

To
The Secretary
Telangana State Electricity Regulatory Commission
11-4-660, 5th floor
Singareni Bhavan, Red Hills
Hyderabad - 500 004

April 20, 2022

Respected Sir,

Sub : Submissions on proposal for consent of power usage agreements (PUAs) and supplementary power usage agreements between NTPC Limited and the two TS DISCOMs – TSSPDCL and TSNPDCL – for procurement of 1693 MW solar power under CPSU scheme with tariffs of Rs.2.86 per kwh for 1296 MW, Rs.2.74 per kwh for 90 MW and Rs.2.69 per kwh for 306 MW.

With reference to your notice dated 31.3.2022, inviting suggestions, objections and comments in the subject matter from interested public, I am submitting the following points for the consideration of the Hon'ble Commission:

- 1. Relating to the subject agreements, all the documents uploaded in the web site of the Commission run into 418 pages. Correspondence between the Commission and the DISCOMs went on for a long time from 24.1.2020 to 12.2.2022, i.e., for almost 25 months. All the agreements are being taken up for consideration by the Commission at a time. Altogether nine PUAs were signed by the DISCOMs and NTPC for supply of 1692 MW solar power – two PUAs on 30.12.2019, four PUAs on 13.3.2020 and three PUAs on 26.11.2020. Instead of submitting power purchase agreements immediately after signing the same for the consideration of the Hon'ble Commission, the DISCOMs have been habituated to submit them together after execution of the power units concerned is nearing completion or completed and the Commission, too, has been taking up the same for consideration similarly. When it took almost 25 months for the Commission to study the documents submitted by the DISCOMs relating to the subject issues and seek clarifications, and for the DISCOMs to furnish their clarifications, it is obvious that a careful study and analysis of the subject issues and related information available otherwise requires more time than what the Commission has given – just three weeks - for interested objectors.**
- 2. In the notice of the Commission on the subject agreements, there is no indication that public hearings would be held on the same. It implies that the interested objectors can file their written submissions for the consideration of the Commission, that there is no need for responses of the parties to the agreements to the same, that there is no need for further relevant information and clarifications to be sought by the objectors, that there is no need for the DISCOMs and NTPC to make their submissions before the Commission and opportunity to the objectors to respond to the same through public hearings and that the queries posed by the Commission to the DISCOMs and the latter's replies to the same need no further analysis and**

clarifications. The Hon'ble Commission is expected to broaden the scope of regulatory process by holding public hearings on all issues which have a bearing, directly and indirectly, on the tariffs to be paid by the consumers, and give reasoned orders duly responding to the submissions of the parties to the agreements and objectors. The Hon'ble Commission has issued its RPPO order on the 1st April, 2022, i.e., within one/two days after receiving objections/suggestions till the due date of 30.3.2022, without any public hearing, without even making the submissions received from interested objectors/stakeholders and the Commission's responses thereto public, as if the entire process were a formality (statement of reasons was uploaded in the website of the Commission on 8.4.2022, though it is dated 1.4.2022. If the RPPO order and statement of reasons were prepared together, they should have been or would have been released the same day). In the statement of reasons, submissions of various stakeholders, even diametrically opposite to one another, were incorporated without attributing them to the stakeholders concerned, thereby leaving no scope to understand who made what submissions. It has been a strange way of recording submissions of various stakeholders in its orders by TSERC since its inception. In the orders of courts of law and other regulatory commissions, including APERC whose regulations have been adopted by TSERC, who made what submissions and responses thereto are being specifically mentioned, as a matter of standard practice. I once again request the Hon'ble Commission to reconsider its approach and hold public hearings on the subject issues, uphold the principles of transparency, accountability and public participation in a meaningful and effective manner in its regulatory process. I also request the Hon'ble Commission to direct the parties to the agreements to respond to the submissions of the objectors and make their submissions during the public hearings.

3. Earlier, the Hon'ble Commission had taken up suo motu and held public hearing on issues relating to purchase of bundled solar power from NTPC and solar power from SECI (order dated 19.8.2021). There is no justification in not holding public hearings on the subject PUAs. Avoiding public hearing on the subject issues does not serve any useful purpose, except the purpose, intended or unintended, of avoiding any discomfort or embarrassment to the parties to the subject PUAs and the need to respond to the submissions of the objectors.
4. In the Renewable Power Purchase Obligation (Compliance by Purchase of Renewable Energy/Renewable Energy Certificates) Regulation, 2022 (Regulation No.4 of 2022) dated 1.4.2022 issued by the Hon'ble Commission, without holding any public hearing and without making the submissions received by it on its proposals of RPPO and its responses to the same public, for the year 2022-23 the targets of minimum purchase of 7.5% for solar power and one percent for non-solar power are fixed. As per the retail supply tariff order for the year 2022-23 issued by the Hon'ble Commission, against a total dispatch of energy, excluding NCE/RE and hydel, of 66856.18 MU, purchase of solar power to the extent of 7096 MU approved by the Commission works out to 10 per cent and non-solar power of 596.37 MU works out to one percent. In other words, going by the RPPO order issued by the Commission for a five-year period ending 2026-27, with the availability approved by

the Commission in RST order for 2022-23, the DISCOMs further exceed the minimum targets fixed therein for the current financial year. Hence, under RPPO order, 1692 MW of solar power from NTPC is not required by the DISCOMs and the latter are not under any mandatory obligation to purchase the same.

5. In response to the queries of the Commission, in its letters dated 24.9.2020 and 21.8.2021 addressed to the Commission, TSSPDCL maintained that “while entering the PPAs for RE power, DISCOMs are also examining the RPPO targets in vogue both at State level and National level” and referred to such targets for the year 2021-22 of TSERC at 8% and of MoP, GoI, at 21%. The DISCOM further maintained that “though at present, it is not obligatory, it is likely that the State RPPOs may be directed to align with the MoP RPPO, in terms of National Tariff Policy....” and referred to amendments proposed to EA, uniform purchases of RE for all the States and penalties for non-compliance proposed to have been made by the MoP, GoI. What are binding on the DISCOMs are the obligations under RPPO order issued by TSERC and not the proposals of the MoP, GoI. The presumption of the DISCOMs that the State RPPOs may be directed to align with the MoP RPPO is baseless and imprudent. That the Hon’ble TSERC has issued its RPPO order for a period of five years ending 2026-27 rightly unrelated to the proposals of the MoP, GoI, confirms that it is for the SERCs to determine targets under RPPO taking into account requirements and interests of the States concerned, that the proposals of MoP, GoI, are not binding on the States and SERCs and that uniform targets under RPPO for all the States is an imprudent and impracticable proposal, with the kind of diversity relating to RE sources available in different States. The apprehension of the DISCOMs about imposition of penalties for non-compliance of RPPO, on the face of it, is artificial for the simple reason that the GoI has been constrained not to go ahead with its proposed amendments to the EA, 2003, over the years, in the face of strong opposition to the same from several quarters, including the Government of the Telangana State. Arbitrary actions and orders of the GoI can always be contested legally. The DISCOMs need not be apprehensive about meeting RPPO targets likely to be imposed in future and take hasty decisions to enter into long-term PPAs to purchase unwarranted RE/NCE in advance based on presumptions, as any such targets cannot be imposed to be achieved immediately; as and when targets under RPPO are determined, there will be adequate time for the DISCOMs to achieve the same, as the Hon’ble TSERC’s latest RPPO order makes it clear abundantly. The arguments of the DISCOMs cannot hide the political or other vested interests of the powers-that-be to get long-term PPAs signed by them with generators of their choice. I am sure the DISCOMs know very well the political lineage of developers of power projects like Madhucon which is being accommodated under the pretext of their obligations to purchase non-solar power under RPPO at higher tariffs.
6. In the retail supply tariff order for 2022-23, the Hon’ble Commission has approved availability of 82492.57 MU and requirement of despatch of 78274.05 MU, with a surplus of 4218 MU. At the same time, during some months of 2022-23, the Hon’ble Commission has determined a requirement of short-term purchases of 2171.87 MU

and with that, the total surplus of 6390.39 MU is determined. It shows that due to purchase of 2171.87 MU under short-term arrangement, i.e., from the exchanges and the market, the DISCOMs will be constrained to back down thermal power to that extent and pay fixed charges therefor. When such is the case, addition of the proposed 1692 MW solar power from NTPC would lead to backing down of thermal power to that extent and payment of fixed charges therefor. It also further confirms that the NCE/RE already available/to be purchased from NTPC under the subject arrangement cannot meet peak demand. If it meets peak demand, to what extent the proposed purchases under short-term arrangement can be reduced need to be explained by the DISCOMs.

7. In the retail supply tariff order for 2022-23, the Hon'ble Commission has not approved availability of 1745.31 MU solar power from NTPC CPSU on the ground that petitions for the same are pending before it. Then, where is the need for 1692 MW solar power from NTPC during 2022-23? At the time of finalising the retail supply tariff order for 2022-23, whether the Commission has considered requirement of purchase of 2171.87 MU under short-term purchase, after taking or not taking into account availability of the subject 1692 MW from 2022-23 onwards, if it is going to give its consent to the same, is not clear. If the Commission has determined availability and requirement of power during 2022-23, without taking into account 1692 MW solar power from NTPC, then availability of surplus power would increase, with the proposed commencement of supply of this solar power as per the scheduled dates of commencement of supply in the months of November and December, 2021 and February and April, 2022, as shown in the subject agreements.
8. The reply of TSSPDCL to the queries of the Commission that "in view of increased loads on TSDISCOMs due to the upcoming Lift Irrigation projects, the requirement for purchase of RE power is increased for meeting proportionate increase in RPP0" is vague and generalised in nature. While issuing the retail supply tariff order for the year 2022-23, the Hon'ble Commission has taken requirements of power for lift irrigation schemes also. In our submissions on tariff proposals of the DISCOMs, we already pointed out that the submissions of the DISCOMs in their ARR and tariff proposals for the year 2022-23 relating to requirement of power by the lift irrigation schemes are full of uncertainties. Their replies to our submissions were evasive. Will the lift irrigation projects be operated throughout the day and year or water will be pumped depending on availability and requirement, daily and seasonally? If water for lift irrigation projects is pumped subject to availability and requirement, daily and seasonally, during the periods of their non-operation, the solar power proposed to be purchased from NTPC becomes surplus, unless supplied to meet demand of other consumers. The DISCOMs have not explained whether the solar power which becomes surplus during the periods of non-operation of LISs can be supplied to other consumers, that, too, without backing down thermal power.
9. Replying to the Commission's query whether thermal power stations will be backed down to purchase power from must-run RE units, the DISCOMs are equally evasive by contending that "depending on the grid load dynamics, steps would be

taken for merit order despatch in case of grid constraints.” When the DISCOMs project availability of surplus/deficit during a financial year, say, 2022-23, it must be based on projected demand and availability of power daily and monthly. Without specifying whether thermal power projects would be backed down based on availability of power, projected demand and purchase of the subject solar power, the DISCOMs are at their evasive best with generalities which are well known, as if the Commission did not know such generalities when it raised the said pointed and specific query.

10. In response to another query of the Commission, SPDCL maintained that comparison of Rs.2.86 per unit of solar power of NTPC with the present pooled cost of Rs.4.28 per kwh shows that it helps reducing average cost of power purchase. It is irrational to compare the present cost of purchase of solar power with pooled cost worked out on average taking into account high-cost power from various projects of the past with whom the DISCOMs had long-term PPAs. Comparison of the projected tariffs for solar power from NTPC should be made with tariffs for solar power discovered through real competitive biddings contemporarily. In other words, even if solar power is required, attempts should be made to procure the same through real competitive biddings to ensure the benefit of competitive tariffs to the consumers. How the biddings were conducted by SECI “on behalf of MNRE” has not been within the purview of the DISCOMs. Orders of CERC on PPAs based on such biddings cannot protect interests of the DISCOMs, who have no role in floating competitive biddings and framing terms and conditions for the same to ensure participation of as many bidders as possible to ensure competitive tariffs. The DISCOMs simply avoided to make a comparison of terms and conditions of biddings and tariffs for solar power from NTPC and terms and conditions and tariffs discovered through competitive biddings in the country for solar power during the same period.
11. In response to another query of the Hon’ble Commission, the DISCOMs submitted that “it may be observed that the fall of Solar power tariff has reached a saturation point and tariff below Rs.3.00 per unit (with exemption of ISTS charges & losses) would be the most economical tariff for DISCOMs.” The contention of the DISCOMS is contrary to factual position that the tariffs for solar power discovered through competitive biddings in the country came down to as low as Rs.2 per kwh.
12. When the DISCOMs contended that the landed cost of solar power from NTPC from its plants in Rajasthan, Gujarat and Tamil Nadu would range from Rs.2.69 to Rs.2.74 and Rs.2.86 per kwh, they did not make it clear whether the cost of inter-State transmission losses and all the associated costs incorporated in the subject agreements were also taken into account. In the agreements between the DISCOMs and NTPC, it is clearly stated that ISTS/STU charges and losses, cross subsidy charges, RLDC & SLDC fee, scheduling, generation forecasting fee, etc., shall be in the scope of power user, i.e., all these costs have to be borne by the DISCOMs. If that was not the case, it should have been made clear in the agreements that no other costs would be required to be borne by the DISCOMs, except the tariffs

shown in the agreements and that the onus for the same would rest with NTPC. The DISCOMs clarified in response to a query of the Hon'ble Commission that no ISTS charges and losses for solar power of units which are being commissioned till 30.6.2023 would be applicable as per the order of the GoI dated 5.8.2020, but they neither quoted the relevant provisions therein, nor attached the said order of the GoI to the agreements. The DISCOMs had extolled earlier the benefits of distributed solar power, i.e., setting up solar power plants nearer to load centres in the State itself, thereby avoiding inter-State transmission losses, charges and other associated costs, as well as reducing transmission losses within the State, claiming that they have been implementing the same. Getting supply of solar power from NTPC's plants in other States goes contrary to this justifiable and prudent stand the DISCOMs had taken earlier in favour of distributed solar power and practised the same.

13. Under CPSU scheme phase II, 12,000 MW grid-connected solar photovoltaic power projects are being taken up by Government producers with viability gap funding support with an agreement for selling the power for 25 years from the date of signing the agreement by NTPC and the DISCOMs. It is claimed that bidding will be on the basis of solar photovoltaic cell and modules manufactured domestically as per specification and testing requirement fixed by MNRE and to adjust the difference in cost of cells and modules manufactured in foreign countries and indigenously, the GoI proposed to provide a viability gap funding of a "maximum" of Rs.76 lakh per MW against an estimated cost of Rs.48,000 crore for 12,000 MW, as per its order dated March 5, 2019. In the name of "make in India," MNRE can select through SECI bidders with its terms and conditions which need not necessarily ensure competitive tariffs. Going by the three tariffs shown in the agreements between the TS DISCOMs and NTPC, the viability gap funding does not ensure competitive tariffs. In other words, the scheme is really intended to ensure market for private indigenous manufacturers of the choice of MNRE. The very fact that SECI refused to appear before CERC to justify the bidding process it adopted indicates that there has been scope for manipulations in the bidding process itself. Moreover, for solar power plants to be set up by NTPC, why SECI, a relatively new trading agency of the GoI, is chosen by MNRE to conduct the bidding process and imposing the selected bidders on NTPC is a legitimate question. NTPC, which is under Ministry of Power, GoI, is competent to float such competitive biddings independently. In the name of viability gap funding, MNRE arrogated to itself the authority to get the competitive biddings conducted by SECI as per its terms and conditions, leaving no scope for NTPC to take decisions and actions independently.
14. Under the CPSU NTPC phase II scheme for the entire country, out of a total capacity of 12,000 MW, what prompted the Government of Telangana to opt for 1692 MW or 14 percent is perplexing and inexplicable, especially in view of the fact that 1692 MW of solar power is required neither under RPPO, nor to meet fluctuating demand for power in the State. The benefits of economy of scale for bidding for 12,000 MW, even with the viability gap funding, are not getting reflected

in the proposed tariffs. Compared to the tariffs shown in the agreements between TS DISCOMs and NTPC, tariffs for solar power being discovered through competitive biddings in the country during the last two years are very much lower and TS DISCOMs can take benefit of real competitive biddings with a condition to set up solar power plants at load centres in Telangana, especially in view of their earlier stand and practice for distributed solar power.

- 15. A period of four years from 2019-20 to 2022-23 is provided for adding 12,000 MW solar power capacity under CPSU scheme phase II. That a period of four years is not required to set up solar power plants and setting up solar power plants and adding required transmission capacity can be coordinated to be completed within a span of one to two years are well known. Giving a period of four years for adding solar power generation capacity provides undue benefit to the bidders to quote old higher rates and actually use the latest technology with lower rates, without providing the benefit of the latter to the DISCOMs by fixing the tariffs at lower level as per the latest market trends.**
- 16. Though the nine PUAs were signed on different dates, scheduled commercial operation dates (SCOD) and tariffs are different for various projects. The SCODs for three PUAs relating to purchase of 56 MW and 20 MW from NTPC's plants in Gujarat and 230 MW from its plant in Tamil Nadu were signed on 26.11.2020, and the SCODs of the same were shown as 24.12.2021, 9.11.2021 and 19.2.2022, respectively. The PUAs for supply of 350 MW and 250 MW from NTPC's plants in Rajasthan were signed on 30.12.2019, and their SCODs are shown as 28.2.2022. The PUAs for 300 MW, 300 MW, 296 MW and 90 MW from NTPC's plants in Rajasthan were signed on 13.3.2020, and their SCODs are shown as 27.4.2022, 28.2.2022, 27.4.2022 and 19.2.2022. The following points, among others, need to be examined:**
 - a) There is no justification for different periods of SCODs for these plants from the dates of signing the PUAs. For the first three projects mentioned above, the SCODs are declared within one year to about 15 months from the date of signing PUAs. For the other six plants, the SCODs range from 23 months to 27 months from the date of signing the respective PUAs.**
 - b) The DISCOMs have claimed that supply of solar power from these plants has not started yet. They have also not made it clear when supply of power from these nine projects would commence. It shows that unrelated to requirement of solar power from the subject plants, the DISCOMs signed the PUAs in advance for higher tariffs.**
 - c) The dates of signing PUAs, SCODs of the projects concerned and not commencing supply of power from the SCODs give rise to the question whether the SCODs of the plants concerned were declared as shown in the agreements. The gap between SCODs shown is from one year to 27 months from the dates of signing PUAs for the plants concerned confirms that NTPC must have taken**

advantage of the latest technology and got the benefit of lower capital costs for its plants. Or the same undue benefit must have been ensured to the manufacturers, as per the terms and conditions of the biddings. The difference in tariffs from Rs.2.86 to Rs.2.74 and Rs.2.67 per kwh confirms this fact. However, reduction of tariffs by 12 paise per kwh for some plants and by 19 paise per kwh for some other plants is not commensurate with the lower tariffs discovered for solar power periodically during the last 27 months in the country, that, too, after NTPC getting the viability gap funding by the GoI and exemption from paying ISTS charges. In other words, the DISCOMs have been deprived of the benefit of real competitive tariffs which have come down to as low as Rs.2 per kwh for solar power through competitive biddings in the country.

d) Without establishing and justifying need for solar power from NTPC from specific periods, by entering into PUAs with the latter hastily much in advance, the DISCOMs have acted in an imprudent manner. The arrangements under the PUAs show that the DISCOMs would take solar power from NTPC as and when the latter's plants concerned start generation and supply. This is a desultory arrangement not expected of the DISCOMs and not suited to planned addition of generation capacity based on a realistic load forecast.

e) The DISCOMs are not expected to enter into long-term PPAs for purchase of RE/NCE based on a presumed requirement of the same in future and unrelated to the RPPO order in force.

17. It is provided in the PUAs that the DISCOMs at their cost shall provide unconditional monthly revolving letter of credit (LC), covering 105% of the one month's billing and also a default escrow agreement. These will add to the costs to be borne by the consumers. One of the two arrangements is enough.

18. The terms and conditions in the agreements once again confirm how NTPC takes the DISCOMs of the State for a ride. In the said agreements, it is incorporated that, if NTPC short supplies solar power to TS DISCOMS, for the quantum of power which is less than generation under the agreed capacity utilisation factor, it would pay to the DISCOMs 25 percent of the so-called power usage charges, that, too, to make good the cost of RPO obligations to the DISCOMs. NTPC has nothing to do with the RPPO obligations of the DISCOMs. If NTPC short supplies solar power below the agreed CUF, the DISCOMs may be constrained to purchase power from other sources during that period at higher tariffs. Whatever NTPC pays to the DISCOMs should cover at least the difference between the so-called power usage charges and the tariffs to be paid by the DISCOMs to purchase additional power from other sources during that period.

19. If the DISCOMs have to purchase the so-called renewable energy certificates to meet their obligations under RPPO in force, following short supply of solar power by NTPC, it will cost them Re.1 per unit at present. If NTPC pays only 25% of the

so-called usage charges, it will work out to 67 to 71 paise per unit. In other words, this 25% of usage charges does not meet even the cost of REC.

20. It is incorporated in the agreements that, if the DISCOMs fail, for any reason, to take solar power generated and supplied by NTPC, they have to pay to the latter 75% of the so-called power usage charges. It once again confirms the perverse approach of NTPC and weakness of the GoTS and its DISCOMs to succumb to such inequitable arrangement being forced on them by NTPC. Let same percentage of tariff be fixed for both the DISCOMs and NTPC to be paid to each other whenever the DISCOMs or NTPC fail to take or supply, as the case may be, solar power, fully or partly, under the agreements. Amendments to this effect should be brought about in the agreements. However, it should be made clear in the agreements that, when the DISCOMs are constrained to back down solar power of NTPC due to reasons of grid security or safety under applicable grid code, the DISCOMs should not pay any charges to NTPC for such backing down. It is all the more justified in view of the fact that solar power units are enjoying must-run status which compels the DISCOMs to purchase the same, even if generated and supplied above the agreed CUF, and for that purpose, they have to back down thermal power, in a situation of availability of surplus power, and pay fixed charges for the capacities backed down. At the same time, if solar power cannot meet peak demand, the DISCOMs will be constrained to purchase power in the market at higher prices. There is no protection to the interests of the DISCOMs and their consumers from these double burdens that arise as a result of the unilateral arrangement of must-run status given to solar and other RE power plants with a corresponding and binding obligation imposed on the DISCOMs to purchase such power irrespective of their requirement and cost.
21. It is incorporated in the agreements that the excess generation above the maximum annual CUF shall be transferred to power user (DISCOMs) at 75% of the applicable power usage charges. When tariffs are fixed with the agreed maximum annual CUF, it is obvious that, they cover the entire fixed cost. For solar power, there are no variable costs. In other words, NTPC does not incur any additional expenditure for generating solar power above the agreed CUF. Therefore, it is absurd to demand and agree to pay 75% of the so-called power usage charges for solar power generated and supplied above the agreed CUF. For any such excess generation and supply of solar power to the DISCOMs by the NTPC above the agreed CUF, an incentive of 25 paise per kwh, without any tariff, fully or partly, is fair enough. The related terms and conditions in the agreement should be amended accordingly. If NTPC units fail to generate solar power at agreed CUF, they have to face it as a business risk, having got the undue advantage of must-run status, guarantees for purchase of that power and payment for the same.
22. In the supplementary agreement dated 30.12.2020 for supply of 90 MW @ Rs.2.74 per kwh, it is incorporated that “the maximum Annual CUF against the contracted capacity (i.e. 90 MW) is 27.02% (213.17 MU on Annual Basis) provisionally for the first year, subject to revision after one year of operation. The excess generation above the maximum Annual CUF shall be transferred to Power User at 75% of the

applicable Power Usage Charges.” This shows that there is scope for achieving higher CUF than what is shown in the PUAs. In the light of the proposed scheduled dates of commercial operation of the units in nine PUAs, it is much more so. As such, the CUFs need re-examination and re-determination upwards and based on that revision of tariffs downwards. For the reasons explained under point No.19 above, for excess generation above the determined CUF, an incentive of 25 paise per kwh, without any tariff, fully or partly, is fair enough. The related terms and conditions in the agreement should be amended accordingly.

23. In response to the queries of the Hon’ble Commission, the DISCOMs submitted that they are purchasing the subject solar power from NTPC to promote “make in India” scheme. In reality, they are promoting the interests of the powers-that-be at the Centre, and may be in the State, and private manufacturers selected under the terms and conditions of bidding decided by MNRE at the cost of consumers of power in the State, obviously, at the behest or permission of the GoTS.
24. The contention of the DISCOMs that they are purchasing this power on the ground of “saving on power costs” also is untenable, because the tariffs incorporated in the PUAs are higher compared to the tariffs for solar power discovered through competitive biddings in the country and compared to the benefits of decentralised distribution of solar power by setting up units near load centres in the State of Telangana.
25. Though the DISCOMs contended that they are purchasing this solar power from NTPC to “help meeting renewable power purchase obligations,” they have failed to establish the need for this power to meet demand and fulfil their obligations under RPPo order in force. The DISCOMs have to give details of requirement of power, its availability under PPAs in force and from power projects under execution in the State public sector with whom they had or will be having PPAs on long-term basis during the current financial year and the next four years, at least, to ascertain whether the subject solar power is required or not.
26. “Adding green portfolio to sources of power” is the most bogus argument of the DISCOMs in their futile attempt to justify purchase of the subject power. When renewable energy is required and its purchase justified in terms of meeting demand, costs of purchase and technical requirements like integration with the grid, such justifiable purchase automatically adds to green portfolio to sources of power. The contention of adding green portfolio to sources of power sounds hollow, when it is not required to meet demand or when its cost is burdensome or when it is not required to fulfil the obligations of the DISCOMs under RPPo order in force.
27. For the reasons explained above, the subject power from NTPC is not required, price not justified, options for cheaper solar power are available through real competitive biddings, scope for lesser expenditure for evacuation of decentralised distribution of solar power in the State itself is available, relatively advantageous terms and conditions in the PPAs can be ensured, and GoTS can provide possible

support for setting up solar power plants in the State itself. Therefore, I request the Hon'ble Commission to reject consent to the subject PUAs and direct the DISCOMs to go in for real competitive biddings for purchase of power required, conventional or renewable. In case the Hon'ble Commission is inclined to accord its approval to the subject PUAs, I request it to incorporate the amendments suggested above to the terms and conditions therein.

28. The intended purport and purpose of terming the agreements “power usage agreement” is inexplicable and incomprehensible. Is it some kind of a discovery by creative genius of the champions of the perverse reforms in the power sector? Power is not something the DISCOMs use and return to the supplier, paying the so-called usage charges. DISCOMs are not users of power; they are suppliers of power. It is the consumers who consume power. Therefore, the so-called power usage agreement between NTPC and the DISCOMs is an agreement between two suppliers of power. It is simply sale of power by NTPC and, at the same time, purchase of the same by the DISCOMs and such transactions are an end in themselves. Such agreements are being appropriately termed power purchase agreements, as has been the standard practice over the years.

29. I request the Hon'ble Commission to provide me an opportunity to make further submissions, if it responds positively to my request and holds a public hearing on the subject issue, after receiving/hearing the responses of the parties to the subject PUAs.

Thanking you,

Yours sincerely,

**M. Venugopala Rao
Senior Journalist & Convener, Centre for Power Studies
H.No.1-100/MP/101, Monarch Prestige, Journalists' Colony,
Serilingampally Mandal , Hyderabad - 500 032**