

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

Case No. 14 of 2007

In the matter of
**Petition filed by Mula Pravara Electric Co-operative Society Limited seeking
relaxation and amendment in the MERC (Standards of Performance of Distribution
Licensees, Period for Giving Supply and Determination of Compensation)
Regulations, 2005.**

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

ORDER

Dated: November 27, 2007

The Mula-Pravara Electric Co-operative Society Limited (“MPECS”) filed a Petition on May 16, 2007 seeking exemption from the Maharashtra Electricity Regulatory Commission (Standards of Performance of Distribution Licensees, Period for Giving Supply and Determination of Compensation) Regulations, 2005, (“**SOP Regulations**”) and approval of proposed amendment(s). The case of MPECS is that they are a rural distribution licensee, having predominantly agricultural pumping load, and certain relaxations from the requirements under the SOP Regulations may therefore be granted in their favour. Statistically, as on March 31, 2006, 69% of their total connected load of 209MW comprised of agricultural load and 11% of the same comprised of domestic load in rural areas. Further, during the FY 2005-06, out of the 5105 requisitions, 3536 pertained to agricultural load and 1565 pertained to non-agricultural load.

2. It has been averred in the Petition that unlike the Mumbai distribution licensees, the distribution network of MPECS is typically a rural distribution network. It has been contended by MPECS that so far as releasing connection to agricultural pumps is concerned, extensive investment and installation of infrastructure are required. Agricultural pumping connections are typically located in remote areas and require appropriate network extension / augmentation.

3. It has been further averred in the Petition that MPECS is able to process a consumer call within a specified time limit provided that a consumer has submitted requisite information and complied with all the formalities required for processing an application. For FY 2005-06, out of 1569 requisitions for new connection,



400 applications could not be processed due to various reasons including non-availability of complete information of the applicant or non-compliance of formalities by consumers. Out of the remaining 1269 applications, 501 consumers (comprising of 39%) have been provided with supply from existing distribution network. Supply to the remaining 1068 consumers (comprising of 61%) require adequate extension of distribution network. With respect to other consumers apart from agricultural consumers, 32 calls from urban areas and 254 calls from rural areas could not be processed due to failure on the part of the consumers to comply with procedural formalities. It has been contended that the performance parameters fixed under the SOP Regulations should be applicable on Mumbai distribution licensees that are better equipped than MPECS, and MPECS should be granted exemptions therefrom.

4. It has been also averred in the Petition that the performance level of MPECS in releasing of new connections has further been slow due to paucity of funds. The retail supply tariffs of MPECS have not been revised since FY 2001-02. It has been contended that the proceedings initiated by MPECS on February 20, 2006 for revision in the Bulk Supply Tariff as well as determination of Retail Supply Tariff for FY 2003-04, FY 2005-06, FY 2006-07 are pending before the Commission for disposal.

5. So far as the requirements under the SOP Regulations with respect to restoration of supply is concerned, it has been averred in the Petition that MPECS is largely achieving specified performance levels, except in cases of distribution transformer (DTC) failure. In this regard it has been contended that MPECS is a smaller distribution company as compared to other distribution licenses. The area of supply of MPECS is a limited area with less consumer density and therefore maintaining a huge inventory of spare DTCs, in anticipation of failure, is not feasible. Further, transformer oil replacement / filtering, consumes a considerable amount of time.

6. Based on the aforesaid submissions, MPECS have prayed that certain modifications be made to the SOP Regulations which are the following:

- (a) So far as the period for giving supply to agricultural consumers is concerned
 - (i) when supply can be provided through existing network, the same may be provided within 3 months instead of 1 month, as stipulated under the SOP Regulations;
 - (ii) when extension of network is required for supply, the same should be provided within 6 months instead of 3 months, as stipulated under the SOP Regulations;
- (b) So far as the period for giving supply to non-agricultural consumers for which extension of network is required, the same should be 4 months instead of 3 months as stipulated under the SOP Regulations;
- (c) So far as the period for causing restoration of supply is concerned



- (i) in cases of DTC failure in urban areas, the same should be 48 hours instead of 24 hours, as stipulated under the SOP Regulations;
- (ii) in cases of DTC failure in rural areas, the same should be 72 hours instead of 48 hours, as stipulated under the SOP Regulations.

7. The Commission directed MPECS to serve a copy of their Petition to all distribution licensees in Maharashtra and to the four consumer representatives authorised on a standing basis under the Electricity Act, 2003 (“EA 2003”).

8. At the hearing held in the matter on July 3, 2007, Shri. Deokar Bhausahab Lakshman, Deputy Executive Engineer-MPECS, appeared for MPECS along with Shri Yogesh Salunke, Consultant. Shri. Salunke submitted that MPECS should be particularly exempted under second proviso to Section 43 of the EA 2003 considering the number of hamlets that comprises the distribution area of MPECS. That apart, MPECS faces enough operational difficulty to achieve the performance levels as stipulated under the SOP Regulations. It was further submitted that due to the predominantly rural consumer density in their area of supply, MPECS is incapacitated from obtaining loans from financiers, unlike other distribution licensees in Maharashtra. It was observed by the Commission during the said hearing that so far as relaxation from the SOP Regulations under second proviso to Section 43 of the EA 2003 is concerned, MPECS need to submit details showing to what extent the distribution area of MPECS is comprised of hamlets. Shri. Lakshman sought a period of one month to submit detailed written submissions in writing in this regard.

9. For more than one month no submissions were filed by MPECS justifying their case and therefore on September 12, 2007, a notice was sent by the Commission to MPECS directing the submission of necessary information by September 24, 2007.

10. Vide their letter dated September 27, 2007 received by the Commission on October 5, 2007, it has been contended by MPECS that the Commission is well aware of the financial position of MPECS and operational difficulties faced by them. In consideration of the same, the reliefs sought by MPECS should be granted. MPECS still did not file their submissions with requisite information as sought by the Commission as aforesaid that would justify any relaxation from the SOP Regulations under second proviso to Section 43 of the EA 2003.

11. Having considered the material placed on record and the submissions advanced on behalf of MPECS, the Commission observes that MPECS have failed to establish the reasons for seeking relaxation from the SOP Regulations. The Commission observes that relaxation from the SOP Regulations on the basis of the second proviso to Section 43 of the EA 2003, can only be considered on the basis of facts and figures. MPECS should have brought to the notice of the Commission the number of hamlets that comprises the area of supply of MPECS. On the issue of MPECS not being in a convenient position to obtain loans to meet the requirements stipulated under the SOP Regulations, the



Commission is of the view that the failure of the management of a distribution licensee to obtain finances do not merit as a valid ground for relaxation of the SOP Regulations. On the issue of grant of proposed modifications, the Commission observes that the same cannot be granted unless a case for relaxation is primarily made out. Furthermore, MPECS have sought that when supply can be provided through existing network, the same may be provided within 3 months instead of 1 month, as stipulated under the SOP Regulations. The Commission is of the view that it does not have the jurisdiction to relax the time line of one month provided in Section 43(1). As regards the first proviso to Section 43(1), the Commission is of the view that MPECS have not been able justify its case as no data or information have been made available.

12. The Commission observes that the contention of MPECS that the proceedings initiated by MPECS vide their letter dated February 20, 2006 was for revision in the Bulk Supply Tariff as well as determination of Retail Supply Tariff for FY 2003-04, FY 2005-06 and FY 2006-07 is wrong. The Commission observes that the said proceedings were initiated for the determination of the annual revenue requirement of MPECS for FY 2004-05, FY 2005-06 and FY 2006-07 and determination of tariff for FY 2006-07, and not for the determination of Retail Supply Tariff for FY 2003-04, as claimed by MPECS. The Commission further observes that an order dated February 23, 2007 has been passed in Case No. 51 of 2005 (in the matter of determination of the annual revenue requirement of MPECS for FY 2004-05, FY 2005-06 and FY 2006-07 and determination of tariff for FY 2006-07). In view thereof, the contention of MPECS that the proceedings initiated by MPECS for revision in the Bulk Supply Tariff as well as determination of Retail Supply Tariff for FY 2003-04, FY 2005-06, FY 2006-07 is pending before the Commission for disposal, is not correct. Therefore, when the aforesaid Order has been issued and whether on account of non-revision in tariff, if at all, MPECS is facing any difficulty in providing any new connection, was for MPECS to bring before the Commission. However, despite the direction given in the hearing held on July 3, 2007 and written reminder sent by the Commission on September 12, 2007, MPECS have failed to submit the requisite information before the Commission.

13. The Commission is, therefore, of the view that MPECS have failed to establish their case under the present proceedings. The present proceedings are therefore dismissed. However, liberty is being granted to MPECS to initiate fresh proceedings, if felt necessary by MPECS.

Sd/-
(S.B. Kulkarni)
Member

Sd/-
(A. Velayutham)
Member

Sd/-
(Dr. Pramod Deo)
Chairman



(P.B. Patil)
Secretary, MERC