

Ref:-MSEDCL/Comments/MOO/Concept Note/

018294

Date:- 30 JUL 2018

To,

Shri. Sandeep Naik  
The Director (R&R)  
Ministry of Power  
Govt. of India,  
Shram Shakti Bhawan, Rafi Marg,  
New Delhi-110001

**Sub:** Comments on "Draft concept note on Merit Order Operation-Flexibility in Generation & Scheduling of Thermal Power Stations to reduce the cost of power to the consumer".

**Ref :** Letter no. 23/21/2018-R&R dtd.17.07.2018

Respected Sir,

MSEDCL welcome the noble initiative taken by the Ministry on National Level Merit Order Operation, as this will help the country to schedule maximum of the cheapest power available. However MSEDCL has certain observations and suggestions for further consideration for developing a seamless methodology:-

1. Before initiating the MoD on National Level, it is proposed to initiate the regional MOD on pilot basis so as to understand and address the issues arising while implementing this concept. Further instead of involving CGS units, all the IPPs (supplying power u/s 63 of EA 2003) and State Generating units/stations in the region to be considered while preparing the MoD.
2. 100% gains/benefits should be passed on to the beneficiary/ beneficiaries (utility) giving up their share of power as there is no credibility of the generating station in this mechanism. The utility giving up the stake of power should be given the benefit and not the generating station from where the power is being scheduled.
3. There is no clarity on the part of sharing of losses and POC charges. The National MOD schedule should be developed in such a way that the losses and POC charges are not passed on to the beneficiaries.

4. The terms and the conditions of the common supplementary PPA between generating company and the beneficiary (ies) shall be such that parent beneficiary shall have the right to recall back its capacity by paying 10 to 20% of debt with predefined advance notice period.
5. Presently, SLDC is the Nodal Agency to determine the MOD of the respective state and method of determination of MOD for all states are not same. The different states consider different factors like Change in Law components, Transmission losses, transmission charges and such other charges for deriving the MoD rates. Further deriving the MoD rate for specific month different rates like (N-1) or (N-2) etc. are considered. For example, in Maharashtra MoD is calculated on (N-2) basis. Hence, to determine MoD, there should be uniform guideline to be issued across the country. MSEDCL proposes that instead of determining the MOD on the basis of past dates having time lag of almost 2 months in the billing cycle i.e on the basis of (N-2), the current month's projected rates should be considered with an allowance of 3%.

It is requested to consider the views of MSEDCL, before finalization of the National MoD concept for effective implementation to gain the positive benefits to the beneficiaries and thereby the consumers.

Thanking you,

Yours faithfully,



Satish Chavan  
Director (Commercial)  
MSEDCL

**Copy s.w.r.to:-**

Chairman & Managing Director, MSEDCL, Corporate Office, Mumbai