

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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CASE NO. 59 of 2020

Petition of MSLDC seeking additional time for complying with the directions of the Commission in Case No. 297 of 2018 regarding raising the supplementary bills towards variable charges for imbalance pool for the period FY 2011-12 to FY 2017-18

Coram

I.M. Bohari, Member
Mukesh Khullar, Member

Maharashtra State Load Dispatch Centre

..... Petitioner

V/s.

1. Maharashtra State Electricity Distribution Co. Ltd.
2. Tata Power Co. Ltd.-Distribution Business
3. Adani Electricity Mumbai Ltd.-Distribution Business
4. BEST Undertaking
5. Mindspace Business Parks Private Limited
6. Gigaplex Estate Private Limited
7. Maharashtra Airport Development Company Ltd.
8. Indian Railways
9. Nidar Utilities Panvel LLP

..... Respondents

Appearance

For the Petitioner

: Shri. S. V. Jaltare (Rep.)

For Maharashtra State Electricity Distribution Co. Ltd.

: Shri Paresh Bhagwat (Rep.)

For Tata Power Co.-Distribution	: Ms. S.R. Mehendale (Rep.)
For Adani Electricity Mumbai Ltd.- Distribution	: Shri Hemant Singh (Adv.)
For BEST Undertaking	: Shri V.M. Kamath (Rep.)
For Mindspace Business Parks Private Limited and Gigaplex Estate Pvt. Ltd.	: Shri Nikhil Chauganjkar (Rep.)

ORDER

Date: 8 July, 2020

1. Maharashtra State Load Dispatch Centre (**MSLDC**) filed a Petition on 25 February, 2020 seeking additional time for complying with the directions of the Commission contained in Order dated 26 September, 2018 of Case No. 297 of 2018 regarding raising the supplementary bills towards variable changes for imbalance pool settlement for the period from FY 2011-12 to FY 2017-18 with revised Weighted Average System Marginal Price (**WASMP**) after including the rates of power purchased from the Power Exchange and Captive Power Plants (**CPPs**).
2. **The main prayers of MSLDC are as under-**
 - i. *Hon'ble Commission may kindly revise the timelines up to 31st July 2021 for complying the directions regarding for re-calculated imbalance pool settlement in view of compliance of the common order dated 26.09.2019 passed by Hon'ble Commission in a MERC case No. 297 of 2018.*
 - ii. *Hon'ble Commission may kindly condone the delay in issuance of bills with revised Weighted Average System Marginal Price (WASMP) calculation with consideration of the rate of power purchased from the Power Exchange and Captive Power Plants (CPP) from the date of final order in case No. 297 of 2018.*
3. **MSLDC's Petition states as follows:**
 - 3.1 Maharashtra State Electricity Distribution Co. Ltd. (**MSEDCL**) had filed its Petition in Case No. 297 of 2018 seeking recovery of annual fixed cost component for the energy supplied to the State pool, recovery of differential amount to be recovered towards variable charges, removal of anomalies and directions in regards to over drawal by Mumbai utilities in Final Balancing and Settlement Mechanism (**FBSM**) as per provision of Availability Based Tariff (**ABT**) Order dated 17 May, 2007 in Case No. 42 of 2006 (**ABT Order**) in the matter of introduction of Availability Based Tariff Regime at State level within Maharashtra and other related issues.
 - 3.2 The Commission passed the Order on 26 September 2019 wherein, inter alia, following directions were issued:

"3. Maharashtra State Load Despatch Centre is directed to consider the rate of power purchased from the Power Exchange and Captive Power Plants (CPPs) for Weighted Average System Marginal Price (WASMP) calculation for next Final Balancing Settlement Mechanism Code (FBSM) bills with immediate effect from this Order.

"4. Maharashtra State Load Dispatch Centre is further directed to recompute the WASMP for the period from FY 2011-12 to FY 2017-18 after including the rate of power purchased from the Power Exchange and CPPs. Thereafter, Maharashtra State Load Dispatch Centre shall recalculate the imbalance pool settlement for these years in accordance with the applicable principles laid down in the Availability Based Tariff (ABT) Order and FBSM and work out the associated liabilities of State Pool Participants (SPPs) for raising the supplementary bills for these years. The above activity shall be completed by Maharashtra State Load Dispatch Centre by 31 January, 2020."

- 3.3 Adani Electricity Mumbai Ltd.- Distribution Business (**AEML-D**) had filed review Petition in Case No. 312 of 2019 seeking review of the Commission's above Order. MSLDC had made written submission in the proceeding wherein it requested the Commission to grant additional time for complying with the directions given in Case No. 297 of 2018 regarding raising the supplementary bills for re-calculated imbalance pool settlement. However, while disposing of the review Petition filed by AEML-D vide Order dated 21 January, 2020, the Commission directed that MSLDC would be required to file a separate Petition under appropriate provisions of EA and the applicable Regulations to seek the aforesaid extension. Hence, present Petition has been filed by MSLDC.

GROUND:

- 3.4 MSLDC has diligently attempted to comply with the Order in Case No. 297 of 2018. However, despite follow up with M/s. Larsen and Toubro Ltd. (**M/s L&T Ltd.**), the Software Developer and on account of various difficulties including technical difficulties faced by M/s L&T Ltd., it could not comply with the Commission's Order. The non-compliance is not intentional and deliberate one, but beyond the control of MSLDC.
- 3.5 MSLDC is the implementing agency of the Regulations and Orders issued by the Commission. Accordingly, MSLDC has to act upon and follow the directives given by the Commission in calculation of Variable charges for issuing bills under the ABT Order.
- 3.6 MSLDC has always put in all-out efforts to follow the timelines specified in Intrastate ABT Order for issuance of bills in spite of persistent 19 nos. of operational difficulties as highlighted in MSLDC's Petition in Case No. 56 of 2012.
- 3.7 MSLDC had started working on development of FBSM software with M/s L&T Ltd. in July 2008 as per ABT Order. In pursuance of the discussions and approvals undertaken in the MSPC's Sub-Committee meeting held on 8 March, 2011 and Extraordinary MSPC

Committee Meeting held on 13 April, 2011 along with the Commission appointed Committee, the FBSM software was developed/designed accordingly in July 2011 by MSLDC. Transactions through Power Exchange and CPPs were not part of WASMP computation. FBSM has been implemented from 1 August 2011.

- 3.8 The Merit Order Dispatch (**MOD**) is operated by system operator considering Power Exchange and CPP as must absorb and they did not form part of WASMP computation till date. The Order in Case No. 297 of 2018 issued by the Commission required the post facto settlement by including Power Exchange and CPP rates.
- 3.9 As per the Commission's Order in Case No.297 of 2018, Power Exchange and CPP rates are to be considered for WASMP calculation and therefore, the existing accounting software needs to be modified for incorporation of above rates in WASMP of incrementing utility. Unless M/s L&T Ltd. performs the task of modification in software, the timelines for completion of recomputing WASMP for FY 2011-12 to FY 2017-18 by 31 January 2020 is very difficult.
- 3.10 The software developed in the year 2008, Lodestar, is proprietary in nature on an uncommon platform and hence no assistance and expertise are available for modifications and improvement of efficiency in existing software. Further, the present FBSM software is hardcoded in Lodestar and is very old one. The software has no provision for incorporation of Power Exchange and CPP rates for computation of WASMP.

Difficulties in issuing revised FBSM Bills :

- i. There is no provision for incorporating Power exchange and CPP rates in old FBSM software.
 - ii. Software module for calculation of SMP of each state entity was not available due to incorporation of Power exchange and CPP rate as per order.
 - iii. Old FBSM software was having many limitations due to hard coding in Lodestar software.
 - iv. Time consumption in each process was too long due to hardware issue.
 - v. It was not possible to process various activities at a time.
 - vi. There are nearly 35 manual activities to be run before bill preparation.
- 3.11 MSLDC had undertaken following action to speed up issuance of weekly FBSM bills:
- a. Hardware Replacement: M/s IBM make hardware was procured in the year 2008 and average life of the same is around five years. Also, the AIX operating system installed on the hardware was proprietary in nature. It was informed by M/s IBM that, they had stopped release of updates and support for the outdated operating system. In view of this, MSLDC initiated the action of replacement of old hardware and immediately replaced it with new advance one.

- b. Software installation on new hardware was carried out. Due to above efforts, the speed of processing of FBSM weekly bills increased which resulted into issuance of bills from 3-4 bills per month to 8-9 bills per month.
- 3.12 Following actions have been initiated by MSLDC to implement the Commission's directives in Case of 297 of 2018:-
- a. On 1 October 2019, MSLDC asked M/s L&T Ltd. to explore the feasibility to upgrade existing software by provision of incorporation of power exchange and CPP rate for computation of WASMP and recalculation of System Marginal Price (SMP) of each state entity so that revised rate shall be applied. In response, M/s L&T Ltd., vide its email dated 4 October, 2019, informed that it was in process of exploring the possibility of new requirement in the existing code and needed some time to identify exact changes required to implement the same.
 - b. Subsequently, MSLDC followed up with M/s L&T Ltd. through telephonic discussions on 10 October, 2019 when it was informed by M/s L&T Ltd. that following modifications will be required:
 - i. Provision to upload rates in FBSM Application.
 - ii. Charge in SMP calculation logic (for all SPP), etc.
 - iii. Other configuration if needed.
 - c. Also, M/s L&T Ltd had informed that, considerable time will be required to modify changes as the new code is to be written in .NET outside Lodestar for implementation of above changes.
 - d. Vide its letter dated 20 November 2019, MSLDC again requested M/s L&T Ltd. to expedite the upgradation of FBSM software by incorporating rate of Power Exchange and CPPs.
 - e. Vide email dated 30 January 2020, M/s L&T Ltd. informed MSLDC that the said application has its own limitations and modification in existing code may impact the other modules of the FBSM application and analyzing such repercussion in the existing system has taken considerable time and apart from that significant quantum of work is carried out to incorporate necessary changes which include web page design to upload rates, new logic development to consider rates in the SMP calculation for all Discoms. M/s L&T Ltd. provided status of each activity carried out by it and further, assured that, after allocation of additional Unscheduled Interchange (UI), the logic is to be tested for various stages and then they can start the trial run for the same. M/s L&T Ltd. informed that the necessary modification shall be completed by first week of February-2020 and up gradation of existing FBSM software by incorporating CPP/PX rate is in progress.

- 3.13 As MSLDC needs to prepare FBSM bills for approximately 350 weeks, it is very difficult to meet the timelines specified in the Order in Case No. 297 of 2018. In addition to software modification, MSLDC has to carry out following activities for revision of each FBSM bill:-
- i. Punching of Power Exchange and CPP rates in the system
 - ii. Meter Data Validation.
 - iii. Certified Audited rate of LTA/MTOA after truing up / change in law order.
 - iv. Consideration of revised WRPC DSM bills.
 - v. Usage of Actual InSTS loss for respective month.
 - vi. Incorporation of scheduling corrections.
 - vii. Usage of Migrated Consumer data and Renewable Generation Credit Note (GCN) data.
 - viii. Mapping of infirm energy to respective beneficiary.
 - ix. Post facto drawal adjustment after incorporation of above changes.
 - x. Bill Verification in case of energy imbalance in the pool.
- 3.14 Therefore, MSLDC needs 18 months approximately (5 bills per week) after successful modification in software to issue revised FBSM bills from August 2011 to March 2018.
- 3.15 Hence, the Commission is requested to grant additional period of 18 months from successful modification and testing of software to issue revised variable charges bills from FY 2011-12 to Feb 2018, provided support from all SPPs by submission of landed cost of Power Exchange and CPP rates etc.
- 3.16 Grave harm and prejudice and injury will be caused to MSLDC in case the Commission does not grant reliefs as prayed in the Petition. However, no harm and prejudice will be caused to the Respondents if the prayers as prayed are allowed by the Commission. Balance of convenience is in favour of MSLDC.
- 3.17 MSLDC has approached the Commission, as expeditiously as possible without any delay. However, in case the Commission comes to conclusion that there is some delay in filing of the present Petition, same may be condoned in view of the facts and circumstances of the case and in the interest of justice.
4. **BEST's reply dated 22 April, 2020 stated as follows:**
- 4.1 FBSM framework is in force since August 2011. As per provisions of the ABT Order and FBSM Code, MSLDC is responsible for energy accounting and issuance of weekly FBSM bills for Imbalance pool settlement within seven days from end of the week corresponding to the preceding week. Since commencement of FBSM, MSLDC has been issuing Provisional weekly FBSM bills to SPPs; however, since FY 2012-13, due to complexity of FBSM mechanism and IT infrastructure issues of its software, issuance of bill by MSLDC

started getting delayed. The last provisional weekly FBSM bill that was issued by MSLDC was for 4th week of February 2018 and it was delayed by about 18 months. Final weekly FBSM bills are not issued after February 2018.

- 4.2 FBSM bills were paid by SPPs as and when raised by the MSLDC. The ABT Order read with the FBSM Code only contemplates levy of penal interest in a scenario where a bill for payment of Variable Charges and/ or Fixed Charges has been raised by MSLDC and if such bill is not paid by the concerned SPP within the stipulated time. It doesn't provide for levy of carrying cost on the recovery of any past dues.
- 4.3 The Commission had also held that carrying cost will be leviable for delayed recovery of variable and fixed charges for the entire past period (i.e. FY 2011-12 to FY 2017-18) with period for carrying cost calculation from the date of respective weekly bills which have already been raised by MSLDC towards the imbalance pool settlement till the period the respective supplementary bills are raised by MSLDC.
- 4.4 The carrying cost is to be paid by decrementing utilities and same is allowed to be passed on to the consumers. In the event of compliance of the Order in Case No. 297 of 2018 by MSLDC within given timeframe, the prolonged issue of FBSM billing of past period would have been resolved. However, under present Petition, MSLDC is seeking further extension of 18 months upto 31 July 2021 for issuance of supplementary FBSM bills. MSLDC has cited various reasons for delay in billing; however, the matter cannot be kept lingering further. Though MSLDC may currently have difficulties in issuing bills, its inefficiency in issuance of bills within given timeframe should not be passed on to retail consumers of utilities at an additional cost.
- 4.5 Therefore, in the interest of retail consumers of utilities, it is prudent that the period of allowance of carrying cost towards the re-computed imbalance pool settlement should be restricted from the date of respective Final /Provisional weekly bills, as case may be, which have already been raised by MSLDC, till the timeline specified by the Commission in Case No. 297 of 2018 to complete the billing activities (i.e. upto 31 January, 2020). No carrying cost should be allowed beyond this timeframe.
- 4.6 Considering tremendous delay in processing of FBSM bills till now, it is necessary that MSLDC should ensure processing of bills for the period FY 2011-12 to FY 2019-20 in an expeditious manner without further delay. Further, the billing should be processed by MSLDC in ascending order of financial year starting from FY 2011-12, rather than from intermediate years, to reduce the burden of carrying cost on the utilities. While expediting issuance of further bills, MSLDC should allow sufficient time to SPPs to verify revised weekly reports/ bills for imbalance pool settlement, as data of such complex mechanism pertains to about decade old period.
5. **On 24 April 2020, Mindspace Business Parks Pvt. Ltd. (MBPPL) and Gigaplex Estate Pvt. Ltd. (GEPL) informed that they have no submissions in the present matter.**

6. TPC-D's reply dated 27 April, 2020 stated as follows:

- 6.1 TPC-D would like to assure all support to MSLDC as regards providing the rates/ landed cost of Power Exchange/ CPP or any other support for successful execution of the modified software.
- 6.2 The Commission in Order in Case No. 297 of 2018 had directed MSLDC to recalculate the imbalance pool settlement for the period from FY 2011-12 to FY 2017-18 in accordance with the applicable principles laid down in the ABT Order and FBSM and work out the associated liabilities of State Pool Participants for raising the supplementary bills for these years, further directing MSLDC to complete the activity by 31 January, 2020.
- 6.3 In addition to the above, the Commission had also held that carrying cost will be leviable for delayed recovery of variable and fixed charges for the entire past period (i.e. FY 2011-12 to FY 2017-18) with period for carrying cost calculation from the date of respective original weekly bills which have already been raised by MSLDC towards the imbalance pool settlement till the period the respective supplementary bills are raised by MSLDC.
- 6.4 If the Commission allows the prayer of MSLDC and extends the timelines for implementation of its Order, the Commission may consider and accordingly pass necessary directions that no interest cost should be made leviable for the supplementary bills for this delay. Since the delay in implementation of the Order is not on account of State Pool Participants, the carrying cost for the period of extension being sought, should accordingly not be levied on the State Pool Participants.
- 6.5 TPC-D had paid advance corpus of Rs. 49.38 Crores as on 7 December, 2018 to the UI Pool. Subsequently, the Petitioner paid an additional amount of Rs. 11.76 Crores as on 5 August, 2019. The Commission should pass necessary directions viz. accrual of interest towards this corpus amount from the respective dates of payment. The delay in implementation of the Order in Case No. 297 of 2018 is not on account of TPC-D, therefore, it would only be fair to allow accrual on interest on the amount paid by TPC-D.
- 6.6 TPC-D has no objection to the prayers sought by MSLDC, provided that the submissions made by TPC-D regarding no interest on the supplementary bills for the delay and accrued interest on corpus amount, are considered before passing any orders in the instant Petition.
- 6.7 The above submissions are without prejudice to TPC-D's submissions in its Appeal challenging the Order in Case No. 297 of 2018.

7. AEML-D's reply dated 27 April, 2020 stated as follows:

- 7.1 AEML-D has preferred an Appeal challenging the Commission's Order dated 21 January, 2020 in Case No. 312 of 2019 rejecting the review filed by AEML-D for review of Order in Case No. 297 of 2018.

- 7.2 AEML-D supports the present Petition as it will also enable the Hon'ble Appellate Tribunal for Electricity (ATE) to analyse the entire issue, before MSLDC moves to re-issue FBSM bills.
- 7.3 AEML-D acknowledges the practical issues and difficulties faced by MSLDC and supports the request for time extension sought by MSLDC. AEML-D further submits as follows:
- a. As submitted by MSLDC, the Power Exchange and CPP was were never part of MOD and the same is required to be considered based on the post facto basis as per directions of the Commission.
 - b. The existing software is old and complex, and therefore, considering the financial implications, it is required that all necessary precautions ought to be undertaken before effecting any changes, so that the same does not either result in any mistakes or affect other principles of billing / MOD operations, etc.
 - c. The entire exercise to issue revised FBSM bills requires a great amount of data preparation activities, which involve manual work to be undertaken by MSLDC before a bill is run through the software.
 - d. The volume of work involved is huge , which can be observed from the fact the exercise involves re-issuing weekly FBSM bills for around 350 weeks.
- 7.4 AEML-D does not agree with MSLDC's submissions that there will be no harm or prejudice which will be caused to Respondents, if extension sought by MSLDC is granted by the Commission. The Commission has directed MSLDC to issue the bills along with the carrying cost, hence any delay in issuance of the bills by MSLDC will unnecessarily increase the burden of carrying cost on AEML-D's consumers. As such, the Commission has to devise a methodology to address the said issue.
- 7.5 Considering the practical difficulties faced by MSLDC, the Commission may grant the suitable extension in timelines for issuing the revised FBSM bills. However, this has an impact on the consumers of AEML-D, and other Distribution Licensees, and therefore, in order to minimize the impact of carrying cost, there is a need to issue the provisional bills based on assessment, and the same may be paid to MSLDC pool such that the carrying cost liability will be reduced. Further the financial adjustments, if any will be undertaken based on the actual liability and the advance payments done.
- 7.6 The Commission is requested to direct MSLDC to raise bills expeditiously as soon as the software is updated, and in the meantime, MSLDC ought to issue the provisional bills for the said period which will be payable by all the SPP's as applicable.
8. **MSEDCL's reply dated 28 April, 2020 stated as follows:**
- 8.1 The approach of MSLDC regarding compliance of directives of the Commission is casual and it has not put necessary efforts and shown the necessary urgency for meeting the timeline as directed by the Commission.

- 8.2 MSLDC has neither developed internal resources for maintenance/ modification of the present software developed by M/s. L&T Ltd. nor has given Annual Maintenance Contract (AMC) for the same which is operational since 2011.
- 8.3 From the correspondence submitted in the Petition, it is observed that a simple email has been sent by MSLDC to the software developer and there is lack of effective follow up with the developer for completion of the work in stipulated timeframe.
- 8.4 MSLDC could have accelerated work of making necessary modification in software through M/s L&T Ltd. by engaging more resources. However, the same has not been done.
- 8.5 In the present era of fast-growing technology and availability of multiple options, MSLDC's approach towards strengthening of IT infrastructure/development of new software for settlement of UI bills is very lethargic. As a result of MSLDC's casual approach, MSEDCL is being deprived of its legitimate claim for the period from August 2011 till date.
- 8.6 Further the weekly FBSM bills from February 2018 onwards are also pending and not issued by MSLDC.
- 8.7 During the year 2018-19, there has been over-drawal of about 1080 MUs of MSEDCL's power. Further during the year 2019-20, there is over-drawal of around 181MUs from MSEDCL as per DSR report.
- 8.8 This delay in finalizing the FBSM settlement revised bills from FY 2011-12 to FY 2017-18 and issuing the bills for further period is resulting in huge financial implications of approximately Rs. 1000 Cr. on MSEDCL and MSEDCL is deprived of its legitimate claims to the tune of approximately Rs. 1000 Cr.
- 8.9 MSEDCL, in Case No. 297 of 2018 had requested the Commission to issue directives to MSLDC to prepare monthly state energy account report alongwith weekly FBSM bills. The Commission in its Order in Case No. 297 of 2018 has directed as follows:
- "110.....
The Commission directs SLDC to take full responsibility in timely execution of the work order. The issue raised by MSEDCL on preparation of monthly state energy accounts would require to be resolved in time bound manner by MSLDC."*
- 8.10 MSLDC has not completed this activity alongwith revision of weekly FBSM bills.
- 8.11 MSLDC has failed to perform its duty by not completing the task of re-computation of the WASMP of FBSM bills for the period from FY 2011-12 to FY 2017-18 after including the rate of power purchased from the Power Exchange and CPPs and recalculation of the imbalance pool settlement for the same period, as directed by the Commission in Case No. 297 of 2018.
- 8.12 MSLDC in the present Petition has requested the Commission to revise the timelines upto 31 July 2021 for complying with the aforesaid directions. It is understood that MSLDC has

worked out provisional working on recomputed WASMP after including the rate of power purchased from the Power Exchange and CPPs for the period from FY 2011-12 to FY 2017-18 and recalculated the imbalance pool settlement for FY 2011-12 to FY 2017-18.

- 8.13 In view of this, the Commission is requested to direct MSLDC to issue provisional FBSM bills for the period FY 2011-12 to FY 2017-18 as an interim arrangement till M/s L&T Ltd. develops the modified FBSM software so that incrementing utilities will get its legitimate claim as a time gap arrangement to reduce the financial burden to some extent.
- 8.14 As MSLDC has failed to comply with the directions issued by the Commission in Case No. 297 of 2018, the Commission is requested to initiate action under Section 142 of EA.
- 8.15 In view of the above, the Commission is requested:
- i. To disallow MSLDC's prayer seeking extension upto 31 July 2021 for complying with the Commission's directions in Case No. 297 of 2018.
 - ii. To direct MSLDC to issue provisional FBSM bills with recomputed WASMP for the period FY 2011-12 to FY 2017-18 as an interim arrangement.
 - iii. To direct MSLDC to include the activities of preparation of monthly state energy account in addition to FBSM software modification.
 - iv. To take action against MSLDC under the Section 142 of EA, for non-compliance of the Commission's Order in the present matter.

9. At the e-hearing through video conferencing, held on 29 May 2020:

- 9.1 Representative of MSLDC reiterated its submissions as made out in the Petition and stated that:
- a. M/s L&T Ltd. has developed software on 25 May, 2020 and final version of the Application has been handed over to MSLDC. MSLDC is in process of testing the Application.
 - b. As regards Fixed Cost Reconciliation (**FCR**) bills, it is submitted that MSLDC has already issued draft bill for FY 2014-15 to SPPs. The observations of SPPs on draft FCR bills have been received and same are being analyzed. MSLDC is most likely to issue the final FCR bill for FY 2014-15 in first week of June, 2020. As per the directions of the Commission in Case No. 297 of 2018, nine FCR bills would be required to be prepared and MSLDC will adhere to the timelines of 30 September, 2020 given by the Commission for issuing the FCR bills.
- 9.2 Representative of MSEDCL objected to the extension request of MSLDC and stated that:
- a. MSLDC ought to have undertaken the parallel activities, i.e. continuing the FBSM bills using old software and raising the differential FBSM bills for the past period.

- b. There would be an adverse financial impact on MSEDCL in case MSLDC's prayer is granted.
 - c. MSEDCL has already filed its Petition in Case No. 90 of 2020 seeking recovery of amount towards FBSM bills and the Commission, while deciding the present Petition, should take a holistic approach by considering the issues raised by MSEDCL in Case No. 90 of 2020.
- 9.3 Representative of TPC-D re-iterated its submissions as made out in the reply and stated that MSLDC needs to complete the exercise of raising the revised FBSM Bills on war footing.
- 9.4 Advocate for AEML-D stated that considering the quantum of work involved in raising bills for around 350 weeks, the Commission may take an appropriate view on the MSLDC's prayers. Further, considering the fact that financial implications are involved, there should not be any error during the process of computation and bills finalization.
- 9.5 Representative of BEST stated that SPPs should be given a reasonable period for verification of bills.
- 9.6 The Commission during hearing observed that MSLDC ought not to have stopped raising the regular FBSM bills from February, 2018 onwards and such bills could have been raised using existing software during the period in which it was coordinating with M/s. L&T Ltd. for software modification and M/s. L&T Ltd. was undertaking software modification. Post completion of software modification, MSLDC could have commenced the parallel activities i.e. raising the regular FBSM bills after incorporating CPP and Power Exchange rates and raising the differential FBSM bills for the past period from FY 2011-12 to FY 2017-18. This would have avoided the additional lag that has happened in FBSM billing. Upon a query raised by the Commission as to whether MSLDC can begin raising the FBSM bills using existing software in parallel to processing of revised FBSM bills on new software developed by L&T Ltd., representative of MSLDC confirmed that it was in a position to do so. The Commission directed MSLDC to submit its revised proposal within 3 days indicating the concrete plan for completion of regular FBSM Billing, raising of revised supplementary bills for the past period and raising the FCR bills rather than raising the generic difficulties as submitted in the present Petition.
10. **On 1 July, 2020, MSLDC submitted its revised plan in compliance of the Commission's Order in Case No. 297 of 2018 which is summarized as under:**
- 10.1 MSLDC has successfully tested the upgraded software and has deployed it to the production server for its use.
- 10.2 The upgraded software has the following advantages:
- i. Time for processing of reports/ bills has considerably reduced.
 - ii. User friendly/ newly designed formats of Reports.

- iii. Size of the reports has been reduced to 1/10th of the original size.
 - iv. Incorporation of IEX power in the calculation of WASMP
 - v. Incorporation of Captive Power calculation of WASMP
 - vi. The reports generated in new software for MSEDCL are matching with the generated FBSM bill.
- 10.3 MSLDC shall be generating weekly bills (with revised WASMP considering PX/CPP price) with this new software and it has prepared the following road map for completion of the task for compliance of the order.

Part I: Plan for preparation of Variable Charges bills in FBSM

- 10.4 Under this part, MSLDC is required to generate 136 weekly bills for the period from 26 February 2018 to 4 October, 2020 (i.e. upto expected commercial commencement of DSM Regulations). MSLDC would deploy four teams and it is expected that each team would generate six weekly bills per month. With this plan, 24 weekly bills would get generated per month and the Regular FBSM billing for the period from 26 February 2018 to 4 October, 2020 would get completed in the month of December, 2020.

Sr No.	Working period	Period for which VC bills will be generated				Total Bills
		Team-1	Team-2	Team-3	Team-4	
1	July 2020	26.02.2018 to 08.04.2018	09.04.2018 to 20.05.2018	21.05.2018 to 01.07.2018	02.07.2018 to 12.08.2018	24
2	August 2020	13.08.2018 to 23.09.2018	24.09.2018 to 04.11.2018	05.11.2018 to 16.12.2018	17.12.2018 to 27.01.2019	24
3	September 2020	28.01.2019 to 10.03.2019	11.03.2019 to 21.04.2019	22.04.2019 to 02.06.2019	03.06.2019 to 14.07.2019	24
4	October 2020	15.07.2019 to 25.08.2019	26.08.2019 to 06.10.2019	07.10.2019 to 17.11.2019	18.11.2019 to 29.12.2019	24
5	November 2020	30.12.2019 to 09.02.2020	10.02.2020 to 22.03.2020	23.03.2020 to 03.05.2020	04.05.2020 to 14.06.2020	24
6	December 2020	15.06.2020 to 12.07.2020	13.07.2020 to 09.08.2020	10.08.2020 to 06.09.2020	07.09.2020 to 04.10.2020	16
	TOTAL					136

Part II: - Plan for preparation of supplementary bills for Variable Charges for the past period from FY 2011-12 to FY 2017-18

- 10.5 After competition of first part, this activity would be undertaken. Under this part, MSLDC is required to generate 343 weekly bills for the period 1 August, 2011 to 25 February, 2018. Each team is expected to generate 9 weekly supplementary bills per month. With this plan, 36 weekly bills would get generated per month and the activity under this part would be completed by October 2021.

Sr No.	Working period	Period for which VC bills will be generated				Total Bills
		Team-1	Team-2	Team-3	Team-4	
1	January 2021	01.08.2011 to 02.10.2011	03.10.2011 to 04.12.2011	05.12.2011 to 05.02.2012	06.02.2012 to 08.04.2012	36
2	February 2021	09.04.2012 to 10.06.2012	11.06.2012 to 12.08.2012	13.08.2012 to 14.10.2012	15.10.2012 to 16.12.2012	36
3	March 2021	17.12.2012 to 17.02.2013	18.02.2013 to 21.04.2013	22.04.2013 to 23.06.2013	24.06.2013 to 25.08.2013	36
4	April 2021	26.08.2013 to 27.10.2013	28.10.2013 to 29.12.2013	30.12.2013 to 02.03.2014	03.03.2014 to 04.05.2014	36
5	May 2021	05.05.2014 to 06.07.2014	07.07.2014 to 07.08.2014	08.09.2014 to 09.11.2014	10.11.2014 to 11.01.2015	36
6	June 2021	12.01.2015 to 15.03.2015	16.03.2015 to 17.05.2015	18.05.2015 to 19.07.2015	20.07.2015 to 20.09.2015	36
7	July 2021	21.09.2015 to 22.11.2015	23.11.2015 to 24.01.2016	25.01.2016 to 27.03.2016	28.03.2016 to 29.05.2016	36
8	August 2021	30.05.2016 to 31.07.2016	01.08.2016 to 02.10.2016	03.10.2016 to 04.12.2016	05.12.2016 to 05.02.2017	36
9	September 2021	06.02.2017 to 09.04.2017	10.04.2017 to 11.06.2017	12.06.2017 to 13.08.2017	14.08.2017 to 15.10.2017	36
10	October 2021	16.10.2017 to 19.11.2017	20.11.2017 to 24.12.2018	25.12.2018 to 28.01.2018	29.01.2018 to 25.02.2018	19
	TOTAL					343

- 10.6 As regards FCR billing, Draft FCR bill for the Year 2014-15 has already been issued to all SPPs and final bill will be issued by the second week of July, 2020. Similarly, draft FCR bill for the Year 2012-13 will also be issued in First week of July 2020. All endeavors shall be made to issue FCR bills by September 2020 as per the date given by the Commission.

Commission's Analysis and Ruling:

11. The Commission, in its Order dated 26 September, 2019 in Case No. 297 of 2018 had directed MSLDC to raise the supplementary bills towards variable charges for imbalance pool settlement under FBSM for the past period from FY 2011-12 to FY 2017-18 by 31 January, 2020. In present Petition, MSLDC initially had sought extension upto 31 July, 2021 for compliance of the aforesaid direction. As per MSLDC, it could not comply with the directions of the Commission in stipulated timeframe and needed additional time as M/s. L&T Ltd. faced difficulty in modification of software. MSLDC stated that Lodestar, being a proprietary software on an uncommon platform, had its own limitation and no expertise are available for modification. MSLDC has further stated that there are nearly 35 manual activities to be run before bill preparation and it needs to prepare FBSM bills for approximate 350 Nos. of week and 136 regular post February 2018. Vide its submission dated 1 July, 2020, MSLDC has further revised the timeframe from 31 July, 2021 to 31 October, 2021 by covering the activity of raising the regular FBSM bills which are pending since week starting 26th February, 2018.
12. MSEDCL has objected to the present Petition and suggested that MSLDC may be directed to issue provisional FBSM bills with recomputed WASMP for the period FY 2011-12 to FY 2017-18 as an interim arrangement which would provide relief to the incrementing SPP.
13. BEST and TPC-D have stated that there would be an impact of additional carrying cost on their consumers, if the extension as proposed by MSLDC is allowed by the Commission. They have suggested that the carrying cost till the original timelines only (i.e. 31 January 2020 as stipulated in Case No. 297 of 2018) should be allowed and there should not be any carrying cost for extended timeframe.
14. AEML-D supported extension request made by MSLDC and stated that the revised provisional bills, if raised by MSLDC, would reduce the burden of additional carrying cost on the consumers.
15. The Commission notes that MSLDC has filed present Petition seeking the extension of timeframe of 31 January, 2020 for raising the supplementary bills for the past years from FY 2011-12 to FY 2017-18. However, the Petition has been filed only on 25 February 2020 i.e. almost four weeks after the expiry of stipulated timeframe. MSLDC should have approached the Commission well before the completion of stipulated timeframe. The Commission expects a more responsible approach from MSLDC which is a statutory body incorporated under EA.
16. Based on chronology of event as observed from the annexures submitted alongwith the Petition, it is seen that considerable time has been lost in communication and co-ordination with M/s. L&T Ltd. and also in decision making from MSLDC. During this period and the period when software was being modified by M/s. L&T Ltd., MSLDC could have continued generating regular FBSM bills using the existing software instead of stopping the same.

MSLDC could have approached the Commission in case of any interpretation issue faced by it. On account of delay on part of MSLDC in compliance of the Commission's Order in Case No. 297 of 2018 in raising the supplementary bills for variable charges for past period and on account of discontinuation in raising of regular FBSM bills, MSEDCL had to raise the issue again by filing a Petition seeking compliance of the Commission's Order in Case No. 297 of 2018 and seeking provisional recovery of FBSM amount.

17. Now as per MSLDC's submission dated 1 July, 2020, it is seen that MSLDC has tested the upgraded software and has deployed it to the production server for its use. However, in spite of readiness of upgraded software, MSLDC has envisaged a timeframe till October 2021 to complete the FBSM billing as against its earlier own timeframe of July 2021 as envisaged at the time of Petition filing. This might be on account of the fact that the timeframe of July 2021 envisaged earlier, did not include the completion of regular FBSM billing and this timeframe was solely for compliance of the Commission's directions in Case No. 297 of 2018 for raising supplementary bills for past period. Now, MSLDC has prepared a comprehensive plan which covers clearing the backlog of regular FBSM billing as well, wherein presently, there is a lag of around 18 months.
18. The Commission is of the view that FBSM billing has to be completed by MSLDC at the earliest since billing under DSM regime would commence in the month of October, 2020. Further, delay in completion of FBSM billing has an impact of consumers due to additional carrying cost for extended timeframe. Hence, the Commission deems it fit to direct MSLDC to complete the FBSM billing activity i.e. raising of supplementary bills for the past period from FY 2011-12 to FY 2017-18 and raising the regular FBSM bills (which are pending from February, 2018) by 31 March, 2021. The FCR billing shall be completed by MSLDC as per timeframe given by the Commission in Case No. 297 of 2018 i.e. before 30 September 2020.
19. The Commission has notified MERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2019 on 1 March, 2019 with its commercial implementation planned for commencement from 1 April, 2020 (which is now extended to 5 October, 2020). In order to facilitate, guide the implementation, address difficulties, if any, and to monitor progress of several implementation activities, the Commission has constituted Working Group for DSM implementation on 7 January, 2019. This Working Group is closely monitoring the progress of preparatory activities involved in DSM implementation and guiding MSLDC which is an implementation agency for DSM Regulations, regularly.
20. While the Commission acknowledges the difficulties faced by MSLDC in completing the FBSM billing, the Commission is extremely concerned about the delay in completing the FBSM billing and also about the repeated extensions sought by MSLDC for complying with the Orders of the Commission. Thus, though the Primary responsibility of Completion of Billing under FBSM continues to be of MSLDC, the Commission deems it necessary to direct that DSM Working Group should extend necessary support to MSLDC by co-

ordinating with the concerned officials of MSLDC and also guiding them for timely completion of the task of FBSM billing (Regular FBSM bills, supplementary bills for the past period and FCR bills) as well. The Working Group is directed to take periodic review of the progress achieved by MSLDC and may invite representatives of SPPs such as MSEDCL, BEST, TPC-D, AEML-D, etc. whenever needed as an additional support to MSLDC. The Working Group is also authorized for necessary intervention if requested by MSLDC. The Commission may be apprised about the progress on quarterly basis.

21. As highlighted by the respondents, there would be an impact of additional carrying on the consumers due to the delay on MSLDC's part. At present, there is no clarity as to what might be the additional carrying cost for the delayed period. However, as suggested by MSEDCL and AEML-D, this burden may be minimized to some extent if the provisional bills are raised by MSLDC. Further, MSEDCL has sought direction to MSLDC for issuance of provisional FBSM bills as an interim arrangement. The Commission notes that there is a separate Petition in Case No. 90 of 2020 filed by MSEDCL seeking recovery of amount towards FBSM bills. Hence, the Commission is not inclined to issue any direction to MSLDC regarding the provisional billing. The Commission would take an appropriate view in Case No. 90 of 2020 after taking into consideration the relevant submissions of the Parties therein.

ORDER

- 1. The Case No. 59 of 2020 is partly allowed.**
- 2. Maharashtra State Load Dispatch Centre is directed to complete the Final Balancing Settlement Mechanism (FBSM) billing activity i.e. raising of supplementary bills for the past period from FY 2011-12 to FY 2017-18 and raising the regular FBSM bills (which are pending since February, 2018) by 31 March, 2021. The Fixed Cost Reconciliation billing shall be completed by Maharashtra State Load Dispatch Centre as per timeframe given by the Commission in Case No. 297 of 2018 i.e. before 30 September 2020.**
- 3. The DSM Working Group constituted by the Commission on 7 January, 2019 is directed to guide Maharashtra State Load Dispatch Centre for completion of the task of FBSM billing (Regular FBSM bills, supplementary bills for the past period and Fixed Cost Reconciliation bills). The Working Group should take a periodic review of the progress achieved by Maharashtra State Load Dispatch Centre.**

Sd/-
(Mukesh Khullar)
Member

Sd/-
(I. M. Bohari)
Member

