

RECORD OF PROCEEDINGS

DATE OF HEARING : August 22, 2007 at 11.00 hrs

CASE No. : 31 of 2007

PETITIONERS : M/s. Tata Power Company Limited (“**TPC**”)

RESPONDENTS : None

MATTER : Petition filed by TPC seeking clarifications on the
(i) applicability of wheeling and transmission charges with respect to wind energy generation and
(ii) the methodology for the accounting of renewable energy in the ABT regime wherein energy will be accounted on a 15-minute time slot

CORAM : Chairman, Member-Technical, Member-Finance

MSEDCL filed a Petition on July 9, 2007 seeking clarifications on the applicability of wheeling and transmission charges with respect to wind energy generation, and the methodology for the accounting of renewable energy in the ABT regime wherein energy will be accounted on a 15-minute time slot. The Commission scheduled the hearing in the matter for August 22, 2007 in the presence of MSEDCL, SLDC and four consumer representatives authorized on a standing basis under the Electricity Act, 2003 (“**EA 2003**”). Notices were issued accordingly.

2. At the hearing held in the matter on August 22, 2007, Shri. J.D. Kulkarni, TPC, submitted as per the averments mentioned in their Petition and submitted that in order to meet their RPO and RPS, TPC has set up a wind plant at Supa for 17MW, from where RE is wheeled by TPC from the MSEDCL network. Based on the computations indicated in the report prepared by M/s. Deloitte (Consultants to the Commission), and the discussions that were conducted with various distribution licensees, TPC should be given credit for 100% of the RE generated by TPC. However, MSEDCL has been deducting wheeling charges @2% and transmission losses @5%. These deductions are being made by MSEDCL despite having received the c.c. copy of a letter dated March 31, 2006 (*Annexure 1*) sent by the Commission to MEDA, vide which letter it was observed by the Commission that TPC’s drawl of RE from their wind plant at Supa shall not be treated as self-consumption and further, as agreed in the Operational Framework for RPO by all utilities, it would be essential for MSEDCL to give credit for 100% of energy generated by TPC at the said wind farm at Supa. So far as the second clarification for which the present petition has been filed, Shri. J.D. Kulkarni submitted that as per the Order dated May 15, 2007 in Case No. 76 of 2006 (in the matter of Petition filed by TPC seeking clarification of the Order dated September 29, 2006 in Case No. 31 of 2006), the inter-

utility settlement shall be on a monthly basis till September 2007. While the ABT regime envisages accounting the settlement of renewable energy on a 15-minute time slot, generation from the said wind project at Supa is being recorded by MSEDCL in four time zones (i.e. 22hrs-6hrs; 6hrs-9hrs; 9hrs-12hrs; 18hrs-22hrs) and in some cases in a single time zone. It was submitted that if the generation of wind farms is recorded time-zone wise, the generation of RE per month in those time-zones may be divided equally in the 15-minute time slot of each particular zone.

3. Per contra, Smt. Deepa Chawan, Counsel for MSEDCL, submitted that so far as grant of 100% credit on RE generation vis-à-vis MSEDCL levying of wheeling charges and transmission losses on the wheeling of wind energy is concerned, the import of a single isolated sentence of a letter cannot hold the provisions of an Order as inoperative. The operation of the said letter dated March 31, 2006 (*Annexure I*) sent by the Commission to MEDA cannot negate the levy of charges by MSEDCL in compliance to an Order dated November 24, 2003 passed by the Commission in Case No. 17(3), 3, 4 and 5 of 2002. Smt. Chawan referred to following portions of the said Order dated November 24, 2003:

“2.4.9 Policy Issues

...Tata Power Company have stated that the tariff under consideration for wind power projects should be applicable to all developers without any discrimination irrespective of whether a developer is a IPP, a licensee or CPP. They have further stated that MSEB does not permit them to sell the energy generated at their 17 MW wind farm to third parties on the grounds that Tata Power are a licensee. They are of the view that there should be no such discrimination.....

Commission’s Ruling

.....With respect to the specific request of Tata Power Company, the Commission is of the opinion that their wind project, should be treated as separate project and not part of the licensee’s business. The MSEB should allow the same options as those available to any other wind project developer under this Order. At the same time, Tata Power should ensure that any investment in wind projects should not be included as a part of Schedule VI investments for its licensee business.....”

It was submitted by Smt. Chawan that the said Order should be harmoniously interpreted with all the other Orders passed by the Commission in the matter of renewable energy. It was further submitted that the classification of the wind farm of TPC at Supa has not been specified under the present petition. Should the said project be classified as a Group II Project, subject to confirmation from TPC, the applicability of wheeling would vary accordingly.

4. The Commission observed that post the RPO regime, the classification of the wind farm of TPC at Supa is vital and accordingly, all orders passed in the matter of renewable energy should be harmoniously interpreted. The Commission further observed that various technical issues are connected to the issues under the present petition, especially when the RPS regime is set into operation. The Commission directed MSEDCL to file detailed reply to the present petition considering the multiple technical parameters involved in the dispensation of RPO and the achievement of RPS. The Commission further directed TPC to supplement their submissions in accordance with the reply of MSEDCL. Smt. Deepa Chawan undertook to submit detailed reply within a period of three weeks. Further, upon query from the Commission, MSEDCL confirmed that they have passed on 100% credit in respect of REL/ BEST for FY 2004-05 under RPO regime without deducting any wheeling charge (2%) or transmission loss (5%).

5. On the issue of accountability of the settlement of renewable energy on a 15-minute time slot, the Commission observed that though the Order dated May 17, 2007 passed in Case No. 42 of 2006 (in the matter of introduction of ABT regime at State level within Maharashtra and other related issues) has sufficient clarity on the subject, necessary clarification may be issued by the Commission to specify the manner of accounting the settlement of renewable energy through wind energy, in the ABT regime.

6. The Commission invited the opinion of Shri. Ajit Pandit, one of the consultants to the Commission. Shri. Pandit submitted that the resolution of the issues raised under the present petition in the ABT regime requires the determination of an intra-utility RPO balancing settlement code. It was submitted by Shri. J.D. Kulkarni, that the clarification on the accountability of the settlement of renewable energy on a 15-minute time slot, has been sought in anticipation of a possible dilemma and need to be resolved through proper inter-utility dialogue. The Commission observed that the special committees formed pursuant to the Order dated May 17, 2007 passed in Case No. 42 of 2006 should be able to achieve the inter-utility consensus on the various technical issues connected with the RPO settlement.

The hearing in the matter was adjourned thereafter.

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List of Persons present at the hearing on August 22, 2007

1. Smt. Alpana Dhake, Partner, Little & Co.
2. Smt. Deepa Chawan, Counsel for MSEDCL.
3. Shri. S.G. Bharati, EE, MSEDCL.
4. Shri. D.D. Wangikar, SE (CP), MSEDCL.
5. Shri. V.H. Wagle, Sr. Mgr, TPC.
6. Shri. J.D. Kulkarni, DGM, TPC.
7. Shri. S.R. Mehendale, AM, TPC.
8. Shri. P.V. Anvekar, Sr. Exe, TPC.
9. Shri. V.R. Shrikande, AGM, TPC.
10. Shri. C.A. Narayanan, AGM, TPC.
11. Shri. Kapil Sharma, Head-Regulatory, REL.
12. Shri. R. Mundhe, SE, MSETCL.
13. Shri. G. Srinivasa Rao, Addl. Manager, REL