

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
World Trade Centre, Centre No.1, 13th Floor, Cuffe Parade, Mumbai 400 005.
Tel. No. 022 22163964/65/69 – Fax 022 22163976
E-mail: mercindia@mercindia.org.in
Website: www.mercindia.org.in

Case No. 4 of 2006

In the matter of
Clarifications sought by M/s Balaji Electro Smelters Ltd.,
on Load Regulation for
High Tension Continuous and Non-continuous Industries

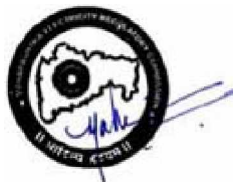
Dr Pramod Deo, Chairman
Shri A. Velayutham, Member
Shri S. B. Kulkarni, Member

Dated 30th October, 2006

ORDER

M/s. Balaji Electro Smelters Ltd., Yavatmal, submitted a Petition on 26th April 2006 seeking clarification on the applicability of certain dispensation in the Clarificatory Orders dated 13th January 2006 and 21st February 2006 passed by the Commission in Case No. 35 of 2005.

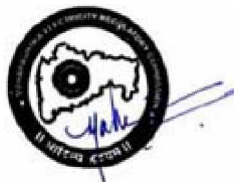
2. The Petitioners have submitted that the Commission had passed an Order dated 10th January 2006 in Case No. 35 of 2005 while regulating the principles and protocol for load shedding by the Maharashtra State Electricity Distribution Company Limited (“MSEDCL”) wherein it had amongst other directions, introduced the principles of load regulation for High Tension Continuous and High Tension Non-Continuous Industries, related to the consumption in the previous quarter. By the said Order, the Commission had directed that High Tension Continuous Process Industries were required to restrict their monthly consumption to less than or equal to 90% of their total average monthly consumption over the past three months, failing which or on account of excess consumption beyond the prescribed limit, such industries shall be subjected to an additional day of no-supply during the week, from the beginning of March 2006. The Commission had issued a Clarificatory Order and Corrigendum dated 13th January 2006 to its Order dated 10th January 2006 and wherein it laid down the guidelines for



determination of the average consumption by a continuous / non- continuous High Tension Industry. In this Order dated 13th January 2006, the Commission had clarified that for consumers whose establishment was under formal strike or lock-out during the past three months (subject to documentary evidence being available) the reference period for comparison of consumption would be the last bill period. The Commission had subsequently, by its Clarificatory Order and Corrigendum dated 21st February 2006, clarified that the period of reference to be considered for comparison would be the twelve month billing period (January 2005 to December 2005) and not the three month billing period (October 2005 to December 2005). In the said Clarificatory Order and Corrigendum dated 21st February 2006, the Commission has also prescribed that the High Tension Continuous Process Industries connected through express / dedicated feeder shall not be subjected to additional staggering day of load shedding, even though such High Tension Continuous Process Industry fails to achieve the 90% load regulation target.

3. At the admissibility hearing held on 17th May 2006, the Petitioners were represented by its consultant Shri. Mohan Borde. Shri. Borde submitted that by virtue of the plant of the Petitioners receiving power supply at 2900 kVA and being a continuous process industry, the Petitioners are exempted from additional staggering day of load shedding though they are committed to restrict their consumption at the load regulation target level of 90% of the twelve month billing period (January 2005 to December 2005).

4. Shri. Borde further submitted that, the instance of power consumption by an industry having not taken place for two to three months in the twelve month billing period owing to its own plant maintenance has not been considered by the Commission in its Clarificatory Order and Corrigendum dated 13th January 2006. In this connection, he submitted that the plant of the Petitioners was closed from 18th May 2005 to 18th September 2005 for maintenance. Upon an enquiry by the Commission, Shri. Borde submitted that the reason for outage of the plant of the Petitioners was on account of maintenance. He submitted that the Petitioners are a steel industry, which involves a lot of induction heating. He also submitted that the equipments that are used in the plant requires maintenance depending on the age and usage of the plant, being in the nature of a routine plant maintenance which is required to be undertaken once in every three to five years. He submitted that the reason for such an outage by the Petitioner for maintenance is similar to that of strike or lock-out for the purposes of the dispensation in the Commission's Order dated 13th January 2006, particularly paragraph 2(e) thereof. Therefore, instances such as that of the Petitioner's maintenance outage should be included within the ambit of the dispensation under the said paragraph 2(e) of the Order dated 13th January 2006 so that the average billing consumption over the twelve-month billing period excludes the time for which the maintenance outage took place and in light of the fact that electricity was not consumed during the period of maintenance outage. Therefore, the incidence of temporary closure for plant maintenance necessitates consideration by the Commission of issuance of an appropriate clarification to its Orders dated 10th January 2006, 13th January 2006 and 21st February 2006.



5. Smt. Deepa Chawan, Counsel for MSEDCL submitted that the Petitioners were seeking the introduction of a new category to be included within the purview of the said paragraph 2(e) of the Order dated 13th January 2006 while the said Order does not carve out any such category as prayed for by the Petitioners. Since, the prayers of the Petitioners entails the introduction of a separate category, and also the fact that these kinds of contingencies are not practically feasible to be administered by MSEDCL as an electricity distribution company, a public hearing could be held to obtain the views and requests of other interested persons (being different industries having different permutations and combinations for outages) who may also like to make their submissions for such exemptions. She submitted that in light thereof, it is not possible to entertain an isolated application and give relief to a specific consumer as it is not possible for the Commission to examine each and every type of outage or contingency and carve out exceptions for them or else there would be hundreds of applicants with their individual cases. She reiterated that it is not appropriate for individual consumers to approach the Commission for such exemptions.

6. The Commission has considered the contentions advanced by both the parties. The Commission does not agree with MSEDCL's contention that the Petitioners' request amounts to seeking introduction of a new category. The Commission also notes that the Plant of the Petitioners was closed from 18th May 2005 to 18th September 2005 for maintenance. The Petitioners by virtue of being a continuous process industry connected on express feeder, are exempted from load shedding but are required to restrict their consumption at the target load regulation target of 90% of the average consumption in the previous year. The Commission had clarified in its Order dated February 21, 2006, that this aspect would be addressed through appropriate tariff measures.

7. The Commission has issued the Operative Order and Detailed Order in Case No. 54 of 2005 in the matter of the ARR and Tariff Petition filed by MSEDCL on September 29, 2006 and October 20, 2006, respectively. In this Order, the Commission has not retained the concept of load regulation, and has considered that non-costly power is allocated equitably to all consumer categories, while costly power has been allocated on the basis of the reduction in load shedding vis-à-vis the normative level of 7.25 hours. In view of the Commission's Order in Case No. 54 of 2005, the Petitioners' request for computation of average consumption over the twelve-month billing period excluding the period for which the maintenance outage took place, for determining the load regulation targets, is no longer relevant.

In view of the above, the prayer of the Petitioners' is dismissed.

Sd/-
(S. B. Kulkarni)
Member

Sd/-
(A. Velayutham)
Member

Sd/-
(Dr. Pramod Deo)
Chairman, MERC



(Smt Malini Shankar)
Secretary, MERC