



ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION

Vidyut Niyantrana Bhavan, Adjacent to 220/132/33 kV AP Carbides SS,
Dinnedevarapadu Road, Kurnool - 518 002, Andhra Pradesh.
Phones: 08518 - 294823,24,25,26

**FRIDAY, THE EIGHTH DAY OF MAY,
TWO THOUSAND AND TWENTY-SIX
(08.05.2026)**

Present:

**Sri P.V.R. Reddy,
Member & Chairman i/c**

In the matter of the Second Amendment to the Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulation, 2025, **(Regulation No. 6 of 2025)**.

Statement of Reasons (SOR)/ Order

The Commission notified the Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulation, 2025 (Regulation No. 6 of 2025) (hereinafter referred to as "the Principal Regulation"), which was published in the Andhra Pradesh Gazette on 12.09.2025. Subsequently, the Commission notified the First Amendment (Regulation No. 12 of 2025) to the Principal Regulation in the AP Extraordinary Gazette on 05.12.2025.

The Commission, upon examining representations from stakeholders seeking the removal of the condition requiring Renewable Hybrid Energy Projects to be connected at a single interconnection point and to provide regulatory clarity on the treatment of hybrid projects, prepared the Draft Second Amendment to the Principal Regulation. Accordingly, the Commission issued a Public Notice dated 19.02.2026 inviting comments, suggestions and objections from stakeholders. In response, the Commission received objections from various stakeholders. The Commission has carefully examined all submissions. The summary of the relevant

objections, along with the Commission's analysis and decisions thereon, is as detailed below.

Comments/suggestions/objections received and the Commission's analysis and decisions.

- i. **Clause 2(1)(z) of the Principal Regulation shall be substituted with the following:**

Draft

*“**Renewable energy with storage project**’ means a combination of renewable energy projects with storage or a combination of renewable hybrid energy projects with storage at the same or different interconnection point(s).”*

- ii. **Clause 2(1)(aa) of the Principal Regulation shall be substituted with the following:**

Draft

*“**Renewable hybrid energy project**’ means a renewable energy project that produces electricity from a combination of renewable energy sources connected at the same or different interconnection point(s).”*

- iii. **Clause 4(f) of the Principal Regulation shall be substituted with the following:**

Draft

*“**Renewable hybrid energy project** – The rated capacity of generation from one renewable energy source is at least 25% of the rated power capacity of the other resource, which operates at the same or different point(s) of interconnection:*

Provided that energy is injected into the grid at the same or different interconnection point(s) and metering is done at such interconnection point(s) accordingly.

Provided further that each 1 (one) MW of contracted Wind Solar Hybrid Project shall achieve a minimum CUF of 40%.”

- iv. **Clause 4(k) of the Principal Regulation shall be substituted with the following:**

Draft

“Renewable energy with storage project—This includes a renewable hybrid energy project that uses, partly or fully, renewable energy generated from such a project to store energy in a storage facility connected at the same or different point(s) of interconnection as the renewable energy project.”

Objections/views/comments (i to iv)

The Distributed Solar Power Association, the National Solar Energy Federation of India, and Torrent Green Energy Private Limited stated that the recognition of Renewable Hybrid Energy Projects with components located at different interconnection points is a progressive step aligned with national policy frameworks. They further stated that an enabling provision may be incorporated to recognise Renewable Hybrid Energy Projects as distinct from conventional single-source projects, noting that wind and solar resources exhibit complementary generation patterns that enhance reliability, efficiency, and optimal utilisation of resources, as supported by studies, including those of the National Institute of Wind Energy. It was submitted that the proposed framework aligns with the National Wind-Solar Hybrid Policy, promoting the efficient use of transmission infrastructure and improving grid stability. The stakeholder further stated that there is a regulatory gap for non-co-located hybrid projects concerning connectivity, scheduling, deviation settlement, and charges, and that such projects should be treated as a single integrated generating project. It was suggested that aggregated scheduling and unified deviation settlement be adopted to preserve the benefits of hybridisation, and that transmission and wheeling charges be levied based on the hybrid project's contracted capacity rather than the sum of the individual component capacities, to ensure parity with co-located projects.

Sri. M. Venugopala Rao, Sri. Kandharapu Murali and Sri. CH. Baburao stated that the proposed amendment permitting Renewable Hybrid Energy Projects at different interconnection points alters the fundamental concept of hybrid projects, which are traditionally envisaged as integrated projects with common infrastructure for achieving cost efficiency.

It was submitted that treating geographically separate solar and wind projects as a single hybrid project does not provide any additional benefit to consumers and may instead facilitate the sale of power at higher common tariffs, thereby limiting distribution licensees' ability to procure lower-cost power.

It was further contended that permitting multiple interconnection points may lead to duplication of transmission infrastructure, increased system costs, and inefficient utilisation of network assets, contrary to the stated objectives of optimisation.

The stakeholders also expressed concerns that the proposed framework may enable undue commercial advantage to developers, potentially resulting in a higher cost burden on consumers, and that tariff determination and procurement decisions should be examined on a project-specific basis at the time of approval of power purchase agreements.

It was additionally submitted that the Commission should not prescribe project configurations in advance and that its role should be limited to determining applicable charges. Concerns were also raised regarding the treatment of Battery Energy Storage Systems, stating that tariffs for energy supplied with and without storage should be determined separately to avoid cross-subsidisation.

Commission's analysis and decision

The Commission notes that recognition of Renewable Hybrid Energy Projects, including those with components at different interconnection points, is consistent with the MNRE guidelines dated 14.10.2020 on the Tariff-Based Competitive Bidding Process for the procurement of power from Grid-connected Wind-Solar hybrid Projects.

Regarding the connection of RE Hybrid components at different locations, the Commission is of the view that this enables the development of RE Hybrid projects based on site-specific resource availability and connection at the nearest technically feasible point, subject to network capacity and approval of the State Transmission Utility, thereby facilitating efficient use of existing infrastructure. Further, mandating co-location of wind and solar components in all cases may not be optimal, as wind resource potential is typically spread across large geographic areas, often spanning several kilometres. Requiring co-location in such cases may necessitate the development of long transmission

lines and associated infrastructure, leading to increased costs, practical difficulties in interconnection, and inefficient utilisation of land and network resources. Such an approach may result in suboptimal deployment of renewable resources and lead to the exploitation of national resources, such as land and infrastructure.

Regarding the concerns about connectivity, scheduling, deviation settlement, and charges for non-colocated RE hybrid projects, these issues are already addressed in amendments to the GEOA Regulations.

The contention that higher tariffs or undue advantage to developers is untenable, as tariff determination and procurement remain subject to the applicable provisions of the Act and to regulatory oversight. The present amendment relates only to providing flexibility in connectivity for RE hybrid projects and does not alter the principles of tariff determination.

Accordingly, the Commission decides to retain the clause in accordance with the draft Regulation.

v. Clause 67 of the Principal Regulation shall be substituted with the following:

Draft

“The Commission shall determine only project specific capacity utilisation factor in respect of renewable hybrid energy projects, taking into consideration the proportion of rated capacity of each renewable energy source, as the case may be, and applicable capacity utilisation factor for such renewable energy sources, as the case may be:

Provided that the Wind-Solar Hybrid Project means a hybrid project if the rated power capacity of one resource is at least 25% of the rated power capacity of the other resource.

Provided that the minimum capacity utilisation factor for renewable hybrid energy projects shall be 40% when measured at the interconnection point(s) where the energy is injected into the grid.”

Objections/views/comments

Sri. M. Venugopala Rao, Sri. Kandharapu Murali and Sri. CH. Baburao stated that the proposed requirement of a minimum CUF of 40% for Wind-Solar Hybrid Projects is inappropriate, as this level cannot be achieved by solar

generation alone. It was submitted that the provision may result in artificially attributing a higher CUF of wind generation to the solar component under the guise of a hybrid project, thereby creating an impression of higher overall performance. It was further contended that such a requirement may lead to the imposition of higher-cost wind power on consumers under the framework of hybrid projects.

Indian Wind Power Association stated that the proposed minimum CUF of 40% for Wind-Solar Hybrid Projects is higher than prevailing industry norms and may not be achievable under typical operating conditions. It was submitted that the minimum CUF may be reduced to 30% in line with procurement practices adopted by central agencies such as SECI, NTPC, NHPC, and SJVN, as well as the regulations of other States such as Haryana, Bihar, Rajasthan, and Madhya Pradesh.

Commission's analysis and decision

The stakeholders shall note that the present amendment is limited to clarifying the interconnection of components of Renewable Hybrid Energy Projects under the Regulatory framework. The provisions relating to the Capacity Utilisation Factor (CUF) have been finalised earlier, after due process, including public consultation, and therefore, it is not inclined to revise them.

Accordingly, the Commission decides to retain the clause as proposed in the draft Regulation.

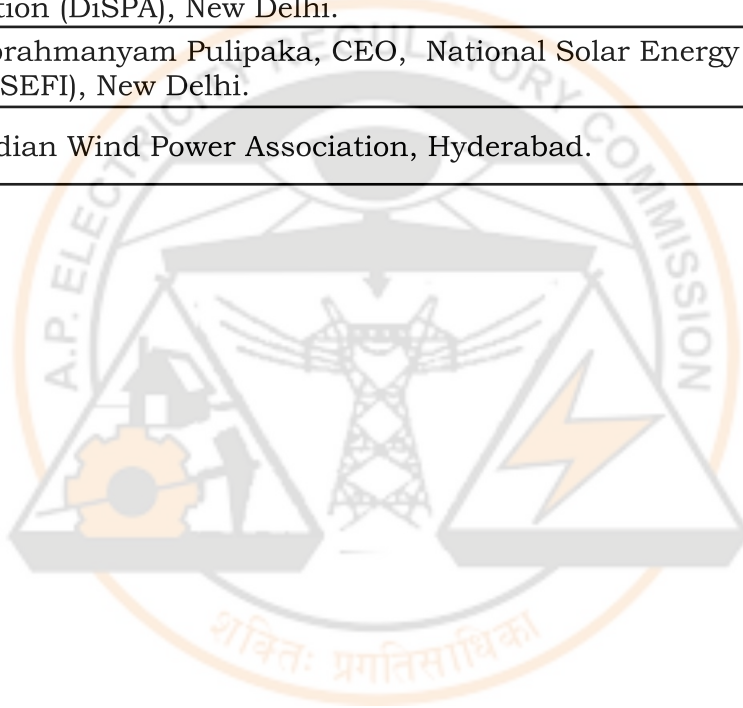
The list of objectors is set out in **Annexure I**, and the final Regulation is set out in **Annexure II**.

Sd/-
P.V.R. Reddy
Member & Chairman *i/c*

Annexure I

List of Objectors

Sl.	Name of Stakeholders
1.	Sri. M. Venugopala Rao, Senior Journalist & Convener, Centre for Power Studies, Hyderabad.
2.	Sri. Kandharapu Murali, Secretariat Member, CPI(M), Tirupati District Committee, Tirupati.
3.	Sri. CH. Baburao, State Secretariat Member, CPI(M), Vijayawada.
4.	Sir. Manit Brahmabhatt, Manager - Commercial, Torrent Green Energy Pvt. Ltd.
5.	Sri. Ashu Gupta, Authorised Signatory, Distributed Solar Power Association (DiSPA), New Delhi.
6.	Sri. Subrahmanyam Pulipaka, CEO, National Solar Energy Federation of India (NSEFI), New Delhi.
7.	M/s. Indian Wind Power Association, Hyderabad.



Annexure II

Second Amendment to the Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulation, 2025, (Regulation No. 6 of 2025)

Regulation 03 of 2026

Introduction

The Andhra Pradesh Electricity Regulatory Commission notified the Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulation, 2025 (Regulation No. 6 of 2025) (hereinafter referred to as “the Principal Regulation”), which was published in the Andhra Pradesh Gazette on 12.09.2025. Subsequently, the Commission notified the First Amendment (Regulation No. 12 of 2025) to the Principal Regulation in the AP Extraordinary Gazette on 05.12.2025.

Whereas representations have been received from stakeholders seeking the removal of the condition requiring Renewable Hybrid Energy Projects to be connected at a single interconnection point, to provide flexibility in project design and optimal utilisation of renewable energy resources.

Whereas the Guidelines issued by the Ministry of Power for Tariff-Based Competitive Bidding Process for Procurement of Power from Grid Connected Wind-Solar Hybrid Projects permit location of wind and solar components at the same or different locations, and other States such as Gujarat, Karnataka and Rajasthan have permitted multi-location Wind-Solar Hybrid configurations within their regulatory frameworks with appropriate safeguards relating to connectivity, scheduling and settlement.

Whereas the Government of Andhra Pradesh has articulated ambitious renewable energy targets with a vision of positioning the State as a Renewable Energy Hub of India, and in order to facilitate orderly and sustainable development of renewable energy capacity in the State, it is necessary to provide regulatory flexibility that enables optimal siting of wind and solar components while ensuring grid discipline and transparent energy accounting.

Accordingly, the Commission issued a Draft Second Amendment to the Principal Regulation along with a Public Notice dated 19.02.2026 under Section 181(3) of the Electricity Act, 2003, read with the Electricity (Procedure for Previous

Publication) Rules, 2005, inviting comments, suggestions, and objections from all stakeholders and interested parties.

In response to the Public Notice, the Commission received comments/objections from various stakeholders. After careful examination of the suggestions as detailed in the Order dated 08-05-2026, in exercise of the powers conferred under Sections 61, 62, 86(1)(b) read with Section 181 of the Electricity Act, 2003 and all other powers enabling in this behalf, the Commission hereby issues the Second amendment to Regulation 6 of 2025 as follows.

1. Short Title, Extent, and Commencement

- (1) This Regulation shall be called the Second Amendment to the Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for Tariff Determination from Renewable Energy Sources) Regulation, 2025 (Regulation No. 6 of 2025).
- (2) This Regulation shall extend to the whole of the State of Andhra Pradesh.
- (3) This Regulation shall come into force on the date of its publication in the Andhra Pradesh Gazette.

2. Amendment to Clause 2(1)(z) of the Principal Regulation

Clause 2(1)(z) of the Principal Regulation shall be substituted with the following:

“Renewable energy with storage project” means a combination of renewable energy projects with storage or a combination of renewable hybrid energy projects with storage at the same or different interconnection point(s).”

3. Amendment to Clause 2(1)(aa) of the Principal Regulation

Clause 2(1)(aa) of the Principal Regulation shall be substituted with the following:

“Renewable hybrid energy project” means a renewable energy project that produces electricity from a combination of renewable energy sources connected at the same or different interconnection point(s).”

4. Amendment to Clause 4(f) of the Principal Regulation

Clause 4(f) of the Principal Regulation shall be substituted with the following:

“Renewable hybrid energy project – The rated capacity of generation from one renewable energy source is at least 25% of the rated power capacity of the other resource, which operates at the same or different point(s) of interconnection:

Provided that energy is injected into the grid at the same or different interconnection point(s) and metering is done at such interconnection point(s) accordingly.

Provided further that each 1 (one) MW of contracted Wind Solar Hybrid Project shall achieve a minimum CUF of 40%.”

5. Amendment to Clause 4(k) of the Principal Regulation

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“Renewable energy with storage project—This includes a renewable hybrid energy project that uses, partly or fully, renewable energy generated from such a project to store energy in a storage facility connected at the same or different point(s) of interconnection as the renewable energy project.”

6. Amendment to Clause 67 of the Principal Regulation

Clause 67 of the Principal Regulation shall be substituted with the following:

“The Commission shall determine only project specific capacity utilisation factor in respect of renewable hybrid energy projects, taking into consideration the proportion of rated capacity of each renewable energy source, as the case may be, and applicable capacity utilisation factor for such renewable energy sources, as the case may be:

Provided that the Wind-Solar Hybrid Project means a hybrid project if the rated power capacity of one resource is at least 25% of the rated power capacity of the other resource.

Provided that the minimum capacity utilisation factor for renewable hybrid energy projects shall be 40% when measured at the interconnection point(s) where the energy is injected into the grid.”

(By Order of the Commission)

Place: Kurnool
Date : 08.05.2026

Sd/- 08/05/2026
P.KRISHNA
Commission Secretary i/c