

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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Case No. 44 of 2008

In the matter of
Clarifications sought by MSEDCL on Order dated June 20, 2008, in the matter of
the Annual Performance Review for FY 2007-08 and determination of tariff for retail
sale of electricity for MSEDCL for FY 2008-09 (Case No.72 of 2007).

Shri A. Velayutham, Member

Shri S. B. Kulkarni, Member

ORDER

Dated: September 12, 2008

The Maharashtra Electricity Regulatory Commission (Commission), in exercise of the powers vested in it under Section 61 and Section 62 of the Electricity Act, 2003 (EA 2003) and all other powers enabling it in this behalf, and after taking into consideration all the submissions made by MSEDCL, all the objections, responses of the MSEDCL, issues raised during the Public Hearing, and all other material, issued the Operative Order dated May 31, 2008 and detailed Tariff Order dated June 20, 2008 in Case 72 of 2007 on the Annual Performance Review for FY 2007-08 and determination of tariff for retail sale and wheeling of electricity for MSEDCL for FY 2008-09.

Subsequently, on July 05, 2008, MSEDCL filed a Petition (the petition having been numbered as Case No. 44 of 2008), seeking clarifications on the Tariff Order, with the stated objective of ensuring the correct implementation of the Tariff Order.

The Commission held a hearing on the said Petition on August 13, 2008, in the presence of Consumer Representatives authorised on a standing basis under the Electricity Act, 2003. During the hearing, MSEDCL made a presentation on the issues on which it was seeking the clarifications from the Commission.

The Commission's clarification on each of these issues is given in this Order, issued under Regulation 95 of the MERC (Conduct of Business) Regulations, 2004. The Commission hereby directs MSEDCL to ensure that the clarifications given in this Order are implemented with effect from June 1, 2008 and the consumers' bills are revised accordingly. This will ensure that the Commission's Order is implemented as desired from the date of enforcement of the said Order and the consumers are not unnecessarily burdened on account of lack of clarity on certain aspects related to implementation of the Tariff Order in Case No. 72 of 2007.



1. Applicability of HT-I (Continuous Industry)

In the Tariff Order, the Commission has specified that *"only HT industries connected on express feeder and **demanding continuous supply** will be deemed as HT continuous industry and given continuous supply, while all other HT industrial consumers will be deemed as HT non-continuous industry."*(**emphasis added**)

MSEDCL Submission

MSEDCL submitted that due to the removal of ASC and the reduction in the tariff differential between continuous and non-continuous industries, many industries may shift from HT-I continuous to HT-I non-continuous, which would adversely affect MSEDCL consumer mix and revenue. Moreover, express feeders are linked to zero load shedding and load shedding cannot be optional. Hence, MSEDCL requested the Commission that:

- a) the clause *"demanding continuous supply"* may please be removed from the definition of HT-I (Continuous Industry);
- b) Existing Consumers categorized under HT-I Continuous as on April 1 2008 should be continued under same category;
- c) HT-I (Continuous) tariff category should be applicable to all industries connected on express feeder irrespective of whether they are continuous or non-continuous process industries.

Commission's Ruling and Clarification

The Commission is of the view that MSEDCL should not ignore the benefits of load relief that could be achieved, in case certain HT-I continuous industries, who are presently not subjected to load shedding, voluntarily agree to one day staggering like other industries located in MIDC areas. Hence, the HT industrial consumer connected on express feeder should be given the option to select between continuous and non –continuous type of supply, and there is no justification for removing the clause "demanding continuous supply" from the definition of HT-I continuous category. However, **it is clarified that the consumer getting supply on express feeder may exercise his choice between continuous and non-continuous supply only once in the year, within the first month after issue of the Tariff Order for the relevant tariff period.** In the present instance, the consumer may be given one month time from the date of issue of this Order for exercising his choice. In case such choice is not exercised within the specified period, then the existing categorisation will be continued.

2. Eligibility for Prompt Payment discount

The eligibility criteria for availing Prompt Payment Discount has been specified in the detailed Tariff Order dated June 20, 2008 as *"A prompt payment discount of one percent on the monthly bill (excluding Taxes and Duties) shall be available to the consumers **if the bills are paid within a period of 7 days from the date of issue of the bill or within 5 days of the receipt of the bill, whichever is later.**"* (**emphasis added**)

MSEDCL Submission

MSEDCL submitted that while the detailed Order specifies that the prompt payment incentive is payable if the bills are paid within a period of 7 days from the date of issue of the bill or within 5 days of the receipt of the bill, whichever is later, the Operative Order issued by the Commission on May 31, 2008 the eligibility of prompt payment incentive is defined as *"A prompt payment discount of one percent on the monthly bill (excluding Taxes and Duties) shall be available to the consumers **if the bills are paid within a period of 7 days from the date of issue of the bill.**"*



MSEDCL submitted that the clause "**within 5 days of the receipt of the bill**" needs to be removed and the eligibility criteria given in the Operative Order should be reinstated, as acknowledgement of date of receipt of energy bill to all LT consumers is not implementable and moreover, the same is also not included in case of other licensees such as REL and TPC.

Commission's Ruling and Clarification

Firstly, there is no discrepancy between the detailed Tariff Order and the Operative Order as regards the eligibility for prompt payment incentive, as portrayed by MSEDCL. Subsequent to the issue of the Operative Order on May 31, 2008, the Commission issued an Errata and Corrigendum to the Operative Order on June 4, 2008, wherein the Commission modified this clause, as reproduced below:

*"8. On Page 28 of the Operative Order, the eligibility for receiving prompt payment discount should be read as "A prompt payment discount of one percent on the monthly bill (excluding Taxes and Duties) shall be available to the consumers **if the bills are paid within a period of 7 days from the date of issue of the bill or within 5 days of the receipt of the bill, whichever is later**", instead of "A prompt payment discount of one percent on the monthly bill (excluding Taxes and Duties) shall be available to the consumers if the bills are paid within a period of 7 days from the date of issue of the bill".*

Secondly, the clause of "within 5 days of receipt of the bill" has been in force from previous Tariff Orders, and MSEDCL has never indicated any practical difficulty in implementing the same. Moreover, this clause has been specifically inserted by the Commission in previous Tariff Orders, in view of the repeated complaints from consumers that MSEDCL does not ensure that the bills are delivered in time, and the consumers are unable to avail the prompt payment discount due to the delayed delivery of the bill by MSEDCL. Hence, the Commission does not find any merit in MSEDCL's suggestion in this regard, and no change has been made to the eligibility for prompt payment discount.

The Commission's Order is clear on the matter, and it is reiterated that Prompt Payment Discount will be applicable as defined in the detailed Tariff Order dated June 20, 2008, and will include the clause "within 5 days of receipt of the bill".

3. Applicability of LT VII Temporary tariff for HT and LT Construction activity

The Tariff Schedule approved by the Commission as a part of the detailed Tariff Order dated June 20, 2008, specifies the applicability for levy of tariff applicable to Temporary Connections as reproduced below:

"7. LT VII: LT – Temporary

Applicability

Temporary Connections - Other Purpose: Temporary supply of electricity at Low/Medium Voltage for any construction work, decorative lighting for exhibitions, circus, film shooting, marriages, etc., and any activity not covered under Temporary Connections (Religious), and electricity used at low/medium voltage on an emergency basis for purpose of fire fighting activity by the fire department in residential/other premises."

...



“Note:

i. LT VII – Temporary Connections – Other purpose tariff category will be applicable also in the event of extending supply to consumers availing temporary supply at HT voltages.

MSEDCL Submission

MSEDCL submitted that as per the above applicability, any construction work (both LT and HT connection) would be charged as per LT VII: Temporary-Other Purposes. MSEDCL proposed that if an existing LT Domestic consumer, having consumption upto 500 units per month, undertakes construction activity or renovation in his existing premises, then he would not be required to take separate connection and would continued to be billed under relevant category, which in this case is LT I Domestic.

Commission’s Ruling and Clarification

The Commission clarifies that the above stated applicability for LT VII – Temporary Connections was not intended to be applied to LT consumers who are renovating or undertaking minor construction activity at their existing premises. The Commission hence, clarifies that **any LT consumer, having consumption upto 500 units per month, and who undertakes construction or renovation activity in his existing premises, does not require any separate temporary connection and this consumer should be billed at his existing tariff rate.**

4. Applicability of Tariff for Government Hospitals, ESIS Corporation Hospitals and Zilla Parishad Hospitals availing power supply on High Tension

The Tariff Schedule approved by the Commission as a part of the detailed Tariff Order dated June 20, 2008, specifies the applicability of tariff for Government Hospitals, ESIS Corporation Hospitals and Zilla Parishad Hospitals availing power supply at HT Voltage, as reproduced below:

On Page 2 of the Tariff Schedule:

“1. LT I: LT Domestic

...

Domestic Consumers Other Than BPL

Applicability:

...

Note:

i. Government Hospitals, ESIS Corporation Hospitals & Zilla Parishad Hospitals availing power supply on High Tension shall also be eligible for this tariff.”

On Page 2 of the Tariff Schedule:

“HT II: HT – Commercial

Applicability

This category includes consumers of electricity such as Educational Institutions, Institutions like Charitable/Public Trusts/Religious Institutions, Hospitals run/aided by the Government/Municipal Corporation, and Hospitals owned or controlled by private



individual or institutions or those owned or run or controlled by public trusts, religious, charitable institutions taking supply at High Voltage.”

MSEDCL Submission

MSEDCL submitted that the above inconsistency as regards applicability of tariff for Government Hospitals, ESIS Corporation Hospitals and Zilla Parishad Hospitals availing power supply at HT Voltage needs to be clarified. MSEDCL suggested that the words “availing power supply on High Tension shall also be eligible for this tariff” needs to be deleted from the Note to LT I: Domestic category, so that such consumers could be charged under HT II: HT Commercial Category, as specified by the Commission.

Commission’s Ruling and Clarification

The inclusion of Government Hospitals, ESIS Corporation Hospitals and Zilla Parishad Hospitals availing power supply at HT Voltage under HT II: HT Commercial Category is inadvertent, and has occurred on account of the effort to harmonize the Tariff Schedules of all licensees.

The Commission clarifies that **all Government Hospitals, ESIS Corporation Hospitals and Zilla Parishad Hospitals availing power supply on High Tension shall be eligible for LT-I tariff, and shall not be included under HT II: HT Commercial category.**

5. Applicability of Power Factor Penalty and Incentive

In the detailed Tariff Order, the Commission has specified the applicability of Power Factor penalty and incentive as reproduced below:

“Power Factor Incentive

*(Applicable for HT I, HT II, HT IV, LT II above 20 kW, LT III and LT V above 20 kW)
Whenever the average power factor is more than 0.95, an incentive shall be given at the rate of 1% (one percent) of the amount of the monthly bill including energy charges, FAC, and Fixed/Demand Charges, but excluding Taxes and Duties for every 1% (one percent) improvement in the power factor (PF) above 0.95. For PF of 0.99, the effective incentive will amount to 5% (five percent) reduction in the monthly bill and for unity PF, the effective incentive will amount to 7% (seven percent) reduction in the monthly bill.*

...

Power Factor Penalty

*(Applicable for HT I, HT II, HT IV, LT II above 20 kW, LT III and LT V above 20 kW)
Whenever the average PF is less than 0.9, penal charges shall be levied at the rate of 2% (two percent) of the amount of the monthly bill including energy charges, FAC, and Fixed/Demand Charges, but excluding Taxes and Duties for the first 1% (one percent) fall in the power factor below 0.9, beyond which the penal charges shall be levied at the rate of 1% (one percent) for each percentage point fall in the PF below 0.89.”*

MSEDCL Submission

MSEDCL submitted that on Page 215 of the approved Tariff Schedule, which was a part of the Multi-Year Tariff (MYT) Order dated May 18, 2007, in addition to the standard applicability, power factor penalty clause was specified as reproduced below:



“Power factor Penalty: Power Factor penalty shall be applicable to those consumers who have MD based tariff and are provided with meters to measure their power factor (LT III, LT V and LT IX categories),.... ”

MSEDCL requested the Commission to confirm that the power factor penalty would be applicable only for the consumers who are charged MD based tariff, even under the APR Order in Case 72 of 2007.

Commission’s Ruling and Clarification

The Commission clarifies that the power factor penalty and incentive shall be applicable to **only those consumers who have MD based tariff and are provided with meters to measure their power factor.**

With this Order, the Commission disposes of MSEDCL’s Petition in Case No. 44 of 2008.

Sd/-
(S. B. Kulkarni)
Member

Sd/-
(A. Velayutham)
Member



(P. B. Patil)
Secretary, MERC