

Rising Stakes:

An analysis of regulatory treatment of renewable electricity in Maharashtra from 2010-2020

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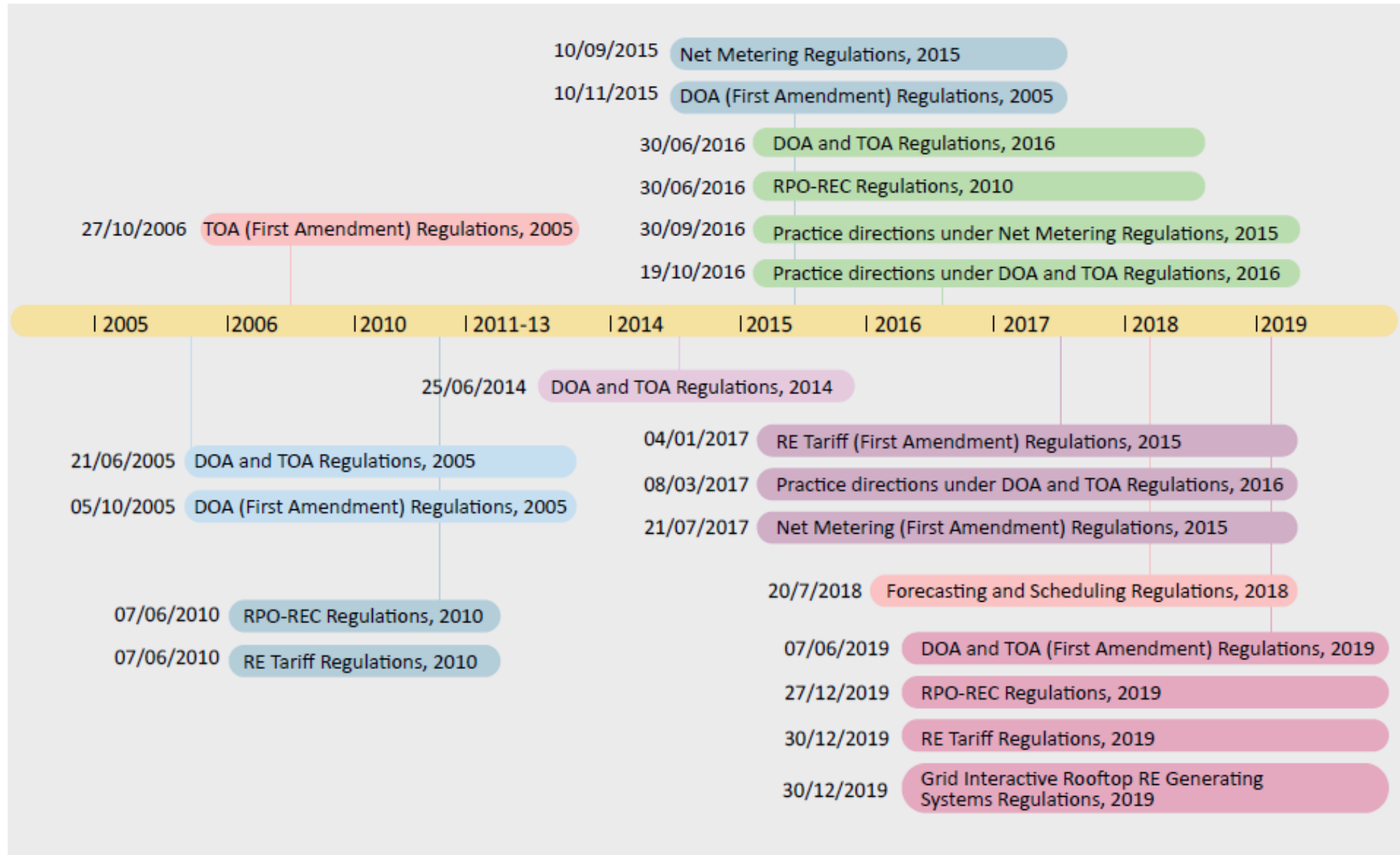
Presentation Outline

- Context and Methodology
- Statistical Overview
- Substantive Issues

Context

- Share of Renewable Energy (RE) increasing steadily
- Critical to understand extent & nature of RE specific regulatory matters and litigation in the sector
 - Potential value to policy and regulatory officials
- Tracking regulatory decisions useful to assess broad trends in sector governance and the lacunae/lack of clarity in existing framework
- Broad aim of this study
 - Understand regulatory treatment of RE in Maharashtra through MERC and APTEL orders/judgements between 2010-2020
 - Comments/feedback welcome at re@prayaspune.org

Timeline of RE related regulations issued by MERC between 2005 and 2020



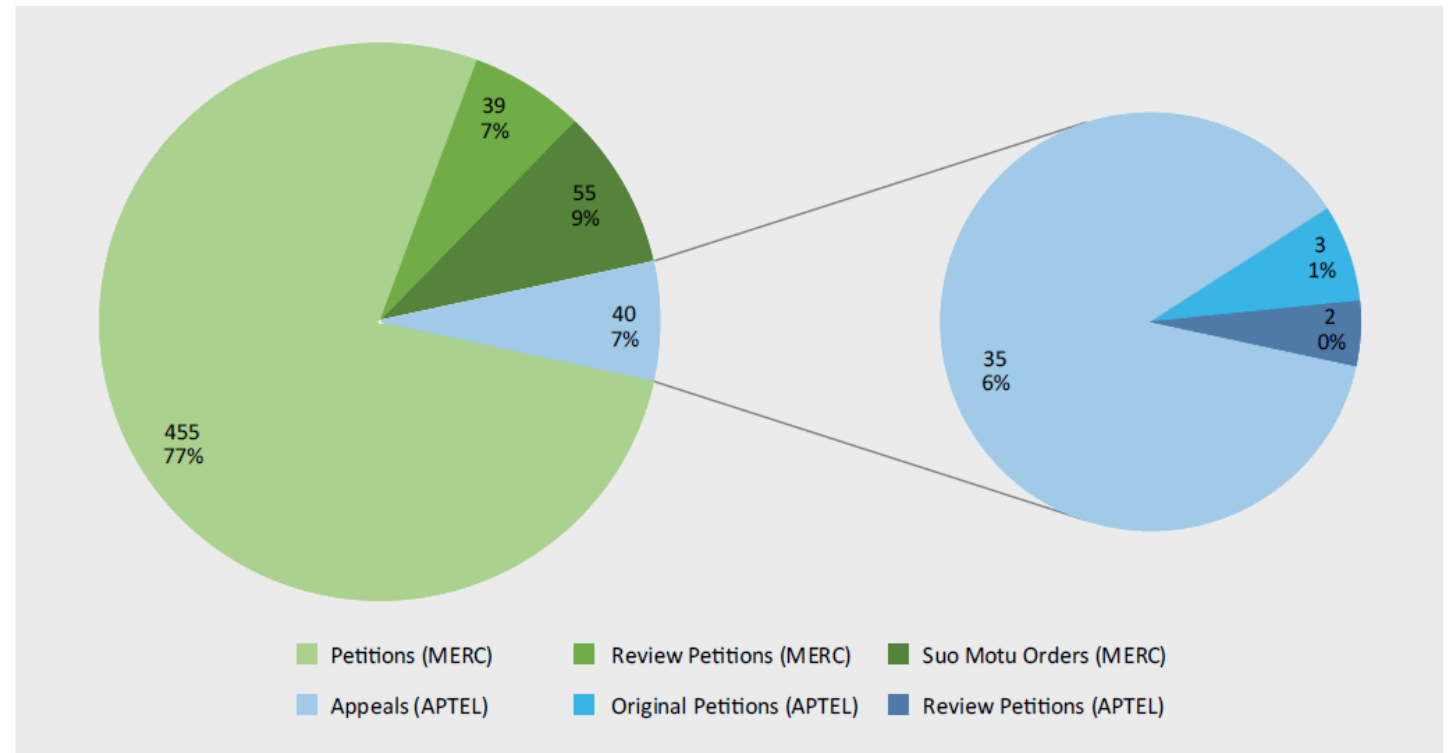
Break-up of the all 589 proceedings which initiated as petitions, appeals and suo-moto orders between FY 10-11 and FY 19-20

MERC: 408 orders (incl 55 suo motu) based on 494 petitions & review petitions. Petitions > orders (38 common orders on 179 petitions)

APTEL: 36 judgements for 40 appeals and petitions.

Total: 444 orders & judgements. 55 suo-motu MERC orders. Rest (389) cover 494 petitions & review petitions & the 40 appeals & petitions filed at MERC & APTEL respectively.

Thus a total of 589 separate proceedings (55+494+40).



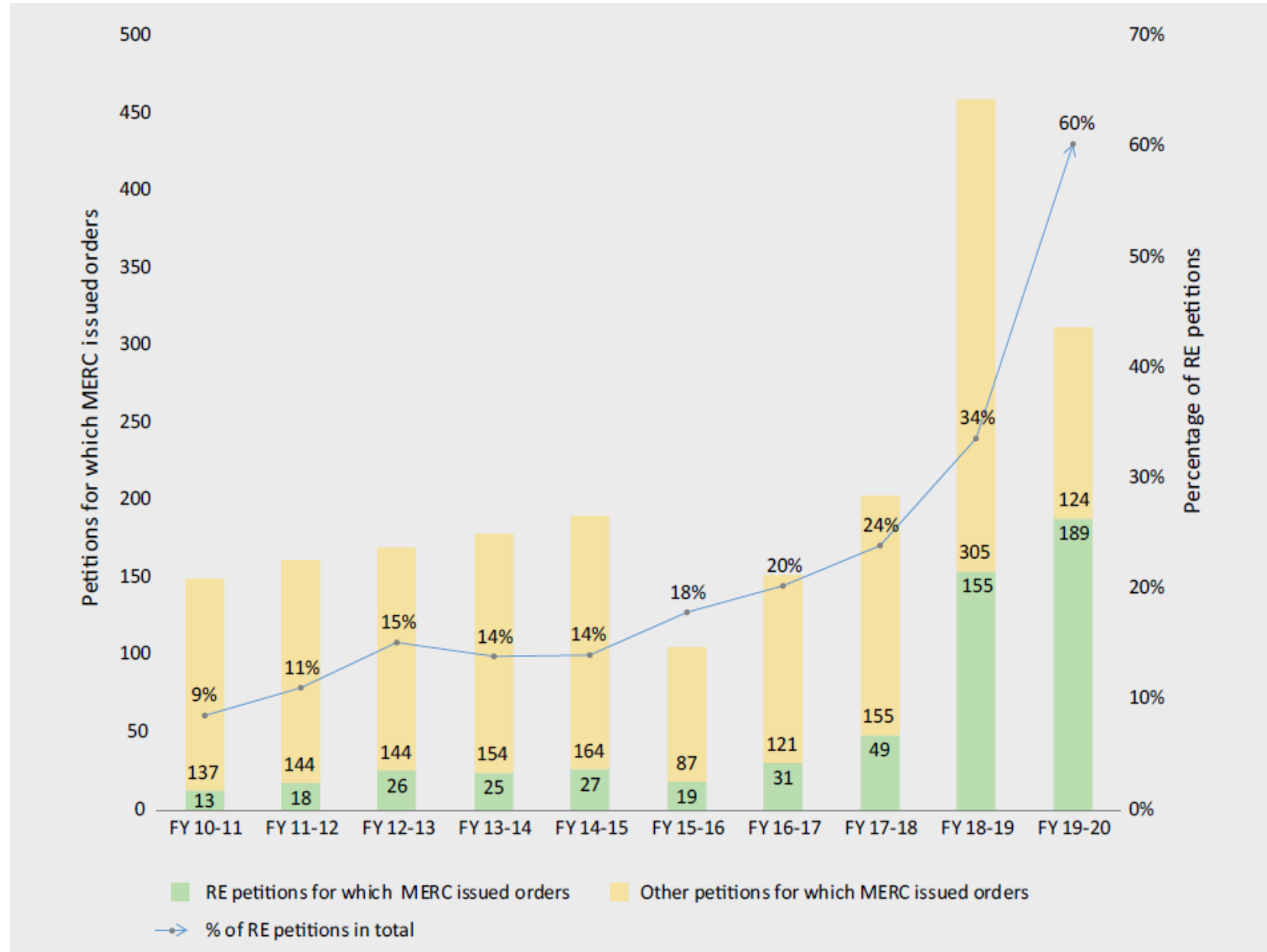
Source: Prayas Energy Group's Maharashtra Renewable Energy Regulatory database as compiled from MERC and APTEL websites.

Methodology and Database

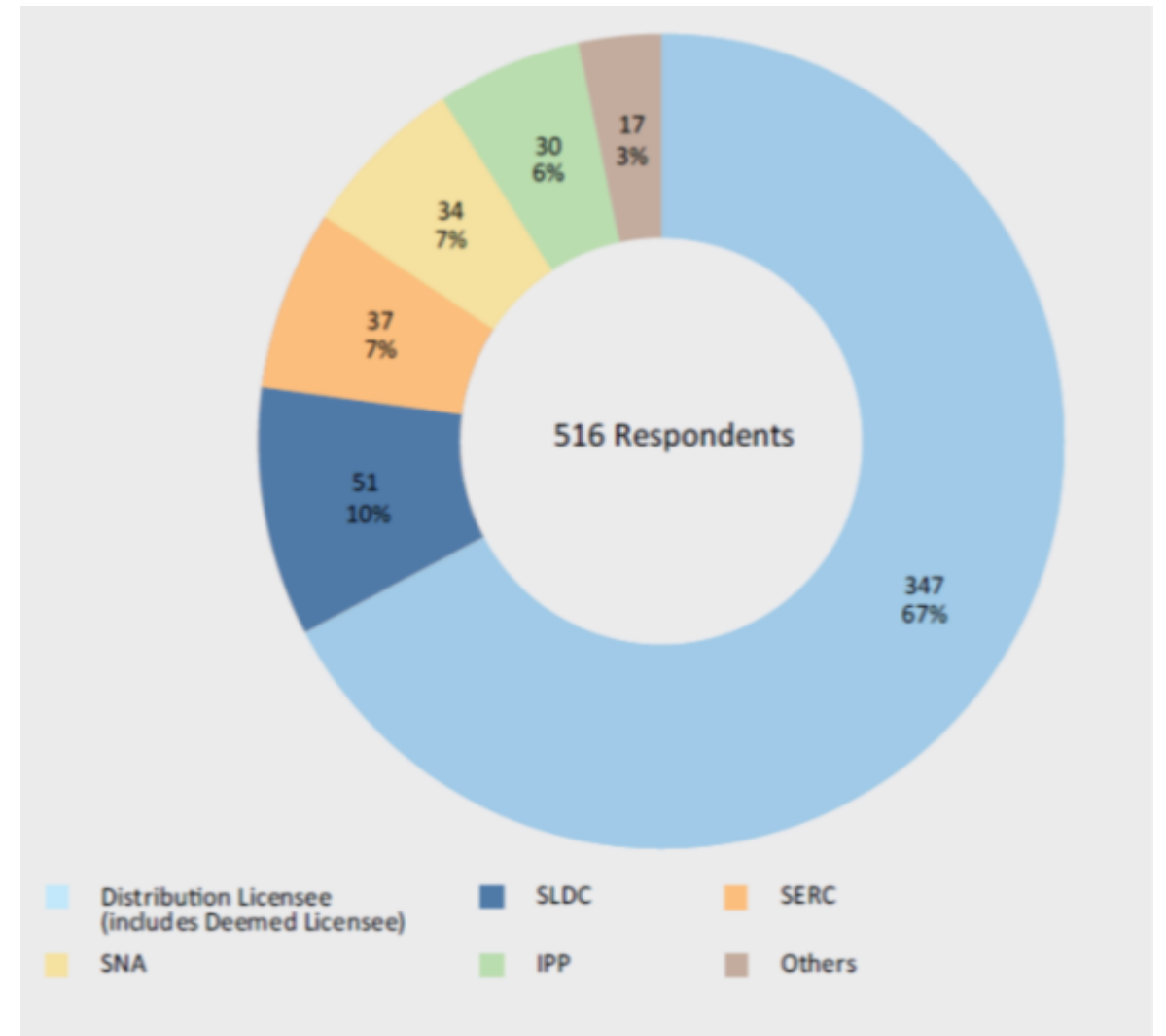
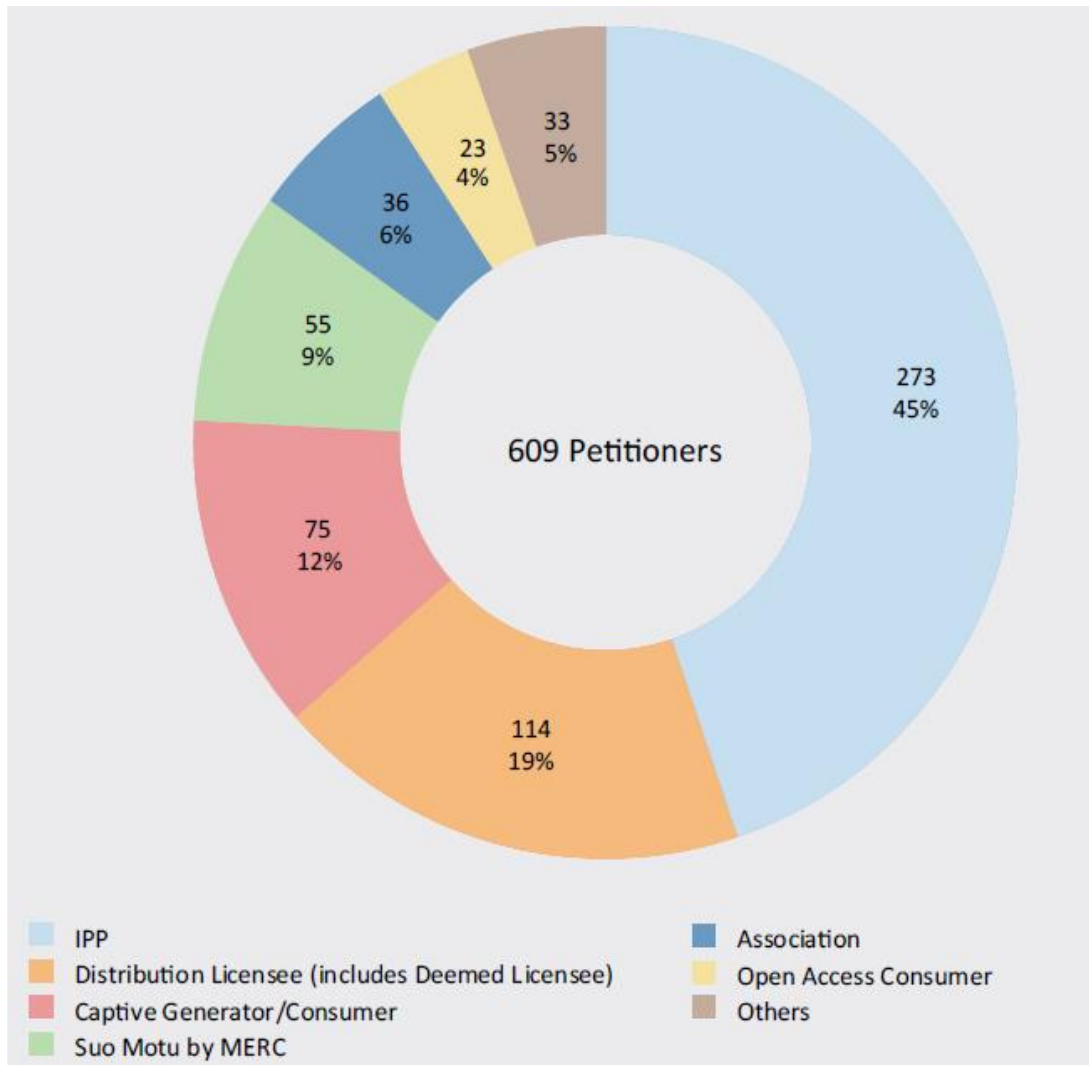
- For all the proceedings, we ascribed 17 tags/descriptions such
 1. **Proceedings initiated as:** Original Petition / Review Petition / Appeal / Petition
 2. **Topic and Sub Topic:** PPA, OA, Net-metering, F&S, REC, RPO etc.
 3. **Energy Source:** Wind, solar, bagasse, RE etc.
 4. **Petitioner/Appellant and Primary Respondent type:** Association, DISCOM, Consumer, IPP, MERC, OA consumer, Tx/Gen Utility, SLDC, SNA etc.
 5. **Sections of Electricity Act, 2003 or MERC Regulations** under which petition/appeal filed or can be read with
 6. **Decision:** Allowed, Dismissed, Disposed, Partly Allowed, Withdrawn.
 7. **Date** of Petition / Appeal and Date of Order/ Judgement

Statistical Overview

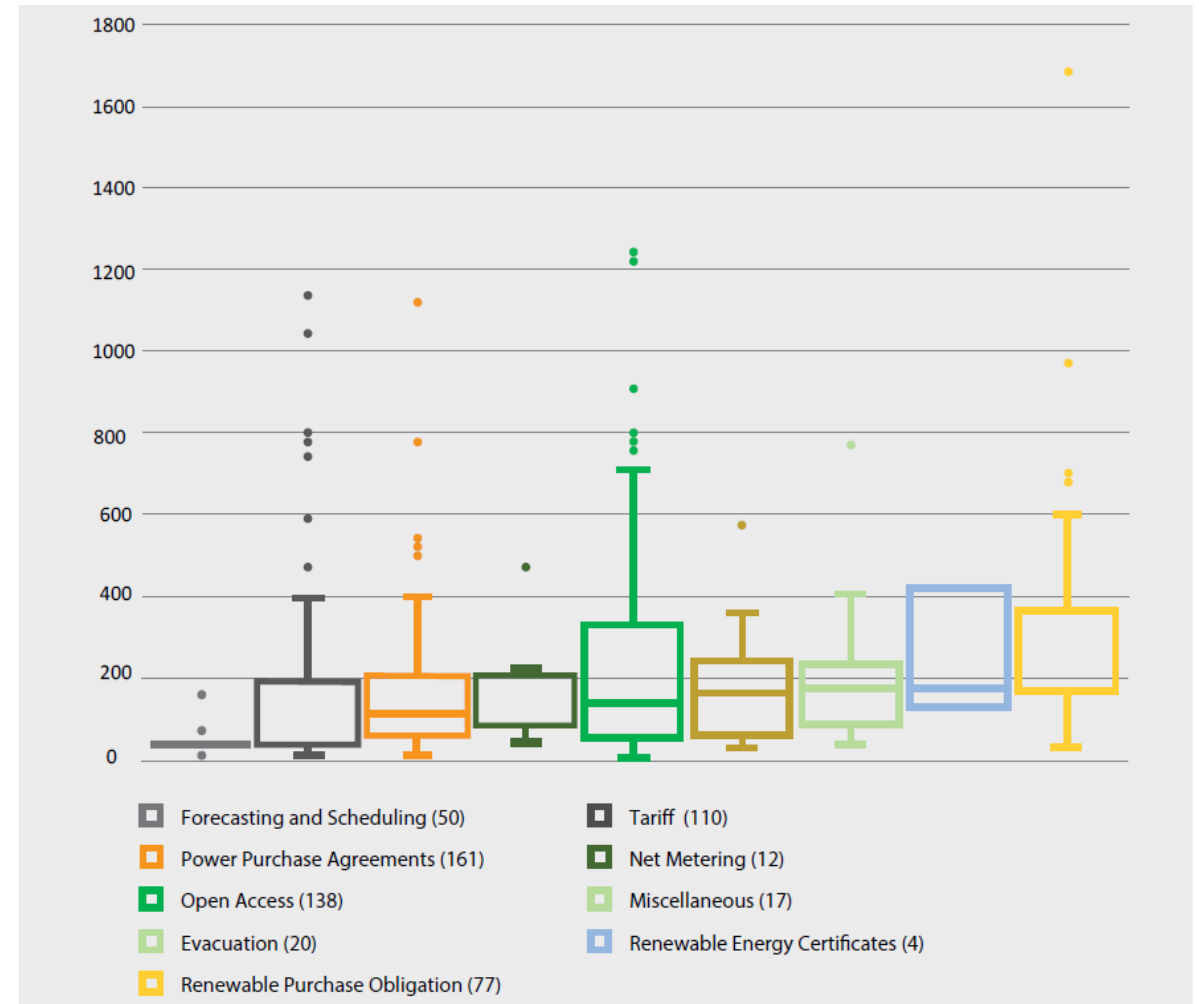
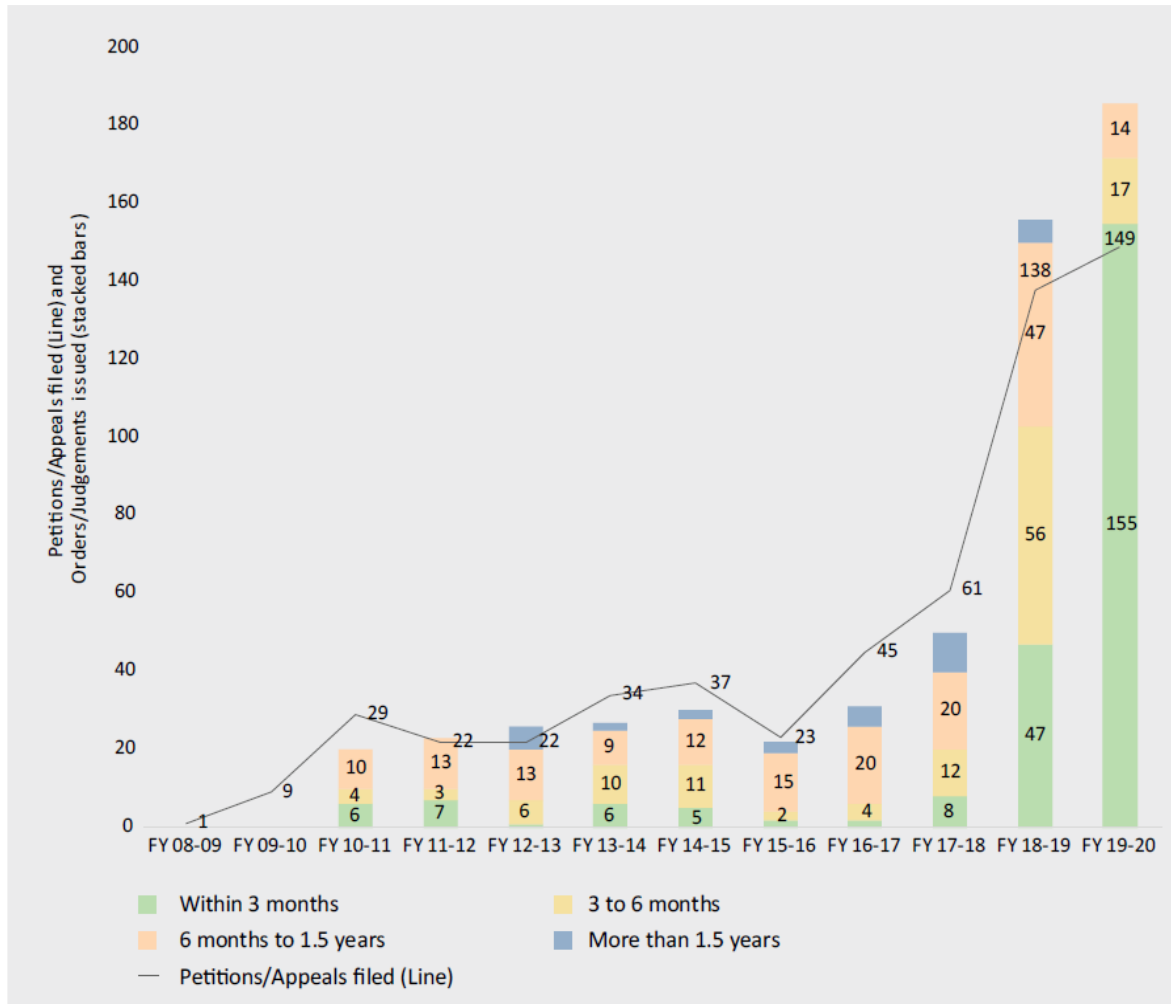
Share of RE related petitions in all petitions for which MERC issued orders from FY 10-11 to FY 19-20



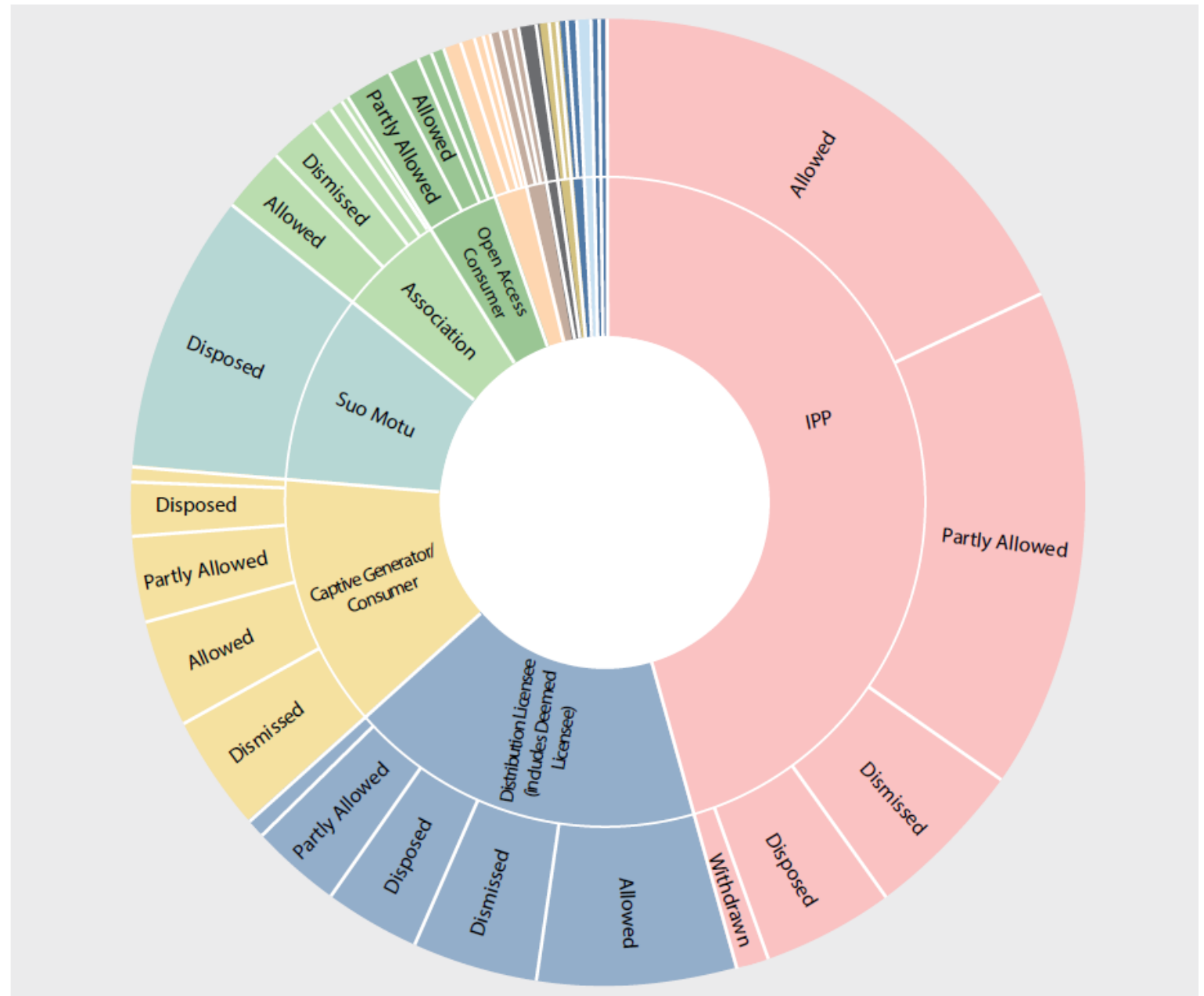
Breakup of petitioners & respondents between FY 10-11 and FY 19-20



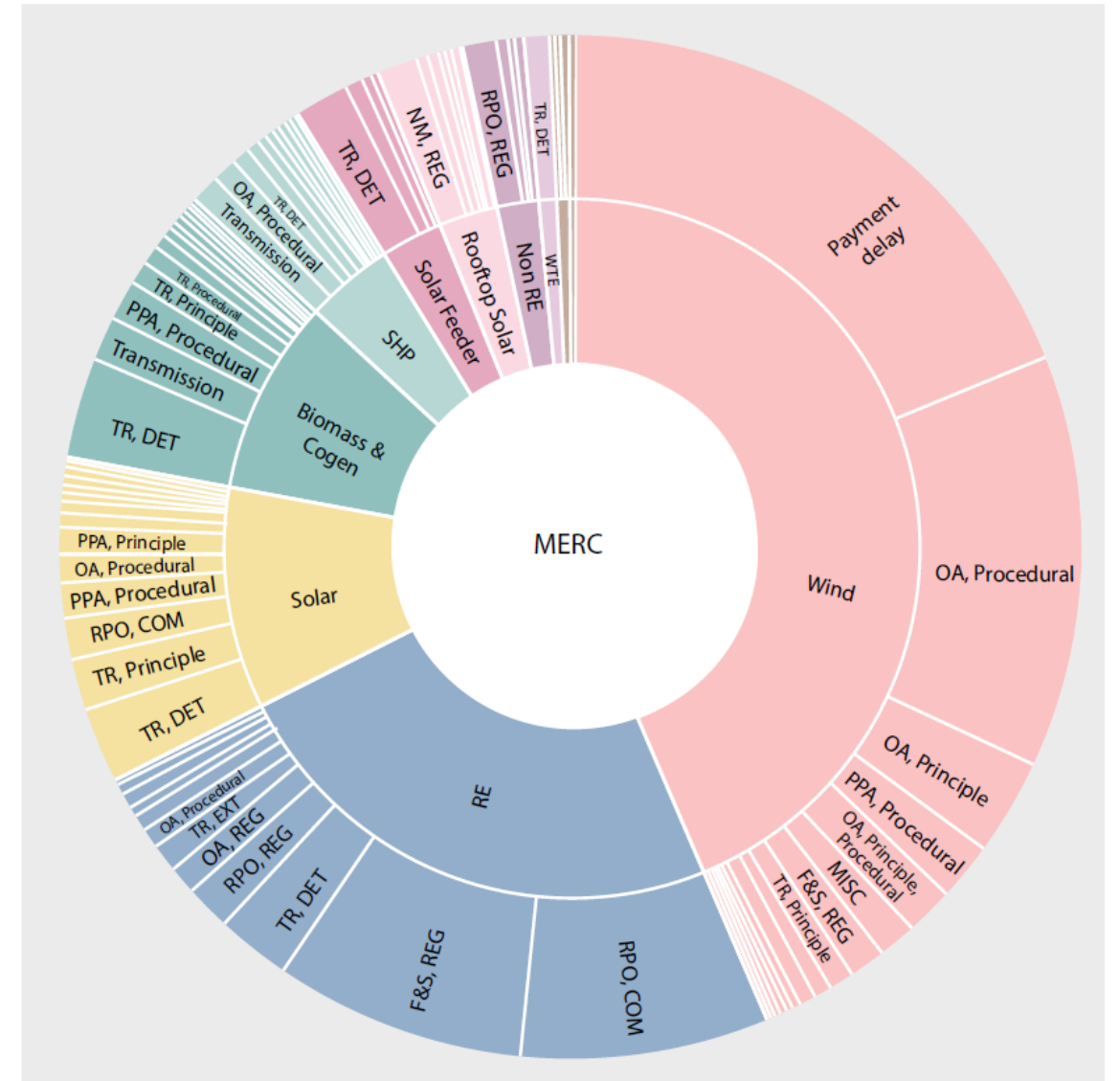
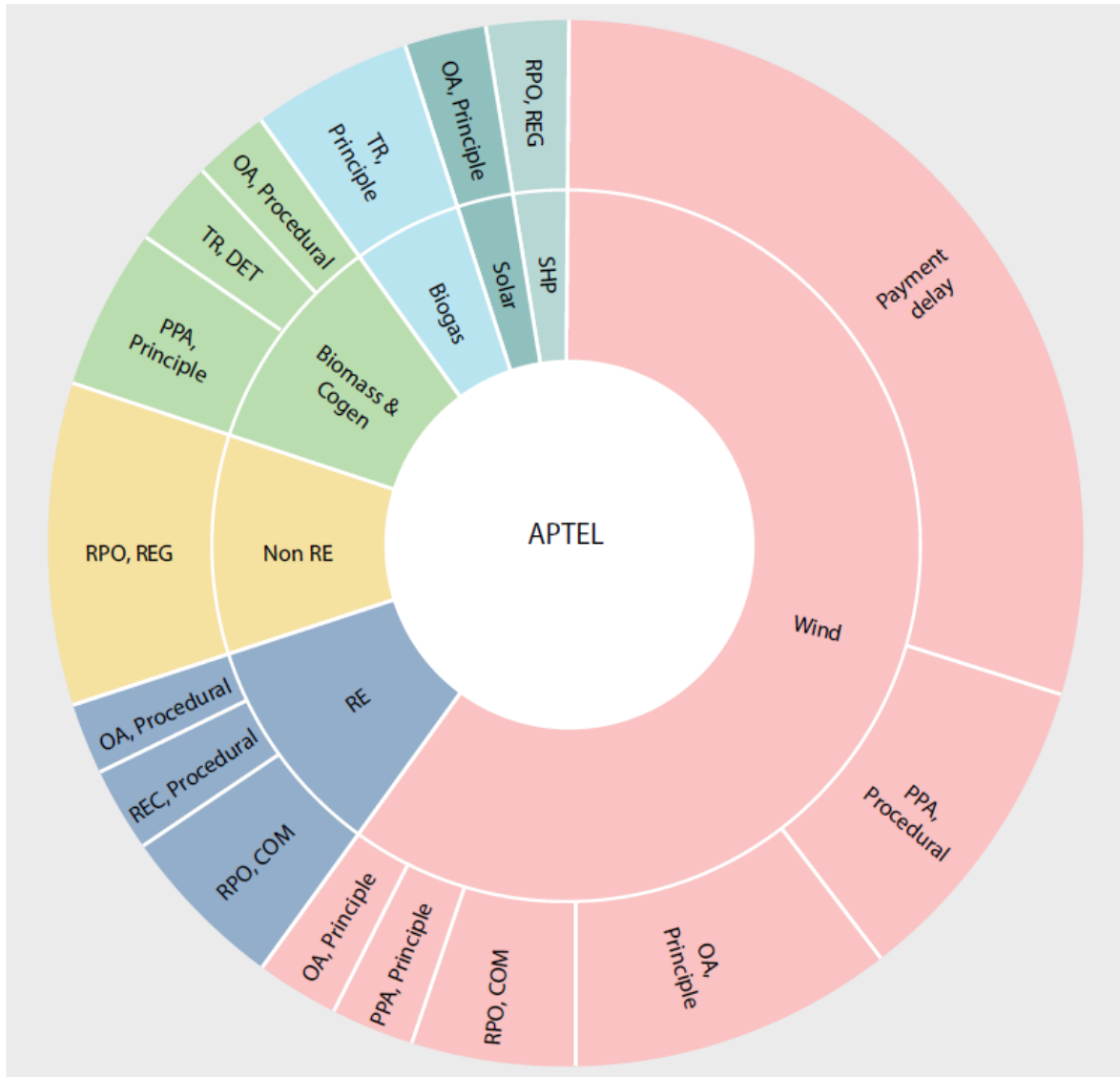
Pendency, over years and by topic



Petitioner-wise break up of decisions on all judgments and orders that were issued between FY 10-11 and FY 19-20



Energy source and Topic/sub-topic at MERC and APTEL



Substantive Issues

Power Purchase Agreements

- Of all these PPA related orders and judgements, 119 (74%) were in relation to delay in payments.
- *The disputes related to delays in payment have been recurrent and may continue to be prevalent on account of the financial distress of DISCOMs. Assured and timely payments are imperative to ensure that such delays do not adversely impact future investments in RE or lead to a mark up in prices due to the risks involved.*

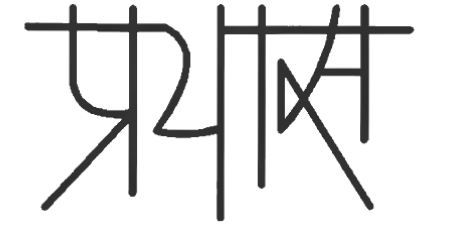
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- OA cases comprised 23% (138 petitions & appeals) of the total.
 - 65% cases – procedural and operational (denial/delay in permissions/ credit notes, payment dues for surplus, incorrect treatment of surplus, non-compliance of earlier orders etc.
 - 20% cases – Principles of OA Reduction in contract demand & banking facility; Multiple Sources of Generation, Concessions on OA charges etc.
- *Entire chronology of litigation is indicative of the fact that DISCOMs have not facilitated OA transactions in letter and spirit.*
- *Role of SERC crucial, should proactively attempt to address gaps in implementation; ensure a level playing field and further competition, as expected in its own regulations and orders.*
- *Higher transparency and monitoring through some form of Market Monitoring Committee can help in addressing issues at an early stage.*
- *It also clearly points out that OA is a particularly contentious matter given its implications for the financial health of the DISCOM and would need some innovative, long-term and balanced risk-reward framework to avoid these continuous regulatory battles.*

Renewable Purchase Obligation

- MERC consistent and methodological in terms of M&V of RPO compliance of DISCOMs.
 - *MSEDCL's achievement of non solar RPO targets have slowly but consistently improved*
 - *Solar RPO compliance has remained lax, slight improvement in the last two years.*
- In three instances, MERC has invoked section 12 of the RPO regulations and mandated forming the RPO Regulatory Charge Fund; not allowing these costs as pass through.
- Issue with solar RPO compliance monitoring
 - *RPO credit available to DISCOMs from Rooftop Solar Net Metering facilities cannot be tracked without DISCOMs accessing the Solar Meter data.*
- Significant improvement needed in M&V of OA and CPP obligated entities given the paucity of data.
- In the short term, RPO targets are still crucial for RE promotion. Clear from the fact that in spite of low fixed price tariffs for solar and wind being discovered through competitive bidding, RPO targets have not yet been met in totality.

THANK YOU



Questions, Feedback

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