

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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Case No. 12 of 2010

In the matter of
Petition of Maharashtra Elektros melt Ltd. seeking clarification of Commission's
CPP Order dated September 8, 2004 in Case No. 55 & 56 of 2003 read with
Commission's Order dated August 17, 2009 in Case No. 116 of 2008

Shri V.P. Raja, Chairman
Shri S. B. Kulkarni, Member
Shri V.L. Sonavane, Member

M/s. Maharashtra Elektros melt Ltd.Petitioner
Versus
Maharashtra State Electricity Distribution Company Ltd.Respondent

ORDER

Dated: July 19, 2010

M/s. Maharashtra Elektros melt Ltd., ("MEL") submitted a Petition under affidavit before the Commission on April 5, 2010.

2. The Petitioner has prayed as under:
1. *"To kindly condone the delay in filing the petition and,*



2. *To clarify Billing Demand for Consumers with CPP governed by Case 55 & 56 of 2003 read with MERC order in case no. 116 of 2008 and the applicability of Load Factor Incentive to Consumers with CPP.*”
3. The facts in the matter, as stated in the Petition, are as follows:
- a. The Petitioner is an HT-IC (Continuous) Express Feeder Consumer with 4200 KW Captive Power Plant (CPP) and having Contract Demand of 43000 KVA & the Standby Component Demand of 5250 KVA.
 - b. The Petitioner has submitted that, to ensure efficient operation of their plants without any loss of production, in the eventualities of any tripping / shortage, the consumers with CPP have been provided with the Standby Component Demand. It was further submitted that excess demand shall be registered if the Billing Demand exceeds the Contract Demand over and above the Standby Component, if applicable, which for the Petitioners is declared as 5250 KVA. The Petitioner has also submitted that, in the same case if the Consumers with CPP is made to operate the Plant within the contract demand limits, then it shall require to curtail their Plant Load and this can affect their plant operation adversely and it may result in loss of revenue for MSEDCL to the extent of curtailment of power drawl.
 - c. Petitioner submitted that his Maximum demand does not exceed the **total of Contract demand + Standby Demand** which is 43000 KVA+5250 KVA.
 - d. The Petitioner submitted that for the month of October, 2009, the recorded billing demand of the Petitioner was 44664 KVA. Hence, as per MERC Tariff Order dated August 17, 2009, the Load Factor Incentive was not passed on to the Petitioner by the Respondent, MSEDCL.
 - e. On the above grounds, the Petitioner had requested the Respondent i.e. Maharashtra State Electricity Distribution Company Ltd. (“MSEDCL”), to grant the same vide its letter dated October 23, 2009 and October 26, 2009.
 - f. The request of the Petitioner for grant of ‘Load Factor Incentive’ for the energy bill of October, 2009 was examined by the Competent Authority of MSEDCL and the same was not considered on the basis of the Commission’s Order in the Case No. 116 of 2008.
 - g. Hence, the Petitioner has filed the present Petition seeking clarification from the Commission in the above matter.



- h. It is submitted that the Commission's order in Case No. 116 of 2008 states that, "*the billing demand for consumers with CPP shall be governed as per order in Case 55 and 56 of 2003.*" On this point, the Petitioner has submitted that whenever Billing Demand exceeds Contract Demand, the Load Factor Incentive may be payable to the Consumers with CPP, since the Total Demand has not been exceeded.
 - i. The Petitioner has submitted that there is a need for clarity as regards the Billing Demand applicable for the Consumers with CPP, and upto which demand level will the Consumers with CPP be eligible for Load Factor Incentive in case of sudden failure/tripping/stoppages of CPP to enable them to continue operating their plant efficiently, maintaining optimum load, and allowing them to utilise Standby Contract Demand during such exigencies, without losing Load Factor Incentive.
4. In the above matter, the Respondent i.e. MSEDCL has submitted that it has not considered the request of Petitioner for the reasons elaborated below:
- a. The Commission's Tariff Order in Case No. 116 of 2008 dated August 17., 2009 about the Load Factor Incentive states that, in case the Billing Demand exceeds the Contract Demand in any particular month, then the Load Factor Incentive will not be payable in that month.
 - b. In the present case, the Petitioner's (sanctioned Contract Demand was 43000 KVA and the recorded Billing Demand in the month of October, 2009 on the bill was 44664 KVA. Hence, it was clear that the Contract Demand had been exceeded by 1664 KVA.
 - c. By giving reference of the Commission's Tariff Order in the Case No. 116 of 2008 dated August 17, 2009, the Respondent, MSEDCL has submitted that the Load Factor Incentive was not applicable to the Petitioner as it has exceeded its Contract Demand.
5. In reply to the above, further the Petitioner has made reference to the Commission's Order in Case No. 55 & 56 of 2003. The Order clarifies about the calculation of Billing Demand charges. The Respondent, MSEDCL has clarified that the same has been taken into consideration for the October 2009 bill, i.e. even though the Contract Demand was exceeded, penal charges were not levied, since the Billing Demand had not exceeded the Contract Demand over and above Stand-by Component.



6. On a perusal of the above, i.e. the Commission's Order in the Case No. 55 and 56 of 2003, the following observations are made by the Respondent, MSEDCL before the Commission vide its letter dated June 18, 2010.
- a. It is not ruled anywhere that the Contract Demand of the CPP consumer shall include Standby Component.
 - b. The Contract Demand and the Standby Component have been treated differently. The charges for the same are altogether different.
 - c. The Commission has used the term, "Contract Demand Charges" for Contract Demand and "Additional Demand Charges" for the Standby Component, and it has also been pointed out that if the consumer exceeds its Contract Demand (but not over and above its Stand-by Component) as in present case, MSEDCL is not even entitled to levy Contract Demand Charges at the rate of Rs. 150 for the exceeded component of the demand. Instead, only Additional Demand Charges at the rate of Rs. 20 are to be levied. So, it is clear that it (i.e. the excess component) is not part of Contract Demand.
 - d. Hence, it is pertinent to note that the Contract Demand and the Standby Component are treated differently, and hence need to be dealt with separately.
 - e. However, as to when Penal Demand Charges are to be levied, it has been ruled that Penal Demand Charges shall be applicable only if the recorded demand exceeds the Contract Demand over and above the Standby Component.
7. The Commission, vide its Notice dated May 28, 2010 had fixed the hearing in this matter on June 29, 2010.
8. During the admissibility hearing held on June 29, 2010, Shri D.D. Bhattalwar appeared on behalf of the Petitioner, Shri N. G. Naru, Chief Engineer appeared on behalf of the Respondent, MSEDCL. The Petitioner submitted that the Billing Demand had exceeded the Contract Demand in the month of October, 2009. However it was still in the limit of (Contract Demand + Standby Component/Demand) and hence, the Petitioner may be given Load Factor Incentive. The Respondent, MSEDCL has not provided the Load Factor Incentive as per the Commission's Tariff Order in Case No. 116 of 2008 dated August 17, 2009.



9. The relevant extracts of the Commission's Order in Case No. 116 of 2008 pertaining to Load Factor Incentive is as follows:

“The Commission has retained the Load factor incentive for consumers having Load Factor above 75% based on contract demand. Consumers having load factor over 75% up to 85% will be entitled to a rebate of 0.75% on the energy charges for every percentage point increase in load factor from 75% to 85%. Consumers having a load factor over 85 % will be entitled to rebate of 1% on the energy charges for every percentage point increase in load factor from 85%. The total rebate under this head will be subject to a ceiling of 15% of the energy charges for that consumer. This incentive is limited to HT-I and HT-II consumer category only. Further, the load factor rebate will be available only if the consumer has no arrears with the MSEDCL, and payment is made within seven days from the date of the bill or within 5 days of the receipt of the bill, whichever is later. However, this incentive will be applicable to consumers where payment of arrears in installments has been granted by the MSEDCL, and the same is being made as scheduled.”

10. Clarification sought by the Petitioner:-

The Commission in its Order in Case No.116 of 2008, (Pg. No.241 of 249) has clarified definition of Load Factor and Billing Demand. In accordance with this definition, in case the billing demand exceeds the contract demand in any particular month, then the Load Factor Incentive will not be payable in that month.

The billing demand definition excludes the demand recorded during the non-peak hours, i.e.22.00 Hrs. to 6.00 Hrs. and therefore, even if the maximum demand exceeds the contract demand in that duration, Load Factor Incentive would be applicable. However, in this particular case, maximum billing demand has not occurred during 22.00 Hrs. to 6.00 Hrs., and hence the consumer is not eligible for Load Factor Incentive, since recorded billing demand has been in excess of Contract Demand of 43000 kVA.



It is pertinent to note that the Stand-by demand component is not mentioned in the definition of 'Contract Demand' as mentioned in Case No.116 of 2008. (Pg. No.245) and hence the relief sought by the Petitioner cannot be considered.

11. In view of the above, the present Petition stands disposed off.

(V.L. Sonavane)
Member

(S. B. Kulkarni)
Member

(V. P. Raja)
Chairman



(K. N. Khawarey)
Secretary, MERC