

4. **TPC-D in its Petition has stated as follows:**

- 4.1. TPC -D is taking periodical review of its demand supply position. During the review for summer months (April'23 to June'23), it was observed that there would be shortage of power available from the tied-up sources in the range of 50 MW to 150 MW.
- 4.2. Therefore, to meet the demand shortfall and ensure sufficient power availability, TPC-D floated a tender for power purchase on short term basis through tariff based competitive bidding process. The bidding was carried out in line with the tariff order of the Commission and guidelines for short term power procurement notified by the Ministry of Power vide Resolution dated 30th March 2016 & subsequent amendments thereof, through Discovery of Efficient Electricity Price (DEEP) portal of MSTC.
- 4.3. The RfP document (Request for proposal) was uploaded on DEEP Portal on 23 December, 2022 and Notice inviting tenders were published in leading newspapers on 26 December, 2022.
- 4.4. Dhariwal Infrastructure Limited (DIL) and Tata Power Trading Company Limited (TPTCL) participated in the said bidding process and offered the quantum and rates shown in the table below-

Sr No	Bidder	Month	Quantity	Price
			MW	Rs/kWh
1	Dhariwal Infrastructure Limited	From 01.04.2023 0:00 to 30.04.2023 18:00	50	10.25
	Tata Power Trading Co. Limited		25	12.44
2	Dhariwal Infrastructure Limited	From 01.04.2023 18:00 to 30.04.2023 22:00	63	11.98
	Tata Power Trading Co. Limited		100	12.96
3	Dhariwal Infrastructure Limited	From 01.05.2023 0:00 to 30.05.2023 18:00	50	10.25
	Tata Power Trading Co. Limited		25	12.44
4	Dhariwal Infrastructure Limited	From 01.05.2023 18:00 to 30.05.2023 22:00	63	11.98
	Tata Power Trading Co. Limited		100	12.96
5	Dhariwal Infrastructure Limited	From 01.06.2023 0:00 to 30.06.2023 18:00	50	9.75
	Tata Power Trading Co. Limited		25	12.44
6	Dhariwal Infrastructure Limited	From 01.05.2023 18:00 to 30.05.2023 22:00	63	10.98
	Tata Power Trading Co. Limited		100	12.96

- 4.5. As the rates discovered through the said competitive bidding process were higher than the prevailing rates in the market, TPC-D requested all the bidders to submit revised offers. TPTCL refused to revise the rates while DIL offered the revised rates as below:

Month	April 2023		May 2023		June 2023	
Timing	00:00 to 18:00 Hrs	18:00 to 22:00 Hrs	00:00 to 18:00 Hrs	18:00 to 22:00 Hrs	00:00 to 18:00 Hrs	18:00 to 22:00 Hrs
Dhariwal Infrastructure Limited Quantum in MW	50	63	50	63	50	63
Quoted Tariff in E-RA	10.25	11.98	10.25	11.98	9.75	10.98
Dhariwal Infrastructure Limited Revised Offer	6.75	11.25	6.75	11.25	6.60	9.90

- 4.6. Recently discovered rates for short term power procurement is compared with the above negotiated rates. Comparison of negotiated rates of TPC -D and other discovered tariff is tabulated below:

Sr No	Utility	Period	Duration (Hrs.)	Rate Rs PU
1	Torrent Power Limited	Apr-23	RTC	9.00
2	Torrent Power Limited	May-23	RTC	9.00
3	GUVNL	Apr-23	RTC	8.73
4	GUVNL	May-23	RTC	8.72
5	GUVNL	June-23	RTC	8.11
6	APPCC	Apr-23	RTC	9.55
7	APPCC	May-23	RTC	9.55
8	BEST	Apr23 - June 23	RTC	7.85
9	TPDDL	Apr-23	RTC	9.49
10	TPDDL	May-23	RTC	10.23
11	TPDDL	1 to 15 June 23	RTC	9.97
12	TPDDL	16 to 30 June 23	RTC	8.09

- 4.7. Further, TPC-D had invited another tender to meet the assessed demand during April 2023 to February 2024 for the balance quantum to meet the demand in its area of supply. Only one bidder has responded through reverse auction for the period from April 2023 to June 2023, with the rate Rs. 14 per unit. It is observed that the discovered rate in this process is even higher than the discovered rate in the earlier bidding process. In view of above, TPC- D is not inclined to issue LOI to the bidder. Any shortfall or deficit in the demand over and above the earlier issued LOI through short term may be procured in real time market (IEX).
- 4.8. TPC-D has followed the process as stipulated by the Commission for procurement of short-term power. To ensure power availability for the month from April 2023 to June 2023, TPC-D intends to procure the power under short-term considering the weighted average rates for April 2023 to June 2023 (Rs 7.60 per unit) offered, after the negotiation are in line with the recently discovered short term rates by other entities. Accordingly, TPC-D proposes to procure the power from DIL for April 2023 to June 2023.
- 4.9. As per Regulation 22 of Multi Year Tariff Regulations, 2019, the Distribution Licensee may undertake additional power procurement during the year, over and above the power procurement plan for the Control Period approved by the Commission.
- 4.10. Since the rates determined through competitive bidding for short term power purchase are more than the rate considered by the Commission while approving the short-term power procurement in the TPC-D MYT order in Case No. 326 of 2019, TPC-D has approached the Commission for the adoption of the weighted average tariff of Rs. 7.60 per unit from April 2023 to June 2023.
- 4.11. Accordingly, it is requested to approve this power purchase at the rate determined through the competitive bidding, to meet the demand of TPC-D during high demand period in the specific time blocks of shortage during April 2023 to June 2023.
- 5. At the E-hearing held on 8 May 2023:**
- 5.1. TPC-D briefly gave overview of the Petition and stated that as the rate discovered through competitive bidding for short term power procurement for the period from April, 2023 to June, 2023 is more than the rate approved by the Commission in TPC-D's MYT Tariff Order, TPC-D has approached the Commission for adoption of Tariff. TPC-D clarified that the power under the bid already started flowing from the month of April

2023.

- 5.2. During the pendency of present Petition, the Commission has passed MTR Order dated 31 March 2023 approving revised power purchase expenses for FY 2023-24 and FY 2024-25. Therefore, TPC-D was asked to justify the following.
 - a. Justification for Short Term Power Procurement after considering power purchase plan approved in MTR Order dated 31 March, 2023.
 - b. Justification of proposed cost after considering relatively cheaper approved cost of TPC-G Units. Whether TPC- G units are fully utilized before opting for Short Term Power Purchase.
 - c. When comparatively cheaper power is available on power exchanges, TPC- D needs to justify such costly short-term power procurement.

6. TPC-D in its additional submission dated 9 May 2023 has stated as follows:

- 6.1. Generally, in the month of April, May and June the demand of power is at its peak being the summer season. Accordingly, TPC-D has to plan its power procurement to meet the increased demand. The estimated average peak demand for TPC-D for April 2023, May 2023 & June 2023 is 839 MW, 875 MW and 835 MW respectively. While arriving at the power requirement which was an exercise done in December, 2022, TPC-D had to consider the entire tied up capacity from TPC-G and other long term tied up sources so as to meet the high demand. However, there was still a shortage of around 50 to 150 MW expected for the period April to June, 2023. In view of this, to meet the demand and ensure uninterrupted power availability for its consumers, TPC-D had issued the RfP (Request for proposal) for short term power purchase for April 2023 to June 2023, on 23 December, 2022. It may be pertinent to note here that the actual average demand for April, 2023 was 858 MW.
- 6.2. In justification to the utilisation of power from TPC-G, TPC-D submitted that the requirement of short-term power was arrived at after considering the entire tied up capacity and the procurement was carried out following the MoD principles. In addition, due to the prevailing weather conditions in the month of April, 2023 leading to lower temperatures, the power exchange rates did not go up as was expected. In view of the same, TPC-D optimised its power procurement by maximising its procurement from exchanges at lower rates and has procured 95.21 MU during the month of April through exchange at an average rate of Rs. 4.78 per unit. Further, the off take from this short-term capacity was reduced to 27.7 MU at actual rate of Rs. 7.53 per unit based on MoD & revisions as against the purchase of around 35 MU with 85% availability which the successful bidder was committed to provide to TPC-D.
- 6.3. In justification for costly short term power procurement as against cheaper power availability on power exchanges, TPC-D submitted that based on the past experience, it has been observed that the rates in the exchange go significantly high during the period of April to June, 2023 due to peak demand attributable to the onset of summer. During last year the exchange rates were as reached the capped rate of Rs. 20 per unit during 1st

week of April-22. Further, despite such high rates, there is no guarantee that the power would be available in the exchanges to meet the requirement of TPC-D. Hence, as a prudent utility to ensure 24 x 7 power supply to the consumers, TPC-D has been tying up short term power to ensure that there is no shortfall of power in meeting the demand.

- 6.4. Further, although the demand in the country fell, TPC-D's actual demand was higher than what it had estimated to arrive at the short-term requirement prior to issuance of the aforementioned RfP in December, 2022. Hence, during some periods, even after taking entire power available from long term tie ups (including Tata Power-G) and cheaper power from exchanges, offtake from the short term tied up capacity was still required and procurement of around 27.7 MU was done from the successful bidder to meet the increase in demand. The actual power purchase cost of TPC-D for the month of April, 2023 is lower than that approved by the Commission in the MTR Order in Case No. 225 of 2022.
- 6.5. Market rates depend on uncontrollable factors like weather, coal position etc. Therefore, as a prudent utility, TPC-D cannot depend entirely on purchase through exchange in high demand summer months, as even during the month of April, 2023, the exchange rates remained at ceiling price for 10 to 15 hours of the day during 2nd & 3rd week. Also, when demands go up, it is experienced that only partial purchase bids get cleared in the day ahead & real time market due to less availability & higher demand. It is estimated that post 15 May, 2023, normal summer weather will prevail and the demand is expected to rise. During this time this tied up power which would meet around 50-60% of the shortage would be essential from the quantum perspective, as well as from the perspective of rates going higher in the power exchanges.

Commission's Analysis and Rulings:

7. TPC-D has filed the present Petition for adoption of tariff discovered through competitive bidding for short term power procurement for the period from April, 2023 to June, 2023 under Section 63 read with Section 86 (1) (b) of EA, 2003.
8. TPC-D in its Petition has cited the Commission's ruling in MYT Order which stipulates that if tariff discovered through competitive bidding is higher than blanket rate approved in tariff Order, then TPC-D needs to approach the Commission for adoption of such tariff. In present Petition, tariff discovered is Rs 7.60 per unit which is over and above the rate of Rs 3.56 per unit as approved in MYT Order for short term procurement and hence TPC-D has requested for adoption of tariff.
9. TPC-D has filed the Petition on 20 March, 2023 when MYT Tariff Order was in place. During pendency of present Petition, the Commission has already issued MTR Order in case of TPC-D in Case No 225 of 2022 dated 31 March, 2023 wherein the Commission has approved the power procurement plan as below: -

Source	FY 23-24		FY 24-25	
	Quantum (MU)	Tariff (Rs/kWh)	Quantum (MU)	Tariff (Rs/kWh)
TPC-G	3369.94	7.38	3376.7	7.4
Non solar+ solar	1346.21	3.22	1333.24	3.22
Additional RE	700	4.9		

Source	FY 23-24		FY 24-25	
	Quantum (MU)	Tariff (Rs/kWh)	Quantum (MU)	Tariff (Rs/kWh)
Bilateral PP	365.25	5.13	1342.02	5.13
Total	5781.4	6.63	5959.03	6.69

10. Accordingly, at the time of hearing, the Commission asked TPC-D whether it has utilised all its sources approved in the MTR Order for projecting the shortfall in demand for April 2023 to June 2023 and whether TPC-D has considered availability of cheaper power in the power exchanges in comparison with the proposed short term power procurement. In reply, TPC-D submitted that it has considered all its tied-up sources to its full capacity while projecting the demand and to ensure the continuity of supply in meeting demand on the background of no guarantee of actual realisation of power demand on power exchanges, it has floated the tender on DEEP portal. TPC-D further submitted that considering the low rates on the power exchanges, TPC-D by optimising its power procurement by maximising its procurement from exchanges has procured 95.21 MU during the month of April, 2023 at an average rate of Rs. 4.78 per unit and the offtake from this short-term capacity was reduced to 27.7 MU at actual rate of Rs. 7.53 per unit based on MoD & revisions as against the purchase of around 35 MUs with 85%.
11. Considering the submissions made in the matter, the Commission frames following issues for its considerations:
- a. Provisions under which Short Term Power procurement of Distribution Licensee requires approval of the Commission.
 - b. Whether the quantum of additional short term power procurement proposed by TPC-D is justified?
 - c. Whether the discovered tariff is consistent with the market trend?

The Commission is addressing these issues in following paragraphs.

12. Issue A: - Provisions under which Short Term Power procurement of Distribution Licensee requires approval of the Commission.

- 12.1. The Commission notes that MERC MYT Regulations, 2019 which is applicable for control period of FY 2020-21 to FY 2024-25, has following provisions related to the additional power procurement by Distribution Licensee

“ 22.1 The Distribution Licensee may undertake additional power procurement during the year, over and above the power procurement plan for the Control Period approved by the Commission, in accordance with this Regulation.

22.2 Where there has been an unanticipated increase in the demand for electricity or a shortfall or failure in the supply of electricity from any approved source of supply during the Year or when the sourcing of power from existing tied-up sources becomes costlier than other available alternative sources, the Distribution Licensee may enter into additional agreement or arrangement for procurement of

power.

22.3 Any variation, during the first or second block of six months of a Year, in the quantum or cost of power procured, including from a source other than a previously approved source, that is expected to be in excess of five per cent of that approved by the Commission, shall require its prior approval:

Provided that the five per cent limit shall not apply to variation in the cost of power procured on account of changes in the price of fuel for own generation or the fixed or variable cost of power purchase that is allowed to be recovered in accordance with Regulation 10.”

Thus, in cases where there is an anticipated shortfall in fulfilling the demand and for optimising the power purchase cost, Licensee can procure additional power subject to the variation of excess of five percent in the quantum or cost of power procured during the first or second block of six months of a Year from the sources other than those approved by the Commission.

12.2. Ministry of Power’s Guidelines dated 30 March, 2016 notified under Section 63 of the Electricity Act 2003 for short-term procurement of power by Distribution Licensees through tariff-based bidding process stipulate as follows:

“ 11.4 If the quantum of power procured and tariff determined are within the blanket approval granted by the Appropriate Commission in Annual Revenue Requirement (ARR) of the respective year, then the same will be considered to have been adopted by the Appropriate Commission.

In all other cases, the Procurer(s) shall submit a petition to the Appropriate Commission for adoption of tariff within 2 days from the date of signing of PPA. Appropriate Commission should communicate the decision within 7 days from the date of submission of petition.”

Thus, if the quantum of power procured and the tariff determined are not within the blanket approval specified by the Commission in ARR/ Tariff Order, Distribution Licensee needs to approach the Commission for approval of the additional power procurement and to adopt the tariff discovered through competitive bidding process.

12.3. The Commission in its MYT Tariff Order of TPC-D in Case No 326 of 2019 dated 30 March, 2020 has approved the short term power purchase stating as follows:-

“The Commission has considered the power purchase from TPC-G and RE sources as detailed in the earlier paragraphs, and the remaining requirement has been considered from short-term sources. The Commission has taken procurement from short-term sources at Rs. 3.56per unit, as approved in the provisional truing-up of FY 2019-20.

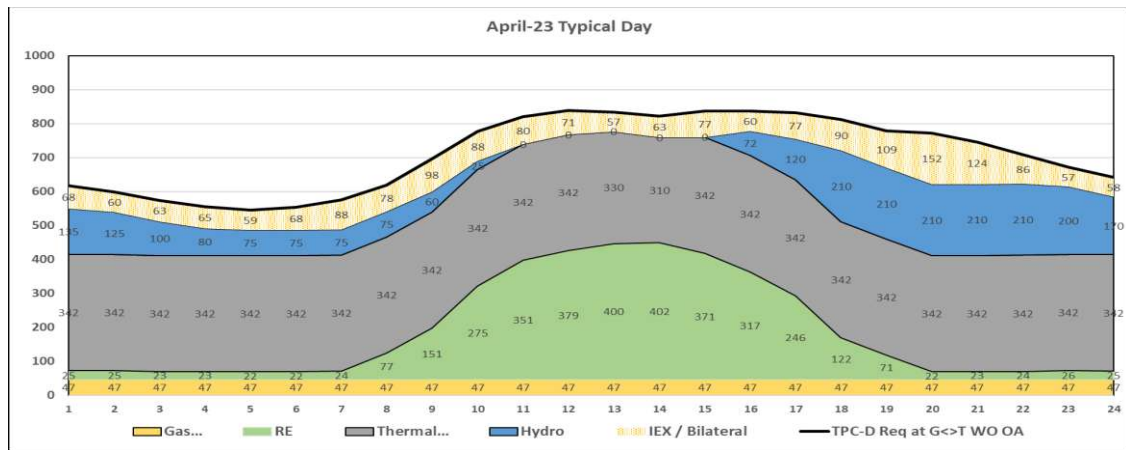
Vide Resolution dated 30 March, 2016, the MoP has issued Guidelines for short-term power procurement (beyond the stipulated minimum period) by Distribution

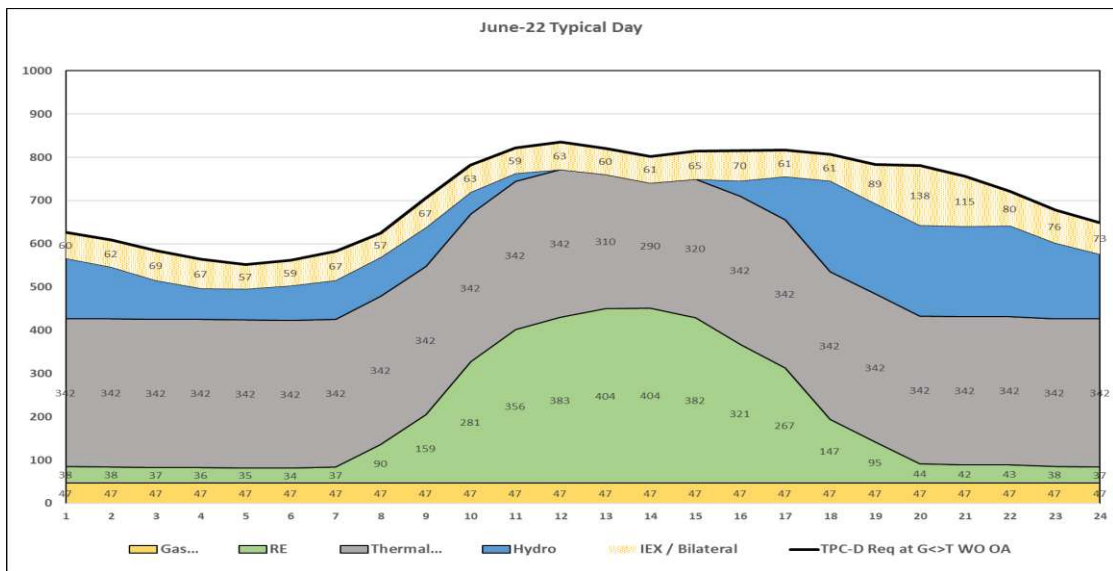
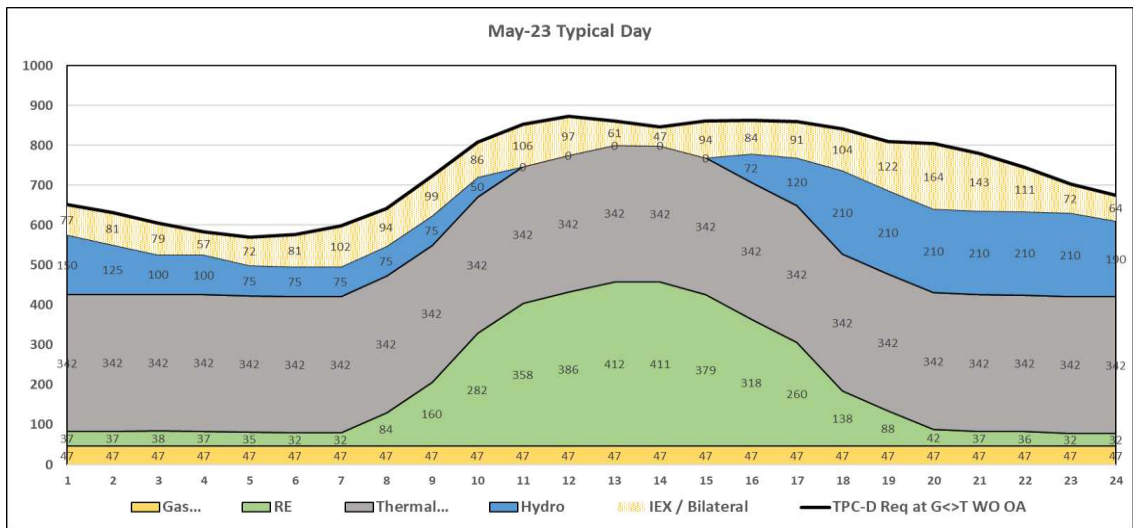
Licenses through tariff-based bidding under Section 63 of the Electricity Act, 2003. In accordance with the Guidelines, TPC-D should procure all future short-term power only through the e-bidding portal. In accordance with the Guidelines, if the power procured and the Tariff determined are within the above blanket approval given by the Commission in the ARR of the respective years, it will be considered to have been adopted by the Commission. In all other cases, TPC-D shall submit a Petition to the Commission for adoption of tariff as required under the Guidelines.

- 12.4. The Commission in MTR Tariff Order of TPC-D in Case No 225 of 2022 has approved the short-term power purchase rate of Rs 5.13 per unit and further directed TPC-D, similar to MYT Order, to approach the Commission for adoption of tariff if the rate discovered through competitive bidding for short term power procurement is over and above the blanket approval as approved in MTR Order.
- 12.5. In the present case as the discovered and further negotiated rate is Rs 7.60 per unit is higher than the rate of Rs 5.13 per unit approved in MTR Order, it fulfils the criteria specified in MYT Regulations, 2019 and in the MoP Guidelines dated 30 March, 2016. Hence, prior approval of the Commission is required for the proposed short term power procurement by TPC-D.

13. Issue B: - Whether the quantum of short-term power procurement proposed by TPC-D for the period from April 2023 to June, 2023 is justified?

13.1. The Commission notes that TPC-D has projected demand-supply curve for typical day of April, May and June 2023 to justify additional short term power procurement:





13.2. As can be seen from above, TPC-D has considered all contracted sources for meeting projected demand. TPC-G thermal sources has been considered at around 85% of contracted capacity. Due to issue in availability of Gas, TPC-G’s gas capacity has been considered as 47 MW as against contracted share of 88 MW. Energy available from contracted RE sources has also been considered in above projections. Based on above, TPC-D has to procure 50 to 100 MW of short-term power to meet its projected demand.

13.3. TPC-D in its additional submission has also reiterated that it has considered all its tied-up sources to its full capacity while projecting the demand-supply scenario and arriving at requirement of short-term power supply. The Commission also note that in its MTR Order, the Commission has allowed 365 MU from bilateral sources and 700 MU from additional RE sources for FY 2023-24. This 1065 MU (365+700) is to be procured on short term basis. Around 140 MW generating capacity at 85% PLF needs to be contracted to supply such energy of 1065 MU.

13.4. Considering above, the Commission notes that quantum of short-term power

procurement i.e. 50 to 100 MW proposed by TPC-D is justified.

14. Issue C: - Whether the discovered tariff is consistent with the market trend?

14.1. The Commission notes that TPC-D has undertaken the short-term power procurement as per the competitive guidelines of MoP dated 30 March, 2016 by floating bid on DEEP portal on 23 December, 2022 and by publishing the advertisement in Indian Express and Financial Express and Loksatta dated 26 December, 2022.

14.2. Two bidders have participated in E- reverse Auction process and tariff in the range of Rs. 9.75 to 12.96 per unit was discovered. As discovered tariff was on higher side, TPC-D requested bidders to submit revised offer. To which only one bidder has responded as follows:

Month	April 2023		May 2023		June 2023	
Timing	00:00 to 18:00 Hrs	18:00 to 22:00 Hrs	00:00 to 18:00 Hrs	18:00 to 22:00 Hrs	00:00 to 18:00 Hrs	18:00 to 22:00 Hrs
Dhariwal Infrastructure Limited Quantum in MW	50	63	50	63	50	63
Quoted Tariff in E-RA	10.25	11.98	10.25	11.98	9.75	10.98
Dhariwal Infrastructure Limited Revised Offer	6.75	11.25	6.75	11.25	6.60	9.90

Weighted Average Tariff of above period is Rs. 7.60 per unit and TPC-D requested the Commission to adopt the same.

14.3. The Commission notes that it has recently adopted tariff of the other distribution licensees in Maharashtra as follows:

Sr No	Particulars	Period	Quantum in MW	Average tariff (Rs per unit)
1	BEST Undertaking (Case No 37 of 2023 dated 31 March, 2023)	01.04.2023 to 31.03.2024	50-100 MW	7.46
2	BEST Undertaking (Case No 44 of 2023 dated 28 April, 2023)	01.04.2023 to 30.04.2023	75 MW	10.02

Further, the Commission has referred to recent discovered tariff on DEEP Portal by Distribution Licensees in Maharashtra and same is tabulated below:

Sr No	Particulars	Period	Availability	Quantum of Power in MW	Discovered rate in Rs/ kWh
1	TPC-D	1.4.2023 to 30.04.2023	RTC	50 MW	14
		1.05.2023 to 31.05.2023	RTC	50 MW	14
		1.06.2023 to 15.06.2023	RTC	50 MW	14
2	BEST	10.4.2023 to 30.04.2023	RTC	25MW	8.64
		1.05.2023 to 31.05.2023	RTC	25 MW	8.64
		1.06.2023 to 15.06.2023	RTC	25 MW	8.64
3	KRC DISCOMs	1.05.2023 to 31.05.2023	8:00 to 22:00 Hrs	8 MW	8.75
		1.06.2023 to 30.06.2023		5 MW	9.25
		1.08.2023 to 31.08.2023		4 MW	9
		1.09.2023 to 30.09.2023			
		1.10.2023 to 31.10.2023			

Considering above rates being discovered on DEEP Portal, rates discovered and further

negotiated by TPC-D seems to be reflective of rate on DEEP Portal.

- 14.4. The Commission also notes that procurement of power from power exchanges is also an option for meeting short term demand. Also, rate during daytime (10 to 17 hours) on IEX is consistently below Rs 4 per unit for last few months. Hence, the Commission has asked TPC-D to evaluate option of procuring cheaper power from exchange. In reply, TPC-D stated that it has been utilising cheaper power available on power exchange by reducing quantum of short term power to the permissible level (85%). The Commission notes that TPC-D's power procurement is in two time slots i.e. from 00:00 to 18:00 Hrs and from 18:00 to 22:00 Hrs. During these time slots, although daytime rate of IEX is below Rs 4 per unit but during rest of the period, including night period rate of power exchanges have reached upto ceiling level of Rs 10 per unit. Under such circumstances, there is no guarantee of clearing full bid quantity on exchange. Hence, for ensuring reliable and continuous supply to its consumers TPC-D has entered into short term contract for the period of April to June 2023. The Commission notes that April 2023 has already been over and as submitted by TPC-D, it has scheduled the power from short term sources during that month but by optimising it against cheaper power available on exchange and effective rate for the month of April 2023 is Rs. 7.53 per unit. Considering such justification, the Commission is inclined to allow such short-term power procurement.
- 14.5. Section 63 of the EA, 2003 mandates the Commission to adopt the tariff if such tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government. The Commission notes that TPC-D has followed the procedure stipulated under the competitive bidding guidelines dated 30 January, 2019.
- 14.6. Accordingly, the Commission adopts following Power Procurement tariff for TPC-D for the month of April 2023 as post facto and for the month of May and June, 2023 as follows:

Month	April 2023		May 2023		June 2023	
Timing	00:00 to 18:00 Hrs	18:00 to 22:00 Hrs	00:00 to 18:00 Hrs	18:00 to 22:00 Hrs	00:00 to 18:00 Hrs	18:00 to 22:00 Hrs
Dhariwal Infrastructure Limited Quantum in MW	50	63	50	63	50	63
Quoted Tariff in E-RA	10.25	11.98	10.25	11.98	9.75	10.98
Dhariwal Infrastructure Limited Revised Offer	6.75	11.25	6.75	11.25	6.60	9.90

15. Further the weighted tariff discovered through competitive bidding in present Petition i.e Rs 7.60 per unit shall act as ceiling tariff for procurement of short-term power through competitive bidding process for FY 2023-24. Any tariff discovered below such ceiling shall be considered as deemed adopted as per provisions of competitive bidding guidelines notified by the Central Government for short-term power procurement.
16. Hence the following Order:

ORDER

1. The Case No. 53 of 2023 is allowed. IA 28 of 2023 is also disposed of.
2. The Commission adopts short term power procurement proposal of The Tata Power Company Limited (Distribution) for the months of April 2023 to June 2023 as stated in Para 14.6 above, under Section 63 of the Electricity Act, 2003.
3. The Tata Power Company Limited (Distribution), to submit copies of Final PPAs to the Commission, for records.

Sd/-
(Mukesh Khullar)
Member

Sd/-
(I. M. Bohari)
Member

Sd/-
(Sanjay Kumar)
Chairperson


(Dr. Rajendra Ambekar)
I/c Secretary

