



ITC LIMITED  
AGRI BUSINESS DIVISION  
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**BY E-MAIL**

The Secretary,  
Andhra Pradesh Electricity Regulatory Commission,  
#11-4-660, 4<sup>th</sup> Floor, Singareni Bhavan,  
Red Hills, Hyderabad – 500004

Lr. No. :APERC/Comments/ 2<sup>nd</sup> Amd 2 of 2005/01,

Date:06/03/2020

Dear Sir,

**Sub: Comments/Suggestions on Second draft amendment to APERC (Terms and Conditions of Open Access) Regulation No.2 of 2005**

**Ref:**

1. Second draft amendment to APERC (Terms and Conditions of Open Access) Regulation No.2 of 2005
2. OP. No. 3 of 2020 Public Notice by APERC dates 17-02-2020 seeking comments /suggestions

**Briefing about the Company:**

ITC Ltd is one of India's foremost private sector Companies with a market capitalization of US \$ 45 billion and a turnover of US \$ 8 billion. ITC has innovatively crafted unique business models that synergize long-term shareholder value creation with enhancing societal capital. It is ITC's belief that a Company's performance must be measured by its Triple Bottom Line contribution to building economic, social and environmental capital. ITC is a global exemplar in 'Triple Bottom Line' performance and is the only enterprise in the world of comparable dimensions to have achieved and sustained the three key global indices of environmental sustainability of being 'water positive', 'carbon positive' and 'solid waste recycling positive' for almost a decade now.

52/  
9/3/2020





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The State Government of Andhra Pradesh has laid significant thrust on meeting the existing power deficit in the State by harnessing the untapped potential of 14500 MW capacity of Wind Energy which has been enunciated in the "White Paper on Power Sector" released by the State Government in July, 2014.

In-line with our focus on further enhancing our positive environmental footprint, ITC has invested Rs.325 Crs in 46 MW Wind Power Project in 2013-14 in Ananthapur District of Andhra Pradesh to meet its captive power requirements of its factories at Chirala (Prakasam Dist.), Anaparti (East Godavari Dist.) and Bhadrachalam. The project envisaged to provide 75% of the wind power generation for captive consumption at Bhadrachalam and balance for Chirala and Anaparti. The above investment was made prior to the bifurcation of State of Andhra Pradesh which came into effect from 2nd June 2014.

**Comments/Suggestions on Second draft amendment to APERC (Terms and Conditions of Open Access) Regulation No.2 of 2005:**

In response to the Public Notice referred (2) above, we, ITC Limited-ABD, having our Divisional Headquarters at Guntur, A.P and Threshing Plants at Anaparti and Chirala, humbly submit our comments/suggestions to the proposed amendments to the Second draft amendment to APERC (Terms and Conditions of Open Access) Regulation No.2 of 2005 referred (1) above, as follows:

- i) Firstly, Amendments to para 17.1 of Principal Regulation – The second proviso to para 17.1(i) stand deletion, At present Transmission and wheeling charges are exempted for wheeling of power generated from solar and Wind power projects and for such operating period specified in the G.O.

**Suggestion to Hon'ble Commission** is not to delete the above mentioned incentive and retain the same for operating period specified in the G.O. otherwise will not be able to meet projected





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benefits that are factored during initial capital investment and these kind of unexpected changes to the amendments will discourages not only RE investments in the state of Andhra Pradesh. In fact, such incentives shall be extended to 15 years from the date of its commissioning, which is almost 50% of life cycle of the plants.

It is also suggested that such amendments shall be made applicable prospectively to the projects, which are commissioned from the date of notification of the Second amendment to APERC (Terms and Conditions of Open Access) Regulation No.2 of 2005. All other RE Projects, which were commissioned prior to the notification date of the second amendment shall be allowed to continue the incentives as per the Regulations prevailing at the time of commissioning.

- ii) Amendments to para 17.1 of Principal Regulation – The third proviso to para 17.1(i) stand deletion, At present distribution losses shall be exempted for solar power projects as mentioned in the G.O. injecting at 33 kV or below irrespective of voltage level of the delivery point within the Discom.

**Suggestion to Hon'ble Commission** is not to delete the above mentioned incentive and retain the same for at least operate period specified in the G.O. otherwise will not be able to meet projected benefits that are factored during initial capital investment.

- iii) Amendments to para 17.1 of Principal Regulation – The second proviso to para 17.1(iii) stand deletion, As of now 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 setup within the state as mentioned in G.O. for a period of five years from the date of commission.

**Suggestion to Hon'ble Commission** is not to delete the mentioned incentive and the same shall be extended for entire life cycle of the projects, which were commissioned prior to the





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notification date of the Second amendment to APERC (Terms and Conditions of Open Access) Regulation No.2 of 2005. This will encourage RE investors in the State as well as in meeting the RPPO obligation by all the obligated entities without much financial implications.

We feel that there is no necessity of bring **Second amendment to APERC (Terms and Conditions of Open Access) Regulation No.2 of 2005.**

The Hon'ble Commission may consider to pass only prospective Regulations and its amendments effective from the date of its notifications and nothing should be made retrospectively. This will send positive signs to the investors, ensure further investment not only in the areas of RE in the state of Andhra Pradesh and will enhance employment opportunities too.

Thanking You,  
For ITC Limited-ABD

Authorized Signatory