

MERC GRANTS RELIEF TO TATA POWER: EXTENDS POWER PURCHASE AGREEMENT WITH TPC-G AMIDST TRANSMISSION CONSTRAINTS IN MUMBAI



The Maharashtra Electricity Regulatory Commission (“MERC”) on 28.11.2023 was pleased to partly allow the petition (Case No. 39 of 2023) filed by Tata Power Company Limited – Distribution Business (“TPC-D”) for FY 2024-25 to 2034-35.

By the said petition TPC-D, submitted its Power Procurement Plan for FY 2024-25 to FY 2034-35 thereby proposing to discontinue the power procurement from The Tata Power Company Limited – Generation (“TPC-G”) post expiry of their Power Purchase Agreement (“PPA”) in March 2024 and long-term procurement of power from Thermal/ Gas/ any other source through competitive bidding along with separate bid from wind power. In the meanwhile, in the Mid Term Review (“MTR”) Order dated 31.03.2023 issued in Case No 225 of 2023, MERC had directed TPC-D to extend its existing PPA with TPC-G for one year, i.e., for FY 2024-25. However, TPC-G vide its letter dated 14.04.2023 citing reasons of economical unviability informed its inability to extend the PPA for one year.

Upon hearing the submissions of various stakeholders, including inter alia the State Transmission Utility, the MERC emphasized the critical role of embedded generation, including 1377 MW from TPC-G and 500 MW from AEML-G (Adani’s Generating Station), in meeting Mumbai’s peak demand, which had reached 4108 MW. The MERC also noted the limited capacity of transmission lines (2522 MW/1905 MW) which necessitated the continuation of

embedded generation until additional transmission projects were commissioned. The MERC observed that the projected demand for FY 2025-26 (4538 MW) exceeded the achievable transfer capability (ATC) of 4415 MW, even with all planned transmission projects. Consequently, the MERC directed TPC-D to extend its PPA with TPC-G for five more years, until 31.03.2029, while urging the consideration of unit-wise PPAs to facilitate a phased discontinuation of costly embedded units based on available transmission capacity.

Furthermore, the MERC highlighted the absence of a clear future plan from the STU beyond FY 2025-26 and directed the STU to submit a five-year plan as per the State Grid Code. Regarding cost-sharing issues related to Mumbai Transmission Constraints, the MERC refrained from immediate intervention, awaiting a detailed report from the Maharashtra State Power Committee by 31.12.2023. Thus, the MERC indicated that it shall decide on the on issue of cost-sharing after due consultation with stakeholders and a thorough review of the committee’s report.

TPC-D was represented by SKV Law Offices’ team led by Mr. Shri Venkatesh (Managing Partner), Mr. Bharath Gangadharan (Senior Associate), Mr. Aashwyn Singh (Associate) and Mr. Punyam Bhutani (Associate).

Click [here](#) to access the MERC’s order dated 28.11.2023 in Case No. 39 of 2023.