

**Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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CASE No. 151 of 2017

Dated: 3 January, 2018

CORAM: Shri Anand B. Kulkarni, Chairperson

**In the matter of
Petition of Maharashtra State Power Generation Co. Ltd. for removal of difficulties in
the matter of coal shortage and its adverse impact on its Generating Stations**

Maharashtra State Power Generation Co. Ltd. (MSPGCL) : Petitioner

Appearance

Representative of the Petitioner : Shri Bipin Shrimali, MD, MSPGCL
Shri S.B. Soni (Rep.)

Institutional Consumer Representative: : Dr. Ashok Pendse, TBIA
Smt Ashwini Chitnis, Prayas Energy Group

Daily Order

Heard the Representatives of the Petitioner and Institutional Consumer Representatives.

1. MSPGCL made a presentation wherein it essentially reiterated its issues as made out in its Petition. MSPGCL stated that:
 - i. There is substantial reduction in the quantity of coal supplied by the Coal India Limited since June, 2017 thereby affecting the availability of its Generating Units.
 - ii. The coal stock position at its Generating plants for December, 2017 was critical as compared to that in December, 2016 and December, 2015.
 - iii. On account of coal shortage, MSPGCL has not been able to declare the availability of its Generating Units close to the normative availability. There is a

loss of availability of 11.31% and loss of generation of 3,531.23 MUs for the period from 1 April, 2017 to 30 September, 2017. Such loss of availability should be treated as deemed availability for the purpose of recovery of Annual Fixed Charges as coal supply by the Coal India Limited is beyond MSPGCL's control.

- iv. Follow-up was made with the authorities such as Coal India Ltd., Ministry of Coal, Central Electricity Authority, Railways etc. However, MSPGCL is yet to see its impact on the actual materialization.
 - v. To mitigate the coal shortage issue, MSPGCL has signed the MoUs even on the cost plus basis.
 - vi. Similar coal shortage was faced by other Independent Power Producers (IPPs) and by the Generating Companies in other states.
 - vii. There was a provision in the MERC (Multi Year Tariff) Regulations, 2011 whereby the Generating Company could declare different availability during peak and off-peak hours which incentivized the Generating Company to generate more power during the peak hours. There is no such provision in new MERC (Multi Year Tariff) Regulations, 2015. The Commission is requested to reinstate the above provision in MYT Regulations, 2015.
2. To a query of the Commission regarding present coal availability, MSPGCL stated that the coal stock at its Generating Stations has improved, but the demand is likely to increase in near future and therefore the coal availability will be an issue for near future as well.
 3. Smt Ashwini Chitnis, on behalf of Prayas Energy Group, an Institutional Consumer Representative stated that:
 - i. The context under which the provision of differential availability declaration was made in the MYT Regulations, 2011 was different. Now, coal production by Coal India Limited has improved as compared to coal production prevailing at that time. The Generating Companies have been given flexibility in utilization of domestic coal. Considering the MSPGCL's capacity of around 4500 MW under economic and/or reserve shut down, MSPGCL could have diverted the coal allocated for the backed down plants to its operating stations to mitigate the coal shortage issue.
 - ii. In view of above, there is no need to amend the MERC (MYT) Regulations, 2015 which will unnecessarily put additional burden on the consumers.
 4. Dr. Ashok Pendse, on behalf of Thane Belapur Industries Association (TBIA), an Institutional Consumer Representative, made a presentation highlighting the generation from the Koradi, Chandrapur and Khaparkheda plants against the coal purchased by MSPGCL for these plants. Dr. Ashok Pendse stated that:
 - i. In January and February, 2017, no coal was purchased by MSPGCL and still MSPGCL managed to generate required generation, possibly because it had

ensured sufficient coal stock. Till September, 2017, the generation from these plants was in line with the coal purchased by MSPGCL. However, thereafter there is reduction in generation from these plants.

- ii. If the present Petition is allowed, the identical treatment would require to be given to other IPPs which have power purchase agreements with MSEDCL and there will be an additional burden on the consumers.
5. Representative of MSEDCL requested its impleadment in the matter stating that it is an affected party. The Commission accepted the impleadment request of MSEDCL.
6. MSPGCL is directed to serve copy of the Petition to MSEDCL, which shall file its reply on the Petition within a week. MSPGCL may file its rejoinder, if any, within a week thereafter.

The Case is reserved for Order.

Sd/-
(Anand B. Kulkarni)
Chairperson