

GOVERNMENT OF INDIA  
MINISTRY OF NEW AND RENEWABLE ENERGY  
**LOK SABHA**  
**UNSTARRED QUESTION NO. 711**  
TO BE ANSWERED ON 21.11.2019

**RENEWABLE ENERGY DISPUTE**

711. SHRI KESINENI SRINIVAS

Will the Minister of NEW AND RENEWABLE ENERGY be pleased to state

- (a) the details of the ongoing renewable energy dispute between Andhra Pradesh and the Union Government;
- (b) the status of the payment security mechanism in Andhra Pradesh in light of the recent Vijayawada High Court stay order against the Union Government's proceedings against DISCOMs in Andhra Pradesh;
- (c) whether the Union Government proposes to ban solar and wind energy developers from procuring power from exchanges in Andhra Pradesh if the State utilities do not issue Letter of Credits to wind and solar developers; and
- (d) if so, the details thereof?

**ANSWER**

THE MINISTER OF STATE (I/C) FOR NEW & RENEWABLE ENERGY, POWER and  
MoS for SKILL DEVELOPMENT AND ENTREPRENEURSHIP

(SHRI R. K. SINGH)

(a) to (d): Andhra Pradesh utilities (DISCOMs) had not been making payments to Renewable Energy (Wind and Solar) generators for over one year. The State Government of Andhra Pradesh had constituted a 'High Level Negotiation Committee for PPAs' (HLNC) to 'review, negotiate and bring down the high wind and solar energy purchase prices' vide G.O.R.T No. 63 dated 01.07.2019. Subsequently, AP DISCOMs (*APSPDCL*) had directed solar and wind developers to reduce the tariff to Rs. 2.43/ unit and to submit the revised / reduced monthly power supply bills. This Committee's constitution was set aside by the Hon'ble High Court. Further, instances of abrupt disconnection of wind power plants from substation (state grid) and irregular curtailment of power have been reported by the Renewable Energy Generators from the State of Andhra Pradesh.

The Ministry of New & Renewable Energy (MNRE) had advised the State Government of Andhra Pradesh that the contractual agreements are sacrosanct and should not to be revisited unless there is a specific provision to do so in the agreement or a case of malafide/ corruption has been established. The state DISCOMs were also requested to honour PPAs and 'Must Run' status accorded to wind and solar power projects, as per provisions of Indian Electricity Grid Code 2010.

In the above matter, the Renewable Energy generators approached the Hon'ble High Court of Andhra Pradesh to set aside the Government of Andhra Pradesh's and DISCOMs relevant orders. The Hon'ble High Court of Andhra Pradesh passed an order (matter batch WP 9844/2019), the relevant part of which is reproduced as under:

"The Court is of the opinion that the terms of the contract have to be honoured. The State cannot give a direction to the DISCOMS or to the generators that the price is high. The matter of "price" has to be determined as per law. Until it is determined that the price is high or for similarly determined reasons by which the contract is amended, the curtailment of the power for any reason whatsoever cannot be ordered, except for the reasons which are mentioned in

the PPA or as per the Electricity Regulation Act, 2003, etc., curtailment cannot be ordered either directly or indirectly.”

“The Court is of the opinion that the respondents / DISCOMS should be directed to honour the bills of the wind purchasers and solar purchasers and to pay the same at “interim” rate of Rs. 2.44p for solar power and Rs. 2.43p for wind power. All the pending and future bills of all the petitioners should be paid at this interim rate.”

With regards to abrupt disconnection of wind power, the Hon'ble High Court of Andhra Pradesh, passed the following order (relevant order is reproduced):

“This court is directing the respondents to restore the last uncontested position/ status quo ante and directing the APTRANSCO to immediately reconnect the applicants’ wind power project to the state grid at the approved temporary connection point (Borampalli Substation) and allow the petitioners to continue to supply power to APSPDCL as before.”

Despite above orders of the Hon’ble High Court of Andhra Pradesh, payments to Renewable Energy Generators have not been made. Instead State Government of Andhra Pradesh has filed Writ Appeal in division bench against the Hon’ble High Court’s orders in the above matters.

Noting the delayed payments to power generators (including Renewable Power) in many states, the Ministry of Power (MoP), vide its Order No. 23/22/2019-R&R dated 28.06.2019 and subsequent corrigendum / clarifications dated 17.7.2019 and 23.7.2019, issued directions to ensure opening and maintaining of adequate Letters of Credit (LC) as payment security mechanism where the provisions are there to do so in power purchase agreements (PPA) by the distribution licensees. Despite provisions in PPA, LCs were not opened and there were large outstanding dues on account of unpaid power bills. The above order directed load despatch centres to implement the existing LC provision of PPA strictly and restrict the regulated entity to procure power from the power exchanges and Short Term Open Access (STOA) where the said provision was not being adhered to. MNRE, vide its letter No. 336/19/2017-Wind-Part (I) dated 06.09.2019 requested Power System Operation Corporation (POSOCO) to issue necessary directions to RLDCs/SLDCs as per MoPs order dated 28.06.2019.

Andhra Pradesh DISCOMSs (Southern Power Distribution Company of Andhra Pradesh Limited and Eastern Power Distribution company of Andhra Pradesh Limited) have filed a Writ Petition in the Hon’ble High Court of Andhra Pradesh against Ministry of Power, Ministry of New & Renewable Energy and POSOCO in this matter. The Hon’ble High Court of Andhra Pradesh, on 15.10.2019, has passed the following interim order (relevant portion of order is reproduced):

“There shall be an interim order as prayed for, restraining the Respondents from disallowing the power transactions under the STOA or through the power exchange.”

The Government of India has filed counter affidavit in this matter, and the issue is in Court.

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