GOVERNMENT OF ANDHRA PRADESH
ENERGY (POWER.II) DEPARTMENT

Lr No. ENE01-APRE/2/2025-POWER-II , Dated: -01-2025.

From
The Special Chief Secretary to Government,
Energy (Power.II) Department,
A.P.Secretariat, Amaravati.

The Commission Secretary (I/c)
Andhra Pradesh Electricity Regulatory Commission,
Kurnool

Sir,

Sub: Proposed Amendments in regulations due to Andhra Pradesh Integrated Clean Energy (ICE) Policy 4.0 – Submitted - Reg.

Ref: 1) GO.Ms.No.37, Dated 30.10.2024

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I am happy to inform that It is with great joy to share the release of Andhra Pradesh Integrated Clean Energy (ICE) Policy, 2024 by the Hon'ble Chief Minister, Sri Nara Chandra Babu Naidu garu and Hon'ble Energy Minister, Sri Gottipatti Ravi Kumar garu on 16th October 2024, a first-of-its-kind policy focused Clean Energy Project and RE Manufacturing Projects. I am writing to you on behalf of the Energy Department, Government of Andhra Pradesh, to request you to enable the implementation of the Andhra Pradesh Integrated Clean Energy Policy, 2024, through issuance of necessary amendments to various APERC regulations.

2. As you are aware, the Government of Andhra Pradesh through the AP ICE Policy, 2024 has been committed to promoting sustainable and clean energy solutions to meet the growing energy demands while minimizing environmental impact. The AP ICE Policy, 2024 aims to enhance the adoption of renewable energy sources and ensure the reliable and affordable supply of electricity to all consumers.

3. In this regard, it is pertinent to highlight that under Section 108 of the Electricity Act, 2003, the State Government is empowered to issue policy directions to the State Electricity Regulatory Commission in matters involving public interest.

Invoking this provision, the Government of Andhra Pradesh requests the Andhra Pradesh Electricity Regulatory Commission (APERC) to adopt the Andhra Pradesh Integrated Clean Energy Policy, 2024, and undertake the necessary regulatory amendments to facilitate its seamless implementation. This direction underscores the commitment of the State to prioritize sustainable energy solutions and ensure that the regulatory framework aligns with the objectives of the Policy.

4. To achieve these objectives, it is imperative to revisit and amend certain existing regulations. The key areas that require your esteemed Commission's attention and consideration for amendments provided in the annexure attached along with this letter.

5. We believe the proposed amendments will significantly contribute to the successful implementation of the AP Integrated Clean Energy Policy, 2024 and help Andhra Pradesh become a leader in clean energy adoption. We kindly request the esteemed Commission to consider the proposed amendments and initiate the necessary regulatory processes.

6. We look forward to your positive response and collaboration in this important endeavor. Thank you for your attention to this matter.

Yours Faithfully,

SPECIAL CHIEF SECRETARY,
ENERGY DEPT.

Copy to

Joint Managing Director (JMD), APTRANSCO
Managing Director (MD), APGENCO
VC & Managing Director, NREDCAP
MD & CEO, APSPCL
Chairman & Managing Director, APEPDCL
Chairman & Managing Director, APCPDCL
Chairman & Managing Director, APSPDCL

Sl.No	APERC Regulation	Clause No of relevant APERC regulations	Ref. Policy Clause & Page No.	Proposed Change/Amendment	Rationale
			Transmission & D	Subclause of 20.3 to be added to Clau	Under the AP Integrated Clea

1.	APERC (Terms and Conditions for Determination of Tariff for Transmission of Electricity) Regulation, 2005 (Regulation No 5 of 2005)	Clause 20	**istribution/Wheeling Charges Clause 5.7 (a), Page 27** Intrastate Transmission charges shall be paid by the Developer in 15 minutes block-wise only for the scheduled capacity of generation. For energy storage projects, intrastate transmission charges shall be applicable only on generation and losses to be paid on both sides i.e. drawl and injection.	se 20 as follows: “20.3 Provided also that transmission charges payable for such Clean Energy Projects and for such operative period as mentioned in G.O.Ms.No.37, Dated 30.10.2024 shall be paid for the applicable number of blocks for the scheduled capacity. Clean Energy Projects includes Solar, Wind, Wind-Solar Hybrid, BESS, PSPs, Mini and Small Hydro, Green Hydrogen and its derivatives, Biofuels and EV charging infrastructure.”	n Energy Policy, the block-wise (15-minute intervals) transmission charges are introduced for developers, which offers significant advantages. By levying charges only for the specific time blocks during which energy is consumed or transmitted, developers can reduce their overall transmission costs and avoid paying charges for unutilized time blocks. This system encourages optimized scheduling, allowing developers to align their energy transmission with periods of lower demand and lower charges. Overall, the policy supports cost efficiency, and the broader adoption of renewable energy sources, thereby encouraging developers to invest more in the renewable energy sector.
		Clause 13.1	**Transmission & Distribution/Wheeling Charges Clause 5.7 (b), Page 27** Distribution/wheeling charges shall be waived off if the injection and withdrawal of power are at the same voltage levels. However, if the injection and withdrawal of power are at different voltage levels irrespective of the DISCOM’s boundaries, distribution/wheeling charges shall be levied at injection point as follows: ▪ For LT Consumers, distribution/wheeling charges shall be paid on per unit basis (INR/kWh), and	Subclause to be added under Clause 13.1 as follows: “13.1 (i) Provided also that distribution/wheeling charges payable for such Clean Energy Projects and for such operative period as mentioned in GO.Ms.No.37, Dated 30.10.2024 shall be paid for the applicable number of blocks for the scheduled capacity. Clean Energy Projects includes Solar, Wind, Wind-Solar Hybrid, BESS, PSPs, mini and small hydro, Green Hyd	Introducing distribution and wheeling charges on a block-wise basis at the High Tension (HT) voltage level encourages the deployment of various Clean Energy Projects under the AP ICE Policy 2024. This amendment will facilitate penetration of more Distributed Energy Resources, enhancing grid stability within the distribution system.

			▪ For HT Consumers, distribution/wheeling charges shall be paid as per the block wise (15 mins) charges for the applicable number of blocks for the scheduled capacity.	rogen and its derivatives, Biofuels and EV charging infrastructure.	
2.	APERC (Terms and Conditions for Determination of Tariff for Wheeling and Retail Sale of Electricity) Regulation 2005 (Regulation No 4 of 2005)	Clause 20	**Transmission & Distribution/Wheeling Charges** Clause 5.7, Page 27	"20.1 Provided also that the Distribution/ Wheeling charges shall be exempted for such Clean Energy Projects and for such operative period as mentioned in GO.Ms.No.37, Dated 30.10.2024, injection or drawl of power at same voltage-level of the delivery point within the Discom for such projects. "	Under the AP Integrated Clean Energy Policy, the exemption of Distribution/ Wheeling charges shall enable broader adoption of renewable energy sources at distribution level , thereby encouraging developers to invest more in the renewable energy sector.
		Clause 20	**Charging Infrastructure Connectivity and Tariff Clause 14.1 (c), Page 55** A separate EV tariff category with ToD tariff and Dynamic tariff mechanisms to CPOs. The maximum ceiling tariff (MCT) of INR 15 per unit for EV end-consumers or as determined by APERC in line with guidelines issued by MoP. DER Aggregators shall be empowered to operate Smart EV charging stations for Demand Response management. EV charging stations can avail input power from any Open	"20.2 Electric Vehicles/Charging Stations to include Time-of-Day (ToD) and Dynamic tariff mechanisms specifically for Charge Point Operators (CPOs). The Maximum Ceiling Tariff (MCT) for EV end-consumers shall be capped at INR 15 per unit or as decided by this Commission."	Introduction of Time-of-Day and dynamic tariffs, the amendment seeks to optimize the utilization of the electricity grid and encourage efficient energy consumption patterns among Charge Point Operators (CPOs). Setting a Maximum Ceiling Tariff of INR 15 per unit, or as determined by the Hon'ble APERC, ensures that EV end-consumers are protected from excessive charges, promoting affordability and accessibility.

			Access/Green OA generator. Green OA shall be governed as per APERC Green Energy Open Access, Charges, and Banking Regulation 2024		
3.	APERC (Terms and Conditions of Open Access) Regulation, 2005	lause 9.1	**Grid Connectivity and Power Evacuation Facility** Clause 5.5, Page 25	"9.1 (i) Provided also that the grant of grid connectivity for such Clean Energy Projects and for such operative period as mentioned in GO.Ms.No.37, Dated 30.10.2024, shall be based on the progress and recommendation of SNA as mentioned in GO.Ms.No.37, Dated 30.10.2024 "	The proposed amendment will enable connectivity granting to projects that are showing progress and are nearing their commercial operation date, and it will also reduce the unnecessary blocking of grid connectivity issues.
		Clause 13	**Cross Subsidy Surcharge & Additional Surcharge** Clause 5.8 (b), Page 27	"13.1 Provided further that the Cross Subsidy Surcharge and Additional Surcharge shall be exempted for production of Green Hydrogen & its derivatives projects. Further, Solar Module and Wind Turbine Manufacturing projects are exempted from Cross subsidy surcharge, whereas Battery Manufacturing projects are exempted from Additional Surcharge for sourcing of renewable energy, through third party open access within the State for a period from the date of commissioning of such projects as mentioned in GO.Ms.No.37, Dated 30.10.2024	It reduces the operational costs, making energy consumption more affordable and encouraging investment, especially renewable energy projects. This can enhance business competitiveness, promote economic growth, and create jobs. Additionally, it helps reduce the load on the public grid, improving overall stability and reliability.
				“9.1 The hours of supply to ensure grid stability and ensure equity for energy banking and settle	

					ment. • Off-peak Hours (solar time): 9AM-5PM • Peak Hours: 5AM-9AM & 7PM-11PM • Normal Hours: 11PM-5AM & 5PM-7PM Energy banking shall operate on a monthly billing cycle. Each calendar month constitutes one billing cycle, and banked energy must be utilized within the same cycle. Provided further, that if the energy injected into the grid exceeds the demand, such excess energy shall be apportioned on a block-wise basis and banked accordingly. This banked energy may be settled within the same blocks as specified below. • Energy banked during peak hours may be drawn during peak, off-peak, and normal hours. • Energy banked during off-peak hours may only be drawn during off-peak	
4.	Andhra Pradesh Electricity Regulatory Commission (Green Energy Open Access, Charges, and Banking) Regulation, 2024	Clause 9 – Connectivity and Energy Settlements	**Energy Banking, Settlement & Balancing** Clause 5.11 (a), (b), (c), (d), (e), (f), (g) Page 28 & 29			The proposed amendment aims to enhance grid stability and also ensure equitable energy banking and settlement by categorizing supply hours into Off-peak, Peak, and Normal hours. This categorization helps balance the load on the grid, prevents overloading during peak hours and ensuring a stable electricity supply. By aligning Off-peak, Peak and normal with RE generation, the amendment promotes the use of renewable energy when it is most abundant, reducing reliance on non-renewable sources. Additionally, it ensures fair access to energy banking and settlement, benefiting all stakeholders. The requirement for the AP SLDC to conduct an annual grid level study ensures accurate assessment of peak demand, allowing for a 5% allocation of peak demand for energy banking, with an incremental increase of 5% each year. APERC shall also need to clarify whether the banking limit is applicable on consumption or generation side and also the limit of 30% is on Capacity (MW) or energy terms.

	(Regulation No. 3 of 2024)			(solar) hours. • Energy banked during normal hours may be drawn during normal hours. Provided further that, AP SLDC shall carry out an Grid Level Study every year to determine peak grid demand and allow 5% of the peak demand as banking limit at the state level thereafter incremental year on year at 5% for setting the quantum for banking based on ~~grid constraints.~~	
			Energy Banking, Settlement & Balancing Clause 5.11(g), Page 29	Procedure for allotment of Clean Energy Projects, especially when the banking facility is limited to 5% of peak demand	Hon'ble APERC may formulate guidelines for allotment of Clean Energy Projects, especially when the banking facility is limited to 5% of peak demand but requests exceed this limit. In such cases, it is crucial to prioritize projects based on their environmental impact, contribution to grid stability, technological innovation, economic and social benefits, readiness and compliance, and financial viability. This approach ensures that the limited banking facility is allocated to projects that provide the maximum benefit to the State.
			Charging Infrastructure Connectivity and Tariff Clause 14.1 (c), Page 55 A separate EV tariff category with ToD tariff and Dynamic tariff mechanisms to CPOs. The maximum ceiling tariff (MCT) of INR 15 per unit for EV end-consumers or as deter	"Provide further, E	Overall, this amendment is to

		Clause 9	mined by APERC in line with guidelines issued by MoP. DER Aggregators shall be empowered to operate Smart EV charging stations for Demand Response management. EV charging stations can avail input power from any Open Access/Green OA generator. Green OA shall be governed as per APERC Green Energy Open Access, Charges, and Banking Regulation 2024	V charging stations shall be permitted to procure input power through Green Open Access (Green OA) generator"	enable and create a balanced and sustainable framework for EV charging, benefiting consumers, operators by sourcing power through Clean Energy Projects
5.	APERC (The Grid Interactive Solar Rooftop Photovoltaic System under Gross/Net Metering) Regulation 2023 (Re	Clause 11.2	**Solar Rooftop Photovoltaic Power Plant or Solar Rooftop Photovoltaic System (SRTPVS)** **Clause 6.1.3, Page 31**	Existing clause may be amended as proposed below: "11.2 The application fee as specified below shall be collected: • Capacities up to 5 kWp: Nil • Capacities above 5 kWp and up to 100 kWp : Rs. 1,000 • Capacities above 100 kWp and up to 1000 kWp : Rs. 10,000 • Capacities above 1000 kWp: Rs. 25, 000/MWp	This reduction encourages the installation of SRTPVS for residential consumers and government offices, with aggregators responsible for maintenance. DER aggregators are essential for the large-scale implementation of residential SRTPVS for AP DISCOMs, helping to achieve the state's goal of democratizing power g
			Solar Rooftop Photovoltaic Power Plant or Solar Rooftop Photovoltaic System (SRTPVS) **Clause 6.1.3 (d), Page 31** Government shall enable the provision		

	gulation No 4 of 2023)	Clause 3 – General	for Distributed Energy Resource (DER) aggregation for SRTPVS to fasten the implementation of Rooftop solar in the state. DER aggregators are necessary for large-scale implementation of residential SRTPVS for AP DISCOMs and achieving the state's goal of democratization of power generation. DER aggregators shall undertake customer acquisition, coordinate necessary approvals with DISCOMs, install the SRTPVS, support in CFA disbursement, O&M, etc., for a service/aggregator fee	"3.10 For installation of SRTPVS for residential consumers, the Distributed Energy Resource (DER) aggregators shall be allowed for the DISCOMs. The DER Aggregators shall have a commercial agreement with the DISCOM and shall be paid an Aggregator fee.	eneration.
6.			**Clause 5.4 (k) (l), Page 25** In case of resources allocated by SNA such as Wind, Solar, Wind-Solar Hybrid, the state shall have the right of first refusal of up to 30% of the allotted project capacity and tariff shall be determined by SERC under Section 62. In case of PSP (Other than Captive resources), the state shall have the right of first refusal of the entire allotted project capacity and tariff shall be determined by SERC under Section 62.	APERC shall determine the tariff in accordance with Section 62 of the Electricity Act, 2003 for various technologies i.e. Solar, Wind, Wind-Solar Hybrid projects and PSP projects.	For projects developed within the State under this policy, the State shall have the first right of refusal for up to 30% of the allotted project capacity for Solar, Wind, and Wind-Solar Hybrid projects, and 100% for PSP projects, excluding captive resources. When the State exercises its first right of refusal then the allotted capacity has to be procured by Discoms at pre-determined tariff by APERC under Section 62 for all such projects coming up during the operative period of the Integrated Clean Energy Policy.
			Clause 13.1.1 (b),	APERC shall determine the tariff in accordance with Section 62 of the Electricity Act, 2003 for Mini and Small Hydro	For mini and small hydro pow

7.			**Page 54** Discoms shall procure either through competitive bidding route or Commission determined generic tariff without having any ceiling on CUF/ PLF.	Projects without imposing any ceiling on Capacity Utilization Factor (CUF) or Plant Load Factor (PLF) and such determined tariff shall be applicable for all such projects that will come up during the operative period of the Integrated Clean Energy Policy.	er projects, if the DISCOMs wish to procure outside of the competitive bidding process, the Commission may determine a generic tariff without imposing any ceiling on Capacity Utilization Factor (CUF) or Plant Load Factor (PLF).
8.			**Market reforms Clause 12.1.1 (j), Page 49** APERC may devise appropriate rules in line with MOP's Guidelines to promote the development of BESS to create market for ancillary services, thereby provide appropriate market signal for Aggregators.	APERC to issue or frame new Regulation/Guidelines for promotion of BESS in the state	Hon'ble Commission may devise appropriate guidelines in line with MoP vide resolution dated 10.02.2022 to promote the development of BESS to create market for ancillary services, thereby provide appropriate market signal for Aggregators. This will enable and enhance market penetration of Battery Energy Storage Systems (BESS) and support grid stability through ancillary services. By aligning with national guidelines and enabling BESS to participate in diverse market segments, the regulations will ensure financial sustainability and operational efficiency.