

Principal Secretary (Energy)
Industries, Energy & Labour Department,
Government of Maharashtra,
Mantralaya,
Mumbai 400 032.

Sub : Approach Paper – Distributed Generation based Distribution Franchisee

Sir,

As you are aware, power shortage within Maharashtra has increased significantly with shortfall reaching upto 5300 MW to 5500 MW as submitted by MSEDCL.

In order to tide over impending crisis, an option of '**Distributed Generation based Distribution Franchisee**' needs to be explored at least in Urban/Semi-urban areas or for select industrial feeders, where ability to pay higher tariff exists.

Further, as you are aware, innovative approaches such as CII-Pune Captive Model has yielded positive response from consumers as well as captive power industry in the recent past. Thus, to increase electricity generation locally without overloading the existing transmission system, it is essential to identify an appropriate model, which would allow local (distributed) generation and distribution of power with the involvement of private sector.

Accordingly, a copy of Approach Paper regarding the subject is enclosed for your perusal. The Commission is of the opinion that the State Government's policies could be suitably evolved to promote distributed generation based franchisees for electricity distribution. This would result in better service to consumers prepared to pay 'cost reflective tariffs' and competition in the sector.

This paper is being circulated widely inviting comments and suggestions of various stakeholders.

With regards,

Yours faithfully,

Sd/-
(Smt. Malini Shankar)
Secretary, MERC

Encl. As above

