

**Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
World Trade Centre, Centre No.1, 13th Floor, Cuffe Parade, Mumbai 400005
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Case No. 53 of 2017

Dated: 16 May, 2017

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

In the matter of Petition seeking review of the existing Standby Arrangement provided by MSEDCL to the Mumbai Distribution area.

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

Appearance:

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

Daily Order

Heard the Representatives of the Petitioner and the Respondents.

TPC-D stated that there is a standby arrangement for meeting the demand of Mumbai Licensees in the event of any shortage in Mumbai embedded generation. This standby support is provided by MSEDCL, and Mumbai Licensees pay an amount of Rs. 396 crore to MSEDCL. The share of each Mumbai Distribution Licensee is decided by the Commission. The present Petition is for review of the necessity for catering this Arrangement. Moreover,

OA and CPP consumers as well as deemed Distribution Licensees are not contributing to standby charges.

In support of its prayer, TPC-D set out the following changed circumstances.

1. For a long time now, only on a few occasions standby support been availed by Mumbai Licensees, in spite of which Mumbai consumers have to bear heavy standby charges.
2. Cheap power is available in the market, which can be sourced as standby.
3. UI Margin of 250 MW is available in the system through Deviation Settlement Mechanism
4. Short term power is a available through Power Exchanges at competitive rates
5. Introduction of new Distribution Licensees, i.e., Indian Railways and SEZs
6. Consumers opting for partial Open Access and also through CPP route
7. Changes in Mumbai Demand scenario

TPC-D further stated that this Standby Arrangement was put in place considering the power deficit situation in Mumbai. Mechanisms for sourcing power from Generators other than tied up capacities were not established at that time, and ABT & FBSM mechanisms had not developed as a mechanism for ensuring discipline for drawal from the Grid. Open Access and Captive generation were new concepts introduced in the Electricity Act, 2003. Now, the power scenario in Maharashtra has moved from shortage to surplus. There is no requirement of load shedding due to power shortage. The peak surplus power in Western Region was to the extend of 5,279 MW in FY 2016-17. Further, with operationalisation of short term power through Power Exchanges, Discoms and other stakeholders in Mumbai can exercise the option for short term power procurement from the market at competitive rates instead of the existing Standby Arrangement, and alternate arrangements are possible under FBSM. In the last three years, there were rare occurrences in the Mumbai system. During FY 2015-16, the existing Standby Arrangement was not utilized at all, while in FY 2016-17, there was only one instance when it was invoked and the quantum of energy consumed was only 0.36 MU. Introduction of Merit Order Despatch (MoD) has also facilitated economic despatch of available power at the State level. Over drawal by Distribution Licensees has reduced, which has resulted in better intra-State Grid discipline.

The Commission observed that above methods entail source risk, and should be confirmed with MSEDCL and other Distribution Licensees before they are adopted. The Commission also observed that, due to Standby Arrangement up to 500 MW, consumers are protected to a certain extent in a case of failure or outage of Generating Units. The Commission asked TPC-D to show the concrete alternative arrangement possible, with supporting documents and practical solutions, in case standby power is not required by them. The Commission also noted that the Standby Arrangement is continuing since 1964 and the Government was a party to it. In case it is not required in the existing scenario, all the Distribution Licensees and the views of Government should sought on it. Mumbai Discoms should also propose a

mechanism to cater to the demand of Mumbai consumers in case the present Standby Arrangement is discontinued.

The Commission asked TPD-D

1. Whether it requires standby support or not and how, with the FBSM, the continuous power could be supplied to Mumbai without the present Standby Arrangement.
2. Details of the partial OA consumers and Group Captive consumers in the Mumbai Distribution area.
3. Why TPC-D has not impleaded Indian Railways, Open Access consumers and Captive consumers as Respondents.
4. The logic behind considering partial Open Access consumers.

TPC-D stated that the partial Open Access consumers are not paying the actual Fixed cost of TPC-D, as the present Fixed Charges do not provide full recovery of fixed cost.

Dr. Ashok Pendse, Thane Belapur Industries Association (TBIA), a Consumer Representative stated that Standby Arrangement is in place since 1964 and is a requirement for all the Distribution Licensees of Mumbai. He also stated that FBSM is a settlement mechanism and could not be a source of generation for standby support.

The Commission directs TPC-D to response on alternative mechanism which would serve the same objective as the present standby arrangement. The Commission directed TPC-D to implead Indian Railways, Open Access consumers, and Captive consumers and serve the Petition and other submissions so that they can also respond. The Commission gave Respondents 15 days to respond thereafter.

The next date of hearing will be communicated to the parties by the Secretariat of the Commission.

Sd/-
(Deepak Lad)
Member

Sd/-
(Azeez M. Khan)
Member