

Before the  
**MAHARASHTRA ELECTRICITY REGULATORY COMMISSION**  
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**Case No. 54 of 2005**

**In the matter of**  
**Clarification for the Implementation of detailed Tariff Order Directions and levying of**  
**Additional Supply Charge for domestic consumers of MSEDCL**

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

**CLARIFICATORY ORDER**

**Dated: May 4, 2007**

The Maharashtra Electricity Regulatory Commission (hereinafter referred to as Commission), in exercise of the powers vested in it under Section 61 and Section 62 of the Electricity Act, 2003 (hereinafter referred to as EA 2003) and all other powers enabling it in this behalf issued the detailed Tariff Order in Case No. 54 of 2005, prescribing tariff for wheeling and retail sale of electricity for Maharashtra State Electricity Distribution Company Limited (hereinafter referred to as MSEDCL) on October 20, 2006. The Operative Order was issued on September 29, 2006, and the tariffs for wheeling of electricity and revised tariffs for retail sale of electricity were made applicable from 1<sup>st</sup> October 2006 to 31<sup>st</sup> March 2007.



The Commission, during this period, has received various billing related complaints from domestic consumers and consumer representatives on the incorrect computation and implementation of Additional Supply Charge (hereinafter referred as ASC) by MSEDCL. The Commission received a copy of communication dated 5<sup>th</sup> March, 2007 addressed by Prayas, an authorised consumer representative under the Act, to MD – MSEDCL bringing to his notice the excess and unauthorized billing of ASC to the domestic consumers (less than 300 units per month) in the State. The Commission also received a copy of MSEDCL’s reply No 10316 dated 13<sup>th</sup> March 2007 from Director (Operations) – MSEDCL addressed to Prayas. Considering the numerous complaints on billing errors, MSEDCL was called for a meeting on 2<sup>nd</sup> April 2007 to address the concerns with an eye for systemic correction.

Meanwhile the Commission also received a letter (CE/COMM/16511) from Director (Operations) - MSEDCL dated March 30, 2007, indicating its interpretation of the Commission’s Tariff Order for MSEDCL for FY 2006-07, dated October 20, 2006 for the implementation of ASC for the domestic consumers. Through these letters, the Commission discovered that MSEDCL has incorrectly interpreted the implementation of ASC for domestic consumers. The Commission felt the need to suo-motu clarify the methodology to be adopted towards implementation of ASC for the domestic consumers and remove the room for ambiguous interpretation by MSEDCL in this aspect.

MSEDCL, in its letter, has mentioned that it has issued a circular for modification in billing software on the basis of the Commission’s Operative Order dated September 29, 2006. MSEDCL has also mentioned the following extract of the circular.

*“Additional Supply Charge in case of domestic consumers, the consumption up to or equal to 300 units only will be charged at the concessional rate as specified by the MERC (i.e. additional supply charge @48 paise per unit for 10% of the consumption).”*

However, Paragraph 28 of the Operative Order stipulates,

*“The residential consumers consuming less than 300 units per month shall only pay 10% of the Additional Supply Charge for the respective consumption (14% in the earlier example) from costly sources, which works out to 48 Ps/unit in addition to the revised tariffs.”(emphasis added)*

The Commission’s detailed Tariff Order issued on October 20, 2006 (refer pages 156/157) while setting out guiding principles for levy of ASC, mentions,



“.....the Commission has decided that the domestic consumers consuming less than 300 units per month shall only pay 10% of the cost of costly power for the respective consumption which works out to 48 Ps/unit in addition to the base retail tariffs.....”(emphasis added)

The Commission has clearly mentioned that ASC would be charged only on the consumption as per ASC matrix, and not directly on 10% of the consumption without considering the region in which consumer is based. Thus, it is evident from the above mentioned extract of the Operative Order and the Detailed Order, that the circular issued by MSEDCL is inconsistent with the Order.

The Commission hereby directs MSEDCL to ensure that the levy of ASC in the bills of the domestic consumers is revised with effect from October 1, 2006, to ensure that justice is done to these consumers. For greater clarity, the levy of Additional Supply Charge for the domestic consumers has been explained on the basis of following examples:

**1. Domestic Consumers residing in Agricultural Dominated Regions**

MSEDCL, in its letter dated 30<sup>th</sup> March 2007, has given the following illustration, according to which domestic consumers consuming more than 300 units in agricultural dominated regions would not be charged ASC, whereas domestic consumers consuming less than 300 units would be charged ASC on entire consumption, even if they are located in agricultural dominated regions.

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<i>Base Units</i>	<i>Area</i>	<i>ASC</i>	<i>ASC calculation</i>	<i>Energy Charges</i>	<i>TOTAL (EC+ASC)</i>	<i>Rate Per unit</i>
298	Agri. Area	Rs. 0.48 Flat for 10% units (i.e. 30 units)	$= 30 \times 0.48$ $= Rs. 14.40$	$= 100 \times 1.90 + 198 \times 3.40$ $= Rs. 863.20$	Rs. 877.60	Rs. 2.94
302	Agri. Area	As per Matrix – NIL	0.00	$= 100 \times 1.90 + 200 \times 3.40 + 2 \times 4.50$ $= Rs. 879.00$	Rs. 879.00	Rs. 2.91

“

The Commission, on Page 158 of MSEDCL’s detailed Tariff Order for FY 2006-07 has stipulated the following ASC matrix, which specifies the percentage of consumption on which ASC would be charged for various categories in different locations. As per the ASC



matrix, it is abundantly clear that ASC was not to be levied on domestic category consumers in agricultural dominated regions, as shown in the following Table:

<b>CATEGORY</b>	<b>Industrial &amp; Urban Agglomeration</b>	<b>Other Regions</b>	<b>Agriculture Dominated Regions</b>
<b>HT Category</b>			
<b>HT-I Industry</b>			
Express feeders (Continuous or non-continuous)	42%	42%	42%
Non express feeders (Continuous or non-continuous)	28%	9%	0%
MIDC	28%	28%	28%
<b>HT-II Railway Traction</b>	42%	42%	42%
<b>HT – III PWW</b>			
Express Feeders	42%	42%	42%
Non- Express Feeders	28%	9%	0%
<b>HT-V Residential</b>	19%	9%	0%
<b>HT-V Commercial</b>	19%	9%	0%
<b>HT VI– Seasonal Industry</b>	19%	9%	0%
<b>LT Category</b>			
<b>LT-I Domestic</b>	19%	9%	0%
<b>LT-II Commercial</b>	19%	9%	0%
<b>LT-V General Motive Power</b>	28%	9%	0%
<b>MIDC</b>	28%	28%	28%
<b>LT – VI Street lighting</b>	19%	9%	0%

Thus, the illustration given by MSEDCL for the computation of ASC, for domestic consumer residing in agricultural dominated areas, is incorrect.

The Commission hereby reiterates that **ASC was not applicable for the domestic category of consumers residing in the Agricultural dominated regions, irrespective of their consumption levels.** The entire consumption of all the domestic consumers residing in Agricultural dominated areas should have been charged only at the base tariff approved by the Commission.

The sample calculation of the ASC and Energy Charge for domestic consumers in agricultural dominated area is as follows:



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<b>MC<sup>s</sup> Units</b>	<b>Area</b>	<b>ASC (ASC) Calculation</b>	<b>Energy Charge (EC)</b>	<b>Total (ASC+EC) (Rs.)</b>	<b>Effective Energy Charge (Rs/kWh)</b>
20	Agricultural Dominated Area	0	20 Units*Rs. 0.40 =Rs. 8	8.00	0.40
150	Agricultural Dominated Area	0	100 Units*Rs. 1.90 + 50 Units * Rs. 3.40 =Rs. 360	360.00	2.40
298	Agricultural Dominated Area	0	100 Units*Rs. 1.90 + 198 Units * Rs. 3.40 =Rs. 863.20	863.20	2.90
302	Agricultural Dominated Area	0	100 Units*Rs. 1.90 + 200 Units * Rs. 3.40 + 2 Units * Rs. 4.50 =Rs. 879	879.00	2.91

§ MC- Monthly Consumption

**2. Domestic Consumer Consuming Less than 300 Units per month**

The Commission hereby clarifies that for the domestic consumers consuming less than 300 units per month, ASC should have been charged as per ASC matrix, for example, if a domestic consumer is residing in industrial & urban agglomeration, 19% of his consumption should have been charged at ASC, and Base Tariff should have been charged to consumers on the "Total Consumption" ( i.e., 100% in this example).

For the domestic consumers consuming less than 300 units, ASC Rate was specified as 48 Ps/unit.

The sample calculation of the ASC and Energy Charges for consumers consuming less than 300 Units is as follows:

<b>MC<sup>s</sup> Units</b>	<b>Area &amp; Share of ASC</b>	<b>ASC (ASC) Calculation</b>	<b>Energy Charge (EC)</b>	<b>Total (ASC+EC)</b>	<b>Effective Energy Charge (Rs/kWh)</b>
90	Ind. & Urban Agg.- 19% <sup>#</sup>	17 Units * Rs 0.48 = Rs 8.16	90 Units*1.90 =Rs. 171	Rs. 179.16	1.99
200	Other Region-9% <sup>#</sup>	18 Units * Rs 0.48 = Rs 8.64	100 Units*1.90+ 100 Units * 3.40 =Rs. 530	Rs. 538.64	2.69
200	Ind. & Urban Agg.- 19% <sup>#</sup>	38 Units * Rs 0.48 = Rs 18.24	100 Units*1.90+ 100 Units * 3.40 =Rs. 530	Rs. 548.24	2.74
270	Other Region-9% <sup>#</sup>	24 Units * Rs 0.48= Rs 11.52	100 Units*Rs. 1.90+ 170 Units * Rs. 3.40 =Rs. 768	Rs. 779.52	2.89
270	Ind. & Urban Agg.- 19% <sup>#</sup>	51 Units * Rs 0.48= Rs 24.48	100 Units*1.90+ 170 Units * 3.40 =Rs. 768	Rs. 792.48	2.94

§ MC- Monthly Consumption

# - As per ASC Matrix



### 3. Domestic Consumer Consuming More Than 300 Units per month

MSEDCL, vide its letter, has wrongly interpreted the application of ASC on domestic consumers consuming more than 300 units in the following manner

“...domestic consumers consuming more than 300 units, will be charged at 48 paise/kWh for first 300 units and on balance units in proportion of ASC matrix as determined by the Commission would be applied.”

The Commission clarifies that ASC should not have been computed on a telescopic basis and methodology adopted by MSEDCL is *irrational and inappropriate*.

The Commission clarifies that ASC should have been charged on the *percentage* of “Total Consumption” as per ASC matrix for domestic consumers consuming more than 300 units. For example, if domestic consumer is residing in industrial & urban agglomeration, ASC should have been charged on 19% of his “Total Consumption”, and Base Tariff should have been charged on the “Remaining Consumption” (i.e. 81% in this example) for the domestic consumers consuming more than 300 units.

The Commission had determined the ASC Rate for domestic consumers, consuming more than 300 units per month, at Rs 5.15 per unit.

The sample calculation of the ASC and Energy Charges for consumers consuming more than 300 Units is as follows

MC <sup>s</sup> Units	Area & Share of ASC	ASC (ASC) Calculation	Energy Charge (EC)	Total (ASC+EC)	Effective Energy Charge (Rs/kWh)
302	Other Region -9% <sup>#</sup>	27 Units* Rs. 5.15 = Rs 139.05	100 Units*1.90+ 175 Units * Rs. 3.40 =Rs. 785.00	Rs. 924.05	Rs. 3.06
350	Industrial & Urban Agg.- 19% <sup>#</sup>	67 Units* Rs. 5.15 =Rs 345.05	100 Units*1.90+ 183 Units * Rs. 3.40 =Rs. 812.20	Rs. 1157.25	Rs. 3.31
400	Other Region -9% <sup>#</sup>	36 Units* Rs 5.15 = Rs 185.40	100 Units*1.90+ 200Units * Rs. 3.40 + 64 Units * Rs. 4.50 =Rs. 1158	Rs. 1343.40	Rs. 3.36
400	Industrial & Urban Agg.- 19% <sup>#</sup>	76 Units* Rs 5.15 = Rs 391.40	100 Units*1.90+ 200Units * Rs. 3.40 + 24 Units * Rs. 4.50 =Rs. 978	Rs. 1369.40	Rs. 3.42

\$MC- Monthly Consumption

# - As per ASC Matrix



The Commission, hereby directs MSEDCL to charge ASC to the domestic consumers as per above mentioned principles with retrospective effect from October 1, 2006 upto April 30, 2007, i.e., the effective validity period of the previous Tariff Order (Case 54 of 2005).

In accordance with MSEDCL letter no DIR (Op)/MSEDCL/Prayas/10316 dated March 13, 2007, addressed to Prayas, the Commission directs MSEDCL to re-compute bills of domestic consumer on the basis of above discussed principles and give the necessary adjustments to the consumer bills on one to one basis. Since the period under consideration is over, MSEDCL should issue a single 'adjustment' bill for each consumer, and adjust the admissible amount of refund, if not done already, equally over the next three successive bills of such domestic consumers. In view of the circumstances narrated above such as differing interpretation, absence of clarity at various billing zone levels and the resultant operational difficulties that may arise, the Commission decides against any order on interest to be payable on refund.

MSEDCL should also inform the consumers through the media regarding the clarification given by the Commission and the resultant refund of the excess amount collected.

Sd/-  
(S.B.Kulkarni)  
Member

Sd/-  
(A.Velayutham)  
Member

Sd/-  
(Dr. Pramod Deo)  
Chairman



(Smt. Malini Shankar)  
Secretary, MERC