

To,  
The Honourable Chairman,  
APERC,  
Singareni Bhavan,  
Hyderabad

Sir,  
Sub : Response to Public Hearing on OP No. 02 of 2020 - Amendment to APERC (Terms and Conditions of Open Access) Regulation, 2005 Regulation No. 2 of 2005

We Wish to inform the Amendments proposed in the OP No. 02 of 2020 , i.e., Amendment to APERC (Terms and Conditions of Open Access) Regulation, 2005 Regulation No. 2 of 2005 are completely unwarranted and would force the the existing solar power plants to become NPA and go bankrupt. The Amendments will also stop any further investment in solar power plant by developers.

We wish to inform that the Claims made by the APSPDCL and APEPDCL are completely false and have projected only incorrect information.

1. Renewable Energy (Wind and Solar) capacity is 8515 MW and adding more capacity will be a difficult task to manage

The above statement that managing the grid is difficult task is completely false. APTRANSCO is fully equipped to handle the variable load. A lot of mechanism are being enforced like

A) Forecasting , Scheduling and Deviation Settlement Regulation.

As per this regulation, the solar and wind developers have to forecast and schedule the generation and provide weekly, daily, hourly schedule for every 15 minutes and penalties are also imposed on any deviation. With this mechanism there is lot of discipline in the Renewable Energy generation and managing the grid has become easy. This is in implementation for more than an year.

B) SCADA RTU with SLDC Integration.

All the solar power projects are equipped with SCADA RTU to have the live generation statistics and are integrated with the SLDC for monitoring as well as control.

2. DISCOMs stated that in this scenario, presently promotion of RE power is not envisaged and not warranted.

The above statement is completely false. Andhra Pradesh Renewable energy capacity is just 8515 MW .

As per the statement issued by Mr. R.K .Singh (Minister of state ,New and Renewable Energy " As part of Intended Nationally Determined Contributions under the Paris Accord on Climate Change, India has made a pledge that by 2030, 40% of its installed power generation capacity shall be from non-fossil fuel sources and will reduce its carbon emission intensity of GDP by 33-35 %

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considering 2005 level. The Government has set a target to install 175 GW of renewable energy capacity in the country by the year 2022. This includes 100 GW from solar, 60 GW from wind, 10 GW from biomass and 5 GW from small hydro power."

As per the above statement there is still lot of Solar and Wind projects needed in the state. While the central government is encouraging the establishment of solar power plants, the Andhra Pradesh government is creating hurdles to the existing solar power plants as well as the upcoming solar power plants.

More over in the recent press statement Honourable Chief Minister of Andhra Pradesh and Minister of power, Government of Andhra Pradesh is planning to Setup 10000 MW Solar power plant in the Ananapur, Cuddapah, Praksham, and Chittoor. When the DISCOMS are not able to manage 8500 MW, how is the government planning to 10000 MW.

This only shows that the Discoms are taking excuses and want to gain/benefit at the cost of Solar developers.

3. Policies are against Third party / Captive open access generators who are just 2.5 % of total generation capacity.

We wish to inform you that out of total 4000 MW of Solar power capacity, only 2.5 % i.e, 100 MW is only Third party /Captive open access consumers.

In other words, only 100 MW of power is being supplied through Third party/ Captive Open access consumers. The rest of the solar power plants are setup through the Power purchase agreements. by the Discoms themselves.

The below amendment proposed in the draft regulation will be applicable only to those 100 MW Only.

- A) Exemption on Transmission and Wheeling charges.
- B) Exemption on Distribution losses.
- C) Exemption on Cross Subsidy surcharge.

The draft regulation is targeting these only 100 MW whose are just 2.5% of the overall Solar Power Plant capacity.

If the Andhra Pradesh government does not encourage even 2.5% of private developers through open access, what is the use of having a solar power policy and encouraging the developers to setup the power plants.

APTRNASCO and DISCOMS are misleading APERC by projecting the higher capacity of 8515 MW of renewable energy, whereas the actual affected solar energy plants are just 100 MW. DISCOM business is just effected by 1% only.



4. APTRANSCO and DISCOMS removing the benefits given to the projects commissioned under the AP Solar power policy 2015.

As per AP Solar power policy 2015, projects setup in this policy period of 5 years were given few exemptions like

- ❖ Exemption on Transmission and Wheeling charges for 10 years
- ❖ Exemption on Distribution losses for 10 Years
- ❖ Exemption on Cross Subsidy surcharge for 5 Years.

Solar power developers have setup the solar power plants based on the AP solar power policy 2015 by taking huge bank loans. The break even period of these projects are more than 10 years.

APTRANSCO and DISCOMS have started removing the benefits given AP Solar power policy 2015 by imposing the wheeling charges, Transmission charges even to the projects commissioned under the AP Solar Power policy 2015.

This is completely undemocratic. The benefits given under any policy should be applicable for the policy period and for the duration mentioned in the policy.

When even a new policy is introduced, the guidelines of the policy will be applicable only to the projects setup in the duration of the new policy and not for the projects setup under the previous policies.

APTRANSCO and DISCOMS are forcing the solar power projects to go bankrupt and become NPAs.

In the wake of implementation of wheeling, transmission charges and removal of banking facilities by implementing the solar policy 2019 and also earlier implementation by superseding the 2015 solar policy. This implementation will affect our financials and we have no other options left except moving the issue to your perusal.

We Narasimhaswamy solar generations pvt ltd., have set up a 5 MW AC solar PV plant. We two partners and cousins started one pvt ltd company exclusively for setting up of solar power plant with a motto of our livelihood and to contribute to the nation by reducing carbon emission to some extent in the end of year 2013. Because of state bifurcation and other issues we could not complete the statutory obligations and loan sanctions till end of 2015. We have synchronised the plant by September 2016 with overall cost of nearly 40 Crores for 5 MW AC single axis tracking solar PV plant.

The plant is funded by consortium of PFC GEN and BOB to an extent of 28.5 crores. The rate of interest being 11.90%.

By the time we completed the plant lot of changes occurred. The dollar has increased abnormally thereby increasing the project cost. Because of the changed world financial scenario and central government policies the REC price has come down drastically to almost nil, power prices reduced and thereby affecting our revenues from day one itself.



After synchronisation and settlements by the energy billing centre, we came to know that there is gap in our generation and 3rd party consumer's consumption and thereby nearly 12 lac units going for banking per year. To consume the balance generated units we planned and requested to add another category -2 consumer and the department Apspdcl has simply dragged the time and not given permission till now and thereby we are forced to sell the units to Apspdcl at pooled cost only. The payment for banking units is also taking almost more than 9 months. Where as the lender will not keep quiet and is charging us the default interest and also interest on interest for the delayed payments as per the loan terms and agreements. The open access settlement is also going 5 months delayed and thereby our 30% generated units are kept on hold, this accumulated units of (30% of 5 months) is nearly 13 lac units (75-80 lac rupees) is being not paid to us for the last 2.5 years and thereby our loan repayment is affected.

In this circumstances we request your good office to kindly look into the calculations and explanations how we became npa and kindly consider our requests for not imposing wheeling loss, transmission charges for the plants setup under 2015 solar policy.

Total no of units generated: 8500000/anum.

If we can sell entire units , we will get : $8500000 \times 5.83 = 4.95$  crore and this is sufficient for our repayment of loan.

But as per EBC settlement process we are able to sell only 7500000 units to that particular consumer (namely Narayana medical college, Nellore) and balance to banking (here we have to say that though there is provision for selling power to another 3rd party consumers, but Discoms are not allowing us unofficially simply saying that we will not allow to category-2 consumer). Because of this we are loosing 25 lac rupees/year {12 lakh units x 2.3(our ppa rate 5.83-3.5 pooled price)}. The payment of banking units nearly 45 lacs is also delayed for not less than 9 months and my lenders are not keeping quiet and charging me interest on interest as well as penal charges for delayed payments.

As the open access settlements are being delayed by 5 months (EBC is saying we have no staff to look into OA settlements on time) our money of nearly 75-80 lac rupees is being held with discoms and to this extent we are becoming default with our lenders and they are charging default interest and delay charges.

As you all are aware the lender will first take the interest and then the capital, just because of the facts explained above our money of nearly 2 crore rupees is held during this 3 years and as the delays in repayment of loan, nearly 20 lakh rupees of interest on interest, default interest is levied by our lenders and there by whatever we pay is going to interest only and not to capital repayment. Until and unless we get our balance payments settled regularly we cannot pay the lenders on time and until such time we can repay the capital. With this cyclic disorder in settlement we are not able to reduce the capital due and loosing a lot both monetarily and mentally also.

Because of this situation explained above we are in stressed condition and again because of the changes now proposed makes our position still worse. With this changes our position is ' we invested our entire money with a good motto of helping ourselves and our country by producing green energy, but because of changed policies and situations explained above we were pushed to stand on road as we could not repay loans and now by implementing this act it is still worst and our situation is 'standing on road without clothes'. So in this worst situation we are forced and left with only options of moving court of law for all the changes in policies by government and payment issues/delays caused by only Discoms. Even for moving court we have to beg the money from others to pay the court fee also. This is our situation.



Hence we request The Honourable Chairman , APERC to reject the amendments. The amendments will definitely kill the existing solar power projects as well as the impact the setup of the new solar power projects in Andhra Pradesh.

We reiterate our stand that Discoms are making a mountain of a small mole, exaggerating the effect of a small percentage of Captive/open access consumer developers causing immense damage to the existing developers and discouraging prospective Solar developers and trying to cover up their inefficiency and out going subsidies which are the actual causes for their losses. Moreover it is against the natural justice to deny what has been promised by the earlier policy and trying to bring in amendments with retrospective effect. Discoms are misleading the Govt and the APERC and are willfully acting against the avowed policy of renewable energy of the State and Central governments this vitiating the industrial atmosphere and causing immense damage to the climate by denying and discouraging Green Energy.

So we request your good office to kindly enquire deeply about the situation of investors like us and we humbly request you to not squash the 2015 solar policy and soothen our wound to some extent.

Thanking you sir,

Yours faithfully,

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