

The Maharashtra BPS Operational framework, 2007

MAHARASHTRA

India

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Rule

THE-MAHARASHTRA-BPS-OPERATIONAL-FRAMEWORK-2007 of 2007

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The Maharashtra BPS Operational framework, 2007 Published vide Notification No. M.G.G. Part 4-C, dated 8th March, 2007, pages 197-215 [Dated 21st February, 2007] Ref. :- The MERC order (Case No. 6 of 2006) on "Long Term Development of Renewable Energy Sources and Associated Regulatory (RPS) Framework" dated 16th August, 2006. Preamble Under Section 86(1)(e) of the Electricity Act, 2003 (hereinafter referred to as the Act), Maharashtra Electricity Regulatory Commission (hereinafter referred to as the MERC), inter alia, is empowered to "promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures of connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of distribution licensee" in the State of Maharashtra. In line with the provisions of Section 86(1)(e) read with Section 61(h), Section 97 and Section 3 of the Act, the MERC issued an order dated August 16, 2006 in respect of "Long Term Development of Renewable Energy Sources and Associated Regulatory (RPS) Framework" for Distribution Licensees, Open Access Consumers and Captive Consumers; collectively called "Eligible Persons". As per clause 3.1.8, the RPS Order states "MEDA shall be responsible for administering this RPS framework in the State. The Commission directs MEDA to put in place 'RPS Operating Framework' within stipulated timeframe." Similarly, as per clause No. 3.1.9, it is mentioned that ".... Shortfall in RE procurement by Eligible Persons shall be treated as non-compliance with the Commission's directives, and shall attract action as per appropriate provisions of EA 2003. The Commission directs MEDA to report such incidences of failure to comply by Eligible Persons, to the Commission....", In exercise of power vested by the MERC as per clause 3.1.8 and 3.1.9 of the RPS order, the Maharashtra Energy Development Agency (hereinafter referred to as the MEDA), the order namely "Maharashtra RPS Operational Framework, 2007" is being stipulated as follows :-

1. Short title, extent and commencement.

- This order maybe called the "Maharashtra RPS Operational Framework, 2007" and hereinafter referred to as the RPS operating framework;

2. This order shall extend to whole of the State of Maharashtra;

3. The order shall come into force from the date of its issue;

2. Definitions.

- In this order, unless the context otherwise requires,-(a)"Act" means the Electricity Act, 2003 including amendments, thereto;(b)"Captive consumer" means only grid synchronized captive consumers as per the MERC letter No. MERC/Case No. 6 of 2006/289 dated 7th February, 2007 to the MEDA;(c)"Captive generating plant" shall have the same meaning as per the Act;(d)"Captive user" shall have the same meaning as per the Electricity Rules, 2005;(e)"Consumer" shall have the same meaning as per the Act;(f)"Eligible Persons" shall have the same meaning as derived from the RPS order and further clarification of the MERC thereof;(g)"Financial Year" means a year starting from 1st April of a year to 31st March of next calendar year;(h)"Generating Company" shall have the same meaning as per the Act;(i)"Intermediaries" means the person(s) in the business of sale of electricity and not directly involved in such sale to the end consumer;(j)"Licensee" means distribution licensee within the State of Maharashtra;(k)"MERC" means the Maharashtra Electricity Regulatory Commission formed as per the section 82 of the Act;(l)"MNRE" means Ministry of New and Renewable Energy, Government of India;(m)"Open access" shall have the same meaning as per the Act;(n)"Person" shall have the same meaning as per the Act;(o)"PWD" means Public Works Department of Government of Maharashtra;(p)"RE generation" means generation of electricity from Renewable Energy sources;(q)"RE Sources" means Renewable Energy Sources as approved by the MNRE from time to time and stipulated in the RPS order;(r)"RPO" means Renewable Purchase Obligation and meaning as derived by the MERC order (Case No. 1 of 2004) dated 3rd September, 2004;(s)"RPS" means Renewable Purchase Specification and meaning as derived from RPS order and interpretation thereof by the MERC;(t)"RPS Obligation" means the quantum arrived at by multiplying gross electricity consumption by RPS percentage for the corresponding financial year;(u)"RPS order" means order issued by the MERC (Case No. 6 of 2006) dated 16th August, 2006;(v)"SEM" means Special Energy Meter;(w)"Tariff Order" means order issued by the MERC in regard of determining rate of power purchase from RE sources and its revision from time to time;(x)"Transmission Licensee" shall have same meaning as per the Act; Words and expressions used herein and not defined shall have the meanings assigned to them in the Act, the Electricity Rules, 2005 and the RPS order.

3. Objective.

- The objectives of the RPS operating framework are,-

- 1. to support increased renewable energy production, and thereby contribute to an improvement in environmental quality and to increase diversity in electricity supply;**
- 2. to achieve the target of capacity addition of RE sources in the State and in line with the RPS order and Renewable Energy plan of the State of Maharashtra;**
- 3. to set up conducive and competitive environment for equitable growth of RE market;**
- 4. to operationalise the mechanism to make it mandatory for "eligible persons" to procure a certain percentage of electricity from renewable sources of energy as specified by the RPS order.**

4. Applicability.

- This order shall be applicable to all existing and future eligible persons i.e. electricity distribution licensees, Open Access Consumers and Captive Consumers within the State of Maharashtra. Further, it is clarified that only grid-synchronized Captive Consumers shall come under the provisions of this order.

5. Identification of Eligible Persons.

(1) It shall be responsibility of eligible persons to intimate the MEDA within 15 working days of permission granted to them by respective competent authority to operate as eligible persons;

2. The PWD, distribution licensee and transmission licensee shall communicate to the MEDA the existing list of open access or captive consumers within 30 working days from the issue of this order and shall also communicate such approval granted in future as per Form-VII in Annexure appended to this order within 15 working days from grant of such licence;

3. The MEDA shall endeavour to obtain names of distribution/transmission licensees as approved by the MERC from time to time;

4. Non-compliance of above provisions shall attract proceedings under Section 142 of the Act.

6. The RPS operating framework.

(1) Every "Eligible Person" shall procure electricity generated from "Eligible Renewable Energy Sources" at the percentages mentioned herein below during the respective financial year :

Financial year Renewable Purchase Specifications (RPS)*

2006 - 07 3.0%

2007 - 08 4.0%

2008 - 09 5.0%

2009 - 10 6.0%

*Percentage RPS denotes Minimum Quantum of procurement of electricity by eligible persons from 'co-generation and generation from renewable energy sources'.

2. The RPS for each licensee is hereby stipulated as a percentage of 'gross consumption units' handled by the licensee for supplying power to consumers within its designated area of supply including quantum of electricity supplied to Open Access and Captive consumers by the licensee. For Open Access/Captive consumers the RPS is stipulated as a percentage of the quantum procured through Open Access or through Captive/Self Generation or both;

3. Electricity Generation from all types of RE sources as approved by the MNRE and the MERC and those connected with grid shall only be considered under the RPS framework. Accordingly, the following technologies and generation of electricity from these technologies as considered by the MERC shall qualify as eligible RE sources under this RPS operating framework :

(i) Non-fossil fuel (including bagasse) based co-generation projects (ii) Wind energy sources (iii) Biomass (based on Rankine cycle technology) (iv) Small Hydro (v) Municipal Solid Waste
Further the additional and new RE sources and their technologies approved by the MNRE and the MERC shall also qualify among eligible RE sources in future;

4. The tariff orders in case of (a) non-fossil fuel based (qualifying) cogeneration projects, (b) non-fossil fuel based (non-qualifying) co-generation projects, (c) wind energy projects, (d) municipal solid waste to energy projects, and (e) small hydro projects, shall be applicable up to 31st March, 2010 under the RPS Order or the tariff orders as amended by the MERC from time to time;

5. The Eligible Persons shall meet their RPS obligation by way of own RE generation and procurement or by purchase from RE developer or from other Eligible Persons including licensees within the State of Maharashtra, in case that Eligible Persons has contracted surplus RE generation in excess of its RPS obligation. However, it shall not be mandatory for any person procuring electricity from RE sources in excess of its RPS obligation, to sell the same. In case any person decides to sell such excess electricity, the price for such transaction shall be mutually agreed;

6. This order is effective from the financial year 2006-07 to last financial year of Multi Year Tariff control period i.e. 2009-10;

7. Each "Eligible Person" shall meet its 'RPS obligation' by way of,-

(i)its own RE generation and procurement within the State of Maharashtra and/or;(ii)procurement from RE developers within the State of Maharashtra and/or;(iii)purchase from other eligible persons including Licensee, in case such other person or Licensee has surplus electricity from RE sources available, in excess of its 'RPS Percentage';

8. The Eligible Persons shall comply with their RPS obligation. Each Eligible Person in shortfall of their minimum RPS Obligation shall pay penalty charges to the MEDA at the rate of Rs. 5.00/KWh of the shortfall in 2007-08, Rs. 6.00/KWh of the shortfall in 2008-09 and Rs. 7.00/KWh of the shortfall for 2009-10. During the first financial year of RPS implementation i.e. 2006-07, there shall not be any charge towards the shortfall. Further, it is clarified that, any penalty levied on distribution licensees towards shortfall in renewable energy procurement shall not be allowed as 'pass through' expenses in their Annual Revenue Requirement.

7. Methodology of operationalising RPS Framework.

(1)The Methodology of operationalising RPS Framework shall include,-(a)Calculation of Gross Electricity Consumption for Distribution Licensees, Captive Consumers and Open Access Consumers,(b)Units to be procured under RPS obligation by "Eligible Persons" from "Eligible Sources", (c)RPS settlement and (d)Alternative Mechanism to fulfil RPS obligation : Financial Arrangement;

2. Calculation of Gross Electricity consumption for Distribution Licensee. -
Gross Electricity Consumption (GEC) for distribution licensees means the total quantum of electricity in terms of millions of kilowatt hours (MUs) generated by licensee itself and electricity purchased by it, if any, from Generating company or Licensees or Intermediaries or Traders excluding any sale to Licensees or Intermediaries or Traders as explained below:-

GEC = O + P - S Where, -GEC = Gross Electricity Consumption
 O = Own Generation
 P = Energy Purchased from Generating Company/Licensees/Intermediaries/Trader
 S = Sale to other Licensees/Intermediaries Trader.
 Explanation.-(a)Data for "Own Generation" shall be the data at Feeder/Sub-Station at drawal point of the distribution licensee;(b)The "Purchase from other Generating company/Licensees/Intermediaries/Traders" shall include the quantum being purchased from licensees/intermediaries/traders from within and outside the State. Corresponding data for such transaction shall again be at the drawal point;(c)"Sale to other Licensees/Intermediaries/Traders" shall include the quantum sold to licensees/intermediaries/traders within and outside the State and data for such transaction shall be taken at injecting, point i.e. the point in the grid at which electricity is fed into or as defined in their contractual agreement;(d)Gross Electricity Consumption shall be the quantum of electricity consumed within its region by a licensee including distribution losses, on part of the licensee;(e)For the purpose of indicating the GEC calculation the following illustration is given.

Form II Monthly Energy Consumption Gross Consumption Details

Sr. No. Month : March '07 Licensee : XYZ

1	Gross Consumption	Quantum (MUs)	Remarks
O	Own Generation		
	XYZ Generation Plant I	2500	
	XYZ Generation Plant II	3000	
	Sub Total (1)	5500	
P	Purchase from Other Generating Company/Intermediaries		
	ABC Power Generation	1000	
	EFG Power Trading	250	Trader
	DEF Licensee	500	
	Sub Total (2)	1750	
S	Sale to Other Licensee/Intermediaries		
	DFG Licensee	300	
	EFG Power Trading	100	Trader
	Sub Total (3)	400	
	GEC Total For The Month (O+P-S)	6850	

3. Each distribution licensee shall submit monthly report as per Form II in the Annexure to the MEDA Office within 21 working days from the end of month;

4. Calculation of Gross Electricity Consumption for Captive Consumers. - Gross Electricity Consumption (GEC) for captive consumers synchronised to grid shall be the electricity consumed for captive use and shall be expressed in million units i.e. million of kilowatt hours (MUs) and shall be the actual quantum of electricity scheduled for such use as indicated below :-

GEC = Actual Quantum being scheduled for the captive use

5. Each captive consumer shall submit monthly report as per Form IV given in the Annexure to the MEDA office within 21 working days from the end of the month;

6. Calculation of Gross Electricity Consumption for Open Access Consumers. - Gross Electricity Consumption (GEC) for open access consumers shall be the electricity procured through open access and shall be expressed in million units i.e. million of kilowatt hours (MUs) and shall be equal to Actual SEM or Metering data installed by connector as indicated below :

GEC = Actual SEM or Metering data installed by connector

Explanation. - Clause 7.1 of the MERC (Distribution Open Access) Regulations, 2005 mandates that "Every Connector shall install or have installed a correct meter in accordance with the regulations made in this behalf by the Authority under Section 55 of the Act :Provided that, every Connector who is either,-(i)a consumer under Regulation 4.2 with a contract demand in excess of 1 MVA; or(ii)a person under Regulation 4.3 with a contract demand in excess of 1 MVA ; or(iii)a Supplier directly connected to the distribution system of the Distribution Licensee under Regulation 4.4,shall install or have installed a Special Energy Meter (SEM) :Provided further that, such meters may be procured from the Distribution Licensee or from any supplier of correct meters in accordance with specifications laid down by the Authority in the regulations made in exercise of the powers under Section 55 of the Act :Provided also that, till the regulations are specified by the Authority under Section 55 of the Act, such meters may be procured in accordance with specifications laid down by the Distribution Licensee :Provided also that, where such meter has been procured from a supplier of meters other than the Distribution Licensee, the Distribution Licensee shall be entitled to test the correctness of the meter prior to installation :Provided also that, the meters shall be maintained by the Distribution Licensee over the duration of the Connection Agreement."

7. Accordingly, the data for above calculation shall be submitted by such consumer monthly as per SEM installed at the consumer end in the Form IV given in the Annexure, to the MEDA Office within 21 working days from the end of the month;

8. Units to be procured under RPS obligation by "Eligible Persons" from "Eligible Sources". - The quantum of electricity to be procured for meeting RPS obligation by eligible persons from eligible RE sources shall be arrived by multiplying GEC of respective eligible person with RPS percentage of corresponding financial year as specified below :-

Units to be procured for meeting RPS Obligation = (Gross Electricity Consumption of respective eligible person) x (% RPS for corresponding financial year);

9. RPS Settlement. - RPS Obligation in MUs shall be calculated as per Form I based on the monthly data submitted by various "eligible persons" and shall be prepared on cumulative monthly basis. Accordingly, Form I shall be maintained at the MEDA to arrive at the figure of shortfall in meeting RPS obligation for each eligible person and the same shall be published monthly on the MEDA official website. The settlement shall be carried out at the end of each financial year;

10. "Eligible Persons" that have a shortfall in meeting their RPS obligation as per the RPS settlement account shall pay penalty to the MEDA at the rate of Rs. 5.00 per unit of shortfall in 2007-08, Rs. 6.00 per unit of shortfall in 2008-09 and Rs. 7.00 per unit of shortfall for 2009-10. The penalty charges shall be communicated by the MEDA in writing in the Form V to concerned eligible persons and shall also be informed to the MERC;

11. To arrive at the penalty charges, at the end of each financial year, Form V shall be published on the MEDA official website based on the figures in Form I and shall be circulated to all "eligible persons" with a copy to the MERC. Penalty charges, as indicated in Form V, shall be deposited, by such eligible persons in the MEDA account within 15 working days from issue of Form V;

12. Alternative Mechanism to fulfil RPS obligation Financial Arrangement. - Alternatively, if an eligible person fails to generate or procure electricity as per RPS obligation during the financial year, it may fulfil the same by

adopting the following method;

13. The Eligible Person who is in shortfall of meeting minimum RPS percentage requirement (herein referred to as the buyer) may approach the Eligible Persons having excess of the minimum RPS percentage requirement (herein referred to as the seller). The surplus RE units available with the seller may be assessed by the buyer for meeting the shortfall of RE units by notionally buying these surplus RE units at mutually agreed rate. The seller would issue "Certificate of fulfilment of financial settlement" as per Form VI in the Annexure;

14. As the settlement shall be done at the end of financial year and account for the same shall be closed by that time, there shall not be any physical transaction of electricity units i.e. only financial transaction would take place. Such RE units accessed through the "Certificate of fulfilment of financial settlement" shall be considered as procurement of RE units required to fulfil RPS obligation by the buyer to the extent of units settled by such settlement;

15. All the eligible persons, at the end of a financial year, shall submit the year-end data of the financial year latest by 21st April of subsequent financial year in Form II to Form IV as mandated by this order. The MEDA shall issue Form-I indicating shortfall by eligible persons by 15th May and it shall be mandatory for eligible persons to complete the financial transaction, if chosen, and submit the documentary proof of the same latest by 30th May of subsequent financial year failing which, they shall pay penalty charges in accordance of clause 7.10 above.

8. Non-Compliance.

(1)The eligible persons shall submit the data of month in prescribed formats in Form II to Form IV to the MEDA office within 21 working days from the end of the month and any delay in submission of these forms shall be treated as non-compliance;

2. Any non-compliance of this order by any eligible persons or person(s) or entity(ies) shall be construed as contravention within the meaning of section 142 of the Act and shall be reported by the MEDA to the MERC for appropriate action.

9. Miscellaneous.

(1) The MEDA shall levy fees for service rendered for implementing; administering and monitoring the framework developed under this order. Fees of Rs. 20 Lakhs per annum shall remain same as levied earlier by the MEDA for "Operationalising RPO". The amount of fees 'may be revised with approval of the MERC. The fees shall be chargeable to all eligible persons in proportion of their Gross Electricity Consumption and shall be paid by them within 15 working days after the demand is raised by the MEDA as per Form VIII failing which, the same shall be treated as non-compliance;

2. The collections from penalty shall be deposited in a separate account by the MEDA and shall be used to support the research and development efforts, institutional capacity building, training, public awareness related to renewable energy, etc. ;

3. In case any dispute arises regarding interpretation of this framework, the decision of the Director General, MEDA shall be final.

All the eligible persons, authorities, persons and the concerned entities are hereby directed to comply with this order scrupulously. Annexure It contains eight forms to work out the methodology of RPS Operational Framework as follows :-

- Form I : RPS Settlement Account. It contains month wise figure of consumption, RE procurement, RPS obligation and shortfall on cumulative basis of a year. This is to be maintained for each "Eligible Person" separately.
 - Form II : Monthly Energy Consumption. It contains source wise details of monthly consumption by a distribution licensee so as to arrive at RPS Obligation.
 - Form III : Monthly RE Procurement by all eligible persons. In addition to source wise details of monthly RE Procurement, it also contains details of units settled through Financial settlement.
 - Form IV : Consumption details of OA/Captive Consumers. Quantum procured through OA or Captive generators only is to be provided by such person.
 - Form V : Non-compliance penalty charges to be completed by MEDA in accordance of Form I on yearly basis.
 - Form VI : Certificate of Financial Settlement. It contains details of parties undergoing such settlement. This is issued by the seller party and a copy is to be submitted to MEDA.
 - Form VII : Format of details to be furnished by the competent authority giving licence to operate as eligible person.
 - Form VIII : Format in which the MEDA shall raise the bill for collecting its service fees.
 - Form IX : RPS Settlement Account (Yearly)
- | Name : Eligible Person | Consumption |
|------------------------|-------------|
|------------------------|-------------|

Gross Energy	RPS % obligation	RPS % Upto Previous Month	RPS % Cumulative Upto the Month (1)	RE for the Month	RE Upto Previous Month	RE Cumulative Upto the Month (2)	Short if any (1-2)
Fiscal Year(xx-xx)	MUs	MUs	MUs	MUs	MUs	MUs	MUs
April							
May							
June							
July							
August							
September							
October							
November							
December							
January							
February							
March							

Total

Form II Monthly Electricity Consumption Gross Consumption Details

Sl. No. Month:

Licence:

1	Gross Consumption	Quantum (MUs)	Remarks
	O Own Generation		
	XYZ Generation Plant I		
	XYZ Generation Plant II		
	Sub-Total (1)		
P	Purchase from Other Generating Company/Intermediaries		
	ABC Power Generation		
	EFG Power Trading		
	DEF Licencee		
	Sub-Total (2)		
S	Sale to Other		
	Licensee/Intermediaries		
	DFG Licensee		
	EFG Power Trading		
	Sub-Total (3)		
	GEC Total For The Month (O+P-S)		

2 RPS Obligation (3% of GEC)

Form IIIMonthly RE ProcurementRe Sources Detail

Month:

Eligible Person

Name :

		Quantum (MUs)	Remarks
1	Own generation		
	RE 1		
	RE 2		
	REN		
	Sub-Total (1)		
2	Purchase from Other RE Sources/Licensee		
	Source 1		
	Source 2		
	Source N		
	Sub-Total (2)		
3	RE Sold to other Person or through Financial Settlement		
	Party-1		
	Party-2		
	Sub-Total (3)		
	Total RE Procurement (1) + (2) -(3)		

Form IVMonthly OA/Captive Electricity Consumption

Month:

OA/Captive Consumer Name :

1	OA/Captive Consumer Detail	Quantum (MUs)	Remarks
	Source Details		
	Source 1		
	Source 2		
	Source N		
	Total for the Month		
2	RPS % Obligation		

Form VNon Compliance Penalty Charges

Eligible Person Shortfall (MUs) Penalty (@..... per Unit) Rs.

Form VICertificate of Financial SettlementBuying "Eligible Person"Selling "Eligible Person"Quantum (MUs)Financial year of settlementRate of settlement (Rs. per unit)(Rate Determination Methodology to be Attached)

Authorised Signatory (Buyer) Authorised Signatory (Seller):

Name	Name
Signature	Signature
Seal	Seal
Date	Date

Form VII

1. Issuing Authority Details

Name :Address :Authorised Signatory :

2. Licensees/Consumers Details

Name :Category Name : (Distribution Licensee/OA Consumer/Captive Consumer)Date of Issue
:Valid till (Specify Date) :Form VIIIMaharashtra Energy Development AgencyMIIADA Commercial
Complex, 2nd Floor, Opp. Tridal Nagar, Yerwada, Pune.MEDA FeesIssue Date :Due Date :

Sr. No.	Name of Eligible person	GEC Units (Mus)	Pro rata ratio	Share of Fee (Rs.)
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Total :