

APP comments/suggestion on Draft Rajasthan Electricity Regulatory Commission (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2020

Sl. No.	Clause No.	Clause of Regulation	Proposed changes	Rationale for changes
1.	19	<p>Return on Equity:</p> <p><u>The normative Return on Equity shall be 14%.</u> The normative Return on Equity shall be grossed up by the latest available notified Minimum Alternate Tax (MAT) rate for the entire Tariff Period.</p>	<p>Return on Equity:</p> <p><u>The normative Return on Equity shall be 16%.</u> The normative Return on Equity shall be grossed up by the latest available notified Minimum Alternate Tax (MAT) rate for the entire Tariff Period.</p>	<p>One of the main objective of Electricity Act & National Tariff Policy, 2016 is promotion of Renewable Energy Sources and to ensure financial viability of sector and to attract investments.</p> <p>Offering a return on Equity at a rate of 14% for RE developers would be highly detrimental for achievement of above National objective.</p> <p>While RERC Tariff Regulations 2019 for thermal generating stations and Distribution business allows Return on Equity at the base rate of 15% for Thermal generating stations and 16% for Distribution business, the proposed 14% return on equity for renewable developers would be highly discouraging specially when these RE projects are based on non-convention technologies resulting into higher Project costs. This would create negative sentiments in investors towards investment in renewable energy projects.</p> <p>It is also important to note that as of Mar'2020, India has achieved 87 GW of renewable power (excluding large hydropower) against the Government's target of 175 GW by 2022.</p>

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				<p>Therefore, India need an additional 87 GW to reach the target of renewable energy capacity, resulting in a large investment opportunity for investors over the next 2 years.</p> <p>In view of the above, it is requested that normative Return on Equity should be 16% in order to fulfil the following:</p> <ul style="list-style-type: none"> • Promote renewable energy generation in the Country in order to achieve ambitious target of 175 GW. • Return on Equity for renewable energy should be either higher or level playing to the RoE of conventional based technology for promoting the projects based on the green fuel. • For attracting investor for fresh investment in the Renewable projects.
2.	20	Interest on Working Capital 20.1 (b) Receivables <u>equivalent to one and half (1.5) months</u> of tariff for sale of electricity calculated on normative Capacity Utilisation Factor (CUF);	Interest on Working Capital 20.1 (b) Receivables <u>equivalent to 3 months</u> of tariff for sale of electricity calculated on normative Capacity Utilisation Factor (CUF);	As may be you are aware that power generators including RE generators are facing serious payment problems from many states Discoms and mostly have an amount outstanding for equivalent to 3 months and more. In spite of favourable orders by respective SERCs, the developers are facing serious problem in getting the payment on time. Even if the payment is released that too is without any delay payment surcharge which would further increase the

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				financial difficulties already faced by the RE generators. In view of the above, it is requested to provide receivables equivalent to 90 days at least.
3.	22	Rebate 22.2 If payments of bills of the generating company are made beyond 5 working days through Letter of Credit or by cash/cheque or through electronic transfer but within a period of 30 days of presentation of bills, a rebate of 1% shall be allowed.	Rebate (22.2 If payments of bills of the generating company are made beyond 5 working days through Letter of Credit or by cash/cheque or through electronic transfer but within a period of 30 days of presentation of bills, <u>a rebate of 1% shall be allowed. The rebate will be reduced prorata basis for period after 5 days and upto a period of one month</u> <u>Illustration:</u> <u>Applicable rebate on 10th day from bill date would be:</u> <u>1% X (20/25) = 0.8%</u>	In case the beneficiary is not making early payment the applicable rebate needs to be adjusted in similar ratio of delay in making payments. If such kind of provisions are not made then beneficiaries would have no incentive for making early payment once a deadline of 5 th day is passed and they would prefer to make payment only on 30 th day by availing 1% rebate. In view of above, it is suggested to include provision of pro-rata reduction of rebate after 5 th day of bill date.
4.	23	Late payment surcharge In case the payment of bills of renewable energy tariff is delayed beyond a period of <u>45 days</u> from the date of presentation of bills, a late payment surcharge equivalent	Late payment surcharge In case the payment of bills of renewable energy tariff is delayed beyond a period of <u>30 days</u> from the date of presentation of bills, a late payment surcharge of <u>1.25%</u>	Late payment Surcharges should be applicable from the due date of 30 days of submission of bill. The developer should not be burdened for additional period beyond due date of 30 days.

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		<u>to Base Rate as on 1st April of the respective year plus 400 basis points per annum</u> on daily basis shall be levied by the Generating Company.	<u>per month</u> calculated on a daily basis shall be levied by the generating company	It may be noted that CERC also in its Renewable Tariff Regulation 2020 kept the rate of late Payment Surcharge at 1.25% per month. It is requested that the rate of late payment surcharge may be kept at existing rate of 1.25% per month in line with the CERC Renewable Tariff Regulation 2020.
5.	91.4	Transmission & Wheeling Charges 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.	Transmission & Wheeling charges <u>In case of third party sale or for captive use within the State, the transmission charges and wheeling charges shall be waived as per Rajasthan Solar Energy Policy 2019.</u>	Rajasthan Govt. has issued a Rajasthan Solar Energy Policy 2019 and Rajasthan Wind & hybrid Energy Policy 2019 with a following major objective: 1) To develop solar/wind/hybrid power sector in the State with “Stakeholder driven policy”. 2) Major contributing State for achieving the National target of 175 GW capacity of Renewable energy.
	91.6	Cross-Subsidy Surcharge and Additional Surcharge 91.6.1 The Cross-subsidy surcharge and Additional Surcharge as determined by the Commission from time to time shall be <u>applicable</u> in case of open access transactions based on renewable energy power stations.	Cross-Subsidy Surcharge and Additional Surcharge 91.6.1 The Cross-subsidy surcharge and Additional Surcharge as determined by the Commission from time to time shall be <u>100% waived</u> in case of open access transactions <u>including captive power projects based on renewable energy power stations.</u>	With above objectives, Solar Policy 2019 has provided various relaxation/waiver to the Solar power plants to be set up in the State of Rajasthan such as: 1) Complete waiver of transmission charges and wheeling for Captive power projects setup within a premises of consumer (clause 10.3.1),



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				<p>2) 50% waiver in transmission and wheeling charges for a period of 7 years from commissioning of projects for Captive/ IPP power projects setup in the State (clause 16.5).</p> <p>3) 100% waiver in Cross-subsidy Surcharge (CSS) for all the category covered under clause 10.3.1, 10.3.2, 10.3.3, 10.4.1, 10.4.2 and 10.4.3.</p> <p>Similar relaxations have been provided to Wind & Hybrid projects under Wind Energy Policy 2019 also. Further, existing Renewable Energy Policies provides that applicable policy shall be guiding principle for Rajasthan Electricity Regulatory Commission (clause 33 of existing Solar Policy 2019 for reference).</p> <p>However, draft Tariff RE Regulation has imposed 100% transmission & wheeling charges for all type of consumers including captive power project based on renewable energy which is totally against the 50% waiver for 7 years provided as per State Renewable Policy 2019 for Solar and wind. Further, the main intent of Solar and Wind Policies are to promote renewable energy by providing relaxation but on other hand regulation is taking away all the</p>



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				<p>waiver/relaxations which would create negative sentimental in the Renewable energy developers.</p> <p>Therefore, it is requested that transmission and wheeling charges for 3rd party sale or captive use should be linked to the provisions/clauses as per Solar and Wind Energy Policy 2019 and should be waived suitably as per State renewable energy policies.</p> <p>Similarly, Clause 91.6 provides CSS and Additional Surcharge shall be applicable in case of open access transactions based on renewable energy power stations. However, Solar/wind policies of State had given 100% waiver on CSS for all type of open access consumers. Further as you aware consumers of captive power plants are fully exempted from paying cross subsidy surcharge as per provisions of Electricity Act and Rules.</p> <p>Therefore, clause 91.6 should clearly provide 100% waiver in CSS for captive power plants and in case of 3rd party sale it should be guided by Solar/Wind Energy Policies where 100% waiver is provided.</p>

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6.	2.1 C	2.1 (C) Average Annual Demand (in MW) 'Average Annual Demand (in MW)' means previous financial year consumption (kWh) divided by (1000 x 8760) or where contract demand is applicable, the average annual demand shall be considered <u>equivalent to the 80% of the Contract Demand with Distribution Licensee;</u>	2.1 (C) Average Annual Demand (in MW) 'Average Annual Demand (in MW)' means previous financial year consumption (kWh) divided by (1000 x 8760) or where contract demand is applicable, the average annual demand shall be considered <u>equivalent to the Contract Demand with Distribution Licensee;</u>	The Electricity Act 2003, Electricity Rules 2005 and National Tariff Policy, 2016 have provided various measures in order to promote captive power plants and generation from renewable energy sources. Further, Rajasthan Solar/ Wind Energy Policy 2019 issued with an objective to promote solar power projects for sale of power to parties other than Discoms of Rajasthan and for Captive consumption within the State.
	92.2	92.2 The maximum permissible capacity of eligible individual new renewable energy-based captive generating plant including renewable energy based plant installed behind the meter shall be <u>limited to Average Annual Demand as specified in these Regulations;</u> Provided that eligible individual renewable energy captive generating plant shall utilise the same service line and installation for injection of power into the grid	92.2 The maximum permissible capacity of eligible individual new renewable energy-based captive generating plant including renewable energy based plant installed behind the meter shall be <u>limited to Contract Demand with Distribution Licensee.</u>	However, restriction in the capacity for renewable energy by limiting the installed capacity up to 80% of sanctioned/ contract Demand with Distribution Companies is not correct and totally against the Act/Rules which are endeavour to boost the renewable energy and captive power generation in the Country. We would like to highlight that proposed maximum permissible capacity as per clause 2.1 (C) is contrary to the existing Solar Policy 2019 which provides that project capacity can be up to contract demand of the Consumer. (clause no 10.3). Further, clause 33 of existing Solar Policy 2019 provides that applicable policy shall be guiding principle for Rajasthan Electricity Regulatory Commission. Therefore, the maximum permissible capacity should be kept in line with provision of existing Solar Policy, 2019



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		as well as drawal of power from the distribution licensee.		<p>Other states regulators such as Maharashtra, Tamil Nadu and Andhra Pradesh are also allowing renewable power projects with a maximum installed capacity up to 100% sanctioned load/ Contract Demand with Distribution Licensee.</p> <p>In view of above, it is requested to allow maximum permissible capacity of eligible individual new renewable energy-based captive generating plant including renewable energy based plant installed behind the meter up to sanctioned load/ contract demand with Distribution Licensee.</p>
7.	92	92.3 The maximum permissible energy to be consumed or banked from new renewable energy captive generating plant shall be <u>limited to the energy corresponding to the minimum Capacity Utilisation Factor/ Plant Load Factor as applicable for respective technology as specified in these Regulations:</u>	92.3 The maximum permissible energy to be consumed or banked from new renewable energy captive generating plant shall be <u>limited to the energy corresponding to the minimum Capacity Utilisation Factor/ Plant Load Factor for project:</u>	<p>Rajasthan State has vast and largely untapped potential in terms of intense solar radiation, one of the highest number of sunny days in a year and availability of vast barren/uncultivable unutilised government/private land.</p> <p>With the above advantages available in the State in terms of capability of generating more energy by utilizing natural resources, developers should be allowed to generate and/or consume maximum possible energy from RE based power plant. The PLF which can be achieved at Rajasthan varies between 27-29%. However, draft Regulation is limiting the permissible energy to be consumed from new renewable energy by putting restriction in terms of</p>

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				<p>CUF/PLF as specified in Regulation which is very low 20%. You may appreciate that such lower CUF/PLF for all the renewable projects is not correct.</p> <p>It is requested to remove capping of maximum permissible energy to be consumed from new renewable energy projects linked with CUF/PLF as applicable for respective technology as specified in Regulation.</p>
8.	93.1	The Banking facility shall only be allowed for the consumers consuming upto 20% energy from the Captive Power plant on annual basis. No banking facility shall be allowed for the consumers, whose captive consumption is more than 20% of total consumption on annual basis.	The Banking facility shall only be allowed for the consumers consuming upto 100% energy from the Captive Power plant on annual basis. No banking facility shall be allowed for the consumers, whose captive consumption is more than 20% of total consumption on annual basis.	<p>Considering the fact that Renewable power is infirm in nature, Banking of the generated energy should be allowed up to 100% of the RE based captive power plant.</p> <p>Further, in order to promote RE based captive power plants in the State, Banking charges should be 2%.</p>
9.	General	-	<p>Definition of Installed Capacity:</p> <p><i>'Installed capacity' or 'IC' means the summation of the name plate capacities of all the units of the generating station or the capacity of the generating station (reckoned at the generator terminals). In case of Solar PV power projects and Floating solar projects, Installed</i></p>	In the proposed Regulation, definition of installed capacity is not provided, the same may be provided in line with definition given in CERC Renewable Energy Tariff Regulation, 2020.

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			<i>capacity shall be sum of name plate capacities (Nominal AC power) of the inverters of the project;</i>	
10.	General	-	<p>Treatment for over Generation Power in excess of the capacity utilization factor or plant load factor.</p> <p>The relevant clause are reproduced below:</p> <p><i>“In case a renewable energy project, in a given year, generates energy in excess of the capacity utilization factor or plant load factor, as the case may be, specified under these Regulations, the renewable energy project may sell such excess energy to any entity, provided that the first right of refusal for such excess energy shall vest with the concerned beneficiary. In case the concerned beneficiary purchases the excess energy, the tariff for such excess energy shall be 75 percent of the tariff applicable for that year”.</i></p>	In the proposed Regulation, no treatment about the over generation of Power in excess of the capacity utilization factor or plant load factor is given. We would like to submit that the same may be provided in line with treatment given in CERC Renewable Energy Tariff Regulation, 2020.
11.	General	-	Treatment of applicable Statutory Charges:	In the proposed Regulation, no treatment about the applicable Statutory Charges has been provided.

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			<i>The renewable energy project developer shall recover from the beneficiaries, the statutory charges imposed by the State and Central Government such as water cess, electricity duty on auxiliary consumption subject to maximum of normative auxiliary consumption.</i>	It is requested that the same may be provided in line with CERC Renewable Energy Tariff Regulation, 2020.
12.	General	-	Technology specific parameters for Solar Floating has not been provided	Kindly provide the technology specific parameters such as capital cost, CUF etc.