Wind Power Regulatory Updates from May to July 2019

Central Updates

Central Electricity Regulatory Commission (CERC)

a. Final order on calculation of Average Power Purchase Cost (APPC) at the national level was announced on 6th June 2019. The APPC rates applicable for FY 2019-20 are Rs. 3.60/kWh.

b. Final order dated 12th June 2019 on Petition filed by Suzlon on LVRT where Honorable Commission ordered that LVRT Retrofitting is not required and directed all the Wind Turbine generators to comply with the CEA (Technical Standards for Connectivity to the Grid) (Amendment) Regulation, 2019.

c. Commission invited comments/suggestions on the changes/modifications to be made in existing Indian Electricity Grid Code (IEGC).

Ministry of Power

a. Order on Opening and maintaining of adequate Letter of Credit (LC) as payment security mechanism under Power Purchase Agreements by Distribution Licensees dated 28th June 2019. It is further clarified in that in the event if power is not dispatched for any reason, the distribution licensee shall continue to pay the fixed charge in case of conventional power and PPA tariff in case of Wind, solar and Small Hydro (also Refer MNRE Office Memorandum dated 31st July 2019).

b. Amendment to the Guidelines for Tariff Based Competitive Bidding Process for Procurement of Power from Grid Connected Wind Power Projects dated 16th July 2019. The summary of amendments is as under:

1. Clause 5.2 (a): Removed the seven month time line for land acquisition from the date of PPA and now the land acquisition can be given on or before Scheduled Commissioning Date (SCD).

2. Clause 7.2.1: CUF can be revised once within three years, earlier it was within first year of CoD.

3. Clause 7.2.2: Penalty will be calculated @ 50% (fifty percent) of the PPA tariff for the shortfall in energy terms; earlier it was @ 75% of the PPA tariff. Penalty shall be passed on by the Intermediary Procurer (SECI) to the End Procurer (DISCOM), after deducting losses of Intermediary procurer.

4. Clause 16.1: In case of part-commissioning of the Project, land corresponding to the part capacity being commissioned, shall be required to be demonstrated by the WPG prior to declaration of commissioning of the said part capacity.

5. Clause 16.2: In case of early part commissioning, the procurer may purchase the electricity at the PPA Tariff (100%), which was earlier @ 75% of the PPA tariff.

6. Clause 16.3: SCD may be within the 18 months from the date of signing the PPA or PSA.

7. Additional Amendment: Commissioning/part commissioning of the Project will not be declared until the WPG demonstrates possession of land in line with Clause 5.2.(a).

State Updates

a. Andhra Pradesh: Power Minister Shri R.K. Singh wrote a letter to Chief Minister of Andhra Pradesh and Chief Secretary Govt. of AP on revisiting of old PPAs, where he has mentioned that a PPA is only revisited if a case of conspiracy and undue gains is proved and cannot be revisited without any reason but A.P. government has not shown any interest in this letter and gone ahead with revision order to generators.

b. Maharashtra: Maharashtra Electricity Regulatory Commission (MERC) has come out with final order on Determination of Generic Tariff for RE for FY 2019-20 dated 30th April 2019, where it is mentioned that Wind Energy Tariff adopted by the Commission is Rs 2.52 /kWh for MSEDCL. Any subsequent Order of adoption of Tariff shall be considered at the time of signing of EPA.

c. Gujarat: Gujarat Electricity Regulatory Commission (GERC) has come out with final order dated 29th April 2019, where No additional surcharge is payable to the consumers of MGVCL, UGVCL, PGVCL and DGVCL who avail power through Open Access from any source other than their respective DISCOMs for the given Control Period (1st April 2019 to 30th September 2019).

Compiled by IWTMA Team