SOLAR POWER DEVELOPERS ASSOCIATION

Industry Presentation on Draft National Electricity Policy 2021

May 13, 2021

Discussion Points

#	Draft Provisions	Comments / Suggestions / Remarks
1	3.0. National Electricity Plan	National Electricity Plan can be more dynamic in nature. Short-term, Mid-Term and Long-term review can be undertaken by CEA. ▪ Short term planning – 3 years horizon ▪ Mid-term planning – 5 years horizon ▪ Long term planning – 10 years horizon
2	5.0. Optimal Generation Mix	▪ Integrated Energy Resource Planning (IERP): The power has already started replacing oil and gas as source of energy. Hence, a strategic plan for securing reliable and cost-effective energy resources should prepared and should include oil and gas scenarios also, ▪ The plan can be exhaustive, research-based examination of potential risks and opportunities in procuring future energy supplies.
3	5.3. Curtailment of Demand in part or full load to get the benefit of lower tariff.	▪ Strategies to be adopted for demand side response to shift from peak load to off-peak load to flatten the load curve. ▪ The sanctity of all existing PPAs are to be maintained in terms of Capacity Charge and Energy Charges. Renewable energy projects have single part tariff structure, therefore, for such mechanism which seeks curtailment of RE sources, the interest of RE generators must be secured

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4	5.4. Development of Spinning Reserves	▪ Spinning reserves will play a critical role as penetration levels of RE sources increases in near future ▪ For attracting adequate investments in spinning reserves (primary, secondary and tertiary) along with ancillary services, regulators must come with new market structure which prices the services optimally. ▪ It will help if a timelines for regulations in this regard are specified in the policy
5	5.23. Long term trajectory of RPO	▪ Uniform and mandatory long term RPO trajectory for all obligated entities across all States. – 10 years RPO trajectory can be published by Government – The RPOs should be uniform across the States – Policy must also have certain penalty mechanism for non-achievement of targets
6	5.26 Distributed generation	▪ The potential of distributed generation should be extended to < 10 MW plants that can be embedded generation to distribution networks. It can help in reducing investments in transmission network ▪ Incentive structure must be created for Discoms coming out with such tenders

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6	5.30. Renovation and Modernization (R&M)	▪ Guidelines may be issued by MoP and/or CEA for closure of old thermal power plants retiring in a phased manner in coming three years, five years and ten years.
7	R&M /Repowering of Wind Power	▪ Apart from Repowering, the Hybridization/addition of Storage to the existing power plants shall also be considered as modernization and shall be encouraged and given special preference/upgradation for promoting grid balancing solutions especially in cases where there is no additional tariff impact on the off-taker. CERC/SERCs should also come up with principles for tariff determination of storage in their respective RE tariff orders
8	Regulatory Process	▪ Given the focus on light touch regulation, disputes which are contractual in nature may be referred to a Dispute resolution entity which may be created with appropriate benches to expedite resolution of disputes
9	Private Sector Participation in Distribution	▪ Distribution Franchise model had limited success, hence alternate models need to be evolved which are more conducive to private sector participation. Policy must create provision for a study in this regard

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10	Timely Tariff Orders	▪ Procedural delays in the past from the side of regulatory commissions have impacted the timely commissioning of projects in the past and also puts unnecessary financial burden developers who are already experience liquidity crunch. ▪ We would like to suggest the Government to advise the Forum of Regulations (FoR) that it should publish an annual report of performance of all distribution licensee in India and should include compliance on various parameters including payments, financial prudence and health of the utility. ▪ Report should also adequately rank licensee on parameters such as contract sanctity and should be reckoner for lending institutions while providing finance facilities to the licensee
11	Reliability of Supply	▪ Despite improvement power supply, reliability continues to be a problem – there is absence of reliable data in this regard ▪ Policy may consider provision of creating a institutional structure at central level which does third party audit is able able to publish district wise quality index periodically
12	Prepaid metering	▪ Govt consumers like Municipal corporations are typically largest defaulters of Discoms and given services involved cannot be disconnected ▪ Prepaid must be made compulsory for them

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13	Land – Promotion of floating solar	▪ Land is indeed a rare resource, but India is also endowed with huge reservoirs which can be used for solar power generation ▪ Policy should encourage the floating solar plants
14	RE Resource Assessment by CEA as a Part of National Electricity Plant	▪ Assessments may be made available in the public domain in an open-data format and can be accompanied by high-resolution GIS layers of transmission lines, substations, roads, forest areas etc. to assist in planning and easier project development.
15	RE Forecasting	▪ Government may designate an entity (e.g. POSOCO) as the Central Nodal Entity and SLDCs at the State level for the task of developing forecasts for all RE generation connected to the grid. All RE generators will provide all production data to the Nodal Entity and follow the dispatch schedule accordingly.
16	Behind-the-meter RE Generation	▪ A RE generation unit may deliver energy to consumers without using the transmission/distribution system/facilities. Such behind the meter RE generation can be utilized for; – Captive Generation – Distributed Generation – Grid Connected Generation for Utilities having its own facilities for interconnection – Eligible for RPO Compliance

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17	National RE Fund	MNRE can establish a national RE fund with following features • To be used for up-scaling deployment by reducing risk and cost of capital • Infrastructure development of RE projects • R&D, adoption of international best practices
18	RE Demand Aggregator Model	In order to encourage consumption more and more clean energy, RE demand aggregation may kindly be allowed, where an Aggregator may tie up with RE Generator for supply of energy directly to the customers with collective load being more than 1 MW.

Thank You