

# MAHARASHTRA ELECTRICITY REGULATORY COMMISSION

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### SUGGESTIONS / COMMENTS ON APPROACH PAPER ON DISTRIBUTED GENERATION BASED FRANCHISEE FOR ELECTRICITY DISTRIBUTION

The State of Maharashtra has been witnessing serious shortage of electricity with many parts reeling under long and severe power shortages. The gradual widening of Energy Demand – Supply gap has become a major challenge for the State utilities. It is important to note that in Maharashtra, it is essential to increase electricity generation locally without overloading the existing transmission system.

2. In view of this, the Commission has appointed M/s ABPS Infrastructure Advisory Private Ltd. to prepare an Approach Paper on ‘Distributed Generation Based Franchisee for Electricity Distribution’, which is one of the options to mitigate the acute problem of widening electricity demand supply gap as well as improve the reliability and efficiency of electricity distribution.

3. The Approach Paper discusses appointment of Franchisee by Distribution Licensee, to distribute the electricity to consumers in the allocated area as per the tariff approved by the Commission and to generate the electricity corresponding to the demand-supply gap. The model envisages the installation of grid connected short-gestation generation capacity either in form of conventional sources or non-conventional sources, to make more generation available as well as reduced technical losses as the Franchisee generates electricity locally near load centre. In view of prevailing extreme shortages, the Franchisee may procure power from outside the State to supplement the existing captive capacity. The Franchisee will have to manage all technical and commercial functions of Licensee’s distribution system. The proposed concept promotes the participation from private sector, local bodies and industrial associations, to improve efficiency of distribution operations.

4. The Approach Paper presents the framework for the Franchisee agreement and the roles of Licensee and Franchisee and also the issues related to distribution management and generation. Both, the Executive Summary (in English and Marathi) and the detailed Approach Paper (in English) are available in downloadable format on the Commission’s website [www.mercindia.org.in](http://www.mercindia.org.in).

5. Suggestions / comments on the above Approach Paper may be sent to the Secretary of the Commission on an affidavit so as to reach by March 30, 2007, and should carry the sender’s full name, postal address with pin-code number, and e-mail address, if any.

(Mrs. Malini Shankar)  
Secretary, MERC

Dated: March 8, 2007  
Mumbai.