

**Before the**  
**MAHARASHTRA ELECTRICITY REGULATORY COMMISSION**  
**World Trade Centre, Centre No.1, 13th Floor, Cuffe Parade, Mumbai 400005**  
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**Case No. 135 of 2017**

**In the matter of**  
**Petition of Maharashtra State Electricity Distribution Co. Ltd. for Short-Term Power**  
**Purchase above the ceiling rate approved in the Multi-Year Tariff Order dated**  
**3.11.2016 in Case No. 48 of 2016**

**Coram**

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

Maharashtra State Electricity Distribution Co. Ltd.

Petitioner

**Appearance**

For Petitioner:  
Consumer Representative

Shri. Paresh Bhagwat (Rep.)  
Shri. Ashok Pendse, TBIA

**ORDER**

**Dated: 6 October, 2017**

Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL) has filed a Petition on 18.9.2017 seeking in-principle approval for short-term power purchase at a higher cost than the ceiling rate approved by the Commission in its Multi-Year Tariff (MYT) Order dated 3.11.2016 in Case No. 48 of 2016 ('MYT Order').

2. The prayers of MSEDCL are as follows:-

- a. *"To admit the present Petition.*
- b. *To meet out the demand-supply gap, Hon'ble Commission may accord in principle approval for short-term power purchase at higher cost than the ceiling rate approved by Hon'ble commission over the 3<sup>rd</sup> Control period.*
- c. *Else, Hon'ble Commission may fix the appropriate ceiling rate for purchase of short-term power.*
- d. *To consider the submission made by the Petitioner and consider the same positively while deciding the Petition;*

- e. *Considering the facts & circumstances of the case, MSEDCL humbly requests the Hon'ble Commission to conduct early hearing of the present Petition.*
- f. *To condone any error/omission and to give opportunity to rectify the same;*
- g. *To permit the Petitioner to make further submissions, addition and alteration to this Petition as may be necessary from time to time."*

3. The Petition states as follows:

**3.1. Current Power Demand and Supply Situation in MSEDCL's area**

The present status of Power Purchase Agreements (PPAs) with different sources is as under:

Sr. No.	Particulars	MSPGCL	Central Sector	IPP	UMP P	Others	Non-Conventional	Total
1	PPA Done	24,037	5,989	5,465	1,860	991	7,055	45,397
2	Unit Withdrawn	840	0	0	0	0	0	840
3	Effective PPA	23,197	5,989	5,465	1,860	991	7,055	44,557
4	Effective Available Capacity	13,627	4,755	4,785	760	491	5,837	30,255
5	Upcoming Projects	0	1,234	0	0	0	1,218	2,452
6	Deferred Projects	9,570	0	680	1100	500	0	11,850

3.2. MSEDCL's Generation Station-wise contracted capacity, average availability and reason for lower availability (as per the Demand- Side Response (DSR) dated 14.9.2017) is as set out below:

	Sr. No.	Generating Station	Contracted Capacity (MW)	Present availability (MW)	Reason For Lower Generation
IPP	1	APML Tiroda	3085	1807	Coal Shortage
	2	RattanIndia	1200	1200	
	3	EMCO	200	96	Coal Shortage
	4	CGPL	760	421	U-10 under Forced outage , U-40 under planned outage
	5	JSWEL	300	300	
	<b>IPP Total</b>		<b>5545</b>	<b>3824</b>	
MSP GCL	6	Bhusawal Unit3	210	0	Unit under forced outage+ coal shortage
	7	Bhusawal Unit 4 &5	1000	655	Coal Shortage

	Sr. No.	Generating Station	Contracted Capacity (MW)	Present availability (MW)	Reason For Lower Generation
	8	Chandrapur Unit 3 to 7	1920	629	Coal Shortage (U-4 & 6 under outage and U-3 withdrawn due to coal shortage)
	9	Chandrapur Unit 8 and 9	1000	400	Coal Shortage
	10	Khaparkheda Unit 1 to 4	840	170	Coal Shortage (U-4 under planned outage, U-1,3&5 withdrawn due to coal shortage)
	11	Khaparkheda Unit 5	500	0	U-5 Under forced outage
	12	Koradi Unit 5 to 7	620	0	Coal Shortage (U-5 & 6 under outage)
	13	Koradi Unit 8 to 10	1980	882	Coal Shortage
	14	Nashik	630	328	Coal Shortage
	15	Paras (3 & 4)	500	322	Coal Shortage
	16	Parli Unit 4 and 5	420	0	
	17	Parli Unit 6 and 7	500	342	Coal Shortage
	18	Parli Unit 8	250	0	Unit under forced outage
	19	Uran Gas	672	415	Less Gas availability
	<b>MSPGCL Total</b>		<b>11042</b>	<b>4143</b>	
NTPC	20	Mouda -I & II	620	269	Coal Shortage (U-2 withdrawn due to coal shortage)
	21	Korba	718	725	
	22	Kahalgaon	148	91	U-6 (50 MW MSEDCL share) under planned outage
	23	VSTPS-I to V	1407	1143	U-10 (150MW MSEDCL share) under outage
	24	SIPAT-I & II	768	760	
	25	Kawas Gas Power Station	204	39	
	26	Gandhar Gas Power Station	200	83	
	<b>NTPC Total</b>		<b>4065</b>	<b>3110</b>	
NPCIL	27	Kakrapar	137	0	U1 & 2 under outage due to reactor problem
	28	Tarapur 1&2	160	72	U-1 Refueling work
	29	Tarapur 3 & 4	393	0	Units under outage for reactor inspection & routine maintenance
	<b>NPCIL Total</b>		<b>690</b>	<b>72</b>	
Hydro	30	Koyna Hydro	1956	1400	
	31	Ghatghar	250	0	Both the Units under outage
	32	Small Hydro	379	108	
	33	Sardar Sarovar Hydro	391	23	
	34	Pench and Dodson	100	49	

	Sr. No.	Generating Station	Contracted Capacity (MW)	Present availability (MW)	Reason For Lower Generation
		<b>HydroTotal</b>	<b>3075</b>	<b>1580</b>	
	35	Wind, Solar etc. (Non-Conventional)	<b>5837</b>	<b>399</b>	
		<b>Total</b>	<b>30255</b>	<b>13128</b>	

3.3. The main reason for around 6600 MW capacity being unavailable is the shortage of coal. Presently, MSEDCL's day peak demand, in this monsoon period, has reached 15500 MW and there is a shortfall of around 1000 MW, even after including the Koyna Hydro generation of 1400 MW which is not as per the planned generation.

3.4. The Generators, at a meeting held on 13.07.2017, have informed that the current situation is likely to continue for some months.

**3.5. MSEDCL's short-term power purchase tender for September to December, 2017**

3.5.1. In anticipation of a rise in demand and to explore the possibility of cheaper power in the market, MSEDCL has floated short-term power purchase tenders on 23.08.2017 for 500 MW Round the Clock (RTC) and 500 MW for the time slot 06:00 to 16:00 hrs. from September to December, 2017 on the MSTC DEEP e-bidding portal, as per the Short-Term Bidding Guidelines of Ministry of Power (MoP), Government of India issued on 30.3.2016 under Section 63 of the Electricity Act (EA), 2003. The Reverse e-Auction for this tender was conducted on 07.09.2017. The final results of the Reverse Auction is as below:

Period	Timings(Hours)	Quantum (MW)	Bidders' Bucket Filling	Quantum (MW)	Rate (Rs. /kWh)
01.09.2017 to 30.09.2017	00:00 to 24:00	500	JSW PTCLtd./74089	100	4.00
			PTC India Ltd. /77586	200	5.00
	06:00 to 16:00	500	NVVNL /74826	140	3.79
			Manikaran Power Ltd. /79173	100	3.90
			Manikaran Power Ltd./78172	55	3.90
			PTC India Ltd./74490	60	4.10
			PTC India Ltd. /77586	145	5.00
01.10.2017 to 31.10.2017	00:00 to 24:00	500	Dhariwal Infrastructure Ltd./84368	150	3.51
			PTC India Ltd./74494	100	3.51
			NVVNL /74826	80	3.51
			PTC India Ltd./74491	100	3.51
			JSW PTC Ltd./74089	70	3.56

Period	Timings(Hours)	Quantum (MW)	Bidders' Bucket Filling	Quantum (MW)	Rate (Rs. /kWh)
	06:00 to 16:00	500	TPTCL/77688	50	3.99
			PTC India Ltd./74490	50	3.99
			PTC India Ltd./74491	100	4.00
			GMR ENERGY TRADING LTD./79790	50	4.67
			PTC India Ltd. /77586	200	5.00
01.11.2017 to 30.11.2017	00:00 to 24:00	500	PTC India Ltd./74491	100	3.53
			PTC India Ltd./74494	200	3.53
			NVVNL /74826	170	3.53
			NVVNL /74834	30	3.54
	06:00 to 16:00	500	PTC India Ltd./74491	100	4.00
			PTC India Ltd./74490	50	4.10
			PTC India Ltd. /77586	100	6.00
01.12.2017 to 31.12.2017	00:00 to 24:00	500	PTC India Ltd. /77584	75	3.50
			PTC India Ltd./74494	200	3.50
			NVVNL/74826	170	3.50
			PTC India Ltd./74491	55	3.50
	06:00 to 16:00	500	PTC India Ltd./74491	100	4.00

3.5.2. In order to meet the shortage of power, on 11.9.2017 MSEDCL has issued Letters of Intent (LoIs) for September to JSW Power Trading for 100 MW RTC at Rs.4.00 per unit, NTPC Vidyut Vyapar Nigam (NTPC VVNL) for 140 MW day time (06.00 to 16.00 hours) at Rs. 3.79 per unit, Manikaran Power for 100 MW and 55 MW day time (06.00 to 16.00 hours) at Rs. 3.90 per unit. A total of 395 MW was bought on short-term basis.

### 3.6. ***Power Purchase and rates on Power Exchange***

3.6.1. Presently, as per its requirement, MSEDCL is undertaking daily bids on the Indian Energy Exchange (IEX) for procurement of power. However, due to higher rates of more than Rs. 5/kWh for RTC and upto Rs. 9.70/kWh for peak hours and the lower quantum available, MSEDCL is finding it difficult to get the required power from the Exchanges.

3.6.2. The IEX power in September, 2017 is trading at three-year high prices. On 12.09.2017, the RTC rates had reached Rs. 5.23 per unit, excluding other charges and losses of Rs.0.39 per unit. In some of the slots, it has reached as high as Rs. 9.70 per unit. In view of the rising short-term prices, the Commission may increase the ceiling rate approved for MSEDCL to an appropriate level for procurement of short-term power on the DEEP e-bidding portal or from the Exchanges.

### 3.7. ***Issues***

- 3.7.1. In the MYT Order for FY 2016-17 to FY 2019-20, the Commission has approved a ceiling rate of Rs. 4 per unit for power procurement from short-term sources, if required and subject to conditions of tariff-based competitive bidding or from Power Exchanges.
- 3.7.2. The present demand of MSEDCL, in this monsoon period, is around 15500 MW. MSEDCL is forced to implement emergency load shedding in the State on account of shortage of power supply. In October, the demand may be in the range of 18500 to 19500 MW, as per the previous year's demand pattern.
- 3.7.3. In order to reduce the demand-supply gap, MSEDCL will require to purchase power on short-term basis, but the rate discovered through recent bidding is more than the present approved ceiling rate of Rs.4/kWh. Looking to the present price trend on the Exchanges and for short-term power through bidding, it is likely that the rates will continue to be higher than Rs. 4/kWh.
- 3.7.4. Consequently, MSEDCL is finding it difficult to maintain the weighted average power purchase cost within the ceiling rate, i.e., Rs. 4 per unit, approved by the Commission.

### 3.8. ***Regulatory Provisions relating to additional power procurement***

- 3.8.1. In the MYT Order, the Commission has approved a ceiling rate of Rs. 4 per unit for power procurement from short-term sources over the 3<sup>rd</sup> Control period, if required and subject to conditions of tariff based competitive bidding or from Power Exchanges, etc.
- 3.8.2. The MoP Guidelines for short-term procurement of power by Distribution Licensees through tariff-based bidding process stipulate as follows:

*“11.4 If the quantum of power procured and tariff determined are within the blanket approval granted by the Appropriate Commission in Annual Revenue Requirement (ARR) of the respective year, then the same will be considered to have been adopted by the Appropriate Commission.*

*In all other cases, the Procurer(s) shall submit a petition to the Appropriate Commission for adoption of tariff within 2 days from the date of signing of PPA. Appropriate Commission should communicate the decision within 7 days from the date of submission of petition.”*

- 3.8.3. Regulation 21 of MERC (Multi-Year Tariff) Regulations, 2015 (“MYT Regulations”) specify that:

*“21. Additional power procurement—*

*21.1 The Distribution Licensee may undertake additional power procurement during the year, over and above the power procurement plan for the Control Period approved by the Commission, in accordance with this Regulation.*

*21.2 Where there has been an unanticipated increase in the demand for electricity or a shortfall or failure in the supply of electricity from any approved source of supply during the Year, the Distribution Licensee may enter into additional agreement or arrangement for procurement of power.*

*21.3 Any variation, during the first or second block of six months of a Year, in the quantum or cost of power procured, including from a source other than a previously approved source, that is expected to be in excess of five per cent of that approved by the Commission, shall require its prior approval :*

*Provided that the five per cent limit shall not apply to variation in the cost of power procured on account of changes in the price of fuel for own generation or the fixed or variable cost of power purchase that is allowed to be recovered in accordance with Regulation 10.*

*21.4 Where the Distribution Licensee has identified a new short-term source of supply from which power can be procured at a Tariff that reduces its approved total power Procurement cost, it may enter into a short-term power procurement agreement or arrangement with such supplier without the prior approval of the Commission.*

*21.5 The Distribution Licensee may enter into a short-term arrangement or agreement for procurement of power without the prior approval of the Commission when faced with emergency conditions that threaten the stability of the distribution system, or when directed to do so by the MSLDC to prevent grid failure.*

*21.6 Within fifteen days from the date of entering into an agreement or arrangement for short-term power procurement for which prior approval is not required, the Distribution Licensee shall submit to the Commission its details, including the quantum, Tariff computations, duration, supplier particulars, method of supplier selection and such other details as the Commission may require so to assess that the conditions specified in this Regulation have been complied with."*

### **3.9. Powers to remove difficulties and issue orders**

3.9.1. Regulation 102 of the MYT Regulations 2015 provides for removal of difficulties:

*"102. Power to remove difficulties*

*If any difficulty arises in giving effect to the provisions of these Regulations, the Commission may, by general or specific Order, make such provisions, not*

*inconsistent with the provisions of the Act, as may appear to be necessary for removing the difficulty.”*

3.9.2. MSEDCL reiterates that it is currently facing reduced power availability from long term contracted Generators. This situation is likely to continue for some period. Further, in the wake of shortfall in power supply, the short-term prices on the Exchanges have already increased. Hence, the Commission may accord in principle approval for procurement of power on the DEEP portal/ Exchanges above the ceiling rate. MSEDCL will submit the details of the short-term power purchases to the Commission in the truing-up submission for FY 2016-17 to FY 19-20.

4. In its further written submission dated 4.10. 2017, MSEDCL has stated as follows:

#### 4.1. **Short-term Tenders**

4.1.1 After filing the present Petition, MSEDCL has floated tenders in order to meet the shortage of power. MSEDCL has received offers from various successful bidders.

4.1.2 MSEDCL has issued Letters of Intent (LoI) for the months of September and October to all the successful bidders quoting upto Rs.4.00 per kWh in the short-term tender floated for the months of September to December 2017 on 23.08.2017, and Reverse e-Auction was conducted on 07.09.2017.

4.1.3 MSEDCL has floated another short-term power purchase tender on 22.09.2017 for RTC 500 MW and 06:00 to 16:00 hrs for 500 MW from October to December, 2017 on the MSTC DEEP e bidding portal. The Reverse e-Auction for this tender was conducted on 29.09.2017, with the following outcomes:

Req uisiti on	Period	Timings (Hours)	Quant um (MW)	L-1 Bidder	Quant um (MW)	Rate (Rs./ kWh )
1	01.10.2017 to 15.10.2017	00:00 to 24:00	500	JSW Power Trading Company Ltd./74089	125	4.25
				PTC India Ltd./74476	100	4.80
				PTC India Ltd./74475	275	5.00
2		06:00 to 16:00	500	Adani Enterprises Ltd./79743	200	5.50
3	16.10.2017 to 31.10.2017	00:00 to 24:00	500	JSW Power Trading Company Ltd./74089	200	4.25
				PTC India Ltd./74476	100	4.80
				PTC India Ltd./74475	200	5.00
4		06:00 to 16:00	500	Adani Enterprises Ltd./79743	200	5.50



Req uisiti on	Period	Timings (Hours)	Quant um (MW)	L-1 Bidder	Quant um (MW)	Rate (Rs./ kWh )
5	01.11.2017 to 15.11.2017	00:00 to 24:00	500	JSW Power Trading Company Ltd./74089	200	4.15
				DB Power Ltd./74155	200	4.15
				Shree Cement Ltd./74158	80	4.15
				PTC India Ltd./74476	20	4.30
6		06:00 to 16:00	500	Manikaran Power Ltd./74144	100	4.47
				DB Power Ltd./74155	100	4.47
				Adani Enterprises Ltd./79743	100	5.00
7	16.11.2017 to 30.11.2017	00:00 to 24:00	500	JSW Power Trading Company Ltd./74089	200	4.15
				DB Power Ltd./74155	200	4.15
				Shree Cement Ltd./74158	80	4.15
				Manikaran Power Ltd./74144	20	4.25
8		06:00 to 16:00	500	DB Power Ltd./74155	100	4.57
				Manikaran Power Ltd./74144	100	4.57
				Adani Enterprises Ltd./79743	100	5.00
9	01.12.2017 to 15.12.2017	00:00 to 24:00	500	JSW Power Trading Company Ltd./74089	200	4.15
				DB Power Ltd./74155	200	4.15
				Shree Cement Ltd./74158	80	4.15
				Manikaran Power Ltd./74144	20	4.25
10		06:00 to 16:00	500	Manikaran Power Ltd./74144	100	4.57
				DB Power Ltd./74155	100	4.57
				Adani Enterprises Ltd./79743	100	5.00
11	16.12.2017 to 31.12.2017	00:00 to 24:00	500	JSW Power Trading Company Ltd./74089	200	4.15
				DB Power Ltd./74155	200	4.15
				Shree Cement Ltd./74158	80	4.15
				Manikaran Power Ltd./74144	20	4.25
12		06:00 to 16:00	500	Manikaran Power Ltd./74144	100	4.57
				DB Power Ltd./74155	100	4.57

Req uisiti on	Period	Timings (Hours)	Quant um (MW)	L-1 Bidder	Quant um (MW)	Rate (Rs./ kWh )
				Adani Enterprises Ltd./79743	100	5.00

4.1.4 The rates discovered in the above tender are in the range of Rs 4.15/kWh to Rs 5.50/kWh, all above the Commission's approved ceiling rate.

#### 4.2. ***Power Purchase and rates on Power Exchange***

4.2.1. As per requirements, MSEDCL is undertaking daily bids on IEX for procurement of power. However, due to the persistence of higher rates, MSEDCL is able to obtain a very small quantum through IEX. MSEDCL is finding it difficult to get power from the Exchanges.

4.2.2. The IEX prices in September and up to 5.10.2017 were as follows:

Date	RTC Rate	06 to 17 Hrs Rate	19 to 24 hrs Rate
	Rs/Unit	Rs/Unit	Rs/Unit
1-Sep-17	2.97	2.49	4.73
2-Sep-17	2.62	2.05	4.16
3-Sep-17	2.66	2.31	3.99
4-Sep-17	3.25	2.89	5.31
5-Sep-17	3.50	3.13	5.02
6-Sep-17	3.73	3.33	5.50
7-Sep-17	4.06	3.50	5.94
8-Sep-17	4.06	3.50	5.94
9-Sep-17	4.66	3.86	6.96
10-Sep-17	4.40	3.36	5.93
11-Sep-17	5.08	4.31	7.37
12-Sep-17	5.23	4.64	7.56
13-Sep-17	5.14	4.91	7.17
14-Sep-17	5.05	4.94	6.42
15-Sep-17	5.42	5.38	6.47
16-Sep-17	5.53	5.55	6.19
17-Sep-17	3.94	3.54	4.46
18-Sep-17	5.03	5.10	5.73
19-Sep-17	3.86	3.70	4.43
20-Sep-17	4.33	4.08	5.26
21-Sep-17	4.29	4.09	5.38
22-Sep-17	3.56	3.36	4.24
23-Sep-17	3.22	2.64	4.76

Date	RTC Rate	06 to 17 Hrs Rate	19 to 24 hrs Rate
	Rs/Unit	Rs/Unit	Rs/Unit
24-Sep-17	3.01	2.95	3.43
25-Sep-17	3.70	3.61	4.91
26-Sep-17	3.82	3.69	5.10
27-Sep-17	4.08	3.87	5.14
28-Sep-17	4.45	4.36	5.43
29-Sep-17	4.52	4.46	5.91
30-Sep-17	3.47	2.56	5.37
1-Oct-17	3.11	3.04	3.67
2-Oct-17	3.01	2.92	3.79
3-Oct-17	3.41	3.66	4.03
4-Oct-17	4.27	4.03	5.41
5-Oct-17	4.94	4.59	6.12

4.3 Thus, with the present rates of Power Exchange, short-term tender and the ceiling rate of Rs. 4.00/kWh, MSEDCL is not able to procure from these sources.

5. At the hearing held on 5.10.2017,

5.1. MSEDCL reiterated its contentions in the Petition and additional submission. It also stated that the increasing agricultural pumping loads from October and higher temperatures had substantially increased demand. MSEDCL stated further as follows:

5.1.1. MSEDCL is undertaking daily bids on IEX for procurement of power. However, due to the higher rates of more than Rs 5/kWh in RTC and upto Rs. 9.70/kWh in peak hours and lower quantum available, MSEDCL is finding it difficult to get the power from Exchanges.

5.1.2. In view of the rising short-term prices, MSEDCL has approached the Commission to increase the approved ceiling rate to an appropriate level for procurement of short-term power on the DEEP portal/ Exchanges.

5.1.3. As per the Short-Term Competitive Bidding Guidelines, if the quantum of power procured and tariff determined are not within the ceiling rate approved by the Commission, the Procurer shall submit a Petition before the Commission for adoption of tariff within 2 days from the date of signing of PPA and the Commission should communicate the decision within 7 days thereafter.

5.1.4. Approaching the Commission for every such instance will be difficult for MSEDCL. It will also not be practicable for the Commission to conduct such frequent proceedings for adoption of the tariff.

- 5.1.5. As the time for entering into the Letter of Award (LoA) had lapsed in the earlier bidding process, MSEDCL has floated another short-term power purchase tender on 22.09.2017 for 500 MW RTC power and for 500 MW power from 06:00 to 16:00 hrs. from October to December, 2017 on the MSTC DEEP e-bidding portal, for which Reverse Auction was conducted on 29.09.2017.
- 5.1.6. The rates discovered in the above tender are in the range of Rs 4.15/kWh to Rs 5.50/kWh, all above the approved ceiling rate of the Commission.
- 5.1.7. In the second tender process, MSEDCL floated a tender on 15 days' basis. It stipulated a condition for the LoI 3 days prior to the supply period, which will provide flexibility to MSEDCL to procure power as per the demand. This will also enable MSEDCL to stop procuring at the discovered rate in case of improvement in coal availability of the Thermal Power Plants of Maharashtra State Electricity Generation Co. Ltd. (MSPGCL) and Independent Power Producers (IPPs) or a reduction in demand, which may also result in cost saving.
- 5.2. The Commission asked MSEDCL regarding the contractual obligation of MSPGCL and IPPs to supply power in the event of shortage of coal from contracted sources. MSEDCL responded that, as per the PPAs, the Plants should be available upto 85% during the Contract Year and not month to month. Generally, it is found that the Availability is 100% during the monsoon period when MSEDCL's requirement of power is lower. Once the demand increases, these Plants could not provide power to the extent required due to shortage of coal.
- 5.3. To another query of the Commission, MSEDCL stated that it is taking review of coal stocks with MSPGCL and the IPPs on a daily basis. In the meantime, Koyna Hydro generation is being utilized above the permissible level.
- 5.4. In the context of the provisions of the MYT Regulations in this regard, the Commission asked whether the additional quantum and cost is likely to be in excess of 5% in the 2<sup>nd</sup> half of FY 2017-18. MSEDCL replied that, at present, it is difficult to come to a firm conclusion, but that it would approach the Commission if it becomes necessary.
- 5.5. The Commission observed that the rates of short-term power procured in accordance with the Short-term Competitive Bidding Guidelines and from the Power Exchanges would be transparent market-discovered rates, and could be considered during the truing up process. However, MSEDCL should prudently balance the power

procured under the Guidelines and from the Power Exchanges so that the cost is optimized.

- 5.6. Dr. Ashok Pendse, on behalf of Thane-Belapur Industries Association (TBIA), an Authorized Consumer Representative, also set out the present power demand-supply position and the prevailing rates in the context of inadequate availability of power from the contracted Generating Units which would necessitate load shedding. He supported the claims and proposal of MSEDCL.

### **Commission's Analysis and Ruling**

6. **Clause 11.4 of the MoP Guidelines for short-term procurement of power by Distribution Licensees through tariff-based bidding provides that:**

*“11.4 If the quantum of power procured and tariff determined are within the blanket approval granted by the Appropriate Commission in Annual Revenue Requirement (ARR) of the respective year, then the same will be considered to have been adopted by the Appropriate Commission.*

*In all other cases, the Procurer(s) shall submit a petition to the Appropriate Commission for adoption of tariff within 2 days from the date of signing of PPA. Appropriate Commission should communicate the decision within 7 days from the date of submission of petition.”*

**Regulation 21 of the MERC (Multi-Year Tariff) Regulations, 2015 specifies as follows:**

**“21. Additional power procurement—**

*21.1 The Distribution Licensee may undertake additional power procurement during the year, over and above the power procurement plan for the Control Period approved by the Commission, in accordance with this Regulation.*

*21.2 Where there has been an unanticipated increase in the demand for electricity or a shortfall or failure in the supply of electricity from any approved source of supply during the Year, the Distribution Licensee may enter into additional agreement or arrangement for procurement of power.*

*21.3 Any variation, during the first or second block of six months of a Year, in the quantum or cost of power procured, including from a source other than a previously approved source, that is expected to be in excess of five per cent of that approved by the Commission, shall require its prior approval:...”*

7. **MSEDCL has sought in-principle approval for short-term purchase power at rates above the ceiling rate of Rs. 4/kWh determined in the MYT Order or, alternatively, that this ceiling be appropriately raised. MSEDCL has stated that**

demand has increased substantially due to rising temperature and increased agricultural pumping load demand for irrigation, which is likely to continue for some time. At the same time, the availability of generation capacity contracted with the MSPGCL and IPP Thermal Power Plants is severely constrained by shortage of coal supply and inadequate stocks. This is also likely to persist for some time. To meet the consequent demand-supply gap, MSEDCL has resorted to power procurement from Power Exchanges and through short-term competitive bidding to the extent possible within the ceiling rate. Considering similar issues in other parts of the country, the extent of response is low and the bidding and the Exchange rates are high. In this situation, MSEDCL has had to resort to load shedding. The details presented by MSEDCL are set out earlier in this Order. TBIA, an Authorised Consumer Representative, has supported MSEDCL's claims and its proposal on that basis.

8. Considering the factual position set out above, and in order to offset the shortage of power and avoid load shedding, the Commission allows MSEDCL in principle to procure additional power as and when required on the e-bidding portal in accordance with the Short-Term Competitive Bidding Guidelines, and any residual power from the Power Exchanges, till the end of December, 2017. These rates being transparent and market-discovered, the Commission also relaxes the ceiling determined in the MYT Order to the extent that the rates so discovered are higher during that period. The Commission has also noted the additional stipulation introduced by MSEDCL in its tenders in order to provide it greater flexibility. This dispensation is subject to the following conditions:

- (1) The rates of the additional short-term procurement shall be as discovered through such short-term competitive bidding or through the Power Exchanges, as the case may be. The Commission shall consider these in the truing-up process for FY 2017-18.

- (2) MSEDCL shall justify the quantum of additional power procured at higher rates, and show that it has prudently exercised its choice of sourcing power as between short-term bidding and the Power Exchanges and has procured the cheapest available power.

- (3) MSEDCL has stated that, at present, it does not expect the additional power purchase in the second half of FY 2017-18 to exceed 5% of the power procurement quantum approved in the MYT Order. If this expectation changes, MSEDCL shall approach the Commission in its Mid-Term Review Petition or through a separate Petition, as may be appropriate, under Regulation 21 of the MYT Regulations, 2015.

(4) MSEDCL shall put in place and apprise the Commission, in its forthcoming Mid-Term Review (MTR) Petition and also separately, of its system to monitor the coal supply available to its contracted Power Plants, including the extent to which these Plants have been diligent in stocking coal to the extent that it was available.

9. In particular, and in view of the foregoing, the Commission approves in principle the procurement of power by MSEDCL for the period from October to December, 2017 undertaken in accordance with the Short-term Competitive Bidding Guidelines on the MSTC DEEP e-bidding portal ([www.mstcecommerce.com](http://www.mstcecommerce.com)) as follows:

Req uisiti on	Period	Timings (Hours)	Quant um in (MW)	Lowest Bidders in ascending order	Quant um	Rate (Rs./ kWh )
1	01.10.2017 to 15.10.2017	00:00 to 24:00	500	JSW Power Trading Co. Ltd./74089	125	4.25
				PTC India Ltd./74476	100	4.80
				PTC India Ltd./74475	275	5.00
2		06:00 to 16:00	500	Adani Enterprises Ltd./79743	200	5.50
3	16.10.2017 to 31.10.2017	00:00 to 24:00	500	JSW Power Trading Company Ltd./74089	200	4.25
				PTC India Ltd./74476	100	4.80
				PTC India Ltd./74475	200	5.00
4		06:00 to 16:00	500	Adani Enterprises Ltd./79743	200	5.50
5	01.11.2017 to 15.11.2017	00:00 to 24:00	500	JSW Power Trading Company Ltd./74089	200	4.15
				DB Power Ltd./74155	200	4.15
				Shree Cement Ltd./74158	80	4.15
				PTC India Ltd./74476	20	4.30
6		06:00 to 16:00	500	Manikaran Power Ltd./74144	100	4.47
				DB Power Ltd./74155	100	4.47
				Adani Enterprises Ltd./79743	100	5.00
7	16.11.2017 to 30.11.2017	00:00 to 24:00	500	JSW Power Trading Company Ltd./74089	200	4.15
				DB Power Ltd./74155	200	4.15
				Shree Cement Ltd./74158	80	4.15
				Manikaran Power Ltd./74144	20	4.25
8		06:00 to	500	DB Power Ltd./74155	100	4.57

Req uisiti on	Period	Timings (Hours)	Quant um in (MW)	Lowest Bidders in ascending order	Quant um	Rate (Rs./ kWh )
		16:00		Manikaran Power Ltd./74144	100	4.57
				Adani Enterprises Ltd./79743	100	5.00
9	01.12.2017 to 15.12.2017	00:00 to 24:00	500	JSW Power Trading Company Ltd./74089	200	4.15
				DB Power Ltd./74155	200	4.15
				Shree Cement Ltd./74158	80	4.15
				Manikaran Power Ltd./74144	20	4.25
10		06:00 to 16:00	500	Manikaran Power Ltd./74144	100	4.57
				DB Power Ltd./74155	100	4.57
				Adani Enterprises Ltd./79743	100	5.00
11	16.12.2017 to 31.12.2017	00:00 to 24:00	500	JSW Power Trading Company Ltd./74089	200	4.15
				DB Power Ltd./74155	200	4.15
				Shree Cement Ltd./74158	80	4.15
				Manikaran Power Ltd./74144	20	4.25
12		06:00 to 16:00	500	Manikaran Power Ltd./74144	100	4.57
				DB Power Ltd./74155	100	4.57
				Adani Enterprises Ltd./79743	100	5.00

The Petition of Maharashtra State Electricity Distribution Co. Ltd. in Case No.135 of 2017 stands disposed of accordingly.

Sd/-  
(Deepak Lad)  
Member

Sd/-  
(Azeez M. Khan)  
Member

  
(Ashwani Kumar Sinha)  
Secretary

