

No. CE/RE/MERC/FAC/2019/ 2673

Date: 25.01.2019

To
The Secretary,
Maharashtra Electricity Regulatory Commission,
13th Floor, Centre No.1, World Trade Centre,
Cuffe Parade, Mumbai – 400 005.

Sub: Review petition in the matter of post facto approval of MSEDCL's fuel adjustment charges (FAC) for the period of January, 2018 to March, 2018.

Ref: MERC FAC Order dated 01.01.2019 for the period of January, 2018 to March, 2018.

Respected Sir,

With reference to the above subject, please find enclosed herewith the Petition seeking review in the matter of post facto approval of MSEDCL's fuel adjustment charges (FAC) for the period of January, 2018 to March, 2018.

Vide RTGS dated 23.08.2018 through Bank of Maharashtra in favour of "Maharashtra Electricity Regulatory Commission Funds A/c", MSEDCL has remitted the fees for the present Petition (Maharashtra Elec-P19012489694727 - Rs.10,000.00)

Submitted for the kind consideration of the Hon'ble Commission.

Thanking you,

Yours faithfully,

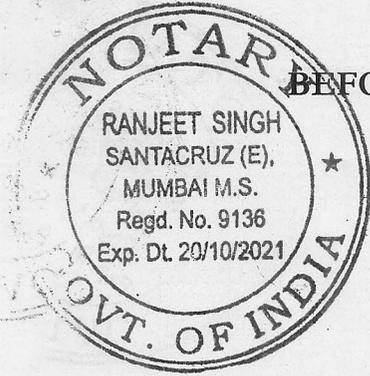

Chief Engineer (Renewable Energy)

Copy s. w. r. to:

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

Copy to:

1. Prayas (Energy Group),
Amrita clinic, Athwale Corner, Lakdipool-Karve Road Junction,
Deccan Gymkhana, Karve Road, Pune – 411 004
2. Mumbai GrahakPanchayat,
GrahakBhavan, SantDnyaneshwarMarg,
Behind Cooper Hospital, Vile Parle (West), Mumbai – 400 056
3. The General Secretary, Thane Belapur Industries Association,
Plot No. P-14, MIDC, Rabale Village, PO Ghansoli, Navi Mumbai - 400 701
4. Vidarbha Industries Association,
1st Floor, UdyogBhavan, Civil lines, Nagpur - 440 001
5. Maharashtra Chamber Of Commerce,
Industry & Agriculture, Oricon House, 6th P Floor,
12 K. DubashMarg, Fort, Mumbai-400 001.
6. Chamber of Marathwada Industries & Agriculture
Bajaj Bhavan, P-2, MIDC Industrial Area,
Railway Station Road,
Aurangabad – 431005.



**BEFORE THE MAHARASHTRA STATE REGULATORY
COMMISSION**

CASE NO. OF 2019

Filing No.: _____

IN THE MATTER OF

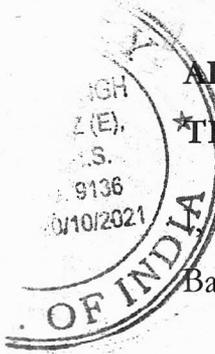
**REVIEW PETITION IN THE MATTER OF POST FACTO APPROVAL
OF MSEDCL'S FUEL ADJUSTMENT CHARGES (FAC) FOR THE
PERIOD OF JANUARY, 2018 TO MARCH, 2018.**

IN THE MATTER OF

Regulation 94 of MERC (Conduct of Business) Regulations, 2004.

**MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY
LTD**

.....**PETITIONER;**



AFFIDAVIT ON BEHALF OF PETITIONER (MSEDCL) VERIFYING THE PETITION

Mr. Sanjay Rajput, aged 46 years, having my office at MSEDCL, Prakashgad, Bandra (E), Mumbai- 400 051, do hereby solemnly affirm and state as under;

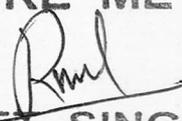
1. I am Superintending Engineer (Renewable Energy) of the Maharashtra State Electricity Distribution Co. Ltd, (herein after referred to as "MSEDCL" for the sake of brevity), in the above matter and am duly authorized to make this affidavit.
2. The statements made in paragraphs of the petition are true to my knowledge and belief and statements made in paragraphs one to eleven are based on information and I believe them to be true.
3. I say that there are no proceedings pending in any court of law/ tribunal or arbitrator or any other authority, wherein the Petitioner is a party and where issues arising and/or reliefs sought are identical or similar to the issues arising in the matter pending before the Commission.

Solemnly affirm at Mumbai on this **25 January 2019** that the contents of the above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed therefrom.

Deponent

Identified before me
Mumbai
Date 25.01.2019.




SUPERINTENDING ENGINEER (RE)
M.S.E.D.C.L.
BEFORE ME

RANJEET SINGH
 M.Sc.LL.B.

NOTARY MAHARASHTRA GOVT. OF INDIA





The Petitioner respectfully submits as under:

1. The Commission vide Letter dated 01.01.2019, in the post facto approval of MSEDCL's Fuel Adjustment Charges for the period of January, 2018 to March, 2018 ruled that

" ... MSEDCL submitted that from RPO regulatory funds created on April, 2018, it has purchased REC amounting to Rs. 144.15 Crore on 26.10.2018 from IEX and REC of worth Rs. 10.39 Crore on 01.11.2018 from PXIL. Accordingly, MSEDCL has purchased a total REC of worth Rs. 154.54 Crore from the RPO Regulatory Fund. Therefore, the Commission has considered the same. i.e. Rs. 154.54 Crore towards REC Cost in the present FAC approval as against Rs. 330 Crore claimed by MSEDCL....."

The associated holding cost has been computed for the amount of Rs. 154.54 Crore from the month of May, 2018 (i.e., midpoint for the billing months of Q4 of FY 2017-18) till October, 2018 when the REC has been actually procured as shown in table below. Further, for amount of Rs. 175 Crore (i.e. (Rs. 330 Crore minus Rs. 154.54 Crore), the holding cost has been computed from the month of May, 2018 to December, 2018..."

2. However MSEDCL respectfully submits that Hon'ble Commission vide Order dated 4 August, 2015 in Case No. 190 of 2014 has directed MSEDCL to create RPO Regulatory charges Fund for fulfillment of shortfall against RPO Targets. The Relevant Portion is reproduced below:

"..55. Consequently, the Commission directs as follows:

- 1) *MSEDCL shall constitute, within a month of this Order, a separate 'RPO Regulatory Charges Fund';*
- 2) *The Fund shall be utilised by MSEDCL to purchase Solar and Non-Solar RECs and/or to procure power so as to fully meet the shortfall against RPO targets (as determined at paras. 46 and 47 above) by the end of March, 2016, and the amounts*



deposited into the Fund shall be determined by MSEDCL accordingly over the remaining period of FY 2015-16;.....

..... The Commission has not specified the amounts to be deposited in the Fund since that will depend on the power procurement and/or REC purchase mix opted for by MSEDCL, the actual rate of RECs in the market from time to time, etc. Moreover, MSEDCL need not deposit into the Fund the entire amount estimated to be required in a lumpsum at the outset, but spread it over the remainder of the year depending on its assessment of the market.....”

3. Further vide Order dated 14 September, 2016 in Case No. 16 of 2016, Hon'ble Commission in the same line has directed MSEDCL for formation of RPO Regulatory Charges Fund. The Relevant Portion is reproduced below:

“....31. Along similar lines, the Commission directs MSEDCL as follows with regard to the shortfall against its stand-alone Solar and Non-Solar (excluding Mini/Micro Hydro) RPO targets for FY 2014-15:

- 1) MSEDCL shall constitute a separate 'RPO Regulatory Charges Fund';*
- 2) The Fund shall be utilised by MSEDCL to purchase Solar and Non-Solar RECs and/or to procure power so as to fully meet the shortfall against its stand-alone Solar and Non-Solar (excluding Mini/Micro Hydro) RPO targets for FY 2014-15, as summarized at para. 19 above, by the end of March, 2017, and the amounts to be deposited into the Fund shall be determined by MSEDCL accordingly from time to time over the remaining period of FY 2016-17; ...*

..... The Commission has not specified the amounts to be deposited in the Fund since that will depend on the power procurement and/or REC purchase mix opted for by MSEDCL, the actual rate of RECs in the market from time to time, etc. Moreover, MSEDCL need not deposit into the Fund the entire amount estimated to be required in



a lumpsum at the outset, but spread it over the remainder of the year depending on its assessment of the market.....”

4. Also, vide Order dated 27 March, 2018 in Case No. 169 of 2016, MERC in the same line has directed MSEDCL for formation of RPO Regulatory Charges Fund. The Relevant Portion is reproduced below:

“...36. On similar lines, the Commission directs MSEDCL as follows with regard to the stand-alone and cumulative shortfall against its Solar RPO targets in FY 2015-16:

1) MSEDCL shall constitute a notional ‘RPO Regulatory Charges Fund’;

2) The Fund shall be utilised by MSEDCL to purchase Solar power and/or RECs so as to fully meet its shortfall of FY 2015-16 by the end of March, 2019, and the amounts of the Fund shall be determined by MSEDCL accordingly from time to time;.....

.....The Commission has not specified the amounts to be deposited in the Fund since that will depend on the power procurement and/or REC purchase mix opted for by MSEDCL, the actual rate of RECs in the market from time to time, etc. Moreover, MSEDCL need not deposit into the Fund the entire amount estimated to be required in a lumpsum at the outset, but spread it over the remainder of the year depending on its assessment of the market. The Fund is notional in that sense.....”

5. MSEDCL has started procuring RECs from FY 2016-17 to meet cumulative shortfall of RPO Targets and created RPO Regulatory Charges Fund in the account system of MSEDCL from the Month of March, 2015. Further, MSEDCL has started depositing the amount actually in cash in this fund from the Month of April, 2018. During quarter – I (Q1) of FY 2018-19, MSEDCL deposited a total sum of Rs. 330 Crore in this fund. The details of year wise shortfall (till Q2 of 2018-19) and the funds deposited against RPO Regulatory charges are as below:

FY	MERC Order		RE Sources	Cumulative shortfall (Mus)	Fund Utilised (Crore)	REC Purchase Mus	Resultant Shortfall (Mus)
	Case No.	Date					
2012-13	180 of 2013	12-Mar-14	Non-Solar	314.97	0	0	314.97
			Solar	644.22		0	644.22
2013-14	190 of 2014	04-Aug-15	Non-Solar	1110.78	0	0	0
			Solar	925.96		0	925.96
2014-15	16 of 2016	14-Sep-16	Non-Solar	1774.97	0	0	1774.97
			Solar	1201.81		0	1201.81
2015-16	169 of 2016	27-Mar-18	Non-Solar	1778.86	0	0	1778.86
			Solar	157.95		0	1359.76
2016-17	207 of 2017	31-Jul-18	Non-Solar	1787.85	99.9	666 Mus/99.9 Crs	Surplus 34
			Solar	2049.614		0	2049.614
2017-18	(estimated)		Non-Solar	2189.944	615.29	4104.944 Mus/615.29 Crs.	Surplus 90
			Solar	3525.614			3525.614

The details of cumulative shortfall, fund deposited in RPO Regulatory Charges Fund & REC purchased during FY 2018-19 (Monthwise) are as below:

Month		Standalone shortfall (Mus)	Fund Deposited(Crore)	REC Purchase Mus/Crore	Resultant Shortfall (Mus)
April, 2018	Non-Solar	386.33	165	0	386.33
	Solar	163.45		0	3689.06
May, 2018	Non-Solar	505.20	90	0	891.53
	Solar	204.10		0	3893.17
June, 2018	Non-Solar	40.92	75	0	932.45
	Solar	143.80		0	4036.97
July, 2018	Non-Solar	-543.61	330	0	388.84
	Solar	99.72		0	4136.68
August, 2018	Non-Solar	-399.22	0	0	-10.38
	Solar	138.21		0	4274.90
September, 2018	Non-Solar	644.72	0	0	634.35
	Solar	170.26		1287.021 Mus/144.15 Crs.	3066.19
October, 2018 *	Non-Solar	757.36	0	0	1391.70
	Solar	150.02		91.945 Mus/10.39	3124.27

Month		Standalone shortfall (Mus)	Fund Deposited(Crore)	REC Purchase Mus/Crore Crs.	Resultant Shortfall (Mus)
November, 2018*	Non-Solar	598.53	0	0	1990.23
	Solar	187.28		0	3311.55
December, 2018*	Non-Solar	358.22	0	0	2348.46
	Solar	201.98		0	3513.53
Total	Non- Solar	2348.46	660	0	2348.46
	Solar	1458.83		1378.966 Mus/154.54 Crs.	3513.53

(* Provisional)

6. MSEDCL has deposited Rs. 660 Crore in RPO regulatory charges funds till December, 2018 in FY 2018-19 and started procuring RECs by bidding on Energy Exchanges. In September, 2018 (on 26.09.2018), MSEDCL has purchased Solar RECs for 1287.021 MUs worth of Rs. 144.15 Crore as against the bid quantity of 2049.614 MUs from IEX. In October, 2018 (on 31.10.2018), also MSEDCL able to procure only Solar RECs for 91.945 MUs worth of Rs. 10.39 Crore against the bid quantity of 762.593 MUs from PXIL. The corresponding documents are attached as Annexure – A.
7. Further, in November and December, 2018 MSEDCL had submitted its bid on exchanges for purchase of Solar RECs for 625 MUs and 886 MUs respectively, however could not get any RECs on the exchanges because of the rate and shortage of RECs in the market. Also in December, 2018, MSEDCL had submitted its bid for purchase of Non-Solar RECs of 886 MUs and could not get any RECs due to unavailability of sufficient RECs in the exchanges and high rates. The relevant documents are attached as Annexure – B.

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8. As on December, 2018, tentative cumulative shortfall for solar and non-solar RPO targets is 3513.53 MUs and 2348.46 MUs respectively and for fulfillment of this shortfall, MSEDCL require to purchase RECs of around Rs. 691.71 Crs (approx.), by considering the solar REC and Non-Solar REC rate of Rs. 1.00 per unit plus 18% GST. However the available RPO Regulatory charges fund with MSEDCL as on December, 2018 is around Rs. 505 Crore only. Thus, in fact, MSEDCL has deposited the amount in RPO Regulatory charges fund is less than requirement of RPO fund to meet shortfall. Further while bidding for purchase of RECs on exchanges, MSEDCL has to deposit equivalent amount to exchange account.
 9. Hon'ble Commission has not specified any amounts to be deposited in the Fund, while issuing the verification Orders of RPO Targets. MSEDCL is depositing amount in the funds considering the shortfall in RPO target and floor rate of RECs in Market.
 10. It is to submit that MSEDCL has deposited amount in RPO Regulatory Charges Fund, as per directives of Hon'ble Commission considering the shortfall of the Solar and Non-Solar energy as shown in the above table and fund required for fulfillment of cumulative shortfall, by purchasing equivalent RECs,.

Therefore, MSEDCL humbly request to the Hon'ble Commission to consider the amount deposited in RPO Regulatory charges fund of Rs. 330 Crs as a power purchase cost for the adjustment in the FAC of January, 2019 to March, 2019. Further requested that it is to be considered for future period also so that MSEDCL can deposit amount in RPO Regulatory charges fund and purchase REC/Renewable Power to meet shortfall in RPO target.

11. Prayers:

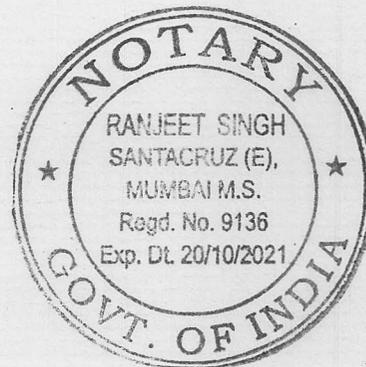
It is humbly prayed that:

1. To consider the Rs. 330 Crs amount deposited in RPO Regulatory charges Fund for the adjustment in the FAC of January, 2019 to March, 2019 as a power purchase cost.
2. To allow MSEDCL to claim such amount deposited in RPO Regulatory Charges fund through adjustment in the FAC for future period also (i.e. April, 2019 onwards).
3. To refund the holding cost levied on the RPO Regulatory charges fund in the FAC of January, 2019 to March, 2019.
4. To consider the submission made by the Petitioner and consider the same positively while deciding the Petition as well as for further actions;
5. To pass any other order/relief as the Hon'ble Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice;
6. To condone any error/omission and to give opportunity to rectify the same;
7. To permit the Petitioner to make further submissions, addition and alteration to this Petition as may be necessary from time to time.


Superintending Engineer (Renewable Energy)

Place: Mumbai

Date: 25.01.2019





RE Certificate for Buyer

Issued On -26-Sep-2018

Number C-IEX_SL001612

Serial No.- IEX_1287021

**Maharashtra State Electricity Distribution Company
Limited**

1,287,021 Certificates

REC Type- SOLAR

This certifies that Maharashtra State Electricity Distribution Company Limited is the holder of 1,287,021 SOLAR non transferable certificates, bought on 26 September,2018, through Indian Energy Exchange Ltd.

This certificate represented hereby is issued and shall be held subject to all the provisions of the regulations and the By-laws of Honorable CERC and Indian Energy Exchange Ltd and any amendments thereto.

WITNESS the signatures of its duly authorized officers this 26 September,2018.

[Name and Designation of Authorized Signatory]

**Akhilesh Awasthy
Director Market Operations
Indian Energy Exchange Ltd**

[Computerized Generated Report, Signature is not required]



113/C

POWER EXCHANGE INDIA LIMITED

Certificate of Purchase of REC(s)

Number C - PXSL10180002

Issued On - 31-OCT-2018

Serial No. - PXI/31102018/SL/00002

MSEDCL

91945 Certificates

REC Type Solar

Session ID REC3110201801

This certifies that **MSEDCL**
is the holder of **91945 Solar** non transferable Renewable energy certificate(s) bought on
31th day of OCT 2018, through *Power Exchange India Limited*.

This certificate represented hereby is issued and shall be held subject to all the provisions of the regulations of Honorable CERC as amended from time to time and the Bye - laws, Rules and Business Rule of *Power Exchange India Limited*.

Power Exchange India Limited

Power Exchange India Limited, Sumer Plaza, Unit no 901, 9th floor Marol Maroshi Road, Andheri (East), Mumbai – 400 059.CIN No:- U7490 0MH2008PLC179152, Phone No: 91-022-40096667, Fax No:91-022-40096690, Web Site:www.powerexindia.com.
Email : pxi_mktops@pxil.co.in

Note: - This is a computer generated statement hence doesn't require signature.

Annexure - B

115/c

MSEDCL REC Trades during FY 2018-2019

		Solar			Non-Solar		
	Date of trading	REC Bid	REC Purchased	Total amount paid (Rs.)	REC Bid	REC Purchased	Total amount paid
IEX	26-Sep-18	2049614	1287021	1287021000	Nil	Nil	Nil
	31-Oct-18	400000	Nil	Nil	Nil	Nil	Nil
	28-Nov-18	625000	Nil	Nil	Nil	Nil	Nil
	26-Dec-18	450000	Nil	Nil	443000	Nil	Nil
IEX Total		3524614	1287021	1287021000	443000		
PXIL	31-Oct-18	362593	91945	91945000	Nil	Nil	Nil
	28-Nov-18	625000	Nil	Nil	Nil	Nil	Nil
	26-Dec-18	450000	Nil	Nil	443000	Nil	Nil
PXIL Total		1437593	91945	91945000	443000		