

**Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
World Trade Centre, Centre No.1, 13th Floor, Cuffe Parade, Mumbai 400005.
Tel. 022 22163964/65/69 Fax 22163976
Email: mercindia@merc.gov.in Website: www.merc.gov.in**

Case No. 138 of 2022

**Petition of Mindspace Business Parks Private Limited, Gigaplex Estate Private Limited,
and KRC Infrastructure and Projects Private Limited seeking approval of the
Commission for undertaking combined power purchase at Power Exchange linked rates
for the period from July 2022, till alternative arrangements are in place.**

Coram

Sanjay Kumar, Chairperson
I. M. Bohari, Member
Mukesh Khullar, Member

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|----|--|-------------|
| 1. | Mindspace Business Parks Private Limited. (MBPPL) | |
| 2. | Gigaplex Estate Private Limited. (GEPL) | |
| 3. | KRC Infrastructure and Projects Private Limited. (KRCIPPL) | Petitioners |

Appearance:

For Petitioner:

Shri. Palaniappan (Rep)

ORDER

Date: 15 September, 2022

1. Mindspace Business Parks Private Limited, Gigaplex Estate Private Limited, and KRC Infrastructure and Projects Private Limited have filed this Case on 22 June, 2022 seeking approval of the Commission for undertaking combined power purchase at Power Exchange linked rates for the period from July 2022, till alternative arrangements are in place.
2. **Petitioners' main prayers are as under:**

“.....

- a) *to approve the proposed arrangement of mix of bilateral power purchase at Exchange-linked rates and GDAM/DAM/GTAM/TAM/RTM, till such time competitive rates are discovered through Short-Term competitive bidding process;*
- b) *to grant an urgent hearing on this Petition, and provide the necessary relief at the earliest;*

- c) *Condone any inadvertent omissions/errors/shortcomings and permit the Petitioner to add/change/modify/alter this filing and make further submissions as may be required at a further date.*
- d) *Pass such Orders as the Hon'ble Commission may deem fit in the facts of the present case.....”*

3. Petitioners in the Petition has stated as follows:

- 3.1 MBPPL, GEPL and KRCIPPL are deemed Distribution Licensees and are jointly referred to as “KRC DISCOMs”.
- 3.2 KRC DISCOMs had short-term (1 year) PPAs with Kreate Energy (I) Pvt. Ltd. (KEIPL). The existing short-term PPA of each KRC DISCOM was valid up to 30 June, 2022.
- 3.3 In the Order dated 23 January, 2021 in Case No. 231 of 2020, the Commission approved the revised sales projections and energy input requirement, as under:

Particulars	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
Sales (MU)					
MBPPL	41.32	58.06	61.50	61.50	61.50
GEPL	21.71	35.55	40.75	40.75	40.75
KRCIPPL	11.06	20.21	34.55	34.55	34.55
Combined Sales	74.09	113.82	136.80	136.80	136.80
Energy Requirement (MU) (after grossing up sales with Distribution & Transmission losses)					
MBPPL	43.23	60.55	64.14	64.14	64.14
GEPL	22.70	36.56	41.99	41.99	41.99
KRCIPPL	11.66	21.32	36.45	36.45	36.42
Combined Energy Requirement	77.59	118.43	142.58	142.58	142.55

- 3.4 Combined Power Procurement Plan for KRC DISCOMs (MW) is as under:

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Combined				
Medium-term	-	12.50	12.50	12.50
Short-Term	12.50	7.00	7.00	7.00
Solar	-	2.09	2.75	3.53
Non-Solar	-	15.22	16.54	18.12
Total	12.50	36.90	38.80	41.20

- 3.5 With the easing of the COVID-19 situation and gradual return of the IT workforce to the offices, the sales in MU and load in MW terms has increased in the KRC DISCOMs. Based on the actual and anticipated sales, KRC DISCOMs have projected the sales and energy requirement for the period till July 2023, as shown in the Table below:

Particulars	July 2022 – July 2023
Sales (MU)	
MBPPL	64.00
GEPL	26.00
KRCIPPL	29.00
Combined Sales (MU)	119.00
Energy Requirement (MU)	
MBPPL	66.75
GEPL	27.18
KRCIPPL	30.59
Combined Energy Requirement (MU)	124.52
Load (MW)	
MBPPL	12
GEPL	4
KRCIPPL	6
Combined Load (MW)	22

3.6 Competitive Bidding Process:

- a) Based on the projected demand, KRC DISCOMs together decided to procure 19 MW Conventional power (11 MW RTC and 8 MW peak power) at the Maharashtra State periphery for the one-year period from 1 July, 2022 to 30 June, 2023 in accordance with the e-Tendering and e-Reverse Auction process, under the ‘Guidelines for Short-term Procurement of Power by Distribution Licensees Through Tariff Based Bidding Process’ issued by Ministry of Power, Government of India, on 30 March, 2016.
- b) The Petitioners issued a Public Notice in the Hindustan Times (Mumbai) on 02 April 2022 and in Business Standard (New Delhi) on 02 April, 2022. The e-Tender was issued to the bidders through the Discovery of Efficient Electricity Price (DEEP) Portal on the website www.mstccommerce.com in accordance with the Standard Bidding Guidelines, without any deviations.
- c) At the end of the timelines for Bid submissions, the Petitioners received only one (1) Bid: RPG Power Trading Company Limited (Trader) – Unit 1 of 300 MW thermal power plant of Dhariwal Infrastructure Limited (Intra-State).
- d) The Reverse Auction was conducted with the sole bidder on 13 April, 2022 and there was no change in the final price bid, i.e., the price discovered remained at Rs. 6.80/kWh. Thus, RPG Power Trading Company Limited (Trader) (Source –Dhariwal Infrastructure Limited) was L1 with a price of Rs. 6.80/kWh and emerged as the Successful Bidder.
- e) The price discovered through competitive bidding was significantly higher than the average power purchase cost of KRC DISCOMs for FY 2022-23 and recent Tariff

discovered and approved by the Commission for other Utilities in Maharashtra for FY 2022-23. Hence, KRC DISCOMs decided to cancel the above-said Tender, considering less participation and discovery of higher tariff.

- f) Therefore, KRC DISCOMs re-initiated the competitive bidding for combined short-term power procurement at the end of May 2022. At the end of the timelines for bid submissions, no Bids were received by KRC DISCOMs.
- g) KRC DISCOMs again decided to re-initiate the competitive short-term power procurement process on 13 June, 2022. Considering the responses received to the earlier Short-Term tenders floated, KRC DISCOMs planned to procure combined Conventional/Renewable power of 14 MW (8 MW Base and 6 MW Peak, except on Saturdays and Sundays, segregating the RfP on monthly/quarterly basis,) on Short-Term basis for the one-year period from 1 August, 2022 to 31 July, 2023 taking into account the time required for e-Bidding process, and with expectation of softening of market rates for power, better participation from other Renewable sources also, and competitive price discovery with the start of monsoon.
- h) The Petitioner issued a Public Notice in the Hindustan Times (Mumbai) on 13 June, 2022 and in Business Standard (New Delhi) on 13 June, 2022.

3.7 Sourcing of actual Green Power as per the requirement of consumers:

- a) The Commission, vide its Order dated 22 March, 2021 in Case No.134 of 2020 has approved Green Power Tariff of Rs 0.66/ kWh, which is over and above the normal tariff of the respective category as per Tariff Orders, to be levied to the consumers opting for meeting their demand by 100% green energy.
- b) MBPPL and GEPL from the month of December 2021 and KRCIPPL from the month of January 2022 are sourcing actual RE power for the consumers who have opted for green energy tariff. This RE power is being procured by KRC DISCOMs through GDAM/GTAM platform of the Power Exchanges.

3.8 Sourcing of Power at Market linked price from 1 April, 2022 onwards:

- a) KRC DISCOMs had entered into Power Purchase Agreement with KEIPL for the period from 1 July, 2021 to 30 June, 2022 on 27th May 2021. However, KEIPL had not scheduled the power to KRC DISCOMs from the month of April 2022.
- b) Under such circumstances, KRC DISCOMs initiated steps to meet the electricity demand in the notified area through procurement of power from Exchange platform w.e.f. 1 April 2022.
- c) KRC DISCOMs have also explored other available alternative options such as Inter Discom Trade (IDT) through DSM Portal and sourcing surplus power, if any, with other

Distribution Licensees. However, KRC DISCOMs did not find any suitable option to meet their Power requirement other than Power Exchange.

- d) KRC DISCOMs experienced that due to higher Market Clearing Price (MCP), their bids on the Power Exchange did not get cleared in some of the time blocks. However, to ensure grid discipline and un-interrupted power supply to the consumers, the Developer of SEZ had shifted the entire Distribution Licensee demand on DG sets, during those time blocks. Sourcing power through DGs is a back-up arrangement for short duration due to limitations on maintaining diesel stock.
- e) Considering this precarious situation due to uncontrollable factors, KRC DISCOMs entered into bilateral power arrangement with M/s GMR Energy Trading Ltd. at Exchange-linked price. If KRC DISCOMs would not have entered into this timely bilateral arrangement, the entire IT park would have gone into the dark for a certain period. The bilateral arrangement for the period from 9 April 2022 to 30 April 2022 was at Exchange-linked price of Day Ahead Market (DAM) with 15 paise/unit discount. Later, the above stated Exchange-linked price was revised based on the market trends.
- f) Further, due to cap of Rs. 12 /kWh, it was observed that there was shift of sale volume from DAM market segment to TAM market segment. DAM market segment was continuously trading at Rs. 12 /kWh where chances of bids getting cleared were very rare. At the same time, the power on TAM market segment was clearing at the rate ranging from Rs. 14-17 /kWh, since last week of April 2022.
- g) Considering the market condition, the offer submitted by GMRETL earlier was revised, to Weighted Average Market Clearing Price-DAM of IEX of W2 Region plus 50 Paise/kWh from 27 April to 30 April 2022.
- h) The arrangement of sourcing the power at market linked price from M/s. GMR Energy Trading Ltd. under bilateral transaction was continued from 16 June, 2022 onwards including RE power, as mentioned below:

Bilateral Transaction with	Period of Transaction	Type	Exchange linked price of Day ahead market (G-DAM / DAM) Rate
M/s. GMR Energy Trading Ltd	16.06.2022 to till date	Non-RE	Weighted Average Market Clearing Price of DAM of IEX (W2 Region) during (00:00 - 24:00) Hrs
		RE	Weighted Average Market Clearing Price of GDAM of IEX (W2 Region) during (00:00-24:00) Hrs

3.9 Power Procurement Plan for the period from 1 July, 2022:

- a) KRC DISCOMs are left without any tied-up power procurement contracts/arrangements for the period beyond 1 July, 2022.

- b) KRC DISCOMs hope to get viable bids in the third short-term competitive bid process for the period from 1 August, 2022. However, in the interim period, KRC DISCOMs have to supply power to the consumers, by arranging for the required power quantum from some sources.
- c) In the absence of any tied-up PPA, the only viable option available to KRC DISCOMs is to procure the required quantum of power from the various products of Power Exchange (GDAM/DAM/GTAM/TAM/RTM), till such time viable PPAs can be entered into based on competitive bidding process.
- d) Rather than purchasing power directly from the Power Exchanges, KRC DISCOMs intends to continue procurement of the Conventional and RE power from bilateral sources at Exchange-linked price through M/s. GMR Energy Trading Ltd.
- e) The average MCP in the Indian Energy Exchange (IEX) over the last 1-month, i.e., from 18 May 2022 to 17 June 2022 was Rs. 6.53/kWh, with the maximum price going up to Rs. 10.14/kWh and minimum price as low as Rs. 2.89/kWh.

3.10 Therefore, considering the prevailing extraordinary circumstances, which are beyond their control, the Petitioners pray to the Commission to approve the proposed arrangement of mix of bilateral power purchase at Exchange-linked rates and DAM / DAM / GTAM / TAM / RTM, till such time competitive rates are discovered through Short-Term competitive bidding process.

4. KRC DISCOMs have filed a Misc. Application (I A No. 12 of 2022) on 6 July, 2022 for urgent hearing in the Case No.138 of 2022.

5. At the time of E-hearing held on 5 August, 2022:

5.1 The Petitioner reiterated the submission made in the Petition. The Petitioner stated that considering the prevailing extraordinary circumstances, which are beyond their control, the Petitioners pray to the Commission to approve the proposed arrangement of mix of bilateral power purchase at Exchange-linked rates and GDAM / DAM / GTAM / TAM / RTM, till such time competitive rates are discovered through Short-Term competitive bidding process.

5.2 In order to decide the Petition, the Commission raised certain queries and directed KRC DISCOMs to submit the clarification on the same:

- a) Why are KRC DISCOMs not going for timeslot-wise power procurement? (As done by BEST in the recent bidding for short term power procurement)
- b) Clarification was sought on extra premium.
- c) Assurance of power supply for future period.
- d) Efficiency in power procurement.

6. KRC Discoms in the submission dated 10 August, 2022 has stated as under:

6.1. KRC DISCOMs submitted the clarification to the queries of the Commission raised during e-hearing on 5 August, 2022 as under:

6.2. **Why are KRC DISCOMs not going for timeslot-wise power procurement? (As done by BEST in the recent bidding for short term power procurement)?**

- a) BEST had floated a Tender for Short-Term power requirement for the period from 1 August, 2022 to 15 December, 2022.
- b) It is observed that BEST has different load requirement for different months in different time slots. BEST has floated the RFP based on its requirement. For August and September 2022, BEST has sought bids only for 10:00 to 18:00 hours, whereas for November and December 2022, BEST has sought bids only for 10:00 to 19:00 hours, depending on its requirement. For the month of October 2022, BEST has sought bids for RTC power as well as for 10:00 to 19:00 hours.
- c) In this regard, KRC DISCOMs would like to clarify that first and second combined Power Purchase Tender was floated for the period 01 July, 2022 to 30 June, 2023, based on past experience and current market situation. Further based on the feedback received from the market players KRC DISCOMs has made few changes in its third tender and fourth tender after considering the views of power market players.
- d) Based on the current demand pattern, KRC DISCOMs had floated its first combined Short-Term Tender on 1 April, 2022 for procurement of power up to 11 MW on RTC basis and up to 8 MW (08:00-23:00 hours) (Weekdays, i.e., Monday to Friday and excluding Saturday, Sunday and national holidays) for the period 01 July, 2022 to 30 June, 2023.
- e) The rate discovered through the first tender was Rs.6.80 per kWh. KRC DISCOMs had annulled the first Tender considering less participation and discovery of higher tariff as compared to the approved power purchase cost by the Commission for FY 2022-23.
- f) The second combined Short-Term Tender was floated on 24 May, 2022 for procurement of power up to 11 MW on RTC basis and up to 8 MW (08:00-23:00 hours) (Weekdays, i.e., Monday to Friday and excluding Saturday, Sunday and national holidays) for the period 1 July, 2022 to 30 June, 2022. However, no bids were received.
- g) Based on the responses received to first and second tender and as per the discussion with the market participants, it was gathered that most of the generators have shown disinterest in participating in KRC DISCOMs' Tender due to variable quantum requirement, i.e., (up to 19 MW) of KRC DISCOMs. Hence, KRC DISCOMs floated

third combined Short-Term Tender on 13 June, 2022 for separate requisition for base and peak period and also giving flexibility to participants to participate on quarterly basis. The details of Licensee-wise quantum and minimum overall bid quantity are as given below:

Requisition No.	Distribution Licensee	Period	Quantum (in MW) and Duration (in hrs)	Minimum Bid Quantity (in MW)	Delivery Point
1	MBPPL	01.08.2022 to 30.09.2022	4 MW (00:00 to 24:00 Hrs)	8*	Maharashtra State Periphery
	GEPL	01.08.2022 to 30.09.2022	2 MW (00:00 – 24:00 Hrs)		
	KRCIPPL	01.08.2022 to 30.09.2022	2 MW (00:00 – 24:00 Hrs)		
2	MBPPL	01.10.2022 to 31.12.2022	4 MW (00:00 to 24:00 Hrs)	8*	Maharashtra State Periphery
	GEPL	01.10.2022 to 31.12.2022	2 MW (00:00 – 24:00 Hrs)		
	KRCIPPL	01.10.2022 to 31.12.2022	2 MW (00:00 – 24:00 Hrs)		
3	MBPPL	01.01.2023 to 31.03.2023	4 MW (00:00 to 24:00 Hrs)	8*	Maharashtra State Periphery
	GEPL	01.01.2023 to 31.03.2023	2 MW (00:00 – 24:00 Hrs)		
	KRCIPPL	01.01.2023 to 31.03.2023	2 MW (00:00 – 24:00 Hrs)		
4	MBPPL	01.04.2023 to 31.07.2023	4 MW (00:00 to 24:00 Hrs)	8*	Maharashtra State Periphery
	GEPL	01.04.2023 to 31.07.2023	2 MW (00:00 – 24:00 Hrs)		
	KRCIPPL	01.04.2023 to 31.07.2023	2 MW (00:00 – 24:00 Hrs)		
5	MBPPL	01.08.2022 to 30.09.2022	2 MW (08:00 to 23:00 Hrs)	6**	Maharashtra State Periphery
	GEPL	01.08.2022 to 30.09.2022	2 MW (08:00 – 23:00 Hrs)		
	KRCIPPL	01.08.2022 to 30.09.2022	2 MW (08:00 – 23:00 Hrs)		
	MBPPL	01.10.2022 to	2 MW (08:00 to 23:00 Hrs)	6**	

Requisition No.	Distribution Licensee	Period	Quantum (in MW) and Duration (in hrs)	Minimum Bid Quantity (in MW)	Delivery Point
6	GEPL	31.12.2022 01.10.2022 to 31.12.2022	2 MW (08:00 – 23:00 Hrs)		Maharashtra State Periphery
	KRCIPPL	01.10.2022 to 31.12.2022	2 MW (08:00 – 23:00 Hrs)		
7	MBPPL	01.01.2023 to 31.03.2023	2 MW (08:00 – 23:00 Hrs)	6**	Maharashtra State Periphery
	GEPL	01.01.2023 to 31.03.2023	2 MW (08:00 – 23:00 Hrs)		
	KRCIPPL	01.01.2023 to 31.03.2023	2 MW (08:00 – 23:00 Hrs)		
8	MBPPL	01.04.2023 to 31.07.2023	2 MW (08:00 – 23:00 Hrs)	6**	Maharashtra State Periphery
	GEPL	01.04.2023 to 31.07.2023	2 MW (08:00 – 23:00 Hrs)		
	KRCIPPL	01.04.2023 to 31.07.2023	2 MW (08:00 – 23:00 Hrs)		

- h) This Short-Term power procurement tender was floated for the period from 01 August, 2022 considering the time required for e-Bidding process, and with expectation of softening of market rates for power, better participation, and competitive price discovery with the start of monsoon. However, in response to the Tender.
- i) Since, KRC DISCOMs did not receive response for the third tender also, the reasons for non-participation were re-assessed and the requisition was redesigned for the demand of KRC DISCOMs. The fourth combined Short-Term Tender was floated with two requisitions each with period of six months and the bid quantity was 10 MW RTC with minimum bid quantity of 2 MW, to enable the small generators to also participate and to fulfill the requirement of at-least one Distribution Licensee.
- j) Thus, KRC DISCOMs clarify that the tenders floated by KRC DISCOMs are with bifurcation between base and peak time slots.

6.3. **Clarity on extra premium paid:**

- a) The premium of 50 paise was paid to the M/s. GMR Energy Trading Limited under bilateral arrangement only during the period from 27 April, 2022 to 30 April, 2022 and 9 May, 2022 to 11 May, 2022, i.e., a total of 7 days, when the contracted source (Kreate Energy (I) Private Limited) has not scheduled the power to KRC DISCOMs. Such arrangement was made based on the power market situation (demand-supply)

prevailing at that time.

- b) Under this bilateral arrangement with the M/s. GMR Energy Trading Limited, discount of 15 paise was also availed for 18 days, during the period from 09 April, 2022 to 26 April, 2022. Further, the premium of 50 paise/kWh paid for 7 days spread over April and May 2022, were paid in order to ensure that power supply can be given to the consumers, as these were during the period when the market rates were capped by the Central Electricity Regulatory Commission, and the generators were unwilling to sell power at the capped rates. KRC DISCOMs have also ensured against payment of DSM Charges, which would have been levied had the power supply not been arranged for this period.
- c) The alternate source of running DG sets is neither a commercially viable option, nor is there sufficient diesel stock for the purpose, as DG sets are expected to be used only for short duration under emergency conditions.

6.4. **Assurance of power supply for future period:**

- a) The power crisis arose in the country starting from the month of March 2022 on account of domestic coal shortage, soaring power demand, etc. The Government of India vide its notification dated 18 May, 2022 has directed the Thermal Power plants to blend domestic coal with 10% imported coal. This direction was for coal imported for blending by such domestic coal-based power plants up to 31 March, 2023. The imported coal prices were 4-5 time higher than the domestic coal prices. As a result, the input cost of the generator has increased and therefore, generators were expecting higher tariff and the generators were not able to enter into a contract for a certain period. Instead, they were inclined to sell the power in open market.
- b) From the recent Short Term Power procurement Bids, it is observed that, out of the total bids, in 90% of the cases, the bid price is equal to or higher than Rs.7 per kWh, with average price being Rs. 8.91/kWh, and maximum price of Rs. 15/kWh.
- c) It is seen that even other much bigger Distribution Licensees in Maharashtra have also been purchasing power at Exchange-linked prices, and the Commission has approved the same in FAC, while also recognising the higher power purchase rates in the month of March and April 2022.
- d) On 10 August, 2022, KRC DISCOMs have floated the fifth Combined Short Term Power Purchase Tender on DEEP portal of Ministry of Power for the period 01 November, 2022 to 31 October, 2023 with requisitions for each month for Base and Peak power.
- e) KRC DISCOMs are exploring the option to procure power through recently introduced market products by Indian Energy Exchange, along with floating tender on Power Finance Corporation Portal as well.

6.5. Efficiency in power procurement:

- a) The price discovered through earlier approved Short-Term competitive bidding process of Rs.3.18/- is so far the lowest since commencement of Distribution Licensee business by KRC and was better than the market trends.
- b) Because of this reasonably priced power purchase, negative FAC amounts have been accumulated, whenever possible, during the period September 2021 to March 2022. There was a FAC Fund of Rs. 0. 26 Crores for MBPPL, Rs. 0. 85 Crores for GEPL and Rs. 1.55 Crores for KRCIPPL at the end of FY 2021-22.
- c) It is observed that the Generators/Traders typically participating in the tenders floated by Deemed Distribution Licensees like KRC DISCOMs, are the Captive Power Plants (CPPs) located within Maharashtra. As per the discussion with the generators, it has been gathered that there is no spare capacity available with these CPPs and/or they are not showing the interest in the bidding process, with expectation of higher tariff (more than Rs.6.8/kWh), given the existing market rates.
- d) KRC DISCOMs are continuously exploring various options for entering into medium/long-term power procurement contracts at optimum rates, in order to retain their competitiveness and ensure that they are able to continue to supply quality power to their consumers at very reasonable rates, which are lower than the rates for supply by the parallel Licensee.

Commission's Analysis and Ruling:

7. Present Petition has been filed by the KRC DISCOMs seeking approval for the proposed arrangement of mix of bilateral power purchase at Exchange-linked rates and GDAM/DAM/GTAM/TAM/RTM, till such time competitive rates are discovered through Short-Term competitive bidding process.
8. Before dealing with prayer sought in present Petition, the Commission has summarized the background to this case as below:
 - 8.1. The Commission had approved the revised Sales and Energy Requirement for the KRC DISCOMs vide its Order dated 23 January, 2021 in Case No. 231 of 2020 as under:

Particulars	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25
Sales					
MBPPL	41.32	58.06	61.50	61.50	61.50
GEPL	21.71	35.55	40.75	40.75	40.75
KRCIPPL	11.06	20.21	34.55	34.55	34.55
Combined Sales	74.09	113.82	136.80	136.80	136.80
Energy Requirement (after grossing up sales with Distribution & Transmission losses)					
MBPPL	43.23	60.55	64.14	64.14	64.14
GEPL	22.70	36.56	41.99	41.99	41.99
KRCIPPL	11.66	21.32	36.45	36.45	36.42
Combined Energy Requirement	77.59	118.43	142.58	142.58	142.55

- 8.2. Accordingly, the Commission had allowed for combined power procurement to the KRC DISCOMs in Case No. 231 of 2020 as under:

Particulars	FY 2021-22*	FY 2022-23	FY 2023-24	FY 2024-25
Combined				
Medium-Term	-	12.50	12.50	12.50
Short-Term	12.50	7.00	7.00	7.00
Solar	-	2.09	2.75	3.53
Non-Solar	-	15.22	16.54	18.12
Total	12.50	36.90	38.80	41.20

**Combined Power Purchase for July to March of FY 2021-22*

- 8.3. Thereafter, KRC DISCOMs had filed a Petition in Case No. 69 of 2021 seeking approval for PPA and adoption of Tariff determined through transparent bidding process for a Short-Term procurement of power up to 14MW (RTC) for one year starting from 1 July 2020 to 30 June 2022 through combined power procurement.
- 8.4. The Commission had accorded its approval for Power Procurement from M/s Kreate Energy (I) Pvt. Ltd. for the period of one year from 1 July 2021 to 30 June 2022 vide Order dated 30 June, 2021 at the tariff of Rs. 3.18 per unit. This is the only tied-up power source for KRC DISCOMs and such adopted tariff is lower than power purchase rate of Rs. 3.92 per unit considered in MYT Orders of KRC DISCOMs.
- 8.5. As above said short term PPA, which is only contracted source, was expiring on 30 June 2022, KRC DISCOMs have initiated competitive bidding process for procurement of short term power in the month of April 2022.
- 8.6. As against approved demand of 36.90 MW for FY 2022-23, KRC DISCOMs projected the requirement of 22 MW for the period till July 2023. Based on such projected demand, KRC DISCOM decided to procure 19 MW conventional power (11 MW RTC and 8 MW peak power) at the Maharashtra State periphery for the one-year period from 1st July, 2022 to 30th June, 2023 in accordance with the e-Tendering and e-Reverse Auction process, under the 'Guidelines for Short-term Procurement of Power by Distribution Licensees Through Tariff Based Bidding Process' issued by Ministry of Power, Government of India, on 30th March, 2016.
- 8.7. KRC DISCOMs published Public Notice in the Hindustan Times (Mumbai) on 02 April 2022 and in Business Standard (New Delhi) on 02 April, 2022. The e-Tender was issued to the bidders through the Discovery of Efficient Electricity Price (DEEP) Portal on the website www.mstccommerce.com in accordance with the Standard Bidding Guidelines, without any deviations. KRC DISCOMs received only one Bid at the discovered rate of Rs. 6.80/kWh which was cancelled considering less participation and discovery of higher tariff.
- 8.8. KRC DISCOMs re-initiated the competitive bidding for combined short-term power procurement several times as under, but did not get response:

Sr. No.	Particulars	Bidding Date	Bidding Quantum	Remarks
1	Second time Competitive Bidding for the period of 1 July, 2022 to 30 June, 2023	24 May, 2022	19 MW (11 MW RTC + 8 MW Peak Power)	No Response to the Bid
2	Third time Competitive bidding for the period of 1 August, 2022 to 31 July, 2023	13 June, 2022	14 MW (81 MW RTC + 8 MW Peak Power)	No Response to the Bid
3	Fourth time Competitive Bidding for the period of 1 September, 2022 to 31 August, 2023	July, 2022	10 MW RTC (Min 2 MW)	No Response to the Bid
4	Fifth time Competitive Bidding for the period 1 November, 2022 to 31 October, 2023	10 August, 2022	With requisition for each month for Base and Peak Power	Under Process

- 8.9. In addition to above bidding process which did not receive response from the bidder, existing supplier for the short-term contract period of 1 July 2021 to 30 June 2022, stopped supply of power from the month of April 2022 onwards. Under such circumstances, KRC DISCOMs started power procurement from Exchange platform w.e.f. 1 April 2022 for meeting its consumer demand.
- 8.10. Due to higher Market Clearing Price (MCP), their bids on the Power Exchange did not get cleared in some of the time blocks. During those blocks, entire load of SEZ was shifted to DG sets for ensuring continuity of supply to consumers. Due to limitation in maintaining diesel stock, there is limitation on supply of power through DG set.
- 8.11. For ensuring continuity of supply, KRC DISCOMs entered into bilateral power arrangement with M/s GMR Energy Trading Ltd. at exchange-linked price. The bilateral arrangement for the period from 9 April 2022 to 30 April 2022 was at Exchange-linked price of Day Ahead Market (DAM) with 15 paise/unit discount. Later, the above stated Exchange-linked price was revised based on the market trends. Considering the market condition, the offer submitted by GMRETL was revised, to Weighted Average Market Clearing Price-DAM of IEX of W2 Region plus 50 Paise/kWh from 27 April to 30 April 2022. Sourcing the power at market linked price from M/s. GMR Energy Trading Ltd. under bilateral transaction was continued from 16 June, 2022 onwards including RE power.
9. Form above background, the Commission notes that the only available contracted power source i.e., M/s Kreate Energy (I) Pvt. Ltd refused supply of power from April 2022 onwards although said short term contract was valid upto June 2022. KRC DISCOM has already filed separate Petition in Case No. 162 of 2022 before this Commission seeking compensation from M/s Kreate Energy (I) Pvt. Ltd towards additional power purchase expenses on account of non-supply of power during the period of April to June 2022.
10. Further, KRC DISCOMs have also started competitive bidding process as per guidelines stipulated by the Central Government. In the first attempt KRC DISCOMs have discovered tariff of Rs.6.80 per unit, but as said tariff is much higher than the power purchase cost

approved in MYT Order i.e., Rs. 3.92 per unit, KRC DISCOMs decided to go for fresh bidding. Thereafter, KRC DISCOMs did not receive any bid even after floating the bids 4 times and making changes in the bid documents based on response received during each round of bidding process.

11. Thus, failure of M/s Kreate Energy (I) Pvt. Ltd to supply power as per contract during the period of April to June 2022 and non-successful bidding process has resulted into KRC DISCOMs to depend on Power Exchanges for meeting its consumer demand. Further due to high demand, bids for all time blocks were not getting cleared on power exchanges and hence during that period, KRC DISCOMs had to depend on DG Set for maintaining continuity of power supply to its consumers. To avoid such situations, KRC DISCOMs entered into exchange linked bilateral contract with M/s GMR Energy Trading Ltd and has requested the Commission to allow such contract till it successfully selects supplier through bidding process.
12. The Commission notes that exchange linked bilateral contract is undertaken outside the power market platform. Such contract does not strictly fall under Section 62 (tariff determined by the Commission as per Tariff Regulations) or Section 63 (tariff discovered through competitive bidding process) of the Electricity Act, 2003. The Commission has been considering such contracts for pass through in power purchase expenses as such contracts form very small quantum of total power purchase basket of Distribution Licensee and tariff is linked to the rates that are transparently discovered in power exchange, beside most of the time some discount is also offered by seller in such contracts. But in the present case, KRC DISCOMs have proposed to meet all its power purchase quantum through such exchange linked contracts. In the normal course, such arrangement is not advisable, and this would not have been allowed. But considering the efforts taken by KRC DISCOMs for procurement of power through competitive bidding, and the fact that during high demand period, bid quantum was not getting cleared on power exchange platform forcing them to supply power from DG set is neither economical nor it is viable for longer periods, the Commission deems it fit to allow such exchange linked contracts till KRC DISCOMs successfully discovers tariff in due bidding process. The Commission also notes that KRC DISCOMs are procuring green power from GDAM/GTAM market segment on power exchanges. Such green power procurement is meeting part of its load requirement. Also, such exchange linked contracts and green power procurement from exchange is also helping KRC DISCOMs to maintain Grid Discipline by not overdrawing power from the Grid.
13. The Commission also notes that such exchange linked contracts entered by KRC DISCOM have charged premium (50 paise/unit) over the exchange price for certain period (7 days). KRC DISCOM have justified it as during that period its contracted supplier refused to supply the power and its bids on power exchanges were not getting cleared for all the time blocks, hence to maintain continuity in power supply, KRC DISCOM had to agree to such premium. In this regard, the Commission notes that KRC DISCOM has separately filed Petition in Case No. 162 of 2022 seeking compensation towards increased power purchase expenses on account of non-supply of power by its supplier, the Commission will decide on the issue of allowing such premium as passthrough during that proceeding.

14. Having allowed exchange linked contracts as above, the Commission notes that price being discovered on power exchange during recent past is much higher than average power procurement rate (Rs. 3.92 per unit) approved in MYT Orders of KRC DISCOMs. This will ultimately impact the consumer tariff through FAC mechanism or truing up process (if full expenses cannot be allowed due to FAC ceiling) in upcoming Mid Term Review process which will ultimately reduce the electricity tariff advantage vis-à-vis tariff applicable to parallel licensee in that area. Therefore, to remain competitive and protect interest of their consumers, KRC DISCOMs shall take extra efforts for finding cheaper and reliable source of power supply. Hence, the Commission allows such sole power procurement from exchange linked contracts only for FY 2022-23. KRC DISCOMs shall ensure that firm source of supply is contracted before March 2023.

15. Hence, following Order:


ORDER

- 1. Case No. 138 of 2022 is partially allowed.**
- 2. The Commission directs KRC DISCOMs to tie up the Medium term/ short term power for its base load at the earliest and allows the proposed arrangement of mix of bilateral power purchase at Exchange-linked rates and GDAM/DAM/GTAM/TAM/RTM, till FY 2022-23.**

Sd/-
(Mukesh Khullar)
Member

Sd/-
(I.M. Bohari)
Member

Sd/-
(Sanjay Kumar)
Chairperson


(Abhijit Deshpande)
Secretary

