

**INTERIM ORDER**

In the background of the public hearings conducted on 17th and 18th October 2001 in the matter of the application (Case No. 10 & 21 of 2001) filed by the MSEB in respect of Power Purchase Agreement (PPA) with (i) M/s Kay Pulp & Paper Mills Limited, Satara and (ii) M/s Jawahar Shetkari Sahakari Sakhar Karkhana Ltd., Hupari under Section 22(1)(c) of the Electricity Act, 1998, (ERC), the Commission directs as follows:

1. The Applicant, Maharashtra State Electricity Board, has submitted a revised affidavit proposing to procure power from M/s Jawahar Shetkari Sahakari Sakhar Karkhana Ltd., Hupari, mentioning therein the acceptable rate of Rupees Three and Three Paise per unit (Rs 3.03 per kwh) as included by them in the tariff proposal for the year 2001-02 (Case No.01 of 2001). The Board has proposed to enter into a PPA, which is before the Commission, after giving clearance under Section 44 of the Electricity Supply Act, 1948. Considering the merits, the Commission issued an interim order dated November 2, 2001 indicating the floor rate of procurement at Rs 0.80 per unit [being slightly more than the MSEB's average variable pooled cost of thermal generation, having no impact on current tariff, and in line with draft guidelines on Captive Power Policy issued by the Union Ministry of Power].
2. The Respondent (i) above has submitted its further prayers to revise the approved interim rate of Rs 0.80 (Eighty paise) per unit to atleast Rs 2.80 paise per unit, which has been given by the MSEB to old generating companies like Datta Shirol etc., without which the respondents financial position including working capital is strained beyond yield point.

3. Meanwhile, the Commission has delivered its tariff order in Case No.1 of 2001 for the year 2001-02 on 10.1.2002 for the MSEB. The Commission has allowed the MSEB to carry out Ad-hoc purchase of 200 MUs amounting to Rs 61 crores (the value is provisionally approved based on assumed rate of Rs 3.05 per unit, based on MNES guidelines, but subject to final ruling on the PPAs with such power producers).
4. While doing so, the Commission was fully aware of load shedding resorted to by the MSEB and accordingly, explored all the possibilities to reduce the load shedding to 398 MUs during October 2001 to March 2002 as against projected load shedding of 1885 MUs by the MSEB during the same period. A specific directive to MSEB was also given to reduce load shedding.
5. Therefore, during the further intervening period (till the discharge of the MSEB's affidavit as in Point No.1 above alongwith other similar cases such as Case No.15/18 and 19 of 2001 by the Commission), the Applicant shall procure the energy @ Rs 1.5890 per unit [being equivalent to the MSEB's average total cost of Central Sector (NTPC/NPC) power purchase having no impact on current tariff], which is subject to adjustment as per the final rate that shall be determined by the Commission under Section 22(1)(c) of the ERC Act, 1998.

Ordered accordingly.

Sd/-  
(Dr Pramod Deo)  
Member

Sd/-  
(Jayant Deo)  
Member

Sd/-  
(P. Subrahmanyam)  
Chairman, MERC

Sd/-  
(Sanjay Kumar)  
Secretary, MERC.