

CE/Comm/CP/Open Access/ RE/ **10075**

Date: **09.04.2013.**

COMMERCIAL CIRCULAR NO.: 194.

Sub: Grant of Open Access to Consumers Sourcing power from **Renewable Energy Generators** (Such as **Wind, Solar, Small Hydro**) --- Procedure for Application, levy of Cross Subsidy Surcharge, Standby Charges & Additional Charge, Metering & Billing, etc.

Ref:

1. Electricity Act, 2003 & all other enabling provisions.
2. MERC Order dated 9th September 2011 in Case No. 43 of 2010.
3. Commercial Circular No. 147 dated 30.09.2011, No. 155 dated 23.01.2012 and 169 dated 13.06.2012.
4. Commercial Circular No. 174 dated 05.09.2012, No. 185 dated 01.02.2013 and No. 190 dated 14.03.2013.
5. MERC order in Case No. 8, 18, 20 and 33 of 2012 dated 03.01.2013.
6. MERC order in Case No. 138 of 2012 dated 21.02.2013.

"This Circular is issued without prejudice to any of the rights & contentions of MSEDCL that have already been raised or will be raised in any of the presently pending or future proceedings before any Court or Authority, as the case may be."

1. PREAMBLE:

1.1 Open Access is one of the most important features of the Electricity Act 2003, wherein, Distribution Companies and eligible consumers have the freedom to buy electricity directly from generating companies or Trading Licensees of their choice and correspondingly the generating companies have the freedom to sell it to any Licensee or to any eligible consumer.

Thus, the Electricity Act, 2003 envisages liberty to the consumer to procure his own requirement of power and does not warrant dependence on the Distribution Licensee in whose area the consumer is situated.

1.2 As per the EA 2003, Open Access may be allowed on payment of Cross Subsidy Surcharge (CSS), "Additional Surcharge", "Wheeling Charges", etc. as may be determined by the State Commission. The purpose of Cross Subsidy Surcharge has been clearly spelt out as a charge to be paid by Open Access Consumer to offset, the Cross Subsidy which he would have normally paid to the Distribution Licensee had he continued to be the consumer of the said Distribution Licensee.

1.3 MSEDCL had filed a petition on 25.08.2010 (Case No. 43 of 2010) in the Commission for determination of CSS as per the provisions of the EA 2003 and had requested for review of its order dated 05.09.2006. The Commission vide its order dated 9th September 2011 has determined the CSS and the standby charges for Open Access Consumers in the State of Maharashtra. In the said order, the Commission has also dealt with the other issues related to Open Access.

1.4 The CSS has been revised by the Commission vide its order dated 21.02.2013 in Case No. 138 of 2012.

1.5 In Maharashtra, there is a huge potential of Renewable energy sources such as Wind, Solar, Bagasse and to some extent bio-mass and small hydro; for generation of electricity. The

Government of Maharashtra in co-ordination with MEDA and MSEDCL have encouraged and promoted development of generation of electricity from renewable sources by providing suitable measures and conducive environment. The MERC, the State Commission has determined preferential tariff for sale of Renewable Energy as a promotional activity.

- 1.6 The MERC has also prescribed annual target for renewable energy purchase for all Distribution licensees and open access consumers. Thus, it is obligatory for the Distribution Licensees and the open access consumers to purchase certain quantum of Renewable energy annually and correspondingly the RE generators have been given choices either to sell their Renewable energy to the DISCOMs or to other consumers (under Third Party Sale) or use it for their own consumption (Self Use) under open access.

2. ELIGIBILITY CRITERION:

As provided under Regulation No. 3.1 of the MERC (Distribution Open Access) Regulations, 2005, any consumer whose Contract Demand is 1 MVA & above shall be eligible for Open Access, subject to compliance of other provisions of the Electricity Act, 2003 as well as the above mentioned Regulations.

3. APPLICATION /PROCEDURE FOR OPEN ACCESS:

- 3.1 Any eligible consumer or person, whosoever desires to opt for Open Access shall apply in prescribed format and shall pay requisite "Processing Fee" as prescribed.
- 3.2 Application Form in prescribed format & duly filled shall be submitted to Chief Engineer (Commercial), MSEDCL having office at 5th Floor, "Prakashgad", Bandra (East), Mumbai along with certified Xerox copies of the documents as may be required, which will be informed from time to time.
- 3.3 The provisions of the order of MERC as per ref. no (2), (5) & (6) above shall be applicable to all the consumers of all distribution licensees in the State of Maharashtra, who opt for open access, under the MERC (Open Access) Regulations, 2005 as amended from time to time.
- 3.4 The open access consumer, if found eligible for grant of Open Access, shall have to execute Tri-Partite Agreement for Connection & Use of Distribution System.
- 3.5 Distribution Open Access procedure, Standard Application Form & the format of Connection & Use of Distribution System Agreement are available in downloadable form on the website of MSEDCL – www.mahadiscom.in.
- 3.6 The SE (O&M), MSEDCL shall be the nodal officer to implement the permission from Chief Engineer (Commercial). Every month soft copy of the Generation Credit Notes and the energy bills showing credit adjustments on TOD basis (for the generation as well as consumption) shall be sent by email to: secpmsedcl@gmail.com by the nodal officer.
- 3.7 In case of non co-operation by the generator or non submission of generation data by the concerned authority like SLDC etc, the consumer will be required to pay the monthly bill as per the tariff of MSEDCL without any credit adjustment.

4. Distribution Open Access may be availed by RE generator for exercising following options:

- 4.1 Self Use i.e. own consumption
- 4.2 Third Party Sale i.e. sale to another open access consumer
- 4.3 Sale to Other Utility / Distribution Licensee i.e. other Discom
- 4.4 Self use / Third Party Sale in the area of supply of Other Utility / through Trader having Trading License.

As per the EA, 2003, the CSS is not leviable if the open access is availed for self use or sale to Utility. But it is leviable in case of sale to Third Party. Various provisions of Act, Regulations and the MERC order in the subject matter, its applicability and procedure are given below.

5. METERING:

As provided under Regulation No. 7.1 of the MERC (Distribution Open Access) Regulations, 2005, every consumer, person who so ever has been granted Open Access or Generating Company or Licensee shall have to install "Special Energy Meter" at both the ends, i. e. at injection point & drawal point.

- 5.1 As provided under Regulation 2 (n) of the MERC (Distribution Open Access) Regulations, 2005, such "Special Energy Meter" shall have facility of active energy recording of every fifteen minute time block and storage of data for not less than 45 days and shall have communication facility online and/or real time.
- 5.2 A time period up-to 03.07.2013 is allowed by the Hon'ble Commission to the Open access consumer / generator to comply with the metering requirements in totality. Till that time, open access may be allowed with existing metering arrangement.

6. BILLING:

6.1 As provided under Regulation No. 8 of the MERC (Distribution Open Access) Regulations, 2005, MSEDCL shall raise the bill to the Supplier / Open Access consumer whosoever located in the MSEDCL's area of supply and who have opted for Open Access for use of its distribution system for wheeling of electricity. The bill shall include the following charges :

- i) Wheeling Charges / Transmission Charges, as may be applicable;
- ii) Wheeling Losses & Transmission losses, as may be applicable;
- iii) Cross Subsidy Surcharge, as may be applicable;
- iv) Additional Surcharge on the Charges of Wheeling;
- v) Standby Charges;
- vi) Any other charge or other sum recoverable

6.2 The open access consumer shall be allowed credit of energy at drawal point after deduction of applicable losses from the energy injected in the Grid.

6.3 The generation credit units will be determined after adjustment of applicable loss to the energy injected in the MSEDCL grid and will be adjusted / set off with the consumption by the open access consumer on ToD Slot basis as per regular practice till further directives from the Commission. The bill will be raised monthly accordingly.

6.4 However, the Hon'ble Commission has directed as under:

"Energy accounting on a 15 minute time block basis can be achieved by way of installation of SEM, however integrating the same under the FBSM need deliberations.

..... The Commission directs MSPC to deliberate and propose appropriate modification/incorporating in Balancing and Settlement Code to address the same (alternate solution(s) for 15-minute based accounting and settlement), within one month from the date of issuance of this Order.

The Commission notes that the FBSM has been implemented in the State of Maharashtra which requires for energy accounting and balancing and settlement on 15 minutes time block basis. However, upon installation of SEMs, the possibility of energy accounting on 15 minute time block basis and issuance of Credit Note on 15 minute time block basis may be looked into. The

Commission has already provided a time line for installation of SEMs for open access transaction in this Order.

Accordingly, the Commission directs MSEDCL to develop a pilot case for energy accounting on 15 minutes time block basis based on the already installed or to be installed SEMs both at generation and consumption end and submit its findings to the Commission within 6 months from the date of issuance of this Order."

6.5 The directives of MERC as issued and amended from time to time shall be binding.

7. Banking Facility:

7.1 The banking shall be provided on ToD Slot wise basis in line with directives issued by MERC vide order dated 24.11.2003.

7.2 However, the Hon'ble Commission has directed as under:

"The Commission directs MSEDCL to develop a pilot case for issuance of credit note on 15 minutes time block basis based on the already installed or to be installed SEMs both at generation and consumption end and submit its findings to the Commission within six(6) months from the date of issuance of this Order."

The Commission directs MSEDCL to carry out a detailed study based on the historical actual generation, actual power purchase cost, incremental power purchase cost, banking, any other relevant parameters, banking provisions provided in other States, etc., and submit a report to the Commission within six (6) months from the date of issuance of this Order."

7.3 The directives of MERC regarding banking facility as amended from time to time shall be binding.

8 CROSS SUBSIDY SURCHARGE (CSS):

The CSS as determined by the Hon'ble Commission and as amended from time to time shall be applicable. Currently, the CSS shall be levied as per the Commercial Circular No. 190 dated 14.03.2013 which is in line with MERC order dated 21.02.2013 in Case No. 138 of 2012.

9. WHEELING CHARGE & APPLICABLE LOSSES:

The existing charges and losses pertaining to Distribution OA are as under:

Particulars	EHV	33 KV	22 or 11 KV	LT
Wheeling Charge (Rs. Per unit)		0.11	0.60	1.03
Wheeling Loss (%)	-	6%	9%	12.5%
Transmission Loss (%)	4.24 %			
Transmission Charge (Rs. Per unit)	0.29			

Note:

1. The open access consumer shall also have to apply for transmission open access in case either the injection point or drawl point is connected on EHV (> 33 kV) network.
2. The transmission charges shall be levied on Rs/Kwh basis for short term bilateral open access transactions, short term collective transactions over power exchange and for renewable energy transactions.
3. Commercial Circular No. 185 Dated 01.02.2013 may be referred for levy of transmission charges.

10 CONTRACT DEMAND:

- 10.1 As provided under Regulation 4.2.1 & 4.2.2 of MERC (Distribution Open Access) Regulations, 2005, the Contract Demand of the consumer whosoever opts for the Distribution Open Access shall be terminated / reduced to the extent (in MW terms) such consumer has been granted permission to wheel energy under Open Access from the date of commencement of open access in accordance with the procedure for reduction in contract demand/ sanctioned load specified in the Electricity Supply Code and within the time limits specified in the Standards of Performance Regulations.
- 10.2 However, the open access consumer sourcing power from infirm RE source such as wind, solar & small hydro shall have the option of termination / reduction of contract demand as above.
- 10.3 An additional Surcharge, if made applicable by the Hon'ble Commission to meet the fixed cost arising out of obligation to supply shall be applicable.

11 STAND BY SUPPLY CHARGES FOR DRAWAL OF POWER BY OA CONSUMERS FROM GRID

In case of requirement other than sanctioned standby, the supply shall be provided to the Open Access Consumers in lieu of the payment of temporary tariff determined by the Commission in MSEDCL's tariff order equivalent to the energy consumed.

12 INCENTIVES & PENALTIES:

- 12.1 The consumer who has opted for Distribution Open Access (either for his entire requirement or partial requirement), shall be eligible for the incentives for various parameters as specified by the Hon'ble Commission in the Tariff order of MSEDCL issued from time to time such as Load Factor Incentive, Power Factor Incentive, Early Payment Incentive or any such other incentive as may be introduced by the Commission in future.
- 12.2 The open access consumer shall be liable to pay the penalty charges which may be applicable as per MERC tariff order, amended from time to time for the harmonics and for the power factor if not maintained at required level as per State Grid Code. Such penalty shall be levied on the net energy supplied by MSEDCL to the Open Access Consumer and Captive User after adjusting the banked energy and actual generation during the month. i.e. to the extent of use of MSEDCL supply.
- 12.3 A Sample illustration:

Particulars		Unit (MU)
Total Consumption recorded at consumer end	A	100
Wind generation during the month after adjusting applicable losses (Wheeling, transmission or both depending upon Open Access)	B	30
Available banked Energy	C	20
Net energy to be considered for incentives and penalties	$D=[A-(B+C)]$	50

The above illustration is for representation purpose.

- 12.4 In case of default in payment of any of the charges otherwise payable by a consumer / person who has been permitted Distribution Open Access, MSEDCL shall have the right to dislocate the arrangement of wheeling of power after giving 15 days prior written notice (as specified under Regulation 5 of the Distribution Open Access Regulations, 2005) to such consumer / person. In such circumstances, MSEDCL shall not be liable to pay any compensation to such consumer or person for the loss that such consumer or person may sustain on any account.

13 Issuance of Credit Notes:

The SE (O&M) MSEDCL shall ensure issuance of credit reports and subsequent credit adjustments for the respective months in adherence to the time lines as stipulated in the Citizen Charter of MSEDCL.

14 Processing and Operating charges:

The processing and operating charges shall be applicable as per the Commercial Circular No. 174 dated 05.09.2012.

15 Grant of Open Access to Consumers sourcing power from Biomass and Bagasse based Co-generation Projects:

The Open Access to the consumers sourcing **firm** power from Biomass and Bagasse based Co-generation Projects shall be dealt in line with the Commercial Circular No. 169 dated 13.06.2012. However, the Concessional CSS (i.e. 25%) of the corresponding consumer category will be applicable up to 21.02.2013. Thereafter, the CSS will be applicable as per the Commercial Circular No.190 dated 14.03.2013.

16 This circular supersedes Commercial Circular No. 147 dated 30.09.2011 and 155 dated 23.01.2012. The terms and conditions of the previous permission, which are not in line with this circular, shall stand amended in line with the terms and conditions of this circular.

All the field officers are requested to take necessary action accordingly.


CHIEF ENGINEER (COMMERCIAL)

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