

**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: 5 June, 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 the date separately through Order 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. Subsequently, a review was taken by the Commission on the preparedness of commencement of the commercial operations of DSM Regulations and it was noticed that although there was progress achieved in DSM software development, registration of entities etc., there was felt a 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.

5. Further, Maharashtra State Load Despatch Centre (MSLDC) which is the implementation agency for implementation of DSM Regulations and also a member of the Working Group, vide its email dated 5 June, 2020, informed that following activities are yet to be completed:
  - i. Integration between different core modules such as Scheduling Module, DSM module, State Entity Registration Module, Fees and Charges Module
  - ii. Incorporation of comments/suggestions received from stakeholders such as Maharashtra State Electricity Distribution Co. Ltd., Tata Power Co. Ltd., Maharashtra State Power Generation Co. Ltd., Adani Electricity Mumbai Ltd. etc. during and after the Demonstration Session dated 7 May, 2020 held on the Scheduling Module.
  - iii. Joint integrated testing of DSM software
  - iv. Completion of other non-core modules
  - v. Registration by the entities which are yet to complete the registration process under DSM Regulations
6. MSLDC further stated that although significant progress had been made inspite of present challenging situation such as nationwide lockdown on account of COVID-19 pandemic and Amphan Cyclone, there has been an impact on the intended progress of the software development and joint testing activities.
7. MSLDC has assessed that the pending activities shall be completed by 15 June, 2020 and it has requested the Commission to grant additional time of four Months for trial period of DSM Software before starting commercial operation.
8. The Commission is aware that due to prevailing COVID-19 pandemic, as per the guidelines issued by the Central Government and the State Government of Maharashtra, certain restrictions imposed on the movement of general public are still being continued till 30<sup>th</sup> June 2020. Further, SLDC has conveyed the present status of DSM software development according to which the pending activities for DSM implementation would be completed by 15 June, 2020. The Commission also acknowledges 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.,
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 5 October, 2020

(Monday) or such other date as may be notified by the Commission depending upon periodic reviews of the status by the Commission at appropriate stages.

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**

