, vehemently opposed any enhancement of the targets under RPPO from the then prevailing 5% for very valid reasons during the public hearing held by TSERC before issuing the RPPO order dated 1.4.2018.</p>	<p>Presently, DISCOMs are proceeding with the RPPO targets fixed by this Commission only and not with the RPPO targets prescribed by MoP, GoI. Indeed, while TSERC issuing the RPPO Order, Dt: 01.04.2018, DISCOMs requested the Commission to consider any surplus solar RE over & above the obligation against the short fall in the non-solar RE obligation, considering the fact that the major non-solar RE potential i.e wind power potential is lower in the state of Telangana.</p>

	<p>The Hon'ble Commission had also taken our detailed submissions into account and enhanced the RPPO targets modestly. Andhra Pradesh has been suffering the disastrous consequences that have been arising on a long-term basis due to indiscriminate entering into long-term PPAs with RE units and other power plants for purchase of unwarranted and high-cost power and consents to the same given by the then APERC, far exceeding the targets fixed under RPPO order in force then.</p>	
	<p>ii) TSSPDCL further submitted that, in view of the increasing loads on TS Discoms due to the upcoming lift irrigation projects, the requirement of purchase of RE power is increased for meeting proportionate increase in RPPO%. The Discoms have to substantiate their submissions based on the following points, among others:</p>	-
	<p>a) Growth in overall demand leads to need for purchasing more RE proportionately as per the RPPO order in force, even without increasing the percentage of RPPO. Increasing RPPO percentage would further increase need for purchasing more RE, whether it is required for meeting demand or not.</p>	-
	<p>b) What are the lift irrigation projects that are coming up periodically and what is their requirement for power. As a result, how</p>	<p>The existing LI loads are around 6000 MW and the upcoming proposed loads are around 8000 MW.</p>

	<p>much would be the increase in demand for power in the State periodically.</p>	
	<p>c) Even after taking into consideration such increase in demand periodically, whether the RE already contracted by the Discoms would be sufficient to meet their RPPO obligations as per the order of TSERC in force, or additional RE needs to be contracted to meet the RPPO obligations, and if so, to what extent and when.</p>	<p>Considering the unforeseen force majeure conditions also into account, it takes about 2 – 3 years for the RE Projects to complete once the PPAs are signed. Taking the dynamic supply-demand situation in the 24Hr power supply obligation in the state into consideration, DISCOMs need to plan for addition of RE power</p>
	<p>d) Whether the existing generation capacities under committed sources, both RE and conventional, are enough to meet demand of lift irrigation projects for power, even while the Discoms meeting their RPPO obligations.</p>	<p>DISCOMs have been entering into Long-term, Medium-term and Short-term power purchase agreements based on the growing demands and to meet the additional demand of the Lift Irrigation Projects taken up by the State Govt.</p> <p>Further, DISCOMs have to ensure 24Hr uninterrupted power supply to all the categories of the consumers in the state, including the Agricultural consumers, for which DISCOMs plan the power purchases. The loads have become more dynamic in nature due to 24Hr power supply to Agl consumers and Lift Irrigation Projects loads. In respect of the power purchases, whether it is through agreements or through markets, DISCOMs are ensuring a balance to the extent possible, for ensuring the grid stability and other required technical parameters.</p> <p>Further, while entering the PPAs for purchase of RE power, DISCOMs are also examining the RPPO targets in vogue both at State level & National level.</p>

	<p>e) Since solar power can be generated and supplied during day time only, are the lifts of irrigation projects going to be operated during the day time only, or can they be run during night time also using surplus power that is normally available in the night and during off-peak hours during day time in view of fluctuating demand curve?</p>	<p>Lift Irrigation Projects are being run both in day time and in the night time, based on the in flows of water and also the water requirements for Irrigation needs in the state. Solar Power partly meets the requirement of the energy required to run the Lift Irrigation Projects.</p>
	<p>f) What is the requirement of power for lift irrigation projects in a year? Whether the lifts of those projects need to be operated throughout the year? If they are to be operated periodically subject to availability of water, what would be the requirement of power for such periodical operation?</p>	<p>The existing LI loads are around 6000 MW and the upcoming proposed loads are around 8000 MW. With varying demands/loads, Lift Irrigation Projects are being run throughout the year and that the Power requirements of the Lift Irrigation Projects are dynamic in nature</p>
	<p>g) If power is required for operating lifts of irrigation projects during specific periods in a year, is it prudent to enter into long-term PPAs the power available under which, if it cannot be used for meeting demand for power of other consumers, would lead to or even enhance availability of surplus power? In such a situation, what would be the practicable and ideal power mix and what options are available for achieving the same?</p>	<p>With varying demands/loads, Lift Irrigation Projects are being run throughout the year and that the Power requirements of the Lift Irrigation Projects are dynamic in nature. Hence, DISCOMs are devising the power purchase plans accordingly in Long-term, Medium-term & Short-term with suitable mix of non-RE & RE power, duly considering the RPPO obligations to be complied with.</p>
	<p>iii) The Discom submitted that the tariff of Rs.2.78 per kwh discovered through competitive biddings by SECI is well below the present pooled cost of power purchases, i.e., Rs.4.28 per</p>	

	<p>kwh plus benefit of exemption of ISTS charges and transmission losses which works out to Rs.1.50 per kwh. Furthermore, the Discom contended that tariff below Rs.3 per kwh for solar power would be most economical tariff and that solar tariff reached saturation point, meaning that it cannot be reduced further. These submissions need to be examined considering the following points, among others:</p>	-
	<p>a) Even though the proposed tariff of Rs.2.78 per kwh of solar power is well below the pooled cost of power purchases, if that solar power is to be purchased, even when it is not required, to that extent thermal power has to be backed down and fixed charges paid therefore.</p>	<p>Based on the upcoming loads, increasing overall power purchases of the DISCOMs and the RPPO targets to be achieved only, the subject 400MW Solar Power Purchase from SECI is procured. Since Grid operation is dynamic in nature, backing down of power plant units will be done based on merit order dispatch.</p>
	<p>b) If solar power is generated and supplied when it is not required, or when the solar units fail to generate and supply power as per the CUF incorporated in the PPAs, when that power is required by the Discoms, problems of grid integration would arise.</p>	<p>Eventualities like failure of power supply by the Solar Power generators will be addressed as per the relevant provisions of the power purchase agreements such as levy of penalty</p>
	<p>c) If solar power generated and supplied cannot meet peak deficit, even then that power has to be purchased by the Discoms, backing down thermal power, on the one hand, purchases from the market sources also will have to be made to meet such peak demand. The cost of power during peak periods is naturally high.</p>	<p>During the Peak Demand periods, power purchases from the market would be considered, after taking the available thermal power into account only.</p>

	<p>d) The view of the Discom that solar power tariff reached saturation point and that the price of below Rs.3 per kwh is most economical tariff is not correct. Recently, it is reported that the lowest tariff of Rs.2 per kwh of solar power was discovered through competitive bidding and that further technological developments are taking place which would further reduce cost of solar panels, etc., required for setting up solar power units.</p>	<p>It is to be noted that the tariff of Rs.2.00/Kwh pointed out by the objector is the tariff discovered in bidding conducted by SECI during November 2020, for which PPA is entered in January 2021. However, the agreements signed by TSDISCOMs are earlier to that period. Besides, the discovered price in the competitive bidding depends largely on various bid specifications such as location of the plant, technical parameters such as level of irradiance etc., financial parameters such waiver of duties/levies, VGF etc., In some of the recent tenders opened by SECI, the tariffs are ranging from Rs 2.33 to Rs 2.44/Kwh. As such the tariff Rs. 2.00/Kwh discovered in 2020-2021 which is exclusive of Basic Customs Duty cannot be compared with bids conducted during 2015 & 2019.</p> <p>Further lower Solar Power Tariffs, as referred to by the Objector, are found to be arrived in respect of major Solar Power Parks, wherein many facilities like the required land and the Grid Interconnection facilities in Plug-in mode are being arranged by the concerned State Govt. In fact, during the recent Covid-hit times, many Solar Power Developers have backed out of the national level biddings planned by MNRE & IREDA.</p>
	<p>e) When additional solar power is not required, it is imprudent to enter into long-term PPAs under the pretext that the tariff offered (below Rs.3 per kwh) is most economical tariff and its requirement would increase in future, for,</p>	<p>Based on the upcoming loads, increasing overall power purchases of the DISCOMs and the RPPO targets to be achieved only, the subject Solar Power Purchases are planned. Considering the unforeseen force majeure conditions also into account, it takes about 2 – 3 years</p>

	<p>it would lead to imposing obligations on the Discoms to start purchasing that power much before it would be required actually, and, that, too, at relatively higher cost vis a vis relatively lower tariff for which solar power may be available in future.</p>	<p>for the RE Projects to complete once the PPAs are signed.</p>
	<p>f) By inviting competitive biddings to set up solar power projects in the State of Telangana itself, need for payment of ISTS and transmission losses can be avoided. Payment of trading margin also can be avoided, if trading brokers like SECI and NVVN are avoided and bids for solar power are invited by the Discoms themselves directly. It may be noted that the Discoms themselves are talking about the virtues of distributed solar power and the efforts being made by them in that direction in the State.</p>	<p>Proposals for inviting Solar Power Purchase bids within the state of Telangana are also being considered.</p> <p>In respect of the present proposals for Solar Power Purchase from SECI & NTPC, ISTS charges are exempted and the Tariff arrived is relatively lower since the land cost in states like Rajasthan & Madhya Pradesh, where majority of these Solar Power Units are upcoming is lower and also irradiation is high in these states.</p>
	<p>g) As far as exemption of ISTS charges and transmissions losses are concerned, it is incorporated in the PSA between TS Discoms and SECI dated 21.1.2020 that “3.3.1 Buying entity (Discoms) shall be liable to bear all the transmission losses as determined by Appropriate Commission from time to time in respect of the power evacuated from the Delivery Points to its receiving substation(s). 3.3.2 Government of India from time to time issues order for waiver of inter-state transmission system (ISTS) charges and losses on transmission of wind/solar power</p>	<p>As per the latest orders of Govt of India, waiver of ISTS Charges is extended for the Solar projects to be commissioned upto June 2025. In respect of waiver of ISTS Charges, the provision given in the PSA with the DISCOMs holds good since the PPA of SPD with SECI deals with the Tariff to be paid to the SPD for the solar power supplied at the ex-bus of SPD.</p> <p>In case of delay in COD beyond the stipulated ISTS Charges waiver period by the SPD due to force majeure conditions, such specific cases will be taken up with SECI for extension of waiver period proportionately.</p>

	<p>till a certain date. In case the SCD of the Project is before the date the above ISTS waiver is applicable, and if the commissioning of the Project gets delayed beyond the applicable date of ISTS waiver due to Force Majeure event, the liability of transmission charges and losses would be shared between the SPD and Buying Utility(ies) in ratio of 50:50. However, in case the commissioning of the Project gets delayed beyond the applicable date of ISTS waiver due to reasons attributable to the SPD, the liability of transmission charges and losses would be that of the SPD.” In other words, whether the SPDs concerned would commission their solar power units before the last date for waiver of transmission charges and losses extended for solar and wind projects to be commissioned till 30.6.2023 and the applicable conditions, including those of force majeure, in the PPA between SECI and SPDs need to be examined to ascertain certainty or otherwise of getting the benefit of the said exemption by the Discoms. Neither the term of agreement, nor the CODs to be achieved by the SPDs, are incorporated in the PSA between SECI and TS Discoms. Which means the Discoms have to take power as and when CODs are declared by the SPDs and SECI starts supply of power. Moreover, in schedule I, it is</p>	
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	<p>pointed out that “The Pooled Tariff (average tariff for power purchased by SECI from the SPDs) is liable to changes depending on actual commissioning achieved by the respective projects, leading to changes in applicable tariffs.” Which again confirms uncertainty of actual commissioning of solar projects by SPDs, starting of supply of power by SECI to the Discoms and firmness of tariff. This kind of questionable arrangement is contrary to standard terms of PPAs and detrimental to the interests of the Discoms and their consumers of power.</p>	
10	<p>In the PSA between TS Discoms and SECI dated 21.1.2020, it is incorporated that copy of the PPAs (between SECI and SPDs) shall be submitted to buying entity (Discoms) within 30 days of the signing of the PPA(s) and such PPA(s) shall be integral part of this agreement. Which means the sections or clauses in the PPAs between SECI and SPDs to the extent they are applicable will be binding on the Discoms. If such sections and clauses are acceptable to the Discoms and not detrimental to their interests, they can be incorporated in the PSA between SECI and Discoms. Whether copies of the PPAs between SECI and SPDs were submitted to the Discoms and whether the latter examined the same is not known. Those copies of PPAs are not included in the papers uploaded in the web site of the Commission. The terms and conditions in those PPAs need to be examined.</p>	<p>MNRE / MoP, Govt of India has issued standard formats for all these bidding processes, right from RFS documents to the PSA/PPA formats. Most of the clauses/articles in these documents are standard in nature and are being adopted and signed by many of the states in the country.</p> <p>It is to clarify that Govt of India owned agencies like NTPC & SECI are processing the bids after the confirmation of the RE requirements from the respective states only and hence PPAs with SPDs are coming up after the PSAs are signed by them with the State DISCOMs.</p> <p>Copies of the PPAs received by the DISCOMs have been submitted to the Commission.</p>

11	<p>In the said PSA between TS Discoms and SECI, it is stipulated that the Discoms have to open Letter of Credit and provide State Government guarantee in a legally enforceable form to ensure timely payment to SECI. Further, it is incorporated that the Discoms have to provide payment security fund which shall be suitable to support payment of at least three months' billing of all the projects tied up with such fund. Imposing the burdens of such hyper-security mechanism on the Discoms is questionable; it would add to the power purchase cost. Whether SECI has provided for such hyper-security mechanism for payment of bills by itself to SPDs in the PPAs it had with them also needs to be examined. If not, why should SECI impose such mechanism on the Discoms and why should the latter meekly accept the same is a moot point.</p>	<p>Opening of Letter of Credits have been made mandatory by the Central Govt for all the Power Purchase Agreements. As such, the same needs to be adhered to by the DISCOMs.</p>
12	<p>In the said PSA, it is provided (6.10.3) that the SPD and the Buyer shall follow the forecasting and scheduling process as per the regulations in this regard by the Appropriate Commission. In the eventuality of a backdown, except for the cases where the backdown is on account of events like consideration of grid security or safety of any equipment or personnel or other such conditions, the SPD shall be eligible for a minimum generation compensation, from the Buying Entity (Discoms), in</p>	<p>The provisions in the PSA signed between DISCOM & SECI and PPA between SECI & SPD are standard in nature and are approved by MNRE/MoP, Govt of India.</p>

	<p>the manner detailed in the PSA.</p> <p>It is well known that thermal power stations can be backed down as per the principle of merit order despatch when substantial surplus power is available, but the number and total capacity of such backing down should be limited in a year as per the terms of the PPA concerned. When such limits of backing down are exhausted, then the turn of RE units comes for backing down their capacities in view of maintaining grid security and safety, etc. In PPAs between Discoms and RE units, no provision for payment by the Discoms for backing down RE units as per applicable grid code. But in the PSA, likely backing down of solar units for reasons other than grid security and safety, etc., is envisioned which implies that availability of solar power may turn out to be surplus for the Discoms. Hence, need for the said solar power needs to be ascertained vis a vis fluctuating demand of the Discoms.</p>	
13	<p>In the PSA between SECI and TS Discoms, it is provided (13.9.1) that buying entity (Discoms) shall bear and promptly pay all statutory taxes, duties, levies and cess, assessed, levied on Buying Entity, contractors or their employees, that are required to be paid by Buying Entity as per the Law in relation to the execution of the Agreement. The impact of all such expenses will add to the tariff the Discoms have to pay for the solar power they purchase from SECI.</p>	<p>The provisions in the PSA signed between DISCOM & SECI and PPA between SECI & SPD are standard in nature and are approved by MNRE/MoP, Govt of India.</p>
14	<p>As per the Solar Bundled Power Project under Phase-II, Batch-1 Tranche-1 of National Solar Mission</p>	

of Govt. of India six (6) Nos. power sale agreements (PSAs) were entered between NTPC Limited and two TS Discoms for a capacity of 50 MW under domestic content requirements and 350 MW Under open category of bundled power with unallocated quota from NTPC Thermal stations on 2:1 on MW basis as per allocations made by MoP, GoI, on 18.6.2016. NTPC Vidyut Vyapar Nigam Ltd. (NVVN) on behalf of NTPC purchases solar power from private developers and sells it to the Discoms on a long-term basis @ Rs.4.66 per kwh. In the PSA dated 17.6.2016 and six PSAs signed between NTPC and the TS Discoms, it is incorporated that “the agreed Contracted thermal power from different stations of NTPC for bundling shall be as per the allocation letter to be issued by MOP, GoI from time to time.” Further, it is incorporated that, “in case the cost of bundled power exceeds the agreed Solar Tariff of Power Purchase Agreement (PPA) with Solar Power Developer (SPD), Discom shall have the right to surrender the Thermal Power at any point of time during tenure of PPA.” The PSAs dated 17.6.2016 and 18.6.2016 were submitted to TSERC on 14.7.2016.

Further correspondence between the Hon’ble Commission and TSSPDCL continued and the latter, in its letter dated 13.8.2018, requested the Hon’ble Commission to give its consent to the 6 PSAs. The above clauses and submissions of SPDCL have the following implications, among others:

	<p>a) Bundling of thermal power with solar power in the subject issue is intended to reduce the average price of the bundled power per unit, i.e., the price of thermal power to be allocated for bundling is expected to be less than that of solar power.</p>	-
	<p>b) Allocation of thermal power for bundling with solar power will be as per the letter to be issued by MoP, GoI, from time to time, i.e., depending on the thermal power plant of NTPC from which allocation of thermal power is to be made by the MoP, GoI, the price of thermal power also may change from time to time. In other words, there is no finality to the price of thermal power to be allocated by MoP for bundling with solar power. As such, no effective tariff for bundled power is determined on firm basis for consideration of the Hon'ble Commission. In other words, the above stated clauses in the PSA imply that the Commission has to adopt the tariff for solar power only and the price of thermal power to be allocated by MoP for bundling with solar power and the average tariff for bundled power per kwh should be deemed to have been adopted by the Commission! This approach reflects uncertainty about effective tariff for bundled power.</p>	<p>TSDISCOMs entered into this PSA with NTPC for purchase of 400MW of Bundled power (400MW Solar +200MW Thermal) in the year 2016, since it is an MNRE scheme approved by Govt of India for Grid connected Solar PV projects under Batch-II Tranche-I of National Solar Mission Phase-II State Specific Bundling Scheme for DCR Category & Open category in Telangana vide RfS No: NTPC/2015-16 /NSM/TI/NSP-TEL/10 & NTPC/2015-16/NSM/ TI/ NSP-TEL/11.</p> <p>The tariff for the Solar power under the Bundled scheme is fixed. The tariff for the Thermal power depends on the allocation of power from the various Thermal power projects. However, in terms of the provisions of the PSA it is ascertained every month that the weighted average tariff of the Bundled power is less than the Solar power tariff.</p>
	<p>c) Another implication is that MoP, GoI, is incapable of allocating bundled thermal power from the old units of NTPC on firm basis with pre-determined tariff for bundling with solar power for the entire period of the PSA between</p>	<p>Presently, as per the provisions of the PSA, it is ascertained every month that the weighted average tariff of bundled power is lower than the Solar Power Tariff.</p>

	<p>NTPC and the Discoms. Since the PSA is for a period of 25 years, allocation of thermal power from the same old units of NTPC for such a long period may not be possible. However, keeping in view the useful life span of different thermal power plants of NTPC, an order of priority for allocation of thermal power to be bundled with solar power can be worked out starting with the oldest plant with lowest tariff and continuing such allocation of thermal power in the descending order of the oldest plants from time to time.</p> <p>Therefore, allocation of thermal power from the old units of NTPC for bundling with solar power should be worked out and finalized in advance to ensure firmness in allocation. There is no provision for such an arrangement in the PSAs making it obligatory on the part of MoP, GoI, and NTPC. Even if the price of bundled power is less than the price of solar power by a few paise per kwh, the burden on consumers continues to be substantially higher compared to the prices of solar power being discovered through competitive biddings.</p>	
	<p>d) Due to uncertainty about availability of power from the thermal plants of NTPC from which MoP may allocate power for bundling with solar power from time to time and variations in variable costs due to various factors like increase in cost of coal, cost of its transportation, taxes and cess on coal,</p>	<p>The price of the Thermal power depends on the allocation of Power by MoP. However, in terms of the provisions of the PSA it is ascertained every month that the weighted average tariff of the Bundled power is less than the Solar power tariff.</p>

	<p>variations in gross calorific value of the fuel and station heat rate, etc., the price of such thermal power may vary from time to time.</p>	
	<p>e) The clause in the PPA that in case cost of bundled power exceeds the agreed solar tariff of PPA with Solar Power Developer, the Discoms shall have the right to surrender the thermal power at any point of time during tenure of PPA confirms that it cannot be taken for granted that the effective tariff of bundled power will continue to be attractive and beneficial to the Discoms during the entire period of the PPA.</p> <p>Surrendering the component of thermal power in the bundled power when its cost exceeds the price of solar power would deprive the Discoms of the benefit, if any, of reduced price of bundled power, thereby exposing hollowness of this arrangement bristling with uncertainties and arbitrariness of MoP, GoI, in allocating thermal power from old plants of NTPC for the purpose of bundling with solar power.</p>	<p>Presently, as per the provisions of the PSA, the weighted average bundled tariff is lower than the Solar Power Tariff. In future, if the weighted average bundled tariff is found to be higher than the Solar Power Tariff, DISCOMs would consider taking up such eventualities with NTPC as per the provisions of the agreement.</p>
	<p>f) The very purpose of providing bundled power is to reduce the burden of high cost of solar power by allocating thermal power to reduce the average cost of bundled power to much less than that of solar power. The eventuality of average price of solar and bundled thermal power exceeding the already high cost of solar power confirms how imprudently the Discoms have entered into PSAs with NTPC as a result of which the former and their consumers continue</p>	<p>Presently, as per the provisions of the PSA, the weighted average tariff of bundled power is lower than the Solar Power Tariff. In future, if the weighted average bundled tariff is found to be higher than the Solar Power Tariff, DISCOMs would consider taking up such eventualities with NTPC as per the provisions of the agreement</p>

	<p>to be saddled with high-cost solar power during the period of long-term PSAs. On that ground, the Discoms cannot terminate their PSAs with NTPC to get rid of the burden of high-cost solar power, as there is no such provision in the terms of the PSAs.</p>	
	<p>g) The absurdity of the said clause is that neither the MoP, GoI, nor NTPC, has any binding obligation to allocate power from thermal power stations of NTPC for bundling with solar power in such a way that ensures price for bundled power is less than the price of solar power during the period of PSAs. The very purpose of bundling thermal power with solar power is to reduce the burden of high-cost solar power and without such a binding obligation on the part of MoP, GoI, and NTPC, that purpose gets defeated. Moreover, the so-called right of the Discoms to surrender the thermal power at any point of time during the tenure of PPA is nothing but foregoing the benefit of bundled power at price less than that of solar power. That is how GoTS and its Discoms are being taken for a ride by MoP, GoI, and NTPC with this kind of pharisaical approach. As a result of this trickery of NTPC, the Discoms and their consumers will continue to be saddled with either high cost bundled power or high cost solar power being supplied by NTPC on a long-term basis. It is not a theoretical or hypothetical proposition. In fact, on these lines, we cautioned against such a</p>	-

	<p>devious sophistry of NTPC during the public hearings on the related petitions of AP Discoms on similar questionable arrangement and PPAs they had with NTPC, but all our submissions fell on the deaf ears of the powers-that-be during the Chandrababu Naidu regime, the Discoms and the then APERC. With average price of bundled power turning out to be more than the very high price of solar power, AP Discoms were constrained to surrender 625 MW bundled thermal power to NTPC and they continue to be saddled with high-cost solar power.</p> <p>In the retail supply tariff order for the year 2021-22, Hon'ble APERC considered "the CGS's thermal power availability as per the latest allocation percentages communicated by the CEA's letter dated 16.12.2020 excluding 500 MW thermal power under JNNSM phase II" (Page 87). This exclusion is in addition to 125 MW bundled thermal power AP Discoms already surrendered to NTPC on the same ground. NTPC, under this questionable arrangement of bundled power, has been trying to impose its costly thermal power on the States.</p>	
	<p>h) Whether the Discoms require the proposed solar power and the thermal power from NTPC in the ratio of 2:1, respectively, for bundling also is a moot point. If the bundled thermal power is not required by the Discoms, it would lead to availability of more surplus power with resultant problems. If the bundled thermal power is going</p>	<p>TSDISCOMs entered into this PSA with NTPC for purchase of 400MW of Bundled power (400MW Solar +200MW Thermal) in the year 2016, since it is an MNRE scheme approved by Govt of India for Grid connected Solar PV projects under Batch-II Tranche-I of National Solar Mission Phase-II State Specific Bundling Scheme for DCR Category & Open category in</p>

	<p>to be supplied during periods when TS Discoms have lower demand due to daily or seasonal variations, it would lead to availability of surplus power.</p> <p>In other words, under this questionable arrangement, Discoms would be saddled with the avoidable burden of purchasing unwarranted bundled thermal power from NTPC. If the price of bundled power is more than the price of solar power, the Discoms can surrender the thermal power. But, if the price of bundled power is less than the price of solar power even by a paisa per kwh, can the Discoms surrender that thermal power? If that thermal power is to be backed down by SLDC, will not NTPC demand payment of fixed charges for such backing down? The related clauses in the PSAs do not provide any clarity, and it may lead to avoidable litigations.</p>	<p>Telangana vide RfS No: NTPC/2015-16 /NSM/TI/NSP-TEL/10 & NTPC/2015-16/NSM/ TI/ NSP-TEL/11.</p> <p>Presently, as per the provisions of the PSA, the weighted average tariff of bundled power is lower than the Solar Power Tariff. In future, if the weighted average bundled tariff is found to be higher than the Solar Power Tariff, DISCOMs consider taking up such eventualities with NTPC as per the provisions of the agreement</p>
15	<p>In the PSAs signed between the TS Discoms and NTPC, it is provided for opening of letter of credit and default escrow agreement and agreement to hypothecate cum deed hypothecation by the Discoms in favour of NTPC. The expenses for all these arrangements have to be borne by the Discoms and as such, would add to the tariff to be paid by the latter. Whether NTPC has provided for such hyper-security mechanism for payment of bills by itself to SPDs in the PPAs it had with them also needs to be examined. If not, why should NTPC impose such mechanism on the Discoms and why</p>	<p>Opening of Letter of Credits have been made mandatory by the Central Govt for all the Power Purchase Agreements. As such, the same needs to be adhered to by the DISCOMs.</p>

	should the latter meekly accept the same is a moot point.	
16	In the PSA between NTPC and TS Discoms, it is provided (13.9.1) that buying entity (Discoms) shall bear and promptly pay all statutory taxes, duties, levies and cess, assessed, levied on Buying Entity, contractors or their employees, that are required to be paid by Buying Entity as per the Law in relation to the execution of the Agreement. The impact of all such expenses will add to the tariff the Discoms have to pay for the solar power they purchase from NTPC.	The provisions in the PSA signed between DISCOM & SECI and PPA between SECI & SPD are standard in nature and are approved by MNRE/MoP, Govt of India
17	My aforementioned submissions relating to SECI relating to several aspects also apply to the proposals for purchasing bundled power from NTPC. Hence, they are not repeated here. I request the Hon'ble Commission to take the same into consideration in the case of NTPC also.	-
18	I once again request the Hon'ble Commission to hold public hearings on the subject issues, direct the Discoms to send their responses to the submissions of objectors, give adequate time to the latter to study the same and make further submissions during the public hearings, in view of several crucial issues that need to be examined and clarified and decided by the Hon'ble Commission before issuing its orders to protect larger consumer interest.	-

FEDERATION OF TELANGANA CHAMBERS OF COMMERCE AND INDUSTRY OBJECTIONS

Sl.No.	FTCCI Objections	TSDISCOMs Replies
1	<p>The PSAs under State Specific Bundling Scheme of Ministry of Power, Government of India.</p> <p>The two PPAs proposals from TSDISCOMs under the above schemes are</p> <p>A. PPAs with NTPC for a quantum of 400MW under Phase-II Batch –II TRANCHE-I of National Solar Mission</p> <p>B. PPAs with SECI for a quantum of 400MW under ISTS MNRE scheme-Tranche VI.</p>	-
2	<p>Main Objectives of the Scheme</p> <ul style="list-style-type: none"> ❖ To facilitate the scale up of solar capacity addition under schemes of GoI to achieve economies of scale ❖ To supplement grid power ❖ To facilitate fulfillment of RPO requirement of the obligated entities ❖ To facilitate speedier implementation of the new projects to be selected to meet the targets set by GoI in NCE. ❖ Provide long term visibility and road map for solar power development enabling creation of India as manufacturing hub in solar PV. 	-

3	<p>In the following paragraphs we will state our suggestions and objections in the matter of the TSDISCOMs PPAs for 400 MW with NTPC under Phase-II Batch-II tranche - 1 under National Solar Mission (NSM)</p> <p>Primary Observations</p> <p>The Quality and Legibility of the Documents in the Website</p> <ul style="list-style-type: none">• The documents <i>have not been</i> numbered for enabling referencing specially during a regulatory hearing.• There are pages which are barely legible.• There are many abbreviations used that are inevitable in such voluminous documents but it would have been <i>helpful if a GLOSSARY of ABBREVIATIONS</i> were provided.	-
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4	<p>Documents referenced but not enclosed</p> <p>Lr.No. CGM (Comml & RAC)/SE(IPC)/F.NTPC Solar/ D.No.726/16, dated: 13.07.2016</p> <p>This letter is referred above but referenced by the Honorable Commission too isnot enclosed.</p> <p>TSERC Letter No.T-30004/Secy/JD Law- 3/D.No.10/2021 dated 2021</p> <p>The above letter from the Secretary (FAC), TSERC Dated 06.01.2021 To CMD SPDCL of Telangana in Para 2 a, states</p> <p>“Implication of the statement made in Para 6 of the note of TSPCC that if the DISCOMs do not enter into PSAs for bundled power with NTPC, the PPAs with NTPC will cease after 25 years of the PPA “</p> <p>This TSPCC note has been referred elsewhere too in the consent for PPAs submissions to TSERC BUT HAS NOT BEEN ENCLOSED.</p> <p><i>We request the Honorable commission to direct the DISCOMs to provide us with copies of these letters.</i></p> <p>The above letter of the Secretary (FAC), TSERC dated 06.01.2021 is asking for information/clarification from CMD of SPDCL of Telangana in the matter of issuance of Letter of Award to the successful bidders between MARCH 2016 & JUNE 2016 in the matter of PPAs for bundled SOLAR POWER, which is now slated for hearing in JULY 2021, five and half later.</p>	<p>DISCOMs have submitted all the documents sought for by the Commission</p>
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5	<p>4 Clarifications sought by FTCCI in the TSDISCOMs responses dated 9.04.2021 to TSERC letter dated 06.01.2021</p> <p>The above letters are:</p> <ol style="list-style-type: none"> 1. From Secretary (FAC), TSERC to CMD, SPDCL of Telangana Lr. No: t-30004 / Secy / JD LAW – 3/D.No.10/2021 dated 06.01.2021 2. From CGM (IPC&RAC), TSSPDCL to The Commission Secretary TSERC 3. Lr.No.CGM (IPC&RAC) /F. NTPC Solar/D.No.88/21 dated 9.04.2021 	DISCOMs have submitted all the documents sought for by the Commission
6	<p>We wish to thank and place on record our appreciation to this Honorable commission for the detailed and substantial queries to TSDISCOMS on the PPAs. We as consumers wish to raise a few more specific but pertinent queries either seeking clarification for the TSDISCOMs answer or as an additional query in the following paragraphs.</p> <p>Response (in ANNEXURE) by TSDISCOMS to Point (a) in TSERC Letter above</p> <p><i>“POINT(a) Implication of the statement made in para 6 of TSPCC that if DISCOMs do not enter PSAs for bundled power with NTPC, the PPAs with NTPC will cease after 25 years of PPA “</i></p> <p>Reply from TSDISCOMS to the query from TSERC in Point (a)</p>	<p>The National Solar Mission Ph-II under Batch-II State Specific Bundling Scheme, a mechanism of “bundling” relatively expensive solar power with thermal power from the unallocated quota of the Government of India (Ministry of Power) generated at NTPC coal based stations, which is relatively cheaper, and onward sale of the bundled power to Distribution utilities at an affordable price, was adopted.</p> <p>As such, weighted average bundled power tariff to be lower than the Solar Power Tariff.</p>

	<p><i>“NTPC proposed for allocation of Thermal power from NTPC coal-based power stations that complete 25 years for bundling with solar capacity being established as part of Govt of India plans for enhancing renewable energy in the country “ --- A</i></p> <p>“In the proposed methodology of allocation, it was stipulated that “Any reallocation of thermal power from stations completing 25 years will be subject to willingness of the beneficiaries availing bundled power. In case any beneficiary is not willing to take to bundled power he will not be allocated any Thermal power - ” B</p> <p>Thus, it is was observed that if DISCOMS did not enter into Solar bundled power PSA with NTPC by NVVN ,PPAs with NTPC will cease after 25 years of PPA agreement C</p>	
<p>7</p>	<p>FTCCI QUERIES</p> <p>Does answer A, above mean that bundled power as offered by NTPC is necessarily from NTPC PLANTS of 25 years and above vintage? We REQUEST NTPC /TSDISCOMS TO CLARIFY THIS.</p> <p>We have not read this condition as implied by NTPC in the NSM policy or guidelines. Perhaps an interpretation of NTPC? .Can TSDISCOMS explain what “ In the proposed methodology -- “ means</p>	<p>In accordance with the guidelines for JNNSM Phase-II Batch-II Tranche-I State specific Bundling Scheme, NVVN will purchase the Solar power generated from the selected Solar PV plants at the quoted tariffs and the Thermal power at the tariff as determined by CERC as per Regulations from time to time. NVVN will bundle the Solar power with unallocated Thermal power from coal based stations of NTPC on 2:1 basis and sell the Bundled power to willing State Utilities under 25 years Power Sale Agreements at weighted average tariff of the Solar and Thermal components plus Trading Margin of Paisa Seven (7) per Kwh.</p>

	<ol style="list-style-type: none"> 1. If NTPC for Business reasons require this 25 years plus vintage generation as a precondition to offer solar bundled power, it is a business decision for NTPC. But is this acceptable to TSDISCOMS? IF yes FTCCI requests this Honorable commission to direct NTPC/TSDISCOMS to clarify the following: Are the TSDISCOMS satisfied techno-commercially ,receiving THERMAL POWER part of the bundled power for 25 years contractually from an already 25 + years old Thermal generation plant? 2. Can NTPC give a ball park generation tariff for the next 25 years based on today coal costs at any likely 25 years + vintage generation station and their estimated fixed cost? 3. Are not 30/35 years generations plants to be retired by CERC regulations? 	<p>As such, in this Bundled scheme the weighted average bundled power tariff would be lower than the Solar Power Tariff.</p>
	<ol style="list-style-type: none"> 4. Since the NTPC Thermal power will have an ISTS Transmission costs and losses, on today's costs, can TSDISCOMS give an estimated purchase cost at their 33KV SUB-STATION for this bundled power? 	<p>The tariff for the Solar power under the Bundled scheme is fixed for the entire tenure of the PSA. The tariff for the Thermal power depends on the allocation of power from the various Thermal power projects. The tariff for the Thermal power includes ISTS Transmission Charges & losses, which works out to around Rs.0.555/Kwh. However, in terms of the provisions of the PSA it is ascertained every month that the weighted average tariff of the Bundled power is less than the Solar power tariff.</p>

8	<p>4.2.2 FTCCI QUERIES ON the answers given by TSDISCOMS ON B &C above</p> <p>The answers above at B & C are vague and on the face of it is a contract heavily loaded in NTPC's favor. We request TSDISCOMS /NTPC to clarify the implications of the answer</p> <p>The answers given by TSDISCOMS make these NTPC PSA request for consent from TSERC one sided AFFAIR. A contract where NTPC extends the life of their vintage assets, makes a margin of 7 paisa/kwh (Rs 1753 lakhs is the 2019-20 net profit for NVVN Limited) and having nothing to lose.</p>	<p>This Bundled Power scheme is approved by the MoP, Govt of India, while ensuring weighted average bundled power tariff to be lower than the Solar Power Tariff and to make use of power from such plants while paving way for more Solar Power usage. Tariff and other charges are decided by CERC and MNRE, GoI from time to time</p>
9	<p>FTCCIs query on TSDISCOMS RESPONSE to TSERCs Point (b)</p> <p>Was TSDISCOMS part of the NTPC/NVVN SOLAR POWER SPD auction &finalization?</p> <p>Transparency is always implied unless proven otherwise. BUYER BEWARE is also a universal experience.</p>	<p>The bidding was conducted by NVVN as per the Guidelines for the scheme issued by MNRE, GoI, DISCOMs were not part of the finalization of the Bids submitted by SPDs.</p> <p>Consequently, under Section 63 of Electricity Act, 2003 CERC vide order dated 01.03.2021 in Petition 549/AT/2020 adopted the tariffs discovered in the Competitive Bidding process conducted by NVVN/NTPC in the year 2015 as per the guidelines issued by MNRE.</p>
10	<p>FTCCI seeks reconfirmation of TSDISCOMs REPLY to Point (I) Query of TSERC.</p> <p>Query regarding Solar Surplus capacity, the response is "RE energy purchases are in proportion to the total consumption of energy ".</p>	<p>Since the Renewable Energy projects are accorded must run status, the power from these projects needs to be mandatorily off taken by DISCOMs. However, depending on the grid load dynamics, steps would be taken for merit order despatch in case of grid constraints</p>

	<i>FTCCI therefore concludes that DISCOMS are confident that the demand and supply match and adequate T & D Capacity in the GRID .Therefore there will be no need for any GENCOS to back down? Is it correct?</i>	
11	<p>Reply of TSDISCOMS to Point (m)</p> <p>FTCCI STRONGLY suggests that JMR should be certified by TSSLDC, as ramp up or down is based on SLDC as replied in point (r) & Point (s)</p>	Standard procedures as laid down in the respective regulations/orders are being followed for collecting the readings.
12	<p>1. FTCCI seek clarity from TSDISCOMS/NTPC on CERC order dated 1st March 2021 on Petition No. 549/AT/2020 on the matter of adoption of Tariff for the 3000 MW Grid Connected Solar PV Power Projects</p> <p>TS DISCOMS are respondents (S.no.53 & 54)</p> <p>PARA 3 of the CEREK ORDER Cited above is being reproduced,</p> <p>“The matter was heard on 30.07.2020 wherein the senior counsel for the petitioner briefly explained the reasons for filing the Petition in 2020 while the bidding was carried in 2015-16. The Petition was admitted upon hearing the senior counsel for the petitioner and the Respondents were directed to file their reply. However, no reply has been filed by the Respondents despite notice.”</p> <p>THAT the TSDISCOMS for some reason are not responding has been our pleadings during other hearing in this honorable commission. Petitions</p>	<p>In the said Petition, there are about 54 Nos of Respondents, including 2 DISCOMS from the state of Telangana.</p> <p>This Petition had been filed by NTPC for adoption of the Solar Power Tariffs discovered in the bidding process conducted as per the guidelines & RFS documents issued by MNRE, GoI.</p> <p>Further, the supply of Solar power has commenced from 2017 and the bundled power from 2018. The same was approved by the Commission in the ARR filed by the DISCOMS.</p> <p>Commission, vide Lr No:TSERC/Secy/F.No.T-30004/D.No.480/17, dt:19.08.2017 issued permission to DISCOMS to proceed with the formalities of synchronization of plants, pending decision on the PSAs.</p>

	<p>bearing numbers OP-6 /2021; OP-15 to 19 /2021; OP-13 & 14 OF 2021 are the more recent hearings where the respondents (TSDISCOMS) were not responding. This non responsiveness is contrary to the spirit and purpose of the Regulatory process.</p> <p>Paragraph 6 of CERC order dated 1st March 2021 Petition No. 549/AT/2020 :We are reproducing the relevant part of the paragraph 6</p> <p>“Learned counsel of the Petitioner submitted -----the distribution licensees approached the respective SERCs and obtained the power procurement approval, either by way of specific order or under the ARR orders passed by SERCs. He further added that the projects selected pursuant to bid process under the Guidelines HAVE ALREADY COMMENCED POWER SUPPLY UNDER PPAs/PSAs to the DISTRIBUTION LICENCEES AND ARE BEING PAID TOWARDS SUCH SUPPLY.</p>	
	<p>We request the TSDISCOMS to confirm if above statement made by NTPC IS TRUE.</p> <p>If it is not, have TSDISCOMS filed a re-joinder to contradict?</p> <p>If supplies of power are indeed taking place, as claimed by NTPC, is it with the permission of this Honorable commission, from when, quantity and</p>	

	<p>price. In PARAGRAPH 7 of CERC order, this clarification has been asked to be placed by CERC.</p> <p>Paras 10,11 & 12 of the CERC order makes serious strictures on NTPC ,perhaps applicable to the respondents (DISCOMS) too.</p>	
13	<p>2. Bundled Power MW in the ratio of 2: 1 (2 Parts Solar MW for 1-part NTPC MWthermal power)</p> <p>Effectively at the best PLF of 20% for solar and 85% for Thermal , in terms of energy MWh , the ratio becomes 1 kwh Solar for every 2 kwh of Thermal.</p> <p>We are clear that this can made a more win -win situation for both parties. We PRAY this Honorable commissions will take our submissions into considerationand pass suitable orders .</p> <p>We request this Honorable Commissions to allow our additional submissions in the next few days in the matter of PSAs between TSDISCOMSs and SECI for 400 MW under ISTS MNRE Scheme Tranche VI and any new facts that may to our attention be allowed to be heard in person during the virtual hearing.</p>	