



**Suggestions on Draft RERC (Terms and Conditions for
Tariff Determination from Renewable Energy Sources)
Regulations, 2020**

RERC has uploaded Draft Regulations for Rajasthan Electricity Regulatory Commission (Terms and conditions for tariff determination from renewable energy sources) regulations, 2020 on its website and has invited comments and suggestions from all stakeholders on the petition. The present submission is in response to the said notice by RERC thereunder. We request the Commission to accept this submission on record.

OUR SUGGESTIONS

1. The draft does not mention the regulations for treatment of Over-Generation by a renewable energy project that generates energy in excess of the capacity utilisation factor or plant load factor. These provisions shall encourage the operators to strive to achieve operational efficiencies.
2. Regulation 7.1 **Competitive Bidding for procurement of power generated by grid-connected RE Projects** - The tariff shall invariably be determined through a transparent process of competitive bidding in accordance with the Guidelines issued by the Central Government under Section 63 of the Act, inter-alia for the following types of RE Projects: Wind power projects, Solar PV power projects, Solar Thermal power projects, Renewable hybrid energy projects, Renewable with Storage projects, Repowering of Wind Power Projects

Our Submission

The regulations may specify clear guidelines for Competitive reverse bidding for the specified category of RE projects. It is recommended to define the exceptional cases in which these RE projects for opting project specific tariff instead of competitive bidding even when it is feasible. Such cases may include instances where tenders are under-subscribed and tariffs discovered through competitive bidding are higher than tariffs discovered in similar projects in the region or in other regions, subject to the condition that tariff determined through commission shall be capped by tariff discovered through competitive bidding. Similarly, other exceptions may be defined by commission, and other requests for tariff determination shall be considered after prudence check.

3. Regulation 8.2 **Petition and proceedings for determination of tariff-** A petition for determination of project specific tariff shall be accompanied by such fee as may be specified in the Central Electricity Regulatory Commission (Payment of Fees) Regulations, 2012 as amended from time to time or any subsequent re-enactment thereof, and shall be accompanied by: a) Information in forms 1.1, 1.2, 2.1 and 2.2, as the case may be, as appended to these regulations...

Our Submission

The regulations may consider capital cost and completion period envisaged during financial closure and submitted to authorities as the baseline and allow necessary deviations only after prudence checks.

4. Regulation: **17.1. Loan Tenure** - For the purpose of determination of generic tariff and project specific tariff, loan tenure of 15-years shall be considered.

Our Submission

For determination of generic tariff and project specific tariff, loan tenure of **minimum** 15-years shall be considered as the prevailing loan terms stipulated by sovereign funds and others can extend beyond 15-years.

5. Regulation 20: **Interest on Working Capital**- 20.2 In respect of biomass power projects with Rankine cycle technology, biogas power projects, biomass gasifier-based power projects, non-fossil fuel-based cogeneration projects, municipal solid waste based power projects and refuse derived fuel based power projects (d) Maintenance spare @ 20% of operation and maintenance expenses.

Our Submission

This is in contrast to the draft, the regulation 17.2(d) of the Central Electricity Regulatory Commission (Terms and Conditions for Tariff determination from Renewable Energy Sources) Regulations, 2020 stipulate the maintenance spare at 15% of the O&M expenses.

The Maintenance of spares based on percentage of Operation and Maintenance expense should be reflective of industry benchmarks for respective technology. Same may be determined by the commission based on analysis of commissioned projects.

6. Regulation 27.1: **Operation and Maintenance expenses**- The Commission shall determine only project specific O&M expenses considering the prevailing market trends.

Our Submission

In order to dispel ambiguities for developers, the commission may specify benchmark values for O&M expenses with a provision of annual review based on market trends.

7. Regulation 30.1: **Capacity Utilisation Factor**- The minimum Capacity Utilisation Factor for Solar PV plants shall be 20%.

Our Submission

Capacity utilisation factor of 21% for solar PV projects is not possible in Indian conditions for DC to AC ratio of 1, i.e., where solar PV capacity is equal to capacity of inverters

installed. Capacity utilisation factor of 18% suggested for DC-AC ratio of 1, and factor for respective plants should be determined as below:

Capacity Utilisation Factor = 18% x (Solar PV DC Capacity Installed / Sanctioned AC capacity)