



## ERGO

*Analysing developments impacting business*

### WAIVER OF INTER-STATE TRANSMISSION CHARGES AND LOSSES

19 August 2020

Ministry of Power, Government of India, *vide* its order dated 5 August 2020 has waived inter-state transmission (ISTS) charges and losses on transmission of electricity generated from solar and wind projects, for sale to entities, till 30 June 2023. This waiver is applicable to power plants using solar and wind sources of energy, including solar-wind hybrid power plants.

#### **Background**

In order to encourage renewable sources of energy, paragraph 6.4(6) of the Tariff Policy envisages that no ISTS charges and losses may be levied on transmission of electricity generated from solar and wind energy projects, through the inter-state transmission system, for sale, till such period as may be notified by the Central Government.

In view of the above provisions of the Tariff Policy, Ministry of Power had issued orders 23/12/2016/-R&R dated 30 September 2016 and 14 June 2017 waiving ISTS charges and losses on electricity generated from solar and wind projects for sale to distribution companies for compliance of renewable purchase obligation (RPO). The waiver was available for solar projects commissioned upto 31 December 2019 and wind projects commissioned upto 31 March 2019, for a period of 25 years from the date of commissioning of such projects. The aforesaid orders were superseded by the order dated 13 February 2018, which, *inter alia*, revised the date for solar and wind projects to 31 March 2022. This deadline was further extended by the Ministry of Power on 6 November 2019 to 31 December 2022.

In suppression of the earlier orders, pursuant to the order notified on 5 August 2020, the waiver of ISTS charges and losses are available to the following power plants for a period of 25 years from the date of commissioning subject to meeting the specified criteria:

- Power plants using solar and wind sources of energy, including solar-wind hybrid power plants with or without storage commissioned till 30 June 2023 for sale to entities having a RPO, irrespective of whether this power is within RPO or not, provided that in case of distribution licensees, the power has been procured competitively under the guidelines issued by the Central Government;

- Solar photovoltaic power plants commissioned under "MNRE's Central Public Sector Undertaking (CPSU) Scheme Phase-II (Government Producer Scheme) dated 5 March 2019";
- Solar photovoltaic power plants commissioned under SECI tender for manufacturing linked capacity scheme (RFS No SECI/C&P/RfS/2GW Manufacturing/P- 3/R1/062019 dated 25 June 2019) for sale to entities having RPO, irrespective of whether this power is within RPO or not.

## Comment

In view of the various challenges being faced by developers, especially on account COVID 19, this is a welcome step and a relief to the solar and wind energy stakeholders who are facing delays in execution of projects. The present measure is in line with the Central Government's commitment towards encouraging setting up of renewable energy projects in the country and the objective to reach a renewable energy capacity of 175 GW by 2022. In keeping with the request of the solar energy stakeholders to extend the deadline to enable the transmission of electricity from one state to another, this move will allow such transmission of electricity without further financial hardship.

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