

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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Case No. 116 of 2008

IN THE MATTER OF
Maharashtra State Electricity Distribution Company Ltd.'s (MSEDCL) Petition
for Truing Up for FY 2007-08, Annual Performance Review for FY 2008-09 and
Tariff Determination for FY 2009-10

Shri V. P. Raja, Chairman
Shri S. B. Kulkarni, Member
Shri. V. L. Sonavane, Member

CLARIFICATORY ORDER

Dated: May 12, 2010

The 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 relevant material, and after review of Annual Performance for FY 2008-09, determined the ARR and Tariff for MSEDCL for FY 2009-10 through its Order dated August 17, 2009 in Case No. 116 of 2008.



In this Order, the applicability of Power Factor (PF) Incentive and Disincentive have been stated as under:

"5.8 Incentives and Disincentives

Power Factor Incentive (Applicable for HT I, HT II, HT IV, HT V and HT VI categories, as well as LT II (B), LT II (C), LT III, and LT V (B) categories)

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, reliability 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, HT V and HT VI categories, as well as LT II (B), LT II (C), LT III, and LT V (B) categories)

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, reliability 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.

..."

Based on representations received, it is felt that there may be an anomaly in interpreting the above provision leading to inconsistency in application of the PF incentive and disincentive mechanism, which is not desirable. Hence, the Commission hereby issues this Clarificatory Order, which will be applicable with effect from the



date of effectiveness of the Tariff Order, i.e., August 1, 2009, since this is a clarification to the said Order dated August 17, 2009.

In order to remove any ambiguity in the applicability of the PF incentive and PF penalty, the applicability of the same has been presented in the following Table, for each slab of Power Factor:

Power Factor Incentive (Applicable for HT I, HT II, HT IV, HT V and HT VI categories, as well as LT II (B), LT II (C), LT III, and LT V (B) categories)

Whenever the average power factor is more than 0.95, an incentive shall be given at the rate of the following percentages of the amount of the monthly bill including energy charges, reliability charges, FAC, and Fixed/Demand Charges, but excluding Taxes and Duties:

Sl.	Range of Power Factor	Power Factor Level	Incentive
1	0.951 to 0.954	0.95	0%
2	0.955 to 0.964	0.96	1%
3	0.965 to 0.974	0.97	2%
4	0.975 to 0.984	0.98	3%
5	0.985 to 0.994	0.99	5%
6	0.995 to 1.000	1.00	7%

Note: PF to be measured/computed upto 3 decimals, after universal rounding off

Power Factor Penalty (Applicable for HT I, HT II, HT IV, HT V and HT VI categories, as well as LT II (B), LT II (C), LT III, and LT V (B) categories)

Whenever the average PF is less than 0.9, penal charges shall be levied at the rate of the following percentages of the amount of the monthly bill including energy charges, reliability charges, FAC, and Fixed/Demand Charges, but excluding Taxes and Duties:



Sl.	Range of Power Factor	Power Factor Level	Penalty
1	0.895 to 0.900	0.90	0%
2	0.885 to 0.894	0.89	2%
3	0.875 to 0.884	0.88	3%
4	0.865 to 0.874	0.87	4%
5	0.855 to 0.864	0.86	5%
6	0.845 to 0.854	0.85	6%
7	0.835 to 0.844	0.84	7%
8	0.825 to 0.834	0.83	8%
9	0.815 to 0.824	0.82	9%
10	0.805 to 0.814	0.81	10%
...

Note: PF to be measured/computed upto 3 decimals, after universal rounding off

(V. L. Sonavane)
Member

(S. B. Kulkarni)
Member

(V.P. Raja)
Chairman



(K. N. Khawarey)
Secretary, MERC