

RECORD OF PROCEEDINGS

DATE OF HEARING	:	July 24, 2007 at 15.00 hrs
CASE No.	:	26 of 2007
PETITIONERS	:	Maharashtra State Electricity Distribution Company Limited (“MSEDCL”)
RESPONDENTS	:	None
MATTER	:	Petition filed by MSEDCL seeking clarification of the Order dated May 18, 2007 in Case No. 65 of 2006 (in the matter of determination of ARR of MSEDCL for the Control Period from FY 2007-08 to FY 2009-10 and Tariff for FY 2007-08)
QUORUM	:	Chairman, Member-Technical, Member-Finance

MSEDCL filed a petition on July 5, 2007 seeking certain clarifications arising from the Commission’s Order dated May 18, 2007 passed in Case No. 65 of 2006 (in the matter of determination of ARR of MSEDCL for the Control Period from FY 2007-08 to FY 2009-10 and Tariff for FY 2007-08). The Commission scheduled the hearing in the matter for July 24, 2007 in the presence of consumer representatives authorised on a standing basis under the Electricity Act, 2003 (“EA 2003”). Notices were issued accordingly.

2. At the hearing held in the matter on July 24, 2007, Shri. Parag Sharma, consultant to MSEDCL, submitted that as averred in petition, certain summation and typo-graphical errors apparent on the face of the said order dated May 18, 2007 deprives MSEDCL of an amount Rs. 382.85 crores as part of the ARR for Control Period from FY 2007-08 to FY 2009-10.

3. The Commission enquired of Shri. Sharma as to whether MSEDCL seeks any relief apart from the rectification of summation and typo-graphical errors in the said Order dated May 18, 2007. Shri. Sharma submitted that the Commission may be pleased to provide copies of link access spare sheets under which numerical calculations/accounting has been done by the office of the Commission, while computing various heads of ARR.

4. Shri. Sharma further submitted that under the Order dated May 18, 2007, high cost has been on “*unwarranted commercial consumption like floodlights, shopping malls, multiplexes, advertising and hoarding, etc.*” by charging a higher tariff. These services have been considered as “*non-critical services and have higher capacity to pay*”. Further, these services “*also have a huge potential to conserve energy and a high price of power would send the economic signal for minimizing consumption*”. It was submitted that all

consumers which own shopping malls, single-shop, or departmental stores, or any other consumer under LT-II category and having the primary activity of shopping/sales, and having load above 20 kW may be billed under the newly introduced LT-IX category. These consumers will include the owners of large food joints, large single shops, automobile showrooms, multi-activity centres, hotels, etc. The Commission enquired of Shri. Sharma as to whether MD meters have been installed at the premises of these consumers. Shri. Sharma submitted that MSEDCL has installed MD meters in the premises of all such consumers having load above 80 kW.

5. Shri. Palaniappan Meyappan, consultant to the Commission submitted that isolated instances of a few LT-II consumers consuming a comparatively higher amount towards unwarranted commercial consumption (e.g. “Shopper’s Stop”) may be considered for re-categorisation from LT-II to LT-IX. However, re-categorisation of all such LT-II consumers having load above 20 kW requires adoption of due process of law with respect to determination of tariff and may not be allowed under the present petition. The Commission observed that re-categorisation of one category of consumers cannot be considered under the present petition. MSEDCL needs to approach separately for the same, with a detailed proposal containing all data/information of load profile, consumption record, billing pattern, etc., of the LT-II commercial category of consumers.

6. Shri. Sharma further submitted that no separate tariff has been determined for temporary HT consumers. In the said circumstances, a clarification has been sought as to whether the energy charges of temporary HT consumers can be billed as per the tariff applicable on temporary LT consumers, and whether their demand charges be calculated as per tariff applicable on HT-I consumers. The Commission enquired of Shri. Sharma as to why the demand charges of temporary HT consumers is proposed to be calculated as per the tariff applicable on HT-I consumers. No reply could be given by Shri. Sharma to the said query.

7. Shri. Sharma further submitted that the Order dated May 18, 2007 is silent on the billing mechanism with respect to HT-VI consumers in mix feeders (e.g., townships like Sahara City and Dheeraj Dream Projects, etc.). A clarification was sought as to whether billing may be permitted at a single point, considering that such mix feeders are supplying power to both commercial and residential consumers. The Commission observed that such an issue has been considered under various orders of the Commission wherein it has been directed that billing will be carried out by distribution franchisees. Separate metering has to be installed for the residential and commercial consumers connected on mix feeders where the applicable rates will vary.

8. Shri. Sharma further submitted that the directives issued under the said Order dated May 18, 2007, with respect to calculation of ASC may not be efficacious and certain consumers may take undue benefit of such directions by marginally increasing the load. The Commission observed that the Order dated May 18, 2007 aims towards energy conservation. Various aspects of power shortage, available supply vis-à-vis consumer demand, etc., were considered by the Commission while determination of MYT tariff under the said order. The Commission further observed that during power shortage, the

aim of a utility should be optimal use of available power and not recovery of maximum revenue. MSEDCL should employ its best efforts to protect the spirit of the said MYT Order dated May 18, 2007.

9. Shri. Sharma further submitted that date of reference for computing prompt payment discount should be identical to the date of reference for computing load factor incentive and necessary clarifications may be permitted in the said Order dated May 18, 2007. It was further submitted that MSEDCL collection offices are open on all days of the week and the period of reference, in both cases, may be from seven days from the date of the bill and not seven working days, as provided in the said Order. The Commission observed that the billing system of MSEDCL is rather lethargic and in many occasions energy bills are received even after the due date. This negates the initiative of consumers for availing prompt payment benefit. The said MYT order makes certain stipulations after consideration of the inefficiency of MSEDCL so far as billing is concerned. The interests of the consumers are the prime concern for the Commission while providing billing stipulations.

10. The Commission observed that re-categorisation and/or change of billing pattern cannot be permitted under the present petition which is in the nature of a clarificatory petition.

11. Shri. Pratap Hogade, representing Maharashtra Rajya Veej Grahak Sanghatana, submitted that contrary to the clear directions issued under the order dated May 18, 2007, MSEDCL has calculated the prompt payment discount only for old HT consumers who used to avail such facility. Further, 'Prompt Payment Discount' is not being provided to residential consumers whose energy bill amount is <Rs. 500/- and commercial consumers whose energy bill amount is <Rs. 1000/-. It is further submitted that MSEDCL has been erroneously calculating the 'Load Factor Incentive' on energy charges. Shri. Hogade further submitted that the methodology adopted by MSEDCL while calculating ASC for the consumers who had been provided supply from January, 2005 to April 2007, is not sanctified by any order/direction of the Commission. It was further submitted that while calculating the load, the period for reference or comparison of consumption will be the 12 months billing period from January to December, 2005, the reference period should be the last billing period for consumers who have not consumed during the above reference period. Shri. Hogade submitted that so far as the calculation of ASC is concerned consumers which have been supplied from January 2, 2005, should be treated as new consumers.

12. The Commission observed that MSEDCL should give the details pertaining to summation and typo-graphical errors, as well as responses to the technical issues raised by Shri. Pratap Hogade, for consideration of the Commission.

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List of Persons present at the hearing held on July 24, 2007

1. Shri. S.V. Ramdam, MSEDCL.
2. Shri. S.W. Khandekar, MSEDCL.
3. Shri. Parag Sharma, consultant of MSEDCL.
4. Shri. Y.M. Gaokhari, MSEDCL.
5. Shri. Amit Mittal, IMACs.
6. Shri. R.G. Malame, MSEDCL.
7. Shri. Pratap Hogade, Maharashtra Rajya Veej Grahak Sanghatana.
8. Shri. D.N. Sangalker, MSEDCL.
9. Shri. M.M. Digaskar, MSEDCL.
10. Smt. Prabha Kulkarni, Trimurti Eng. Tools Pvt. Ltd.
11. Shri. S.C. Kanetkar, Trimurti Eng. Tools Pvt. Ltd.
12. Smt. Deepa Chawan, Counsel for MSEDCL.
13. Shri. Kiran Gandhi, Advocate for MSEDCL.