

14.11.2016

To

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The Secretary,  
Central Electricity Regulatory Commission  
3rd & 4th Floor, Chanderlok Building,  
36, Janpath, New Delhi – 110 001

**Sub.: AGEL's Suggestions/Comments on the Draft Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) (Fifth Amendment) Regulations, 2016**

Respected Sir,

This has reference to the "Draft Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) (Fifth Amendment) Regulations, 2016" on which the Hon'ble Commission invited comments from stakeholders.

At the outset Adani Green Energy Limited (AGEL), appreciate Hon'ble Commission's efforts in promotion of renewable energy and looks forward to support in achieving ambitious targets set by the Central Government.

We also take this opportunity to introduce the Adani Group, a globally integrated infrastructure player with business spanning across power generation (thermal, Wind and solar), transmission, coal mining, ports, multi-modal logistics, coal trading, oil & gas exploration and city gas distribution. The Adani Group, among other businesses, has three flagship listed companies viz., Adani Enterprises Ltd. (AEL), Adani Power Ltd. (APL), and Adani Port and Special Economic Zones Ltd (APSEZ), with a combined market capitalization in excess of US \$ 10 billion, revenue of US \$ 10.9 billion and employing over 10,000 people.

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In view of the growing focus on renewable energy, we have committed to developing 10000 MW of Solar energy projects & 5000 MW of Wind energy projects and have taken several initiatives in this area. We have commissioned 800 MW Solar Power capacities and around 1400 MW (Solar and Wind) capacity is under various stages of implementation and also developing Solar Park in the State of Rajasthan & Gujarat.

We as a stakeholder therefore submitting our suggestions and comments **(enclosed and marked as Annexure-I)** on the Draft Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) (Fifth Amendment) Regulations, 2016

It is requested to the Hon'ble Commission to consider the same while finalizing the Regulation.

We also request to allow us to present the same during public hearing.

Thanking you.

Yours faithfully,

**For Adani Green Energy Limited**

(Rakesh Shah)

Associate Vice President

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## AGEL's Comments on Draft Central Electricity Regulatory Commission (Sharing of Inter State Transmission Charges and Losses) (Fifth Amendment) Regulations, 2016

| Sl. No | Draft amendment   | Suggestion   | Rationale  |
|--------|---|--|--|
| 1      | <p><b>Amendment to the Regulation 7 (2) of the Principal Regulations:</b></p> <p><i>(2) A New Sub clause (y) to Clause (1) to Regulation 7 of Principal Regulations shall be added as under:</i></p> <p><i>"No transmission charges and losses for the use of ISTS network shall be attributed to wind based generation for the projects awarded through competitive bidding and commissioned till 31.3.2019. This shall be applicable for a period of 25 years from the date of commissioning of such projects.</i></p> <p><i>Provided that such waiver will be available only for the projects entering into Power Purchase Agreements (PPAs) for sale of electricity to the Distribution Companies for compliance of their renewable purchase obligation."</i></p> | <p>We suggest to amend the sub clause (v) to clause (1) to Regulation 7 of Principal Regulations as under:</p> <p><b>"No transmission charges and losses for the use of ISTS network shall be attributed to Solar based generation for the projects awarded through competitive bidding and commissioned till 31.3.2022. This shall be applicable for a period of 25 years from the date of commissioning of such projects."</b></p> | <p><b><u>Discrimination among the Solar &amp; Wind based generation:</u></b></p> <p>There should not be any discrimination among the Solar &amp; Wind based generation and similar dispensation should be allowed to solar energy.</p> <p>Earlier, discrimination was there and such waiver allowed only solar based generation till <b>30.6.2017</b>. Therefore, Tariff Policy notified on <b>28.01.2016</b> provides at para 6.4 (6) as follows:</p> <p><i>"In order to further encourage renewable sources of energy, no inter-State transmission charges and losses may be levied till such period as may be notified by the Central Government on transmission of the electricity generated from solar and wind sources of energy through inter-state transmission system for sale"</i></p> <p>As mandated, Central Government issued a Notification dated <b>14.09.2016</b> in this regard and such dispensation also extended to wind based generation. However, the said notification not extended such waiver to Solar power project commissioned beyond 30.06.2017.</p> <p>Such discrimination among wind and solar based generation was not the intention of the Government; otherwise, it could have been specifically stated in the Tariff Policy.</p> <p><b><u>Solar Power Projects being set-up on fertile land</u></b></p> <p>It's a responsibility of the Hon'ble Commission to promote inter-State sale of solar power by setting up such projects in Solar resource rich States like Rajasthan &amp; Gujarat, where abundant barren land are available to other resource deficit states where states are as on date setting up projects on fertile land. According to us it would be a criminal offence to put a solar project on the fertile land.</p> <p>Low solar resource States like North East, West Bengal, Himachal, J&amp;K, Uttaranchal and densely populated states, like New Delhi, Haryana, UTs etc are mandated to comply with RPO as per the Tariff Policy. Investment on project to be set in those</p> |

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|        |                 |            | <p>States and that effort may be futile given either the projects will never come up or shall be at significantly high Tariff. ISTS connected Solar Plants from Solar Resource and Barren Land rich States is most optimal solution for them.</p> <p>For Wind, the concept of ISTS based power plants is already being promoted. Recently a tender has been floated for 1000 MW of such capacity to enable most efficient Wind Sites generate lowest cost power and supplied through ISTS to RPO deficit States. Similar concept need to be followed for Solar as well.</p> <p>If the waiver of the transmission charges and losses not extended to projects commissioned after 30.06.2017, it would increase the landed cost of such power to the beneficiary states. Distribution Licensees of majority States, having fragile financial health would avoid such procurement impacting their financials may derail the Government of India's target.</p> <p><b><u>Fate of Success of Solar Parks</u></b></p> <p>The Ministry of New &amp; Renewable Energy (MNRE), Government of India, in December, 2014 issued Scheme for setting up at least 25 solar parks each with a capacity of 500 MW and above with a target of over 20,000 MW of solar power installed capacity in a span of 5 years from 2014-15 to 2018-19. Out of 20,000 MW, major stakes are from the states like Rajasthan, Madhya Pradesh and Gujarat with a capacity of 3351 MW, 2750 MW and 700 MW respectively.</p> <p>Since states like, Gujarat and Rajasthan are fulfilling their Solar Power Purchase Obligation (SPPO), this solar resource rich states are not willing to buy more than their SPPO target. Such power is require to be transmitted to other States.</p> <p>Based on existing provision, the CTU Connected solar power projects in solar resource rich states would be able to sale of power to other Non-Solar resource rich states at the same cost of generation in the solar resources rich state. The landed cost of solar power will be increased, if inter-state transmission charges and losses would be levied on transmission of electricity through the Solar Power Projects.</p> |

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|---------|-----------------------------------|--|--|---------|--------------------|--|---|---|-----------------------------------|---|---|
|         |                                   |  | <p>However, not extending the waiver of inter-state transmission charges and losses beyond 30.06.2017, would have impact on the upcoming solar power parks in such States. Due to that it would be difficult to attract an investment in the upcoming solar park and the flagship scheme of MNRE to achieve a target of 20,000 MW solar power form solar park may be failed.</p> <p><b><u>Time line for waiver of Transmission Charges &amp; Losses for solar park projects</u></b></p> <p>As mentioned above, the MNRE, in December, 2014 issued Scheme for setting up at least 25 solar parks with a target of over 20,000 MW of solar power installed capacity in a span of 5 years from 2014-15 to 2018-19. Adani Renewable Energy Park (Rajasthan) Limited (AREPRL) decided to set up such parks immediately and conceived two parks in Rajasthan along with Rajasthan Renewable Energy Corporation under PPP model took almost an year for various permissions and approval. It had applied for connectivity and LTA with CTU immediately thereafter.</p> <table border="1" data-bbox="1266 889 2475 1414"> <thead> <tr> <th data-bbox="1266 889 1368 1101">Sr. No.</th> <th data-bbox="1368 889 1588 1101">Name of solar park</th> <th data-bbox="1588 889 1857 1101">Date of application for LTA &amp; Connectivity to CTU/ LTAA &amp; TSA signed</th> <th data-bbox="1857 889 2475 1101">Expected date of completion of evacuation system by CTU</th> </tr> </thead> <tbody> <tr> <td data-bbox="1266 1101 1368 1414">1</td> <td data-bbox="1368 1101 1588 1414">250 MW AREPRL - Bhadla, Rajasthan</td> <td data-bbox="1588 1101 1857 1414">31.10.2015<br/><br/>LTAA and TSA signed with CTU on 11.5.2016</td> <td data-bbox="1857 1101 2475 1414">The intimation letter from CTU dated 7.04.2016 states that the target commissioning schedule of Transmission system associated with this solar park may be taken as progressively from December 2017 &amp; accordingly commissioning schedule of generation project may be reviewed and aligned by the applicant.</td> </tr> </tbody> </table> | Sr. No. | Name of solar park | Date of application for LTA & Connectivity to CTU/ LTAA & TSA signed | Expected date of completion of evacuation system by CTU | 1 | 250 MW AREPRL - Bhadla, Rajasthan | 31.10.2015<br><br>LTAA and TSA signed with CTU on 11.5.2016 | The intimation letter from CTU dated 7.04.2016 states that the target commissioning schedule of Transmission system associated with this solar park may be taken as progressively from December 2017 & accordingly commissioning schedule of generation project may be reviewed and aligned by the applicant. |
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| 1       | 250 MW AREPRL - Bhadla, Rajasthan | 31.10.2015<br><br>LTAA and TSA signed with CTU on 11.5.2016          | The intimation letter from CTU dated 7.04.2016 states that the target commissioning schedule of Transmission system associated with this solar park may be taken as progressively from December 2017 & accordingly commissioning schedule of generation project may be reviewed and aligned by the applicant.  |         |                    |  |   |   |                                   |   |   |

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| Sl. No | Draft amendment | Suggestion | Rationale  |                                  |  |  |
|--------|-----------------|------------|--|----------------------------------|--|--|
|        |                 |            | 2  | 1000 MW-AREPRL-Fatehgarh/Pokaran | 22.02.2016 (1000 MW Connectivity)<br>27.02.2016-250 MW LTA<br>28.04.2016-750 MW-LTA<br>LTAA & TSA signed on 22.09.2016 | As per CTU target commissioning schedule of transmission system associated with solar park may be taken as progressively from 36-42 months plus about 9 months from empowered committee recommendation and accordingly award through TBCB commissioning schedule of generation project may be reviewed and aligned by the applicant. |
|        |                 |            | <p>Since the time line requires for setting up of transmission system associated with such solar park require minimum 4 years, we request that the applicability period of waiver of inter-state transmission charges &amp; losses for the solar based projects should be extended till 31.03.2022 to promote inter-State sale of solar power from Solar resource rich States. It will help the Central Government in achieving the ambitious target set at 1,00,000 MW for solar power by 2022.</p> |                                  |  |  |