

GOVERNMENT OF INDIA
MINISTRY OF NEW AND RENEWABLE ENERGY
LOK SABHA
UNSTARRED QUESTION NO. 787
TO BE ANSWERED ON 06.02.2020

POWER PURCHASE AGREEMENTS

787. SHRI MANISH TEWARI

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

- (a) Whether State Governments of Uttar Pradesh, Andhra Pradesh and Maharashtra have considered renegotiating Power Purchase Agreements (PPAs) with renewable energy projects developers;
- (b) if so, the details thereof and the reasons therefore;
- (c) whether this decision of renegotiating PPAs will impact investor's confidence all over India just like it did after cancellation of coal blocks;
- (d) if so, the details thereof and the mechanism adopted by the Government to prevent such a situation in the future; and
- (e) the steps taken by the Government to improve contract enforcement at national level?

ANSWER

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

(SHRI R.K. SINGH)

(a)&(b) No Sir. Only the State Government of Andhra Pradesh was considering to renegotiate the Power Purchase Agreements (PPAs) with renewable energy projects developers considering falling Solar and Wind tariffs. The Ministry of New and Renewable Energy advised Govt. 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 or corruption has been proved. The renewable energy projects developers approached Hon'ble High Court of Andhra Pradesh in the matter, which passed order on 24.9.2019 to set aside the relevant orders of Govt. of Andhra Pradesh and DISCOMs of Andhra Pradesh.

(c)&(d) The decision to renegotiate the PPAs can impact investor's confidence and the Union Government had apprised the Govt. of Andhra Pradesh vide letter dated 9.7.2019 that if an impression goes out that the rule of law does not prevail or that contracts are not honoured then the investments will dry up and the growth will come to a halt.

A Committee was constituted by Union Government with representatives from Ministry of Power, Ministry of New & Renewable Energy and the State Government of Andhra Pradesh to understand the views of the State government. In second and concluding meeting of the said committee it was reiterated that the contracts/ PPAs will be honoured by all the parties in accordance with law.

(e) Union Government has issued orders for strict enforcement of provision of opening and maintaining letter of credit by distribution licensees as payment security mechanism under PPA.
