

## PRESS NOTE

### RETAIL ELECTRICITY TARIFF OF MAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO. LTD. APPLICABLE FROM 1 SEPTEMBER, 2018

Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL) is a Distribution Licensee in most of Maharashtra, including some areas in Mumbai. MSEDCL's Petition for approval of true-up for FY 2015-16, FY 2016-17, provisional true-up for FY 2017-18, and revised Aggregate Revenue Requirement (ARR) and Tariff for FY 2018-19 and FY 2019-20 was admitted by the Maharashtra Electricity Regulatory Commission (MERC or Commission) on 4 July, 2018.

As directed by the Commission, MSEDCL invited written suggestions and objections on the Petition from the public, and also held Public Hearings at Amravati, Nagpur, Aurangabad, Nashik, Pune and Navi Mumbai from 6 to 16 August, 2018. After this public consultation process, the Commission has determined the ARR and Tariff of MSEDCL for FY 2018-19 and FY 2019-20 through its Order dated **12 September, 2018**. The revised tariffs are effective from **1 September, 2018**.

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

1. The Commission has determined the net revenue gap to be recovered from FY 2016-17 to FY 2019-20 as shown below:

Particulars	MSEDCL (Rs. Crore)	Approved (Rs. Crore)
True Up Requirement for FY 2015-16	5,546	5,032
True Up Requirement for FY 2016-17	6,704	4,897
Revenue Gap for FY 2017-18	5,420	5,308
Revenue Gap for FY 2018-19	4,990	918
Revenue Gap for FY 2019-20	6,695	2,530
Impact of Review Order for FY 2014-15	216	216
Difference in Sharing of Efficiency Loss due to higher Dist. Losses FY 2014-15	935	-
Carrying Cost - on Revenue Gaps for previous years till FY 17-18	3,880	2,764
Claim of penalty levied by MERC for shortfall in RPO	260	260
Impact of MSPGCL Order		(1,275)
<b>Total Revenue Gap</b>	<b>34,646</b>	<b>20,651</b>

2. Thus, as against the total Revenue Gap of Rs. 34646 Crore estimated by MSEDCL which is 23% of its total projected ARR, the Commission has determined lower total Revenue Gap of Rs. 20651 Crore. In order to avoid Tariff shock to the consumers, the Commission has decided to create Regulatory Asset. Accordingly out of approved revenue gap of Rs 20651 crore, only Rs. 8268 crore has been allowed through average tariff increase of 5 % and balance amount of Rs. 12382 crore has been treated as Regulatory Asset.
3. The consumers of MSEDCL will have average increase of 3 to 5% in tariff over existing applicable tariff of FY 2018-19 and; average increase of 4 to 6% in tariff in FY 2019-20.
4. 1.32 crore Residential consumers having monthly consumption less than 100 units will have marginal tariff increase 24 paisa/unit. Industrial Tariff is also have moderate increase of 2%
5. Considering importance of accurate Agricultural consumption assessment, the Commission has decided to undertake Third Party verification of Agricultural Sales of MSEDCL which will be completed by March, 2020. Meantime in the present Order, the Commission has assessed Agricultural sales for FY 2015-16 to FY 2017-18 which will be subjected to outcome of third party verification.
6. In line with the Government's initiative of encouraging digitization across areas including monetary transactions, the Commission has introduced a discount of 0.25% of the monthly bill (excluding taxes and duties), subject to a cap of Rs. 500/- per month per bill for LT category consumers for payment of electricity bills through various modes of digital payment such as credit cards, debit cards, UPI, BHIM, internet banking, mobile banking, mobile wallets, etc. This will further benefit consumers who are making prompt payment of their bills, as they will also be eligible for the prompt payment discount of 0.5% of their monthly bill.
7. The Commission has not made any changes in the definition of Billing Demand. KVAh billing will be introduced from 1 April, 2020. Power Factor Incentives / Penalties have been rationalised.
8. For promotion of Electric Vehicles in the State, the Commission has created a new category for Electric Vehicle (EV) Charging Stations at HT and LT Voltage levels, with effective variable charge of Rs.6 per unit and demand charges of Rs.70 per kVA per month. Additionally, they will also be eligible for Power Factor (PF) incentives/penalties, besides Time-of-Day (ToD) tariffs.

9. Further, considering the importance of Waste Disposal processing facilities, the electricity supplied is categorised as Public Service (Govt.) and Public Services (others) as the case may be. In case of waste processing / disposal facility exclusively for processing the waste generated, is present in a premise, the tariff applicable to such premise / consumer / housing society is applicable to such facility. Example – Facility in Housing Societies will be levied Residential Tariff.
10. The Commission has not made any changes relating to net-metering arrangement for Roof Top PV.
11. As a special dispensation, Circus Industry needs to be protected and hence will now have a Tariff of ‘Temporary Supply – Religious’
12. The laundry/ ironing services done in separate premises will now be categorised under LT (Industry) as earlier it was under commercial category.
13. The Commission has also contained or reduced the cross-subsidy levels, i.e., the extent to which one category of consumers cross-subsidises or is subsidised by others, as envisaged under the Electricity Act, 2003 and the national Tariff Policy.
14. The Fixed/Demand Charges payable by most categories of consumers have been increased to some extent so that they cover a larger proportion of fixed costs than at present.
15. The comparison of existing and revised category-wise Tariffs for FY 2018-19 is given at **Annexure 1**. **Annexure 2** set out the category-wise tariffs for FY 2019-20. The category-wise reduction in cross-subsidy levels is shown in **Annexure 3**.
16. The Commission’s detailed Order can be seen and downloaded from the Commission’s websites [www.mercindia.org.in](http://www.mercindia.org.in) and [merc.gov.in](http://merc.gov.in).