

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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Case No. 13 of 2006

In the matter of
Petition filed by Maharashtra State Electricity Distribution Company Limited
seeking extension of time frame under Section 55(1) of the Electricity Act, 2003

Dr. Pramod Deo, Chairman
Shri A. Velayutham, Member
Shri S. B. Kulkarni, Member

ORDER

Dated: 13th October, 2006

The Maharashtra State Electricity Distribution Company Limited (“MSEDCL”) filed a Petition before the Commission on 27th April, 2006. Referring to Section 55(1) of Electricity Act, 2003 (“EA, 2003”) which makes it mandatory for the Petitioners, as distribution licensee, to install correct meters immediately after the expiry of two years from the date of enactment of the EA 2003, the Petitioners have sought an extension of the said statutory time frame. It has been prayed that the Commission may extend the said statutory time frame by five years by way of issuing a notification under the second proviso to Section 55(1). The Petitioners have contended that issues relating to metering, ground realities in respect of implementation thereof, difficulties faced by MSEDCL, have been shared with the Commission under various correspondences. The Petitioners have cited techno-commercial difficulties, public agitation, financial performance as a utility and other limitations/ difficulties, while seeking the aforesaid extension of the timeframe to install correct meters to supply electricity as required by EA, 2003.

2. An admissibility hearing was held in the matter on 29th August, 2006. At the hearing, in order to present a status of installation of meters, it was submitted on behalf of MSEDCL that meters have been installed for 8,50,000 agricultural/ rural consumers out of the 16,65,559 agricultural/ rural consumers for whom meter installation is pending since 31st October 2005. The Commission observed that the Petitioners have been representing since long that meters would be installed and meter reading would be undertaken, whereas, in reality, it has failed to do so to a large extent. The Commission observed that the fundamental objective and spirit of the statutory provisions under



reference are *inter alia* that of meter reading, adequate meter reading mechanisms and accountability for energy consumption. On being asked to present the status with respect to meter reading, it was submitted on behalf of the Petitioners that tenders have already been released for outsourcing of meter reading. Meter installation in the premises of the balance of agricultural/ rural consumers would be completed by March 2007. Thereafter, meter reading will commence through outsourcing by October 2007 and billing processes will commence from November/ December 2007.

3. The Commission notes that the Petitioners were directed to submit (i) detailed status of consumer metering as on 31st January 2006; (ii) confirmation whether metering would be complete upto appropriate level latest by March 2007 as stipulated in the National Tariff Policy dated 6th January 2006; and (iii) the proposed action plan and time frame for installation of meters in order to comply with the National Tariff Policy. Despite such directions, the Petitioners have submitted the status of metering as on 31st October 2005 in terms whereof, the Petitioners have 16,65,000 unmetered agricultural consumers and installation of meters is pending in relation thereto. The statutory obligations of metering under the EA, 2003 and the MERC (Standards of Performance of Distribution Licensees, Period for Giving Supply and Determination of Compensation) Regulations, 2005 are mandatory, and the filing of a Petition for extension of time for installation of correct meters cannot be allowed for escaping from the statutory and mandatory obligations. While the Commission notes the submissions made by the Petitioners that approximately 6,600 DTC meters have been installed covering 1,65,000 agricultural/ rural consumers in April 2006, and the process of installation of the same for rest of such consumers would be complete by March 2007, it would be expected of the Petitioners to take all appropriate and sufficient steps to resolve any problem or difficulty that is faced by the Petitioners in meeting the statutory obligations imposed under Section 55(1). The Commission also notes that the Central Electricity Authority has vide Notification No. 502/70/CEA/DP&D dated 17th March 2006 notified the regulations under Section 55(1) read with Section 73(e) of the EA, 2003. These regulations provide for type, standards, ownership, location, accuracy class, installation, operation, testing and maintenance, access, sealing, safety, meter reading and recording, meter failure or discrepancies, anti tampering features, quality assurance, calibration and periodical testing of meters, additional meters and adoption of new technologies in respect of following meters for correct accounting, billing and audit of electricity: (i) Interface meter; (ii) Consumer meter; (iii) Energy accounting and audit Meter. The Petitioners are required to comply with the aforesaid statutory provisions as well as the provisions of the National Tariff Policy in respect of metering. Subject to the foregoing, and for energy accounting, the Petitioners may adopt 'group' metering methods. DTC metering may be adopted and energy accounting methods may be adopted for cases where meter installation is difficult. For unmetered pumpsets, their consumption can be determined by adopting energy accounting methods and each and every unmetered consumer could be billed in proportion to the horsepower of the pumpset. These measures would atleast obviate the practice of issuing average bills to consumers and billing on basis other than actual meter reading. These would also enable the Petitioners to carry out efficient energy auditing and identify T&D losses. As a result, data for analysis of consumption pattern, load profiling, load management and accurate



forecasting would be possible for cutting down revenue losses and improving overall efficiency. This will also go a long way in creating proper climate and serving the cause of efficient system. It will also give an opportunity to the Petitioners and the consumers to understand each other and help them exploring ways and means to make metering a successful programme. The Commission also notes that the Petitioners have separately sought approval for investment proposal in respect of providing meters to the un-metered agricultural consumers within its licensed area. The Petitioners have proposed therein that circle wise tenders would be called for by them and the work to provide meters to the un-metered consumers would be executed on turn key basis for speedy execution.

4. The Commission notes that the issues pertaining to the statutory obligations under Section 55(1) had been brought to the notice of the Petitioners way back in April 2005. In a meeting held with members from the technical, commercial and legal division of the Petitioners on 18th August 2005, the Commission sought the status of metering, road map, and the milestone setting out the progress and implementation of the metering programme to meet the statutory requirements under the EA, 2003 and had further directed the Petitioners to speed up DTC metering process and energy accounting with a greater degree of accuracy. The Commission notes with anguish that despite the above, the progress made in this behalf by the Petitioners have been dismal. From the submissions made before the Commission by the Petitioners, the Commission is not convinced that the Petitioners have made adequate efforts in this direction. Instead, the Petitioners have chosen to take the route of escaping the statutory obligations by praying for the issuance of a notification extending the statutory time frame of two years for installation of correct meters, under the second proviso to Section 55(1). Any such attempt to evade the statutory obligations is likely to burden the un-metered consumers. The Commission also does not appreciate the universal approach of the Petitioners in highlighting legacy issues and the baggage of inefficiency passed on it by its predecessor while seeking to escape statutory obligations, seeking amendment of regulations and issuance of orders to remove difficulties, to accommodate the Petitioners. While the Commission observes that on one hand, metering is essential for survival of the electricity industry, and on the other hand, the Petitioners, are expected to operate on commercial principles, including to take steps and identify ways and means to comply with and satisfy various statutory provisions, the Commission has to function within the four corners of EA, 2003. Considering the recent date of notification of the regulations under Section 55(1) by the CEA, the Petitioners may choose to move the Central Government for a State specific amendment to the EA, 2003.

5. In view of the observations in the foregoing paragraphs including methods of metering that have been suggested for implementation (not as a substitute for individual metering or being mutually exclusive to universal installation of correct meters but purely for energy accounting), the Commission is of the view that the Petition taken out by MSEDCL, the Petitioners herein, to consider extension of time limit provided under Section 55(1) to 5 years for the purpose of installing correct meters at the premises of agricultural consumers cannot be allowed. Adequate efforts are required to be made by the Petitioners and the Petitioners should therefore start in earnest to implement the provisions of EA, 2003 regarding installation of meters on all electricity installations in



an expeditious manner. Therefore, the Commission does not deem it fit to issue any notification under the second proviso to Section 55(1) of the EA, 2003 as prayed for. The Petitioners are directed to send periodic reports to the Commission of the progress made (including various measures to implement the same) for installation of meters at all agricultural installations within the given time limit (as stipulated in the National Tariff Policy), every quarter, from the date of this Order.

The Commission dismisses the Petition with the aforesaid observations.

Sd/-
(S.B. Kulkarni)
Member

Sd/-
(A. Velayutham)
Member

Sd/-
(Dr. Pramod Deo)
Chairman



Secretary, MERC