

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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Case No. 27 of 2024 and IA No. 10 of 2024

TPC-D's Petition seeking approval for Short Term Power Purchase for the period from April 2024 to June 2024 for meeting the demand during summer at the tariff discovered through the competitive bidding process and through short term purchases from the exchanges (DAM/RTM/TAM) or through the bilateral contract at a discount rate of exchange and Interlocutory Application of TPC-D for urgent listing of the Petition in Case No. 27 of 2024.

Coram

Sanjay Kumar, Chairperson
Anand M. Limaye, Member
Surendra J. Biyani, Member

The Tata Power Company Limited – Distribution (TPC-D) : Petitioner

Appearance

For the Petitioner: : Adv. Venkatesh

ORDER

Date: 20 April, 2024

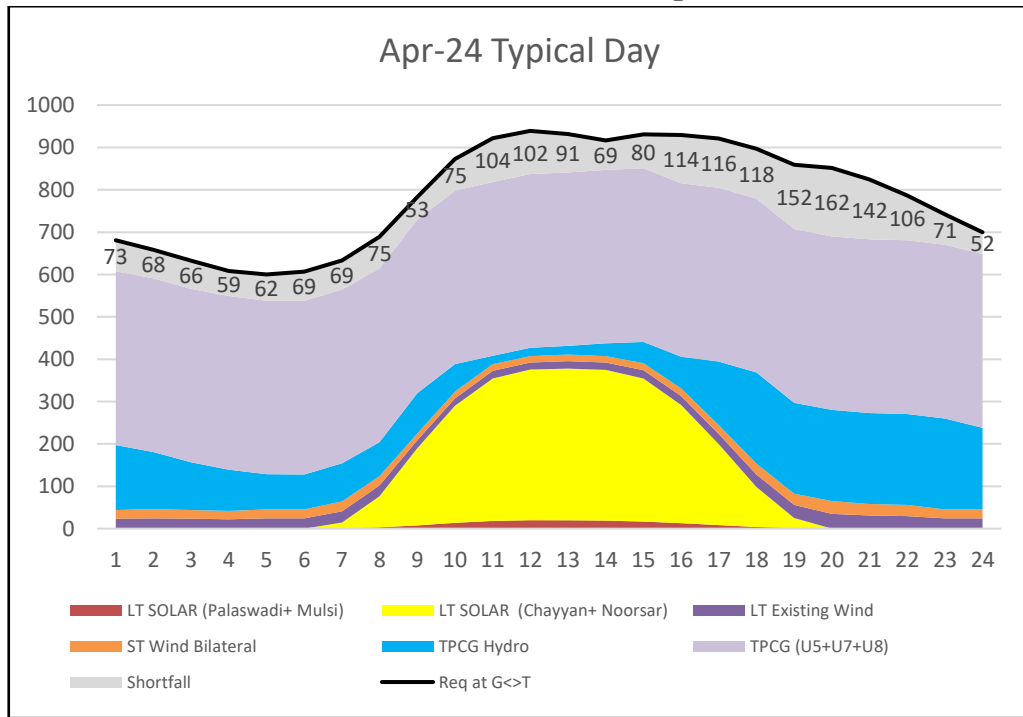
1. Petitioner, The Tata Power Company Limited – Distribution (TPC-D) has filed this Petition being Case No. 27 of 2024 on 16 February 2024 seeking approval for Short Term Power Purchase for the period from April 2024 to June 2024 for meeting the demand during summer at the tariff discovered through the competitive bidding process and through short term purchases from the exchanges (DAM/RTM/TAM) or through the bilateral contract at a discount rate of exchange., with rates below Rs. 10/kWh. The Petitioner has filed the present petition under Section 86 (1)(b) read with and Regulation 39 of the Maharashtra Electricity Regulatory Commission (Transaction of Business and Fees and Charges) Regulations, 2022.
2. **Petitioner's prayers are as under:**

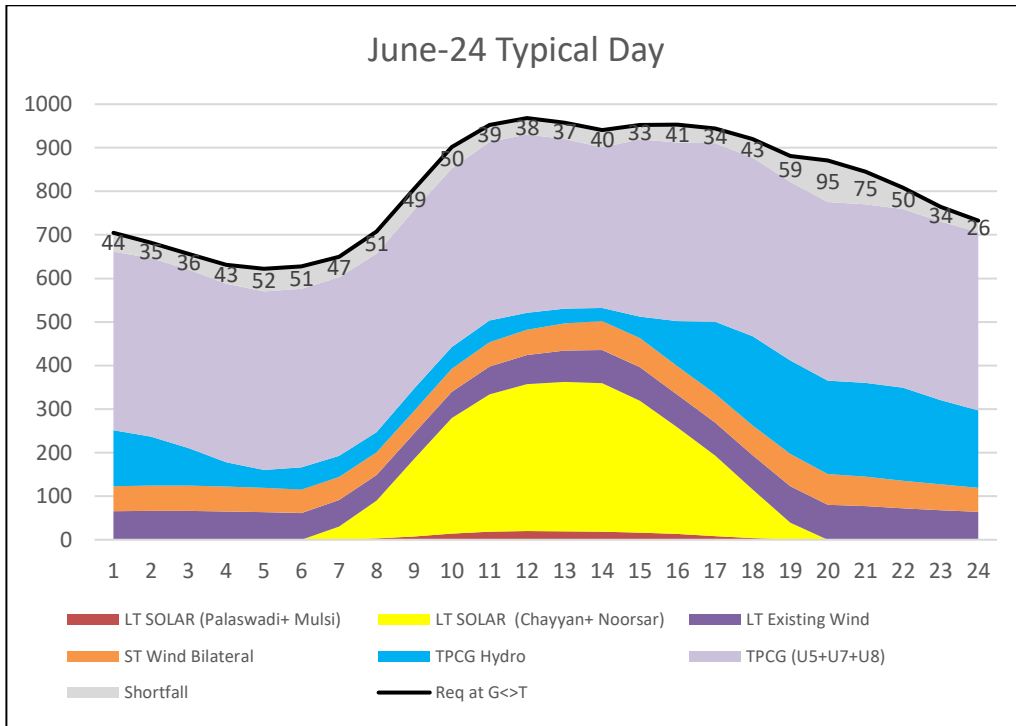
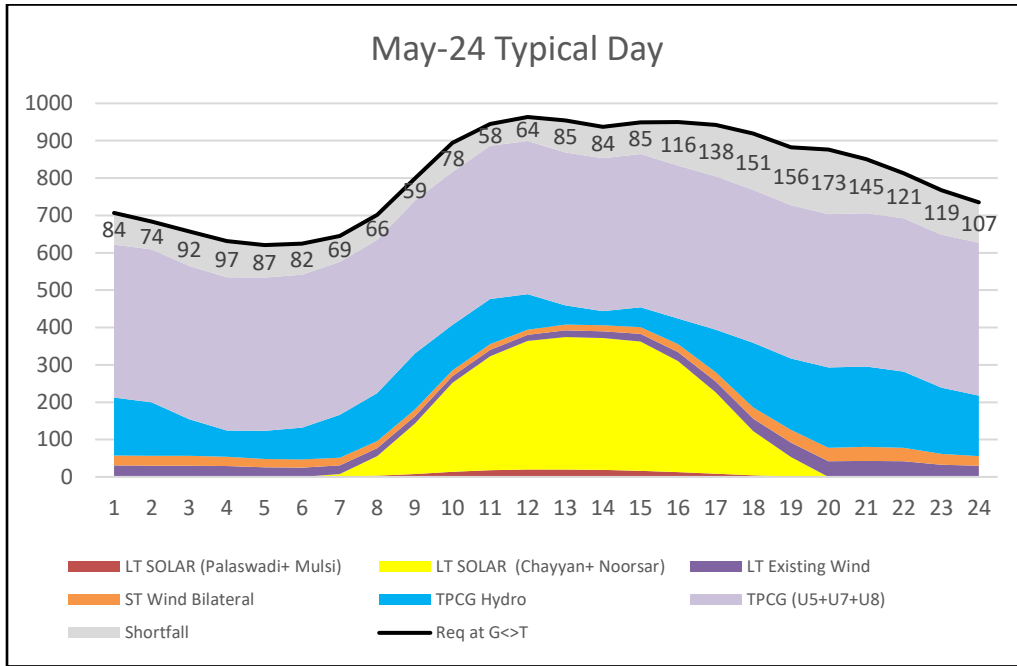
- a) Approve the RTC Short term power purchase for Tata Power-D to partly meet the demand of the Petitioner for April 2024 to June 2024 as given in Table 6 above; and
- b) Allow Tata Power-D to purchase the remaining balance requirement through short term purchases from the exchanges (DAM/RTM/TAM) with rates below Rs 10/kWh as per table 7 above; and
- c) Condone any inadvertent omission/errors/short comings in the present petition, if any and permit the Petitioner to add/modify this filing and make further submissions as may be required;
- d) Pass such other order(s)/direction(s) which this Hon'ble Commission may deem fit and proper in light of the facts and circumstances of the present case and in the interest of justice.

3. Petitioner in its Petition has stated as under:

- 3.1. In present Petition, TPC-D is seeking prior approval for Short Term power purchase (RTC basis) for the period from April 2024 to June 2024 for meeting the demand during summer at the tariff discovered through the competitive bidding process.
- 3.2. During review of demand-supply of power based on tied-up sources and forecasted demand to be met on periodical basis, TPC-D observed that there would be shortage of power in the range of 50 MW to 150 MW during the period from April 2024 to June 2024. Demand-supply mismatch for the period is as shown below:

Table: Load Curves for the month of April to June 2024





3.3. Considering the demand-supply gap , TPC-D floated a tender on 13 December 2023 through Discovery of Efficient Electricity Price (DEEP) portal of MSTC, for short term RTC Power through tariff based competitive bidding process, as well as peak power requirement, in line with the tariff Order and MoP guidelines for short term procurement of power dated 30 March 2016 and subsequent amendments. The Request for Proposal (RfP) and Notice inviting tenders were also published in leading newspapers on 15 December 2023. TPC-D received a response as below:

Table 1: Quantum and rate offered.

Bid Quantity	Period	Bidders	Offered Quantity-MW	Offered Rate Rs PU
75.0(MW)	From 01.04.2024:00.00 to 30.04.2024:24.00	Adani Enterprises Ltd/91600	75	10.21
		Mittal Processors Private Limited/75253	25	7.23
150.0(MW)	From 01.04.2024:16.00 to 30.04.2024:22.00	Adani Enterprises Ltd/335680	100	12.25
75.0(MW)	From 01.05.2024:00.00 to 31.05.2024:24.00	Adani Enterprises Ltd/91600	75	10.21
		Mittal Processors Private Limited/75253	25	7.23
150.0(MW)	From 01.05.2024:16.00 to 31.05.2024:22.00	Adani Enterprises Ltd/335680	100	12.25
50.0(MW)	From 01.06.2024:00.00 to 30.06.2024:24.00	Tata Power Trading Company Limited/74244	25	7.15
		Mittal Processors Private Limited/75253	25	7.15
		Adani Enterprises Ltd/91600	50	7.15
		Tata Power Trading Company Limited/74174	25	7.37
100.0(MW)	From 01.06.2024:16.00 to 30.06.2024:22.00	Adani Enterprises Ltd/335680	100	10.21

3.4. As the rates discovered were higher, TPC-D requested bidders to submit revised offers. Offer rates post negotiations are as follows:

Table 1: Revised rates received from the bidders.

Period	Timing	Req Quantum	e-RA Quantum & Offered Rates Rs PU (After Negotiations)								
			Bidder	MW	Rate	Bidder	MW	Rate	Bidder	MW	Rate
Apr-24	RTC	75	Kreate Energy Pvt. Ltd.	25	7.23	Adani Enterprises Ltd	50	10	Tata Power Trading Company Limited	-	-
Apr-24	16 to 22	150		-	-		100	12.25		-	-
May-24	RTC	75		25	7.23		50	10		-	-
May-24	16 to 22	150		-	-		100	12.25		-	-
Jun-24	RTC	50		25	7.15		25	7.15		-	-
Jun-24	RTC	50		-	-		-	-		25	7.12
Jun-24	RTC	50		-	-		-	-		25	7.14
Jun-24	16 to 22	100		-	-		100	10		-	-

3.5. TPC-D has compared the above discovered rates with the recently approved rate by the Commission for MSEDCL in Order dated 22 November 2023 in Case No. 190 of 2023 for the period of April and May 2024, which are in the range of Rs 7.65/kWh to Rs 7.90/kWh. Further, TPC-D has also compared the discovered rates through similar tenders outside the State, which are in the range of Rs. 6.84/kWh to Rs. 10.21/kWh.

- 3.6. Rates offered by Adani Enterprises Ltd to TPC-D are higher for RTC power purchase and peak power purchase even after negotiations. Therefore, TPC-D proposed to purchase the power for April 2024 to June 2024, which is in line with the recently discovered short term rates by other entities as below:

Period	Timing	Proposed Quantum & Rates Rs PU					
		Bidder	MW	Rate	Bidder	MW	Rate
Apr-24	RTC	Kreate	25	7.23	Tata	-	-
May-24	RTC	Energy	25	7.23	Power	-	-
Jun-24	RTC	Pvt Ltd	25	7.15	Trading	25	7.12

- 3.7. Even after contracting the above-mentioned power, TPC-D still will need to purchase certain balance / additional quantum to meet its demand (RTC/Peak) during the summer period of 2024 (April 2024 to June 2024). The estimated balance requirement of TPC-D is as given in the table below:

Period	Timing	Balance (MW)
Apr-24	RTC	50
Apr-24	16 to 22	150
May-24	RTC	50
May-24	16 to 22	150
Jun-24	RTC	0
Jun-24	16 to 22	100

- 3.8. TPC-D humbly requested to allow to purchase above-mentioned balance requirement of power below the rate of Rs. 10/kWh through the exchanges under Day Ahead Market/ Real Time Market/Term Ahead Market. (DAM/RTM/TAM).
- 3.9. Regulation 22 of MERC (Multi Year Tariff) Regulations, 2019 provides a Distribution Licensee to undertake additional power procurement during the year, over and above the power procurement plan.
- 3.10. The Commission in the MYT Order dated 30 March 2020 in Case No. 326 of 2019 has approved the short-term power procurement for TPC-D subject to ceiling of Rs. 3.56/kWh and since the rates discovered through competitive bidding in the present matter are higher than the rate of Rs. 3.56/kWh which considered by the Commission in MYT Order, TPC-D submitted the present Petition for the adoption of the tariff for period from April 2024 to June 2024.
- 3.11. TPC-D on 16 February 2024 has also filed the Interlocutory Application (IA No. 10 of 2024) for urgent listing of Case No. 27 of 2024.
4. At the e-hearing held on 12 March 2024, the advocate of the Petitioner mentioned the urgency of the listing of the Case as the main Petition is for procurement of power for the period from

April 2024 to June 2024. Considering the fact presented, the Commission directed TPC-D to argue the main matter on merits and heard it accordingly. The Petitioner further reiterated the submission made in Petition and requested for approval for Short Term Power Purchase for the period from April 2024 to June 2024 for meeting the demand during summer at the tariff discovered through the competitive bidding process and through short term purchases from the exchanges (DAM/RTM/TAM) or through the bilateral contract at a discount rate of exchange., with rates below Rs. 10/kWh.

Commission’s Analysis and Ruling:

5. The present Petition has been filed by TPC-D seeking approval for tariff discovered through Competitive Bidding for Short Term Power purchase for the period of 1 April 2024 to 30 June 2024.
6. Considering the submissions made in the matter, the Commission frames following issues for its considerations:
 - A. Provisions under which Short Term Power procurement of Distribution Licensee requires approval of the Commission.
 - B. Whether the quantum of additional short term power procurement proposed by TPC-D is justified?
 - C. Whether the discovered tariff is consistent with the market trend?

The Commission is addressing these issues in the following paragraphs.

7. Issue A: - Provisions under which Short Term Power procurement of Distribution Licensee requires approval of the Commission.

- 7.1. The Commission notes that MERC MYT Regulations, 2019 which is applicable for control period of FY 2020-21 to FY 2024-25, has following provisions related to the additional power procurement by Distribution Licensee:

“ 22.1 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.

22.2 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 or when the sourcing of power from existing tied-up sources becomes costlier than other available alternative sources, the Distribution Licensee may enter into additional agreement or arrangement for procurement of power.

22.3 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.”

Thus, in cases where there is an anticipated shortfall in fulfilling the demand and for optimizing the power purchase cost, Licensee can procure additional power subject to the variation of excess of five percent in the quantum or cost of power procured during the first or second block of six months of a Year from the sources other than approved by the Commission.

- 7.2. Further, Ministry of Power’s Guidelines dated 30 March 2016 notified under Section 63 of the Electricity Act 2003 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.”

Thus, if the quantum of power procured and the tariff determined are not within the blanket approval specified by the Commission in ARR/ Tariff Order, Distribution Licensee needs to approach the Commission for approval of the additional power procurement and to adopt the tariff discovered through competitive bidding process. In Case of TPC-D, the Commission in recent Tariff Order dated 6 March 2024 in Case No. 237 of 2023 has considered the rate of Rs. 5.07/kWh for purchase of power from short-term sources.

- 7.3. As the source of power is different than the approved sources and the tariff is higher than that has been approved by the Commission in the recent Tariff Order dated 6 March 2024 in Case No. 237 of 2023, it fulfils the criteria specified in MYT Regulations, 2019 and in the MoP Guidelines dated 30 March, 2016. Hence, prior approval of the Commission is required for the proposed short term power procurement by TPC-D.

8. Issue B: Whether the quantum of additional short-term power procurement proposed by TPC-D is justified?

- 8.1. The Commission notes that TPC-D has floated the Tender on DEEP E-bidding portal for short term power procurement for the period from April 2024 to June 2024 for procurement of RTC power for 75 MW, 75 MW and 50 MW respectively and peak power i.e. 16:00 to 22:00 for 100 MW, 100 MW and 100 MW respectively.

- 8.2. For justifying procurement, TPC-D has mapped its demand projections with anticipated generation availability.
- 8.3. The Commission notes that TPC-D while reviewing its demand-supply of power based on the power available from its tied-up sources and forecasted demand to be met on periodical basis. During the review of demand to be met for forthcoming summer months (i.e., April 2024 to June 2024), TPC-D observed that there would be shortage of power in the range of 50 MW to 150 MW. TPC-D has also provided the proposed daily load curves (demand-supply) for each month, representing the demand-supply mismatch during the months of April 2024 and June 2024.
- 8.4. Based on the above scenario, TPC-D had floated tender of RTC power and peak. Hence, the Commission is considering the Tender floated by TPC-D for adoption in present proceedings.
- 8.5. Further, the Commission notes that TPC-D has made negotiations with the bidders to reduce the quoted Tariffs and even after negotiations, rates offered by one of the bidders, Adani Enterprises Ltd found higher for RTC power purchase and peak power purchase. Accordingly, TPC-D decided to restrict the power purchase from the tender as below:

Period	Timing	Proposed Quantum and rates (Rs/kWh)					
		Bidder	MW	Rate	Bidder	MW	Rate
Apr-24	RTC	Kreate	25	7.23	Tata	-	-
May-24	RTC	Energy	25	7.23	Power	-	-
Jun-24	RTC	Pvt Ltd	25	7.15	Trading	25	7.12

- 8.6. For the balance shortfall, TPC-D has requested the Commission to allow to purchase above-mentioned balance requirement of power through the exchanges under DAM/RTM/TAM.

9. Issue C: - Whether the discovered tariff is consistent with the market trend?

- 9.1. The Commission notes that TPC-D has undertaken the short-term power procurement as per the competitive guidelines of MoP dated 30 March 2016 by floating the bid on DEEP portal.
- 9.2. To assess the competitiveness of the tariff discovered by TPC-D in the present bidding, the Commission has referred to recent discovered tariff on DEEP Portal by other buyers for the similar period as submitted by TPC-D and same is tabulated below:

Bidding Entities & e-RA Rates Rs PU	Apr-24	May-24	Jun-24
KSEBL	9.59	9.59	-
PCKL	-	8.00	-
Noida Power Company Limited	-	7.49/10.21	7.19
CESC	7.99	7.99	7.97
Haryana Power Purchase Centre	-	8.75	7.98
Gujarat Urja Vikas Nigam Limited	7.95	7.95	8.01
West Bengal State Electricity Distribution Company Limited	9.5	9.5	7.57
Maharashtra State Electricity Distribution Co. Ltd	8.49	8.5	6.84
Torrent Power Limited	9.25	9.25	7.45

BSES	8.69	8.69	7.26
KSEBL	8.69	8.69	-
GUVNL	8.11	8.30	7.4
Tamil Nadu Generation and Distribution Corpn Ltd	8.42	8.39	-

9.3. The Commission has also referred to recent discovered tariff for RTC Power on DEEP Portal from its website, which are as below:

Bidding Entities & e-RA Rates Rs PU	Apr-24	May-24	Jun-24
BSES	-	9.00-9.98	8.00-9.95
PFC consulting	12.00	10.50-12.00	9.68-10.50
MSEDCL	8.49-10.58	8.50-10.58	6.84-6.85
GUVNL	-	10.64	8.46-8.99
Tata Power Delhi Distribution Ltd	-	9.98	-
BSPHCL	-	9.95	7.55-8.86
KSEBL	9.59-10.25	9.59-10.25	-
PCKL	-	8.00	-

9.4. The Commission holds that TPC-D has carried out the process of procurement of Short-Term Power in accordance with Competitive Bidding Guidelines and the tariff discovered is at par of current market situations for TPC-D's tender and hence the Commission is inclined to consider and approve the same.

9.5. Section 63 of the EA, 2003 mandates the Commission to adopt the tariff if such tariff has been determined through transparent process of competitive bidding in accordance with the guidelines issued by the Central Government.

9.6. In view of the foregoing, the Commission notes that tariff discovered by TPC-D fulfils mandates and requirements for adoption as set out in Section 63 of the EA, 2003 and MYT Regulations, 2019. Accordingly, the Commission adopts TPC-D's Power Procurement as follows:

Period	Timing	Proposed Quantum and rates (Rs/kWh)					
		Bidder	MW	Rate	Bidder	MW	Rate
Apr-24	RTC	Kreate	25	7.23	Tata	-	-
May-24	RTC	Energy	25	7.23	Power	-	-
Jun-24	RTC	Pvt Ltd	25	7.15	Trading	25	7.12

9.7. For the balance shortfall, TPC-D has requested the Commission to allow to purchase above-mentioned balance requirement of power through the exchanges under DAM/RTM/TAM below the rate of Rs. 10/kWh. In this regard, the Commission notes that TPC-D is free to procure the balance requirement of power through DAM/RTM/TAM on power exchanges. Rate discovered on Day Ahead Market on power exchanges is reflective of market condition and power procurement guidelines does not requires adoption of tariff for rate discovered on

power exchanges. Hence, the Commission is not putting any ceiling tariff for procurement of power through power exchanges. However, TPC-D shall ensure that power procurement is done at the lowest possible rate.

10. Hence, the following Order.


Order

- 1. The Petition in Case No. 27 of 2024 is allowed and IA No. 10 of 2024 is disposed of.**
- 2. Short Term Power Procurement under tender floated by TPC-D for the period from 01 April 2024 to 30 June 2024 as stated in para 9.6 above is approved.**
- 3. TPC-D is allowed to purchase the balance requirement of power through DAM/RTM/TAM, as stated in para 9.7 above.**
- 4. TPC-D to submit the copies of Final PPAs to the Commission for records.**

Sd/-
(Surendra J. Biyani)
Member

Sd/-
(Anand M. Limaye)
Member

Sd/-
(Sanjay Kumar)
Chairperson


(Dr. Rajendra G. Ambekar)
Secretary

