

**Before the**  
**MAHARASHTRA ELECTRICITY REGULATORY COMMISSION**  
**13<sup>th</sup> Floor, Centre No.1, World Trade Centre, Cuffe Parade, Mumbai 400 005**  
**Tel. 22163964 / 22163965, Fax No. 22163976**  
**E-mail mercindia@mercindia.org.in**  
**Website: www.mercindia.org.in**

**CASE No. 54 of 2005**

**In the matter of**  
**Approval of MSEDCL's ARR for FY 2004-05, FY 2005-06 & FY 2006-07,**  
**and Determination of Tariff for FY 2006-07 -**  
**Clarification of reference period for comparison of consumption**

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

**CLARIFICATORY ORDER**

**Dated: February 26, 2007**

Under its Order dated 20<sup>th</sup> October 2006 in Case 54 of 2005, the Commission had incentivised reduction in consumption by consumers vis-à-vis consumption in earlier periods as follows:

*"The Commission is of the opinion that consumers should be incentivised to respond to the Additional Supply Charge. Therefore, the Commission directs MSEDCL to assess the consumption of the consumer as against the monthly average of previous years' consumption (January 2005 to December 2005) while billing the consumer for additional supply charge. ...*

...

*For computation of previous years' average, the clarifications issued by the Commission through its Clarificatory Orders dated January 13, 2006 and February 21, 2006, in Case No. 35 of 2005 shall apply."*

2. The Clarificatory Order dated February 21, 2006, discussed specific cases possible and also gave illustrations for ease of understanding and implementation, as follows:

(h) *"In case of temporary connections in the corresponding period of 2005 which were made permanent thereafter, or if the nature of the connection had otherwise changed as compared to that period, then the reference period may be taken as the last bill period (as in the case of new consumers). **This would include cases of consumers whose sanctioned load/ contract demand had been duly increased after the billing month of December 2005.**" (emphasis added)*

3. It has been brought to the attention of the Commission that the interpretation of the above clause is causing hardship to consumers whose Contract Demand has increased after December 2005, but have not been able to utilise their Contract Demand to the expected limit, due to gradual increase in load during the stabilization period. The result has been that the share of costly power



for levy of ASC has become effectively much higher than the peak level of 42% considered by the Commission for continuous industries. This is un-intended hardship being caused to consumers, who may take some time to start consuming at higher levels after increase in the Contract Demand, depending on the nature of the industry/process.

4. In continuation to its Order dated 20th October 2006 in Case No. 54 of 2005 and Clarificatory Order dated 21st February 2006 in Case 35 of 2006, the Commission hereby issues the following clarifications:

- (a) In case of consumers whose sanctioned load/contract demand had been duly increased after the billing month of December 2005, the reference period may be taken as the billing period after six months of the increase in the sanctioned load/Contract Demand or the billing period of the month in which the consumer has utilised at least 75% of the increased sanctioned load/Contract Demand, whichever is earlier.

5. The following examples illustrate the above clause for ease of understanding and implementation:

Case	Increase in sanctioned load/Contract Demand	Atleast 75% of increased sanctioned load/Contract Demand is utilised	Billing period after three months of increase in sanctioned load/Contract Demand	Reference Billing Period for comparison
1	October 2006	November 2006	January 2007	November 2006
2	October 2006	June 2007	January 2007	April 2007

6. MSEDCL is directed to give effect to the corrigendum and the clarifications with retrospective effect from October 1, 2006.

Sd/-  
(S.B. Kulkarni)  
Member

Sd/-  
(A. Velayutham)  
Member

Sd/-  
(Dr Pramod Deo)  
Chairman, MERC



(Ms. Malini Shankar)  
Secretary, MERC

