

**BEFORE THE
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
World Trade Centre, Centre No.1, 13th Floor, Cuffe Parade, Mumbai-400 005**

Case Nos. 5 and 9 of 2000

**IN THE MATTER
OF
ALLOWING BULK DISCOUNT BY THE MAHARASHTRA STATE ELECTRICITY
BOARD TO (I) M/S MAHARASHTRA ELECTROSMELT LIMITED AND (II) M/S SUN
FLAG IRON & STEEL COMPAMNY LIMITED**

**Mr. P. Subrahmanyam, Chairman
Mr. Venkat Chary, Member
Mr. Jayant Deo, Member**

Date of Order: February 05, 2001

ORDER

The Maharashtra Electricity Regulatory Commission, in exercise of the powers vested in it under Section 29 of the Electricity Regulatory Commissions Act, 1998 and all other powers enabling it in this behalf, has, vide its Order dated May 05, 2000 in Case No.1 of 1999, determined the tariff for supply of electricity after considering the proposal submitted by the Maharashtra State Electricity Board.

2.0 However, on receiving certain representations with regard to the interpretation of clauses related to Bulk Discount Incentives for HT Consumers and the implementation of the tariff order dated 28.4.2000 / 5.5.2000 by the Maharashtra State Electricity Board, the Commission made a few additions / clarifications in the said Order dated 28.4.2000 / 5.5.2000 under Regulation 62(3) of the Maharashtra Electricity Regulatory Commission (Conduct of Business) Regulations, 1999. The Clarificatory Order was delivered on 23.10.2000. Subsequently, the MSEB started implementation of the above mentioned clarificatory order.

3.0 The petitioners' [(i) M/s Maharashtra Electros melt Limited (MEL) and (ii) Sun Flag Iron & Steel Co. Limited (SFI&SCL)] industries have been enjoying bulk discounts till 31.10.2000 extended by the MSEB before implementation of the said clarificatory order.

4.0 Subsequent to the issuance of the notice for implementation of the clarificatory order, the MSEB informed the petitioners vide their letters [No.SE/CH/O&M/Acct. No.6398 dated 22.11.2000 addressed to MEL and No.4950 dated 21.11.2000 addressed to M/s SFI&SCL] about the withdrawal of the bulk discount with retrospective effect from 1.5.2000 in view of the MERC's Order dated 23.10.2000.

5.0 The petitioners submitted their plea that the word 'arrear' means '*if some one is in arrears with their payments, or if their payments are in arrears, they have not paid the amounts of money that they should have paid regularly*' and the arrear is mutually exclusive of the term bulk discount. Therefore, they should not be linked together.

6.0 M/s MEL submitted that they have regularly conformed to the mutually agreed terms between them and the MSEB for clearance of their outstanding payments in twenty four equal instalments prior to the issue of the MERC Order dated 23.10.2000, and as they had been paying the instalments along with their current bills regularly, the question of disallowing bulk discount showing arrears did not arise.

7.0 M/s SFI&SCL submitted that they had been regularly paying their instalments towards the payment of the supplementary bills as per mutually agreed terms and conditions between them and the MSEB as per the judgement [SPA (Civil) No.4722/1999 dated 26.4.1999] delivered by the Honourable Supreme Court of India on the Special leave Petition filed by the Petitioner. Therefore, as per definition, they had no arrears, which were over-due, or not paid within the stipulated time frame, which could be a valid reason for not allowing them the bulk discount, if all other relevant conditions were satisfied.

8.0 The MSEB argued that as there was no separate mutually agreed arrangement between them and the petitioners for allowing bulk discount and they were merely implementing the provisions of the MERC's tariff order (dated 23.10.2000), the petitions should not be considered.

9.0 The MSEB further submitted that there are a number of such mutually agreed arrangements between them and their consumers, arrived at before or after the Commission's existence, which may have to be considered if such issues are raised at regular intervals. Therefore, the Commission needed to define the word 'arrears' to address such issues at their end more effectively.

10.0 The Commission took the view that the MSEB was not a financing institution and that they are in dire need of working capital for extending better service to their consumers. The Commission also observed that there are existing mutual agreements for settlement of the outstanding dues between the petitioners and the MSEB. Therefore, it is in the best interest of both the parties that the bulk discount incentive as well as power factor incentive allowed, must be deposited by them towards adjustment of due arrears. This will also accelerate payment of arrears to the MSEB and improve their cash flow.

11.0 M/s MEL accepted the above proposal [letter No. MEL/AGM(P)/MERC/11512 dated 1.2.2001]. Similarly, M/s Sun Flag Iron & Steel Co Ltd. confirmed the undertaking towards the above proposal vide their letter dated 30th January, 2001.

12.0 The Commission hereby directs the MSEB to extend bulk discount incentives to the above parties with retrospective effect from 1.5.2000 and to chalk out a mutually agreed arrangement towards accelerated payment of the arrears.

13.0 However, if the petitioners fail to honour the committed schedule of instalments, they will not be entitled for the bulk discounts.

Sd/-
(Venkat Chary)
Member

Sd/
(Jayant Deo)
Member

Sd/-
(P. Subrahmanyam)
Chairman.

(Amitabh Rajan)
Secretary.