

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION

13th Floor, Centre No. 1, World Trade Center,, Cuffe Parade, Mumbai – 400 005.
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Case Nos. 3,4 & 5 of 2002

In the matter of applications filed by
(i) Shri Pratap G. Hogade
(ii) Renewable Energy Developers Association of Maharashtra (REDAM), and,
(iii) Indian Wind Energy Association (IWEA)
for procurement of wind energy & wheeling for third party sale by the Maharashtra
State Electricity Board (MSEB)

Shri P. Subrahmanyam, Chairman
Shri Jayant Deo, Member
Shri (Dr) Pramod Deo, Member

Dated – June 03, 2002

Interim Order

In the background of the admissibility hearing held on 24th May 2002 at 11.00 hrs in the matter of applications filed before the Commission by (i) Shri Pratap G Hogade, (ii) Renewable Energy Developers Association of Maharashtra (REDAM), and (iii) Indian Wind Energy Association, (IWEA) for (a) maintaining statusquo as regards to providing “energy credits to wind energy developers for supply of energy to the MSEB grid and/or wheeling for captive consumption / third party sale, (b) fixing up the rate for third party sale of such energy and (c) to look in to the process of prevailing Government directives on the procurement of such energy and thereby rationalizing the same in the State of Maharashtra.

- I. The Respondent, Maharashtra State Electricity Board (MSEB) has submitted its parawise comments on the above applications and also submitted its application under affidavit on 16th May 2002, in pursuance of the directives of the Commission issued vide its letter dated 4th May 2001 and 2nd April 2002, for approval of Energy Purchase Agreement (EPA) for Wind / Solar power (i) for sale to the MSEB and/or for self use, (ii) for self use and/or to third party, under Section 22(1)(c) of the Electricity Regulatory Commissions (ERC) Act, 1998.
- II. Since the matter of approval of the Respondent’s application have to fulfill the process enumerated in the MERC (Conduct of Business) Regulations, 1999 and will take

sometime for completion, the Respondent (MSEB) has submitted a proposal for providing interim credit which is accepted by the wind farm developers.

- III. During the intervening period (till the completion of approving the MSEB's application on Energy Purchase Agreement (EPA) / Energy Wheeling Agreement (EWA) as mentioned in point No.I above, the Respondent agreed to give credit for:
- a. 85% of energy, meant for captive consumption or third party sale only, received for wheeling in all such cases where credit is yet to be given to the respective wind farm developers, and
 - b. 70% credit shall be released against valid NOCs issued to such wind farm developers meant for sale to the MSEB only in absence of any third party identification.

IV. Therefore, the Commission directs as follows:

1. The Respondent Board, during the intervening period, shall maintain the status existing as on 27th December 1999 (i.e. the date of notification of MERC (Conduct of Business) Regulations, 1999). This should be read along with the clauses III(a) and (b) as narrated above.
2. PPAs entered into, subsequent to 27th December 1999, though having doubtful legal validity, will continue to operate during the intervening period without prejudice to the final order of the Commission in this regard. They will also get credits as agreed by the MSEB and narrated in the clauses III (a) and III (b). However, the MSEB should strictly refrain from entering into any PPA as such without the prior approval of the Commission as contemplated in the ERC Act, 1998.
3. The MSEB shall, in furtherance to the MSEB's application under affidavit dated 16.5.2002, take appropriate action to submit detailed calculations and data/information under affidavit on or before 30th June, 2002, on the following issues:
 - a. Detailed break-up of all NOCs issued for different purposes (e.g. self-use, sale to MSEB etc., along with data of NOC.
 - b. Impact of these NOCs on the MSEB's revenue in the next five years, assuming the tariff mentioned in the NOC, at the prevailing HT tariff, and
 - c. To what extent the MSEB would buy energy / power from non-conventional energy projects c considering least cost power purchase plan, impact on MSEB's finances, etc.
4. The Government of Maharashtra shall submit under affidavit on or before 30th June 2002, its policy framework for inviting comments of the Commission after due public process.
5. The Applicants (i) REDAM and (ii) IWEA, shall approach the Commission on or before 30th June 2002 to seek approval of the Commission for the third party sale agreement before entering into the EWA [Model PPA submitted by the MSEB as directed earlier vide its letter No.0302 dated April 02, 2002] with the Respondent.

Sd/-
(Dr Pramod Deo)
Member

Sd/-
(Jayant Deo)
Member

Sd/-
(P. Subrahmanyam)
Chairman, MERC

Sd/-
(Sanjay Kumar)
Secretary, MERC