

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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Case No. 111 of 2017

Dated: 20 December, 2017

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

In the matter of

Petition of Maharashtra State Distribution Company Limited to regulate purchase and procurement process of Distribution Licences, including the price at which electricity shall be procured from the Generating companies or from other sources through agreements for purchase of power for distribution and supply within the State

Maharashtra State Distribution Company Limited(MSEDCL) Petitioner

Maharashtra State Power Generation Co. Ltd. (MSPGCL)	: Impleaded Respondent No.1
National Thermal Power Corporation (NTPC)	: Impleaded Respondent No.2
Adani Power Maharashtra Ltd. (APML)	: Impleaded Respondent No.3
GMR Energy Limited	: Impleaded Respondent No.4
JSW Energy Ltd.	: Impleaded Respondent No.5
RattanIndia Power Ltd. (RPL)	: Impleaded Respondent No.6
BEST Undertaking	: Impleaded Respondent No.7
Tata Power Company Ltd - Distribution Business	: Impleaded Respondent No.8
Reliance Infrastructure Ltd. Distribution Business	: Impleaded Respondent No.9

Representative of the Petitioner Shri Paresh Bhagwat

Representative of the Respondent No.1 Shri S.B. Soni (Rep.)
Representative of the Respondent No.3 Ms. Deepa Chawan (Adv.)
Representative of the Respondent No.5 Shri Tushar Borse (Rep.)

Authorized Consumer Representative Shri Ashok Pendse, TBIA

Daily Order

Heard the Advocates/representatives of the Petitioner, Respondents and Authorised Consumer Representative

1. Submission of MSEDCL Representative:
 - a. As directed by the Commission vide its Daily Order dated 5 October, 2017, MSEDCL has impleaded and served copies of the Petition to the all Contracted Generating Companies and other Distribution Licensees on 25 October, 2017.
 - b. MSEDCL reiterated the submission in its Petition to amend Regulations 44 and 48 of MYT Regulations, 2015 and Intra State ABT Order and FBSM Code. MSEDCL had already raised certain issues with respect to Generating Companies forming a part of State Pool. It was informed that the Commission has separately initiated the process of reviewing its ABT Order.
 - c. Presently, the Availability of Generators is cumulatively calculated on annual basis. Therefore, the Distribution Licensees may not be able to get power in peak season if the Generator does not declare its Availability during that period on account of various reasons, which may not be realistic. The Regulations provide for recovery of Annual Fixed Cost (AFC) at Target Availability on monthly basis in proportion to Contracted Capacity and based on the cumulative Availability achieved with respect to the Target Availability, till the respective month in the Year, subject to adjustment at the end of the year. Therefore, due to monthly cumulative adjustment, the Generating Companies are able to get benefits by declaring higher Availability during low peak demand months. Hence, MSEDCL proposes that Availability of Generators be specified on a monthly instead of annual basis by suitably amending the Regulations. This will not only ensure consistent monthly Availability from the thermal Generating Stations but will also help in power purchase planning.
2. The Commission enquired whether MSEDCL had a system in place to check the coal available with the Generator, the quantity indented both for Generation and for stocking as per the norms and whether MSEDCL monitors indenting of sufficient coal for stocking during the lean period so as to minimize any shortage of coal during peak periods. In absence of such monitoring system, MSEDCL may end up having to buy power from short term market and still pay capacity charges to the Generators.
3. Representative of MSPGCL stated that:
 - a. MSEDCL has submitted the data of new Units for FY 2016-17, which have only recently achieved COD and were under the stabilisation period.
 - b. Regulation 51 of the MYT Regulations, 2015 provides a safeguard with regard to demonstration of declared capacity.
 - c. Hydro Power Stations, mainly Koyna Station, is generally used for summer peak demand. However, during FY 2016-17, Koyna Units were hectically used during

November to February, keeping many coal based Units under reserve shutdown/backed down, and hence the allotted water quantum of 67.5 TMC got exhausted by the first week of May, 2017. Consequently, there were restrictions on usage of this crucial support during the peak summer period. Had Koyna Hydro Station been judiciously used during the earlier period, it could have helped MSEDCL during the summer peak. During this period, the Chandrapur Station, which is the lowest in Merit Order Dispatch, was also backed down while the Koyna Hydro Station was used.

4. MSEDCL stated that the Koyna Hydro Station was used during November to February because there were frequent trippings of the new Units of MSPGCL. The capacity of each new Unit is 660 MW, and sudden tripping of 660 MW Unit resulted in the significant loss of generation. Therefore to compensate such gap within a short span, MSEDCL was forced to use the Koyna Hydro Station.
5. Representative of APML stated that:
 - a. MSEDCL vide its letter dated 8 September, 2016 sought 100% Availability of its Units 1 to 5 for next three months to meet its enhanced demand. Accordingly, APML provided the entire 1320 MW capacity for September, October and November, 2016, and the Availability was to the extent of 99.04%, 99.75% and 94.57%, much higher than 85%.
 - b. Certain essential mandatory annual maintenance activities are to be undertaken by Generators. Therefore, there is a 15% cushion for undertaking such activities to ensure the health of the plant.
 - c. MSEDCL is seeking amendment of the MYT Regulations, which have been recently notified after due public process and MSEDCL would also have given its comments during that process. Hence, there is no propriety in seeking amendment at this stage.
6. Representative of JSW stated that, although it has not given any written response, it supports to APML's submission. It is supplying power to MSEDCL as per the PPA. The PPA clearly deals with the issues raised by the MSEDCL, and no modification is required.
7. Dr. Ashok Pendse, on behalf of Thane Belapur Industries Association (TBIA), an authorized Consumer Representative, stated that the data of coal supplied by Coal India Limited is available in the public domain. However, MSEDCL has to monitor the coal stock with the Generating Companies. This will ensure the predictability of the Generation for that particular month. Further, it is observed that Generating Companies have not picked up the coal in months of January, February and March, 2016.

8. The Commission observes that it is necessary to put in place a system for monitoring not only the coal stocks available with the Generators and the shortage or otherwise of coal to be supplied by CIL, but also if indenting for coal has been undertaken diligently by the Generators in lean periods so that sufficient stock is available for periods of high power demand and /or when there is a shortfall in coal supply by CIL. MSEDCL should inform the Commission of the actual or proposed monitoring system in 2 weeks.
9. The Commission observes that there is certain logic and reason for Generation Availability being calculated on an annual basis, and is a standard practice. If MSEDCL still feels that this needs to be looked at afresh, it may also take up the issue with the Central Electricity Authority. Further, the Regulations and PPAs provide for demonstration of Availability of Generating Units. This provision can be invoked by MSEDCL whenever it considers necessary.

Case is reserved for Order

**Sd/-
(Deepak Lad)
Member**

**Sd/-
(Azeez M. Khan)
Member**