

**Maharashtra State Electricity Distribution Co. Ltd.**

(A Govt. of Maharashtra Undertaking)

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CE/Comm/ OA Regulations / **10 095.5.1**

Date: **8 APR 2019**

**To,**

**The Secretary,**

Maharashtra Electricity Regulatory Commission,  
13<sup>th</sup> Floor, Centre No.1, World Trade Centre,  
Cuffe Parade, **Mumbai – 400 005**

**Sub:** MSEDCL comments on proposed amendment to the Maharashtra Electricity Regulatory Commission (Distribution Open Access) Regulations, 2016.

Ref: MERC Draft Notification (Distribution Open Access Regulation) (First Amendment) 2019 dated 11.03.2019.

Respected Sir,

With reference to the above, MSEDCL is submitting herewith comments/suggestions on the following Clauses of the MERC Draft Notification (Distribution Open Access Regulation) (First Amendment) 2019.

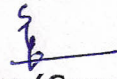
The detail comments on proposed MERC Draft Notification (Distribution Open Access Regulation) (First Amendment) 2019 are enclosed herewith.

It is requested that the comments/suggestions submitted by MSEDCL may please be considered while finalizing MERC Draft Notification (Distribution Open Access Regulation) (First Amendment) 2019.

Thanking you,

**Encl: AA**

Yours faithfully,

  
**Chief Engineer (Commercial)**

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

1) The Director (Commercial), MSEDCL, Mumbai.

## COMMENTS ON DRAFT DISTRIBUTION OPEN ACCESS FIRST AMENDMENT REGULATION 2019

Sr No	Original Regulation clause No	Draft Amendment- MERC DOA Regulations 2019	Comments/ Suggestions
1	<b>Regulation 2: Definitions</b>	4) <b>“Banking”</b> means the surplus Renewable Energy injected in the grid and credited with the Distribution Licensee after set off with consumption in the same <b>Time of Day slot</b> as specified in Regulation 20;	<ul style="list-style-type: none"> <li>• MSEDCL proposes that the definition of Banking should read as <b>“Banking”</b> means the surplus Renewable Energy injected in the grid and credited with the Distribution Licensee after set off with consumption in the same <b>Time Block.....”</b>  <b>Reason:</b> A new clause 14.10 Priority for adjustment of energy credit has been inserted in the draft Amendment. Considering the same, the Adjustments of Banking Energy Credit should be done in 15 min time block.</li> </ul> <p>The existing clauses related to adjustments through ToD in Regulations 20.4 of the Principle Regulations is proposed to be modified accordingly. Earlier ToD metering was allowed. But now it is compulsory for all consumers and generators opting open access to install SEM. All the energy adjustments to open access consumer are to be given in 15 min time block only.</p> <p>In order to make Open Access billing methodology more precise and prevent gaming by the consumer, adjustment in 15 minute time block is necessary.</p>

Sr No	Original Regulation clause No	Draft Amendment- MERC DOA Regulations 2019	Comments/ Suggestions
2	<p><b>Regulation 3: Eligibility to Seek Open Access.</b></p> <p>Subject to the provisions of these Regulations, a Consumer having Contract Demand of 1 MW and above with a Distribution Licensee shall be eligible for Open Access for obtaining supply of electricity from one or more .....</p> <p>.....</p> <p>.....</p> <p>Provided also that the Maximum Demand of such Consumer or person in each financial year subsequent to his being granted Open Access shall be equal to or greater than seventy (70) percent of the threshold level at which he has become eligible for Open Access;</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>Provided also that, if the Consumer fails to achieve the Maximum Demand in three consecutive months, the Distribution Licensee shall be entitled to a penalty equal</p>	<p><b>The existing Regulation 3.2 shall be substituted by the following:</b></p> <p><i>3.2 Subject to the provisions of these Regulations, a Consumer having Contract Demand of 1 MVA and above with a Distribution Licensee shall be eligible for Open Access for obtaining supply of electricity from one or more .....</i></p> <p>.....</p> <p>.....</p> <p><i>Provided further that Partial Open Access Consumer shall be permitted to avail Open Access for the capacity not exceeding its existing Contract Demand with the Distribution Licensee on the date of application, whereas, Full Open Access Consumer shall be permitted to avail Open Access for capacity not exceeding its sanctioned load;</i></p> <p>.....</p> <p>.....</p> <p>.....</p> <p><i>Provided also that the Maximum Demand of such Consumer or person in each financial year subsequent to its being granted Open Access shall be equal to or greater than seventy (70) percent</i></p>	<ul style="list-style-type: none"> <li>The clause no 3.2 should be substituted as-  <i>a consumer having contract demand of 1 MVA and above and where the minimum power to be made available for Open Access at any time is 1MW and above, shall be eligible for seeking Open Access to the distribution system of such Distribution Licensee for obtaining supply of electricity from one or more .....</i></li> </ul> <p>.....</p> <p>.....</p> <ul style="list-style-type: none"> <li>MSEDCL also proposes that in case of consumer sourcing open access from RE generator, the maximum quantum of OA sourced by the consumer should not be more than 50% of his contract demand.</li> </ul>

Sr No	Original Regulation clause No	Draft Amendment- MERC DOA Regulations 2019	Comments/ Suggestions
	<p>to two times the wheeling charges for the financial year or part thereof for which he the Consumer failed to achieve such Maximum Demand;            Provided also that, if such Consumer or person has not complied with the above proviso in 3 consecutive months, the Distribution Licensee may initiate the process of reassessment and reinstatement or reduction of Contract Demand.</p>	<p><i>of the threshold level at which it has become eligible for Open Access;</i></p> <p><i>Provided also that, if the Consumer fails to achieve the Maximum Demand in any month, the Distribution Licensee shall be entitled to a penalty equal to two times the wheeling charges for the financial year or part thereof for which he the Consumer failed to achieve such Maximum Demand;</i></p> <p><i>Provided also that, if such Consumer or person has not complied with the above proviso in 3 consecutive months, the Distribution Licensee may initiate the process of reassessment and reinstatement or reduction of Contract Demand.</i></p> <p><i>Provided further that Consumers intending to have Roof-Top Solar Photo Voltaic Systems can simultaneously avail open access under these Regulations; subject to a condition that in such cases, the credit for solar generation shall be adjusted on gross metering basis for such period for which open access is availed by the Consumer.</i></p>	<ul style="list-style-type: none"> <li>• The rate of purchase of energy generated from Gross Metering arrangement needs to be determined by the Hon'ble Commission for the interim period till the time the Hon'ble Commission notifies separate Gross Metering Regulations.</li> <li>• In this regard, MSEDCL proposes that the rate for the interim period shall be the lowest bidding rate of solar energy of the last bid in the state at EHV level and the impact of applicable T&amp;D losses shall be considered.</li> </ul>

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3	<p><b>Regulation 4:-Processing of Applications for Distribution Open Access &amp; Connectivity</b></p> <p><b>4.2. Revision of Contract Demand</b></p> <p>The Contract Demand of a Consumer availing LTOA or MTOA shall be governed by the provisions of the Electricity Supply Code and the Regulations of the Commission governing Standards of Performance:</p> <p>Provided that a Consumer availing STOA shall not be eligible to revise his Contract Demand with the Distribution Licensee during the tenure of the STOA, but may do so at the time of applying for Open Access.</p>	<p><b><i>The existing Regulation 4.2 shall be substituted by the following:</i></b></p> <p><i>“The Contract Demand of a Consumer availing LTOA or MTOA shall be governed by the provisions of the Electricity Supply Code and the Regulations of the Commission governing Standards of Performance subject to condition that where a consumer eligible under Regulation 3.1, applies for Long-term or Medium-term or Short-term Open Access to the distribution system of a Distribution Licensee so as to obtain supply from a Generating Company or a Licensee or through Power Exchange, the Distribution Licensee (on whose Distribution System the access is being sought) shall reduce the contract demand of the consumer to the extent of quantum of electricity sought to be transferred through Open Access.:</i></p>	<ul style="list-style-type: none"> <li>• The reduction in contract demand to the extent of Open Access availed should also be applicable in case of <ul style="list-style-type: none"> <li>○ OA consumers sourcing power from RE generators by considering maximum CUF that can be achieved at any time of the day and not on the basis of annual CUF.</li> <li>○ In case of Day ahead open access.</li> </ul> </li> </ul>
4	<p><b>Regulation 5:- Grant of connectivity</b></p> <p>5.10.5. Before injecting infirm power, the Generating Station shall enter into an Agreement with the Distribution Licensee to supply such power</p> <p>Provided that, in case the Generating Station does not have an Agreement for sale of power</p>	<p><b><i>C. The existing regulation 5.10.5 shall be amended as under:</i></b></p> <p><i>“5.10.5. Until the notification of the Effective Date as per MERC (Deviation Settlement Mechanism and related matters) Regulations, 2019, before injecting infirm power, the Generating Station shall enter into an Agreement with the</i></p>	<p>MSEDCL observes that there is a discrepancy in Draft Regulation 5.10.5.</p> <ul style="list-style-type: none"> <li>• The first proviso should be applicable for generators with Energy Purchase Agreement; where the settlement is to be done <p style="text-align: right;"><i>“.....by the Licensee at a rate</i></p> </li> </ul>

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	<p>with any Licensee, there shall be no charge for such infirm power injected into the grid, and it shall be credited to the Distribution Licensee to whom the Generating Station is connected.</p>	<p><i>Distribution Licensee to supply such power:</i>  <i>Provided that, in case the Generating Station does not have an Agreement for sale of power with any Licensee, there shall be no charge for such infirm power injected into the grid, shall be settled by the Licensee at a rate equivalent to the lowest variable cost of thermal generating station as per Merit Order stack of the concerned distribution licensee for relevant monthly period , and it the injected power shall be credited to the Distribution Licensee to whom the Generating Station is connected.”</i>  <i>D. A new second proviso shall be added below the existing first proviso of Regulation 5.10.5:</i>  <i>“Provided further that, post the Effective Date as per MERC (Deviation Settlement Mechanism and related matters) Regulations, 2019, the conditions for Infirm Power injection and treatment thereof shall be governed as per Regulations governing Deviation Settlement Mechanism for Maharashtra.”</i></p>	<p><i>equivalent to the lowest variable cost of thermal generating station as per Merit Order stack of the concerned distribution licensee for relevant monthly period , and the injected power shall be credited to the Distribution Licensee to whom the Generating Station is connected”</i></p> <ul style="list-style-type: none"> <li>• The second proviso as applicable to generators without EPA should be read as  <i>“...in case the Generating Station does not have an Agreement for sale of power with any Licensee, there shall be no charge for such infirm power injected into the grid”.</i></li> <li>• MSEDCL would like to add that there should be a penal mechanism for such generators feeding infirm power when the grid is overloaded /saturated. No generator shall be allowed to inject power without the prior consent of the SLDC.</li> </ul>

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5	<p><b>Regulation 7 :Categories of Open Access</b> The Open Access shall be categorized on the basis of its duration as follows:</p> <p>Long-term Open Access (LTOA):- Exceeding twelve years but not exceeding twenty-five years</p> <p>Medium-term Open Access (MTOA) :- Exceeding three months but not exceeding three years</p> <p>Short-term Open Access (STOA):- Not exceeding one month</p>	<p><i>The existing proviso of Regulation 7.2 shall be amended as under:</i></p> <p><i>“7.2. The Open Access shall be categorized on the basis of its duration as follows:</i></p> <table border="1" data-bbox="680 488 1369 868"> <thead> <tr> <th data-bbox="680 488 926 558"><i>Open Access Category</i></th> <th data-bbox="926 488 1369 558"><i>Duration</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="680 558 926 656"><i>Long-term Open Access</i></td> <td data-bbox="926 558 1369 656"><i>Exceeding seven years</i></td> </tr> <tr> <td data-bbox="680 656 926 786"><i>Medium-term Open Access</i></td> <td data-bbox="926 656 1369 786"><i>Exceeding three months but not exceeding five years</i></td> </tr> <tr> <td data-bbox="680 786 926 868"><i>Short-term Open Access</i></td> <td data-bbox="926 786 1369 868"><i>Not exceeding one month</i></td> </tr> </tbody> </table>	<i>Open Access Category</i>	<i>Duration</i>	<i>Long-term Open Access</i>	<i>Exceeding seven years</i>	<i>Medium-term Open Access</i>	<i>Exceeding three months but not exceeding five years</i>	<i>Short-term Open Access</i>	<i>Not exceeding one month</i>	<ul style="list-style-type: none"> <li>MSEDCL proposes that STOA should not be allowed to consumers availing OA from Group CPP as the Captive Status is to be verified for the Financial Year and therefore providing STOA to Group CPP is contradictory to CPP status verification process.</li> </ul>
<i>Open Access Category</i>	<i>Duration</i>										
<i>Long-term Open Access</i>	<i>Exceeding seven years</i>										
<i>Medium-term Open Access</i>	<i>Exceeding three months but not exceeding five years</i>										
<i>Short-term Open Access</i>	<i>Not exceeding one month</i>										

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	<p><b>Regulation 8: Nodal Agency and Application Procedure</b></p> <p>“8.10. The Nodal Agency shall grant Medium-term or Short-term Open Access if the resultant power flow can be accommodated in the existing Distribution System or the Distribution System under execution.”</p>	<p><b>B. The existing Regulation 8.10 shall be deleted.</b></p> <p><i>“8.10. The Nodal Agency shall grant Medium-term or Short-term Open Access if the resultant power flow can be accommodated in the existing Distribution System or the Distribution System under execution.”</i></p>	<ul style="list-style-type: none"> <li>• MSEDCL submits that the proposed deletion of existing regulation 8.10 is ok incase the newly introduced Regulation 3.2 is approved by the Hon’ble Commission</li> </ul>
7	<p><b>Regulation 11:Procedure for Short term Open Access in the Distribution System(s) within Maharashtra</b></p> <p><b>11.3. Day-Ahead Open Access</b></p> <p>Day-Ahead Open Access of Distribution System(s) shall be permitted only if surplus capacity is available in the concerned Distribution Licensee’s system.</p>	<p><b>D. Two new provisos shall be added to Regulation 11.3 as under:</b></p> <p><i>“Provided that the application for grant of Day-Ahead Open Access shall be made for continuous period of minimum duration of 8 hours or such other duration of number of time-blocks to be stipulated through separate Order from time to time either on Suo-motu basis or on the basis of application moved by affected party.</i></p> <p><i>Provided further that the schedule given against the above day ahead open access sought shall be uniform at least for a period of eight hours and the minimum schedule during the day shall at any time not be less than 75% of the maximum schedule of the day.”</i></p>	<ul style="list-style-type: none"> <li>• MSEDCL submits that day ahead Open Access should not be allowed as this impacts the power purchase planning of Discoms due to frequent switching over of Open Access consumers. <i>Detailed rationale for the same is provided in Annexure I.</i></li> <li>• If at all, MERC opts to allow day ahead Open Access, the same should be allowed for a minimum continuous period of at least 24 hours.</li> <li>• The details of reasons are separately attached as Annexure-I.</li> </ul>



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8	<p><b>Regulation 14: Billing</b></p> <p><b>14(v) Transmission Charges:</b>            Provided that a Partial Open Access Consumer, Generating Station or Licensee, as the case may be, shall pay the Transmission Charges to the Distribution Licensee instead of the Transmission Licensee for using a transmission network;</p>	<p><b>A. The existing proviso of Regulation 14.1 (v) shall be amended and three new provisions are added below the same as under:</b></p> <p><b>“14.1 (v) Transmission Charges:</b>  <i>Provided that a Partial Open Access Consumer, Generating Station or Licensee, as the case may be, shall pay the Transmission Charges to the Distribution Licensee instead of the Transmission Licensee for using a transmission network which shall be passed on to the STU within the stipulated time period as specified under Regulations 14.5;</i></p> <p><i>Provided that in order to discourage repeated rollover of STOA transactions, the applicable STOA charges in case of such repeated STOA transactions of Open Access Consumer(s) shall be increased by a multiplication factor of 1.25, 1.5 and 2.0 respectively for every 2nd, 3rd and 4th STOA transaction during financial year beyond which the charges for STOA shall be fixed at two times of the approved STOA charges;</i></p> <p><i>Provided further that for renewable energy based MTOA and LTOA transactions, the applicable transmission charges shall continue to be on per unit basis, except that the same shall be equivalent to two times the approved STOA charges.</i></p>	<ul style="list-style-type: none"> <li>• MSEDCL submits that since the demand of partial Open Access consumers is a part of Discom’s demand; discoms pay transmission charges to STU on their behalf as well. Thus, the transmission charges collected for partial Open access consumers should be retained by the Discoms</li> <li>• MSEDCL proposes that the capacity based transmission charges (Rs./kW/Month) should be applicable to the Open access consumers availing STOA, MTOA &amp; LTOA from Conventional source and on per unit basis for RE Sources.</li> </ul>

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	<p><b>14.6. Wheeling Charge</b></p> <p>a. An Open Access Consumer, Generating Station or Licensee, as the case may be, using a Distribution System shall pay to the Distribution Licensee such Wheeling Charges, on the basis of actual energy drawal at the consumption end, as may be determined under the Regulations of the Commission governing Multi-Year Tariff;</p>	<p><i>Provided further that a Partial Open Access Consumer availing STOA are liable to pay the Transmission Charges irrespective of whether or not the Generator from whom they source power has a BPTA with the STU."</i></p> <p><b>B. The existing Regulation 14.6 (b) shall be modified as under:</b></p> <p><b>"14.6 Wheeling Charge:</b></p> <p><i>b. "Wheeling Charges shall not be applicable in case a Consumer or Generating Station is connected to the Transmission System directly or using dedicated lines owned by the Consumer or Generating Station only if such dedicated lines are used for point to point transmission or wheeling of power from Generating station to load centre without any interconnection with distribution system."</i></p>	<ul style="list-style-type: none"> <li>• MSEDCL proposes that the consumers availing MTOA and LTOA should also be liable to pay transmission charges to the distribution licensee irrespective of the source generator having or not having BPTA with STU.</li> <li>• MSEDCL proposes to modify Clause 14.6 (b) in the following manner: Instead of accounting wheeling charges at consumption end, it should be levied on the actual energy injected at the Discom's periphery for OA consumption (as already upheld by the Hon'ble Commission in the order dated 20<sup>th</sup> July 2018 in Case No 206 of 2017 and in the order dated 24<sup>th</sup> October 2018 in Case No. 156 of 2018)</li> </ul>

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12	<p><b>Regulation 19 : Imbalance Charge</b></p> <p>19.1. <i>Scheduling of transactions:</i> Scheduling of transactions pursuant to grant of Open Access shall be undertaken on Day-Ahead basis in accordance with the Indian Electricity Grid Code in the case of Inter-State transactions, and in accordance with the State Grid Code or relevant Orders of the Commission in the case of Intra-State transactions:</p> <p>Provided that, instead of the provisions of Regulation 19, the provisions regarding energy balancing and settlement contained in the Final Balancing and Settlement Mechanism or other such mechanism as may be stipulated by the Commission shall be applicable in the case of Open Access Consumers, Generating Stations and Licensees who are participants of the State Pool.</p>	<p><b><i>B. A new proviso shall be added to Regulation 19.1 below the above proposed amendment as under:</i></b></p> <p><i>“Provided further that, post the Effective Date as per MERC (Deviation Settlement Mechanism and related matters) Regulations, 2019, the conditions for Deviation Accounting and settlement of deviations thereof shall be governed as per Regulations governing Deviation Settlement Mechanism for Maharashtra.”</i></p>	<p>MSEDCL brings to the kind notice of Hon’ble Commission that-</p> <p>As per MERC deviation settlement Regulation 4(B) proviso, Deviation Settlement of partial open access consumers shall be in accordance with the provisions of MERC (Transmission Open Access) Regulations, 2016 and MERC (Distribution Open Access) Regulations, 2016 and its amendment thereof.</p> <p>Whereas in the proposed amendment of Distribution Open Access Regulations, Deviation Settlement of partial open access consumers shall be in accordance with MERC deviation settlement Regulation.</p> <p>The said regulations are in contradiction with each other.</p>

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	<p><b>19.2.1. Over-drawal:</b> Over-drawal by an Open Access Consumer shall be settled at the higher of the following: (i) the System Marginal Price ('SMP') plus other incidental charges (Net Unscheduled Interchange ('UI') charges, additional UI charges) or any other intra-State Availability-based Tariff ('ABT') settlement charges as identified under the mechanism operating in Maharashtra from time to time or,</p> <p><b>19.3.2.Underinjection:</b> Any injection below that schedule by the Open Access Generating Company shall be met from the grid and will be paid for by that entity to the Distribution Licensee at the UI charge applicable under the Inter-state ABT mechanism or the SMP plus other Incidental charges (Net UI charges, additional UI charges) or any other intra-State ABT settlement charges stipulated under the mechanism operating in Maharashtra, whichever is higher; and also any congestion charge stipulated by RLDC and/or MSLDC</p>	<p><b><i>D. The existing Regulation 19.2.1 shall be amended as under:</i></b> <b><i>“19.2.1. Over-drawal:</i></b> <i>Over-drawal by a Partial Open Access Consumer shall be settled at the higher of the following:</i> <i>(i) the System Marginal Price ('SMP') plus other incidental charges (Net Unscheduled Interchange ('UI') charges, additional UI charges) or any other Charges for Deviation as per Deviation settlement mechanism as identified under the mechanism operating in Maharashtra from time to time or,.....</i></p> <p><b><i>G.The existing Regulation 19.3.2 shall be amended as under:</i></b> <b><i>“19.3.2.Underinjection:</i></b> <i>Any injection below that schedule by the Open Access Generating Company shall be met from the grid and will be paid for by that entity to the Distribution Licensee at the Charges for Deviation applicable under Deviation Settlement Mechanism or the SMP plus other Incidental charges (Net UI charges, additional UI charges) or any other intra-State ABT settlement charges stipulated under the mechanism operating in Maharashtra, whichever is higher; and also any congestion charge stipulated by RLDC and/or MSLDC as payable to the Distribution Licensee to fulfil the obligations of the Open Access</i></p>	<p>The existing Regulation 19.2.1 (ii) is proposed to be retained as given below– “the Energy Charge or Variable Charge of Temporary Tariff Category, whichever is applicable, as determined by the Commission in respect of the Distribution Licensee. Provided that the consumer shall also be liable to payment of penalty for exceeding Contract Demand as provided in the Commission’s Orders determining the retail tariff applicable to such consumer.”</p>

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	<p>as payable to the Distribution Licensee to fulfil the obligations of the Open Access Generating Station:</p> <p>Provided that the distribution loss shall not be loaded on any Generating Station if it is connected directly to the intra-State Transmission System;</p> <p>Provided further that, if the under-injection persists for a continuous period of two days, the MSLDC shall give notice to the Generating Station to revise its schedule;</p>	<p><i>Generating Station:</i></p> <p><i>Provided that the distribution loss shall not be loaded on any Generating Station if it is connected directly to the intra-State Transmission System;</i></p> <p><i>Provided further that, if the under-injection persists for a continuous period of two days, the MSLDC shall give notice to the Generating Station to revise its schedule;</i></p>	<p>MSEDCL submits that under-injection period shall be 24 hours instead of two days as the scheduling is on day-ahead basis.</p>
13	<p><b>Regulation 20: Banking of Renewable Energy Generation.</b></p> <p>20.4. Banking of energy shall be permitted during all twelve months of the year:</p>	<p><b><i>D. The existing Regulation 20.4 shall be renumbered as 20.3 and amended as under:</i></b></p> <p><i>“20.3. Banking of energy shall be permitted only on monthly basis.</i></p> <p><i>Provided that the credit for banked energy shall not be permitted to be carried forward to subsequent months and the credit for energy banked during the month shall be adjusted during the same month as per the energy injected ...”</i></p>	<ul style="list-style-type: none"> <li>• MSEDCL requests the Hon’ble Commission to bring more clarity regarding adjustment of credits for banked energy.</li> <li>• As per the priority of adjustments of energy credits in Draft Amendment Regulation 14.10, the adjustment of energy drawal by OA consumer is to be done for each time block including banked energy. In this case, the adjustments of banked energy cannot be</li> </ul>

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		<p><b><i>F. The existing Regulation 20.6 shall be renumbered as 20.5, amended and a new proviso is added above the existing proviso as under:</i></b></p> <p><i>“20.5. The unutilised banked energy at the end of the month, limited to 10% of the actual total generation by such Renewable Energy generator in such month, shall be considered as deemed purchase by the Distribution Licensee at a rate equivalent to the minimum of Tariff Rate discovered under bidding process for procurement of renewable energy based on respective RE technology, carried out in the State in previous year, or Average Power Purchase Cost of the concerned distribution licensee, whichever</i></p>	<p>adjusted in ToD slots as mentioned in Draft Regulations clause 20.3.</p> <ul style="list-style-type: none"> <li>• However, the adjustments of banking energy credits should be done in 15 mins time block only.</li> <li>• The unutilized energy of the co-located RE plant injected into the grid after meeting the energy requirement of the co-located consumption plant’ should not be allowed for banking and should be considered as lapsed.</li> </ul> <p>MSEDLC proposes that the proviso of existing Regulations 20.4 for TOD adjustment of banked energy should be deleted.</p> <ul style="list-style-type: none"> <li>• MSEDCL proposes that the 2<sup>nd</sup> proviso should read as “....<b><i>Provided that in case no bidding has been carried out in last one year for procurement of energy based on respective RE technology, the rate discovered under the latest bid process for any RE technology carried out in the State in the past, or the APPC of the current year, whichever is lower shall be considered.....</i></b>”</li> </ul>

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		<p><i>is lower.</i></p> <p><i>Provided that in case no bidding has been carried out in last one year for procurement of energy based on respective RE technology, the rate discovered under the latest bid process for any RE technology carried out in the State in the past shall be considered:</i></p> <p><i>Provided that the entire unutilized banked energy injected into distribution grid shall be counted towards the Renewable Purchase Obligation of the Distribution Licensee, and the Generating Station would not be entitled to Renewable Energy Certificates to that extent.</i></p>	
14	<b>Payment Security Mechanism</b>	New clause may be added	<p><b><u>MSEDCL suggests new regulation regarding Payment Security as given below:</u></b></p> <ul style="list-style-type: none"> <li>• The CSS &amp; ASC may be levied every month from the beginning of FY in case of group CPPs and after confirmation of CPP criteria at end of FY the same may be refunded.</li> <li>• The payment security mechanism in the form of bank guarantee/ revolving letter of credit equivalent to future CSS and other applicable charges should be a pre-requisite to avail open access for any group CPP (Generator/ consumers) availing Open Access</li> </ul> <p><b><i>Detailed reasons for the same is provided in Annexure II</i></b></p>

## Annexure I

The Ministry of Power GoI has published Consultation Paper on issues related to Open Access & have sought comments/suggestions. The issue of day ahead open access had detailed out in this consultation paper as below:-

- DISCOMs are unable to manage power procurement efficiently due to the high frequency of shifting of Open Access consumers between DISCOM and other source of power.
- As per the prevailing regulatory framework, the DISCOMs are required to provide their energy drawal schedule at their periphery on the day-ahead basis to the SLDC of its state in order to facilitate latter to maintain secure grid operations.
- Many DISCOMs regularly deviate from their schedule, primarily due to uncertain load forecasts as the scheduling is undertaken on the basis of DISCOMs forecast for energy requirement for the following day. With open access consumers revising / deviating from schedule, it becomes more difficult for the DISCOMs to accurately predict the requirement for the following day.
- Particularly for short term open access consumers who procure energy from collective market or power exchanges, there is high degree of uncertainty in their power procurement from Power Exchange and DISCOMs. Considerable variation in schedule and actual energy drawl is observed on regular basis for short term open access consumers. Also, based on the market clearing price determined in exchanges for each block, the energy drawal of open access consumer fluctuates significantly within a day. Despite of such uneven drawl throughout the day, the Open Access consumers continue to enjoy the freedom of rescheduling their energy drawal on the basis of their daily load requirement and the price at which energy is available in the power exchange markets. Such variations in energy drawal makes it difficult for the DISCOM to forecast time block wise energy requirement for the following day. DISCOMs incur heavy penalties for deviation from their schedule in the form of applicable DSM charges.
- SERCs also disallow a large share of short term power procurement costs incurred by DISCOMs for meeting demand variation by capping purchase price.
- A part of this deviation is attributed to the variation in energy drawal by open access consumers purchasing power from sources other than DISCOM, which results in underdrawl/over-drawal in particular time blocks.
- DISCOMs irrespective of the drawal pattern of the open access consumers, under universal service obligation is required to keep its entire generation and transmission capacity available for the consumers. In such a scenario forecasting demand for the ensuing day becomes challenging for the DISCOMs.
- Considering the immense growth in number of open access consumers and the fluctuation in the energy drawal from open access, it is now imperative



that frequency of switching is modulated in such a way that DISCOMs are not unduly burdened by their obligation to provide supply.

- It has been brought out that DISCOMs are incurring costs to run specific thermal generation unit(s) on technical minimum so that capacity of such unit is available to meet unforeseen increase in demand. DISCOMs have also pointed out that frequent shifting during a day by short term open access consumers is one of the reasons due to which such thermal capacity needs to be maintained at technical minimum. Some of the short term Open Access consumers, based on cost of power from other sources (mostly from day ahead market of power exchange), provide schedule of drawl of power from DISCOMs. This is one of the reason, due to which DISCOMs are facing difficulties in making accurate demand projections, and needs to be discouraged.

**Comments and Suggestions submitted by Prayas Energy Group:**

- Short term open access, especially day ahead open access has significant impacts on DISCOMs operations and power procurement planning due to opportunistic and frequent switching. Such switching adds to demand uncertainty making power procurement, management of DISCOM's thermal fleet a challenging task. Therefore it imposes significant cost burden on DISCOMs and sometimes results in supply interruptions for regulated consumers.
- Frequent and opportunistic switching between the DISCOM and open access generator on a daily and weekly basis also increases the risk and uncertainty for generators who want to invest in the emerging capacity market.

## **Annexure-II**

### **Difficulties faced by MSEDCL due to Group Captive consumers**

- The determination of captive status of a captive Generating Plant is done only at the end of the financial year. The Distribution Licensee has to verify the shareholding pattern, the generation data of the Plant and self-consumption data of the Captive Users as per the provisions of the Electricity Rules, 2005. If the Generating Plant does not fulfill the CPP status at the end of financial year, the Distribution Licensee may face the brunt of loss of CSS and Additional Surcharge.
- The Group Captive Generating companies such as M/s Sai Wardha Power Generation Co Ltd is availing STOA and MSEDCL not levied CSS and Additional surcharge where applicable as SWPGCL Prima-facia meets the 26% equity share holding. SWPGCL then frequently changing the share holding pattern during the Financial Year. In many instances it has also injected power from its IPP units. For every Financial Year SWPGCL has challenged various orders of this Hon Commission regarding the confirmation of fulfilment of CPP criterion in Apex forum/Court. And thus keeping MSEDCL deprived from the legitimate revenue in the form of CSS and ASC charges and impact of same is 900 Crores.

### **Annexure-III**

- As per Regulation 26.8 of the earlier DOA Regulations, 2014 the surplus energy injected in any time block of 15 minutes is to be arrived at from the consumption of the Open Access consumer and the injection of energy in that time block. The surplus energy, if any, so arrived at was to be purchased by the Distribution Licensee, at its approved Average Power Purchase Cost (APPC) rate.
  - Credit for energy injected should be provided strictly on the basis of 15 minute time block basis.
  - The surplus energy after set off with Open Access consumer's consumption in the same 15 minutes time block shall be purchased by the Distribution Licensee at the approved Average Power Purchase Cost of the Distribution Licensee by the Commission for respective year.
- As per the Regulation 17.1 of the DOA Regulations, 2016 (Metering and Communication) all Open Access Consumers and Generating Stations shall install Special Energy Meters ('SEM's).
- When it is compulsory to install SEM for open access consumer, all the energy credit to be given to open access consumer including banked energy, should in 15 min time block only.