



Ref: - NSEFI/MNRE/2020-21/53

Date: 13<sup>th</sup> July, 2020

To,  
**Shri R K Singh**  
**Minister of State (I/C) for Power and Ministry of New Renewable Energy**  
**Shram Shakti Bhawan, Rafi Marg**  
**New Delhi-110001**

**Sub: Request to have a carve-out in the DISCOM liquidity package for Andhra Pradesh's renewable energy contracts that await decision of the AP High Court**

Dear Sir,

Greetings from National Solar Energy Federation of India. The National Solar Energy Federation of India (NSEFI) is an umbrella organization of all solar energy stakeholders of India. This apex solar organization works in the area of policy advocacy and is a national platform for addressing all issues connected with solar energy growth in India. It consists of leading International, National and regional companies and includes Solar Developers, Manufacturers, EPC Contractors, Rooftop Installers, System Integrators, and Balance of plant suppliers and manufacturers, Small and Medium Enterprises (MSME) and works in a complementary manner with the Central and State Governments for achieving India's national solar target of 100 GW by 2022.

At the outset we would like to thank the Ministry of New and Renewable Energy (MNRE) for all its support and responsiveness to the sector, enabling us to effectively deal with the COVID19 pandemic. We would also like to commend the Government of India's decision to introduce the ₹90,000 crore relief package to help ease liquidity pressure on distribution companies (DISCOMs) and its timely implementation. It is further heartening to know that the GoI is planning to extend the liquidity package to cover all the payments for generation up to June 2020.

Our member companies expect relief and are looking forward to receiving disbursements from PFC and REC as part of the package. These payments will significantly ease liquidity pressure on our member companies who have come under huge financial strain on account of systemic delays in payments from DISCOMs.

In the above context, we would also like to draw your attention to the fact that almost 8,00MW of RE projects set up in the state of Andhra Pradesh that are fighting a legal battle in the AP High Court, for ensuring sanctity of contracts. The Central Government is also a party to the case and is supportive of maintaining the sanctity of contracts. Many of our member companies, having significant investments in the State of AP, are also party to the ongoing disputes before the AP HC. As you may be aware, even prior to the Court case, AP DISCOMs had not been paying to the RE generators on a regular basis.



## NATIONAL SOLAR ENERGY FEDERATION OF INDIA

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An important interim relief given by the Court through an order was, instructing AP DISCOMs to make immediate payment to RE generators at an "interim rate". Since then, our member companies have received payments at this interim rate albeit with significant arbitrary deductions by AP DISCOMs.

As the AP matter relates to the sanctity of contracts, and tariff is an important constituent of the contract, we firmly believe that the final outcome in the legal process shall be mandating payment of full tariff by the AP DISCOMs. However, the legal process may take a few more months, and by then then the Gol's liquidity scheme might get concluded.

In light of the above it is noteworthy that the payment of remaining tariff (full tariff over and above "interim rate") to RE generators, AP DISCOMs would require somewhere between Rs.4,000 to 5,000 Crores (remaining payment is due for about 8,000MW, for almost 2 years). For AP DISCOMs, making such amount of payment on immediate basis may not be possible and any further delay in payment from AP DISCOMs despite a Court order, would worsen the financial woes of RE generators and would also make the AP DISCOMs non-compliant with the Court orders.

**We would therefore request that under the DISCOM liquidity package, there should be a separate carve out of money to the tune of Rs5,000 Crores for AP DISCOMs, so that such amount can be immediately paid to RE generators once the court orders are issued on these pending petitions.**

Such a futuristic action by the Central Government would go a long way in ensuring financial sustainability of the RE generators having PPAs with the DISCOMs in Andhra Pradesh. This would also be a significant boost and a positive signal to investors looking to invest in the clean energy space in India.

We request your good office to kindly consider issuing the abovementioned points at the earliest.

**Thanking you.**

**Subrahmanyam Pulipaka**

**Chief Executive Officer**

**Copy to:**

- **Mr Sanjiv Nandan Sahai, Secretary, Ministry of Power**
- **Mr Indu Shekhar Chaturvedi, Secretary, Ministry of New and Renewable Energy**

