



MAHATRANSCO
Maharashtra State Electricity Transmission Co. Ltd.

MAHARASHTRA STATE ELECTRICITY TRANSMISSION CO. LTD.

CIN: U40109MH2005SGC153646

OFFICE OF THE CHIEF ENGINEER (STU)

Address: 'Prakashganga', MSETCL, Plot no. C-19, E-Block, BKC, Bandra (E),
Mumbai-400051

Website: www.mahatransco.in

Email Id: cestu@mahatransco.in

Contact no: (O) 022-2659 5176

MSETCL/CO/STU-R&C/

No - 6427

Date:

16 JUL 2025

NOTICE

Inviting Comments/Suggestion on draft penalty mechanism to TSUs for existing unutilised Bays, future un-utilised bays and de-allocation of identified bays.

The Hon'ble MERC in its Order dated 28.03.2025 in Case No. 185 of 2024 (MYT Order of TPC-T) directed all Transmission Licensees to obtain firm utilization plans of allocated and unutilized Bays from TSUs and submit to STU and further directed STU to carry out de-allocation and re-evaluation of their utilization. The Hon'ble MERC in its Orders dated 28.03.2025 in Case No. 185 of 2024 (MYT Order of TPC-T), Case No. 184 of 2024 (MYT Order of AEML-T) and Case No. 178 of 2024 (MYT Order of MSETCL) also directed STU to explore the implementation of a penalty mechanism for all TSUs who fail to utilize capital intensive assets, which were initially demanded but later left unutilized, resulting stranded assets. Accordingly, STU constituted a Committee consisting of each representative from STU, MSETCL, AEML-T and TPC-T.

The Terms of Reference (TOR) of this committee is to study firm utilization plans for unutilized bays, identification of unutilized bays which can be de-allocated and re-evaluate their utilization and to explore the strategy for implementation of a penalty mechanism to TSU for unutilized bays.

Accordingly, the committee has prepared this draft penalty mechanism to TSUs for unutilised Bays.

Therefore, all stakeholders are requested to go through the draft penalty mechanism and submit their comments/suggestion by 22nd July 2025 to this office. After incorporating the suggestions/comments, the final action plan will be submitted to Hon'ble MERC for their further course of action.

The details for submission of comments / suggestions are as follows

Last date of submission	22 nd July, 2025 by 18:00 Hrs
Mode of submission	Soft copy in attached format (in Excel). No hard copy will be accepted
E-mail id	sereg@mahatransco.in

Encl: Draft penalty mechanism.

Place: Prakashganga, BKC, Bandra (E), Mumbai: - 400051.

Date: 15th July, 2025.

Yours faithfully,

(Peeyush Sharma)
Chief Engineer (STU)

Format for submission of Comments/Suggestions

Name of Stake Holder:			
Sr. No.	Draft Penalty Mechanism	Comments of the Stakeholder	Suggestions of the Stakeholder

Note: Suggestions on any additional points which are not covered in Draft Penalty Mechanism shall be added separately as "Additional"

The above format is to be submitted in 'Excel' form through e-mail for ease of consolidation of comments of all the Stakeholders

Penalty Mechanism to TSUs

A) Penalty mechanism for existing un-utilized Bays:

Particulars	Penalty in case of allocated but un-utilized bays
For all existing allocated but still unutilized bays	<p>{ Cumulative ARR since COD of such un-utilized bay till 31.03.2025 X 50% + Pro-rata normative O&M expenses w.e.f. 1.04.2025 till timeline committed against unutilized assets under consideration in respective firm utilization plan } = A Post which following penalty mechanism shall be applicable in case of further delay.</p>
	<p>Penalty in case of further delay in non-utilization post-date committed in Firm Utilization Plan: {Cumulative ARR since COD of such un-utilised bay till actual put to use – [A (penalty paid above)] }</p>

Note:

1. ARR means computation of expenses based on approved normative parameters applicable for respective Transmission Licensee for particular financial year with capitalization of assets under consideration. ARR components will comprise of O&M expenses, Depreciation, Interest on Loan, Interest on Working Capital, Return on Equity and Contribution to Contingency Reserves.
2. In case only year is mentioned in utilization plan, same shall be considered as 31st Dec of that Year for computation of penalty. In case Financial year is mentioned in utilization plan, same shall be considered as 31st March of that Financial Year for computation of penalty.
3. Applicable penalty shall be validated and duly certified by STU.
4. Capitalization of asset under consideration after actual put to use shall be as per the regulations/directives of the Hon'ble MERC.

B) Penalty mechanism for future un-utilised bays, i.e. COD of transmission assets after 1 April 2025

Financial Year of Un-utilization	Put to use after COD	Penalty in case of allocated but un-utilized bays
-	Before two months of SCOD	TL to send reminder to TSU for utilization
-	On SCOD	No penalty, TL to send reminder to TSU for utilization
1 st Year	0 – 12 months	No penalty, One-time grace period.
2 nd Year	13 – 24 months	ARR for 1 st year + ARR for 2 nd Year (for proportionate period)
3 rd Year	25 – 36 months	ARR for 1 st year + ARR for 2 nd Year + ARR for 3 rd Year (for proportionate period)
4 th Year	37 – 48 months	ARR for 1 st year + ARR for 2 nd Year + ARR for 3 rd Year + ARR for 4 th Year (for proportionate period)
5 th Year	49 – 60 months	ARR for 1 st year + ARR for 2 nd Year + ARR for 3 rd Year + ARR for 4 th Year + ARR for 5 th Year (for proportionate period)

Note:

1. ARR means computation of expenses based on approved normative parameters applicable for respective Transmission Licensee for particular financial year with capitalisation of assets under consideration. ARR components will comprise of O&M expenses, Depreciation, Interest on Loan, Interest on Working Capital, Return on Equity and Contribution to Contingency Reserves.
2. Applicable penalty shall be validated and duly certified by STU.

C) Penalty for identified bays for de-allocation:

The Hon'ble Commission in the Order dated 28.03.2025 in Case No. 185 of 2024 (MYT Order of TPC-T) has directed as under:

"3.3.21. The Commission, in the aforementioned Order, has already held that normative O&M expenses will not be considered for unutilized bays that are not 'put to use.' The Commission also notes TPC-T's concern that such bays, although already commissioned, are not being utilized by the TSUs, which has adversely affected TPC-T as no recovery towards these bays has been allowed. In this context, the Commission once again directs all Transmission Licensees to obtain firm utilization plans for such allocated and unutilized Bays from the TSUs within one month from the date of this Order and submit the same to STU. Furthermore, in the absence of a response or in cases where uncertainty is indicated by the TSUs, these bays shall be de-allocated, and their utilization shall be re-evaluated by the STU."

The unutilized bays of TPC-T, AEML-T and MSETCL which qualifies for de-allocation are identified. However, the Committee opined that de-allocation of identified unutilized bays is subject to payment of penalty by concerned TSU.

The penalty for such identified bays for de-allocation shall be as under:

The penalty for identified bays for de-allocation = Cumulative ARR since COD of such un-utilized bays

Note:

1. ARR means computation of expenses based on approved normative parameters applicable for respective Transmission Licensee for particular financial year with capitalization of assets under consideration. ARR components will comprise of O&M expenses, Depreciation, Interest on Loan, Interest on Working Capital, Return on Equity and Contribution to Contingency Reserves.
2. Applicable penalty shall be validated and duly certified by STU.

Post de-allocation of un-utilized bay from TSU, STU shall decide on case to case basis on re-evaluation of utilization of such bays based on proposal submitted by respective transmission licensee.

The Committee recommends that upon de-allocation of qualified bays and pending re-evaluation of their utilization, concerned transmission licensee shall not utilize/allocate such bay without permission of STU. The transmission licensee may specifically indicate to STU, if it intends to use such bay qualifying for de-allocation/ de-allocated bay as system bay (part of transmission network).

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