

**Before the**  
**MAHARASHTRA ELECTRICITY REGULATORY COMMISSION**  
**World Trade Centre, Centre No.1, 13th Floor, Cuffe Parade, Mumbai – 400 005**  
**Email: [mercindia@mercindia.org.in](mailto:mercindia@mercindia.org.in)**  
**Website: [www.mercindia.org.in](http://www.mercindia.org.in)**

**Case No. 26 of 2007 and Case No. 65 of 2006**

**IN THE MATTER OF**  
**Determination of Annual Revenue Requirement (ARR) of Maharashtra State**  
**Electricity Distribution Company Ltd. (MSEDCL) for the Control Period from FY**  
**2007-08 to**  
**FY 2009-10 and Tariff for FY 2007-08**

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

**Date of Order: December 17, 2007**

**CLARIFICATORY ORDER**

The Maharashtra Electricity Regulatory Commission (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 material, issued the detailed Tariff Order dated May 18, 2007 in Case 65 of 2006 determining the Annual Revenue Requirement (hereinafter referred to as ARR) for the Control Period from FY 2007-08 to FY 2009-10, and tariff for wheeling of electricity and retail sale of electricity for MSEDCL for FY 2007-08 .

Subsequently, on August 24, 2007, and September 11, 2007, the Commission issued two separate Clarificatory Orders in the context of the Order in Case 65 of 2006 on a Petition filed by MSEDCL (Case No. 26 of 2007), as well as representations received from consumer representatives and several consumers in the context of levy of ASC and the benchmark (reference) consumption for the same, apart from other issues such as refund of RLC, inclusion of ASC while computing Load Factor incentive, etc., MSEDCL was directed to ensure that the clarifications given in the said Clarificatory Order are implemented with retrospective effect from May 1, 2007 and the consumers' bills are revised accordingly.

Further to the issue of the above Clarificatory Orders, additional clarifications are required to be given to address certain specific cases, which the existing clarifications have not addressed. Accordingly, the Commission is issuing this Clarificatory Order in order to further clarify the



Order, wherever necessary. The clarifications in this Order will also come into effect from May 1, 2007.

In the Clarificatory Order dated September 11, 2007, the Commission clarified as under:

**1. "Reference consumption to be considered for levy of ASC**

**(a) Cases of increase in Contract Demand/Sanctioned Load**

*In the context of the reference period in case of consumers where the Contract Demand has been increased subsequent to the billing month of December 2005, the Commission had clarified on pages 25 and 26 of the Clarificatory Order under the heading "Reference bill period for HT foundries in cases of increase in Contract demand" as under:*

*"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 third occasion of the consumer utilising at least 75% of the increased sanctioned load/Contract Demand after increasing the Contract demand is recorded, whichever is earlier.**"*

*The Commission had also clarified on pages 14 and 15 of the Clarificatory Order that,*

***"...clause (g) of the Order reproduced above, will be applicable only in cases, where the increase in Contract Demand is equivalent to 25% or more of the Contract Demand during the reference period from January 2005 to December 2005..."***

*In continuation, the Commission clarifies as under:*

- a. The above clarifications on pages 14, 15, 25 and 26 of the Clarificatory Order dated August 24, 2007 are to be read in conjunction, and not independently.*
- b. Though the heading under which the clarification has been given may appear to indicate that the clarification is applicable only for HT Foundries, the detailed clarification makes it clear that it is applicable for all consumers where the Contract Demand/sanctioned load has been increased.*



- c. *The reference to sanctioned load is applicable only to consumers where the demand is yet to be contracted, and the fixed charges are being billed on the basis of sanctioned load.*
- d. *The clarification effectively means that in cases where the increase in Contract Demand/sanctioned load is equivalent to 25% or more of the Contract Demand the month of December 2005, the consumer will get at least three months time (grace period), since the third incidence of utilising at least 75% of the increased Contract Demand/Sanctioned Load can occur at the earliest in the third month, as the maximum demand meter records only the highest recorded demand in the month, and does not record each individual incidence when the recorded demand is higher than a specified limit.*
- e. *Further, till the reference period is reached under this clause (billing period after six months of the increase in the Contract Demand/sanctioned load or the billing period of the month in which the third incidence of utilisation of at least 75 % of the increased Contract Demand/sanctioned load), the ASC will be levied at the stipulated proportion of 11% and 24%, as the case may be. Thereafter, the ASC on the increase/decrease in consumption vis-à-vis the reference consumption will be charged in accordance with the Commission's orders in this regard.*
- f. *..."*

In continuation, the Commission clarifies that the above clarifications are **also applicable for determination of reference period in cases where the increase in Contract Demand has occurred during the period from January 2005 to December 2005 vis-à-vis the Contract Demand in January 2005.**

The following illustrations are provided for greater clarity in the matter:

Sl.	Sample Case	Contract Demand Increase by at least 25% in month	Third incidence of BD equal to or greater than 75% of CD	Reference Period (Month)	Basis
1	Case I	February 2005	May 2005	<b>May 2005</b>	Since third incidence of BD $\geq$ 75% of CD recorded in May 2005
2	Case II	August 2005	Jan 2006	<b>Jan 2006</b>	Since third incidence of BD $\geq$ 75% of CD recorded in Jan 2006



Sl.	Sample Case	Contract Demand Increase by at least 25% in month	Third incidence of BD equal to or greater than 75% of CD	Reference Period (Month)	Basis
3	Case III	December 2005	Not recorded in first six months	June 2006	Seventh month after increase in CD by 25% of existing CD, since third incidence of BD $\geq$ 75% of CD not recorded in first six months
4	Case IV	April 2005	July 2005, but CD reduced to same or less than 125% of CD in January 2005, by December 2005	Average of monthly consumption during 2005	Since, the CD in December 2005 is $\leq$ 125% of CD in January 2005, the original reference period will be applicable, and the clause related to increase in CD will not be applicable

**Note:** The above example has been given only for illustration purposes in order to explain the concept, and the above illustration is not to be used for billing purposes

It is also clarified that in case of increase in contract demand by 25 % or more with respect to the original Contract Demand, in phases (steps), the applicability of the clarifications under Orders dated 24.08.2007, 11.09.2007 and this Order will be applicable prospectively only from the month in which the increase in Contract Demand of at least 25% with respect to the original Contract Demand, is effected.

eg: Contract demand in June 2005 : 1000 kVA  
Contract demand in Jan 2006 : 1100 kVA  
Contract demand in June 2006 : 1200 kVA  
Contract demand in June 2007 : 1250 kVA

In the above case, the clause regarding change in reference period due to increase in Contract Demand will be applicable prospectively from June 2007 only.

Sd/-  
(S. B. Kulkarni)  
Member

Sd/-  
(A. Velayutham)  
Member

Sd/-  
(Pramod Deo)  
Chairman, MERC

Sd/-  
Secretary, MERC

