

**The Secretary  
Telangana State Electricity Regulatory Commission  
11-4-660, 5<sup>th</sup> floor  
Singareni Bhavan, Red Hills  
Hyderabad - 500 004**

**January 27, 2023**

**Respected Sir,**

**Sub : Submissions on the proposal of TSNPDCL to purchase power from 4.6 MW solar power plant at mini hydel station at Peddapally of TS GENCO in O.P.No.1 of 2023**

**With reference to the public notice dated 6.1.2023, inviting suggestions, objections and views on the subject petition, am submitting the following points for the consideration of the Hon'ble Commission:**

- 1. In the subject petition, TSNPDCL has requested the Hon'ble Commission to accord consent for procurement of 4.6 MW solar power from the subject plant of TS GENCO for a period of 25 years from the date of commercial operation for which a PPA with GENCO was entered into on 13.9.2022 with a tariff of Rs.3.16 per unit. Previously, TSGENCO proposed for sale of power from the same plant proposed to be set up with a capacity of 5 MW with a tariff of Rs.3.72 per unit. When NPDCL sought approval from the Commission, the latter rightly expressed the view that DISCOMs shall procure power from solar projects above 5 MW capacity through competitive bidding only as per the resolution dated 3.8.2017 of the Ministry of Power, GoI. Thereafter, TSGENCO has revised the capacity of the subject plant to 4.6 MW and tariff to Rs.3.16 per unit. Where is the need for TSGENCO to set up a solar power plant with such a lower capacity and for NPDCL to purchase power from the same? To overcome the hurdle of getting selected through competitive bidding, how could TSGENCO reduce the capacity of the plant and tariff as revised by it? Was the originally proposed tariff inflated?**
- 2. The Hon'ble Commission also rightly directed the DISCOM to evaluate the requirement of solar power and upon requirement being justified to enter into a PPA in line with model solar PPA approved by it, making it clear that it should be specified in the PPA that the tariff shall be determined by the Commission and to file the PPA seeking its consent. I request the Hon'ble Commission to consider the following points, among others, before arriving at a conclusion in the subject petition:**
  - a) The submission of TSNPDCL that it agreed for procurement of solar power from the subject project, keeping in view energy requirement of the state to ensure continuous supply of power 24x7 for all the consumers, including agricultural consumers, and to meet the proposed lift irrigation loads sounds superficial, without any substantiation on the basis of facts. The annual generation from the subject plant with a capacity utilisation factor of 22% is estimated to be 8.87 MU.**

- b) The contention of TSNPDCL that it is to maintain reliable power supply with least cost principle, too, is questionable, because, if it is to ensure least cost of solar power, it should have gone in for real competitive bidding.**
- c) The parroting by TSNPDCL that in view of the so-called commitment of the GOI, rather of Prime Minister Modi, at CoP 26 for achieving 500 GW of renewable energy by 2030 and direction to the states to increase the RE capacity additions, TSDISCOMs need to be prepared for RE capacity addition in a phased manner is too generalised and does not justify its proposal to procure power from the subject plant.**
- d) As per the information furnished in the subject petition, against the obligation under RPPO in force for procuring a minimum of 8% of RE, including 7.10% of solar power, out of its sales minus hydel power, TSNPDCL has achieved a target of 10.11%, including 9.42% of solar, i.e., it has already exceed the target mandated by TSERC.**
- e) Going by the projections made for 2022-23 and 2023-24, TNPDCCL will continue to exceed the mandated targets of purchase RE of 8.5%, including 7.5% of solar, and 9.25%, including 8% of solar, respectively. The submissions of the DISCOM that to meet the growing demand for power estimated at 8-9%, and comply with targets fixed by the Commission in the RPPO regulation No.7 of 2022, procurement of solar power from the subject project would help are devoid of any substantiation based on factual position.**
- f) The submission of the DISCOM that, in view of limited non-solar RE potential availability in the state, procurement of solar power from the subject project would help TSDISCOMs to meet the shortfall in non-solar RE target under RPPO “in future” implies that setting non-solar RE target under RPPO is unwarranted and does not correspond to availability of non-solar RE potential in the state.**
- g) The reference to the draft of the MoP, GoI, dated 7.11.2022 - the capacity of renewable energy to be established/procured/supplied by new coal/lignite based thermal generating station to be minimum twenty five percent of the capacity of thermal generating station being established - is irrelevant, as it is not legally binding on the DSICOMs. With ground realities existing in each state, with legally binding commitments under PPAs in force for purchasing power from the stations concerned, demand growth, requirement of addition of generating capacity gradually in tune with demand growth, addition of RE capacities, as proposed by the Modi government, and non-existence of a viable and economic battery energy storage system and uncertainty associated with it, the whimsical proposals of the Modi government, if implemented, would lead to disastrous consequences detrimental to the interests of TSGENCO and consumers of power. The Modi government has been stifling the spirit of federalism and encroaching upon the powers of the states and imposing pro-corporate and anti-**

people reforms, policies and directions on the states, without itself taking any responsibility and accountability for the adverse consequences that have been arising as a result of implementing the diktats of the GoI. GoTS has to oppose and fight against any policies or proposals or directions of the Modi government which would harm the interests of the state and its people, and assert its rights and powers to take decisions in the interest of the state.

- h) TSNPDCL has rightly argued that, since the subject plant would be set up near load centre, it would reduce the transmission and distribution losses, resulting in saving the estimated energy charges of Re.0.76 per unit. It would also avoid transmission charges, because the plant would be set up at 33/11 KV sub-station, the DISCOM has made it clear. These are the very valid points that have been raised by us during earlier public hearings on proposals of TS DISCOMs for procurement of solar power from plants in other states and ignored by the GoTS, the DISCOMs and the Hon'ble Commission, while deciding to procure solar power from plants in other states through NTPC, SECI, etc. and giving consents to the proposals concerned.
  - i) Savings due to reduction in transmission and distribution losses, with no transmission charges, when solar power plants are set up near load centres, should result in substantial reduction in tariffs, i.e., the tariffs should be substantially lesser than the tariffs being, and would be, paid for solar power that is being, and would be, procured from plants in other states. The revised tariff of Rs.3.16 per unit proposed to be paid to the subject plant is nowhere near the tariffs to be paid for solar power to be procured from other plants being set up during the same period. Therefore, the claim of the DISCOM that the tariff of the subject plant is economical does not hold water.
  - j) The fact that solar power tariff is a single-part levelised tariff applies not only to the subject plant, but also to all other solar power plants. As such, this feature is not unique to the subject plant and is not an outcome of any efficiency measure. The revised tariff of the subject plant does not reflect efficiency of TSGENCO.
  - k) For the FY 2022-23, as per the revised estimates shown by NPDCL in the ARR and tariff proposals for 2023-24, against total sales, excluding hydel power, of 16424 MU, NCE of 2621 MU works out to 15.96%. Similarly, for 2023-24, against the projected sales, excluding hydel power, of 19670 MU, NCE of 3953 MU works out to 20.10%. With NPDCL exceeding the minimum targets of purchase of RE/NCE under RPPO for the current and next financial years, need for purchasing solar power from the subject project does not arise.
3. The TSDISCOMs have projected availability of non-conventional energy/renewable energy to the tune of 11,960 MU for the FY 2023-24 which works out to 18.99% of the projected sales of power of 62970.74 MU. If projected availability of hydel power of 5415 MU also is taken into account, the total NCE/RE works out to 17375 MU which is 27.59% of the projected sales. As per RRPO regulation No.7 of 2022,

the DISCOMs are mandated to purchase a minimum of solar and non-solar RE/NCE of 9.25% for 2023-24, 10.50 % for 2024-25, 11.75% for 2025-26 and 13% for 2026-27. Going by the trend of availability of RE/NCE to the TS DISCOMs, they would exceed the minimum targets under RPPO even up to FY 2026-27.

4. In its order dated 22.6.2022 issued in O.P.No.46 of 2022, according consent to the TS DISCOMs to enter into “power usage agreements” for purchasing 1692 MW of solar power of private projects to be set up in Rajasthan, Gujarat and Tamil Nadu through the NTPC Limited under Central Public Sector Undertaking (CPSU) Scheme Phase II, the Hon’ble Commission, as well as the DISCOMs, have put forth several arguments in support of the same. So is the case with order dated 26.10.2022 issued by the Commission in O.P.No.69 of 2022, according in-principle approval for procurement of a total of 2545 MW of solar power by TS DISCOMs through NTPC, NHPC and SECL. While according the said consents, the Hon’ble Commission must have considered the outcome of substantial increase in availability of surplus power, and far exceeding the mandated targets under RPPO by the DISCOMs, as it would be emerging during 2023-24 and thereafter. The projected deficit of 404 MU for 2023-24 in ‘load generation balance’ submitted by the DISCOMs has turned out to be absolutely unrealistic, with the projected availability of surplus of 13441 MU for the same FY. In addition to the projected availability of energy for the next financial year, there will be further addition during 2024-25 also. As such, the deficits of 2183 MU for 2024-25, 1571 MU for 2025-26 and 1219 MU for 2026-27 projected in the ‘load generation balance’ would turn out to be unrealistic and contrary to availability of surplus power, with projected addition of the new capacities and projected trends of growth in purchase and sale of power. While considering need for additional power and entering into PPAs and giving consents to the same, mechanical reliance on the load forecast and procurement plan considered or approved leads to unwarranted consequences with resultant problems, both technical and financial. Experience underlines need for periodical review and appropriate modification of load forecasts and procurement plans based on experience and the existing ground reality, before considering and approving additional power procurement through long-term PPAs. The above-mentioned latest orders issued by the Commission, permitting the DISCOMs to procure 4237 MW of solar power, indicate that no review of the approved load forecast and the ground reality of availability of generation capacity under PPAs in force and likely addition from plants to be considered, leave aside ensuring ideal power mix to be in tune with fluctuating demand curve to the extent practicable, seems to have been made. Even if the GoTS and the DISCOMs fail to take a realistic view, the Hon’ble Commission is expected to take holistic view and appropriate decisions as a part and parcel of its regulatory responsibilities. Even from the point of view of requirement of power for meeting demand growing annually, with availability of substantial surplus power, the need for purchasing solar power from the subject plant does not arise.
5. Even if we presume for the sake of argument, without conceding the point, that TSNPDCL, with the share allocated to it in NCE/RE, cannot meet its obligations

under RPPO, in view of availability of substantial NCE/RE available with TSSPDCL, it can purchase required RE/NCE from SPDCL to meet its obligations under RPPO. As such, need for purchasing solar power from the subject plant does not arise.

6. When substantial surplus of 13441 MU projected to be available for 2023-24 and NCE/RE purchase constituting more than 20% of projected sales, conjuring up need for purchasing 8.87 MU of solar power from the subject plant of TSGENCO, on the face of it, covering it with the fig leaves of commitments of the GoI, its proposals, environmental protection, etc., is ridiculous. Purchasing solar power from the subject project would add to availability of surplus power, leading to backing down the same and paying fixed charges therefor, thereby imposing avoidable additional burdens on the consumers of power.
7. For these reasons, among others, I request the Hon'ble Commission to reject the subject petition of TSNPDCL.
8. I request the Hon'ble Commission to permit me to make further submissions, during public hearings on the subject issue, after receiving and studying responses of the DISCOM.

Thanking you,

Yours sincerely,

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**Copy to :**  
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**TSNPDCL**