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Case Update

Case Update: MERC Approves Tata Power Company Limited – Distribution’s Petition for Medium-Term Power Procurement

DATED: 26/02/2025



On February 26, 2025, the Maharashtra Electricity Regulatory Commission (“**MERC**”) issued an order in Case No. 194 of 2024, granting approval to The Tata Power Company Limited – Distribution (“**TPC-D**”) for the medium-term procurement of 200 MW power. The Commission also approved deviations in the Model Bidding Documents notified by the Ministry of Power, Government of India, to facilitate the competitive bidding process.

TPC-D filed its petition on November 15, 2024, under Section 63 of the Electricity Act, 2003, and Regulation 19 of the MERC Multi-Year Tariff Regulations. The petition sought approval for the procurement of 200 MW of round-the-clock (“**RTC**”) power for FY 2025-26 to FY 2026-27, along with deviations in the Standard Bidding Guidelines. The proposal was based on projected demand-supply requirements and the need to fulfil universal supply obligations. As part of its submission, TPC-D provided its Medium-Term Distribution Resource Adequacy Plan (“**MT-DRAP**”) on September 30, 2024, outlining its procurement strategy in compliance with MERC regulations.

Following an e-hearing on December 17, 2024, MERC reviewed TPC-D’s submissions and approved the procurement of 200 MW RTC power. The Commission noted a projected power shortfall of 206 MW in FY 2025-26 and 240 MW in FY 2026-27, necessitating medium-term procurement through the DEEP Portal’s competitive bidding process. Several deviations in the bidding documents were also approved. The delivery point was adjusted to the Maharashtra State Transmission Utility (“**STU**”) Periphery to standardize bid evaluation for inter-state and intra-state projects. The requirement to differentiate peak and off-peak availability was eliminated, as the power procurement was on an RTC basis. To enhance bid participation, the minimum bid capacity was reduced from 100 MW to 50 MW.

Consequently, the Agreement for Power Procurement extension period was modified. Instead of a six-month limit, the contract may now be extended for up to one year or a shorter period on mutually agreed terms. TPC-D also proposed removing the escrow account requirement, opting instead for a Letter of Credit as the sole payment security mechanism. Given TPC-D’s strong credit rating and the potential reduction in consumer costs, the Commission approved this change.

MERC reviewed TPC-D’s demand projections and determined that securing a reliable power supply was necessary. The approved deviations were procedural and contractual adjustments aimed at improving bid participation and cost efficiency. The Commission granted approval for the medium-term procurement of 200 MW RTC power and authorized the proposed deviations in the RFP and Draft PPA. TPC-D was directed to seek further approval post-bidding for tariff adoption under Section 63 of the Electricity Act, 2003.

The order in Case No. 194 of 2024 provides a structured approach to power procurement in Maharashtra. By approving TPC-D’s proposal, MERC has reinforced a competitive and transparent procurement framework while ensuring a stable electricity supply. The decision establishes a precedent for future procurement strategies within the state’s evolving energy sector.

Tata Power Distribution was represented before the Maharashtra Electricity Regulatory Commission by Shri Venkatesh (Managing Partner), Bharath Gangadharan (Counsel) and Shivam Kumar (Associate) of the SKV Law Offices Team.

Click [here](#) to read the MERC’s Order