



NATIONAL SOLAR ENERGY FEDERATION OF INDIA

Regd. No. 362 / IV of 8 May, 2013

भारतीय सौर ऊर्जा महासंघ

पंजीकरण नं 362 / IV - 8 मई, 2013

Ref. NSEFI/MoS/2020-21/152

Date: 25.12.2020

To,

Shri R K Singh

Honorable Minister of State (I/C)

Power, New and Renewable Energy

Government of India

Subject: Request for urgent release of payments to RE Developers having PPAs with AP DISCOMs by PFC and REC under Atmanirbhar Bharat Abhiyan scheme for DISCOMs.

Dear Sir,

National Solar Energy Federation of India (NSEFI) is a non-profit organization with the objective of solar power development. It is an umbrella organization representing solar energy companies active along the whole photovoltaic value chain: project developers, manufacturers, engineering companies, financing institutions and other stakeholders. NSEFI is founded in 2013 by solar energy industry leaders with the vision to promote solar energy, NSEFI is a public trust based in New Delhi.

We would like to commend the Government of India's decision to infuse liquidity of Rs 90,000 crore through Power Finance Corporation (PFC) and Rural Electrification Corporation (REC) to all States/UTs to assist the stressed DISCOMs to clear their liabilities as a part of the Atmanirbhar Bharat Abhiyan.

In this regard, we are writing to your August offices to bring to your kind notice that Government of Andhra Pradesh had made request to PFC and REC to disburse an additional amount of loan to the State under Tranche - I for repayment to Renewable Energy (RE) developers. However, we understand that the same is pending for few months already and RE developers are yet to receive payments which are pending since the month of April 2020.

It is pertinent to mention that the Andhra Pradesh High Court in the month of September 2019 has directed DISCOMs to pay an interim tariff of ₹2.43/kWh and ₹2.44/kWh to wind and solar developers respectively. Even though this interim tariff provides a slight relief to the project developers, it is not enough to service debt and not receiving this interim tariff on time is jeopardizing International and also domestic investments.

We would also like to bring to your attention that our members have not been paid as full tariff agreed under the Power Purchase Agreement ("PPA") for the electricity supplied since August 2018. The payments were received at less than 50% of the agreed tariff from almost two years, and that too with a delay of almost a year.



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Non-payment of agreed tariff as per PPA and also not paying the interim tariff as directed by High court has caused severe financial distress to our members and threatens the sustenance of the project operations, including payment of debts against the project, payment of salaries to its employees and other financial obligations as renewable companies are unable to service their debt obligations to lenders. Indian banking system is at the risk of suffering NPAs to the tune of 15000-18000 Cr due to this delay. This could have severe ripple effect for the entire banking system as share of on non-performing assets would increase.

It is pertinent to note that Electricity falls under “Essential Service” and the renewable companies are performing their obligations to generate Renewable Power, perform Operation and Maintenance of plant which includes repair and replacement of faulty equipment and continuing to pay salaries to their employees and are committed to assist the citizens of the state including during these troubling times. As you would understand, RE companies would require immediate payment to avoid loan defaults and keep operation running. Hence we request you to intervene in the matter so that immediate disbursement is made by PFC/REC to RE generators having PPAs with AP DISCOMs.

Thanking you.

Regards,

Subrahmanyam Pulipaka
Chief Executive Officer

CC:

- 1. Shri Sanjiv Nandan Sahai, Secretary, Ministry of Power, GoI**
- 2. Shri Indu Shekhar Chaturvedi, Secretary, Ministry of New & Renewable Energy, GoI**
- 3. Shri K Rajaraman, Additional Secretary, Department of Economic Affairs, Ministry of Finance, GoI**
- 4. Shri Vivek Kumar Dewangan, Additional Secretary, Ministry of Power, GoI**
- 5. Shri Ravinder Singh Dhillon Chief Managing Director, Power Finance Corporation**