

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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Case No. 214 of 2023

Petition of M/s. Maharashtra Industrial Township Limited (MITL) for approval of power purchase rate for purchasing of power from Solar Power Project for three years' period and approval for executing the Power Purchase Agreement.

Maharashtra Industrial Township Ltd. (MITL)...	Petitioner
NTPC Vidyut Vyapar Nigam Ltd. (NVTNL)	} ... Respondents
Maharashtra State Electricity Transmission Co. Ltd. (MSETCL)	
Maharashtra State Electricity Distribution company Limited (MSEDCL)	

Coram

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

Appearance:

For the Petitioner:	: Ms. Deepa Chawan (Adv.)
For the Respondents	: Mr. Peeyush Sharma (Rep.) Mr. Umesh Bhagat (Rep.) Mr. Kundan Lal (Rep.)

ORDER

Date: 23 August, 2024

1. Maharashtra Industrial Township Ltd. (MITL) erstwhile Aurangabad Industrial Township Ltd. (AITL) has filed the present Case on 03 November 2023 of Section 86 (1) (b) of the Electricity Act, 2003, Regulation 3.2 & Regulations mentioned under 'Part C: Power

Procurement’ of the MERC (Multi-Year Tariff) Regulations, 2019 and Regulation 8.3.3 of the MERC (General Conditions of Distribution License) Regulations, 2006. With present Petition, MITL is seeking approval of power purchase rate for purchasing of power from Solar Power Project for three years’ period and approval for executing the Power Purchase Agreement (PPA).

2. Major Prayers of MITL are as follows:

“

- b) Approve the power purchase rate, from procurement of Solar Power along with green attributes, offered to MITL for three years’ period;*
- c) Allow the Petitioner to sign the PPA with M/s. NVVN Ltd;*
- d) Approve the Solar power procurement to meet RPO of MITL;*

.... ”

3. MITL in its Petition stated as follows:

- 3.1. The Commission vide its Order dated 03 September 2021 in Case No. 29 of 2019 has granted exemption to AITL under Section 13 of the Electricity Act 2003 from availing a Distribution License for its notified area of Shendra Industrial Area (SIA) and Bidkin Industrial Area (BIA) and held that Section 12 of the Electricity Act, 2003 shall not apply to AITL for its notified area.
- 3.2. The Commission vide its Order dated 02 August 2022 in Case No. 161 of 2021 has directed to AITL to file its Petition seeking approval of Power Purchase Agreement within three months of the issuance of the License exemption to AITL.
- 3.3. In compliance to the directions of the Commission, AITL filed a Petition (Case No.206 of 2022) seeking approval of short-term power purchase plan for (1) year period starting from 1 April 2023 to 31 March 2024. The Commission vide its Order dated 20 January 2023 accorded its approval to power procurement plan and directed AITL to issue tenders for short term power procurement.
- 3.4. **Connectivity from MSETCL and distribution system:**
 - a) MITL narrated the factual position on distribution network build up in its License area.
 - b) At present there are 60 consumers in MITL notified area, out of which 20 are HT and 40 are LT consumers with connected load of 40 MW and peak demand met till date is around 25.96 MW. All these consumers are availing power supply from MSEDCL by utilizing 33/11 kV GIS Substation and distribution network erected by MITL.

- c) MITL intends to commence the operation of electricity distribution in AURIC area shortly. Prior to commencement the operation, MITL will complete the activity of development of consumer metering infrastructure for all existing consumers of Shendra and Bidkin area.
- d) MITL is in process of ‘State Entity Registration’ with MSLDC as per procedure notified by the Commission for Deviation Settlement Mechanism (DSM).
- e) Considering future planning of MITL, number of consumers in MITL area are expected to increase to 126 based on allotment of plots. As per the planning of plot owner’s industries, commencement of their business is expected in upcoming 1 to 2 years. As per analysis, it is estimated that total connected load of consumers in MITL area will increase up to about 66 MW in next 2 to 3 years.
- f) In order to fulfil consumer demand, MITL is planning to procure conventional power short term basis for first year of commencement of its operation from 1 December 2023 to 30 November 2024. Further, for fulfilment of RPO, MITL has planned solar power procurement for a period of (3) years from 1 December 2023 to 30 November 2026. MITL has already completed the bidding process for conventional power purchase and had submitted separate Petition in Case No.199 of 2023. The present Petition is about Solar Power procurement.

3.5. MERC (Renewable Purchase Obligation, its Compliance and Implementation of Renewable Energy Certificate Framework) Regulations, 2019 mandates every Obligated Entity to procure a certain percentage of electricity generated from eligible RE sources. The RPO target for FY 2023-24 is as below:

Year	Solar	Non-Solar (other RE)	Total
2023-24	10.50%	11.50%	22.00%

For FY 2024-25 onwards, revised RPO targets have been specified in Draft (First Amendment) Regulations, 2023.

- 3.6. MITL has attempted Power procurement through e-tendering and e-reverse auction through DEEP e-bidding Portal. M/s PFC consulting Limited had published tenders of MITL on DEEP Portal.
- 3.7. The Tender was initially published on 07 March 2023, for supply of 24 MW conventional power for 01 May 2023 to 31 May 2024 with different load profile varying from 8 MW in off peak to 24 MW in evening peak hours. Simultaneously, short term tender for Solar power from 8 MW to 16 MW in summer peak period in day time for the period for the period 01 May 2023 to 30 April 2024 was also published. The Bid submission date was extended two times on request of bidders. However, there was no response to the tender. The details of solar power requirement mentioned in above tender is given below.

Renewable Energy (Solar) Under Short Term Arrangement for 01st May 2023 to 30th April 2024							
Requisition No.	Month / Period		Shot / Time (Hours)		Quantum (MW)	Minimum Bid Quantity in MW	Delivery Point
	From	To	From	To			
1	01.05.23	30.06.23	9.00	17.00	8	8	Maharashtra Distribution Network at Transmission and Distribution
2	01.07.23	30.09.23	9.00	17.00	12	8	
3	01.10.23	30.04.24	9.00	17.00	16	8	
Note: MITL will schedule a maximum of upto 35Mus within the above period							

3.8. As there was no response to both tenders, fresh medium term tender for conventional power were published on 17 April 2023 for 15 MW RTC power and 6 MW peak power in evening peak hour for the period 01 June 2023 to 31 May 2025. Simultaneously, short term tender for solar power of 14 MW in day time for the period for the period 01 June 2023 to 31 May 2024 was also published . The Bid submission date was extended till 23 May 2023 on request of bidders. However, there was no response to the tender. The details of solar power requirement mentioned in above tender is given below.

Requisition No.	Month / Period		Shot / Time (Hours)		Quantum (MW)	Delivery Point
	From	To	From	To		
1	01.06.23	31.05.24	9.00	17.00	14	<p>i. For projects connected with State Transmission Utility (STU) i.e. MSETCL :- 220/33KV Shendra MIDC & 220/33KV Chitegaon Bus Interface point between MITL and MSETCL Transmission network at Shendra industrial area Taluka-Aurangabad and at Bidkin industrial area Tal-Paithan, Aurangabad.</p> <p>ii. For projects connected to network other than connected to STU:- Delivery Point shall be interconnection point of CTU with Maharashtra STU.</p>
Note: MITL will schedule a maximum of upto 35Mus within the above period						

3.9. Due to lack of response from bidder to the tender, MITL finally decided to go for Short Term Power Purchase (conventional) for a period of one year from 01 December 2023 to 30 November 2024. Accordingly, issued fresh tender for conventional power on 12 July

2023 for 15 MW RTC power and 6 MW evening peak power. On request of bidders the bid submission date was extended till 14 August 2023.

- 3.10. Finally, in response to the bidding process carried out three times through DEEP Portal and extensions for bid submission, MITL received rate from M/s NTPC Vidyut Vyapar Nigam Limited for supply of conventional power from M/s Jhabua Power Limited (A Joint Venture of NTPC Limited) for the period 01 December 2023 to 30 November 2024.
- 3.11. After continuous efforts of purchase of solar power through DEEP portal, no response was received against the solar tenders published on the DEEP portal. MITL intends to start its distribution business w.e.f. 1 December 2023. In this context the power from RE sources would be useful not only to meet the demand in MITL's license area but also helpful in meeting the RPO target specified by the Commission. As mentioned under MERC order in Case No 206 of 2022, for meeting the RPO target, REC and GDAM options are available before MITL. However, it has been observed that cost discovered in the GDAM platform is on higher side. In case of REC, MITL would acquire REC certificate without actual power. MITL is in need of actual electricity to meet projected demand in the licensee area. Hence, REC procurement, without availing electricity, would increase the power purchase cost and in turn tariff for the end consumers. For sufficing arguments, MITL relied upon the Commission's Order dated 31 March 2023 in Case No 220 of 2022 (Petition of Laxmipati Balaji Supply Chain Management Limited for approval of Trueing-up of FY 2020-21 and FY 2021-22, Provisional Trueing-up of FY 2022-23, and Aggregate Revenue Requirement (ARR) and Tariff for FY 2023-24 and FY 2024-25).
- 3.12. Due to non-receipt offers in response to the Bid published for procurement of Solar Power on DEEP portal, MITL has decided to approach M/s NTPC Vidyut Vyapar Nigam Limited for purchase RE (solar) power to meet its RPO. NVVNL is Government entity involved in trading of electricity and the same entity has been selected for supply of conventional power in other bid published on the DEEP portal for procurement of conventional power.
- 3.13. MITL initiated the discussion on 29 August 2023 with NVVNL for supply of solar power. After three rounds of negotiation, NVVNL has submitted its proposal and draft PSA to MITL for approval and consideration. The final rate offered by NVVNL through email dated 14 September 2023 is summarised below:

NVVNL offered following:

Quantum of Power Offered	20 MW solar power along with green attribute
Duration	As per Actual Solar generation (tentatively between 6.00 to 18.00 Hrs) for 3 years from date of Agreement
Delivery Point	Ex-bus (ISTS periphery in the state of Rajasthan)

Applicable tariff at Delivery Point	Rs 3.43 / kWh fixed for 3 years
Rebate	rebate of 0.75% in case MITL makes the payment of Invoice within 7 days of the invoice date. Which translates into Rs 3.43/kWh to Rs 3.404 /kWh
Trading Margin	Nil

After negotiation rounds, MITL issued a Letter of Award (LoA) for purchase of solar power @Rs.3.43/kWh has been issued to NVVNL on 18 October 2023.

3.14. NVVNL vide its letter dated 23 October 2023 provided following reasons for not participating in Solar power procurement tender:

- At the time of tender, NVVNL was not having any tie-up with Solar Generator.
- Post Tender timeline, it has been able to conclude discussion with Solar Generator to provide power on back-to-back basis.

3.15. Reasonability of Tariff:

- The Commission in its recently issued MTR Orders pertaining to SEZ and Small Distribution Licensees has considered the RE procurement @ Rs.4.90/kWh (weighted average of GDAM MCP over the period from July 2022 to December 2022).
- The MCP discovered during January to October 2023 on GDAM platform at IEX is around Rs.6.00/kWh or more for most of the months.

Year	Month	A1	A2	E1	E2	N1	N2	N3	S1	S2	S3	W1	W2	W3	MCP
2023	Jan	6540.89	6540.89	6540.89	6540.89	6540.89	6540.89	6540.89	6540.89	6540.89	6540.89	6540.89	6540.89	6540.89	6540.89
	Feb	6823.83	6823.83	6823.83	6823.83	6823.83	6823.83	6823.83	6823.83	6823.83	6823.83	6823.83	6823.83	6823.83	6823.83
	Mar	6015.99	6015.99	6015.99	6015.99	6015.99	6015.99	6015.99	6015.99	6015.99	6015.99	6015.99	6015.99	6015.99	6015.99
	Apr	6122.98	6122.98	6122.98	6122.98	6009.45	6009.45	6009.45	6122.98	6140.51	6140.51	6122.98	6122.98	6122.98	6108.60
	May	5205.08	5205.08	5205.08	5205.08	5205.08	5205.08	5205.08	5205.08	5205.08	5205.08	5205.08	5205.08	5205.08	5205.08
	Jun	5743.45	5743.45	5743.45	5743.45	5743.45	5743.45	5743.45	5743.45	5743.45	5743.45	5743.45	5743.45	5743.45	5743.45
	Jul	4954.12	4954.12	4954.12	4954.12	4954.12	4954.12	4954.12	4954.12	4954.12	4954.12	4954.12	4954.12	4954.12	4954.12
	Aug	7160.08	7160.08	7160.08	7160.08	7160.08	7160.08	7160.08	7160.08	7160.08	7160.08	7160.08	7160.08	7160.08	7160.08
	Sep	7045.89	7045.89	7045.89	7045.89	7045.89	7045.89	7045.89	7045.89	7045.89	7045.89	7045.89	7045.89	7045.89	7045.89
	Oct	7899.05	7899.05	7899.05	7899.05	7879.70	7879.70	7879.70	7899.05	7899.05	7899.05	7899.05	7899.05	7899.05	7887.83

- The trend of power procurement rates adopted by the Commission in recent past is as below:

Sr. No.	Utility	Quantum	Period	Rate adopted	Order reference
1.	Laxmipati Balaji Supply Chain Management Ltd.	1 MW power (0.5 MW Base Load RTC and 0.5 MW peak load from	1year from 1 February 2023	Rs. 5.20/kWh	Case No 8 of 2023 dated 06 February 2023

Sr. No.	Utility	Quantum	Period	Rate adopted	Order reference
		9.00 to 23.00 Hrs except Sundays and Public holidays)	to 31 January 2024.		
2.	Nidar Utilities Panvel LLP	03 MW	1 July, 2023 to 30 June, 2024	Rs. 5.40/kWh	Case No. 9 of 2023 dated 29 March 2023
3.	Brihanmumbai Electric Supply and Transport (BEST) Undertaking	15 MW to 63 MW	01 April, 2023 to 31 March, 2024	weighted average tariff of Rs 7.43/kWh	Case No. 37 of 2023 dated 31 March 2023
4.	Tata Power Company Ltd. (Distribution)	50 – 63 MW	1 April 2023 to 30 June 2023	Rs. 6.60/kWh in day time and Rs.11.25/kWh for evening peak	Case No. 63 of 2023 dated 25 May 2023
5.	Jawaharlal Nehru Port Trust	Base Load of 0.6 MW (RTC) Peak Load of 0.9 MW (9:00 to 21:00); except Sundays and Public holidays	1 July, 2023 to 30 June, 2024	Rs. 6.30/kWh	Case No. 153 of 2023 dated 27.09.2023

- The trend of reverse auction results available on DEEP portal as result of different tender published for procurement of power for short term /medium term purchase in recent period (applicable for Maharashtra) are as follows:

Sr. No.	Utility	Period	Quantum	Rate (Rs/kWh)	Type of contract
1.	Laxmipati Balaji Supply Chain Management Limited	From 01.02.2023:00.00 to 31.01.2024:24.00	1	5.4	RTC
2.	NUPLLP	From 01.07.2023:00.00 to 30.06.2024:24.00	3	5.4	RTC
3.	Brihanmumbai Electricity Supply and Transport	From 01.02.2023:00.00 to 31.01.2024:24.00	100	6.4	RTC
4.	Tata Power Company Limited	From 01.04.2023:00.00 to 30.04.2023:18.00	50	10.25	00.00 - 18.00
		From 01.04.2023:18.00 to 30.04.2023:22.00	63	11.98	18.00 - 22.00
			87	12.96	18.00 - 22.00
		From 01.05.2023:00.00 to 31.05.2023:18.00	50	10.25	00.00 - 18.00
From 01.05.2023:18.00 to 31.05.2023:22.00	63	11.98	18.00 - 22.00		
	87	12.96	18.00 - 22.00		

Sr. No.	Utility	Period	Quantum	Rate (Rs/kWh)	Type of contract
		From 01.06.2023:00.00 to 30.06.2023:18.00	50	9.75	00.00 - 18.00
		From 01.06.2023:18.00 to 30.06.2023:22.00	63	10.98	18.00 - 22.00
			87	12.96	18.00 - 22.00
5.	Brihanmumbai Electricity Supply and Transport	From 01.04.2023:00.00 to 30.04.2023:24.00	25	7.85	RTC
		From 01.04.2023:09.00 to 30.04.2023:18.00	-	-	-
		From 01.05.2023:00.00 to 31.05.2023:24.00	25	7.85	RTC
		From 01.05.2023:09.00 to 31.05.2023:18.00	-	-	-
		From 01.06.2023:00.00 to 30.06.2023:24.00	25	7.85	RTC
		From 01.06.2023:09.00 to 30.06.2023:18.00	-	-	-
		From 01.07.2023:09.00 to 31.07.2023:18.00	40	5.9	9.00-18.00
		From 01.08.2023:09.00 to 31.08.2023:18.00	50	6.24	9.00-18.00
		From 01.09.2023:09.00 to 30.09.2023:18.00	50	5.99	9.00-18.00
		From 01.10.2023:00.00 to 31.10.2023:24.00	25		RTC
			25	7.84	RTC
		From 01.10.2023:09.00 to 31.10.2023:18.00	25		9.00-18.00
		From 01.11.2023:09.00 to 30.11.2023:18.00	25	7.84	9.00-18.00
			63	8.48	9.00-18.00
		From 01.12.2023:09.00 to 31.12.2023:18.00	25	6.94	9.00-18.00
			15	8	9.00-18.00
		From 01.02.2024:09.00 to 29.02.2024:18.00	25	6.94	9.00-18.00
25	8		9.00-18.00		
From 01.03.2024:09.00 to 31.03.2024:18.00	25	6.94	9.00-18.00		
	25	0.99	9.00-18.00		
6.	EON Kharadi Infrastructure Pvt Ltd	From 01.03.2023:00.00 to 29.02.2024:24.00	-	-	-
		From 01.03.2023:00.00 to 29.02.2024:24.00	4	10.47	RTC
7.	Tata Power Company Limited	From 01.04.2023:17.00 to 30.04.2023:24.00	50	14	17.00-24.00
		From 01.05.2023:17.00 to 31.05.2023:24.00	50	14	17.00-24.00

Sr. No.	Utility	Period	Quantum	Rate (Rs/kWh)	Type of contract
		From 01.06.2023:17.00 to 30.06.2023:24.00	50	14	17.00-24.00
		From 01.07.2023:17.00 to 29.02.2024:24.00	-	-	-
8.	AEML	From 01.01.2023:00.00 to 30.12.2023:24.00	157	2.94	RTC
			1	3.4	RTC
9.	Brihanmumbai Electricity Supply and Transport	From 01.04.2023:09.00 to 30.04.2023:18.00	13	10.25	09.00-18.00
			50	10.25	09.00-18.00
			12	10.7	09.00-18.00
		From 01.05.2023:09.00 to 31.05.2023:18.00	13	9.98	09.00-18.00
			50	9.98	09.00-18.00
			10	10	09.00-18.00
			27	10.5	09.00-18.00
		From 01.06.2023:09.00 to 30.06.2023:18.00	13	8.98	09.00-18.00
			50	8.98	09.00-18.00
			10	10	09.00-18.00
			2	10.5	09.00-18.00
		From 01.10.2023:09.00 to 31.10.2023:18.00	37	10.5	09.00-18.00
		From 01.12.2023:09.00 to 31.12.2023:18.00	25	10.5	09.00-18.00
10.	KRC Infrastructure and Projects Pvt Ltd	From 01.05.2023:08.00 to 31.05.2023:22.00	1	8.75	08.00-22.00
		From 01.06.2023:08.00 to 30.06.2023:22.00	1	9.25	08.00-22.00
		From 01.07.2023:08.00 to 31.07.2023:22.00	-	-	08.00-22.00
		From 01.08.2023:08.00 to 31.08.2023:22.00	1	9	08.00-22.00
		From 01.09.2023:08.00 to 30.09.2023:22.00	1	9	08.00-22.00
		From 01.10.2023:08.00 to 31.10.2023:22.00	4	9	08.00-22.00
11.	EON Kharadi Infrastructure Pvt Ltd	From 01.04.2023:06.00 to 30.04.2023:18.00	-	-	-
		From 01.05.2023:06.00 to 31.03.2024:18.00	-	-	-
		From 01.04.2023:00.00 to 30.04.2023:24.00	-	-	-
		From 01.05.2023:00.00 to 31.08.2023:24.00	3	2.85	RTC

Sr. No.	Utility	Period	Quantum	Rate (Rs/kWh)	Type of contract
		From 01.09.2023:00.00 to 31.03.2024:24.00	5	2.85	RTC
		From 01.04.2023:06.00 to 30.04.2023:18.00	-	-	-
		From 01.05.2023:06.00 to 31.03.2024:18.00	5	4.9	6.00-18.00
		From 01.04.2023:00.00 to 30.04.2023:24.00	-	-	-
		From 01.05.2023:00.00 to 31.08.2023:24.00	2	2.85	RTC
12.	Jawarharlal Nehru Port Trust	From 01.07.2023:00.00 to 30.06.2024:24.00	2	6.5	RTC
13.	Jawarharlal Nehru Port Trust	From 01.07.2023:00.00 to 30.06.2024:24.00	2	6.3	RTC
14.	EON Kharadi Infrastructure Pvt Ltd	From 10.07.2023:00.00 to 09.07.2024:24.00	6	4.65	RTC
		From 10.07.2023:00.00 to 09.07.2024:24.00	4	4.65	RTC

Above power procurement trend shows that the short-term power purchase rate is varying from Rs. 4.65 to Rs. 12.96 per unit depending on period and quantum of power.

- 3.16. MITL highlighted that Haryana Electricity Regulatory Commission vide its Order in the matter of Case No. HERC/ Petition No. 19 of 2023 dated 08 May 2023 allowed Haryana Power Purchase Centre (Bulk power purchaser on behalf of DISCOMs) to procure power from NVVNL under bilateral power purchase agreement at the rate of Rs 5.45 /kWh.
- 3.17. It is pertinent to note that no bidder responded to the two bidding rounds published on DEEP portal for procurement of solar power. Finally, after negotiation rounds MITL has decided to purchase RE (solar) power from NVVNL at the rate of Rs 3.43/kWh to meet its RPO and electricity demand in license area.
- 3.18. The 41st Board Meeting of MITL held on 24 March 2023, the Board has approved the proposal of procuring conventional and RE power with a total cost of Rs 96.90 Crore. The Board decided to issue LOA to L-1 bidder and sign PPA with the selected bidder.
- 3.19. MITL highlighted that its initial power procurement requirement is lower side and that is why it is not receiving adequate response from the power seller. However, with continuous efforts it is succeeded in obtaining competitive rates for procurement of both solar and conventional power. In view of the importance of, AURIC project and Shendra-Bidkin Industrial Area (SBIA), as part of DMIC corridor for further development of the DMIC Project by Government of India, MITL requested the Commission to accord its approval

for procurement of Solar Power from NRVNL at Rs 3.43/kWh and approve the PPA to be signed with NRVNL.

4. STU in its Reply dated 05 February 2024 stated as following:

- 4.1. The Central Electricity Regulatory Commission (CERC) has published CERC (Connectivity and General Network Access to the inter-state Transmission system), Regulations, 2022 on 07 June 2022 and its amendment was published on 01 April 2023. The said Regulation was effective from 1 October 2022 and its first amendment is effective from 05 April 2023. The CERC has granted deemed GNA of 8496 MW to Maharashtra state as per average recorded demand of FY 2018-19, FY 2019-20 and FY 2020-21 in CERC GNA Regulations, 2022.
 - 4.2. MSLDC has segregated the Deemed GNA allocation within the Maharashtra state for intra state entities including all Distribution licensees and furnished the same to CTU as per directives of CERC in clause 18.1 (e) of the said Regulations. Based on the request from Intra-state transmission system users, on 26 September 2023 STU submitted the required 1088.78 MW of additional GNA requirement to CTU.
 - 4.3. Accordingly, CTU vide its letter dated 29 September 2023 has granted additional GNA of 1088.78 MW (Outside region: 1088.45MW and within region: 0.33MW) to Maharashtra State.
 - 4.4. The additional GNA is now incorporated in deemed GNA granted by CERC in CERC (Connectivity and General Network Access to the inter-state Transmission system), Regulations, 2022 from 01 October 2023. Thus, the total GNA granted by CTU to Maharashtra state is become 9584.78 MW. Considering the above GNA granted by CTU, the margin of 175.22 MW is available with Maharashtra.
 - 4.5. As MITL has proposed to procure power from NRVNL (NTPC Vidyut Vyapar Nigam Ltd) from Rajasthan, MITL would be required to apply for the GNA through STU as per the procedure of CERC (Connectivity and General Network Access to the inter-state Transmission system), Regulations, 2022
5. During the e-hearing held on 6 February 2024, the Commission directed MITL to have a dialogue with NRVNL for matching its offer price to Solar Tariff recently adopted by the Commission. Further, MITL to submit status of solar roof top installations in its area of supply and possibility of installation of Solar plants in its area of supply to meet part of its daytime demand.
- 6. MITL in its Rejoinder dated 13 March 2024 stated as below:**
- 6.1. Discussion with NRVNL for matching its offer price to Solar Tariff recently adopted by the Commission:

- 6.1.1. MITL submitted that it had already negotiated the price offered by NVVNL and accordingly NVVNL reduced the price to the present one. However, as per the directions of the Commission, MITL once again requested NVVNL to reduce the offered price and match the price recently adopted by the Commission. In response, NVVNL reduced their price by one paise only.
- 6.1.2. Quantum of power procured one of the distinguishing factor of MSEDCL Bid in the Case No. 41 of 2023 and 43 of 2023, which resulted in relatively lower power procurement rate (Rs/kWh), on DEEP portal, compared to small entities akin of MITL, which ought to be considered.
- 6.1.3. The other distinguishing features of the price discovered in Case No. 41 of 2023 and 43 of 2023, and the present case are as under:
- a. MSEDCL floated bids for procurement of 100 MW and above capacity for relatively longer tenure 25 years. The economy of scale and regulatory certainty over long period contributes to lower tariff discovery. The bids floated by MSEDCL are either as part of Mukhyamantri Solar Feeder Scheme or PM-KUSUM scheme wherein the DISCOM or Solar generator get an additional incentive. Under the PM-KUSUM scheme the DISCOM get Rs 0.40 /kWh as an incentive for the first 5 years from COD of the plant.
 - b. In Mukhyamantri Solar feeder scheme the solar generator /developer get additional incentive of Rs 0.15 to 0.25 /kWh for first three years. Additionally, the GoM has created a revolving fund to the tune of 100 Crore/GW to take care of timely payment of generator by MSEDCL. All these factors result in lower discovery of tariff in case of MSEDCL on DEEP portal, as opposed to others who do not have the advantage of such features.
 - c. The bids floated by MSEDCL had clear provisions for under generation/over generation / compensation in case of loss of generation due to the factors attributed to grid failure.

6.2. Possible reasons for no response to MITL Bids:

6.2.1. The quantum of power and PPA tenure:

During first attempt MITL enquired for quantum varying from 8 MW to 16 MW (from 9.00 hrs to 17.00 hrs) for duration of 1 year (short term). In second attempt MITL floated enquiry for 14 MW (from 9.00 hrs to 17.00 hrs) for duration of 1 year. The prospective solar generators/ traders may find this unattractive as they have to look for another buyer post one-year period. Secondly the energy requirement of MITL was for continuous duration of 8 hours and not for peak hours implying that the generator does not have an option to sell electricity to other entity during off-peak hours.

6.2.2. Certain conditions in the RFP:

The bidder has to obtain the permission for short term Open Access on behalf of MITL. Further RFP stipulated reduction in quoted tariff equivalent to short term transmission charges payable by MITL in case MITL is recognized as State Transmission system user.

6.2.3. Market credential and Assurance of Payment:

MITL being a new entity in market which yet to start distribution business in license area, the factor of the nascent stage of operations is a crucial factor in receiving response.

6.3. Status of solar roof top installations in its area of supply:

6.3.1. The pre-feasibility study for installation of Solar PV plant at AURIC Hall has been carried out by MITL.

6.3.2. As per the initial potential assessment study carried out by MITL, Solar PV plant of 0.9 MWp capacity can be installed for meeting the power requirements of AURIC Hall. Accordingly, MITL has planned to install the Solar ground mounted power plant of 0.9MWp. The tender for Engineering, procurement, Erecting and Commissioning of the solar project has been already awarded by MITL. The project is expected to be commissioned before 31 March 2024.

6.4. Possibility of installation of Solar plants in its area of supply:

6.3.1. For meeting the energy requirements of the current Industrial consumers in MITL supply area, MITL estimated 203 MU power during FY 2024-25. As per the consumption pattern of the industries, the daytime requirement of these industries is around 100 MU. In case MITL tries to set up Solar PV plant in the licensed area to fulfill the daytime requirement of industries then the equivalent capacity of Solar PV plant would be around 60 MW for which around 300 Acres of land area is required. For meeting the RPO obligation for FY 2024-25 specified by Commission the equivalent capacity of Solar PV plant would be 30 MW.

6.3.2. Considering the cost of land, setting up Solar PV plant in MITL License area for meeting the daytime demand may not be a commercially viable option. In fact, the Shendra area is completely exhausted due to the allotment of plots to Industries. However, as directed by the Commission, MITL will explore the option of setting up captive solar PV plant in other parts of Maharashtra where land is available at cheaper rate. Further, once the MITL starts the power distribution business in SBIA, the benefits of Solar Power and various initiatives taken by the Government qua solar initiatives shall be disseminated.

6.3.3. In view of the above, MITL attempted other options including procurement of solar power through DEEP portal through competitive bidding but could not succeed after multiple attempts. Thereafter it approached NVVNL, the trading company under Government of India under bilateral agreement for procurement of Solar Power @ Rs 3.40/kWh for a period of 3 years.

6.3.4. The proposed rate of solar procurement (Rs 3.40/kWh, (considering the early payment discount offered by NVVNL), seems to be marginally higher than the recent tariff discovery on DEEP portal, the ultimate tariff chargeable to the consumer in the Supply area of MITL would be lower than the retail supply tariff approved for MSEDCL for FY 2024-25 (particularly for the industrial and commercial consumers). The reason for the same is as under:

- a) The absence of subsidized category of consumers (agricultural, domestic) in the MITL's area of supply.
- b) The distribution loss is less than 1% as compared to 14% of MSEDCL.
- c) The O&M cost of MITL would be much less than the O&M cost of MSEDCL.
- d) As MITL has already developed the required major Distribution Infrastructure, like 33 kV and 11 kV underground cable network laid in RCC trenches, 13 numbers of 33/11 kV substations having capacity of 450 MVA, Compact Distribution Transformer Substations with LT underground cable network, SCADA system, etc and a Comprehensive Maintenance Contract for 4 years in operation, the CAPEX, Interest cost would be much less than MSEDCL.
- e) MITL doesn't have any Bad Debts to be waived.
- f) All these factors will enable the Petitioner to supply electricity to all consumers at around Average cost of supply which would be less than that of MSEDCL.

6.5. Distribution system overview:

Sr. No.	Particulars	Unit	Shendra	Bidkin	Total
1	33 kV Underground network	Km	317	127	444
2	33/11 kV Substation	Nos	5	8	13
3	Power Transformer Capacity	MVA	150	300	450
4	11 KV Underground network	Km	53	267	320
5	Compact Substation (CSS) 11/0.43 KV, 315 to 1000 kVA	Nos	10	1	11
6	D.T.C. (11/0.43 kV, 200 to 500 kVA)	Nos	12	16	28
7	LT Underground Network	Km	124	260	384
8	Street Light Lamp Posts	Nos	2688	2161	4849
9	33 KV Ring Main Units	Nos	44	4	48
10	11 KV Ring Main Units	Nos	65	2	6+7
11	L T Feeder Pillars	Nos	26	2	28
LT to HT Ratio:			0.34	0.71	0.52

6.6. The synergy of 150 MU thermal and 50 MU Solar Procurement in entirety:

As per the energy sale projections in the MITL area for FY 2024-25, the total consumption of electricity in the license area for FY 2024-25 would be around 203 MU units. As per MERC RPO Regulations the distribution licensees and other obligated entities (OA consumers and captive users) need to mandatorily procure 25% of energy from renewable sources of energy. This translates to a requirement of around 50MU of renewable energy for MITL area of supply. To meet the RPO obligation MITL prefers to procure solar power through medium term contract for 3 years rather than procuring the Renewable Energy Certificate from Exchange.

6.7. Prescribe ceiling tariff:

MITL in its submission also flagged the aspect of ceiling tariff. MITL refer to GERC Order in Case No 1777 of 2019 dated 31 July 2019. In case of GIFT Power Company, a deemed licensee in Gujarat the GERC has approved only the maximum ceiling of tariff for retail sale of electricity for promoting competition among Distribution Licensees where two or more such Licensees / entities are in the business of distribution of electricity, in the same area of supply.

6.8. Allocation of plots in the Shendra Locale:

The Shendra location of MITL has been almost allocated to various industrial entities for development. The land user qua the said allocation at Shendra is detailed in the table below:

Sr.No.	Type of plot	No. of plots	Area in Acres	Allocated plots	Area in Acres
1	Industrial	200	686	146	438
2	Commercial	56	150	5	3.5
3	Residencial	218	183	52	5.67

6.9. A comparative study of prices discovered for short term purchase >= 1 year at DEEP portal:

Name of Utility	PPA tenure	Quantum (MW)	Source	Discovered tariff (Rs/kWh)
Mind Space Business Park	1 year March 2024 to Feb 2025	4 MW	Solar	4.25
Mind Space Business Park	1 year April 2024 to March 2025	13 MW	Wind	3.05 to 3.24
AEML	1 year Jan 2024 to December 2024	100 MW	Wind	2.52 to 2.73
AEML	1 year Jan 2024 to December 2024	30 MW	Wind	2.64
AEML	1 year Jan 2024 to December 2024	30 MW	Wind	2.90o 3.29

6.10. Stages and Timelines for Distribution Business operations:

Sr. No	Particulars	Stage	Timeline
1	Grid Connectivity at 33kV Voltage Level from MSETCL for Wheeling Power. Provision of 33KV dedicated network for MITL's notified area.	Grid connectivity to MITL for 20 MW power demand at Shendra & Bidkin each approved by MSETCL	20 March 2023
		E-Tender for laying 33kV underground cable from existing 220/33kV MIDC Shendra substation to 33/11kV ESS-5, Shendra awarded on 10 January 2023. Work completed, and express feeder commissioned in July 2023	30 July 2023
		E-Tender for laying 33kV underground cable from existing 220/33kV MIDC Chitegoan substation to 33kV/11kV ZSS Bidkin area is floated on 25 January 2023. Work in progress.	28 February 2024
2	Power procurement on short term for one year from commencement of power distribution business.	Petition for in principle approval received from MERC on 20 January 2023 in Case No. 206 of 2022	Hearing conducted on 06 February 2024.
	RE(Solar) power Procurement for 3 years	Accordingly, petition filed before MERC for adoption of tariff discovered through competitive bidding process and RE power on bilateral arrangement on 19 October 2023 and 03 November 2023 respectively. In Case No. 199/AP/2023 and 214/AP/2023.	
3	Establishment of Solar PV Plant of 0.9 MW at Auric Hall Shendra as a part of Renewable Power Obligation to Distribution Licensee	Tender awarded to M/s Kirloskar Solar on 19 July 2023. Work in Progress.	31 Mar 2024
4	ARR and Multi Year Tariff (MYT) petition for FY 2024-25	Draft for ARR and MYT petition is in final stage. Petition will be filed after determination of power purchase rate by MERC	31 March 2024
5	Appointment of End-to-End Service Provider at Field during Operationalization of Distribution Business	Tender for carrying out Metering, Billing and Collection as well as Operation and Maintenance of high tension and low-tension network was floated on 4th December 2023.	Price bids of technically acceptable bids are opened on 12 February 2024.
			Order will be issued shortly.

Sr. No	Particulars	Stage	Timeline
6	Formation of Consumer Grievance Redressal Forum (CGRF)	Setting up of consumer grievance forum and other necessary setup as per MERC regulation is included in the scope of work for the MBC (Metering, Billing and Collection work)	Set up for CGRF will be started immediately after commencement of power distribution business.
7	Migration of Consumers from MSEDCL to MITL	Presently, 73 plot owners are availing power supply from MSEDCL, out of them 68 consumers have given consent to migrate from MSEDCL to MITL	After commencement of power distribution business.

7. During E-hearing held on 25 June 2024, Advocates appearing on behalf of the Petitioner and representative of the Respondents re-iterated their submission.

Commission’s Analysis and Rulings:

8. MITL has filed the present Petition for approval of proposed solar power procurement for 3 years period at the tariff of Rs. 3.43/kWh.
9. The Commission granted MITL (formerly AITL) an exemption under Section 13 of the Electricity Act, 2003, from obtaining a Distribution License for their notified area. Furthermore, the Commission in its Order in Case No 29 of 2019 dated 3 September 2021 also ruled that Section 12 of the Electricity Act, 2003 would not be applicable to AITL for its notified area.
10. The Commission vide its Order dated 20 January 2023 in Case No. 206 of 2022 has approved short-term power procurement plan of MITL and further directed MITL to file Petition for adoption of tariff post competitive bidding as per Guidelines issued by the Central Government. The present petition is after such a competitive bidding process conducted by MITL.
11. The Commission notes that along with the present Petition, MITL has filed Petition in Case No. 199 of 2023 for approval and adoption of tariff for short term conventional power for the period 1 December 2023 to 30 November 2024. The present Petition is for Solar power procurement, mainly for catering daytime demand of its License Area. As per the energy sale projections in the MITL area for FY 2024-25, the total consumption of electricity in the license area for FY 2024-25 would be around ~203 MU units. With proposed solar power procurement, MITL intends to achieve the synergy in overall power planning. It is aiming to procure 150 MU from thermal (which is approved vide Order dated 1 April 2024) and 50 MU Solar power. The Solar power will also enable MITL to fulfill the RPO obligation for 3 years rather than merely procuring the Renewable Energy Certificate from Exchange.

12. Considering the submissions made in the matter, the Commission frames following issues for its considerations:
 - A. Procedure adopted by MITL for Solar Power Procurement;
 - B. Reasonability of tariff offered by NVVNL;
13. **Issue A: Procedure adopted by MITL for Solar Power Procurement**
 - 13.1 The Commission notes that MITL has attempted bidding exercise twice, but it has not received any response. During first attempt MITL floated bid for quantum varying from 8 MW to 16 MW (from 9.00 hrs to 17.00 hrs) for duration of 1 year (short term). In second attempt MITL floated bid for 14 MW (from 9.00 hrs to 17.00 hrs) for duration of 1 year. Due to non-receipt of offers, MITL decided to approach NVVNL for supply of Solar power to meet its RPO.
 - 13.2 The Commission enquired about possible reasons for no response to bids. In response, MITL clarified that major factor is volume of power procurement and its tenure. The prospective solar generators/ traders generally find short term sale unattractive as they have to look for another buyer post one-year period. Further, MITL in RFP has specified that the bidder has to obtain the permission for short term Open Access on its behalf. Further, RFP stipulated reduction in quoted tariff equivalent to short term transmission charges payable by MITL. MITL is a new entrant in the market and is yet to start distribution business in license area. The factor of the nascent stage of operations is a crucial factor in receiving response.
 - 13.3 The Commission notes that MITL is still planning its power procurement and is yet to take over consumers from MSEDCL in its License area. From submission on record, it is evident that 146 out of 200 Industrial plots in Shendre Locale are already allocated. In Shendre and Bidkin areas, MITL has created a backbone 33 kV underground network of 444 km catering 13 numbers of 33/11 kV Substations (450 MVA). During the hearing, MITL mentioned that it is intending to start the Distribution Business operations and 68 consumers have given consent to migrate from MSEDCL to MITL. Considering the above, the Commission is of view that preliminary work of creation of Distribution network has been done.
 - 13.4 It is pertinent to note that MITL is yet to start its operation as Distribution Business. In such a scenario, prospective bidders could perceive load and revenue uncertainties. Further, volume and tenure of procurement is less. Generally, it is observed that RE developers are more inclined to go for long term contracts rather than short/medium term contracts. Considering above, difficulties faced by MITL are genuine and need special dispensation for fulfilling its obligations as a Distribution Licensee.
 - 13.5 The Commission notes that vide its Order dated 1 April 2024 in Case No.199 of 2023, it has accorded approval to short term conventional power procurement through NVVNL.

Now, MITL has approached the same entity for supply of Solar power. Initially NVVNL offered 20 MW Solar power during 06:00 to 18:00 Hrs for 3 years from date of agreement @ Rs. 3.43/kWh. Subsequently, it reduced the tariff by 1.00 Paise. Now the effective tariff offered is Rs.3.42/kWh.

13.6 In view of peculiar circumstances and to enable Distribution Business operations, the Commission is granting its approval to proposed procurement of Solar power for (3) years.

14. Issue B: Reasonability of tariff offered by NVVNL

14.1 To justify proposed tariff, MITL highlighted that the Commission in its recently issued MTR Orders pertaining to SEZ and Small Distribution Licensees has considered the RE procurement @ Rs.4.90/kWh (weighted average of GDAM MCP over the period from July 2022 to December 2022). Further, the MCP discovered during January to October 2023 on GDAM platform at IEX is around Rs.6.00/kWh or more for most of the months.

14.2 MITL also referred to tariff adopted by the Commission for short term power procurement and tariffs discovered on DEEP portal.

14.3 The Commission notes that vide Order dated 20 January 2023 in Case No.206 of 2022, it has allowed options such as consuming solar power from own facility, REC procurement or RE power from GDAM. The relevant portion of the Order read as under:

“11.3 For meeting RPO, AITL has planned solar rooftop installations on AITL’s own facilities. For meeting balance RPO, if so necessitated; AITL has proposed procurement of Renewable Energy Certificates (RECs) or Renewable Energy from Green Day Ahead Market (GDAM). Considering RPO mandate, the Commission allows procurement options as proposed.”

14.4 The Commission in its Order dated 1 April 2024 in Case No.199 of 2023 has accorded approval for conventional short-term procurement @7.82/kWh (RTC power) and 9.733/kWh (Peak Power). Considering prevalent trend in short term power market, procurement of RECs is not a viable option. As far as GDAM is concern MCP discovered in January -2024 to July-2024 is in the range of 4.08 to 6.296/kWh.

14.5 Post negotiations, NVVNL has offered Rs.3.42/kWh fixed for 3 years. Further rebate of 0.75% is provided in case MITL makes payment within (7) days from Invoice date. After availing rebate Tariff works out to be Rs.3.394/kWh.

14.6 Considering the above, the Commission is approving tariff of Rs. 3.42/kWh for procurement of 20 MW solar power from NVVNL for period of 3 years.

14.7 Having ruled as above, the Commission would make it clear that above approval is granted in special circumstances wherein MITL who is yet to start its Distribution Business have not received any response for power procurement bids floated twice and hence the

Commission has to approve tariff negotiated with NVVNL. Therefore, ruling in this Order should not be treated as precedence for future.

15. Hence, the following Order:

ORDER

- 1. The Petition in Case No.214 of 2023 is allowed.**
- 2. The Commission approved the MITL's 20 MW Solar Power Procurement at tariff of Rs. 3.42/kWh for 3 years from M/s NTPC Vidyut Vyapar Nigam Limited.**
- 3. MITL to submit copies of Final EPA/PPA to the Commission for records.**

Sd/-
(Surendra J. Biyani)
Member

Sd/-
(Anand M. Limaye)
Member

Sd/-
(Sanjay Kumar)
Chairperson


(Dr. Rajendra G. Ambekar)
Secretary

