

No. PP/MERC/RE/Petition/ 26956

Date: 06-11-2017

To,
The Secretary,
Maharashtra Electricity Regulatory Commission,
13th Floor, Centre No.1, World Trade Centre,
Cuffe Parade, Colaba,
Mumbai – 400 005.

Sub: Filing of petition for seeking approval for procurement of long /medium/short term Renewable Energy power through Competitive Bidding under Regulation No. 5 of Maharashtra Electricity Regulatory Commission (Terms and Conditions for Determination of Renewable Energy Tariff) Regulations, 2015

Ref: MERC (Renewable Purchase Obligation, Its Compliance And Implementation Of Renewable Energy Certificate Framework) Regulations, 2016


Sir,

Please find enclosed herewith the petition for seeking approval for procurement of long /medium/short term Renewable Energy power through Competitive Bidding under Regulation No. 5 of Maharashtra Electricity Regulatory Commission (Terms and Conditions for Determination of Renewable Energy Tariff) Regulations, 2015 on behalf of MSEDCL.

The requisite fee is submitted herewith in the form of Demand Draft No. 633384 dated 03.10.2017.

Submitted for your further needful please.

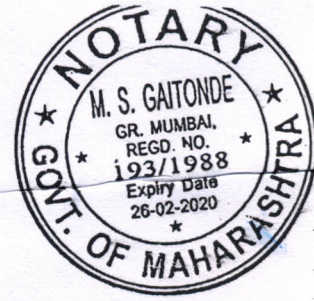
Thanks and Regards,


Chief Engineer (Power Purchase)

Copy s.w.r. to: The Executive Director (Commercial), MSEDCL, Mumbai.

Copy to:

- 1) Prayas (Energy Group), Amrita clinic, Athwale Corner, Lakdipool-Karve Road Junction, Deccan Gymkhana, Karve Road, Pune – 411 004
- 2) Mumbai Grahak Panchayat, Grahak Bhavan, Sant Dnyaneshwar Marg, Behind Cooper Hospital, Vile Parle (West), Mumbai – 400 056
- 3) Thane Belapur Industries Association, Plot No. P-14, MIDC, Rabale Village, PO Ghansoli, Navi Mumbai - 400 701
- 4) Vidarbha Industries Association, 1st Floor, Udyog Bhavan, Civil lines, Nagpur - 440 001.
- 5) Maharashtra Chambers of Commerce, Industry & Agriculture, Oricon House, 6th floor, 12 K, Dubash Marg, Fort, Mumbai-400 001.
- 6) Chamber of Marathwadwada Industries and Agriculture, Bajaj bhavan, P-2, MIDC Industrial Area, Railway Station Road, Aurangabad- 431 005



BEFORE THE MAHARASHTRA STATE
REGULATORY COMMISSION

CASE NO. OF 2017

Filing

No.:

IN THE MATTER OF

PETITION FOR SEEKING APPROVAL FOR PROCUREMENT OF
LONG /MEDIUM/ SHORT TERM RENEWABLE ENERGY
POWER THROUGH COMPETITIVE BIDDING UNDER
REGULATION NO. 5 OF MAHARASHTRA ELECTRICITY
REGULATORY COMMISSION (TERMS AND CONDITIONS FOR
DETERMINATION OF RENEWABLE ENERGY TARIFF)
REGULATIONS, 2015

AND

IN THE MATTER OF

REGULATION 94 OF MERC (CONDUCT OF BUSINESS)
REGULATIONS-2004,

AND

MAHARASHTRA STATE ELECTRICITY

DISTRIBUTION COMPANY LTD.

--PETITIONER;

Affidavit in support of petition

I, Kavita Gharat , aged 40 years, having my office at MSEDCL, Prakashgad,
Bandra (E), Mumbai- 400 051, do hereby solemnly affirm and state as under;

I am Chief Engineer (Power Purchase) of the Maharashtra State Electricity Distribution Co. Ltd, (herein after referred to as "MSEDCL" for the sake of brevity), in the above matter and am duly authorized to make this affidavit.

The averments made in the enclosed petition are based on the information received from the concerned officers of the Company and I believe them to be true.

I say that there are no proceedings pending in any court of law/ tribunal or arbitrator or any other authority, wherein the Petitioners are a party and where issues arising and/or reliefs sought are identical or similar to the issues arising in the matter pending before the Commission.

I solemnly affirm at Mumbai on this 6th Day of November 2017 that the contents of this affidavit are true to my knowledge, no part of it is false and nothing material has been concealed there from.

Eshtavat
Deponent
Chief Engineer (Power Purchase)
M. S. E. D. C. L.

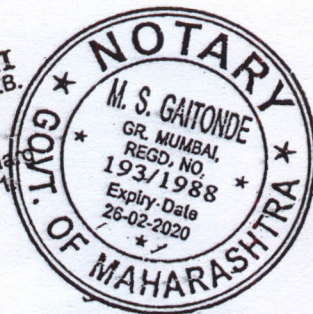
Identified before me



Identified By Me



Ohh
KHILESH TRIPATHI
B.A., LL.B.
ADVOCATE HIGH COURT
Office: Lawyer's Chamber,
Bhaskar Building, 2nd Floor, A. K. Marg,
Bandra (East), Mumbai - 400 051



BEFORE ME

M. S. Gaitonde
M. S. GAITONDE
NOTARY
GREATER MUMBAI
GOVT OF MAHARASHTRA
INDIA

NOTED REGISTER
Sr. No. 2844 | 6-11-2017



BEFORE THE MAHARASHTRA STATE REGULATORY

COMMISSION

CASE NO. OF 2017

Filing No.: _____

IN THE MATTER OF

PETITION FOR SEEKING APPROVAL FOR PROCUREMENT OF LONG /MEDIUM/ SHORT TERM RENEWABLE ENERGY POWER THROUGH COMPETITIVE BIDDING UNDER REGULATION NO. 5 OF MAHARASHTRA ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS FOR DETERMINATION OF RENEWABLE ENERGY TARIFF) REGULATIONS, 2015

AND

IN THE MATTER OF

REGULATION 94 OF MERC (CONDUCT OF BUSINESS) REGULATIONS-2004,

AND

MAHARASHTRA STATE ELECTRICITY
DISTRIBUTION COMPANY LTD.

-----PETITIONER;

MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY
LTD. RESPECTFULLY SUBMITS;

1. Background:

1.1. Maharashtra State Electricity Distribution Co. Ltd. (hereinafter to be referred to as "MSEDCL" or "the Petitioner") has been incorporated under Indian



Companies Act, 1956 pursuant to decision of Government of Maharashtra to reorganize erstwhile Maharashtra State Electricity Board (herein after referred to as "MSEB").

- 1.2. MSEDCL is a Company constituted under the provisions of Government of Maharashtra, General Resolution No. PLA-1003/C.R.8588/Energy-5 dated 25th January 2005 and is duly registered with the Registrar of Companies, Mumbai on 31st May 2005.
- 1.3. MSEDCL is functioning in accordance with the provisions envisaged in the Electricity Act, 2003 and is engaged, within the framework of the Electricity Act, 2003, in the business of Distribution of Electricity to its consumers situated over the entire State of Maharashtra, except some parts of city of Mumbai.
- 1.4. The National Tariff Policy 2016, under clause 6.4 provides that 'States shall endeavor to procure power from renewable energy sources through competitive bidding to keep the tariff low, except from the waste to energy plants. Procurement of power by Distribution Licensee from renewable energy sources from projects above the notified capacity, shall be done through competitive bidding process, from the date to be notified by the Central Government.
- 1.5. Also, the National Electricity Policy notified on 12 Feb. 2005, provides for competitive bidding in Renewable Energy, under para 5.12.2:- Annexure I

"...Progressively the share of electricity from non-conventional sources would need to be increased as prescribed by State Electricity Regulatory Commissions. Such purchase by distribution companies shall be through competitive bidding process...."

- 1.6. Regulation 2 (1) (j) of the MERC (Renewable Purchase Obligations, Its Compliance and Implementation of REC Framework) Regulations, 2016 makes it clear that:

"An 'Obligated Entity' means the distribution licensees, users owning captive power plants, and open access consumers in the State of Maharashtra, who have to mandatorily comply with



renewable purchase obligation under these Regulations subject to fulfillment of conditions outlined under Regulation 5”.

- 1.7. Hence, RPO of distribution companies/ direct buyers of Electricity were to be fixed by SERCs across the States.
- 1.8. It is to submit that while determining the RE tariff order for FY 2017-18, MSEDCL referred to the Gujarat Electricity Regulatory Commission (GERC) letter dated 18 March, 2017 by which it has permitted procurement of RE through competitive bidding. A similar approach may be adopted while determining the Generic Tariff for RE Technologies in Maharashtra for FY 2017-18, and competitive bidding may be allowed to Distribution Licensees for procurement of Wind and Solar power. - Annexure II

- 1.9. In this regards, Commission's ruling in RE tariff order dated 28.04.2017 is as below:

“As regards competitive bidding for RE procurement by Distribution Licensees, Regulation 5 of the RE Tariff Regulations specifies that the Commission shall adopt the Tariff in respect of RE Projects if it is determined through a transparent process of competitive bidding conducted under Section 63 of the EA, 2003”.

- 1.10. In light of this, the Petitioner would like to make the following submissions to the Hon'ble Commission for its kind consideration and necessary approval under aforesaid Regulations, for procurement of Renewable Power through competitive bidding process towards the fulfillment of Renewable Purchase Obligations from RE sources on Short Term/long term contract basis through reverse auction process.

2. MERC (RPO, its compliance and implementation of REC framework) Regulations, 2016:

- 2.1. As per Regulation 7.1 of the RPO Regulations 2016, the revised RPO targets are as below:



Year	Quantum of purchase (in%) from RE sources (in terms of energy equivalent in kWh)		
	Solar	Non-Solar (other RE)	Total
2017-18	2.00%	10.50%	12.50%
2018-19	2.75%	11.00%	13.75%
2019-20	3.50%	11.50%	15.00%

2.2. Also, as per Government of India RE capacity installation target is of 175 GW by 2022 and for Maharashtra it will be 22 GW. As per draft National Electricity Plan (NEP) 2016, India's total installed capacity shall be 684 GW by 2027 (under Base case scenario) and the share of RE shall be 40.2% in capacity terms and 24.2% in energy terms.

2.3. Regulation 7.2 gives recourse to:

"an obligated entity to meet its RPO target by way of its own generation or procurement of power from another RE Project or by purchase from a Licensee or by purchase of RECs or by a combination of these options. However, the RE power generated within Maharashtra by a Distribution Licensee at a rate other than that approved by the State Commission directly from a Generator or a Trading Licensee shall not be considered as eligible quantum for fulfillment of the RPO of Distribution Licensee."

2.4. MSEDCL has contracted Renewable Energy (as on 31.08.2017) for fulfillment of Solar and Non-Solar RPO target on preferential tariff with all RE generators except for 1000 MW solar power from SECI through competitive bidding, which is as below:

Sr. No.	Source of Renewable Energy	Contracted Capacity in MW	Commissioned Capacity in MW
1	Wind	3631.65	3631.65
2	Bagasse based Co-generation	1999.75	1904.85
3	Biomass	211	157
4	Small Hydro	115.625	88.875
5	Solar	1327	322
6	MSW	4	4
Total		7289.03	6108.38



- 2.5. In view of above, MSEDCL RPO Compliance (provisional) for FY 2016-17 and FY 2017-18 (1st quarter) is as below:

FY 2016-17:

MSEDCL GEC in (MU)		Solar RPO (MU)		Non Solar RPO (MU)		Total	
111536	Target	1115	1.00%	11154	10.00 %	12269	11.0%
	Achievement	422	0.38%	9332	8.37 %	9753	8.74%
	Shortfall	693 MU		1822 MU		2516 MU	

FY 2017-18 (1st Quarter):

MSEDCL GEC in (MU)		Solar RPO (MU)		Non Solar RPO (MU)		Total	
33373	Target	637.	2.00%	3342	10.50 %	3979	12.50%
	Achievement	105	0.33%	2372	7.45 %	2477	7.78%
	Shortfall	532 MU		970 MU		1502 MU	

MSEDCL is in shortfall of 1822 MUs for fulfillment of Non- Solar RPO target for FY 2016-17. Also, there is shortfall of 970 MUs for fulfillment of Non-Solar RPO target for FY 2017-18-1st quarter. Hence, MSEDCL has to purchase solar and non-solar RECs or procure RE power to meet the RPO target given by Hon'ble Commission.

3. Regulatory Provisions and recent trends in RE power procurement through competitive bidding

- 3.1. The National Electricity Policy notified on 12th Feb, 2005, provides for competitive bidding in Renewable Energy, under para 5.12.2

"...Progressively the share of electricity from non-conventional sources would need to be increased as prescribed by State Electricity Regulatory Commissions. Such purchase by distribution companies shall be through competitive bidding process...."

- 3.2. The Petitioner further submits to the Hon'ble Commission that the MERC (Terms and Conditions for Determination of Renewable Energy Tariff) Regulations, 2015, also encourage competitively bid RE power procurement by the utilities. The relevant extract is reproduced below.

"5. Competitive Bidding for procurement of power generated by grid-connected RE Projects-

The Commission shall adopt the tariff for a RE Power Project where such tariff has been determined through a transparent process of competitive bidding in accordance with guidelines under Section 63 of the Act as and when issued by the Central Government."

3.3. Therefore, the Petitioner is approaching this Hon'ble Commission to seek approval regarding proviso under clause 5 of MERC RE Tariff Regulations, 2015 to allow the long /Short term purchase of Renewable Energy Power through competitive bidding process by MSEDCL towards fulfillment of Solar and Non-Solar RPO target.

4. Recent development in RE power procurement in neighboring states :

4.1. Considering the provisions of the National Tariff Policy for procurement of power from RE projects, the GERC vide order dated: 06.10.2017 has mentioned the procurement of RE by the Distribution Licensees through competitive bidding under Section 63 of the Act for wind and solar projects or by following the competitive bidding process followed by SECI / MNRE, etc. The tariff determined by the Commission in the respective category of renewable energy will act as a ceiling tariff and the Distribution Licensees may approach the Commission for adoption of the tariff discovered through such competitive bidding process. - Annexure III

4.2. KERC has given following advice to the Government of Karnataka, to direct Discoms not to enter any fresh PPAs with Wind Power Projects until further review by KERC. Also, to bring Policy for procurement of Wind Power through competitive reverse bidding in line with the Guidelines issued by MoP/MNRE with prior approval of KERC. - Annexure IV

4.3. Recently, in a reverse auction competitive bid process conducted by SECI for setting up of 1 GW Wind Power projects as per MNRE guidelines, the wind tariff rates discovered of Rs.2.64 p.u. Likewise, recently in Rajasthan, reverse auction of 500 MW of solar projects lowest winning bid is at Rs 2.44 per unit. Thus there is a strong trend towards fall in the prices of RE technologies in competitive bidding process. The implication of competitive bidding is that it is opening new markets for capacity expansion. In some cases, the competitive rates are lower than 50% of feed in tariff rates.



5. RE procurement through competitive bidding by MSEDCL-

- 5.1. It is most respectfully submitted that MSEDCL wishes to procure wind, solar and Bagasse based Co-generation power, henceforth through competitive bidding process only.
- 5.2. Accordingly, MSEDCL vide its letter dated 9/6/17 has sought permission from GoM for purchase of wind and solar energy through competitive bidding process. The GoM vide its letter dated 17/07/17 has accorded approval for the same. Annexure V (a) & (b)
- 5.3. Further, MSEDCL vide letter dated 28.07.2017 also requested to GoM, to give approval for purchase of 500 MW (in step of 100 MW) Bagasse based Co-generation power through competitive bidding with ceiling rate of Rs. 4.00/- per unit. The ceiling rate of Rs. 4.00/- per unit has been derived considering the average variable cost of thermal generation as Rs. 2.90/- and cost of Non-Solar REC as Rs. 1.00/-. Annexure VI
- 5.4. The GoM, vide letter dated 11.10.2017, has accorded approval for the purchase of bagasse based cogeneration power through competitive bidding process with ceiling rate of Rs. 4.00/- p.u. -Annexure VII
- 5.5. It is respectfully submitted that, MSEDCL has filed petition for seeking approval for short term procurement of wind and solar power through competitive bidding. The bidding process has been conducted on PFC's DEEP portal.
- 5.6. The Petitioner has also in process of filing petitions requesting the Hon'ble Commission for approval of competitive bidding process for bagasse based co-generation power on long term basis. The bidding process is being carried out on TCIL portal.
- 5.7. Further, to promote the Renewable Energy and also to mitigate RPO targets, MSEDCL is presently in process of implementation of various scheme
- i) Sub-station Land Solar project- The scheme to utilize the spare land at substations for the generation of solar energy of 200 MW through competitive bidding.
 - ii) "Chief Minister Solar Agriculture Scheme"- Solar agricultural Feeder pilot Project scheme is being implemented with the joint venture of MSEDCL, Mahagenco and MEDA.

5.8. It is to submit that, during the preparation of bidding document/PPA, MSEDCL has followed the guidelines issued by GoI/MNRE for short/long term procurement of RE power through competitive bidding with e- reverse auction. In case, if there is no standard bidding documents available for any RE source like bagasse based co-generation through competitive bidding, then MSEDCL will prepare the bidding document in line with the GoI/MNRE guidelines with necessary modification as required in existing PPAs.

5.9. The petitioner would like to humbly request the Hon'ble Commission to consider and approval for the power proposed to be procured from RE generators and for various Government schemes through Competitive bidding (e-reverse auction) with the tariff determined by the Commission in the respective category of renewable energy will be taken as ceiling tariff rate, towards meeting the RPO requirement of MSEDCL.

5.11 For short term basis procurement, the ceiling rate for competitive bidding shall be lower than the tariff/preferential rate as decided by Hon. MERC. MSEDCL humbly request to MERC to consider such RE power procurement through short term basis competitive bidding process towards meeting the RPO requirement of MSEDCL. In case of long term basis and medium term competitive bidding process MSEDCL will approach to the Hon'ble Commission for adoption of tariff offered under Section 63 of the EA, 2003 after completion of process. The competitive bidding process will be done as per GoI/MNRE guidelines.

6. Prayers:

In view of the above the Petitioner respectfully prays to the Hon'ble Commission:

- a) To admit the Petition as per the provisions of the Regulation 19 of MERC (RPO, Its Compliance and Implementation of REC Framework) Regulations, 2016.
- b) To accord approval and to permit the Petitioner to procure Renewable Energy on short term basis, at the rate discovered through tariff based Competitive bidding (e-reverse auction) where the tariff determined by the



Commission in the respective category of renewable energy will be ceiling rate and the same to be made eligible for meeting the Solar and Non-solar RPO requirement of MSEDCL.

- c) To accord, in principle approval and to permit the Petitioner to procure Renewable Energy on long and medium term basis, at the rate discovered through tariff based Competitive bidding (e-reverse auction) and the same to be made eligible for meeting the Solar and Non-solar RPO requirement of MSEDCL.
- d) To allow MSEDCL to approach Hon'ble Commission for adoption of the tariff discovered through the competitive bidding under Section 63 of the EA, 2003.
- e) To consider the submission made by the Petitioner and consider the same positively while deciding the Petition as well as for further actions;
- f) To pass any other order/relief as the Hon'ble Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice;
- g) Condone any error/omission and to give opportunity to rectify the same;
- h) To permit the Petitioner to make further submissions, addition and alteration to this Petition as may be necessary from time to time.

K. Karat
Chief Engineer (Power Purchase)

Place:

Date:

