

**MAHARASHTRA ELECTRICITY REGULATORY COMMISSION**  
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**PRESS NOTE**  
**DETERMINATION OF ANNUAL REVENUE REQUIREMENT (ARR) AND  
TARIFF REVISION OF MAHA VITARAN FOR FY 2006-07**

The erstwhile MSEB last revised its tariffs on 1<sup>st</sup> December 2003. Subsequently, on 6<sup>th</sup> June 2005, the Transfer Scheme was notified by the Government of Maharashtra and the function of distributing electricity to consumers was given to Maha Vitaran. Instead of submitting the ARR petitions for FY 2004-05, FY 2005-06 and FY 2006-07 in the respective years, Maha Vitaran has submitted the same in February 2006 and Tariff Petition for FY 2006-07 in May 2006. The Commission invited suggestions from consumers and all stakeholders and held public hearings in Amravati, Nagpur, Aurangabad, Nashik, Pune, and Mumbai. Consumer Representatives also participated actively in this process.

2. The consultants to the Commission prepared an approach paper bringing out that Maha Vitaran had asked for an effective tariff increase of 43%. The approach paper was circulated widely. The Commission based on study of all representations and issues raised during the Public Hearing issued the Order on ARR for Maha Vitaran for FY 2004-05, FY 2005-06 and FY 2006-07 and determined the Tariff for FY 2006-07 through its Order dated 29<sup>th</sup> September 2006.

3. While determining tariffs, the Commission addressed the issue of allocating non-costly power (power costing less than Rs. 4 per unit), and costly power (power costing more than Rs 4 per unit) to different consumer categories in the following manner. Till date costly power was being sold to all consumer categories. Consequently, rural areas which had higher load shedding also had to bear the burden of costly power. The Commission determined tariffs considering that henceforth, the costly power will not be allocated to rural areas which have higher load shedding, while urban areas which have lower load shedding have to bear the burden of costly power. The effective average tariff increase on account of the above is in the range of 4-6%.

4. The Salient features of the Commission's Order are as follows:
  1. The tariffs determined by the Commission in this Order will be applicable with effect from 1<sup>st</sup> October 2006, and will continue to remain in force until 31<sup>st</sup> March 2007.
  2. The Commission introduced a new category for Below the Poverty Line (BPL) consumers consuming less than 30 units per month and tariff for such consumers has been specified as 40 paise per unit.
  3. In view of the existing demand supply gap, the existing load shedding for agriculture category will continue to prevail and hence the Commission decided not to increase the tariff for agricultural consumers.
  4. The tariff for domestic consumers located in agriculture dominated regions and consuming upto 100 units per month will reduce by 25%, while the tariff for domestic consumer consuming between 100 and 300 units per month and located in urban areas will reduce by 18%. Tariff for consumers consuming above 300 units per month will reduce by 5%.
  5. Tariff for commercial category consumers consuming upto 100 units per month and located in urban and rural areas will reduce. Tariff for commercial consumers located in agricultural dominated regions and consuming between 101 and 200 units per month will reduce by 10%. Tariff for commercial consumers located in urban areas and consuming between 101 and 200 units per month will reduce by 6%, while tariff for commercial consumer consuming more than 200 units per month will reduce by 8%.
  6. Continuous process industries require continuous power supply and hence 42% of their consumption would have to be procured from costly sources while non-continuous industries would procure 24% of their consumption from costly sources.
  7. Regulatory Liability Charges have been abolished.

8. The rebates/incentives such as power factor incentive, bulk discount and prompt payment incentive have been retained at the existing levels.
9. The Commission's Operative Order on Maha Vitaran's ARR and Tariff petition can be downloaded from the Commission's website [www.mercindia.org.in](http://www.mercindia.org.in)

Sd/-  
Secretary

Mumbai  
September 29<sup>th</sup> 2006

**Annexure I: Impact of Tariff Revision**

	Monthly Consumption (in Units)	Connected Load(HP) / (kVA)	Bill as per Existing Tariff (Rs.)	Base Revised Tariff			Including Costly Power		
				Bill as per Revised Tariff (Rs.)	Increase /(Decrease) (Rs.)	Increase /(Decrease) %	Bill as per Revised Tariff (Rs.)	Increase /(Decrease) (Rs.)	Increase /(Decrease) %
<b>Domestic (LD 1)</b>									
Below Poverty Line	15		46	9	(37)	-80%	9	(37)	-80%
Consumers other than BPL									
0-100 Units	75		243	183	(61)	-25%	186	(57)	-23%
101-300 Units	150		496	400	(96)	-19%	407	(89)	-18%
Above 300 Units	375		1,337	1,248	(89)	-7%	1,272	(65)	-5%
<b>Non Domestic (LD 2)</b>									
0-100 Units	75		353	318	(35)	-10%	338	(15)	-4%
101-200 Units	150		643	578	(66)	-10%	603	(40)	-6%
Above 200 Units	260		1,157	1,059	(98)	-8%	1,067	(90)	-8%
<b>General Motive Power (LTP-G)</b>									
0-1000 Units	700	2	2,349	2,364	15	1 %	2,560	211	9%
Above 1000 Units	18,000	25	61,476	73,200	11,724	19%	75,891	14,415	23%
<b>Agriculture</b>									
Zones with consumption norm < 1318 hrs/HP/annum	-	8	1,125	1,125	-	0%	1,125	-	0%
Zones with consumption norm > 1318 hrs/HP/annum	-	8	1,350	1,350	-	0%	1,350	-	0%
Agriculture Metered	275	8	415	415	-		415	-	0%
<b>HTP I</b>									
Continuous	110,000	500	478,125	371,425	(106,700)	-22%	510,025	31,900	7%
Non- Continuous	110,000	500	478,125	448,425	211,925	-6%	493,965	15,840	3%