

**Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
World Trade Centre, Centre No.1, 13th Floor, Cuffe Parade, Mumbai 400005
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Case No. 72 of 2016

Dated: 16 May, 2017

**CORAM: Shri. Azeez M. Khan, Member
Shri. Deepak Lad, Member**

In the matter of Petition filed by Reliance Infrastructure Limited (Distribution) for determination of Standby Charges payable by RInfra-D Infrastructure Limited to Maharashtra State Electricity Distribution Company Limited.

Reliance Infrastructure Limited (Distribution) (RInfra-D)Petitioner
Maharashtra State Electricity Distribution Company Ltd. (MSEDCL)	...Respondent No. 1
The Tata Power Company Limited (TPC-D)	...Respondent No. 2
BEST Undertaking (BEST)	...Respondent No. 3

Appearance:

Representative for RInfra-D:	Smt. Anjali Chandurkar (Rep.)
Representative for TPC-D:	Shri. S.V.Doijode (Adv.)
Representative for MSEDCL:	Ms. Kavita K Gharat (Rep.)
Representative for BEST:	Shri. S.S. Jadhav (Rep.)
Consumer Representative:	Shri.Ashok Pendse, TBIA

Daily Order

Heard the Representatives of the Petitioner and the Respondents.

Advocate of RInfra-D stated that it has filed the Petition in accordance with APTEL decision in its Judgment dated 8 April, 2015 in Appeal No. 160 of 2012. The issue of Standby Charges for the past period, i.e., from 1.04.1999 to 31.03.2004 and its decision, is not of concern at present as the matter is pending before Supreme Court and was based on the Generation Units.

Thereafter, the Commission changed its methodology of Standby Charges through its Order dated 3 October, 2016 in Case No. 12 of 2005 and 56 of 2005, while determining the ARR for FY 2005-06 and Tariff for FY 2006-07 for TPC-D. In that Order, the Commission has allocated the total Standby Charges payable to MSEDCL in proportion to average Non Coincident Peak Demand (NCPD).

From April 2011, TPC had stopped supplying power to RInfra-D, and thereafter it is procuring power from alternate sources. RInfra-D stated that, from 1 October, 2006 onwards, the Commission has changed the principle of determining Standby Charges from NCPD to Coincident Peak Demand (CPD) through Order dated 15 June, 2009 in Case No. 121 of 2008. From 2013, it is allocating the Standby Charges based on the average of CPD and NCPD through Order dated 22 August, 2013 in Case No.9 of 2013. RInfra-D stated that the present Petition pertains to 1 April, 2016 onwards, where the Commission has determined the Standby Charges. As per its understanding of Standby Charges, MSEDCL is required to provide standby support upto 500 MW in case of failure/outage of Mumbai embedded generation of 1877 MW of TPC-G and/or 500 MW of Dahanu Thermal Power Station (DTPS) totaling 2377 MW. Therefore, the Standby Charges should be allocated based on the contracted capacity from embedded generation in Mumbai and not from the Average of NCPD and CPD. RInfra-D stated that its demand is met by DTPS to a certain extent, while the rest of the power is procured through another long-term source, Vidarbha Industries Power Ltd. (VIPL) and short-term sources. Alternatively, RInfra-D has sought that MSEDCL should provide the standby support to meet the demand of Mumbai Distribution Licensees irrespective of which generating source is under outage, and irrespective of its tie-up with Mumbai Licensees.

The Commission observed that, in case of outage of a generation Unit in embedded generation, MSEDCL has provided standby support to Mumbai Discoms so as to avoid load shedding in Mumbai.

RInfra-D stated that TPC-D in its Reply has also submitted that standby is for Distribution Licensee's requirement and has no linkage with contracted generation capacity. RInfra-D stated that, if it is based on the Distribution Licensee's requirement, then standby support by MSEDCL should also be provided in case VIPL is under outage/failure to the extent of 500 MW. RInfra-D also stated that MSEDCL in its Reply had mentioned about increasing the standby support to Mumbai Utilities from 500 MW to 1100 MW along with increase in charges and revision of Standby Charges.

TPC-D responded that it is considering the fact that standby support is for Mumbai Distribution Licensees irrespective of contracted generation capacity. The amount of Standby Charges to be levied based on the contracted capacities is not relevant.

TPC-D stated that standby support had been related to embedded generation of Distribution Licensees and its ARR was also based on that arrangement. After the Commission's Order dated 3rd October, 2006, the previous arrangement for Standby Charges was discontinued. In

Case No. 12 of 2005 and 56 of 2005 dated 3 October, 2006, the Commission had stated that, in view of the changed industry structure, the three Distribution Licensees should contribute to Standby Charges as per the Commission's methodology based on NCPD. TPC-D stated that RInfra-D is referring to the old methodology of generation based sharing of Standby Charges. It stated that standby is provided to meet the requirements of the Mumbai Distribution System. The Commission had directed MSEDCL to execute legally valid and binding contracts with TPC-D, RInfra-D and BEST with regard to standby arrangements, but till now this has not been done due to certain legal and other differences.

TPC-D stated that, in Tariff Order dated 29 September, 2006 in Case No. 31 of 2006, the Commission has explained the methodology for determining the gross energy drawal by each TSU (or Distribution Licensee) their calculation of overdrawal and underdrawal by various TSU's shall be settled on basis of weighted average system marginal price for the month and shall be paid by the overdrawing TSU to the under-drawing TSU. Thus, there is no requirement for execution of any agreement. TPC also stated that MSEDCL is not maintaining any generating capacity as an online spinning reserve for meeting the standby requirement of Mumbai Licensees.

TPC-D also referred to the Commission's Order in Case No. 126 of 2012 dated 30 August, 2013, in which it is noted that, under the existing arrangement, Mumbai Distribution Licensees have a standby arrangement with MSEDCL upto 500 MW for supply of power in case of outage or tripping of any of the contracted Generating Units. The Commission further noted that, as per the existing arrangement, MSEDCL is giving standby support of 500 MW irrespective of which Distribution Licensee avails it.

The Commission asked whether the standby arrangement for consumers of Mumbai was linked with embedded generating units or to meet the demand of the consumers of Mumbai.

TPC-D agreed with the Commission's above point and stated that the standby arrangement was for Mumbai consumers' demand. The contention of RInfra-D that standby is linked to embedded Generating Units of Distribution Licensees is not correct. MSEDCL stated that it would continue with the current standby arrangement, and any increase in the quantum of standby power needs to be followed by revision in Standby Charges. MSEDCL further stated that, in real time, standby support is upto 500 MW, and as regards making it applicable for failure of VIPL, it would file its response.

BEST stated that the standby arrangement by MSEDCL should be extended to cover any Generating Unit contracted by the Mumbai Licensee irrespective of its geographical location, and that it should be on the demand of the Distribution Licensee and not limited to embedded generation.

The Commission asked BEST regarding the mechanism of sharing of Standby Charges when there is a major -breakdown exceeding 500MW in Mumbai generation. BEST replied that, in

that case, the Standby Charges must be shared based on the demand of each Distribution Licensee.

Dr. Ashok Pendse for TBIA (Consumer Representative) stated that if, for instance, embedded generation is 800 MW and another 500 MW is sourced through competitive bidding process from another State and that Generator fails to deliver power, standby support needs to be provided by MSEDCL.

RInfra-D stated that MSEDCL in its Reply has mentioned that standby support is for shortfall of power availability from Mumbai based generation of 2377 MW (1877 MW (TPC) + 500 MW (RInfra-D) and not for any other generation contracted by Mumbai Distribution Licensees. MSEDCL suggested including VIPL under the standby arrangement if the Charges are revised. RInfra-D stated that standby support is required for continuous power supply to meet the demand of the Mumbai area, and if MSEDCL clarifies that VIPL as a generator is also part of the standby support to be provided by MSEDCL limited to 500 MW, then there would not be any requirement for changing the present methodology of Standby Charges.

The Commission directed MSEDCL to submit its say within a week.

The Case is reserved for Order.

Sd/-
(Deepak Lad)
Member

Sd/-
(Azeez M. Khan)
Member