

Maharashtra State Electricity Distribution Co. Ltd.

CIN = U40109MH200SSGC153645

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Ref. No: CE/PP/STPP/79>1

Date: 20.03.2019

To,
Mr. Debranjana Chattopadhyay,
Under Secretary to Govt. of India,
Ministry of Power (MoP)
New Delhi

Sub: - Comments on Draft Guidelines for short-term (i.e. for a period of more than one day to one year) Sale of Power by Power Generating Company and Distribution Licensees (the 'Seller') through Tariff based bidding process.

Ref: -

1. MoP's Draft Guidelines for short-term (i.e. for a period of more than one day to one year) Sale of Power by Power Generating Company and Distribution Licensees (the 'Seller') through Tariff based bidding process

Sir,

This is with reference to the Draft guidelines issued by the Ministry of Power (MoP) for short-term Sale of Power by Power Generating Company and Distribution Licensees (the 'Seller') through Tariff based bidding process. The MoP has sought comments and suggestions on the Draft Guidelines. MSEDCL welcomes MoP's step with positive gestures for involving Discoms which is the major stakeholder in this matter.

However, while framing the final guidelines, there is a need to consider the points discussed in the ensuing paragraphs which shall impact DISCOMs. Considering the significance of certain key points of the proposed guidelines, MSEDCL has submitted its comments/suggestions as below in order to ensure addressing of the same in the final MoP guidelines.

1. Bidding Process - Standard Documentation to be provided by the Seller in the RFP (Section 6.4):

• Clause No 6.4 (iv) Contract Performance Guarantee -

MSEDCL submits that in the said Draft Guideline, no security against performance guarantee has been stipulated for supply performance of seller. Hence, in the absence of any such provision, the submission of Contract Performance Guarantee that is usually submitted to the DISCOM by the Seller after issuance of the LOI, is solely at the discretion of the Seller. It is therefore requested that instead of procurer a suitable contract performance guarantee from the Seller to the Procurer may be included in the Final Guidelines so that there is a suitable mechanism and provision for ensuring

honoring of the contract by the Seller so that the procurer i.e. the DISCOMs are safeguarded and hence not affecting the end consumers.

- **Clause no 6.4 (vi) (e) Liquidated Damages for failure to supply the Instructed Capacity -**

MSEDCL submits that as per the provisions of the current Draft Guidelines there is a possibility that the seller may sell power in the Exchanges or to any other party during the periods when market prices of electricity are high. This shall lead to curtailment of power supply to the procurer and therefore encourage unethical practices by the sellers in the power industry. It is therefore submitted by MSEDCL that there is a need for strict provisions in the final Guidelines along with suitable legal provisions in the Power Sell Agreement which shall ensure sellers do not engage in such unethical practices and hence DISCOMs are not adversely affected.


2. **Bid Submission and Evaluation (Section 7.6):**

MSEDCL submits that in line with the reverse auction conducted by the distribution companies for purchase of power through DEEP portal, there is a need for introduction of forward auction in order to ensure more competition amongst the procurers by enabling the DISCOMs/Procurers to quote their revised rate/offer during the forward auction process so as to procure the desired power.

Considering points discussed in foregoing paragraphs, it is kindly requested that the same may please be taken on record and to be considered while formulating the final guidelines for short-term (i.e. for a period of more than one day to one year) Sale of Power by Power Generating Company and Distribution Licensees (the 'Seller') through Tariff based bidding process.

Thanking you,

Yours faithfully,


Chief Engineer (Power Purchase)
MSEDCL

Copy s.w.rs.to:

The Director (Commercial), MSEDCL, Prakashgad, Mumbai – 51.