

**MAHARASHTRA ELECTRICITY REGULATORY COMMISSION**  
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**In the matter of**

**Removal of Difficulty in Implementation of Commercial Arrangement under  
MERC (Deviation Settlement Mechanism and related matters) Regulations, 2019**

**Order**

**Date: 28 October, 2020**

1. In accordance with the first proviso of Regulation 1(2) of MERC (Deviation Settlement Mechanism and related matters) Regulations, 2019, notified on 1 March, 2019, the Commission is required to notify separately through an Order, the date for bringing into force the Commercial Arrangements specified under Clause (9) and (10) of these Regulations and the related provisions regarding Deviation Charges, Additional Charge for Deviation and penal actions. Such date for coming into effect of Commercial Arrangement was decided not to be later than 1 April 2020.
2. In order to facilitate, guide the implementation, address difficulties, if any, and to monitor progress of several implementation activities related to DSM Regulations, the Commission constituted a Working Group on 7 January 2019.
3. On 6 March, 2020, the Commission reviewed the progress achieved on the preparatory activities and observed that various software modules such as Scheduling, Meter Data Management and DSM Settlement and Accounting were still under development. In view of the various pending preparatory activities and also in view of the subsequent outbreak of COVID-19 epidemic in the month of March, 2020, the Commission, vide its Order dated 28 April, 2020 notified that the date for coming into force of Commercial Arrangement of these Regulations shall be 1 June 2020 (Monday) or such other date as may be notified by the Commission depending upon review of the status by the Commission.
4. Further review was taken by the Commission on 24 May 2020 on the preparedness of commencement of the commercial operations of DSM Regulations w.e.f. 1 June 2020 and it was noticed that although there was progress achieved in DSM software development, registration of entities etc., there was a felt need to provide certain period for further activities such as trial run operations of the newly developed software and new mechanism, validation of trial run results etc., It was felt that it would not be possible to commence the

commercial mechanism of DSM Regulations from 1 June, 2020. Also, SLDC, vide its email dated 5 June 2020 informed that integration of different core modules of DSM software was yet to be completed and the other non-core modules were also not ready. The Commission acknowledging the need to provide certain period for further activities such as trial run operations of the newly developed software and mechanism, validation of trial run results and taking corrective actions arising therefrom, planning and implementing transition from existing FBSM settlement mechanism to DSM mechanism etc., deemed it appropriate to extend the commercial implementation of DSM Regulations till 5 October, 2020.

5. On 22 June, 2020, integrated testing of software (including shifting of application from development server to production server) was completed and trial run got commenced from 00.00 Hrs of 24th June 2020.
6. Subsequently, vide letter dated 25 September, 2020, MSLDC has conveyed the present status of development of DSM software to the Commission informing the following:
  - i. Web Portal for Meter data uploading and core modules such as State Entity Registration, Meter Data Management, Deviation Settlement Module are completed.
  - ii. Scheduling module is still incomplete with many issues identified during the trial run initiated on 24 June 2020 are yet to be resolved by the Software Developer M/s. PWC. Other non-core modules are also only partially completed by M/s. PWC.
  - iii. A meeting dated 23 September 2020 was held to review the progress of DSM software implementation, which was chaired by Chairman and Managing Director, MSETCL. During this meeting, M/s. PWC committed to rectify all the issues in DSM software modules on the Test Server by 24 September 2020.
  - iv. The stakeholders such as MSEDCL, TPC, BEST, AEML etc. raised their concerns regarding non-verification of various scenarios, during trial run initiated on 24 June 2020, due to issues in DSM software and they sought further trial run period after resolution of all issues in the DSM software modules by M/s. PWC.
7. Vide aforesaid letter, it has been assessed that the timelines of 5 October 2020 for implementation of DSM Regulations is difficult to achieve and the Commission has been requested to grant additional time of three months i.e. upto 31 December 2020 for resolving the pending issues in DSM Software modules, further testing and additional trial run period after resolution of all pending issues by M/s. PWC.
8. Considering the present status of DSM Software development as informed vide letter dated 25 September 2020, the Commission acknowledges the fact that several issues identified during the trial run operations initiated on 24 June 2020 are yet to be addressed by M/s. PWC and therefore the Commercial Arrangement of these Regulations could not commence from 5 October 2020 as envisaged in the Commission's Order dated 5 June 2020. While the corrective actions in the DSM Software modules would be undertaken by M/s. PWC, the updated module/ software would need to be tested by MSLDC before commencement of trial run and commercial operation of these Regulations.

9. In view of the above, in exercise of the power conferred by Regulation 19 and in pursuance of first proviso of Regulation 1(2) of the MERC (Deviation Settlement Mechanism and related matters) Regulations, 2019, it is notified that the date for coming into force of Commercial Arrangement of these Regulations shall be 28 December, 2020 (Monday) or such other date as may be notified by the Commission depending upon review of the status by the Commission at an appropriate stage.
10. Till such time these notifications come into force, the existing provisions relating to payment of Energy Charges based on actual generation under MYT Regulations 2015 and Energy Accounting framework of Final Balancing and Settlement Mechanism (FBSM) under relevant Orders of the Commission shall be continued.

**Sd/-**  
**(Mukesh Khullar)**  
**Member**

**Sd/-**  
**(I. M. Bohari)**  
**Member**

