

Ref No. HWPL/2019

20/001

Date: 8th March 2020

To

The Honourable Chairman,
Andhra Pradesh Electricity Regulatory Commission,
Singareni Bhavan-Hyderabad.

Subject: Comments/suggestions on "APERC amendment (Terms & conditions of open access) draft Regulation No.2 of 2005"

We are writing on behalf of M/S Hetero Wind Power Ltd 54Mw (40.5 Captive +13.5 PPA) Captive wind power plant in Andhra Pradesh. As the honourable Commission has proposed an amendment to the regulation no 2 of 2005 with respect to G.O Ms. No.35 dated 18th November 2019.

We understand the proposed draft regulation shall be applicable only for the projects commissioned under wind policy 2018 and its amendment wind policy 2019. The commission may amend the regulation w.r.t wind policies 2018 & its amendment in 2019.

We would like to submit below our views & suggestions to the hon'ble commission.

The draft regulation published in the website speaks only about the wind power projects commissioned under the wind power policy G.O.Ms.No.2 dated 03-01-2019. The government has also mentioned in the wind policy 2018 that the GO Ms no 2 is super seeding the wind policy 2015.

There are several wind projects who have commissioned the projects in the operative period of 2015 wind policy by seeking the necessary approvals from NREDCAP & APTRANSCO.

Many IPP's have come forward and setup their wind power plants in AP by looking at the incentives given by the state government through its wind policy in 2015. And as per the policy these incentives shall be given for a period of 10 years from the date of commissioning of the project.

Therefore, the regulation shall be amended w.r.t the projects commissioned on or after 18-11-2019. The proposed amendment para 17.1 of principal regulation shall be made applicable only for the projects commissioned on or after 18-11-2019.

This proposed amendment by APERC speaks about the incentives such as exemption of wheeling & Transmission charges to wind power projects.

Now any change in the existing regulation w.r.t to retrospective effect will lead to lot of uncertainty and survival of these wind projects without considering the above incentives is tough.

517
9/3/2020

We would also like to highlight the commission that being an IPP we want to contribute the green energy to the nation and with the same motto we are exploring all the wind potential states in India.

As an IPP Before setting up our plant we will analyse the below parameters such as

- land cost,
- Generation profile and the
- Wind policy/GO of the respective state

The GO/policy plays the key role in taking a forward step to invest in the state and we believe in sanctity of this document/order given by the government. Similarly, the financial institutions will consider this GO and approve the finance to our project. Now any change in the said GO with retrospective effect will question the sanctity of the policy and also it will have a negative impact to the state for any further investment in any sector.

Just to draw the attention of hon'ble commission we have gathered the below data to show the total RE installed capacity of neighbour states and the projects which are in open access.

| State | Andhra Pradesh | Karnataka | Tamilnadu |
|-----------------------------------|----------------|-----------|-----------|
| Total RE Installed capacity in MW | 8900 | 14870 | 12179 |
| RE quantum in open access in MW | 350 | 2511 | |

The above states have given the incentives to the RE developers in order to promote RE power and when the states have realised there is good amount of RE quantum added in the system. Then the concerned states have amended the policy/regulations and stopped extending the incentives for the new projects commissioned after notification of new gazette. None of the states have published a policy or amended a regulation with retrospective effect.

We would also like to highlight the point to commission. If we have a glance and compare the above data every state has got a good response from the RE developers w.r.t to their RE policy/GO. The RE quantum in open access in AP is quite low when we compare with the neighbour states. In spite of government incentives to captive open/access plants it is only a little quantum added in the system through captive/Open access due to various reasons.

The hon'ble commission may understand the reason why there is no good response from RE developers to setup captive/open access plants in AP. There are many difficulties such as abnormal delay in open access settlements and adjustments. On average 6 to 8 months delay for each generating plant to process the energy settlements, whereas the energy settlements in the neighbour states will be done in 7 days. Due to this reason most of the generating plants are in the verge of NPA as they cannot fulfil their monthly commitments to financial institutions. This is also one of the reasons the investors have taken a back step and the quantum added in captive/open access is very low.

The existing captive/open access projects are just surviving to run their plants and any change in regulation or policy with retrospective effect will have a big impact on these projects and survival of these projects is a big question.

Withdrawal of all applicable incentives for the plants commissioned prior to the date of issue of GO may not meet natural justice.

And regarding the proposed charges on RE plants commissioned on or after 18-11-2019 we would suggest the hon'ble commission to review the charges levied on RE transactions in AP.

The wheeling & Transmission charges are very high when compared to a conventional generator. It is 4 times higher charges paid by a RE developer in terms of wheeling & Transmission charges.

The PLF of the plants is 25% on average for wind & solar developers and the commission has to consider the wheeling & Transmission charges per unit basis or as per the actual energy flown in to the grid but not on the total installed capacity.

Hence we request the Hon'ble Commission to review on the subject before releasing any amendment to the Hon'ble Commission's open access regulation 2 of 2005.

We also request Hon'ble Commission to consider above cited facts, and issue an amendment (If necessary) to open access regulation 2 of 2005 addressing the wind power projects which were commissioned before the prior to GO Ms.No. 35 dated 18-11-2019.

Veerababu
For Hetero Wind Power Ltd