

**Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
World Trade Centre, Centre No.1, 13th Floor, Cuffe Parade, Mumbai 400005
Tel. 022 22163964/65/69 Fax 22163976
Email: mercindia@merc.gov.in
Website: www.merc.gov.in**

Date: 8 July 2020

**CORAM: I. M. Bohari, Member
Mukesh Khullar, Member**

Case No. 26 of 2020

Petition of Maharashtra State Cooperative Sugar Factories Federation Ltd. for increase the ceiling tariff of Rs 3.56/kWh kept by MSEDCL under tender no MSEDCL/RE/Bagasse/2019/75 Dated 27.12.2019 and to extend the bid submission date from 27.01.2020 by at least 2 month

Maharashtra State Cooperative Sugar Factories Federation Ltd.	: Petitioner
Maharashtra State Electricity Distribution Company Ltd.	: Respondent No.1
Department of Energy, Govt. of Maharashtra	: Respondent No.2
Maharashtra Energy Development Agency	: Impleaded Respondent

Case No. 27 of 2020

Petition of Cogeneration Association of India for increase the ceiling tariff of Rs 3.56/kWh kept by MSEDCL under tender no MSEDCL/RE/Bagasse/2019/75 Dated 27.12.2019 and to extend the bid submission date from 27.01.2020 by at least 2 month

Cogeneration Association of India	: Petitioner
Maharashtra State Electricity Distribution Company Ltd.	: Respondent No.1
Department of Energy, Govt. of Maharashtra	: Respondent No.2
Maharashtra Energy Development Agency	: Impleaded Respondent

Appearance:

Maharashtra State Cooperative Sugar Factories Federation Ltd.	: Shri. Sudeep R. Nargolkar (Adv.)
Cogeneration Association of India	: Shri. Sunil Natu (Adv.)
Maharashtra State Electricity Distribution Company Ltd.	: Shri. Shashwant Kumar(Adv.)
Department of Energy, Govt. of Maharashtra	: Nil
Maharashtra Energy Development Agency	: Shri J V Torne (Rep.)

Daily Order

Heard the Representatives of the Petitioners and Respondents. As both the Petitions are seeking identical relief in relation to the Bagasse based Co-generation plants whose 13 years EPAs with MSEDCL have expired, the Commission has clubbed both these matters for further proceedings.

The Commission notes that Petitioners initially filed instant Petitions to increase the ceiling rate fixed by MSEDCL for competitive bidding process for procurement of power from Bagasse based Co-generation plants whose EPAs with MSEDCL had expired. However, based on MSEDCL's reply that it would procure power from such projects through MoU route for the remaining useful life of the project, Petitioners have amended their prayers for sale of power by MoU with MSEDCL. They have further submitted that under MoU route, Tariff should be the sum total of Variable Cost to be fixed by the Commission on year to year basis and the Fixed Cost to be negotiated subject to the maximum cost fixed by the Commission in its Order dated 12 July 2018 in Case No. 84 of 2015 i.e. Rs. 0.66 /unit. MSEDCL is yet to file its reply on this amended Petition.

The Commission also notes that based on submissions from both sides in the past, the Commission has issued several Orders since 2018 dealing with the issues of procurement of power from Bagasse based Co-generation plants whose EPAs had expired. Further, the Commission has already adopted rate discovered through competitive bidding for new Bagasse based Co-generation plants. The Government of Maharashtra has also allowed MSEDCL to procure such power from competitive bidding. In the opinion of the Commission, in order to maintain consistency in decision making, all these aspects need to be taken into consideration while deciding the present matter.

The Petitioners and the Respondents agreed that the petition needs to be supported with more details before the Commission can take up the matter for decision.

Although, the Commission has noted difficulties mentioned by both parties in following the process for procurement through competitive bidding and their insistence on MoU route, the Commission notes that in order to take any considered decision in the present matter, both parties need to assist the Commission with following additional details:

- a. Cogeneration Association of India shall file list of power plants who have authorized them to represent in the present matter.
- b. Cogeneration Association of India in its Petition has mentioned that it has filed Appeal before APTEL challenging competitive bidding process. CAI shall file present status of this Appeal.
- c. MSEDCL to file submission on Petitioner's amended prayer. MSEDCL shall also clarify tariff at which it is proposing to sign MoU with bagasse-based cogeneration plants whose 13 year EPAs have expired.

- d. MSEDCL needs to file list of Bagasse-based Co-generation plants whose EPAs have expired or are going to expire in near future with details such as capacity, EPA period (start and end date), balance useful life etc.
- e. MSEDCL shall also submit status of its non-solar RPO fulfillment and its action plan to meet shortfall, if any, through various sources available under non-solar RPO category and its cost implications.
- f. The Commission has adopted competitively discovered tariff for several Bagasse based co-generation projects. MSEDCL should submit present status of these plants.
- g. As MSEDCL has already discovered tariff for bagasse-based Co-generation plants through competitive bidding which has already been adopted by the Commission, Petitioners and MSEDCL may suggest mechanism to maintain sanctity of such discovered rate while proposing tariff for EPA under MoU route.
- h. Principal Secretary Energy Government of Maharashtra who is joined as respondent by the petitioner is yet to respond in these matters. Another chance is given to Principal Secretary Energy to file the position of the Energy Department in the matter. While doing so, the Government could consider providing some financial support for minimizing impact of procurement of such power by MSEDCL at relatively higher tariff than other available options for meeting non-solar RPO.
- i. Maharashtra Energy Development Agency (MEDA) shall file its submission on possibility of using Green Cess Fund for providing some financial support for reducing tariff impact.
- j. As Petitioners and MSEDCL seem to have agreed on MoU route, in addition to power procurement from these plants which are being run by Cooperative Societies, they could consider working out a mechanism for inclusion in the MoU by which MSEDCL could recover its electricity dues from members of such cooperative societies. They may link some part of generation tariff with recovery of electricity dues from members of cooperative societies in addition to fees / incentives applicable on collected revenue to billing-collection based franchisees.

All above submission shall be filed by 22 July 2020 (within 15 days) with copy served on all other parties in these matters.

Subsequent to receipt of above submissions, next date of hearing will be informed by the Secretariat of the Commission.

Sd/-
(I. M. Bohari)
Member

Sd/-
(Mukesh Khullar)
Member