

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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Case No. 41 of 2019

Case for Verification of compliance of Renewable Purchase Obligation targets by Mindspace
Business Parks Pvt. Ltd. for FY 2017-18

Coram

I.M. Bohari, Member
Mukesh Khullar, Member

Parties

1. Mindspace Business Parks Pvt. Ltd (**MBPPL**)
2. Maharashtra Energy Development Agency (**MEDA**)
3. Maharashtra State Load Despatch Centre (**MSLDC**)

Appearance

- | | | |
|--------------|---|-----------------------|
| 1. For MBPPL | : | Shri.Vikram Yermalkar |
| 2. For MEDA | : | Shri. Manoj Pise |
| 3. For MSLDC | : | None |

ORDER

Date: 2 April 2019

1. The MERC (Renewable Purchase Obligation, its Compliance and Implementation of Renewable Energy Certificate Framework) Regulations, 2016 ('RPO Regulations 2016') specify the Renewable Purchase Obligation (RPO) targets for Obligated Entities, including MBPPL as a Deemed Distribution Licensee, for FY 2017-18. The RPO targets specified in Regulation 7.1 are as below:

Year	Quantum of purchase (in %) from Renewable Energy sources (in terms of energy equivalent in kWh)		
	Solar	Non-Solar (other RE)	Total
	(a)	(b)	(c)
2016-17	1.00%	10.00%	11.00%
2017-18	2.00%	10.50%	12.50%
2018-19	2.75%	11.00%	13.75%
2019-20	3.50%	11.50%	15.00%

Provided that each Distribution Licensee shall meet 0.2% per year of its Non-solar (other RE) RPO target percentage for the period from FY 2016-17 to FY 2019-20 by way of purchase from Mini Hydro or Micro Hydro Power Projects;

2. Regulation 12 of the RPO Regulations, 2016 empowers the Commission to deal with shortfalls in compliance of RPO targets by Obligated Entities as follows:

“12. RPO Regulatory Charges

12.1 If the Obligated Entity fails to comply with the RPO target as provided in these Regulations during any year and fails to purchase the required quantum of RECs, the State Commission may direct the Obligated Entity to deposit into a separate fund, to be created and maintained by such Obligated Entity, such amount as the Commission may determine on the basis of the shortfall in units of RPO, RPO Regulatory Charges and the Forbearance Price decided by the Central Commission; separately in respect of Solar and Non-Solar RPO:

Provided that RPO Regulatory Charges shall be equivalent to the highest applicable preferential tariff during the year for Solar or Non-Solar RE generating sources, as the case may be, or any other rate as may be stipulated by the State Commission:

Provided further that the fund so created shall be utilised, as may be directed by the State Commission.”

3. Through its Order dated 1 July, 2010 in Case No. 21 of 2010, the Commission designated the MEDA, Pune as the State Agency to undertake the functions envisaged under the Regulations.
4. As per Regulation 10.4 of the RPO Regulations, 2016, a Distribution Licensee is required to submit, at the end of each financial year, a detailed statement of energy procured from Renewable Energy (**RE**) sources, certified by its auditors.
5. Vide its Order dated 23 July, 2018 in Case No. 212 of 2017 regarding compliance of RPO targets by MBPPL for FY 2016-17, the Commission had stated as follows:

“18. MBPPL has purchased non- Solar RECs in FY 2016-17 and FY 2017-18 to fulfill its shortfall for FY 2015-16 and FY 2016-17 and it now has cumulative non-Solar surplus of 5.30 MUs. However, as per the dispensation given in the Commission’s Order dated 20 June, 2017 in Case of 174 of 2017 (quoted under para 17 of this Order) MBPPL has not considered the surplus non-Solar RECs purchased in FY 2017-18 to meet the shortfall against its Mini/Micro Hydro Targets for FY 2015-16 to meet the shortfall against its Mini/Micro Hydro target for FY 2015-16. Considering the circumstances of the shortfall of MBPPL, and in exercise of its powers to relax and to remove difficulties under Regulations 16 and 19 of the RPO Regulations, 2016, the Commission allows MBPPL to meet the shortfall against its Mini/Micro Hydro target for FY 2015-16 and FY 2016-17 by non-Solar RECs purchased in FY 2017-18 (to the extent that it has not already done so in FY 2016-17).

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19. MBPPL in its submission dated 8 December, 2017 has requested the Commission to allow carrying forward Solar Obligation for FY 2017-18 to the next financial year. Also MBPPL has filed a separate Petition seeking carry forward of Solar Obligation for FY 2017-18 to the next financial year i.e. FY 2018-19. However, since the Commission has initiated the present proceedings for RPO compliance verification for FY 2016-17 MBPPL's request will be dealt with separately and the Commission would take a call at appropriate time."

6. In accordance with Regulation 9.5, MEDA, vide its letter dated 21 July, 2018 submitted the RPO settlement data for FY 2017-18 in respect of MBPPL which is summarized below:

TABLE 1: RPO Settlement Data for MBPPL as furnished by MEDA

RPO settlement data for MBPPL as furnished by MEDA								
Item	FY 2015-16		Cumulative RPO (Surplus)/ Short fall till end of earlier control period (FY 2010-11 to FY 2015-16)	FY 2016-17		FY 2017-18		Cumulative RPO (Surplus)/ Short fall till end of FY 2017-18
	%	MUs		MUs	%	MUs	%	
Gross Energy consumption	100%	81.81	81.81	100%	86.20	100%	89.92	
Solar RPO								
Target	0.50%	0.409	0.409	1.00%	0.862	2.00%	1.798	3.07
Achivement	0.49%	0.403	0.403	0.79%	0.682	0.231%	0.208	1.29
Shortfall/(Surplus)	0.007%	0.006	0.006	0.209%	0.180	1.77%	1.590	1.78
Non-Solar RPO								
Target	8.50%	6.95	6.95	10.00%	8.62	10.50%	9.44	25.01
Achivement	8.37%	6.845	6.845	8.15%	7.023	11.96%	10.751	24.62
Shortfall/(Surplus)	0.13%	0.105	0.105	1.85%	1.597	-1.46%	-1.309	0.39
Mini-Micro RPO(Within Non-Solar)								
Target	0.20%	0.014	0.014	0.20%	0.017	0.20%	0.019	0.05
Achivement	0.00%	0.00	0.00	0.00%	0.00	0.0%	0.00	0.00
Shortfall/(Surplus)	0.20%	0.014	0.014	0.20%	0.017	0.2%	0.019	0.05

According to MEDA, MBPPL has shortfalls as against its standalone and cumulative Solar and Mini-Micro RPO target. However has fulfilled its stand alone Non-Solar RPO target.

7. The Commission asked MBPPL to submit its response to the data furnished by MEDA. In its response dated 16 November, 2018, MBPPL stated as follows:
- 7.1 MEDA has not considered the non-Solar Renewable Energy Certificate (RECs) procured towards compliance of Min/Micro Hydro RPO. MBPPL has suggested corrections to that effect.
- 7.2 As regards the status of compliances as per the directives given by the Commission in previous Orders for the RPO compliance verifications, including action taken prior to and during FY 2017-18, MBPPL stated that:

To fulfil the RPO compliance targets for the FY 2015-16 to FY 2017-18, MBPPL has procured equivalent amount of Non-Solar and Solar REC from the Power Exchange India Ltd. Details of such purchase are as follows:

Financial Year	Obligation Type	Obligation MU	REC Purchased MUs	Pending till March, 2017
FY 2015-16	Solar	0.01	0.01	0
	Non-Solar	0.1	0.1	0
FY 2016-17	Solar	0.862	0.672	0.19
	Non-Solar	8.62	6.923	1.697

Final REC Settlement of FY 2016-17

Financial Year	Obligation Type	Shortfall (MU)	Total Purchase in FY 2017-18 (MU)	Shortfall/ / (Surplus) after adjustment (MU)
FY 2016-17	Solar	0.19	0.208	-0.018
	Non-Solar	1.697	10.751	-9.054

REC Settlement for FY 2017-18

Financial Year	Obligation Type	Target (MU)	Met (MU)	Shortfall/ / (Surplus) after adjustment (MU)
FY 2017-18	Solar	1.7984	0.018	1.7804
	Non-Solar	9.4416	9.054	0.39
	Non-Solar	0.0189	0	0.0189

MBPPL is not in a position to bifurcate the Mini – Hydro compliance from Non – Solar compliance target as the fulfilment of purchase was done with REC purchase route offering Non – Solar certificate for renewable certificates of all the sources other than the solar energy.

- 7.3 As regards the long term plan, MBPPL stated that it will fulfil its RPO requirement through purchase of RECs from the exchange platform. In case of unavailability of the RECs, it will fulfil the same through purchase of renewable energy from the sellers at the rate approved by the Commission.

Regulatory Process

8. Through a Public Notice dated 21 February, 2019 published in the Loksatta and Maharashtra Times (Marathi) and Times of India and Indian Express (English) daily newspapers, the Commission invited suggestions and objections considering the submissions of MEDA and MBPPL. The Commission also impleaded MEDA and MSLDC as Parties. A Public Hearing was held on 16 March, 2019 in the Office of the Commission at World Trade Centre, Cuffe Parade, Mumbai.
9. The summary of RPO compliance of MBPPL for FY 2017-18, based on details provided by MEDA and MBPPL, is at Annexure-1 of this Order. The list of persons who gave their comments in writing or made oral submissions during the Public Hearing is at Annexure-2

(A). The list of persons present at the Public Hearing is at Annexure-2(B). (These lists include persons/organizations concerned with the RPO compliance verification hearings held the same day in respect of the other Distribution Licensees also.)

10. At the Public Hearing, MBPPL reiterated the points regarding its compliance of RPO targets made in its written submissions and further stated that cumulative RPO shortfall as on March, 2017 has been met in FY 2018-19 through purchase of RECs.
11. MBPPL vide its letter dated 18 March, 2019 has submitted cumulative RPO settlement till FY 2017-18 as follows:

	FY 2015-16	FY 2016-17	FY 2017-18	Cumulative till March 2017
Solar				
Target	0.41	0.86	1.80	3.07
Met	0.40	0.682	0.208	1.29
Shortfall	0.01	0.18	1.59	1.78
Non-Solar				
Target	6.95	8.62	9.44	25.02
Met	6.85	7.023	10.751	24.62
Shortfall	0.11	1.60	-1.31	0.40
Min/Micro Hydro				
Target			0.019	
Met			0.019	
Shortfall			0	

Suggestions/Objections received (including those presented orally at the Public Hearing)

12. Dr. Ashok Pendse of Thane-Belapur Industries Association (TBIA) in his email dated 27 February 2019 has stated that:
 - i) No serious effort has been made by Distribution Licensees for buying RECs from IEX.
 - ii) As per recent letter of MoP dated 1.2.2019, CPP have RPO obligation of the year in which it was commissioned. Since most CPP have been commissioned prior to 2011, almost all CPP will not have RPO obligation. This need to be established by MEDA. Further Dr. Pendse has prayed as under:
 - a) No crossover of RPO obligation be allowed, if done, suitable fine should be levied.
 - b) MEDA to check in the light of new order of MOP on status of CPP’s RPO compliance.

Commission’s Analysis and Ruling

13. The Commission notes that the MBPPL’s submission dated 18 March, 2019 has been reaffirmed by MEDA vide its letter dated 20 March, 2019. The status of achievement of

RPO targets by MBPPL, as determined by the Commission considering the details provided by MEDA, MSLDC and MBPPL, is as shown in Table 2 below:

Table 2: RPO Settlement Details for MBPPL as approved by Commission

RPO settlement data for MBPPL (Approved)								
Item	FY 2015-16		Cumulative RPO (Surplus)/ Short fall till end of earlier control period (FY 2010-11 to FY 2015-16)	FY 2016-17		FY 2017-18		Cumulative RPO (Surplus) / Short fall till end of FY 2016-17
	%	MUs	MUs	%	MUs	%	MUs	MUs
Gross Energy consumption	100%	81.81	81.81	100%	86.20	100%	89.92	
Solar RPO								
Target	0.50%	0.409	0.409	1.00%	0.862	2.00%	1.798	3.07
Achievement	0.49%	0.403	0.403	1.03%	0.890	0.23%	0.208	1.50
Shortfall /(Surplus)	0.007%	0.006	0.006	-	0.032%	-0.028	1.77%	1.57
Non-Solar RPO								
Target	8.50%	6.95	6.95	10.00%	8.62	10.50%	9.44	25.01
Achievement	8.37%	6.845	6.845	16.27%	14.023*	11.96%	10.751	31.62
Shortfall /(Surplus)	0.13%	0.105	0.105	-6.27%	-5.403**	-0.015	-1.309	-6.61***
Mini-Micro RPO(Within Non-Solar)								
Target	0.20%	0.014	0.014	0.20%	0.017	0.20%	0.019	0.05
Achievement	0.00%	0.00	0.00	0.00%	0.00	0.20%	0.019	0.02
Shortfall /(Surplus)	0.20%	0.014	0.014	0.20%	0.017	0.00%	0.000	0.03

'-' or () indicates surplus

11. The Commission notes that MBPPL has

- i) Fallen short of its stand-alone Solar RPO target by 1.59 MUs in FY 2017-18, and has a cumulative shortfall of 1.57 MUs.
- ii) Fulfilled its stand-alone non-Solar RPO target with a surplus of 1.309 MUs in FY 2017-18, and has a cumulative surplus of 6.61 MUs
- iii) Fulfilled its stand-alone Mini-Micro RPO target in FY 2017-18, and has a cumulative shortfall of 0.03 MUs.

12. Table 2 shows an apparent standalone surplus of 5.403 MUs (** asterisk marked in FY 2016-17, however non-Solar achievement erroneously shown as 14.023 MUs (* marked) instead of 7.023 MUs. Hence the non-Solar surplus of 5.403 MUs is corrected as shortfall of 1.597 MUs. Due to these changes, the cumulative non-Solar surplus of 6.61 MUs (***) becomes shortfall of 0.393 MUs till FY 2017-18.

13. The Commission has already allowed MBPPL to meet its Mini/Micro Hydro RPO obligations from purchase of non-Solar RECs. MBPPL in its submission has indicated it has not bifurcated Mini-Micro RPO compliance separately but has fulfilled it by purchasing of non-Solar RECs. The Commission notes that MBPPL has fulfilled its standalone non-Solar RPO targets with a surplus of 1.309 MUs. The Commission deems it appropriate to consider the non-Solar RECs purchased by MBPPL in FY 2017-18 for fulfilling its standalone Mini-Micro RPO Targets for FY 2017-18.
14. The Commission notes that MBPPL has standalone and cumulative shortfall till FY 2017-18 of 1.59 MUs and 1.57 MUs respectively for Solar RPO Target. The Commission allows MBPPL to fulfill its shortfall cumulatively by March, 2019.
15. The Commission further notes that during the proceedings of the present case, MBPPL had stated that it had already met the RPO shortfall of FY 2017-18 by purchase of RECs in FY 2018-19. The Commission will verify the same during the RPO verification proceedings of FY 2018-19.

Other Issues

16. As regards suggestion of TBIA, regarding crossover of RPO obligation shall not be allowed, the Commission in its Order dated 2 January, 2013 in Case No 109 of 2012 has not accepted the interchangeability of Solar and non- Solar RPO targets. Similarly in its Order dated 12 December, 2017 in Case No 108 of 2016 the Commission has not accepted the merging of Solar and non-Solar RPO targets. As regards to the issue of RPO compliance of CPP in the light of clarification issued by MoP vide letter dated 1 February, 2019, , the Commission notes that obligated entities have to comply with RPO as specified in the Regulations. The Commission will initiate the next proceedings for three years starting from FY 2014-15 to FY 2016-17 once the consolidated data of OA Consumers and CPP Users is received from MEDA. Any impact of MoP's clarification can be dealt with during proceedings of RPO compliance of OA consumers and CPP users or through amendment of Regulations as deemed appropriate at that time.
17. Hence, the following Order.

ORDER

1) The Case No. 41 of 2019 stands concluded with following ruling:

- a. Mindspace Business Parks Pvt. Ltd. has standalone and cumulative shortfall for Solar RPO of 1.59 MUs and 1.57 MUs respectively till FY 2017-18.**
- b. Mindspace Business Parks Pvt. Ltd. has standalone surplus of 1.30 MUs and cumulative shortfall of 0.393 MUs for non-Solar RPO of MUs till FY 2017-18.**
- c. Mindspace Business Parks Pvt. Ltd. has met its standalone but has cumulative shortfall for Mini/Micro Hydro RPO of 0.03 MUs till FY 2017-18.**

2) Mindspace Business Parks Pvt. Ltd. is directed as follow:

- a. **Mindspace Business Parks Pvt. Ltd is allowed to meet its cumulative shortfall in RPO till FY 2017-18 in FY 2018-19. The Commission will review the same during RPO verification proceedings for FY 2018-19.**

Sd/-
(Mukesh Khullar)
Member

Sd/-
(I. M. Bohari)
Member



Annexure – 1

Summary of RPO compliance by Mindspace Business Parks Pvt. Ltd for FY 2017-18, as submitted by MEDA and Mindspace Business Parks Pvt. Ltd (in MUs)

MBPPL RPO status for FY 2017-18	Gross Energy Consumption	Solar RPO Target (2%)	Solar RPO Achievement	Solar RPO Shortfall/ (surplus)	Non-Solar RPO Target (10.50 %)	Non-Solar RPO Achievement	Non-Solar RPO Shortfall/ (Surplus)	Mini/Micro Hydro target (0.2%) within Non-Solar RPO	Mini/Micro Hydro RPO Achievement	Mini/Micro Hydro Shortfall/ (Surplus)
As per MEDA	89.92	1.789	0.208	1.590	9.44	10.751	(1.309)	0.019	0.00	0.019
As per MBPPL	89.92	1.789	0.208	1.590	9.44	10.751	(1.309)	0.019	0.019	0.00

Annexure -2

A] List of those who submitted written comments/suggestions or made oral submissions at the Public Hearing

1. Dr. Ashok Pendse, Thane- Belapur Industries Association

B] List of persons at the Public Hearing:

1. Ms. Kavita Gharat, MSEDCL
2. Shri. Harshal Patil, MSEDCL
3. Shri. N. P. Jagaldas, BEST
4. Shri. S.A.Jadhav, BEST
5. Shri. S.D. Bamane, BEST
6. Shri. Peyush Tondon TPC-D
7. Shri. R M Ranade, TPC-D
8. Shri. Ganesh Shriniwas, TPC-D
9. Shri Ghanshyam Thakkar, AEML
10. Shri. Kishor Patil AEML
11. Shri. Abaji Naralkar, AEML
12. Smt. Vinita Melvin Eternity Legal for Indian Railway
13. Shri. Mayur Wasnik, Indian Railway
14. Shri Kaushalesh Singh Indian Railway
15. Shri.Vikram Yermalkar, Mindspace Business Park Pvt. Ltd. & Gigaplex Estate P Ltd.
16. Shri. Nikhil Chauganjkar, Mindspace Business Park Pvt. Ltd. & Gigaplex Estate P Ltd
17. Shri. Manoj Pise, MEDA
18. Shri. Arif H.Shaikh, MEDA
19. Shri. Vijay V. Pawar, MEDA