

NOTICE

The Managing Director,
The Tata Power Company Ltd.,
24, Bombay House, Homi Modi Street, Fort,
Mumbai - 400 001

Subject: Verification and Compliance of Renewable Purchase Obligation targets for FY 2010-11 and FY 2011-12 as specified under MERC (Renewable Purchase Obligation, its compliance and Implementation of REC framework) Regulations, 2010

Sir,

I am directed to bring to your kind attention that in exercise of the powers conferred under Sections 61, 66, 86 (1) (e) and 181 of the Electricity Act, 2003 and all other powers enabling it in this behalf, the Commission has notified the MERC (Renewable Purchase obligation, its compliance and Implementation of REC framework) Regulations, 2010 ["MERC (RPO-REC) Regulations, 2010"] on June 7, 2010.

Under the said RPO Regulations, the Commission has specified the Renewable Purchase Obligation (RPO) targets for Obligated Entities, including The Tata Power Co. Ltd – Distribution (TPC-D), for FY 2010-11 to FY 2015-16. The RPO targets, as specified in the Regulations, are as given below:

<i>Year</i>	<i>Minimum Quantum of purchase (in %) from renewable energy sources (in terms of energy equivalent in kWh)</i>		
	<i>Solar</i>	<i>Non-Solar (other RE)</i>	<i>Total</i>
<i>2010-11</i>	<i>0.25%</i>	<i>5.75%</i>	<i>6.0%</i>
<i>2011-12</i>	<i>0.25%</i>	<i>6.75%</i>	<i>7.0%</i>
<i>2012-13</i>	<i>0.25%</i>	<i>7.75%</i>	<i>8.0%</i>
<i>2013-14</i>	<i>0.50%</i>	<i>8.50%</i>	<i>9.0%</i>
<i>2014-15</i>	<i>0.50%</i>	<i>8.50%</i>	<i>9.0%</i>
<i>2015-16</i>	<i>0.50%</i>	<i>8.50%</i>	<i>9.0%</i>

Further, the Distribution Licensee(s) are also mandated to procure 0.1% per year of their Non-Solar (other RE) RPO obligation for the period from FY 2010-11 to FY 2012-13 and up to 0.2% of their Non-Solar (other RE) RPO obligation for the period from FY 2013-14 to FY 2015-16 by way of purchase from Mini Hydro or Micro Hydro power project.

Regulation 12 of MERC (RPO-REC) Regulations, 2010 empowers the Commission to deal with shortfall in compliance of RPO target by Obligated Entities in manner outlined under said Regulations upon ascertaining such shortfall. The relevant extract is reproduced below:

“12. RPO Regulatory Charges

12.1 If the Obligated Entity fails to comply with the RPO target as provided in these Regulations during any year and fails to purchase the required quantum of RECs, the State Commission may direct the Obligated Entity to deposit into a separate fund, to be created and maintained by such Obligated Entity, such amount as the Commission may determine on the basis of the shortfall in units of RPO, RPO Regulatory Charges and the Forbearance Price decided by the Central Commission; separately in respect of solar and non-solar RPO:

Provided that RPO Regulatory Charges shall be equivalent to the highest applicable preferential tariff during the year for solar or non-solar RE generating sources, as the case may be, or any other rate as may be stipulated by the State Commission:

Provided further that the fund so created shall be utilised, as may be directed by the State Commission.”

The Commission, under its suo-motu Order dated July 1, 2010 in Case No. 21 of 2010 designated the Maharashtra Energy Development Agency (MEDA) as the State Agency to undertake the functions envisaged under MERC (RPO-REC) Regulations, 2010. In accordance with Regulation 9.6 of MERC (RPO-REC) Regulations, 2010, MEDA, vide its letter dated February 27, 2012 submitted the RPO settlement data for Obligated Entities, including TPC-D for FY 2010-11 and vide letter dated July 30, 2012 submitted the RPO settlement data for F.Y 2011-12.

As per Regulation 10.4 of MERC (RPO-REC) Regulations, 2010, the Distribution Licensee is obliged to submit detailed statement of energy procurement from various RE sources, duly certified by the auditors. Relevant extract of said Regulations is as under:

"10.4 At the end of each financial year, each Distribution Licensee shall submit a detailed statement of energy procurement from various RE sources, duly certified by the auditors."

As FY 2010-11 and FY 2011-12 have already been completed, the Commission has decided to initiate the process for verification of compliance with RPO targets and undertake necessary actions required in accordance with Regulation 12 of MERC RPO-REC Regulations, 2010.

The RPO settlement data for **TPC-D** for F.Y 2010-11 and F.Y 2011-12, as submitted by MEDA, is as under:

Table-1 : RPO Settlement data for TPC-D as furnished by MEDA

Year	Gross energy consumption	Solar RPO		Non-Solar RPO			Total energy to be procured as per RPO	Total RE procurement (Solar + Non-solar)*
		Solar RPO Target @ 0.25%	Energy actually procured against target	Non-Solar RPO Target	Energy actually procured against target			
	MU	MU	MU	MU	MU		MU	MU
					Non-Solar REC	RE		
FY 2010-11	4620.24	11.55	0.07	265.66	0	218.89	277.21	218.96
FY 2011-12	6240.07	15.60	4.10	421.20	188.39	220.22	436.81	412.70

A1 RPO Compliance Status for FY 2010-11

Table-A1: Shortfall in compliance of Solar RPO Target:

Financial Year	Gross Energy Consumption	RPO Target (Solar) (%)	RPO Target (Solar) (MU)	Actual RE Procurement incl. REC (Solar)	Shortfall, if any, in Solar RPO target compliance (MU)
	(a)	(b)	(c)= (a) x (b)	(d)	(e)= (c) - (d)
FY 2010-11	4620.24	0.25%	11.55	0.07	11.48

As observed from the data submitted by MEDA, there is shortfall in meeting the solar RPO target for FY 2010-11 by TPC-D to the extent of 11.48 MU.

Table-A2: Shortfall in compliance of Non-Solar RPO Target*:

Financial Year	Gross Energy Consumption	RPO Target (Non-Solar)* (%)	RPO Target (Non-Solar)* (MU)	Actual RE Procurement incl. REC (Non-Solar)*	Shortfall, if any, in Non-Solar RPO target* compliance (MU)
	(a)	(b)	(c)= (a) x (b)	(d)	(e)= (c) - (d)
FY 2010-11	4620.24	5.75%	265.66	218.89	46.77

**inclusive of Mini/Micro Hydro*

As observed from the data submitted by MEDA, there is shortfall in meeting the non-solar RPO target for FY 2010-11 by TPC-D to the extent of 46.77 MU.

Table-A3: Shortfall in compliance of RPO Targets for Mini/Micro Hydro power:

Fiscal Year	Non-Solar RPO Target	RPO Target (Mini/Micro Hydro) (%) of Non-Solar RPO target	RPO Target (Mini/Micro Hydro) (MU)	Actual RE Procurement incl. REC (Mini/Micro Hydro)	Shortfall, if any, in RPO target (Mini/Micro Hydro) compliance (MU)
	(a)	(b)	(c)= (a) x (b)	(d)	(e)= (c) - (d)
FY 2010-11	265.66	0.10%	0.27	Nil	0.27

As observed from the data submitted by MEDA, there is shortfall in meeting the RPO target (Mini/Micro Hydro) for FY 2010-11 by TPC-D to the extent of 0.26 MU.

I am directed to seek your replies on affidavit within three weeks from the date of this Notice in respect of following:

- a) TPC-D should verify the RPO settlement details for FY 2010-11, as submitted by MEDA, under **Table-1** and highlight discrepancies, if any, along with proper justification.
- b) TPC-D should confirm shortfall in **Solar RPO compliance** (if any) for FY 2010-11 as summarized under **Table-A1**, along with detailed statement for solar power procurement for FY 2010-11, duly certified by auditor.
- c) TPC-D should confirm shortfall in **Non-Solar RPO compliance** (if any) for FY 2010-11 as summarized under **Table-A2**, along with detailed statement for energy procurement from various non-solar RE sources for FY 2010-11, duly certified by auditor.
- d) TPC-D should confirm shortfall in **Mini/Micro Hydro power RPO compliance** (if any) for FY 2010-11 as summarized under **Table-A3**, along with detailed statement for energy procurement from various Mini/Micro Hydro power projects for FY 2010-11, duly certified by auditor.
- e) TPC-D should submit detailed list of actions and efforts undertaken by it prior to and during FY 2010-11 to ensure compliance of RPO targets in respect of solar, non-solar and mini/micro hydro power for FY 2010-11, separately.
- f) TPC-D should submit its say along with proper justification as to why action should not be initiated by the Commission against TPC-D in pursuance of Regulation 12 of MERC (RPO-REC) Regulations, 2010, without prejudice to any penalty that TPC – D may be liable for under the Electricity Act, 2003.

B| RPO Compliance Status for FY 2011-12

Table-B1: Shortfall in compliance of Solar RPO Target:

Fiscal Year	Gross Energy Consumption	RPO Target (Solar) (%)	RPO Target (Solar) (MU)	Actual RE Procurement incl. REC (Solar)	Shortfall, if any, in Solar RPO target compliance (MU)
	(a)	(b)	(c)= (a) x (b)	(d)	(e)= (c) - (d)
FY 2011-12	6240.07	0.25%	15.60	4.1	11.50

As observed from the data submitted by MEDA, there is shortfall in meeting the solar RPO target for FY 2011-12 by TPC-D to the extent of 11.50 MU.

Table- B2: Shortfall in compliance of Non-Solar RPO Target*:

Fiscal Year	Gross Energy Consumption	RPO Target (Non-Solar)* (%)	RPO Target (Non-Solar)* (MU)	Actual RE Procurement incl. REC (Non-Solar)*	Shortfall, if any, in Non-Solar RPO target* compliance (MU)
	(a)	(b)	(c)= (a) x (b)	(d)	(e)= (c) - (d)
FY 2011-12	6240.07	6.75%	421.20	408.6	12.60

* Inclusive of Mini/Micro Hydro

As observed from the data submitted by MEDA, there is shortfall in meeting the non-solar RPO target for FY 2011-12 by TPC-D to the extent of 12.60 MU.

Table-B3: Shortfall in compliance of RPO Targets for Mini/Micro Hydro power:

Fiscal Year	Non-Solar RPO Target	RPO Target (Mini/Micro Hydro) (%) of Non-Solar RPO target	RPO Target (Mini/Micro Hydro) (MU)	Actual RE Procurement incl. REC (Mini/Micro Hydro)	Shortfall, if any, in RPO target (Mini/Micro Hydro) compliance (MU)
	(a)	(b)	(c)= (a) x (b)	(d)	(e)= (c) - (d)
FY 2011-12	421.20	0.10%	0.42	Nil	0.42

As observed from the data submitted by MEDA, there is shortfall in meeting the RPO target (Mini/Micro Hydel) for FY 2011-12 by TPC-D to the extent of 0.42 MU.

In view of above, I am directed to seek your replies on affidavit within three weeks from date of this Notice in respect of following:

- a) TPC-D should verify the RPO settlement details for FY 2011-12, as submitted by MEDA, under **Table-1** and highlight discrepancies, if any, along with proper justification.
- b) TPC-D should confirm shortfall in **Solar RPO compliance** (if any) for FY 2011-12 as summarized under **Table-B1**, along with detailed statement for solar power procurement for FY 2011-12, duly certified by auditor.

- c) TPC-D should confirm shortfall in **Non-Solar RPO compliance** (if any) for FY 2011-12 as summarized under **Table-B2**, along with detailed statement for energy procurement from various non-solar RE sources for FY 2011-12, duly certified by auditor.
- d) TPC-D should confirm shortfall in **Mini/Micro Hydro power RPO compliance** (if any) for FY 2011-12 as summarized under **Table-B3**, along with detailed statement for energy procurement from various Mini/Micro Hydro power projects for FY 2011-12, duly certified by auditor.
- e) TPC-D should submit detailed list of actions and efforts undertaken by it prior to and during FY 2011-12 to ensure compliance of RPO targets in respect of solar, non-solar and mini/micro hydro power for FY 2011-12, separately.
- f) TPC-D should submit its say along with proper justification as to why action should not be initiated by the Commission against TPC-D in pursuance of Regulation 12 of MERC (RPO-REC) Regulations, 2010, without prejudice to any penalty that TPC – D may be liable for under the Electricity Act, 2003.

The Commission has scheduled the ***Suo-motu hearing*** in the above matter on **23rd October 2012 at 16.00 hours** , in the presence of authorised consumers representatives, in the office of the Commission at World Trade Centre, 13th Floor, Cuffe Parade, Mumbai 400 005.

Secretary,
Maharashtra Electricity Regulatory Commission

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