



Eastern Power
Distribution Company Ltd
11-4-660, 11th Floor, Singareni Bhavan, Red Hills, Hyderabad - 500 004.

For Perusal	12/2/2020
Law	Member / PR
The Secretary, APERC	Chairman
11-4-660, 11th Floor	

From
The Chairman & Managing Director,
APEPDCL, Corporate Office
P & T Colony, Seethammadhara
Visakhapatnam - 530013.

To
The Secretary, APERC,
11-4-660, 11th Floor,
Singareni Bhavan, Red Hills,
Hyderabad - 500 004.

I/262238

Lr.No.CMD/EPDCL/VSP/CGM/EC,EA & Solar/E- 266947/D.No. /20,Dt: 05.02.2020.

Respected Sir,

Sub: Electricity - APEPDCL-VSP - Seeking amendment to the Regulation No. 2 of 2005 together with Regulation No. 1 of 2016 and Regulation No. 2 of 2006 - to issue amended regulations to withdraw the exemptions given for the transmission & wheeling charges, Distribution losses, levying cross subsidy surcharges & additional surcharges and energy banking & drawls inline with the GO.MS.No. 1, 2 & 3 Dt. 03.01.2019 & GO.MS.No. 35 Dt. 18.11.2019 - Requested - Reg.

Ref : 1.GO.MS.No. 8 & 9 Energy,I&I Dept.Dt.12.02.2015 & 13.02.2015
2.GO.MS.No. 1, 2 & 3, Energy,I&I Dept. Dt. 03.01.2019
3.GO.MS.No. 35 of Energy (Power-II) Dept, Dt.18.11.2019
4.Lr.No.CMD/EPDCL/VSP/CGM/EC,EA&Solar/E-266947/D.No.I/259092/20,
Dt:13.01.20

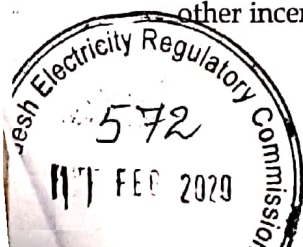
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It is submitted that in the reference 4th cited above, the Hon'ble APERC was requested to amend clause 17 (i) of the Regulation 2 of 2005 duly deleting the relevant provisions which exempt the payment of transmission and wheeling charges by the Solar and Wind generators to the Discoms. In continuation to the above the following is submitted please.

1) The Government of India enacted the Electricity Act, 2003, on 26-05-2003 to consolidate the laws relating to generation, transmission, distribution, trading and use of electricity and generally for taking measures conducive to development of electricity industry, promoting competition therein, protecting interest of consumers and supply of electricity to all areas, rationalization of electricity tariff, ensuring transparent policies etc.

2) The Commission, under the provisions of the Electricity Act, 2003 has passed APERC (Terms and Conditions of Open Access) Regulation, 2005 (Regulation No. 2 of 2005).

3) It is further submitted that, in order to encourage Solar and Wind power generation in Andhra Pradesh, the Govt of A.P, has issued new solar and wind policy 2015 with G.O. Ms No. 8 and 9 Dt.12.02.2015 and 13.02.2015 respectively, wherein among other incentives inter alia, it has provided the following incentives:



- (a) Exemption of transmission and wheeling charges to the solar and wind projects who are having captive or third party sales within the state.
- (b) Distribution Loss exemption: Distribution losses shall be exempted only for Solar Power Projects injecting at 33 kV or below irrespective of voltage-level of the delivery point within the Discom.
- (c) Energy Banking for Solar and Wind Power Plants: Banking of 100% of energy shall be permitted for all Captive and Open Access/ Scheduled Consumers during all 12 months of the year. Banking charges shall be adjusted in kind @ 2% of the energy delivered at the point of drawal. The banking year shall be from April to March.

Drawals from banked energy shall not be permitted during five (5) month period from 1st April to 30th June and 1st February to 31st March of each financial year. In addition, drawls of banked energy during the Time of the Day (ToD) applicable during the peak hours, as specified in the respective Retail Supply Tariff Order, shall also not be permitted throughout the year. However, the provisions on banking pertaining to drawal restrictions shall be reviewed based on the power supply position in the State.

Energy injected into the grid from date of synchronization to Commercial Operation Date (COD) will be considered as deemed energy banking.

The unutilized banked energy shall be considered as deemed purchase by Discom(s) at the pooled power purchase cost as determined by the APERC for the applicable year. Energy settlement shall be done on monthly basis.

- (d) Cross Subsidy Surcharge applicable only for Solar Power Plants: Cross subsidy surcharge shall be exempted for third party sale provided the source of power is from Solar Power Projects setup within the State for a period of five (5) years from the date of commissioning of the SPP.

4) Thereafter, The Hon'ble Commission has issued an amendment to the principal Regulation, namely APERC (Terms and Conditions of Open Access) (First Amendment) Regulation, 2016 (Regulation No. 1 of 2016) with effect from 08.01.2016 making provision for exemption of issues mentioned in the para 3 above.

The Clause No.17.1 of APERC Regulation 2 of 2005 says

“(i) Open Access users connected to the transmission/distribution system shall pay the transmission charges and/or wheeling charges and any other applicable charges as determined by the Commission from time to time, and notified in the relevant Tariff Order or otherwise, and as per the conditions stipulated therein:

Provided that the wheeling charges so payable shall be subject to a minimum level, as fixed by the Commission in the relevant Tariff Order or otherwise.

[Provided further that the Transmission and Wheeling charges shall be exempted for wheeling of power generated from such Solar and Wind Power Projects and for such

operative periods as mentioned in G.O.Ms.No.8, Dated 12-02-2015 and G.O.Ms.No.9, Dated 13-02-2015 respectively for only captive use / third party sale within the State.

Provided also that the Distribution losses shall be exempted for such Solar Power Projects and for such operative period as mentioned in G.O.Ms.No.8, Dated 12-02-2015 injecting at 33 kV or below irrespective of voltage-level of the delivery point within the Discom for such projects.]

(ii) In case of utilization of inter-state transmission system in addition to the intra-state transmission system and/or distribution system by an open access user, the transmission charges and/or wheeling charges shall be payable for the use of intra-state system in addition to the charges for utilization of the inter-state transmission system.

(iii) The Open access users of the Transmission and/or Distribution System where such open access is for delivery of electricity to the consumer's premises in the area of supply of a distribution licensee, shall pay to the distribution licensee the (cross-subsidy) surcharge as determined by the Commission from time to time under Section 42 (2) of the Act:

Provided that no (cross-subsidy) surcharge shall be payable if the open access is provided to a person who has established a captive generating plant for carrying the electricity to the destination of his own use.

[Provided further that the Cross Subsidy Surcharge and additional surcharge shall be exempted for third party sale if the source of power is from such Solar Power Projects set up within the State as mentioned in G.O.Ms.No.8, Dated 12-02-2015 for a period of five(5) years from the date of commissioning of such projects.]

(iv) The Open Access user shall also be liable to pay additional surcharge on charges of wheeling as may be specified by the Commission from time to time under section 42(4) of the Act, in case open access is sought for receiving supply from a person other than the distribution licensee of such consumer's area of supply, to meet the fixed cost of the distribution licensee arising out of his obligation to supply."

(5) It is further submitted that, as stated in the afore said provisions of clause 17(1) the said exemption shall be during the operative period as stated in the G.O.MS. Nos. 8 & 9 dated. 12-02-2015 & 13-02-2015 respectively.

(6) It is further submitted that as per the said policies issued vide G.O.MS. Nos. 8 & 9, the operative period is 5 years from the date of said policies OR till such time a new policy is issued.

(7) It is further submitted that the Govt. of A.P has issued new solar and wind policies, dated.03-01-2019 vide G.O.MS.Nos.1 & 2 super seeding the above said solar and wind policies 2015.

(8) It is learnt that the Installed capacities of Solar, Wind and Mini-Hydel upto 2014 and after 2014 in the state of Andhra Pradesh were as mentioned below..

Generation	Till May, 2014 (MW)	Till 2019 (MW)
Solar	100	3437+800 (800 to be commissioned)
Wind	350	4175
Sub Total	450	8412
Mini-Hydel	100	103
Grand Total	550	8515

9) It is learnt that, the present capital cost of infrastructure for Solar/Wind Power plants is around Rs. 4 to 6 Crs per MW and efficiency of the power plants also is more compared to older power plants (prior to 2014). The RPP Obligation for 2020-21 is 15%, a minimum quantity of electricity expressed as a percentage of energy sales handled by DISCOMs. The present quantity of renewable energy availability is around 25% of system energy requirement.

The dynamics of Solar and Wind power affected the technical performance and financial performance of DISCOMs. The details of Solar and Wind power installed power Generation capacities versus system demand are furnished in the table below to understand the comprehensive picture of the present system.

Description	Prior to 2014	After 2014
Infrastructure cost Solar/Wind (approx)	Rs. 13 to 14 Crs /MW	Rs. 4 to 6 Crs/MW
Grid demand (Prorated demand of AP)	5000 MW (peak)	Summer: 11000 MW (peak) Winter season: 6000 MW
Solar + wind power volume	450 MW	8412 MW (Solar 4237 MW and wind 4175 MW)
% of Solar and wind power installed capacity with reference to system demand	9%	76% with reference to peak system demand; 140% with reference to off peak system demand.

The smooth integration of this much RE (Solar and Wind power) power of 8500 MW which is variable in nature with the grid, having system demand of 9000 to 10000 MW is difficult task. In this scenario, presently promotion of RE power is not envisaged and not required.

10) Under the falling price regime of Solar/Wind power generation coupled with incentives granted to these generators, there is no healthy Competition envisaged in the Electricity Act, 2003. In order to fulfill the aim of the Electricity Act, 2003, it is very much essential to withdraw the existing incentives.

It is further submitted that considering the present installed capacities of Solar /Wind / Mini hydel power generators of 8515MW in the state and having met the RPPO obligation beyond the threshold limit, we propose to withdraw all the incentives that were given earlier vide GO.MS.No. 8& 9 Dt. 12.02.2015 & 13.02.2015 respectively & GO.MS.No. 1& 2 Dt. 03.01.2019.

Considering the present scenario, the Govt of AP issued an amendment Solar/Wind policy vide GO.MS.No. 35 Dt. 18.11.2019 withdrawing certain incentives granted earlier.

(11) It is further submitted that as per the solar and wind policies of 2015 the operative period of said policies is expired by issuing of new solar and wind policies dated.03-01-2019.

(12) As such the exemption of (a) transmission and wheeling charges to wind & solar Generators, (b) Distribution losses to the Solar power Generators and (c) Cross Subsidy surcharge & Additional Surcharge to Solar Generators which come into force of law as per the amended clause 17(1) of Regulation 2 of 2005, but the effect of the said regulation in as much as granting the said exemption of transmission and wheeling charges, since being coterminous with the operative period of aforesaid wind and solar policy 2015, also expires.

(13) Therefore it is necessary to have an amendment to the Regulation 2 of 2005 particularly repealing the para 3 of Regulation No. 1 of 2016 i.e., to delete second and third provisos to para 17.1 (i) and the second proviso to para 17.1 (iii).

(14) The Govt. of AP has given certain incentives / benefits to promote RE power in the state rigorously. Andhra Pradesh has achieved the targets for procuring RE power and hence it is better to withdraw all the incentives given such as banking facility for promoting RE power in the state. Now the situation has changed in the state. Establishing RE generators and procuring RE power has surpassed all the targets given to the Discoms.

(15) The unplanned utilization of HT consumers under Open Access is causing some times forced backing down of generation leading to disturbing the balancing cost in grid management. The banking facility is causing disturbance to the planned schedules in the grid management. The banking facility is bringing indiscipline and irregularity from technical aspect point of view in the day to day grid management. The financial expenditures which will be incurred in day to day management of the grid due to this disturbance has to be ultimately borne by the consumers.

(16) The Hon'ble Commission has powers to initiate suo motu proceedings to bring such amendments which are necessary in the interest, smooth integration of RE Power with the State Grid and for safe operation of the grid and further, it is submitted that the financial burden which is resulting from the RE power generation ultimately needs to be borne by end consumers of the State. Thus public interest is involved.

(17) In view of the above facts, the Hon'ble Commission is requested to initiate the process for amendment of said Regulation No. 2 of 2005 and Regulation No. 2 of 2006 duly withdrawing the exemptions given as furnished below

- a. Transmission and wheeling charges
- b. Distribution losses given to the Solar power projects
- c. Energy banking and drawls
- d. Treating injection of energy between synchronization and declaration of COD as inadvertent power and no cost shall be paid by APDiscoms.
- e. Cross subsidy Surcharge and additional Surcharge

Thanking you sir

Yours faithfully

CHAIRMAN & MANAGING DIRECTOR
APEPDCL:VISAKHAPATNAM

Copy submitted to Principal Secretary, Energy Dept., Govt. of AP, Amaravathi
Copy submitted to Chairman & Managing Director / APTRANSCO, Vidyuth Soudha, Gunadala
Copy communicated to CMD / APSPDCL, Kesavayanagunta, Tirupati
Copy communicated to CMD / APCPDCL/Beside Govt. Polytechnic, Opp Ramesh Hospital/
ITI, College Road, Vijayawada - 520 008

Signature valid

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NAGALAKSHMI
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