

NOTICE

**Subject: Approach Paper on Methodology for Computation and Implementation of Cross-Subsidy Surcharge and for Open Access transactions
- Case No. 9 of 2006**

The Electricity Act, 2003 (EA, 2003) has several provisions to encourage competition in the electricity sector. One of the most important provisions of the Act involves permitting consumers 'Open Access' on the transmission and distribution network. While the Act provides Open Access to distribution licensees over transmission network from the date of enactment of the Act, it mandates the State Electricity Regulatory Commissions to provide open access to consumers in a phased manner.

2. Maharashtra Electricity Regulatory Commission has notified MERC (Distribution Open Access) Regulations 2005 on 10th June 2005. The Commission has permitted open access to consumers in phased manner. In order to operationalise the open access, the Commission is required to determine various charges such as transmission charges, wheeling charges, cross-subsidy surcharge and additional surcharge. The Commission is currently seized with the ARR applications of all utilities in the State and shall determine transmission and wheeling charges.

3. Meanwhile, Government of India has notified National Tariff Policy, which prescribes formula for determination of cross-subsidy surcharge for open access transactions. However, it is necessary to resolve various issues regarding implementation of the said formula.

4. In this context, the Commission has prepared an 'Approach Paper' through its Consultants to cover various issues related to methodology for computation and implementation of cross-subsidy surcharge for open access transactions within the State and to initiate further regulatory process for consultation amongst various stakeholders.

5. The Approach Paper titled '***Approach Paper on Methodology for Computation and Implementation of Cross-Subsidy Surcharge and for Open Access transactions***' can be accessed from Commission's website at www.mercindia.org.in. The Commission would like to invite comments/ suggestions from various utilities and stakeholders in the State of Maharashtra, on the proposed methodology for computation and implementation of cross-subsidy surcharge in the State of Maharashtra. The same should be submitted on affidavit at the Commission's office on or before **June 15, 2006**.

Page - 2

6. I am directed to communicate that the hearing in the above matter will be held in the presence of authorised consumer representatives, Licensees, Generating Companies and other stakeholders, on **Tuesday, 20th June, 2006 at 11.00** hours in the office of the Commission, at 13th floor, Centre No.1, World Trade Centre, Cuffe Parade, Mumbai 400 005.

Sd/-
(Ms Malini Shankar)
Secretary, MERC

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The Managing Director,
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The Managing Director,
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The Executive Vice Chairman,
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The Managing Director,
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