

## ISTS charges on transmission of electricity waived for 18 years

By TIOL News Service

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In a further step to realise the Government of India's commitment to achieve its power requirement from renewable energy sources, Ministry of Power has issued an order for the waiver of Inter-State Transmission system (ISTS) charges on transmission of electricity generated from new hydro-power projects. The said waiver is already available to solar and wind power projects.

Government has set an ambitious plan to have 500 GW of generation capacity from non-fossil energy based sources by 2030. Hydro power projects, being clean, green and sustainable will be of paramount importance in our clean energy transition journey. They are also essential for the integration of solar and wind power, which are intermittent in nature.

In acknowledgement of the aforesaid inherent qualities of hydro-power, Government of India declared hydro power projects as the renewable source of power in March, 2019. However, waiver of inter-state transmission charges, provided to solar and wind projects had not been extended to hydro power projects.

In order to remove this discrepancy and to provide a level playing field to hydro projects, Ministry of Power in Government of India has now decided to extend the waiver of ISTS Charges on the transmission of power from new hydro power projects, for which construction work is awarded and PPA is signed on or before 30.06.2025.

ISTS charges shall be levied for transmission of power from Hydro Power Projects where construction work is awarded and PPA is signed after 30.06.2025 as per the following trajectory:

| S. No. | Award of construction work + Signing of PPA | ISTS charges                    |
|--------|---------------------------------------------|---------------------------------|
| 1.     | 01.07.25 to 30.06.26                        | 25% of applicable ISTS charges  |
| 2.     | 01.07.26 to 30.06.27                        | 50% of applicable ISTS charges  |
| 3.     | 01.07.27 to 30.06.28                        | 75% of applicable ISTS charges  |
| 4.     | from 01.07.28                               | 100% of applicable ISTS charges |

The waiver/or concessional charges as shown in table above shall be applicable for a period of 18 years from the date of commissioning of the hydro power plants. The waiver shall be allowed for Inter-state transmission charges only and not losses. The waiver would be made applicable from prospective date.

This step is expected to provide a boost to the hydro sector, which will also help improve India's water security and bring development benefits to hilly states namely North Eastern States, Uttarakhand, Jammu and Kashmir, Himachal Pradesh etc. where most of the hydro potential is located.