

## SOLAR POWER DEVELOPERS ASSOCIATION

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**SPDA/RV/2020/228**

**November 6, 2020**

**To,**

**Shri Amitesh Kumar Sinha**

**Joint Secretary**

Ministry of New and Renewable Energy

Government of India.

**Subject: Request your kind intervention and resolution of issues impacting RE projects in Andhra Pradesh.**

Dear Sir,

This is in reference to the monthly meeting held under the Chairmanship of Secretary MNRE on 4<sup>th</sup> November 2020, where we discussed the issues faced by solar power developers in the State of Andhra Pradesh, which are as follows:

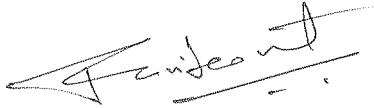
1. Early hearing and decision in the matters of Power Purchase Agreement (PPA) disputes from the Hon'ble AP High Court (APHC). In addition, you may request for restoration of full tariff, and expediting the release of all past payments.
2. Stoppage of heavy curtailment of solar and wind energy by AP distribution companies (discoms) and to advise discoms to provide valid reasons as well as data, if curtailment becomes necessary for grid security.
3. Resolution of the payment deductions made on account of generation from DC overloading capacity in solar projects and non-payment of wind energy tariffs beyond normative numbers of 23.5% Capacity Utilization (CUF).
4. Expedite the delay in the land allotment to successful bidders (SECI bid) in Kadappa Solar park. The developers has already paid the land amount to Solar power park developers.

The above mentioned points have been explained in detail in the attached Annexure I.

We look forward to your kind consideration of the above request.

Thanking you.

Yours Sincerely



Ravi Verma  
Member - Governing Council (SPDA)

Annexure I

**1. Resolution of the Power Purchase Agreement (PPA) dispute before the Hon'ble APHC for both solar and wind projects**

RE companies are still awaiting the decision on the court cases on Power Purchase Agreement (PPA) dispute pending before the Hon'ble APHC. The delays in the proceedings and decision from Hon'ble APHC on this matter is having an adverse impact on the investor sentiments and future development of renewable energy sector in the state and on the country.

The matter has been severely delayed, primarily due to COVID induced lockdown. The last date of hearing in the matter before the Hon'ble APHC was 11<sup>th</sup> March 2020. Although the Hon'ble APHC has started functioning, this matter has not been taken up despite filing of urgency application(s) by most of the developers.

We request an intervention from the Central Government for an early hearing and decision in the matter from the Hon'ble APHC, so that the sector can move forward.

In addition to this, Solar and wind generators also have large amount of outstanding payments, primarily owing to the reduced tariff being paid. This is seriously impacting cashflows of the generators and is even pushing a few to the extent of bankruptcy. The Hon'ble APHC has ordered immediate interim payment at the tariff of 2.43/2.44. We request that the Hon'ble APHC be requested to restore the full tariff on immediate basis and ensure release of past payments and continued current payments.

**2. Heavy curtailment of solar and wind energy by AP discoms**

The current legislative framework accords a MUST RUN status to solar and wind energy projects in line with the objectives and policies of the state and the Central Government. For last one year, it is observed that the renewable energy projects have been subjected to curtailment on a regular basis, despite the must run status accorded to it.

Further, we bring it to your notice that as per clause 9 of the Andhra Pradesh Electricity Regulatory Commission (Terms and Conditions for Tariff determination for Wind Power Projects) Regulations, 2015, all the Wind energy plants are to be treated as 'MUST RUN' power plants and are not subject to 'merit order dispatch' principles. The relevant clause is reproduced for your ready reference:

*"9 Dispatch principles for electricity generated from Wind Power Projects:*

*All Wind Power Projects shall be treated as 'MUST RUN' power plants and shall not be subjected to 'Merit Order Dispatch principles' (MOD)"*

However, solar and wind capacities in the state of Andhra Pradesh are being subjected to heavy curtailment. Wind generation is facing unprecedented curtailment in the peak wind season. Such curtailment is being given effect to despite there being no imminent threat to grid security.

In order to ensure that in future such high level of curtailment does not take place we request the GoAP to request AP state load dispatch centres (APSLDCs) to stop curtailment of solar and wind energy and if SLDCs has to curtail wind / solar power for grid security reasons, they must cite valid reasons for their action and also publish appropriate data on regular basis.

**3. Payment deductions made on account of generation from DC overloading capacity for solar projects and non-payment of wind energy tariffs beyond normative numbers of 23.5% Capacity Utilization (CUF)**

The payment deducted on account of additional DC overloading capacity to meet the delayed CUF should be paid by the Discoms. APSPDCL in the past has restricted payments to annual Capacity Utilization Factor limit of 23.5% for wind power projects in the state. This limit is in contravention to the Power Purchase Agreements signed with various wind power developers. Under the PPAs, the obligation of the discoms is to take or pay for the entire power, and accordingly all power generated shall be necessarily offtaken by the Discoms. Thus, limiting generation not only affects the viability of these players in servicing their debt but in also discouraging efficiency.

Even in the recent payments made by the AP Discoms (supported under the PFC/REC scheme), AP Discoms have made unexplained deductions both for solar and wind projects, beyond the “interim” reduced tariff. The industry has come to understand that deductions have been made on account of wind generation above 23.5% per annum, and for solar projects such deduction has been made on account of DC overloading.

Either of these deductions are in contravention to the Hon’ble APHC order.

**4. Expedite the delay in the land allotment to successful bidders (SECI bid) in Kadappa Solar power park.**

As discussed during the monthly MNRE meeting held on 4<sup>th</sup> Nov 2020, there is a delay in land allotment to successful bidders (SECI bid) in the development of Kadappa Solar power park. The developers has already paid the land amount to Solar power park developers. MNRE is requested to intervene in the matter for an early resolution.