

## PRESS NOTE

### **ELECTRICITY RETAIL TARIFF OF MAHARASHTRA STATE ELECTRICITY DISTRIBUTION COMPANY LIMITED (MSEDCL) APPLICABLE WITH EFFECT FROM 1 AUGUST, 2012**

MSEDCL's Petition for True up for FY 2010-11, approval of Annual Revenue Requirement (ARR) for FY 2011-12 and FY 2012-13, Tariff for FY 2012-13 and Revision of Schedule of Charges was admitted by the Commission on 17 May, 2012. The Commission invited suggestions from consumers and all other stakeholders and held Public Hearings at all the six revenue headquarters of Maharashtra, namely, Amravati, Nagpur, Aurangabad, Nashik, Pune and Navi Mumbai in the month of July 2012. Consumer Representatives also participated actively in this process. The Commission, after considering all representations and issues raised during the Public Hearings and through written submissions, has determined the ARR for FY 2011-12 and FY 2012-13 and Tariff for FY 2012-13 for MSEDCL, through its Order dated 16 August, 2012. **The revised Tariffs will come into force from 1 August, 2012.**

The salient features of the Commission's Order are as follows:

- a) The Commission has approved the consolidated ARR of Rs. 48,926 Crore for FY 2012-13 as compared to the ARR of Rs. 50,750 Crore projected by MSEDCL in its Petition.
- b) The Commission has approved a revenue gap of Rs. 6,921 Crore as compared to MSEDCL's claim of Rs. 7,623 Crore. The Commission has approved an overall increase in average Tariff of 16.48% against a claim of 17.68%. This increase is considering notified Tariff schedule as modified by Interim Relief Order dated 31 October, 2011.
- c) The increase in Tariff is primarily on account of increase in power purchase expenses, which have gone up primarily due to rise in fuel prices.
- d) The effective average Tariff increase for consumers works out to only 6.91%. This is after taking into account the impact of existing additional energy charges as well as the existing level of Fuel Adjustment Cost (FAC). The increase ensures that all prudent expenses of MSEDCL are recovered through the revised Tariffs. The Average Cost of Supply approved by the Commission works out to Rs. 5.56 per unit.
- e) It is noteworthy that MSEDCL has met its Renewable Purchase Obligations from non-solar sources in FY 2010-11 and expects to continue to meet in subsequent years.
- f) The Commission, while arriving at the above gap, has also included the impact of the Order on the Review Petition in Case No. 100 of 2011, which is Rs. 750 Crore. The revenue gap projected by MSEDCL was excluding this amount of Rs. 750 Crore as the Order on Review Petition was issued after the submission of the present Tariff Petition.

- g) The Commission has already allowed an amount of Rs. 1,483 Crore resulting from the impact of unrecovered FAC as on March 2012 through its earlier Order dated 15 June, 2012. Therefore, while arriving at the revenue gap recoverable from revised Tariff, the Commission has deducted this amount.
- h) The Commission has considered the suggestions and objections of the consumers and consumer representatives while developing Tariff philosophy and designing the Tariffs. The Commission has introduced several measures to facilitate easier implementation of Tariffs, remove difficulties in interpretations of the applicability of Tariffs, reduce cross-subsidy as mandated by the Electricity Act 2003, and bring about overall efficiency in electricity use.
- i) The Commission has introduced the provision of allowing all LT Commercial and LT Industrial consumers consuming less than 300 unit per month to avail Tariff as per LT Residential category. This initiative of the Commission will ensure hassle free power supply at affordable rates for people carrying out professional or small commercial activities out of their residential premises and small commercial and industrial units. This provision will benefit about 3.5 lakhs consumers.
- j) The Commission has formed a new category called "Public Services" in both LT and HT. This new category shall be applicable for hospitals and educational institutes (irrespective of ownership), defence services establishments, police stations, post offices, fire service stations, public libraries and reading rooms, courts, airports, etc. The Tariff for the "Public Services" categories (LT and HT) has been designed to ensure that the average billing rate for the Public Services category is lower than Commercial category.
- k) The Commission has accepted the proposal of MSEDCL to create a sub-category in HT-VIII - HT - Temporary Supply category for temporary connections required for religious purposes. The Tariff for this sub-category is substantially lower than temporary connections for other purposes.
- l) In this Order, the Commission has taken steps to contain and reduce cross-subsidy levels as per the provisions of the Electricity Act 2003 and the intent of the Commission to facilitate a competitive environment for development of power market in the state. Hence the increase in Tariffs has been uniformly applied to all categories except special interventions in select categories for reducing the levels of cross-subsidy.
- m) The Commission has introduced a rebate for availing supply at Extra High Voltage (EHV) in this Tariff Order. Consumers availing supply at EHV level will get a rebate of 3% on the energy charges. This initiative of the Commission will incentivise consumers who can shift to EHV supply to do so, thus ensuring the reduction of overall distribution loss level in the system.
- n) The off-peak rebate for night consumption for the categories in which ToD Tariff is applicable has been increased from 85 paise to 100 paise per unit as an initiative towards better demand side management and to increase the competitiveness of industries in Maharashtra.

- o) The Commission has increased the fixed charges for all categories in a move to partially restore the fixed charges that had been reduced by the Commission in earlier Orders considering the poor availability of power at that time. However, the fixed charges have been increased by only 25% as compared to MSEDCL's proposal of increasing the fixed charges by 100% in most categories.
- p) All other rebates/incentives and disincentives except those described here have been retained at the earlier levels.
- q) The interest on consumer security deposit has been increased to 9.5% as per the Bank rate applicable on the date of filing this Petition.
- r) The Commission has approved the distribution loss target of 15.77% for FY 2012-13 as against estimated loss of 16.27% for FY 2011-12. Further to ascertain authenticity of the agriculture sales, the Commission has directed MSEDCL to conduct a third party audit of representative feeders supplying power to agriculture consumers.
- s) The Commission has directed MSEDCL to initiate its MYT filing through submission of MYT business plan.
- t) The comparison of existing and revised Tariffs applicable for MSEDCL's consumers has been given in **Annexure 1**.
- u) The category-wise increase in Tariffs approved by the Commission as compared to the Tariff increase sought by MSEDCL is given in **Annexure 2**.
- v) The category-wise reduction in cross-subsidy is given in **Annexure 3**.
- w) The Commission's detailed Order on MSEDCL's ARR and Tariff Petition can be downloaded from the Commission's website [www.mercindia.org.in](http://www.mercindia.org.in)

**Annexure 1: Category-wise Tariff for MSEDCL's Consumers Effective from 1 August, 2012**

Sr. No.	Consumer category &	Existing Tariff w.e.f. 1 November, 2011		Revised Tariff w.e.f 1 August, 2012	
	Consumption Slab	Fixed/ Demand Charge	Energy Charge (paise/unit)	Fixed/ Demand Charge	Energy Charge (paise/unit)
	<b><u>LOW TENSION CATEGORIES</u></b>				
<b>1</b>	<b>LT I – Residential</b>				
(A)	BPL	Rs 3 per month	89	Rs 10 per month	76
(B)	Residential				
	0-100 units	Single Phase: Rs 30 per month  Three Phase: Rs 100 per month	282	Single Phase: Rs 40 per month  Three Phase: Rs 130 per month	336
	101-300 units		500		605
	301 - 500 units		715		792
	501 - 1000 units		829		878
	Above 1000 Units (balance units)		855		950
<b>2</b>	<b>LT II - Non-residential or Commercial</b>				
(A)	0-20 kW				
(i)	Education Institutes, Hospitals and Dispensaries	Rs 150 per month		<i>(These consumers have been shifted to “LT-X- Public Service” under new tariff)</i>	
	0 – 200 units per month		492		
	Above 200 units per month (only balance consumption)		687		
(ii)	Others				
	0-200 units	Rs 150 per month	515	Rs 190 per month	585
	>200 units	Rs 150 per month	738	Rs 190 per month	838
(B)	> 20 kW and < 50 kW	Rs 150 per kVA per month	744	Rs 190 per kVA per month	844
(C)	> 50 kW	Rs 150 per kVA per month	961	Rs 190 per kVA per month	1,091
<b>3</b>	<b>LT III – Public Water Works &amp; Sewage Treatment Plants</b>				

Sr. No.	Consumer category &	Existing Tariff w.e.f. 1 November, 2011		Revised Tariff w.e.f 1 August, 2012	
	Consumption Slab	Fixed/ Demand Charge	Energy Charge (paise/unit)	Fixed/ Demand Charge	Energy Charge (paise/unit)
(A)	0-20 kW	Rs 40 per kVA per month	197	Rs 50 per kVA per month	235
(B)	> 20 kW and < 40 kW	Rs 50 per kVA per month	254	Rs 60 per kVA per month	311
(C)	> 40 kW and < 50 kW	Rs 70 per kVA per month	345	Rs 90 per kVA per month	420
<b>4</b>	<b>LT IV – Agriculture</b>				
4.1	Un-metered Tariff				
(A)	Category 1 Zones				
(i)	0-5 HP	Rs 243 per HP per month		Rs 295 per HP per month	
(ii)	>5 HP	Rs 272 per HP per month		Rs 325 per HP per month	
(B)	Category 2 Zones				
(i)	0-5 HP	Rs 197 per HP per month		Rs 240 per HP per month	
(ii)	>5 HP	Rs 221 per HP per month		Rs 265 per HP per month	
4.2	Metered Tariff	Rs 15 per HP per month	176	Rs 20 per HP per month	210
<b>5</b>	<b>LT-V Industry</b>				
(A)	0-20 kW	Rs 150 per connection per month	446	Rs 190 per connection per month	506
(B)	Above 20 kW	Rs 100 per kVA per month	617	Rs 130 per kVA per month	701
<b>6</b>	<b>LT VI – Streetlights</b>				
(A)	Grampanchayat, A, B, & C Class Municipal Council	Rs 30 per kW per month	355	Rs 40 per kW per month	412

Sr. No.	Consumer category &	Existing Tariff w.e.f. 1 November, 2011		Revised Tariff w.e.f 1 August, 2012	
	Consumption Slab	Fixed/ Demand Charge	Energy Charge (paise/unit)	Fixed/ Demand Charge	Energy Charge (paise/unit)
(B)	Municipal Corporation Areas		423		500
<b>7</b>	<b>LT VII – Temporary Supply</b>				
(A)	Temporary Supply Religious	Rs 200 per connection per month	288	Rs 250 per connection per month	327
(B)	Temporary Supply Others	Rs 250 per connection per month	1,316	Rs 310 per connection per month	1,507
<b>8</b>	<b>LT VIII – Advertisement &amp; Hoardings</b>	Rs 400 per connection per month	1,830	Rs 500 per connection per month	2,077
<b>9</b>	<b>LT IX – Crematoriums and Burial Grounds</b>	Rs 200 per connection per month	288	Rs 250 per connection per month	337
<b>10</b>	<b>LT X - Public Services</b>				
(A)	0 – 20 kW				
	0-200 Units			Rs 190 per month	536
	> 200 units			Rs 190 per month	788
(B)	>20-50 KW			Rs 190 per kVA per month	779
(C)	>50 KW			Rs 190 per kVA per month	824
<b>Note 1</b>	<b>TOD Tariffs (in addition to above base tariffs</b>				
	<b>– compulsory for LT II (B) LT II (C), LT III, LT V (B), LT V (A), LT X (B) and LT X (C) categories</b>				
	<b>– optional for LT II (A), LT X (A) categories</b>				
	0600 hours to 0900 hours		0		0
	0900 hours to 1200 hours		80		80
	1200 hours to 1800 hours		0		0
	1800 hours to 2200 hours		110		110
	2200 hours to 0600 hours		(85)		(100)

Sr. No.	Consumer category &	Existing Tariff w.e.f. 1 November, 2011		Revised Tariff w.e.f 1 August, 2012	
	Consumption Slab	Fixed/ Demand Charge	Energy Charge (paise/unit)	Fixed/ Demand Charge	Energy Charge (paise/unit)
Note 2	<i>Uniform rates – The new Tariffs approved for LT I - Residential category consuming up to 300 units per month shall also be applicable for the consumers under LT II – Commercial, LT V – Industry and LT X – Public Service categories consuming up to 300 units per month. However, any such consumer crossing the limit of 3,600 units in a financial year will not be further eligible for this Tariff and will be charged under the Tariff of the category the consumer belongs to.</i>				
	<b><u>HIGH TENSION CATEGORIES</u></b>				
<b>1</b>	<b>HT I – Industry</b>				
(A)	HT-I - Express Feeders	Rs 150 per kVA per month	603	Rs 190 per kVA per month	701
(B)	HT-I -Non Express Feeders		549		633
(C)	HT-I - Seasonal Category		675		779
<b>2</b>	<b>HT II – Commercial</b>				
(A)	Express Feeder				
(i)	Educational Institute and Hospitals	Rs 150 per kVA per month	875	<i>(These consumers have been shifted to “HT-IX- Public Service” under new tariff)</i>	
(ii)	Other		910	Rs 190 per kVA per month	1045
(B)	Non-Express Feeder				
(i)	Educational Institute and Hospitals	Rs 150 per kVA per month	818	<i>(These consumers have been shifted to “HT-IX- Public Service” under new tariff)</i>	
(ii)	Other		852	Rs 190 per kVA per month	983
<b>3</b>	<b>HT-III Railways</b>	--	664	----	781
<b>4</b>	<b>HT-IV Public Water Works &amp; Sewage Treatment Plants</b>				
(A)	Express Feeders	Rs 150 per kVA per month	430	Rs 190 per kVA per month	505
(B)	Non-Express Feeders	Rs 150 per kVA per month	412	Rs 190 per kVA per month	473
<b>5</b>	<b>HT-V Agricultural</b>	Rs 25 per kVA per month	246	Rs 030 per kVA per month	288

Sr. No.	Consumer category &	Existing Tariff w.e.f. 1 November, 2011		Revised Tariff w.e.f 1 August, 2012	
	Consumption Slab	Fixed/ Demand Charge	Energy Charge (paise/unit)	Fixed/ Demand Charge	Energy Charge (paise/unit)
<b>6</b>	<b>HT-VI Bulk Supply</b>				
(A)	Residential Complex	Rs 125 per kVA per month	425	Rs 160 per kVA per month	482
(B)	Commercial Complex	Rs 125 per kVA per month	724	Rs 160 per kVA per month	821
<b>8</b>	<b>HT VIII - Temporary Supply</b>				
(A)	Temporary Supply Religious			Rs 250 per connection per month	327
(B)	Temporary Supply Others	Rs 200 per connection per month	1130	Rs 250 per connection per month	1282
<b>9</b>	<b>HT IX-Public services</b>				
(A)	Express feeders			Rs 190 per kVA per month	821
(B)	Non-Express feeders			Rs 190 per kVA per month	765
<b>Note 3</b>	<b><i>TOD Tariffs (in addition to above base tariffs) – compulsory for HT I, HT II, HT IV, HT IX (A) and HT IX (B) categories</i></b>				
	0600 hours to 0900 hours		0		0
	0900 hours to 1200 hours		80		80
	1200 hours to 1800 hours		0		0
	1800 hours to 2200 hours		110		110
	2200 hours to 0600 hours		(85)		(100)

**Annexure 2: Category-wise increase in Tariff approved by the Commission**

Category	Average Cost of Supply (Rs/unit)	Existing Tariff being paid (including FAC) (Rs/unit)	Average Billing Rate (Rs/unit)			
			Tariff Proposed by MSEDCL		Revised Tariff	
			ABR (Rs/unit)	% Increase	ABR (Rs/unit)	% Increase
<b><u>HIGH TENSION CATEGORIES</u></b>						
HT-I Industry (Express Feeder)	5.56	7.17	7.94	11%	7.68	7%
HT-I Industry (Non-Express Feeder)		6.77	7.77	15%	7.26	7%
HT-I Seasonal Industry		8.29	9.31	12%	8.89	7%
HT II- Commercial		10.51	11.35	8%	11.20	7%
HT-III Railways		7.30	7.50	3%	7.81	7%
HT-IV-Public Water Works		5.14	6.03	17%	5.53	8%
HT-V- Agriculture		2.89	2.94	1%	3.10	7%
HT-VI-Bulk Supply-Residential/ Commercial		5.16	9.70	88%	5.44	5%
HT- IX Public Services					8.95	
<b><u>LOW TENSION CATEGORIES</u></b>						
LT I-Domestic	5.56	4.48	5.48	22%	4.89	9%
LT II Non Domestic		9.15	9.66	6%	9.78	7%
LT III Public Water Works		2.66	3.41	28%	2.96	11%
LT IV Agriculture Metered		2.14	2.22	4%	2.33	9%
LT IV Agriculture Unmetered		2.22	2.32	4%	2.45	10%
LT V Industrial		6.80	7.48	10%	7.19	6%
LT VI Street Lighting		4.35	4.85	12%	4.67	7%
LT VIII Temporary Others		14.63	14.16	-3%	15.31	5%
LT VIII Advertising and Hording		22.20	20.27	-9%	23.36	5%
LT IX Crematorium & Burial		3.45	3.17	-8%	3.73	8%
LT X Public Services					7.16	

**Annexure 3: Category-wise cross-subsidy approved by the Commission**

Category	ACoS (Rs/kWh)	ABR/ACoS (Rs./ kWh)	
		Existing Tariff	Revised Tariff
<b><u>HIGH TENSION CATEGORIES</u></b>			
HT Industrial		135%	135%
HT-I Express		138%	138%
HT-I Non-Express		131%	130%
HT-I Seasonal		160%	160%
HT Commercial (others)		203%	201%
HT Railway		141%	140%
HT PWW		99%	99%
HT Agriculture		56%	56%
HT Bulk Supply- Residential/Commercial		99%	98%
HT Public services			161%
<b><u>LOW TENSION CATEGORIES</u></b>			
LT Domestic		86%	88%
BPL	5.56	21%	21%
0-100		68%	70%
101-300		113%	118%
300-500		155%	147%
500-1000		177%	160%
LT Non-Domestic (others)		176%	176%
LT PWW		51%	53%
LT Agriculture - Unmetered		43%	44%
LT Agriculture - Metered		41%	42%
LT Industries		131%	129%
LT Public services			129%
LT Street Light		84%	84%
LT Temporary		282%	275%
LT Advertising and Hoarding		428%	420%
LT Crematorium		66%	67%