

The Secretary
Central Electricity Regulatory Commission
3<sup>rd</sup> & 4<sup>th</sup> Floor, Chanderlok Building,
36, Janpath,
New Delhi – 110001

31.07.2018

Life

Subject:

Consultation Paper on "Terms and Conditions of Tariff Regulations for Tariff
Period 1.4.2019 To 31.3.2024" issued by the Central Electricity Regulatory

Commission inviting views of stakeholders

Dear Sir,

This letter is with reference to Consultation Paper on "Terms and Conditions of Tariff Regulations for Tariff Period 1.4.2019 To 31.3.2024" ("Consultation Paper") issued by the Central Electricity Regulatory Commission ("CERC") inviting views of stakeholders on issues raised in the Consultation Paper which can be used as input by the CERC for formulating Terms and Conditions of Tariff commencing on 1.4.2019 ("2019 Tariff Regulations").

We, on behalf of Clean Solar Power (Hiriyur) Pvt Ltd, a leading power generation company in the field of renewable energy and part of the Hero Group of companies, thank you for the opportunity to present our views on the issues raised in the Consultation Paper.

On perusal of the Consultation Paper, we have observed certain issues in relation to paragraph 7.6.3 of the said Consultation Paper (which provides for "Options for Regulatory Framework" under tariff structure for renewable energy generation), and seek to state as follows:

1. Paragraph 7.6.3 of the Consultation Paper states the following: "There can be <u>Two part tariff structure for renewable generation</u> covered under Section 62 of the Act, which comprises fixed component (debt service obligations and depreciation) and variable component (equal to marginal cost i.e O&M expenses and return on equity) - fixed component as feed-in-tariff (FIT) and variable component equal to capacity augmentation such as storage or back up supply tariff."

2. We understand from paragraph 7.6.1 of the Consultation Paper that it is the respectful view of the CERC that the present feed-in tariff structure for renewable energy generation does not offer the advantage of economic efficiency.

Further, the paragraph 7.6.1 of the Consultation Paper states that the "feed-in structure" for renewable generation has its limitations, particularly with respect to merit order operation wherein the entire tariff of the renewable generation (which is of the nature of fixed cost) would be compared with the marginal cost of the other generation (excluding the fixed cost component) by distribution companies regulating supply of renewable energy. Moreover, in case of bundling renewable generation with conventional power generation at the ex-bus of a generating station, it may be difficult to combine the tariff as the feed-in tariff structure is a single part tariff and conventional generation has a two part tariff structure.

## CLEAN SOLAR POWER (HIRIYUR) PVT. LTD.

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