

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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Case No. 137 of 2024

Petition of SEZ Bio-Tech Services Pvt Ltd -Manjari SEZ and SEZ Bio-Tech services Pvt Ltd -Hadapsar SEZ seeking approval for power purchase plan and for undertaking combined power purchase and for procuring Round the Clock (RTC) power on long-term basis for the period from FY 2025-26 to FY 2044-45.

Coram

Sanjay Kumar, Chairperson
Anand M. Limaye, Member
Surendra J. Biyani, Member

SEZ Bio-tech Services Pvt. Ltd. – Manjari SEZ

... Petitioners

SEZ Bio-tech Services Pvt. Ltd. – Hadapsar SEZ

Appearance

For the Petitioner:

: Shri. Palaniappan Meyappan (rep)
: Shri. Vikram Yermalkar (rep)

ORDER

Date: 22 January 2025

1. Petitioners, M/s. SEZ Bio-Tech Services Pvt. Ltd. – Manjari SEZ and M/s SEZ Bio-Tech Services Pvt. Ltd. - Hadapsar SEZ, [Jointly referred as “the Petitioners”], have filed the Petition being Case No. 137 of 2024 on 20 August 2024 under Section 86 (1) (b) for approval of combined power purchase plan and for undertaking combined power purchase and for procuring Round the Clock (RTC) power on long-term basis for the period from FY 2025-26 to FY 2044-45.

2. Petitioner’s prayers are as under:

- a) *Approve the Plan for Combined Power Purchase for both SEZ’s of SEZ Bio-Tech for the period from FY 2025-26 to FY 2045-46;*

- b) Approve long-term power procurement plan of of 25 MW (14 MW for Hadapsar SEZ and 11 MW for Manjari SEZ) on Round the Clock (RTC).
- c) Kindly approve the initiation of the long-term tender process of 25 MW (14 MW for Hadapsar SEZ and 11 MW for Manjari SEZ) on Round the Clock (RTC).
- d) Condone any inadvertent omissions/errors/shortcomings and permit the Petitioners to add/change/modify/alter this filing and make further submissions as may be required at a further date;
- e) Pass such Orders as the Hon'ble Commission may deem fit in the facts of the present case.

3. Facts of the Petition are summarized as under:

3.1. Petitioners, M/s. SEZ Bio-Tech Services Pvt. Ltd. is a deemed Distribution Licensee in the area of Manjari SEZ and Hadapsar SEZ. Details of the same are as below:

	Area	Sector
Manjari SEZ	11.50675 Hectares	Biotechnology Park
Hadapsar SEZ	12.4136 Hectares	Biotech and Pharmaceuticals

3.2. The Commission vide its Common Order dated 8 December 2023 passed in Case No. 179 of 2023 and Case No. 180 of 2023 has taken on record the status of Petitioners as the deemed Distribution Licensee under Section 14 of the Electricity Act, 2003.

3.3. Power Procurement Plan

3.3.1. Following table showing the estimated power demand and the occupancy levels in the respective License Areas:

SEZ	Current Occupancy in %	Current Loading in MW (BASE + PEAK)
Manjari SEZ	70%	12 MW
Hadapsar SEZ	100%	17 MW

3.3.2. Projected Load for FY 2025-26 to FY 2044-45 has been estimated as below:

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30 to FY 2044-45
Manjari SEZ					
Base Load in MW	15 MW	16 MW	16 MW	18 MW	19 MW
Peak Load in MW	4 MW	5 MW	5 MW	5 MW	6 MW
Total Load in MW	19 MW	21 MW	21 MW	23 MW	25 MW
Hadapsar SEZ					
Base Load in MW	14 MW	14 MW	14 MW	14 MW	14 MW
Peak Load in MW	5 MW	5 MW	5 MW	5 MW	5 MW
Total Load in MW	19 MW	19 MW	19 MW	19 MW	19 MW

3.4. Power Procurement Strategy:

3.4.1. Before the start of operations, Manjari SEZ and Hadapsar SEZ had published two tenders for short term power procurement through Tariff Based Bidding Process in accordance the Guidelines dated 30 March 2016 issued by Ministry of Power, Government of India (Standard Bidding Guidelines).

3.4.2. Accordingly, Manjari SEZ and Hadapsar SEZ have signed Power Procurement Agreement with the following selected bidders.

Sr. No	Type of power	Name of the generator	Contracted capacity	Period	Rate (Rs/kWh)
Manjari SEZ					
1	RTC base load	Ideal Energy Projects limited	8 MW	1 st July 2024 to 30 th June 2025	Rs 6.42/-
2	Peak load	Maharashtra State Power Generation Co. Ltd.	6 MW	1 st July 2024 to 30 th June 2025	Rs. 3.50/-
Hadapsar SEZ					
3	RTC base load	Ideal Energy Projects limited	10 MW	1 st July 2024 to 30 th June 2025	Rs 6.42/-
4	Peak load	Maharashtra State Power Generation Co. Ltd.	9 MW	1 st July 2024 to 30 th June 2025	Rs. 3.50/-

3.4.3. Additionally, Petitions for the approval of the Power Purchase Agreements (PPAs) were submitted timely as Case No. 66 of 2024 for base load PPA and Case No. 92 of 2024 for the peak load PPA.

3.4.4. Manjari SEZ and Hadapsar SEZ commenced their operations as Deemed Distribution Licensees on 1 July 2024. Strategic move of short term procurement ensures a reliable and consistent power supply to support the operational needs of both SEZs, enhancing their capacity to deliver uninterrupted services.

3.4.5. According to the established guidelines, the process for long-term power procurement spans 160 days after the Order of the Commission. Thus, total period of more than 9 months will be required, which was not conducive to SEZ Bio-Tech's immediate needs, especially considering their upcoming production of a vaccine for Cervical Cancer, which was set to commence in July 2024. Therefore, SEZ Bio-tech decided to procure power through short term power sources.

3.4.6. Cervical Cancer is the fourth most common cancer among women worldwide, with approximately 90% of new cases and deaths occurring globally. In response to the growing health concern, the Government of India has mandated that all girls aged 14 and above receive this vaccine. Given the urgency to meet this public health mandate and the critical timeline for vaccine production, SEZ Bio-Tech has prioritized securing a reliable power supply to ensure that operations can begin without delay. Therefore, to streamline the process and avoid potential delays that could impact vaccine production, SEZ Bio-

Tech has opted to proceed with a short-term tender for power procurement.

3.5. Proposed Power Procurement Strategy:

- 3.5.1. SEZ Bio-Tech has recognized that relying on short-term tenders can lead to higher power prices due to market volatility. As a result, SEZ Bio-Tech has decided to procure Round-The-Clock (RTC) power on a long-term basis. This strategic shift aims to ensure a reliable and consistent power supply for their consumers while maintaining reasonable costs. By securing long-term power agreements, SEZ Bio-Tech can stabilize energy prices, reduce exposure to market fluctuations, and provide a more predictable and affordable energy solution for the future.
 - 3.5.2. In view of the above, Manjari SEZ & Hadapsar SEZ through the present Petition seeking approval for undertaking combined RTC power purchase for a period of 20 years from FY 2025-26 onwards on a long-term basis.
 - 3.5.3. During the proceedings of Case No. 66 of 2024 and 92 of 2024, the Commission made significant observations that reliance on short-term power procurement tenders tends to result in higher prices and in contrast, long-term tenders generally lead to lower power purchase costs and therefore, the Commission instructed for initiating a long-term procurement for the upcoming years to ensure a more stable and cost-effective power procurement strategy.
 - 3.5.4. SEZ Bio-Tech proposed to procure a total of 25 MW (14 MW for Hadapsar SEZ and 11 MW for Manjari SEZ) Round the Clock power on long-term basis for a period of 20 Years.
 - 3.5.5. SEZ Bio-tech estimate that long-term power procurement on Round the Clock (RTC) basis of 25 MW, would be sufficient to meet the bulk of the base load & peak power requirement of SEZ Bio-Tech.
 - 3.5.6. Any unexpected increase in load will be managed through a short-term tender process. Once the additional load stabilizes, we will reassess and plan for load requirements for the next 5 to 10 years.
 - 3.5.7. In view of the above, the Petitioners prayed to approve the proposed Plan for Combined Power Procurement of Manjari SEZ & Hadapsar SEZ and approve the long-term power procurement to meet demand in future through combined power procurement only, in order to benefit from the economies of scale.
4. At the e-hearing held on 10 December 2024, the representative of the Petitioners reiterated the submission made in the Petition. During the hearing, the Commission accorded in-principle approval for initiating the long term power procurement process.

Commission's Analysis and Ruling:

5. The Commission vide its common Order dated 8 December 2023 in Case No.179 of 2023 & 180 of 2023 has confirmed the status of the Petitioners as the deemed Distribution Licensee for their notified area. In said Order the Commission directed the Petitioners to file their Petitions for approval of the Power procurement plan.
6. The Commission vide common Order dated 16 August 2024 in Case No. 66 of 2024 and 92 of 2024 approved the short-term power procurement and adopted the Tariff discovered through Competitive bidding process.
7. Both licensees i.e. Manjari SEZ and Hadapsar SEZ commenced their operations as Deemed Distribution Licensees on 1 July 2024.
8. The present combined Petition has been filed by Manjari SEZ and Hadapsar SEZ seeking approval of combined power purchase plan and for undertaking combined power purchase and for procuring Round the Clock (RTC) power on long-term basis for the period from FY 2025-26 to FY 2044-45.
9. Regulation 15.2 of the MERC (Framework of Resource Adequacy) Regulations, 2024 specifies as follows about the Power Procurement Plan to be submitted by a Distribution Licensee

“15.2. The distribution licensee shall prepare a power procurement plan which shall comprise of the following:

- a) Demand forecast as per Regulation 6 and 7;*
- b) An estimate of the quantities of electricity supply from the identified sources of power purchase, including own generation if any;*
- c) An estimate of availability of power to meet the RAR as per Regulation 12;*
- d) Standards to be maintained with regard to quality and reliability of supply, in accordance with the relevant Regulations of the Commission;*
- e) Measures proposed for energy conservation, energy efficiency, and Demand Side Management.*
- f) The requirement for new sources of power procurement, including augmentation of own generation capacity, if any, and identified new sources of supply, based on (a) to (e) above;*
- g) The sources of power, quantities, and cost estimates for such procurement...” (emphasis added)*

- 9.1. Regulation 20.1 of the MYT Regulations, 2024 specifies as follows about the Power Procurement Plan to be submitted by a Distribution Licensee:

“20.1 The Distribution Licensee shall prepare a plan for procurement of power to serve the demand for electricity in its area of supply considering the provisions of the MERC (Framework for Resource Adequacy) Regulations, 2024 and submit such plan to the Commission for approval:

Provided that while preparing power procurement plan, the Distribution Licensee shall ensure availability of adequate inter-state and intra-state transmission network as per STU

transmission plan or highlight transmission constraints or network augmentation requirements to cater to its proposed power procurement arrangements outlined under their procurement plan.

Provided further that such power procurement plan approved under MERC (Framework for Resource Adequacy) Regulations, 2024 for the Control Period commencing on April 1, 2025, shall be filed along with the Petition for determination of Tariff for the Control Period from April 1, 2025 to March 31, 2030, in accordance with Part A of these Regulations. ...”

The Commission has evaluated SEZ Biotech’s power procurement plan in terms of the above provisions of Regulations.

10. Considering the submissions made in the matter, the Commission frames following issues for its considerations:

A. Sales/Demand Projections of Manjari SEZ and Hadapsar SEZ

B. Power Procurement Plan of Manjari SEZ and Hadapsar SEZ considering demand projection.

The Commission is addressing these issues in the following paragraphs.

11. Issue A: - Sales/Demand Projections of Manjari SEZ and Hadapsar SEZ.

11.1. The Manjari SEZ and Hadapsar SEZ in their Petition have considered the estimated power demand and occupancy levels in their respective licensee area as follows.

SEZ	Current Occupancy in %	Current Loading in MW (BASE + PEAK)
Manjari SEZ	70%	12 MW
Hadapsar SEZ	100%	17 MW

11.2. Projected Load for FY 2025-26 to FY 2044-45 has been estimated as below:

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30 to FY 2044-45
Manjari SEZ					
Base Load in MW	15 MW	16 MW	16 MW	18 MW	19 MW
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Peak Load in MW	5 MW	5 MW	5 MW	5 MW	5 MW
Total Load in MW	19 MW	19 MW	19 MW	19 MW	19 MW

11.3. The Commission notes that SEZ areas under consideration is having limited consumers and licensee is in best position to project its future demand in consultation with these consumers and with developer about possibility of new consumers in SEZ area. Accordingly, the Commission has considered base load and peak load projected by Manjari SEZ and Hadapsar SEZ for evaluating its power procurement plan.

12. Issue B: Power Procurement Plan of Manjari SEZ and Hadapsar SEZ considering demand projection.

12.1. The Commission notes that as per Regulation 20.1 of the MERC MYT Regulations, 2024, the Distribution Licensee shall prepare a plan for procurement of power to serve the demand for electricity in its area of supply considering the provisions of the MERC (Framework for Resource Adequacy) Regulations, 2024 and submit such plan to the Commission for approval.

12.2. Accordingly, Both the Distribution Licensees have submitted their resource adequacy plan as per MERC (Framework for Resource Adequacy) Regulations, 2024 after considering the demand assessment, demand forecast for long-term and short-term and generation resource planning for short-term and long-term tenure.

12.3. The Commission notes that vide its letter dated 18 November 2024, it has returned RA Plans submitted by SEZ based Distribution Licensees with direction to resubmit the same along with MYT Petition after incorporating various points mentioned in that letter.

12.4. In the present Petition, SEZ Bio-Tech proposed to procure a combined Power of 25 MW (11 MW for Manjari SEZ and 14 MW for Hadapsar SEZ) Round the Clock power on long-term basis for a period of 20 Years. The said proposal is in line with the Distribution Resource Adequacy Plan submitted by both the distribution licensees.

12.5. For balance peak power requirement, Manjari SEZ and Hadapsar SEZ has stated that any unexpected increase in load will be managed through a short-term tender process and once the additional load stabilizes, they will reassess and plan for load requirements for the next 5 to 10 years.

12.6. The Commission note that having long term source will not only secure power supply to its consumers but also brings some stability in power procurement expenses. At present, all PPAs of Manjari SEZ and Hadapsar SEZ are of short duration. Short term procurements are unpredictable and often with higher costs and frequent procurement processes increases administrative and operational burdens resulting the overall expenses. Hence, the Commission is inclined to allow the present Petition.

12.7. Further procurement of power on combined basis by Manjari SEZ and Hadapsar SEZ will not only helps in attracting more bidder as combined quantum will become 25 MW but also helps in reducing administrative costs. Hence, the Commission allows such combined

power procurement.

12.8. Accordingly, the Commission allows Manjari SEZ and Hadapsar SEZ for undertaking combined, transparent competitive bidding process for procurement of RTC Power of 11 MW for Manjari SEZ and 14 MW for Hadapsar SEZ on long term basis i.e. FY 2025-26 to FY 2045-46, for a period of 20 Years, in accordance with power procurement Guidelines.

12.9. Manjari SEZ and Hadapsar SEZ shall approach the Commission for adoption of Tariff discovered through the Competitive Bidding process under Section 63 of the Electricity Act, 2003.

13. Hence, the following Order.


Order

1. **The Petition in Case No. 137 of 2024 is allowed.**
2. **Plan for combined Round the Clock procurement of power for a quantum of 11 MW for Manjari SEZ and 14 MW for Hadapsar SEZ, on a long-term basis for a period of 20 Years i.e. FY 2025-26 to FY 2045-46, is approved.**

Sd/-
(Surendra J. Biyani)
Member

Sd/-
(Anand M. Limaye)
Member

Sd/-
(Sanjay Kumar)
Chairperson


(Dr. Rajendra G. Ambekar)
Secretary

