

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No.286/MP/2023 along with IA No.73/2023

- Subject : Petition under Section 79 of the Electricity Act, 2003 read with appropriate provisions of applicable law *inter-alia* seeking extension of time to comply with the directions of the Respondent No. 2 to install the required reactive power compensation device for the Petitioner's 300 MW solar power project situated at Village: Sonanda, Shekhasar, Bandhari, and Kesarpura, Tehsil Bap, District Jodhpur, Rajasthan; and consequently, restrain the Respondent No. 2 from taking coercive action against the Petitioner till such time.
- Date of Hearing : **29.9.2023**
- Coram : Shri Jishnu Barua, Chairperson
Shri Arun Goyal, Member
Shri P. K. Singh, Member
- Petitioner : Azure Power Maple Private Limited (APMPL)
- Respondents : Northern Regional Load Despatch Centre (NRLDC) and 2 Ors.
- Parties Present : Shri Aniket Prasoon, Advocate, APMPL
Shri Aman Sheikh, Advocate, APMPL
Ms. Priya Dhankar, Advocate, APMPL
Shri Sanjeev S. Thakur, Advocate, APMPL
Shri Rishabh Bhardwaj, Advocate, APMPL
Shri Wikalp Wange, Advocate, APMPL
Shri Swapnil Verma, CTUIL
Shri R. S. Rajput, CTUIL

Record of Proceedings

Learned counsel for the Petitioner submitted that the present Petition has been filed, *inter alia* seeking extension of time to comply with the directions issued by Respondent No. 2, Central Electricity Authority (CEA) in respect of the installation of reactive power compensation devices and consequentially, refraining Respondent No.1 from taking any coercive action against the Petitioner, including disconnecting the Petitioner's 300 MW (AC) Solar Power Project from the grid till the expiry of the extended timeline(s) as may be granted by this Commission. Learned counsel is mainly submitted as under:

- (a) The Petitioner has developed a 300 MW Solar Power Project at Village, Sonanda, Shekhasar, Bandhari, and Kesarpura, Tehsil – Bap, District-Jodhpur, Rajasthan ('the Project'). In respect of the said Project, the Petitioner has entered into a Power Purchase Agreement with the SECI dated 27.11.2019 and after obtaining the First Time Charging Approvals, the Project was commissioned in tranches ranging from 14.2.2022 to 31.3.2023.
- (b) During the course of the development of the Project, in order to obtain the requisite approval from GCIL, the Petitioner vide its letter dated 17.9.2021

undertook to comply with the provisions of the Central Electricity Authority (Technical Standard for Connectivity to Grid) Regulations, 2007 ('the CEA Regulations, 2007') as well as the outcome of the meeting held on 14.7.2021 (Re. Reactive Power requirement from RE Generation Sources). In the said letter, the Petitioner also stated that in case if it is not able to comply with the aforesaid requirements, it will be liable for disconnection from the grid.

(c) Subsequently, the Working Group issued a consolidated Report in respect of the Data Submission Procedure and Verification of Compliance to the CEA Regulations on Technical Standards for Connectivity to the Grid by RE Generators in July 2022 ('WGR, 2022'). After the issuance of the WGR, 2022, various requirements/compliances, viz. (i) requirement of designing the generating station in a way that it shall be capable of delivering the 'rated output at the specified design temperature insofar as the reactive power is concerned, (ii) requirement to demonstrate dynamic power capability to operate at least up to V curve boundaries, and (iii) requirement of designing the solar generating station while considering the maximum and minimum possible ambient temperature for 12 months and to further consider a 1°C margin, etc. were introduced and made applicable w.e.f 1.11.2022.

(d) At the stage of bid structuring & planning for the Project and/or construction phase of the Project, as per the law in vogue, i.e., the CEA Regulations, 2007, there was no requirement whatsoever mandating and/or regulating the generation of power from the RE projects specifically solar power projects from the standpoint of operating at ambient temperature. Similarly, there was no provision for a RE-generating unit to operate at the maximum rated output. Further, as per the CEA Amendment Regulations, 2013, on being connected to the grid, the generating station was required to supply the varying reactive power in order to maintain the power factor within the limits of 0.95 lagging to 0.95 leading.

(e) In a meeting held on 10.1.2023 under the Chairmanship of CEA, it was deliberated that the provisions for ambient temperature for RE projects would be incorporated in the forthcoming CEA (Technical Standards for Construction of RE Power Plants) Regulations, 2023, and that the requirement for ambient temperature of 50°C in the CEA (Technical Standards for Construction of Electric Plants and Electric Lines) Regulations, 2010 is for conventional generators.

(f) Issuance of the WGR, 2022 qualifies as a Change in Law event under Article 12 of the PPA. However, at this stage, the Petitioner only craves leave from the Commission to file an appropriate Petition at a later stage, and the Petitioner has already proceeded to comply with the new requirements provided in the WGR, 2022.

(g) In order to comply with the requirement to install reactive power compensation devices, the Petitioner is required to install 24 MW inverters and 80 MVar STATCOM (which provides dynamically varying reactive power support). Accordingly, the Petitioner had already entered into an agreement with Watkraft as far back as 27.4.2023 for the supply of the inverters. However, the Petitioner had to face significant hurdles in securing commitment for delivery of the required 130 inverters due to global supply chain disruptions and a short supply of IGBT which is an important component of the inverters.

(h) Despite the various difficulties being faced by the Petitioner, the Petitioner has been able to complete the laying of AC cables and AC cable termination at the panel end and the installation of 48 out of 130 inverters at the Project site by 20.9.2023. The Petitioner will put into service an additional 70 inverters by 15.10.2023 and the remaining 60 inverters thereafter by the end of November 2023. Accordingly, by way of the present Petition, the Petitioner is seeking an extension of time to install the requisite 130 inverters to meet the reactive power compensation demand by the end of November 2023.

(i) Insofar as the installation of 80 MVAR STATCOM is concerned, the Petitioner will have to provide design parameters to its vendors, which include the ambient temperature criteria. While the WGR, 2022 provides certain specifications with respect to the ambient temperature, the said specifications are still being discussed among the CEA, CTUIL, GCIL, and SECI and the various stakeholders. Till such time as there is clarity on the ambient temperature criteria, the Petitioner will not be able to procure and install the said STATCOM.

(j) Unlike the other RE developers, who are procuring and installing the Capacitor Banks to provide the reactive power support, the Petitioner has opted for STATCOM due to its enhanced capacity to provide the dynamically varying reactive power support.

(k) The Petitioner, in its various communications to GCIL, MNRE, and CEA, had duly highlighted the steps taken by the Petitioner to comply with the requirement to install the reactive power compensation devices, the difficulties being faced by it, requesting an extension of the timeline for installation, and also a waiver of the requirement to install 80 MVAR STATCOM due to a lack of clarity on ambient air temperature criteria. However, GCIL, in its letter dated 19.9.2023 has called upon the Petitioner to comply with the requirement of installing the required reactive power compensation device before 30.9.2023 relying on the minutes of the meeting held on 1.3.2023 and the circular dated 12.5.2023.

(l) If Respondent No.1 is permitted to disconnect the Petitioner's Project from the grid due to the non-installation of reactive power compensation devices, that too, due to no fault of the Petitioner, would result in grave and irreparable harm to the Petitioner as the solar energy which could have been converted into electricity would be completely wasted. The Petitioner has also indicated that between the months of September and December 2023, the active power generation from the Project will be restricted to 270 MW, and for such a scenario, the Project does not require any additional reactive power compensation devices. Therefore, the grant of an extension of time as sought by the Petitioner will not adversely impact the grid.

(m) Accordingly, the Petitioner has also moved IA No. 73/2023 seeking an ad-interim order restraining Respondent No.1 from taking any coercive steps against the Petitioner including disconnecting the Petitioner's Project from the grid pending disposal of the present petition.

2. The representative of CTUIL accepted the notice and submitted that the present Petition may not be maintainable before the Commission under Section 79 of the Electricity Act, 2003. The representative of CTUIL submitted that the matter pertains to the Technical Standards for Connectivity to the Grid (the CEA

Regulations, 2007) to be complied with by the RE developers as laid down by the CEA and the Working Group constituted to discuss the issues relating to the compliance of the CEA Regulations, 2007. The representative CTUIL accordingly submitted that in case of any grievance in regard to the timeline provided for compliance with such regulations or requirements specified thereunder, the Petitioner ought to approach the CEA, which is presently monitoring the entire matter , for its grievances, if any, rather than approaching this Commission under Section 79 of the Act. He also added that besides the Undertaking dated 17.9.2021, the Petitioner had also specifically acknowledged that it had been given a conditional First Time Charging Approval and, in the event, the Petitioner fails to comply with the various requirements, it shall be liable for disconnection.

3. In response, the learned counsel for the Petitioner submitted that the Commission has the necessary jurisdiction in the present matter. Learned counsel further pointed out that the dispute in relation to the direction of Respondent No.1, issued under Section 29(1) of the Act, can only be referred to this Commission under Section 29(5) of the Act, and the directions as issued by Respondent No.1 in the present case ought to be considered as having been issued under Section 29(1) of the Act. The learned counsel also pointed out that, insofar as the undertaking given by the Petitioner in March 2023 is concerned, the said undertaking is not on record and regardless of the various correspondence issued by the Petitioner subsequent to the said undertaking, the Petitioner had duly highlighted the issues and difficulties associated with the implementation of the reactive power compensation devices.

4. After hearing the learned counsel for the Petitioner and the representative of CTUIL, the Commission ordered, as under:

- (a) Issue notice on the maintainability as well as on the merits of the case.
- (b) The Respondents to file their replies, if any, within two weeks with a copy to the Petitioner, who may file its rejoinder within a week thereafter.
- (c) Prior to considering the views of Respondent No.1 with regard to the safety and security of the grid in the absence of installation of the requisite reactive power compensation devices, the Commission declined to issue any interim direction(s) at this stage.

5. The Petition along with the IA will be listed for hearing on 'maintainability as well as on merits' on 25.10.2023.

By order of the Commission

Sd/-

(T.D. Pant)

Joint Chief (Law)