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NEWS BULLETIN

February, 2019

Supreme Court issues notice in SLP No. 4890/2019 on the issue of Constitutionality of APERC (Forecasting, Scheduling and Deviation Settlement of Solar and Wind Generation) Regulation, 2017

The Hon'ble Supreme Court on 25.02.2019 had issued notice in the Special Leave Petition filed by Greenko Energies Pvt. Limited against the Andhra Pradesh Electricity Regulatory Commission Regulations on Forecasting, Scheduling and Deviation Settlement of Solar and Wind Generation Regulation, 2017.

The instant SLP is filed against the order of the AP High Court in a writ petition challenging the Constitutionality of the instant regulations as abrasive of the powers vested upon State Commission under Section 181 read with Section 86 of the Electricity Act, 2003 wherein the State Commission through the instant notification as exceeding its delegated legislative powers.

It is the primary contention of the appellant that the State Commission through this notification has outreached its jurisdiction levying deviation charges for renewable generators (both wind and solar), scheduling power deviating from its original forecast made a day before the actual supply. Whereas, the Electricity Act, 2003 under its scheme does not promote levy of such charges as 'deviation charges' in form of a penalty upon renewable generators, which is caused due to inherent nature of renewable generation such as higher/lower wind flow or availability of sunlight.

Whereas, on the 25.02.2019, the Division Bench of Hon'ble High Court of Jodhpur in a writ petition against RERC(Forecasting, Scheduling and Deviation Settlement of Solar and Wind Generation Regulation), 2017, had directed RERC to inform the court, about the difficulties expressed by Qualified Coordinating Agency (QCA – a nodal agency for de-pooling the deviation charges among several generators connected at a given load centre/pooling station) in implementing the directions in the instant regulations. Suri & Co. representing the wind power producer submitted that the QCA is woven in a biased and patriarchal set-up overviewed by SLDC and RERC with no resolution given to generators to express their concerns on misdeeds and inappropriate/unwarranted claims and actions on part of implementing agencies.

The Hon'ble High Court of Rajasthan listed the matter on 27.02.2019, but due to unavailability of Counsel for Respondents, the matter is now listed on 26.03.2019.

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APPC for the financial year 2015-16 declared by HPERC

The Himachal Pradesh Electricity Regulatory Commission (HPERC) has recently passed its order on the Average Pooled Power Purchase Cost (APPC) for the financial year 2015-16.

The definition of APPC followed by HPERC is in line with the CERC definition and can be read as:

"*Pooled Cost of Purchase means The weighted average pooled price at which the distribution licensee has purchased the electricity including cost of self-generation, if any, in the previous year from all the energy suppliers long-term and short-term, but excluding those based on renewable energy sources, as the case may be.*"

The APPC for the financial year 15-16 has been determined as Rs. 2.31 per Unit, by the commission which shall continue for further period with such variation or modification as may be ordered by the Commission for the next financial year.

The APPC for FY 15-16 is 3.12% higher as compared to the APPC of FY 14-15.

CERC pushes 100% power slae in Spot markets

A proposal is on the move by the Central Regulator (CERC) leading to adoption of global practice of selling entire power generation through spot market to lower tariffs, promote efficient plants and withstand periodical aberrations that benefit a few plants. It is also expected to ensure that power plants with low tariffs do not get into 'stressed assets' category in future even without power purchase contracts with states.

The proposal put forth by the regulator and followed in Europe and many parts of the US is expected to result in savings of crores of rupees to the state-owned electricity distribution companies. The mechanism proposes to pool all electricity generated in the country, including from projects which have signed power supply pacts with DISCOMS. The buyers and sellers will place their bids for required quantities and a settlement price will be discovered, as per the normal practice on power exchanges.

Of the pooled capacity, economical power stations will get to sell their produce ensuring their optimum utilisation. The costly plants, which have power purchase agreements (PPAs), get fixed costs from distribution companies, as is the practice even today when DISCOMS backdown from purchasing the contracted amount of electricity.

CERC chairperson P K Pujari said the commission last week issued *suo motu* order for pilot run of the scheme by letting the grid operator

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POSOCO pool electricity from all projects for which tariffs are regulated. The pilot run will start from April for six months after the required software upgradation.

Tamil nadu announces final Solar Policy 2019

Tamil Nadu Energy Development Agency announced the final Tamil Nadu solar energy policy 2019. The policy intends to include solar energy in demand side management, energy conservation, energy efficiency, smart grids etc.the policy also talks about encouraging public-private partnerships, joint ventures etc. to accelerate solar energy projects, manufacturing facilities, and R&D.

- Tamil Nadu intends to have an installed capacity of 9,000 MW by 2023, of which 40% is intended to come from rooftop solar plants.
- The policy is applicable to both utility & consumer category systems.

Utility category: where the objective is sales of solar energy to a distribution licensee or a third party or self-consumption at a remote location (wheeling). For these systems, the grid connection is through a dedicated gross metering interface.

Consumer category systems: where the objective is self-consumption of solar energy and export of surplus energy to the grid. For these systems, the grid connection is through a consumer service connection of a distribution licensee.

- The tariffs will be based on market-based competitive bidding & net feed-in tariff decided by TNERC time to time.
- TNERC may introduce Time of Day (TOD) solar energy Feed-in tariffs to encourage solar energy producers & solar energy storage operators to feed energy into the grid when the energy demand is high.

Types of solar plant models:

- Upfront ownership: The purchaser of the solar system pays the supplier for the capital cost and takes ownership of the solar system.
- Deferred ownership: The solar system is installed and operated by the supplier. The purchaser makes system performance-based payments to the supplier or leases the system from the supplier. System ownership is transferred to the purchaser on a mutually agreed date or is triggered by a mutually agreed event.

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Incentives:

- Rooftop solar plants will be exempted from electricity-tax for two years from the date of the policy.
- Solar energy injected into the grid of the distribution licensee by solar energy producers who have no renewable energy purchase obligations (non-obligated entities), including the solar energy export by non-obligated electricity consumers, can be claimed by the distribution licensee towards the fulfillment of their Renewable Energy Purchase Obligations (RPO).
- The government will provide land for the development of solar system manufacturing components in the state, components like solar cells, inverters, mounting structures, and batteries etc.

Grid connectivity and Energy evacuation:

- For consumer category solar PV systems, the system capacity at the service connection point shall not exceed 100% of the sanctioned load of the service connection.
- For high tension consumers, open access regulations of TNERC will apply, subject to the conditions imposed by SLDC. However, wheeling for less than 1 MW shall not be allowed.

TEDA and TANGEDCO will be the leading government agencies in implementing the new solar policy in the state of Tamil Nadu.

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