

29th Meeting of State Advisory Committee

Minutes

27 April 2022 at 11.30 am

1. The 29th meeting of the State Advisory Committee Meeting was held on 27 April 2022 at 11:30 hrs at Centrum Hall, 1st floor, Centre 1, World Trade Centre, Mumbai.
2. List of participants is annexed.
3. While welcoming all committee members, special invitees and participants, Shri. Sanjay Kumar, Chairperson, MERC stated that prime objective of this meeting is to deliberate on issues relating to consumer's interest, performance of the licensees, various Central/State Government Policies, interlinking issues for better coordination and implementation of the schemes and to come out with the desirable solution.
4. Secretary MERC briefing the participants flagged following four issues identified by Commission for discussion in the Committee:
 - a. Constraints in fulfilling Renewable Purchase Obligation:

Due to favourable cost economics, Distribution Licensees are contracting RE power the generating plants of which are located outside Maharashtra. These contracts are likely to face capacity constraints of tie-lines connecting national grid with Maharashtra Grid for bringing such RE power into Maharashtra. Much more capacity would have to be contracted for fulfilling the target of 50% of RE Power by 2030 set by the Central Government. Hence, there is urgent need for augmentation of existing tie lines or adding new tie lines. State Transmission Utility (STU) as a State planner, may respond and inform about steps that are being taken on this aspect.
 - b. Reinstatement Charges by Local Authorities:

Reinstatement charges levied by the local authorities on the Distribution Licensees for laying underground network contributes 40-50% of the project cost which needs to be rationalized. Local Authorities at the stage of planning may make provisions for cable trenches to avoid the constant digging of the roads in future.
 - c. Promoting EV charging Infrastructure:

The Commission is already promoting the EV charging infrastructure by providing separate tariff category and keeping tariff less than the average cost of supply. However,

speed of creating EV charging infrastructure is very slow. Distribution Licensees need to take proactive steps to accelerate the same.

d. Transmission constraints for Mumbai Metropolitan Region (MMR) and Right of Way (ROW) issues:

Due to transmission constraints in MMR there is restriction in bringing cheaper power into MMR. This has forced consumption of costly power generated from the embedded plants. Further ongoing Transmission schemes undertaken to remove such constraints are facing ROW issues causing delay in completion of the project. Therefore, there is an urgent need to address the issues. Principal Secretary Energy of the State Government would need to step up the ongoing coordinated action among different departments to ensure that the projects get implemented as per set timelines.

5. Thereafter, the issues were taken up for discussion as per Agenda.

5.1. Item No. 1 : Recent Developments of trading in Power Exchanges:

Shri. Jogendra Behara from Indian Energy Exchange (IEX) highlighted the recent developments in the Power Exchange. He stated that various platforms are available for selling conventional as well as green energy through various tools such as Day ahead market (DAM), Term ahead market (TAM), Real time market (RTM) and shared salient features of these tools. He shared the information about the volume of the energy sold on the platform and the average market clearance price for the past 10 years for DAM. He also presented details about green power transactions and gap in demand supply of energy for FY 22 as reflected in the increasing demands by States to meet their respective requirements. Recent Price in DAM reached to Rs 18 per unit due to various reasons such as high demand, coal shortages, increase in capacity outages etc. After capping the price to Rs 12 per unit at DAM, less variation in price is observed in the 15 minutes time block period. Further he added that IEX is working on the long-term contracts as well as on the gross bidding model where the DISCOMS will get to schedule the generators through the market and thereby optimize the cost of power purchase.

In reply to query of Shri Mukesh Khullar, Member MERC about volume of bilateral contracts, he stated that due to high demand, there is pro rata allocation of energy among the DISCOMS which creates uncertainty in the fulfillment of demand. Therefore, even after putting price cap, it is observed that transaction on bilateral contract, which assured fulfillment of demand, has increased substantially. Further, bilateral contracts are being settled above Rs. 12 per unit as price cap is not applicable to bilateral and term ahead contracts.

Sh. Behera assured the participants that with a better tool set of products and easing of currently felt high demand and less supply trading on exchanges would be beneficial to all stakeholders.

5.2. Item No. 2: Long Term Renewable Energy (RE) Procurement Planning – Implication on power procurement cost for accommodating RE within existing contracts and as per the load curve.

5.2.1. Shri. Vijay Singhal, CMD, MSEDCL shared the long-term procurement planning from RE sources in order to fulfill the target of 50 % of RE by 2030. He shared the comparative cost data per unit of thermal power and that of RE power over the years up to 2030 which showed that the cost of thermal power would be increasing while cost of RE power would be showing a reducing trend.

In reply to query of Shri Mukesh Khullar, Member MERC about hidden cost of integrating RE power into grid and flight of big consumers from the grid by utilizing their own cheaper captive RE power, he assured to relook into the demand projections and also factoring the other associated costs for absorbing RE Power.

Shri Sanjay Khandare, CMD, MSPGCL stated that the policy of bundling solar power with thermal power from coal generating plants could address some of the grid integration issues of solar power. He opined that target for solar energy would therefore need to be tweaked for sustainable grid operations with higher proportion of RE power.

5.2.2. Shri. N. N. Choughule from BEST shared their long-term procurement planning from RE sources. He stated that BEST has achieved RPO targets specified by the Commission up to FY 2019-20 and has further tied up 400 MW hybrid solar wind power from SECI. Power from this Power Purchase Agreement (PPA) is expected to flow from FY 2023-24. Further as directed by the Commission in Case No 46 of 2022, BEST will review its power procurement planning in a holistic manner so as to source cheapest available power to meet load requirement of its consumers.

5.2.3. Dr. Nilesh Kane from TPC-D shared their long-term procurement planning from RE sources. TPC-D shared the estimated energy mix up to 2029 showing increasing portion of RE power through hybrid mode. TPC-D highlighted challenges in sourcing and absorbing RE power such as by avoiding stranded surplus thermal energy, transmission constraints, tying up with flexible firm sources to balance intermittency of RE power, economically meeting RPO targets and emerging options of Battery storage.

5.2.4. Shri. Abaji Naralkar from AEML-D shared their long-term procurement planning from RE sources and stated that AEML has envisaged increasing portion of RE power upto 60% in the total demand by FY 2026-27. He highlighted challenges such as transmission constraints, large variation in RE generation, frequent revision by RE generators requiring frequent ramp up of thermal stations etc. AEML suggested to give flexibility to DISCOMs to choose RE power as per its demand pattern, Time of Day (ToD) tariff should be flexible to induce load shift from consumers, incentivizing thermal plants by high ramp rate, capacity addition of transmission system and managing flexibility through battery or pump storage.

In reply to query of Shri Mukesh Khullar, Member MERC about how smart meters already installed could be used for demand aggregation before suggesting ToD flexibility, Shri. Kandrap Patel, CEO, AEML informed that AEML has started procuring smart meters after complying with all technical requirements and has started deploying the same in the East Division. Till date AEML has installed one lakh meters. Shri Sanjay Banga TPC-D also stated that it has also started deploying smart meters in its network and that it would be possible to switch loads based on the consumption data of installed smart meters.

6. Considering issues raised during the meeting, the Commission directed STU to submit a plan of action to address issues of transmission constraints which have already been flagged by the Secretary and which were also reiterated by distribution companies during this meeting.
7. Dr Sanjay Mukherjee, VC&MD, CIDCO stated that various residential projects are in the pipeline in Navi Mumbai, but these are not considered by Distribution Licensees for making their demand projections or infrastructure plan. Town planning bodies are working in their respective areas and that CIDCO could include STU while preparing its plans to ensure that electricity infrastructure gets built simultaneously.
8. Chairperson MERC expressed the need for co-ordination among various town planning bodies such as MIDC, MMRDA CIDCO by including the power utilities in their planning process for load projections and timely augmentation of the power structure. Such committee can resolve issues of RoW and rationalize reinstatement charges. Accordingly, Chairperson MERC suggested that a Committee consisting of heads of planning authorities such as MIDC, CIDCO, MMRDA, MSRDC and Licensees may be formed which could be headed by Senior most officer among these agencies. This committee may devise methodology for sharing details of proposed development plan to Distribution Licensee and also devise methodology for speedy approval of RoW, rationalization of reinstatement charges and any other related issue to city planning requirement. State Advisory Committee may be kept in loop with periodic updates during its scheduled meetings.

9. Chairperson MERC also expressed need to include Electricity Ombudsman as a special invitee to represent the consumers based on frequent grievances received by Consumer Grievance Redressal Fora as feedback to enacted Regulations.
10. Dr. Sanjay Dambhare from College of Engineering Pune (COEP) emphasized the need for involvement and proactive participation of students at the planning stage. Results in the past for such involvement are very encouraging for finding innovative solutions. Chairman MERC seconded this suggestion and said that providing internship to students could be another way to harness their creativity to chronic issues faced by utilities.
11. Sanjay Banga, TPC-D stated that TPC-D in association with World Bank is carrying out the Study on battery storage from the point of view of grid stability and the report will be shared with the Committee as and when available. Chairman MERC welcomed this input and said that it could be an agenda item for the next advisory committee meeting.
12. Shri Mukesh Khullar, Member, MERC summing up the deliberations said that the reconstituted Committee is meeting after a prolonged gap largely due to covid pandemic in the past two years. Considering the participation from diversified ancillary fields to power sector a good platform is available to share ground level difficulties and possible ways to address them. He said that the Commission would like to base the discussion in every meeting of the committee on one particular theme to bring more focus within limited time. He asked participants to suggest themes so that the same could be planned for discussions.
13. Chairman MERC thanked the participants for their inputs and exhorted them to productively use the Committee meetings to improve the power sector deliverables.
14. It was decided that SAC will preferably meet once in a quarter. Meeting ended with the vote of thanks from Secretary MERC.

List of Members and Special Invitees participated in SAC Meeting held on 27 April 2022:

1. Shri. Sanjay Kumar, Chairperson, MERC
2. Shri. Mukesh Khullar, Member, MERC
3. Shri. I. M. Bohari, Member, MERC
4. Shri. Abhijit Deshpande, Secretary, MERC
5. Shri. Vijay Waghmare, Secretary, Food, Civil Supplies & Consumer Protections, GoM
6. Dr Sanjay Mukherjee, VC&MD, CIDCO Shri. Vijay Singhal, CMD, MSEDCL
7. Shri. Sanjay Khandare, CMD, MSPGCL
8. Shri. Lokesh Chandra, GM, BEST undertaking

9. Shri. Vijay Singhal, CMD, MSEDCL
10. Shri. Ravindra Jagtap, DG, MEDA
11. Shri. Suresh Jadhav, Commissioner of Labour, GoM
12. Dr. Sanjay Dambhare, HoD, Electrical Dept, College of Engineering, Pune
13. Shri. Kandrap Patel, CEO, AEML
14. Shri. Sanjay Banga, Head Mumbai, TPC
15. Shri. Jogendra Behara, IEX
16. Shri. S. R. Patil, Commissionerate of Agriculture, GoM
17. Shri. Sanjay Korabhu, Directorate of Industries, GoM
18. Shri. Anil Kolap, Director (Operations), MSETCL
19. Shri. Abaji Naralkar, AEML
20. Shri. N. N. Chougule, BEST Undertaking
21. Dr. Nilesh Kane, TPC