

Sankirna/2013/C.R.188



Industries, Energy and Labour Department
Mantralaya, Mumbai 400 032



Principal Secretary
(Labour & Administration)

Comm/ Regulatory issues/

Date : 31 JUL 2013

To,

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

Sub :- Regarding regulatory issues to be addressed having financial impact on the Common consumers.

Ref :- 1] Letter from MSEDCL addressed to MEDA No. 20201 dated 20.07.2013.
2] Letter from MSEDCL No. 20777 dtd 26.07.2013.

Respected Sir,

With reference to above, this office is in receipt of letter at Sr. No. 2 from Maharashtra State Electricity Distribution Company Limited (MSEDCL), wherein they have raised several issues concerning the common consumer vis a vis private generators and high end subsidizing consumers.

Prima-facie, Government feels that, the issues raised are extremely important and will have a long term impact on the consumers of the state and the tariff payable. While the Govt. appreciates the authority of the Commission to rule on these issues, the Govt. is also sensitive towards protecting the interest of the consumer at large.

Maharashtra as a state has been leading in the promotion of Renewable Energy Generation and has attracted large investment in the state. In fact the Government has proactively encouraged generation of Renewable Energy power rather than purchase Renewable Energy Certificates.

Moving forward, the Government is now very concerned about the methodology and operationalisation of Open Access regulations as they are likely to have a long term impact on the power tariff and the principle of equity.

The Government is also concerned about open access through exchanges and granting open access to Renewable Energy power especially wind generators. The

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Government feels that these may adversely impact the small consumers and will lead to accrual of windfall profits to developers and other consumers who have a capacity to pay.

The Government feels that the issues listed below need careful consideration and a larger debate before arriving at a final decision.

I am listing below some concerns which need to be addressed :

i. Open Access Regulations, 2013:

- a. MERC is in the process of finalization of the Open Access Regulations, 2013.
- b. These Regulations are very important as the same are formulated after a very long period i.e. after 2005.
- c. The concept of day ahead Open Access, exchanges have been introduced by Central Electricity Regulatory Commission.
- d. Many prime consumers are availing the benefit of Open Access. This will have a huge financial impact on MSEDCL and consequently on the common consumers.
- e. Also, the process of public hearing on the comments received from stake holders be initiated prior to finalization of the Regulations.
- f. Government be consulted on these issues as it has a long term impact.

ii. Open Access through IEX:

- a. The MERC Open Access Regulations, 2005 has been framed prior to formulation of exchanges. Thus, the concept of Open Access through exchange is not covered in the Regulations. As such, there are various operational constraints while issuing the permissions to Open Access consumers sourcing power through exchange.
- b. We need to consider the various aspects before directions are issued mandating blanket permission to source power from exchanges.

iii. Wind Policy :

- a. The MERC has suo-motu started a proceeding regarding wind policy on dated 27.04.2012 (Case No.92 of 2012).
- b. The prime concerns to be addressed are as follows :
 - Treatment to Wind generators post EPA
 - Windfall profit to Group II generators
 - Renewable Energy Certificate
 - Banking

- c. The Government feels that allowing Open Access in such cases is leading to high profits for developers at cost of small consumers. There is need to address the issue and in the meantime prevent Open Access and other actions that may become irreversible.

iv. Competitive Bidding

- a. MSEDCL has filed a petition with MERC (Case No.65 of 2013) for seeking determination of tariff by bidding process for procurement of power by Distribution Licensee in the matter of Wind Energy for FY 2013-14 within Maharashtra.
- b. There is need to consider the matter of competitive bidding as opposed to fixed feed in tariff in the interest of competition and transparency which the Government feels will benefit the consumers.

These are issues which have long terms implications and can lead to an adverse impact on the tariffs of the consumers and at the same time lead to unwarranted profits to certain developers and large players. The Government hence feels that a detailed discussion be held with the Government and other stake holders before arriving at a decision in the interest of transparency and fair play.

Thanking you,

Yours faithfully,


(Ajoy Mehta)

Principal Secretary(Energy)

Copy s.w.rs.to :

- 1] The Chief Secretary, Government of Maharashtra, Mantralaya.
- 2] The Chairman, Maharashtra Electricity Regulatory Commission.
- 3] Shri. V. L. Sonavane, Member, Maharashtra Electricity Regulatory Commission.
- 4] Smt. Chandra Iyengar, Member, Maharashtra Electricity Regulatory Commission.

Copy to :

- 1] PA to Hon'ble Dy. Chief Minister, Govt. of Maharashtra, Mantralaya.
- 2] PA to Hon'ble Minister of State [Energy], Govt. of Maharashtra, Mantralaya

