

Sanjeev Kumar IAS
Chairman & Managing Director

Ref. No: SE/TRC/T-27/5209

Date: 09/03/2018

To,

The Principal Secretary (Energy),
Industries, Energy and Labour Department, GoM
Mantralaya, Madam Cama Road, Hutatma Rajguru Square,
Mumbai - 400032

Subject:- State Textile Policy 2018-23

Reference: GoM Resolution No.: Policy 2017/C.R. 6/Text-5 dated 17.02.2018 issued by Co-operation, Marketing and Textile Department of Government of Maharashtra

Sir,

This has reference to above Government Resolution regarding Electricity Concessions proposed in the said State Textile Policy. It is submitted that view/comments of MSEDCL have not been sought prior to issuance of the said policy. It is observed that there are some issues for implementing the said GR.

Accordingly, following points need to be considered for implementation of GR:

1. Clause 7.11.1 Cross subsidy on open access will not be levied for textile units.

As per the provisions of Section 42 of Electricity Act, 2003, Open Access is to be provided to eligible consumers subject to payment of the Cross Subsidy Surcharge (CSS), Additional Surcharge and other applicable charges.

Section 86 (1) of the Act mandates the State Commission to determine the CSS and other charges. Accordingly MERC has determined the CSS payable by consumers opting for Open Access. Similarly MERC has determined other charges including wheeling charges which are payable by consumers sourcing power through Open Access.

It is mandatory for MSEDCL to recover the CSS as determined by MERC from the Open Access consumers. MSEDCL does not have any powers to exempt any consumer from levy of these charges or make any changes in the charges approved by MERC. However, as per the provisions of section 65 of the Act, Government can provide such exemption in CSS to the textile units in open access arrangement subject to compensation of the same by way of advance subsidy in cash to MSEDCL. But the policy is silent about the same. Hence, necessary provision of subsidy needs to be made by the State. Otherwise it will not be possible for MSEDCL not to levy or collect cross subsidy from textile units in Open access arrangement.

2. Clause 7.11.2 Energy Department not to levy charges other than "transmission charges" on units using non-conventional energy.

It is submitted that Energy Department does not levy any charges on units using non-conventional energy. The charges are determined by MERC. If the consumer is to be exempted from levy of these charges or make any changes in the charges approved by MERC, then Government needs to compensate it by way of the Advance subsidy as mandated by The Act.

3. Clause (7.11.3 to 7.11.6) Subsidy

As per the provisions of section 65 of the Act, Government can provide exemption in Tariff subject to compensation of the same by way of advance subsidy in cash to MSEDCL. In the said policy, it is not clear if the subsidy is applicable to the existing consumers or new consumers and whether the subsidy is over and above the existing subsidy provided to LT power loom consumers.

It is also mentioned that the subsidy will be reviewed every year to keep the overall annual subsidy burden within Rs. 150 crore. However, nothing is mentioned about the action to be taken after exhausting 150 Crs. At present MSEDCL is passing through the precarious financial situation, Hence once the limit of 150 crore is exhausted, MSEDCL will start collecting the charges as per MERC approved rates.

4. Clause 7.11.3 Restriction of 1 MW is removed from the net metering scheme

In line with provisions of Model Regulations of Form of Regulator (FoR) and based on the recommendation of a Working Committee constituted by MERC to study the issues of operationalising the net metering, MERC notified its Net Metering Regulations, 2015 with a capacity limit of 1 MW. Hence, any change in the limit of 1 MW capacity for net metering of consumers needs change in MERC net metering regulation 2015. Without change in MERC Regulation, above policy cannot be implemented and it is also felt that any change in MERC regulation would be applicable to all consumers and shall not be limited to textile units. Allowing net metering above 1 MW consumers would affect MSEDCL's finances adversely.

5. Clause 7.11.7 Disparity between electricity rates for units using load upto 27 HP and for units using load between 27 to 107 HP

After issuance of the MYT Order dated 3rd November 2016, Govt. of Maharashtra vide Letter dated 31.05.2017 has decided to continue the prevailing subsidy to consumers as per the GR dated 07.11.2015. Due to this, there is a disparity in the tariffs payable by Powerloom consumers. In order to remove the disparity in the tariffs, Govt. of Maharashtra needs to revise the subsidy provided to consumers.

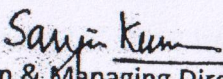
6. Clause 7.11.8 Use of RE and Non RE power sources will be taken into consideration to decide the load factor

MERC already provides the formula for calculating the Load Factor Incentive in the Tariff Order. It is mandatory for MSEDCL to calculate the Load Factor Incentive only as per the formula given by MERC. Further, MERC in its Order dated 27 February, 2018 in Case No.

80 of 2016 has ruled that the OA consumption cannot be considered for the purpose of Load Factor Incentive from MSEDCL. Hence, MERC approval is required for any changes in existing load factor incentive calculations and without MERC approval it not possible to implement the same.

In view of submissions in forgoing paragraphs, it is requested to consider the above difficulties for implementation of said GR by MSEDCL and explicit clarity needs to be provided on same. Further, it is to request that any exemptions given in MERC determined tariff under the said policy may appropriately be compensated to MSEDCL under Section 65 of the Act.

Yours Sincerely,


Chairman & Managing Director
MSEDCL