



Maharashtra State Power Committee
Office - State Load Despatch Centre, Airoli, Navi Mumbai - 400 708

No. MS/MSPC/DSM/No. **No 0 0 9 9 9**

Date: **09 JUN 2023**

To,

1. The Hon'ble MD, MSEB Holding Company,
Third Floor, HSBC Building, Fort,
Mumbai- 400 001.
&
2. All Members & Invitee.

Sub: Record of Proceedings of 3rd MSPC Meeting constituted under DSM regime held on 04.05.2023 at 11:00 Hrs at HSBC Building, Mumbai.

Ref: -1) T.O.L. No. MS/MSPC/DSM/598 dtd. 13.04.2023.
2) T.O. mail dated 03.05.2023

Sir,

In reference to the above subject, the 3rd MSPC Maharashtra State Power Committee (MSPC) was convened on 04.05.2023 at 11:00 Hrs at HSBC Building, Fort, Mumbai.

The Record of Proceedings (RoP) of 3rd MSPC Meeting is enclosed herewith for your perusal.

Thanking you.

With regards,

(Mahesh Bhagwat)
Chief Engineer, MSLDC
&
Member Secretary, MSPC

Encl: As above.

Mailing List

- | | |
|--|--|
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Record of Proceedings
of
3rd MSPC Meeting

On
04th May - 2023

At
HSBC Building,
Fort, Mumbai.

Record of Proceedings of 3rd MSPC Meeting under DSM Regime

Venue: 3rd Floor, HSBC Building, M.G. Road, Fort, Mumbai-400 001.

Date: 04th May- 2023

Time: 11:00 Hrs.

Agenda for the Meeting:

Agenda Point No.	Particulars
1.	Confirmation of Record of Proceedings of 2nd MSPC Meeting held on 04.04.2022
2.	Discussion on Report of MSPC on Analysis of DSM Operations during Extended Stabilization Period
3.	VSE Operations & Cost sharing during Mumbai Transmission Constraints
4.	Appraisal of State Deviation Pool Account position
5.	Replacement of existing meters of the Changeover Consumers by Smart Meters
6.	Investment of Corpus and DSM Pool amount in Government Securities or Fixed Deposits of Nationalized Bank
7.	Report of Sub-Group dated 18.11.2022 on scheduling of Adani Generation (APML)
8.	Discussion on various issues raised by Stakeholders
9.	Various Issues related to FBSM
10.	Any other issue with permission of the Chairman

During the meeting, Shri Shashank Jewalikar, as the Head of the Department of MSLDC (Maharashtra State Load Despatch Centre), extended a warm welcome to the Hon. Principal Secretary & Chairman of MSPC, Executive Director WRLDC (Western Region Load Dispatch Centre), Chief Executives/Representatives of all State Entities, including Buyers, Sellers, QCAs (Qualified Coordinating Agencies), Chief Engineer, State Transmission Utility and the special invitees.

Apart from the members of the MSPC (Maharashtra State Power Committee), the meeting was also attended by the Sub-Group members, Shri Satyanarayana, Member Secretary of WRPC (Western Regional Power Committee), and Shri Shrikant Jaltare as special invitees.

After the Hon'ble Chairman of MSPC delivered a welcome address, the proceedings were handed over to Shri Shashank Jewalikar, Executive Director of MSLDC, and Shri Mahesh Bhagwat, Member Secretary of MSPC (also serving as the Chief Engineer of MSLDC). They conducted the remaining part of the meeting.

Item No.1: Confirmation of Record of Proceedings of 2nd MSPC Meeting held on 04.04.2022:-

Member Secretary stated that the Second meeting of MSPC under DSM regime was conducted on 04.04.2022 at MSLDC, Kalwa. The Record of Proceedings of 2nd MSPC meeting was circulated to all MSPC members by Member Secretary, MSPC. No comments/suggestions are received from any of the stakeholders.

MSPC confirmed Record of Proceedings of 2nd MSPC.

Item No. 2: Discussion on Report of MSPC on Analysis of DSM Operations during Extended Stabilization Period :-

The Member Secretary, MSPC informed that as per the directives of the Hon'ble Commission vide Suo-Motu Order dated 7 October 2021, the commercial operation of DSM framework with stabilization period commenced in the State of Maharashtra from 11 October 2021. The DSM Working Group (WG) was constituted to monitor DSM operation during stabilization period and was directed to submit the report on 'Analysis of DSM Operations & bills during Stabilization Period. Accordingly, based on the analysis of DSM Bills issued by MSLDC during stabilization and interactions with stakeholders/State Entities, the WG prepared its "Report on Analysis of DSM Operations During Stabilization Period" for the period from 11.10.2021 to 30.01.2022 and submitted the same to the Hon'ble Commission on 27.03.2022.

Member Secretary further stated that Hon'ble Commission vide Suo-Motu order dated 02.08.2022 has directed MSPC to closely monitor the implementation of DSM framework during the extended stabilization period and guide the Stakeholders during this period. Hon'ble Commission also directed to provide recommendations to the Commission based on analysis during the extended stabilization period, feedback received from the MSPC

constituents and review of their performance during stabilization period. MSPC was asked to submit the report to the Commission by 1 December 2022. Accordingly, MSLDC has carried out analysis of DSM Operations during extended Stabilization Period from 31.01.2022 to 27.11.2022 (This period covers the weeks immediately succeeding the period considered in the Working Group report). This MSLDC analysis was shared to State Entities on 16.03.2023 inviting their comments by 23.03.2023.

Member Secretary stated that as per this analysis following factors are identified to be causes of the deficit in the DSM Pool Account:

- 1) Relaxed Volume Limits to Intra-State Entities
- 2) Non-Applicability of Sign Violation Charges
- 3) Waiver of ADSM Charges for First 6 Time Blocks in a day.

The impact of these factors on Intra-State Deviation Pool Account as tabulated below was discussed at the meeting.

a) Impact of Relaxed Volume Limits on State Pool for the Period: 31.01.2022 to 27.11.2022

		(Rs. In Crores)								
Sr. No	Entity	Relaxed Volume Limit			Volume Limit as per Regulations			Impact if Volume Limit is as per Regulations		
		Deviation Charges	ADSM Charges	Total Deviation Charges	Deviation Charges	ADSM Charges	Total Deviation Charges	Deviation Charges	ADSM Charges	Total Deviation Charges
1	Buyer	-53.37	108.96	55.58	-8.73	134.42	126.09	44.65	25.47	70.12
2	Seller	113.33	23.22	136.55	136.74	37.85	174.58	23.41	14.63	38.03
Total		59.96	132.18	192.13	128.01	172.27	300.67	68.06	40.1	108.15

b) Impact of Non-applicability of Sign Violation Charges on State Pool for the Period: 31.01.2022 to 27.11.2022

(Rs. In Crores)				
Sr. No.	Entity	Sign Violation Charges as per MERC DSM Regulations	Sign Violation Charges as per CERC 5th Amendment	Sign Violation Charges paid by State to WRLDC
1	Buyer	916.06	206.86	60.82
2	Seller	615.33	145.18	
Total		1531.39	352.04	

c) Impact of Waiver of ADSM Charges for First 6 Time Blocks in a day on State Pool for the Period : 31.01.2022 to 27.11.2022

(Rs. In Crores)		
Sr. No.	Entity	Amount
1	Buyer	34.29
2	Seller	25.32
Total		59.61

The Member Secretary highlighted that if the Volume Limits had adhered to the MERC DSM Regulations, an additional sum of Rs. 108.15 Crores would have been contributed to

the Pool during the analysis period. Furthermore, Intra State Deviation Pool is deprived of Rs. 1531.39 Crores due to the non-application of sign violation charges to State Entities, as stipulated by the MERC DSM Regulations. Even if the sign violation charges were implemented in accordance with the CERC 5th Amendment, an amount of Rs. 352.04 Crores would have been added to the Pool. However, MSLDC, on behalf of the state, has already paid WRLDC 60.82 Crores as sign violation charges at the state periphery. Additionally, if the state entities had been subjected to ADSM charges for the first 6-time blocks in a day during the analysis period from 31.01.2022 to 27.11.2022, an additional amount of 59.61 Crores would have been contributed to the pool.

The Member Secretary also conveyed that the CERC has introduced new DSM Regulations-2022, effective from 5th December 2022. He further provided a detailed overview of the key provisions outlined in the CERC DSM Regulations-2022 and elaborated on the comparison between the MERC DSM Regulations and the newly implemented CERC DSM Regulations-2022.

The Member Secretary subsequently presented the following observations regarding the Analysis of DSM Operations Report during the Extended Stabilization Period:

- a) The pool is in deficit due to applicability of relaxed Volume Limits to State Entities, Non-application of sign violation charges and wavier of ADSM for first 6-time blocks and this amount is Rs. 347.00 Crores as on dated 16.04.2023.
- b) Due to deficit of DSM pool, only the payments of WRPC bills, VSE bills for Intra-State Entities and Reactive energy bills are being paid as per pool position of DSM account. As such the State Entities which are receivable in State are paid up to the week of 25.07.2022 to 31.07.2022 and subsequent week's bills are not paid due to shortfall in pool account.

Hence, Member Secretary requested MSPC to consider this analysis and deliberate on the factors identified for the deficit.

TPC-D agreed for application of Volume Limit as per Regulation; however also expressed that removal of relaxed Volume Limit shall not be on retrospective basis.

AEML-D informed that Volume limit relaxation may need to be continued as DISCOMS have no controllability on Demand in comparison to Generators & alignment with CERC DSM Regulation can be done as same is as per the DSM Regulation. Further, the utilization of Virtual Scheduling Entity should be limited to cases of intraday contingencies. However, it is observed that even though SLDC has declared Transmission constraint on day-ahead basis, generators resort to back down & SLDC is compelled to schedule the generator at full capacity under VSE. This has resulted in creating artificial deficit in the energy pool which has impacted other DISCOMs. Hence, VSE needs to be sparingly used and prevailing practice of scheduling day-ahead constraint to be continued.

The Member Secretary further explained Monthly pool position for the period of analysis

which is tabulated as below:

Monthly Pool Status for the period 31.01.2022 to 27.11.2022									Rs. In
Crores									
Sr. No.	Month	Buyers Net	Sellers Net	Total Intra State Pool	VSE	Reactive Bill	WRPC Bill	Net Pool	Pool Status
1	Jan-22	-7.22	-1.35	-8.59	-0.08	NA	4.77	-3.9	Deficit
2	Feb-22	-5.69	-1.2	-6.92	-1.15	NA	0.89	-7.18	Deficit
3	Mar-22	24.6	-5.13	19.46	-3.75	-0.47	-40.87	-25.63	Deficit
4	Apr-22	75.38	-7.35	68.17	-0.85	-0.39	-113.05	-46.12	Deficit
5	May-22	31.02	11.43	34.46	-9.45	-0.81	-38.64	-14.44	Deficit
6	Jun-22	-5.4	10.18	4.85	-2.82	-0.98	-7.01	-5.95	Deficit
7	Jul-22	9.19	17.25	26.56	-3.95	-1.42	-22.72	-1.53	Deficit
8	Aug-22	14.59	23.89	38.37	-7.37	-1.6	-47.28	-20.91	Deficit
9	Sep-22	-33.91	36.31	2.38	-9.5	-1.63	-2.19	-15.15	Deficit
10	Oct-22	-25.87	37.22	11.34	-6.05	-2.51	-23.02	-20.24	Deficit
11	Nov-22	-22.84	18.19	-4.63	-4.09	-1.54	-16.94	-27.2	Deficit
Cumulative Pool Position		53.84	139.44	185.45	-49.06	-11.35	-306.06	-188.25	Deficit

From above table the Member Secretary elaborated that the Intra State Deviation Pool Account is in deficit due to following reasons:

- At State periphery, State has Volume Limit of 250 MW only and the summation of Volume Limit allocated to Intra State Buyers is 322 MW
- Non-applicability of Sign Violation Charges to Intra State Entities whereas State has to pay Sign Violation Charges as per CERC DSM Regulations-2014 and amendments thereof.
- Waiver of ADSM Charges for First 6 Time Blocks in a day to Intra-State Entities where as there is no such waiver to State as per CERC DSM Regulations.

Following points emerged during deliberations of the stakeholders:

- There is need to have synchronisation of MERC DSM Regulation with CERC DSM Regulation.
- Presently, the VSE Bills & reactive energy bills are also part of DSM pool. However, these operations are triggered for reasons like transmission constraints.
- Considering the analysis presented by MSLDC, the Stakeholders agreed for application of Volume Limits as per MERC DSM Regulations only.

Director (Operations), MSPGCL stated to explore the possibility of formation of separate Pool for settlement of Virtual State Entity (VSE) Bills and Reactive Bills as currently all settlements are being carried out through DSM pool only.

After due deliberations and discussions, MSPC passed the recommendations to be submitted to Hon'ble MERC as under:

The volume Limits applicable to the State Entities shall be as per MERC DSM Regulations-2019 and subsequently relaxed volume limits are to be withdrawn.

MSPC further decided to form a sub-group for studying the interstate and intrastate

deviation settlement mechanisms and put-up recommendations for synchronizing the MERC DSM Regulations-2019 with CERC DSM Regulations and procedures thereof. The Sub-Group will consider the issues deliberated by MSPC Constituents and MSLDC study recommendations about sign violation charges and ADSM Charges for First 6 Time Blocks for deliberations.

The Sub-Group shall also suggest the necessary changes in the MERC DSM Regulations for consideration of MSPC. The sub-group is to submit its report within one month from its formation.

Item No. 3: VSE Operations & Cost sharing during Mumbai Transmission Constraints

Member Secretary stated that Hon'ble Commission vide the Suo-Motu order dated 02.08.2022 has directed MSLDC to provide the day ahead schedules to Buyers and Sellers in adherence to the Regulation mentioned at paras. 18.33 to 18.34 of the said order and the sharing of VSE costs shall be based on the stipulations of the DSM Regulations and the DSM Procedure made thereunder. Currently, MSLDC has been following the same approach for VSE scheduling as per provisions of State Grid Code Regulations and sharing of VSE charges as per DSM Accounting procedure. Hon'ble Commission has directed MSLDC to continue this approach.

As regards implementing the Option-2 (Transmission Corridor Allocation) and Option-3 (Sharing of Available ATC and embedded generation in fixed ratio) on trial basis, Hon'ble Commission directed that MSPC shall decide the period for testing these options, modality of testing, the criteria for evaluation of results for deciding merits and demerits with due consultation with all concerned and after implementing these options, MSPC shall recommend to the Commission the appropriate option along with the detailed analysis and suggesting the actions necessary to implement the selected option. Considering this directive MSLDC prepared a preliminary mechanism for implementing these options and shared with Stakeholders for consideration and comments.

TPC-D expressed displeasure for the prolonged continuation of Option 1 trial for MMR Transmission Constraint, citing its generic nature and bias against DISCOMs in optimization. Due to transmission constraint, TPC-D & BEST cannot optimize power purchase, highlighting the need for constraint-based scheduling Option 2 &3. Hydro should not be included in VSE to preserve water quota for contracted Discoms, who face high power procurement costs. TPC-D suggests retrospectively booking Hydro VSE quantum in contracted Discoms' schedule and transferring excess quantum from thermal generators to the VSE pool.

The Member Secretary stated that, in case of emergencies/ contingency situation, only MSLDC is giving instructions to Hydro generator under VSE to maintain grid security of Mumbai System.

AEML-D informed that prevalent practice of giving day-ahead transmission constraints

followed by SLDC is as per Regulatory framework & has been recommended by MERC. Therefore, the same approach needs to be continued. As per recent MTR orders, Commission has explicitly instructed for absorption of embedded generation as base capacity during transmission constraint & optimization can be undertaken by backing down of embedded generation only during non-constraint periods. AEML informed that SLDC needs to continue with current practice and as under existing Regulatory framework; Option 2 & 3 cannot be exercised. Hence, only excel based evaluation should only be carried w.r.t Option-2 & 3.

MSEDCL informed that SLDC to continue with current practice and MSEDCL sees no need to evaluate or test Option-2 & 3. However, considering the Order of Hon'ble Commission, MSEDCL agreed only for theoretical evaluation of Option-2 & 3.

BEST stated that it has been facing huge financial burden due to absorption of full capacity TPC generation, the issuance of day-ahead transmission constraints schedules to TPC-G Thermal generators is to be stopped. The required thermal generation for constraints must be picked up in real time and accounted through VSE. Therefore, Option- 2 & 3 needs to be evaluated.

In this regard the clause 18.40 & 18.41 of Hon'ble MERC Suo motu Order dated 02.08.2022 are reproduced as below:

“18.40 Hence, considering the issues discussed above, the Commission does not accept the recommendations to implement the Option-1 as suggested by the Working Group in its Report and recommended by MSPC. It is directed that MSLDC shall adhere to the Regulation mentioned at paras. 18.33 to 18.34 as above while providing the day ahead schedules to Buyers and Sellers and the sharing of VSE costs shall be based on the stipulations of the DSM Regulations and the DSM Procedure made thereunder. The Commission notes that presently MSLDC is following the same approach for VSE scheduling as per provisions of State Grid Code Regulations as discussed above and sharing of VSE charges as per DSM Accounting procedure and this approach should be continued by MSLDC.

18.41 As regards implementing the Option-2 and Option-3 on trial basis, it is directed that MSPC shall decide the period for testing these options, modality of testing, the criteria for evaluation of results for deciding merits and demerits with due consultation with all concerned and after implementing these options, MSPC shall recommend to the Commission the appropriate option along with the detailed analysis and suggesting the actions necessary to implement the selected option.”

After due deliberations, considering the different opinions of the stakeholders & MERC Orders in this regard, MSPC decided to form a Sub-Group comprising of members of Stakeholders. The Sub-Group will deliberate & decide on -

- (i) Modality of implementation of option 2 & 3*
- (ii) The criteria for evaluation of results for deciding merits and demerits*
- (iii) the period of testing evaluation & implementation of option 2 & 3 on trial basis.*

with the detailed analysis and suggest necessary actions to comply the MERC directives as per Suo-motu Order dated 02.08.2022 & MERC Order in Case No. 240 of 2022. The sub-group is to submit its report within one month from its formation.

Item No. 4: Appraisal of State Deviation Pool Account position

The Member Secretary appraised that MSLDC has issued 76 nos. of weekly DSM bills (up to 26.03.2023) as per the timeline specified in DSM Regulations-2019 since commercial operation from 11.10.2021. He further elaborated that out of 76 Nos. of weekly DSM bills, 59 Nos. of weekly bills have resulted into a deficit of Rs. 396.81 Crores and 17 Nos. of weekly bills have resulted into a surplus of Rs. 77.51 Crores in the State DSM Pool account. As such there is a net deficit of Rs. 319.30 Crores as on 26.03.2023 in the State DSM Pool Account.

Status of Intra-State Deviation Pool Account up to 19.03.2023 is as below:

Sr. No.	FY	Buyers Net	Sellers Net	Total Intra State Pool	VSE	Reactive Bill	WRPC Bill	Net Pool	Pool Status
1	2021-22	88.81	-33.04	55.77	-25.42	-0.30	14.42	44.47	Surplus
2	2022-23	-92.094	231.952	139.858	-55.665	-17.641	-412.635	-346.083	Deficit
Total		-3.284	198.912	195.628	-81.085	-17.941	-398.215	-301.613	Deficit

The Member Secretary said that the deficit will further increase due to Hon'ble Commission's directives as per the order 02.08.2022 which are as follows:

- The ADSM charges of Buyers are waived off due to replacement of RE (Wind and Solar) generators from the date of commercial implementation of DSM Regulations i.e. 11 October 2021.
- Previously the VSE rate was capped to Rs. 3.94/kWh. As per the MERC Order dated 02.08.2022, the VSE payments are to be made with variable rate of generator (MoD Stack rate). The variable rates are more than Rs. 3.94 from the date commercial implementation of DSM Regulations i.e. 11 October 2021.

MSPC acknowledged the above.

Item No. 5: Replacement of existing meters of the Changeover Consumers by Smart Meters

The Member Secretary stated that Hon'ble commission has issued order dated 15.09.2022 in Case No. 166 of 2021 and has directed as follows:

“Tata Power Company Ltd.-Distribution and Adani Electricity Mumbai Ltd.-Distribution are directed to initiate a scheme for replacement of existing meters of the changeover consumers by Smart Meters in a timebound manner. The timeframe for replacement of these meters and the phases for replacement shall be discussed in the Maharashtra State Power Committee Meeting and Maharashtra State Power Committee shall monitor and ensure implementation of the scheme for installation of Smart Meters in the agreed timeframe.”

TPC said that around 1 Lakh changeover consumers are replaced with smart meters and replacement of all changeover consumers will take around 2 & ½ years.

AEML informed that more than 95% of changes over consumers are with TPC meters. Further, AEML has undertaken replacement of meters with smart meters for change over consumers with AEML meters which is estimated to take approximately 2 and a half years.

MSPC acknowledged and noted the information given by TPC-D and AEML-D.

Item No. 6: Investment of Corpus and DSM Pool amount in Government Securities or Fixed Deposits of Nationalized Bank

The AGM (F&A) MSLDC presented the Pool position before the MSPC which was as under:

Pool Position as on 03.05.2023	
DSM Corpus Amount	Rs. 70.16 Cr.
• RE-DSM Corpus Amount	Rs. 32.50 Cr.
• DSM Pool Amount	In Deficit
• RE-DSM Pool Amount	Rs. 8.60 Cr

The AGM F&A briefed about the Para No. 20.7 of MERC Suo-moto order dt. 02/08/2022 which is as below:

“In view of the above and considering the possible higher return on fixed deposits as compared to current and saving accounts, the Commission accepts recommendations of the Working Group and views of MSPC regarding investment of Corpus and DSM Pool amount in Government Securities or Fixed Deposits of Nationalized Bank (considering liquidity requirements) through MSETCL - Permanent Account Number (PAN) and a separate savings bank account with MSETCL PAN and provide credit for accrued interest income net of tax (as applicable) to the benefit of DSM Pool Account.”

The AGM (F&A) placed before MSPC following points:

- a) Considering the present deficit DSM Pool position, it is not feasible to invest DSM Pool amount. Also, due to this deficit RE_DSM Pool amount is required to be utilized for the payment of Interstate deviation Bills on weekly basis. Hence, it is also not feasible to invest RE-DSM Pool amount in Term deposit.

- b) For Investment in Government Securities opening of CSGL A/C is necessary however As per RBI Notification No.107 IDMD.CDD.No.S931/11.22.001/2021-22 One Entity allowed to open only one CSGL A/c and MSETCL already has one CSGL a/c. Hence Investment in Government Securities is not possible at this stage.
- c) Hence, it is proposed to invest DSM Corpus as well as RE-DSM Corpus in Fixed deposits of Nationalized Banks.

After due deliberations and discussions, MSPC accepted the proposal and recommended investing in multiple Fixed Deposits (FDs) with one or more Nationalized Banks and appraise the MSPC in next meeting.

Item No.7: Report of Sub-Group dated 18.11.2022 on scheduling of Adani Generation (APML)

Member Secretary conveyed that during the second MSPC meeting on 04.04.2022, APML raised concerns regarding the scheduling of APML (Tiroda) in the scheduling software. As a result of discussions during this meeting, it was decided to form a Sub-Group for examining the above issue covering all aspects such as PPA status, recommendations of Working Group, provisions of Grid Code and various orders of the Hon'ble Commission in this regard.

The Sub-Group consisted of the Member Secretary of WRPC (Western Regional Power Committee) as the Chairman, along with the Director (EE) of MERC and the Executive Director of MSLDC as members. The Sub-Group investigated the issue and submitted its report to the MSPC for consideration. The report was shared with the MSPC members.

Member Secretary informed that the Chairman of the Sub-Group has been invited to the MSPC meeting to present the Sub-Group's findings and recommendations. He requested the Chairman of the Sub-Group for presenting the report to the MSPC.

Chairman, Sub-Group informed the MSPC about the nature of issues involved and methodology adopted by the Sub-Group while preparing the report and making recommendations for arriving at the solution. The Chairman, Sub-group further stated that representatives from MSEDCL, APML, and MSLDC actively participated in the interactions and discussions, which greatly contributed to the preparation of the report and its recommendations. The Sub-Group conducted a comprehensive analysis of various aspects of the issues presented to it and studied the issue based on the scope given to it which included inter-alia Power Purchase Agreements (PPAs), scheduling provisions, concerned Orders of MERC etc.

Following points of the report were briefed in detail by Chairman of Sub Group:

- (i) The issue of mapping of APML generating units in DSM Scheduling Software.
(ii) APML & MSEDCL views on Declaration and apportionment in PPAs in WBES software.

- (iii) Details of meetings of Sub-Group
- (iv) Problem definition as seen by Sub-Group.
- (v) Detailed Analysis considering all aspects like PPAs, various Orders & external references & discussion with Stakeholders.
- (vi) Recommendations provided by Sub-Group.

Chairman of Sub Group informed that primarily the APML had requested MSPC that provisions to punch the DC against PPAs may be provided to them in the WBSS software as per State Grid Code Provisions. While going through the 1320 MW PPA it was seen that there was a difference of views on the 1320 PPA, hence an example time block was studied as a sample. Also the implementation of the other three PPAs had favored a merit order wise declaration of DC and the Seller had no role in these PPA DC declarations in the WBSS software currently implemented.

Chairman of Sub Group also informed that the WBSS is very well developed software and is of next generation for which he congratulated the State of Maharashtra for its vision and took some time to understand. Also there was a legal history which required to be gone through in detail before recommending.

The Sub Group has made the following recommendations:

Recommendation 1: Pertains to APML mapping in the WBSS:

- a) The mapping of units 2 and 3 has been currently done to ensure the gross generation of units 2 and 3 is declared under 1320 MW PPA. In order to achieve consistency, sub-group proposes that PPA based scheduling should be adopted for APML Tiroda complex, because these PPAs are mutually binding and agreed by both the parties and discovered through competitive bidding. The PPAs have been adopted by the Commission. Because of these factors, the sub-group proposes the enabling of PPA based scheduling for the APML Tiroda complex.
- b) The scheduling problem starts with the declaration of the generation in a time block the Seller is willing to commit as per his PPA to the Buyer. This practice should accordingly be started at APML Tiroda complex. Accordingly, sub-group recommends that APML Tiroda should be given facility to enter PPA wise DC at the WBSS software, in addition to the existing information provided by them to the WBSS, as per provisions of the State Grid Code Regulations 2020.

Recommendation 2: Pertains to what is the DC to be declared by the Seller in the example time block?

- a) In the example time block mentioned in the earlier chapter, the Seller had declared a DC of 1246 MW. The Sellers submission to the sub-group is as follows.
“It is submitted that in case available capacity from Units 1, 4 & 5 is over and above 1765 MW, then it shall be under discretion of APML to offer such excess capacity to 1320 MW PPA. In earlier occasions whenever there was surplus capacity from Unit 1,4,5 the same had been declared under 1320 MW PPA.”

- b) Sub-Group observes that there is no provision in the PPA that supports the above stand by the seller. 1320 MW PPA has identified the entities as Units 2 and 3 and Article 19.
- c) Units 1,4 and 5 from a PPA point of view do not exist. Such a non-existent entity cannot determine what DC is to be declared in 1320 MW PPA. The 1320 MW PPA is clear that the DC to be declared for the example time block is the gross capacity of units 2 and 3 in that time block and it is 1320 MW for the example time block.
- d) Irrespective of the fact whether the Seller has surplus capacity to feed the auxiliaries of units 2 and 3 or not, the available contracted generation in a time block (which is the generation of units 2 and 3 before the auxiliaries in that time block) has to be declared as per the PPA. The features of the 1320 MW PPA have been clearly explained separately in a chapter with examples and not repeated here again.

Recommendation 3: Pertains to what is the DC to be declared by the Seller once WBSS declaration is made available to the Seller?

- a) Once DC declaration as per PPAs is made available to the Seller in the WBSS, the Seller is obligated to declare the DC as per his PPA terms and conditions. Otherwise, it will become mis-declaration of DC.
- b) The sub-group has, after careful study, explained clearly the PPA provisions. However, it is acknowledged that the Seller can maintain his differing view from that of the sub-group.
- c) If in the event the Buyer feels aggrieved that such a DC declared by the Seller, is not as per the declaration of the DC in a time block as per PPA terms and conditions, the Buyer, can take up the matter/grievance with the necessary authorities and/or the Honorable MERC. Having stated all the above, the Seller may be allowed to start punching the DC under each PPA as per his views.

Recommendation 4: Reconciliation matters:

Since the PPA wise DC declaration is recommended by the sub-group, the matter of reconciliation of the energy accounts may come up from the commencement of DSM accounting. Such a matter may be taken under the guidance of MSPC.

The Chairman, Sub Group thanked Chairman, MSPC for the opportunity given to address the complex issue.

APML stated that, recommendation-1 of Sub Group is agreed. Further, recommendations 2 & 3 are may not considered as recommendations and these shall be considered as of suggestive nature only. APML reserves its own rights for any action regarding these recommendations.

MSEDCL stated that, recommendation-1 of Sub Group is agreed. Further, about recommendation 2 & 3 MSEDCL added that as long as the 1320 MW PPA exists, APML should punch 1320 MW under 1320 MW PPA and should not consume auxiliary from same units because it is unit specified PPA. Recommendations 2 & 3 are of explanatory nature & shall be considered as suggestions. MSEDCL reserves its own rights for any action regarding these recommendations.

Chairman sub-group clarified that the Second recommendation is based on the discussions of one time block example in the report and is given to explain the PPA provisions and for continuity of discussion. It is informative to both Seller and Buyer. Similarly recommendation 3 is informative. Actionable points for utilities are recommendations 1 and 4 only.

Executive Director, MSLDC read the recommendation-1 for the sake of clarity and informed that in view of agreement of stakeholders of MSPC on recommendation-1 of the Sub Group; SLDC will prepare the procedure for implementation of this recommendation. He also requested that both APML and MSEDCL need to share mutually agreed and accepted data as per the SLDC requirement for the implementation of the recommendation 1. These procedural modifications would then be presented to MSPC for approval. The scheduling software would be modified and implemented accordingly based on the approved changes.

After finalization of procedure and implementation of Recommendation-1, MSPC shall take decision on Recommendation-4 accordingly.

After due deliberations and discussions and considering the agreement of stakeholders on recommendation1; Chairman MSPC directed MSLDC to prepare a procedure to implement recommendation-1 of Sub Group. MSLDC will circulate the procedure to the relevant stakeholders, namely MSEDCL and APML for the required data. After receiving the needful data, the procedure will be submitted to MSPC for approval. Following the approval from MSPC, MSLDC will incorporate the necessary modifications into the software.

Item No.8: Discussion on various issues raised by Stakeholders

The following State Entities raised the various issues and elaborated on them:

a) MSEDCL:

- i. MSEDCL informed that Mumbai embedded generation are not generating as per Day ahead constraint declared by SLDC and SLDC is required to schedule generation under VSE impacting Pool deficit and intern will impact MSEDCL also.

ii. Applicability of Volume Limit:

This issue was also discussed at length while discussion on Agenda-2.

iii. Modality of diversion of fund from RE DSM-to-DSM pool:

The Director (Commercial), MSEDCL stated that there should be modalities for

diversion of fund from RE DSM-to-DSM Pool in case of situation if RE pool does not have sufficient balance for such diversion.

MSEDCL asked for their receivable DSM bill amount.

The ED, MSLDC stated the SLDC shall explore all the possibilities of implementing various provisions in the DSM Regulation in relation to the settlement.

b) TPC-D:

i) Hydro Utilization by MSLDC for System Emergency/ Transmission Constraints:

TPC-D stated that Hydro is the cheapest resource of power generation and said that MSLDC has utilized 26Mu's of TPC hydro (contracted with TPC-D and BEST) since 11th Oct-2021 to August -2022. Marginal cost to be given to hydro which is utilized during transmission constraint situations.

Member Secretary stated that, in case of emergencies/ contingency situation, only MSLDC is giving instructions to Hydro generator under VSE to maintain grid security of Mumbai System.

ii) Thermal must schedule during MMR Transmission Constraints:

The issue was discussed in detail while discussion on Agenda No.-3.

c) BEST :

i) Revision in DSM bills:

BEST stated that the DSM bills shall be revised timely.

MSLDC stated that PWC has completed the scope of work as per Hon'ble Suo-motu order dated 02.08.2022 and shall start revision of DSM Bills shortly.

ii) Reconciliation of DSM Bills:

BEST stated that payments have not been received in case of many receivable bills. MSLDC said that the DSM pool is in deficit. So only priority payments are done.

iii) VSE operation should be applicable for day ahead constraints:

The issue was discussed in detail while discussion on Agenda No.-3.

d) RIPL :

i) Revision of DSM Bills:

RIPL raised the issue of revision of DSM bills on various occasions where DSM software was not available.

MSLDC has submitted a draft Amended DSM Procedure to Hon. MERC for the

approval on dated 11.10.2022 in line with the directives of Hon. MERC in its Suo-Motu Order dated 02.08.2022. Hon MERC directed MSLDC to undertake concerned stakeholder's consultation regarding stipulation of event for Market suspension. The comments/feedback received from various stakeholders was incorporated in draft Amended DSM Procedure and was submitted for approval of Hon'ble Commission on 01.05.2023. This procedure shall address the above issue.

ii) Redressal Mechanism:

RIPL enquired about development of redressal mechanism on DSM portal.

MSLDC stated that M/s. PWC has developed redressal module and the same shall be demonstrated to State Entities and put to use shortly.

iii) Late payment Chargers on Receivable DSM Bills:

RIPL enquired about late payment Chargers on its receivable DSM Bills.

MSLDC stated that Hon'ble MERC in amended DSM procedure has approved the following:

12.8 If payment against Charges for Deviation including Additional Charges for Deviation is delayed by more than two days, i.e., beyond 12 days from the date of issue of the statement by the MSLDC, the defaulting State Entity shall pay simple Interest @ 0.04% for each day of delay.

However, MERC has issued Suo-Motu Orders on 06.05.2021; 07.10.2021 and 02.08.2022 in the matter of DSM Regulations. Further, as per the Suo-Motu Order dated 02.08.2022, all the DSM bills are required to be revised from 11.10.2021. Therefore, all the bills issued so far are at provisional stage only.

Considering above, the DPC charges on payables and receivables amount as per DSM Regulations will be made applicable after issuance of first DSM bill onwards after incorporating the principles stipulated under the Suo-Motu Order dated 02.08.2022. The provision of DPC shall also be applicable on revised DSM bills of past (after adjustment of previous paid and received amount) issued after incorporating the principles stipulated under the Suo-Motu Order dated 02.08.2022.

MSLDC stated that due to deficit in the DSM pool and a review of the pool position will be conducted once MSLDC issues DSM bills in accordance with the methodology outlined in the MERC Suo-Motu order dated 02.08.2022. Following this, MSLDC will conduct a review of the pool's status and inform the Commission regarding the applicability of delayed payment charges. Hence unless the issue of deficit of Pool on account of various reasons deliberated while discussing Agenda No.-2 is addressed, difficulties in making payments from the Pool will remain.

e) AEML-D :

(i) Volume Limit for Discom/ Deem Distribution Licensee:

AEML-D raised an issue on allocation of Deviation volume limit for DISCOMs / Deemed DL having demand between 20 to 50 MW. The Volume limits as per Regulation for DSM entities are defined as 1 MW for Demand up to 10 MW & 2

MW for Demand from 10 MW to 20 MW However, for entities Demand 20 MW above Minimum of 12% of Schedule or Proportionate share allocated in State VL. AEML-D presented the following illustrations for slab wise demand and corresponding Volume limit allotted as per regulation.

Illustration:

- For NCPD of 30 MW, demand varies from 10 MW to 30 MW; VL will be 0.3 MW based on above formula
- For Demand up to 20 MW, VL = 2MW, whereas for Demand between 20 to 50 MW, VL would be less than 0.5 MW, hence additional category of up to 50 MW need to be defined

In view of above, AEML-D suggested that Volume Limit for Demand between 20 MW to 50 MW, should be 5 MW in line with Volume Limit provided to small generators as per Reg. 10 (C).

MSPC acknowledged the above issue and suggested that such issues shall be deliberated by the Sub-Group formed for making suggestions for Regulatory modifications and the Sub-Group will make its recommendations on the same.

Item No. 9: Various Issues related to FBSM:

Member Secretary stated the various issues related to FBSM as follows:

- a) Non-payment of FBSM bills by State Entities (Point Raised by MSEDCL).
- b) Declared Capacity of Indian Railway Contracted generator BRBCL & RGPPL (Point Raised by Railway)
- c) Inclusion of fixed rate for RGPPL & BRBCL while computation of FCR bills (Point Raised by Railway).
- d) Computation of System Marginal Price (SMP) with consideration of PPA wise rate of M/s APML (Point Raised by MSEDCL).

The Member Secretary put forth a request to convene a separate MSPC meeting exclusively for the discussion related to FBSM issues, so that only relevant stakeholders would participate in the meeting.

MSPC agreed to hold the separate meeting as requested.

Item No. 10: Any other issue with permission of the Chairman

(i) RE-DSM forum:

RE-Connect highlighted the absence of a forum for RE-DSM and proposed that the RE-DSM related issues be included in the discussions of MSPC.

Executive Director, MSLDC acknowledged the concern and suggested that the Member Secretary to explore the feasibility of incorporating these issues in MSPC.

MSPC acknowledged the above concern of QCAs.

(ii) IT Sub-Group for DSM Software related issues:

Member Secretary stated that Hon'ble Commission vide suo-moto order dated 02.08.2022 has directed MSPC/MSLDC is to develop a permanent IT Sub- Group with representation from IT experts from key utilities (stakeholders of DSM framework) and discuss the key issues of DSM software unavailability, root-cause analysis of downtime (if any) and provide its suggestions/measures for improvement to MSPC. MSPC shall monitor functioning of this sub-group and may appropriately guide MSLDC to implement the suggestions of the IT sub group.

Chairman MSPC directed to constitute sub-group of IT experts from the state entities. This sub-group shall be formed within one month of the MSPC meeting.

(ii) Sub-Group for analysis of the deviation, deviation charges etc:

Member Secretary stated that Hon'ble Commission vide suo-moto order dated 02.08.2022 has directed MSPC to create a sub-group which would be responsible for undertaking analysis of DSM Bills, weekly WRPC bills, impact of RE Deviations, monitoring deviation pattern of various State entities and the State as a whole, market monitoring activities, identification of gaming by State Entities etc. The findings of the analysis shall be discussed within the period meetings of MSPC for taking necessary corrective actions.

Chairman MSPC directed to constitute sub-group from the state entities. This sub-group shall be formed within one month of the MSPC meeting

Concluding Remarks from Chairman MSPC:

The Chairman, MSPC emphasized the need to increase the frequency of MSPC meetings, considering that the previous meeting took place on 04.04.2022. Additionally, the Chairman proposed that the meeting duration should not exceed two hours and asked ED SLDC & Member Secretary to work out a meeting mechanism to ensure the same.

The meeting ended with a vote of thanks to all.


Member Secretary
MSPC

Officials present for the meeting:

MSPC Members

- 1) Ms. Abha Shukla (IAS) PS (Energy), GoM & MD, MSEB Holding, Chairman MSPC
- 2) Shri. Yogesh Gadkari Director (Commercial), MSEDCL
- 3) Shri. S. M. Murudkar Director (Operations), MSPGCL
- 4) Shri. Shashank Jewalikar Executive Director, MSLDC
- 5) Shri. V. Balaji Executive Director, WRLDC ---Special Invitee
- 6) Shri. Satyanarayan. S, Member Secretary, WRPC ---Special Invitee
- 7) Shri. Shrikant Jaltare, Former Executive Director, SLDC ---Special Invitee
- 8) Ms. S. Usha, CGM, WRLDC ---Special Invitee
- 9) Ms. Pushpa. S, Sr. GM, WRLDC ---Special Invitee
- 10) Shri. M. B. Bhagwat, CE, MSLDC
- 11) Shri. D. H. Agrawal, CE (Power Purchase), MSEDCL
- 12) Shri. P. S. Sharma CE, STU
- 13) Shri. M. R. Krishna Rao President, Adani Power
- 14) Shri. Akshay Mathur, AVP, Adani Power
- 15) Ms. Swati Mehendale Chief Reg., TPC
- 16) Shri. Rajendra Patrate CER BEST
- 17) Shri. Ranjeet Savardekar Asst. VP, AEML
- 18) Shri. Kapil Sharma CEO, AEML
- 19) Shri. Nilesh Kane Chief Distribution
- 20) Shri. P. Devanand Chief IS & PSCC
- 21) Shri. S. S. Katkar SE (PP) MSEDCL
- 22) Shri. Pravin Kalre AGM
- 23) Shri. Girish Pantoji, SE (Operations),MSLDC
- 24) Ms. Anjana Thakkar,SE (EA), MSLDC
- 25) Shri. H. R. Karadkar Head Performance, TPC Trombay
- 26) Shri. P. V. Raut, Head Operation
- 27) Shri. Ashish Shukla, CM-TPC-G Trombay
- 28) Shri. S. N. Bhinge, Dy. CE, BEST
- 29) Shri. M.M. Rane, DE(PM), BEST
- 30) Shri. A. S. Nikale, AE,MSEDCL,
- 31) Shri. S. R. Patil, EE, MSEDCL
- 32) Shri. Ramkumar Kannan, AVP OPS, RE-Connect
- 33) Shri. Kalpesh Pawar, R.M. Client, RE-Connect
- 34) Shri. Jibu George, Renewables-BD
- 35) Ms. Manali Joshi, Manager (F&A),MSLDC
- 36) Ms. Seema Dubewar, AGM (F&A), MSLDC
- 37) Shri. Sougata Chatterjee, AGM (BD), Manikaran
- 38) Shri. Vishwajeet Singh, Asst. Manager (BD),Manikaran
- 39) Shri Pravin Patil, Addl Ex. Engineer (EA), MSLDC
- 40) Shri Shivakumar G., Asst. Engineer (Operations), MSLDC