

**Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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CASE No. 154 of 2018

Dated: 19 June, 2018

**CORAM: Shri Anand B. Kulkarni, Chairperson
Shri Mukesh Khullar, Member**

**In the matter of
Petition filed by MSPGCL in compliance to the Order dated 27.03.2018 in Case No. 42
of 2017 and seeking removal of difficulties under the provisions of EA, 2003 and in the
matter of implementation activities related to the upcoming power projects for which
MSPGCL has signed PPA with MSEDCL**

Maharashtra State Power Generation Co. Ltd. (MSPGCL)
and
Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL)Petitioner

Appearance

Representative of the Petitioner	: Shri Vijay Rathod (MSPGCL) : Shri Satish Chavan (MSEDCL)
Institutional Consumer Representative	: Shri. Shantanu Dixit, Prayas Energy Group : Shri. Ashok Pendse, Thane Belapur Ind. Asso.

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:
 - a. It is assessing the feasibility of implementing 2X660 MW project at Umred instead of presently envisaged 1X800 MW. Therefore, requested to consider only the part related to Bhusawal Unit 6 (1X660). In regards to Umred it will submit separate Petition after feasibility study is completed.
 - b. In compliance with the directives given by the Commission in Case No. 42 of 2017, it has filed the present Petition with realistic assessment considering

Demand- Supply Scenario of MSEDCL over the next 5 -10 years taking into other PPAs, RPO obligations etc. Cost competitiveness of its stations vis-à-vis the other procurement portfolio of MSEDCL.

- c. The power from Bhusawal Unit 6 is proposed in FY 2023 with expected Variable Cost of Rs 2.47/kwh. This capacity addition is proposed against the already retired Bhusawal Unit 2 (1X 210MW) and expected to retire Units i.e. Nashik Unit 2 (1X210 MW), Bhusawal Unit 3 (1X 210MW) by April, 2019 and in FY 2022 respectively.
- d. MSPGCL has initiated the bidding process and issued the LOA to BHEL. Failure to provide Notice to proceed to BHEL will derail the entire process of development and may increase the prices in case the Project was pursued at the later stage.
- e. MSEDCL is buying power from short term market, which reached as high as Rs Rs. 11.50/Unit in May, 2018. Therefore the option of power through long term PPA at reasonable rates cannot be overlooked.

2. MSEDCL stated that:

It has given the in principle consent for Bhusawal Unit 6 (1 X 660MW), considering the replacement of older Units. For other Units it has not considered at this stage. It will submit its written submission with 8 days.

3. Dr. Pendse from TBIA an authorised Consumer Representative stated that:

- a. The present Petition should be filed by MSEDCL by considering the demand supply gap at present for the need for future. MSEDCL should approach the Commission instead of MSPGCL with full justifications based on its requirement.
- b. MSEDCL should explore the option of procurement under section 62 or 63 of the EA, 2003 depending upon their competitiveness.

4. Prayas Energy Group (PEG) an authorised Consumer Representative stated that:

- a. Bhusawal Unit 6 was approved by the Commission in 2011 when there was acute power shortage, at present we are in Power surplus situation. Implementation of this unit will cause undue financial burden by paying un necessary Annual Fixed Cost if the plant was required to be backed down due to lack of demand.
- b. The Commission's Order in Case No. 42 of 2017 states that, it needs a clear justification for capacity addition and even if the capacity addition is demonstrated it should be at competitive rates. MSPGCL in its Petition has mentioned only Variable

Cost of Rs 2.47/unit which is not the entire Tariff; it has not mentioned the Annual Fixed Cost, which will be liability for next 25 years.

- c. MSPGCL in its Petition has sought 'removal of difficulty', however there is no difficulty created by Order 42 of 2017. The Order provides actual frame work for approval of new project. Hence, MSPGCL has to seek approval for new project by filing a separate petition which covers the aspect of competitiveness.
 - d. MSPGCL has considered RE Policy of GOM till FY 2022, however it should consider it beyond FY 2022, as this project will have implication for next 25 years.
 - e. MSEDCL should also consider sales migration due to open access while computing the demand supply. The Petition does not cover what are the other option/avenues available to meet the demand supply gap.
 - f. The assessment should also include whether the requirement is to meet base load, intermittent load or peak demand. Since this approval will have long term financial implication i.e. for next 25 years, the Commission before granting approval of Bhusawal Unit 6, should direct MSPGCL to make assessment considering the above issues and as per the frame work given by the Commission in Order No. 42 of 2017.
 - g. PEG requested the Commission to allow to it submit any other additional submission within a weeks.
5. The Commission directs MSEDCL and PEG to file their replies on the Petition within a week with copies to the other parties. MSPGCL may file its rejoinder, if any, within a week thereafter.

The Case is reserved for Order.

Sd/-
(Mukesh Khullar)
Member

Sd/-
(Anand B. Kulkarni)
Chairperson