No. : MERC / MON/TRA/12/2009/**1641** Date: August 26, 2009

To:

Chief Engineer
State Load Despatch Centre
Thane - Belapur Road
P O Airoli
Navi Mumbai 400 708

Subject: **Approval of Final Balancing and Settlement Code**

Reference: a). SLDC's letter ref. MSLDC/MSPC/FBSM/No-1234 dated July 4, 2009

b). MERC Order on 'Introduction of Availability Based Tariff Regime at State level within Maharashtra and related issues (Case No. 42 of 2006) dated 17th May 2007

c). MERC Order on 'Petition filed by MSETCL for approval of MSLDC Budget for FY 2009-10' (Case No 117 of 2008) dated 29th April 2009

Sir

This has reference to the Final Draft Balancing and Settlement Code (BSC) submitted by MSLDC along with letter under Reference (a) above, in pursuance of the Commission's directives under Intra-State ABT Order and subsequent Orders, for approval of the Commission.

2. In the said letter, MSLDC had submitted that, though the Final Balancing and Settlement Code has been prepared in line with the provisions outlined under Commission's Order related to intra-State ABT regime for Maharashtra, certain provisions of Code have been modified or have been additionally introduced, after due discussions at the MSPC in order to address ambiguities and problems regarding implementation in certain cases.

I am directed to communicate as under:

3. Upon scrutiny of the Final Draft Balancing and Settlement Code, the Commission observes that MSLDC has sought approval for proposed additions/modifications in respect of following six points viz.

(i) Calculation of FCR Pool volume
(ii) Allocation of Net UI-2 charges
(iii) Treatment of costs corresponding to UI energy
(iv) Treatment and Energy Accounting for RGPPL
(v) Treatment and energy accounting of embedded open access generators
(vi) power utilisation by OA generators during synchronisation.

4. The Commission observes that except for point no (ii), all other additions are in line with Intra-State ABT Order principles and no modification to Order is necessary. The proposed additions in BSC shall address ambiguities in implementation, if any. As regards point (ii), the same is not in line with the Order principles and hence cannot be approved. A summary of comments/remarks of the Commission against all points is presented in enclosed **Annexure I**.

5. Further, MSLDC had sought guidance in respect of following points on which no common understanding could be reached or were posing difficulties in implementation viz.

(vii) Computation of per unit fixed cost for FCR pool
(viii) Treatment of reactive energy charges
(ix) Treatment for wind power
(x) Issues related to merit order despatch principles and operation
    (a) Curtailment or cancellation of bilateral contracted power
    (b) Inclusion of bilateral contracts for determination of WASMP
    (c) Treatment of transactions through power exchange
    (d) Treatment of full open access users
    (e) Treatment of OA users with Intra-State and Inter-State contracts
    (f) Allocation of power in case of TPC-G Unit-8
    (h) Change of fuel by generating stations
    (i) Ascertaining drawal by TPC-D with parallel licensee

6. While no specific proposal for above issues were presented, the Commission has analysed the above issues and the comments/remarks of the Commission on the same are presented in the enclosed **Annexure II**.

7. The Commission hereby approves the proposed Final Draft of Balancing and Settlement Code (BSC) alongwith the observations/comments/remarks enclosed under **Annexure**. MSLDC/MSPC is hereby directed to incorporate necessary modifications in the Final Balancing and Settlement Code and submit the copy of the same for the Commission's records.

Yours faithfully

P B Patil
Secretary, MERC

Encl: Annexure-I & Annexure –II

Cc: Chief Engineer, STU
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Annexure I

REMARKS /COMMENTS/APPROVAL OF THE COMMISSION

Issue Description	Proposed Change by MSPC	Basis for Change as claimed by MSPC	Remarks /Comments/Approval of the Commission
ISSUE No. 1: Calculation of FCR Pool Value			
The section '4.3.2 Annual Fixed Cost Settlement' in the Order dated 17th May 2007 in Case No 42 of 2006 states the following: *'(g) FCR Pool value shall be determined as aggregate of product of 'overall average per unit fixed cost' of the contributing FCR Pool Participant and the 'FCR Pool increments' by the contributing FCR Pool Participant into the FCR pool.'*	In the Final Balancing and Settlement Code, Section 7.3.2 (g), the above mentioned methodology for computation of the FCR Pool Value has been changed to: *'(g) The FCR Pool Decrements shall be allocated amongst the contributing FCR Pool Participants in the ratio of their Increments and this shall be called the 'FCR Volume Allocation'. FCR Pool value shall be determined as aggregate of product of 'overall average per unit fixed cost' of the contributing FCR Pool Participant and the 'FCR Volume Allocation' of the contributing FCR Pool Participant into the FCR pool.'*	The order issued by the Commission defines that the 'FCR Pool volume' shall be based on excess or shortfall in 'loss adjusted drawal' by State Pool Participant corresponding to a particular trading period vis-à-vis 'overall generation capacity' declared to be available to State Pool Participant from his contracted generation. Hence, as the FCR pool volume is being determined based on the actual loss adjusted drawal and forecasted availability, the sum of increments to the FCR pool by contributing participants never be equal to the sum of decrements to the FCR pool by contributing participants. Hence, in order to maintain a balanced payment pool, the payments would be made by decrementing utilities in the ratio of their decrements to the incrementing utilities in the ratio of their increments. This has been further illustrated in Annexure IV of the FBSM Code:	• Proposed suggestion is approved as no change in the Order principle is envisaged. It only supports to remove ambiguity in FCR pool operationalisation. FCR pool volume allocation is necessary as FCR pool increments shall always be greater than FCR pool decrements.

Issue Description	Proposed Change by MSPC	Basis for Change as claimed by MSPC	Remarks /Comments/Approval of the Commission
		'The FCR Pool Decrements shall be allocated amongst the parties which have incremented to the pool and this shall be called the 'FCR Volume Allocation'. *For e.g. FCR Volume Allocation for TPC-D = Total FCR Pool Decrements x (FCR Increments by TPC-D / Total FCR Increments)* *The FCR Pool Value shall be the sum of the product of FCR Volume Allocation and the average per unit fixed cost of the Incrementing participants i.e. FCR Volume Allocation of TPC-D * Avg. per unit Fixed cost of TPC-D* *Finally, FCR Pool Price will be the ratio between FCR Pool Value and sum of FCR Pool Decrements in order to allocate the FCR Pool Value between the decrementing participants.'*	

Issue Description	Proposed Change by MSPC	Basis for Change as claimed by MSPC	Remarks /Comments/Approval of the Commission
		Thus, the FCR Pool Price so derived shall be multiplied by the amount of decrement by the concerned participant and the product shall be the FCR Pool Amount Payable by the decrementing Pool Participant. This has also been illustrated under Step 2 of Annexure IV of the FBSM Code.	
ISSUE No. 2 : Allocation of Net UI-2 charges			
The Section 7.9 (d) (vii) of the Order dated 17th May 2007 in Case No 42 of 2006 states the following: *"(vii) Net UI charges-2 shall be allocated amongst all State Pool Participants in proportion to actual drawl during that trading period."*	In the Final Balancing and Settlement Code, Section 7.9 (d), the above mentioned methodology for allocation of the Net UI-2 charges has been changed to the following: *"(vii) Net UI charges-2 shall be allocated only between the Pool Participants whose contracted generators have the same deviation sign (positive or negative) as the Gross UI Cost."* ***Comments:*** *The absolute deviations with reference to the actual injection/schedule should be*	The Net UI-2 charges have been identified as those corresponding to 'aggregate deviations' of in-state generators in the order issued by the Commission. Further, these have been proposed to be allocated to all the state pool participants irrespective of whether the in-state generators contracted with the particular state pool participants have deviated from their schedules or not. This allocation does not seem to be rational for participants whose contracted in-state generators have stuck to the schedules. Hence, in order to overcome this issue, it is proposed to allocate the Net UI-2 charges to	• Proposed change is not approved as the same amounts to modification to Order principle. • Balancing and Settlement code should be drawn up as per Intra-State ABT Order principles and the same cannot be modified unless Order principle is modified.

Issue Description	Proposed Change by MSPC	Basis for Change as claimed by MSPC	Remarks /Comments/Approval of the Commission
	considered.	pool participants whose contracted in-state generators have the same deviation sign (positive or negative) as the Gross UI Cost. ***Comments:*** *As the behaviour of the state pool participants needs to be considered in order to bring about grid discipline. This shall be possible only if the deviations with reference to their actual injection/schedule are considered.*	
ISSUE No. 3 : Cost corresponding to UI Energy			
The Section 7.9 (d) (ii) of the Order dated 17th May 2007 in Case No 42 of 2006 states the following: *"(ii) The Gross UI charges corresponding to UI energy for each 'trading period' shall be divided into two components viz. a) Cost corresponding to UI energy at weighted average scheduled energy rate of the contributing State Pool Participants based on the CGS stations and b) net UI charges is the difference of gross UI charge and cost associated with UI*	In the Final Balancing and Settlement Code, Section 7.3.2 (g), the cost corresponding to the UI energy has been changed to the following: *"(ii) The Gross UI charges corresponding to UI energy for each 'trading period' shall be divided into two components viz. a) Cost corresponding to UI energy at weighted average scheduled energy rate of the contributing State Pool Participants based on the CGS stations contracted with the*	The UI implication on the state may be on account of various reasons like under-drawal / over-drawal by the state pool participants or as a result of over-generation / under-generation by the in-state generators. Accordingly, in case there is a UI liability for the state, it would mean that the state has effectively over-drawn from the CGS stations on account of increased demand in the state or under-generation by the in-state generators and hence the cost of such energy drawn is considered	• Proposed suggestion is approved as no change in the Order principle is envisaged. It only supports to remove ambiguity in Imbalance Pool and UI pool operationalisation. It tries to address the Imbalance Pool operationalisation when UI energy is negative. The proposed suggestion is in line with the order principles.

Issue Description	Proposed Change by MSPC	Basis for Change as claimed by MSPC	Remarks /Comments/Approval of the Commission
energy as considered in the 'imbalance pool' workings."	*state distribution licensees , in case of a UI liability for the State, or on the State Weighted Average System Marginal Price in case of a UI Under drawl by State and b) net UI charges is the difference of gross UI charge and cost associated with UI energy as considered in the 'imbalance pool' workings."*	at the average scheduled energy rate of the contributing State Pool Participants based on the CGS stations. Further, under-drawl from regional pool mean that the state has under-drawn from the CGS stations on account of lower demand or is on account of over-generation by the in-state generators. Hence, in this scenario, the cost of such energy drawn is considered at the state marginal price rather than the average energy cost of CGS stations. This has been illustrated in further detail in the illustrations for Scenario 13. ***Comments:*** *In view that in future the DISCOM will have long term multiple contracts with private generators outside the state and such Generating stations will also be governed by Inter State ABT mechanism it is suggested to replace CGS stations with ISGS stations.*	

Issue Description	Proposed Change by MSPC	Basis for Change as claimed by MSPC	Remarks /Comments/Approval of the Commission
ISSUE No. 4 : Scheduling of power from RGPPL and corresponding energy accounting			
Treatment for RGPPL (which is ISGS) within framework of Balancing & Settlement.	RGPPL is having CGS status and its share of Maharashtra is 95%. As per CERC suo-moto order dated 7th May 2008 MSLDC is suppose to carry out the scheduling and accounting of RGPPL as Maharashtra has a majority stake in RGPPL generation. In line with the directions of the CERC in the above referred matter, the Clauses 7.1.2, 7.9 (a), 7.9 (d) and 7.9 (e) pertaining to the basis for allocation of regional UI charges amongst State Pool Participants have been modified in code to include the provision for scheduling for RGPPL and accounting for the UI charges associated with RGPPL.	**As per CERC directives in the suo-moto order dated 7th May 2008,** **"As for the approach to be adopted in future, it would be logical and in line with the foregoing for RLDCs to coordinate the scheduling of Ultra Mega power projects, and of other large privately owned power plants (of 1000 MW or larger size) in which States other than the host State have substantial permanent shares (50% or more)."** **"….Power Plants not meeting the above criteria regarding plant size and share of other States should be scheduled by the SLDC of the State in which they are located"** ***Thus, since Maharashtra has majority share in RGPPL***	• Although energy accounting for RGPPL is required to be undertaken by MSLDC, it is required to be treated as ISGS and governing jurisdiction for the tariff determination purposes, CERC Tariff regulations are applicable. • Hence, proposed mechanism for treatment of RGPPL within intra-State imbalance pool accounting and UI allocation is approved.

Issue Description	Proposed Change by MSPC	Basis for Change as claimed by MSPC	Remarks /Comments/Approval of the Commission
		generation, the scheduling and accounting of RGPPL will be carried out by MSLDC.	
ISSUE No. 5 : Treatment of Embedded OA Generators while undertaking inter-licensee or Inter-State OA transactions			
Issues to be addressed by MSLDC when an Open Access (OA) Generator connected with the network of an existing Distribution Licensee and having contract with customer outside the license area of existing licensee (or outside State)	An additional Clause 7.11.6 has been added to the Code which takes into account necessary steps to be taken by MSLDC when a new OA generator connected with the network of an existing Distribution Licensee and having contract with customer outside the license area of the existing licensee *"7.11.6 In case an OA generator is connected to the network of an existing distribution licensee, and is having a contract with a party outside the area of such distribution licensee, the energy generated at the bus-bar of the OA generator (adjusted for applicable wheeling losses) will be added to the total metered energy at T<>D interface to*	The above mentioned clause has been inserted to ensure that the distribution licensee in whose area such an OA generator is present is not unduly benefitted from such energy which is pumped into its license area. Similarly, the distribution licensee in whose area an OA consumer is present is not unduly disadvantaged by serving the demand of such OA consumers.	• Proposed mechanism and treatment of embedded open access generators engaging in inter-licensee or inter-State open access transactions is approved. • No change or modification in the Order is necessary, as the clause 4.11 (n) & (o) of the Intra-State ABT Order (Case 42 of 2006) provide and enable to devise appropriate procedure and protocol by MSLDC and licensees. • Above mechanism addresses the inter-se energy accounting and treatment amongst licensees for open access wheeling transactions of embedded open access generators/consumers. However, only issue remains to be addressed is how the credit for wheeled energy be passed onto such open access consumers – on ToD basis or otherwise? This may need to be addressed by licensees and does not form part of balancing & settlement code.

Issue Description	Proposed Change by MSPC	Basis for Change as claimed by MSPC	Remarks /Comments/Approval of the Commission
	determine the total T<>D drawl of the distribution licensee, so as to avoid any undue benefit arising to the distribution licensee due to the power generated by the OA generator being absorbed locally and also to determine equivalent drawal of the licensee, that would have been in case such generator was not embedded within the network of the distribution licensee. *On the other hand, the distribution licensee's total T<>D drawal, in whose area the buyer of power from such generator is located (i.e. full or partial OA User of the network of such distribution licensee) will increase because of the requirement of such OA user as well, as per the ABT Order of MERC. Hence, in order to avoid any negative impact on the distribution licensee, the generation of the contracted generator of such OA user will be added to the distribution*		• Further, MSLDC and licensee may need to explore and confirm applicability of above mechanism in case of open access wheeling transactions of renewable energy generator(s) (e.g. wind energy wheeling transactions). Otherwise, alternate mechanism on ToD basis or continuation of existing mechanism for energy accounting of renewable energy wheeling transactions may be to be confirmed by MSLDC in consultation with distribution licensees.

Issue Description	Proposed Change by MSPC	Basis for Change as claimed by MSPC	Remarks /Comments/Approval of the Commission
	licensee's availability, for the purpose of pool balancing. *For example:* *Open Access generator 'A' comes up in the area of Distribution Licensee 1, and has a contract with Distribution Licensee 2 or with a consumer in Distribution Licensee 2's area, for 10 MW. The actual energy drawl for Distribution Licensee 1 as measured at the T<>D interface will not include the power generated by the Open Access generator A, which will be locally absorbed in the area of Distribution Licensee 1. In case Distribution Licensee 1 draws 600 MW as per the T<>D interface metered data, and the generator 'A' produces 10 MW at the generator bus-bar, the total energy consumption by Distribution Licensee 1 will be 600+10 = 610 MW and 10MW will be added to the availability of generations of Distribution*		

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	Licensee 2 for the purpose of determining over-drawl /under-drawl.		
ISSUE No. 6 : Power utilized by OA generators during synchronization			
A generator which sells power through Open Access might actually draw certain power from the network during synchronization. In such cases, the MSPC members have agreed that the extra energy drawn from the pool shall be charged at pool System Marginal Price in line with the provisions of the Commission's order in Case no. 42 of 2006.			• The proposed suggestion is approved as no modification to the Order principles is envisaged.

Annexure II

REMARKS /COMMENTS/GUIDANCE OF COMMISSION

Issue Description	Proposed Change by MSPC	Basis for Change as claimed by MSPC	Remarks /Comments/Guidance of Commission
ISSUE No. 7: Calculation of overall average per unit fixed cost for FCR Pool.			
As per Section 4.3.2 (h) of the Order dated 17th May 2007 in Case No 42 of 2006, the Commission has stated the following: *"(h) For the purpose of determining 'overall average per unit fixed cost' of contributing Pool participant, total fixed cost payable by the Pool Participant for the generating stations contracted by that FCR Pool Participant during the fiscal year under consideration shall be divided by 'total energy units' injected by generating station and to be paid for such FCR Pool Participant during the fiscal year, in accordance with the PPA conditions shall be considered."*	It was the opinion of some of the members of MSPC that since fixed cost gets paid at 80% (or as applicable) availability levels, the calculation of overall average per unit fixed cost should take into account generation at 80% (or as applicable) availability as against the 'total energy units' injected during the year.	In case the existing methodology for computation of the overall per unit fixed cost for the FCR pool was adopted, it would mean that irrespective of whether the generation plant was available for the minimum threshold level of 80% (or as applicable) for total fixed cost recovery or not, it would be compensated for a cost which he may actually may not be eligible to recover on account of lower availability.	• Proposed modification is not acceptable as it amounts to deviation from Order principles. • Further, actual injection lower than threshold level shall be dealt with as per provisions under Tariff Regulations and contracting arrangements between generating company and distribution licensee, as the case may be. The fixed cost reconciliation or capacity exchange amongst the State Pool Participants will have to be treated strictly as per the Order principles stipulated under the Intra-State ABT Order, unless otherwise the same are modified.
ISSUE No. 8 : Treatment of Reactive Charges			
The order issued by the Hon'ble Commission in the said matter states that the regional reactive charges	However, going forward, it may be required to come out with a methodology for allocation of the reactive		• No modification to the Order is required at this stage. • Besides, the treatment of reactive

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would be borne by MSETCL and form part of its Annual Revenue Requirement and would be recovered through transmission charges. Accordingly, the different treatment for Reactive Charges has not been covered in the Final Balancing and Settlement Mechanism Code.	energy charges on the lines of regional UI settlement in the future. The Hon'ble Commission is requested to look into the matter and suggest appropriate mechanism.		energy exchange over intra-State transmission system (InSTS) and reactive energy charges thereof has already been dealt with as a part of Transmission pricing framework Order.
ISSUE No. 9 : Treatment of Wind Power			
As per the present system for settlement of energy transactions from wind energy generators, if there is a wind power generator existing in the area of a particular Distribution Licensee, the Distribution Licensee gives a credit note to the buyer at the end of a month regarding the total energy input by the plant during the month. This credit note forms the basis for settlements under the Interim Balancing and Settlement Mechanism which is presently operated on a monthly basis. However, under the Final Balancing and Settlement Mechanism, the settlements are proposed to be undertaken on a 15	In view of the same, it would pertinent to have the information regarding the wind power generation on a 15 minute time block basis to enable accurate settlements. At present, SLDC does not have any mechanism to control generators below 50 MW capacities and collate the necessary information from smaller generators including wind energy generators on a real time basis. In view of the above, the Hon'ble Commission is requested to guide MSPC on the matter regarding treatment of wind power transactions and making them compatible with the 15 minute time block energy		• As highlighted under issue no.-5, MSLDC alongwith distribution licensees need to propose mechanism for energy accounting and treatment of renewable energy wheeling transactions including wind energy transactions. • The Commission under Order dt. April 15, 2008 (Case 31 of 2007) in the matter of petition filed by TPC-D in the Supa wind energy matter, had directed MSLDC/MSPC to address issue of energy accounting of wind energy under intra-State ABT regime as a part of finalising FBSM Code.

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minute time interval blocks.	accounting system to be followed under the proposed FBSM Code.		
ISSUE No. 10 : ISSUES WITH MERIT ORDER DESPATCH PRINCIPLES			
ISSUE No. 10A : Powers of the MSLDC in the matter of curtailment or cancellation of the schedules for the bilaterally contracted power			
In the matter of the powers of SLDC to curtail or cancel schedules for Bilaterally Contracted Power, the CERC has recently come out with a notification for amendment of the CERC (Open Access in Inter State Transmission) Regulations 2009. As per amendment, {section 15 (1)}, *"The Regional Load Despatch Centre may curtail power flow on any transmission corridor by cancelling or re-scheduling any transaction, if in its opinion cancellation or curtailment of any such transaction is likely to relieve the transmission constraint on the corridor or to improve grid security"* Thus, the following two points are established from the above clause:		Just to further elaborate the above point, we can consider a situation where-in the State is having surplus power at a given point of time and there are no transmission constraints existing in the system. At this point of time, it may be possible that the costliest power coming into the state grid at that moment is through an inter-state bilateral transaction. Hence, as per the normal MoD principles, this particular costly power coming into the state would have to be curtailed to ensure economic despatch of power. However, as highlighted above, in view of the existing CERC regulations, MSLDC would not have the authority to effect such curtailment. This would create a situation where-in MSLDC would	• The issue of MSLDC's powers for curtailment/cancellation of bilateral contracts pertain to CERC's Inter-State Open Access Regulations. • Further, it certainly affects the core function of MSLDC to ensure optimal despatch and power system operations at State level. • MSLDC and distribution licensees should take-up this issue for further deliberations at GCC and later at regional power committee (RPC) meetings and may initiate necessary steps to seek review of CERC inter-State OA regulations. • Until such modification to inter-State OA regulations or curtailment of bilateral contracts is effected, the same will have to be treated as 'MUST RUN'.

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• Only the RLDC has powers to curtail power from any inter-state bilateral contracts • Such curtailment can be done only on account of transmission constraints.		not be able to implement the MoD principles in its true sense. WRLDC also clarified by its letter dated 26th May 2009 that Short Term Open Access schedules either on day ahead or same day basis can not be revised. Hence, in such a situation, either such inter-state transactions need to be treated as 'must-run', or guidelines can be specified wherein the SLDC can make a request to RLDC for curtailment of such power, for reasons other than the transmission constraints, on a real time basis.	
ISSUE No. 10B : <u>Inclusion of these contracts in the determination of the marginal price of the pool</u>			
The second issue with regards to inclusion of these bi-lateral contracts in the determination of the System Marginal Price is a more contentious issue. The bilateral power contracts under the consideration can be categorised as "controllable" and "un-controllable". "Controllable" contracts can be those which do not financially	Thus, the issues discussed above are placed for the consideration of the Hon'ble commission and appropriate guidance is requested in the matter of operation of the Merit Order Despatch Principles by MSLDC on a regular basis as envisaged	Hence, it is very important that this categorisation has to be taken into consideration while deciding on the issue of whether these contracts should be considered for the purpose of computation of the System Marginal Price or not. Further, another issue that crops	• Such bilateral contracts arrangement although treated as 'MUST RUN' will have to be considered for the purpose of computation of system marginal price. • Above principle to include short term power purchase while computing weighted average system marginal price (WASMP) has already been clarified or re-emphasised by the Commission under its Order dt.13th Feb, 2007 in the

Issue Description	Proposed Change by MSPC	Basis for Change as claimed by MSPC	Remarks /Comments/Guidance of Commission
impact the licensees in case of cancellation or curtailment of schedules, while the "un-controllable" contracts are those which have a financial implication on the licensee in case of cancellation or curtailment of schedules ~~due to~~ having penalty clauses or *"take or pay"* kind of obligations under the contract. *E.g. In case a Licensee 1 has a bilateral contract with a "take or pay" kind of an obligation. In case the MSLDC backs down this contracted power on application of MoD principles, the licensee 1 would be obligated to make the payments under the said contract on account of contractual obligation and in addition to the same, he would also have to pay at the pool marginal price for allocation of power from some other cheaper generation station. Thus, the financial impact would be much higher.*	under the FBSM.	up from these "uncontrollable" bilateral contracts is that typically these bilateral contracts would be higher cost contracts as compared to the other long term power sources contracted by the licensee. Hence, if these contracts are considered as uncontrollable and included in the MoD as "must run" stations, it may result in some of his cheaper stations getting backed down. Accordingly, if these bilateral contracts are also considered while determining the System Marginal price, they would figure in top marginal stations and hence would be loaded onto the pool in case the concerned licensee is incrementing to the pool. Hence, the burden of such high cost power is unreasonably loaded onto the other pool participants who have decremented the pool. Thus, the decision with regards inclusion of these plants into the pool from which system marginal price is determined has to be	matter of petition filed by MSDCL under Case 36 & 41 of 2006.

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		carefully taken. On the flip side, non-inclusion of these "uncontrollable" contracts into the pool while determining the system marginal price may lead to a situation where the Merchant / Captive / Independent generators would be benefitted for under-generation as they would end up paying the state generating station's variable price as the pool price which may be lower that their generation costs and also there is a possibility that one of the licensees may be benefitted by having to pay lower marginal prices and may not think of entering into any bilateral contracts for meeting its demand. Hence, the licensees who enter into the bilateral contracts to meet their demands may be at a disadvantage in the present scenario.	
ISSUE No. 10C : <u>Treatment of transactions through Power Exchange</u>			
Though MSLDC has the power to	Thus, the Hon'ble Commission is requested to guide the MSPC		• Same as above.

Issue Description	Proposed Change by MSPC	Basis for Change as claimed by MSPC	Remarks /Comments/Guidance of Commission
curtail or cancel the intra-state bilateral power transactions, there is no provision for such curtailment in the power exchange's rules and regulations. This may lead to a situation wherein such transactions through the power exchanges would need to be considered as 'must-run' contracts even though the cost of such power might be much higher than other available power. Thus, the issues as discussed under the previous point would also crop up in the power transactions through the power exchanges.	on the said issue.		• Transactions through power exchange will have to be treated in a similar manner as treatment proposed for short term bilateral transactions until inter-State open access regulations for bilateral or collective (through power exchange) transactions are modified.
ISSUE No. 10D : Treatment of full Open Access users			
As per Section 4.11 (j) of the Order dated 17th May 2007 in Case No 42 of 2006, the 'Full Open Access User' can be treated on par with the State Pool Participants for the purpose of 'State Imbalance Pool' and be subjected to similar provisions of the Balancing and Settlement code. Whether Full Open Access User will be the part UI charge allocation?	The Hon'ble Commission is requested to examine the above situation and suggest a suitable course of action.	Further, the Net UI -1 is also not allocated to Full Open Access User (generator) as the same is allocated amongst the state pool participants in proportion to their deviations in drawal. Hence, the Full Open Access User (generator) may get away with deviating from their schedules without any financial implications while the State Pool Participants would have	• No modification to the Order is required. MSPC while formulating the membership rules for open access Pool participants (e.g. full TOAU) can address situations to avoid gaming by such OA users.

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Now as per Section 4.9 (viii) of the Order reads as under: *'Net-UI charges-2 corresponding to in-state generator deviations shall be captured only when in-state generator deviations are in tandem (of same sign) with overall UI implications of the state.'* The above provision implies that in case the in-state generator deviations are not in tandem with the overall UI implications of the state, no UI allocation will get passed on to the in-state generators including the Full Open Access User (generator). This will be the case even when the Full Open Access User (generator) may have under-generated or over-generated, as the case may be, as the overall generator deviations may not be in tandem with the overall UI implication.		to bear the burden of the same.	
ISSUE No. 10E : Treatment of Open Access Users having inter-State and intra-State contracts			
There would be cases where-in the Open Access generator would be supplying power to consumers located	One possible solution could be that the allocation of power be made on pro-rata basis instead	In view of the above, principles would have to be outlined for non-discriminatory treatment of such	• As per principles outlined under the Intra-State ABT Order and principle of non-discrimination all transactions

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outside and within the state through inter-state, and intra-state (collective) and intra-state bilateral transactions. In case of such open access users, MSLDC would have to first allocate part of the injection to the inter-state transaction as per REA/intra-state collective transactions and the balance would then be allocated to the intra-state utility having contract with the said generator. This would mean that any under-generation on the part of the Open Access generator would affect the intra-state utilities in a major way as their share from the injected power would be curtailed to the extent of the shortfall.	of giving any priority to Inter-State transaction. MSPC seeks the advice of the Hon'ble Commission in the above matter.	transactions.	whether inter-State or intra-State shall be treated on par. Accordingly, the shortfall in injection or actual injection will have to be allocated on pro-rata basis to all Pool Participants uniformly in proportion to their Contracts, irrespective of the fact whether the transaction is inter-State or intra-State.
ISSUE No. 10F : <u>Allocation of power of Unit-8 of TPC-G</u>			
In continuation to the above, similar issues will be relevant in the context of allocation of generation from newly commissioned 250 MW Unit 8. Out of the total capacity of the plant, 100 MW is contracted with BEST, 50 MW with TPC-D and balance 100 MW to trader TPTCL. As discussed above, in case of under-generation by Unit 8 and if	The Hon'ble Commission is requested to suggest methodology for non-discriminatory allocation of power on a real time basis between the parties.		• Same as above.

Issue Description	Proposed Change by MSPC	Basis for Change as claimed by MSPC	Remarks /Comments/Guidance of Commission
TPTCL engages in inter-state transactions, then the allocation of power on an actual basis would be contentious since MSLDC would have to allocate the full share to the trader TPTCL (because of the inter-state transactions over which MSLDC has no power to control) and then re-allocate the remaining power between BEST and TPC-D which will affect PPA of BEST TPC-D.			
ISSUE No. 10G : Change of fuel			
Certain generating companies are using multi-fuel generators and in case the fuel type is changed during a day without any prior intimation to MSLDC, it would affect the settlements through FBSM as the unit variable cost of that plant would differ from the rate considered by MSLDC to draw up the merit order stack. It would be prudent to give MSLDC at least a day's notice before changing the fuel type. Also generating companies having multi-fuel generators are using the Oil /	The Hon'ble Commission is requested to give its guidance in this matter.		• Energy Charge rates for generating station for use of mix fuels or different fuels are approved as part of ARR/Tariff Orders whereas fuel cost adjustment (FAC) is approved on quarterly basis. • However, Operational issue of change of fuels or modification in fuel mix ratio etc. may be best handled by devising appropriate procedures and protocol for intimation to SLDC by generating companies.

Issue Description	Proposed Change by MSPC	Basis for Change as claimed by MSPC	Remarks /Comments/Guidance of Commission
Naphtha for support during coal mill changeover or tripping etc and submitting the separate energy rates for the energy generated. This creates issues with regards to MOD operation if required as well as WASMP computations, as the total energy recorded at the ex-bus and it can not be separated with respect to fuel. In this regard, guidance is required whether average rate of energy is to be considered or energy rates specific to fuel are to be considered.			
ISSUE No. 10H : Ascertaining TPC T<->D Drawl in view of MERC Order in Case No. 113 of 2008			
As per MERC order in case no. 113 of 2008 (TPC-D APR order) TPC-D can supply power to the any consumers in the distribution area of other utilities in Mumbai area. In such cases it is difficult to have a TPC-D drawl at 15-minute basis for energy accounting purpose.			• MSPC should propose a solution or options, which can then be further deliberated through regulatory process.