



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/RJED/2020-21/303

Date: 11.01.2021

To,

Shri Ajitabh Sharma

Principal Secretary to Government of Rajasthan

Energy Department

Chambal Power House Campus

Hawa Sarak, Jaipur-302006

Sub: Comments/Suggestion on RERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2020

Ref: Rajasthan Electricity Regulatory Commission (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2020 dated 02 November 2020

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 was founded in 2013 by solar energy industry leaders with the vision to promote solar energy, NSEFI is a public trust based in New Delhi.

At the outset, we would like to thank the Government of Rajasthan (“GoR”) for all its support and responsiveness to the sector, enabling us to effectively deal with the coronavirus (COVID-19) pandemic. As a result of the support extended by the State during the lockdown, the Renewable Energy (RE) sector is trying to recover from the COVID shock with the announcement of the unlock guidelines by the Central Government.

We would also like to commend the Government for its vision to achieve 30,000 MW solar energy and 7,500 MW wind and hybrid power generation by 2024-25. Given that Rajasthan is one of top RE source rich states in India, the State’s vision to expand its RE capacity is a step in the right direction to attract more investments in state. This will also help Rajasthan to contribute in achieving India’s 175 GW target of RE installed capacity by 2022.

We take this opportunity to bring to your notice few concerns on RERC Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2020 dt 02.11.2020. We believe that issuance of these Regulations is a step in the right direction for bringing in new technologies like solar



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thermal, Hybrid, off-shore wind and storage under the ambit of the tariff determination. This will help in better integration of RE in the grid and making procurement of RE power affordable in the state. However, many of our members, who are independent power producers (IPPs) have expressed their concerns on few issues and therefore, would like to request your good offices to advice hon'ble RERC to consider making amendments to some the clauses of the Regulations (Ref. No.1) with regards to:

1. Transmission and Wheeling Charges
2. Captive Power Plants
3. Settlement of energy
4. Banking of Energy

Accordingly, the details of our suggestions/key ask on the abovementioned points are enclosed as an **Annexure** for your reference.

We request your good office to kindly consider our suggestions at the earliest and we would be happy to provide any additional information that may be required in this regard.

Regards,

Subrahmanyam Pulipaka
Chief Executive Officer





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Annexure A - Suggestions/Key Ask from RERC (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2020

Existing Regulation	Suggestions	Rationale
<p>Clause# 91.4</p> <p>91.4 Transmission & wheeling charges</p> <p>91.4.1 In case of third party sale or for captive use both within the State or outside the State, the transmission charges and wheeling charges shall be recovered in cash and transmission losses and wheeling losses shall be recovered in kind as under:</p> <p>(a) For use of transmission network, transmission charges and losses as determined by the Commission in respect of open access transactions would be applicable.</p> <p>(b) For use of distribution licensee's network, the wheeling charges and losses as determined by the Commission in respect of open access transactions at respective voltage levels at which electricity is supplied</p>	<p>Following clause to be added after 91.4 (b):</p> <p>Provided further that there shall be an exemption of 50% in Intra-State transmission charges and wheeling charges for the Renewable Energy projects installed after the date of notification of these Regulations and before 31.03.2023 or for a capacity of 500 MW, whichever is earlier, either set up as Captive Project or supplying power to third party under Open Access. This exemption shall be applicable for first seven years of operation from the date of commissioning of the Project.</p>	<p>Government of Rajasthan ("GoR") in its Solar & Wind-Solar Hybrid Energy Policy, 2019 provided an exemption of 50% on transmission and wheeling charges i for a period of 7 years for RE projects set up under either captive use or third party sale within the State till March 2023 or for a capacity of 500 MW, whichever is earlier.</p> <p>However, Hon'ble RERC in its present regulations have imposed 100% transmission and wheeling charges for all type of consumers including captive power projects based on renewable energy, which is completely contrary to the Solar policy released by GoR. This has created ambiguous situation over RE projects which are to be set up under captive or third-party mode and has also adversely impacted the minds of investors and developers as no one would like to invest in a state where there is a difference in state Government policies and applicable regulations.</p> <p>Therefore, Government policy and applicable regulations must be aligned with each other and accordingly Hon'ble KERC</p>

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		should allow waiver on transmission and wheeling charges for third party sales or captive use as per the provisions of Solar and Wind Energy Policies of 2019 released by GoR.
<p>92 Renewable Energy Based Captive Power Plants</p> <p>92.1 The maximum permissible capacity of eligible individual new renewable energy-based captive power plant including renewable energy based plant installed behind the meter shall be limited to 100% of the Contract Demand</p>	<p>The clause to be modified as follows:</p> <p>92 Renewable Energy Based Captive Power Plants</p> <p>92.1 The developers are free to select capacity of new renewable energy-based captive power plant including renewable energy based plant installed behind the meter</p> <p>Provided that capacity of such RE based plant after grossing with minimum CUF as defined under these regulations shall not be more than the Contract Demand with the distribution company.</p> <p>Illustration: Maximum capacity for Solar based RE plant behind the meter:</p> <p>If Contract Demand of a consumer is 10 MVA, then considering minimum 20% CUF as defined under these regulations, the maximum capacity of RE based solar project can be 50 MW</p>	<p>The CUF of RE projects are typically in the range of 30-40% depending upon ambient conditions and technology. Restricting a consumer to install RE project whose capacity cannot be more than Contract demand with utility will result in meeting the energy requirement through such RE captive generator to the tune of only 30-40% due to lower CUF of RE. Such design will not be optimum and viable for the consumer as well as for RE captive project. Most of the states like Maharashtra, Karnataka, Tamil Nadu allows renewable energy to be installed beyond the Contract Demand.</p>
<p>Clause# 92.2</p> <p>92.2 The maximum permissible energy to be consumed and banked from new renewable energy captive generating plant shall be limited to the energy corresponding to the minimum Capacity Utilisation Factor/Plant</p>	<p>This clause to be deleted.</p>	<p>Linking settlement of energy with minimum CUF makes no sense and is completely arbitrary and unfair. It is pertinent to note that CUF depends upon the design, engineering and technology adopted by the developer and</p>



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<p>Load Factor in percent as applicable for respective technology as specified in these Regulations plus 5 percent: Provided the energy consumed in excess of the above limit shall be treated as deemed drawl from the distribution licensee and will be billed accordingly</p>		<p>due to recent advancement in technology, higher CUF is achievable due to which developers are able to quote lower tariff in recent auctions. However, in the present regulations, Hon'ble RERC has allowed settlement and banking of energy only to the extent of minimum CUF as provided in the regulation, plus 5%. If such restrictions are implemented, then it will be huge loss of natural resources and evacuation infrastructure as developer will not be able to install high DC capacity or optimize its project using advance technology</p> <p>Presently developers are designing their hybrid plants for achieving higher CUF in the range of 45% or more. If conditions of present regulations are implemented then energy settlement will not be allowed beyond 35% CUF thereby making a loss of at least 10% CUF which is completely unviable in terms of project execution for RE developer. . Also, higher CUF will not cause any adverse impact on the grid stability and operation as evacuation infrastructure is built for accommodating 100% installed capacity and consumption including banking will be limited to the open access capacity allowed and therefore the maximum</p>
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<p>MAKING SOLAR ENERGY AFFORDABLE</p>		<p>permissible energy to be consumed or banked from new RE captive generating plant should be left at the discretion of developer to use the best technology.</p>
<p>Clause# 93.3</p> <p>Banking</p> <p>93.3 Banking of Energy subject to a maximum ceiling of 25% of the energy injected by Renewable Energy Captive Generating Station during 15-minute time block basis at consumption end shall be allowed only for captive consumption within the State: Provided that no banking facility shall be allowed for Renewable Energy plants supplying power to third party under open access and for consumption from the Renewable Energy plant installed behind the meter without any bi-directional meter in the same premises:</p>	<p>The clause to be deleted</p>	<p>RE power is infirm in nature and its generation depends upon solar irradiance/wind speed etc. Further RE based plants carries intermittency challenges and keeping any restriction on banking of energy will not serve the purpose of RE based captive plants as any balance energy over 25% will not be banked and is a direct loss to the consumer.</p> <p>Therefore, such restriction on banking facility subject to 25% of energy injected during 15 mins block should be removed.</p>
<p>Clause# 93.5.1 (c)</p> <p>Banking</p> <p>(c) Unutilized banked energy at the end of financial year shall lapse and no compensation shall be applicable on unutilized banked energy at the end of the financial year.</p>	<p>(c) Unutilized banked energy at the end of financial year shall be treated as deemed purchase by the distribution company and will be paid at a tariff equal to lowest tariff discovered through competitive bidding in the year in which RE based captive plant was commissioned.</p>	<p>Energy requirement of an industry varies based on demand of its products and is not within reasonable control of the industry due to which there is always a possibility that the consumer will not be able to consume the entire contracted energy due to variations in market situation. In such circumstances, the unused RE power gets lapsed and developer will not get any payment towards such generation which is completely unfair</p> <p>It is pertinent to note that the</p>



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said unused power will be utilised by the DISCOM for onwards sale to its end consumers which will generate revenue for DISCOM and will also be accounted towards meeting its RPO. Therefore, developer must be given some reasonable tariff for such unused energy if lapsed at the end of financial year.