

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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CASE No. 1 of 2019

Case of Maharashtra State Electricity Distribution Co. Ltd. Seeking the inclusion of revenue expenditure being incurred on providing discount under the Go-Green initiative and on providing messaging service (SMS) as a part of aggregate revenue requirement (ARR) for respective years

Coram

I. M. Bohari, Member
Mukesh Khullar, Member

Maharashtra State Electricity Distribution Co. Ltd.Petitioner

Appearance

For Petitioner:Shri. Milind Digrajkar

ORDER

Dated: 19 March, 2019

1. Maharashtra State Electricity Distribution Co. Ltd. (**MSEDCL**) has filed a Petition on 1 January, 2019 seeking the inclusion of revenue expenditure being incurred on providing discount under the GO-GREEN initiative and providing messaging service (**SMS**) as a part of aggregate revenue requirement (**ARR**) for respective years.
2. **Main prayers of MSEDCL are as follows:**
 - a) *To allow the discount of Rs. 10 per bill to the consumers who participate in MSEDCL's "Go Green" initiative and also allow the revenue expenditure of the said initiative as a part of ARR of respective years.*
 - b) *To consider revenue expenditure being incurred towards SMS services as pass through in ARR of respective years.*

3. The Petition states as follows:

Go-Green Initiative

- 3.1 Digital India Program (Digital Program) was launched by the Government of India (GoI) with an objective to ensure that the services of the Government are made available to citizens electronically by improved online infrastructure and by increasing Internet connectivity or by making the country digitally empowered in the field of technology.
- 3.2 In addition to the above flagship Program, GoI has also been encouraging Government departments / Ministries to shift to paperless functioning mode in a time bound manner. The 'Paperless Office' initiative is aimed at improving the ease of governance and expediting the administrative process.
- 3.3 The Government of Maharashtra (GoM) has been encouraging digitization of its services and implementation of 'Paperless Office' at State Level. MSEDCL is proactively moving towards paperless and digitally led systems & structures.
- 3.4 In view of the above and in order to encourage the consumers to participate in the Digital Program, MSEDCL has decided to offer a rebate of Rs. 10/- on every electricity bill to the consumers who opt for an electronic copy of the bill instead of the hard copy under its "Go Green" initiative. The initiative is launched w.e.f. 1 December, 2018 for LT consumers.
- 3.5 Go-Green initiative is launched as a voluntary initiative (not a compulsion) wherein consumers are free to opt for an electronic copy of the bill instead of the hard copy as per their willingness. MSEDCL has incurred expenditure in upgrading its digital infrastructure to deliver this service to the willing consumers.
- 3.6 At present MSEDCL is serving around 2.5 crores consumers, out of which around 40 lakhs consumers are availing the online facilities for payment of bills and other activities. Thus there is a potential of tapping these consumers under the Go-green initiative by opting for the e-bill facilities. Presently around 4,053 consumers have opted for e-bills under the Go-Green initiative.
- 3.7 MSEDCL already gives a discount of Rs. 3 per electricity bill since 2016, but in order to encourage more participation under the Go-Green initiative has decided to offer a discount of Rs. 10/- on every electricity bill to the consumers, opting for an electronic copy of the bill.

- 3.8 Go-Green initiative of MSEDCL has two objectives - delivering bills through the digital platform and reducing paper consumption. Additionally, it is expected that this initiative will help in:
- Significantly reducing the time spent in distributing the bills and therefore improving ease in accessing the electricity services;
 - Reducing the number of complaints from the consumers regarding non-receipt of the bill;
 - Ensuring timely and early realization of payments from consumers thereby reducing the working capital requirement of the petitioner;
 - Bringing down the printing and distribution expenses in the long run, if considerable number of consumers opt for this initiative;
- 3.9 It is requested to allow the revenue expenditure of the said initiative as a part of Annual Revenue Requirement (ARR) for determination of Tariff for respective years and any cost saving achieved due to this initiative will also be reflected in ARR of respective years and will thereby benefit the consumers at large.

SMS Service:

- 3.10 The Commission in its Order in Case No.195 of 2017 noted that serving of notices to the consumers through digital medium such as whatsapp message, email, SMS etc. will not only be environmental friendly and save administrative cost but also would free the human resources for other consumer service related works and hence the Commission allowed MSEDCL to issue notices under Section 56 of the Electricity Act, 2003 through digital mode such as whatsapp message, email, SMS etc.
- 3.11 It has already created a facility for consumers to get information by way of SMS generated by MSEDCL's system delivered to the mobile number registered with MSEDCL. The scope of SMS services includes following:
- a) Intimation of billing information: Consumer can request for his bill details on his registered mobile number by sending SMS to the designated short code/long code (Push and Pull Services);
 - b) Billing Alerts: For registered consumers the system will send alerts informing his total due amount, due date, when services will be disconnected if not paid, Notices for unpaid bills, payment acknowledgement etc.;
 - c) Acknowledgement of consumer registrations/complaints;
 - d) Intimation of consumer complaints to MSEDCL officers;
 - e) OTP for VPN users;
 - f) SMS to consumer for new connection system;

- g) Other SMS for systems like bill revision, ERP, feeder outages etc.;
- h) Any other useful and commercially viable services.

- 3.12 For above said services estimated expenditure till October- 2019 is about Rs. 17.21 Crores. Delhi Electricity Regulatory Commission (DERC) in its Order in the matter of Petition for approval of Annual Revenue Requirement (ARR) of Tata Power Delhi Distribution Ltd. for the FY 2018-19, Revised ARR for FY 2017-18, True up for FY 2016-17 has approved expenses of SMS services separately in ARR under other expenses. By drawing same analogy, it is requested to consider revenue expenditure incurred for the above said SMS services as pass through in ARR for determination of tariff for respective years.
4. At the hearing held on 14 March, 2019, MSEDCL reiterated the submission made in the Petition.

Commission's Analysis and Ruling

- 5. MSEDCL has filed this Petition seeking approval for inclusion of Go-Green infrastructure expenses and SMS Facility expenses in ARR.
- 6. The Commission is aware that there are many consumers who are having a low bill amount (less than Rs 100 per month).
- 7. The Commission notes that Go-Green initiative is one of the steps towards digitalization for bringing about transparency and efficiency in delivery of services to consumers. The Commission in its Mid Term Review (MTR) Order dated 12 September, 2018 in Case No. 195 of 2017 has expressed its views on adoption of digital technology as follows:

“The Commission notes that serving of Notices to the consumers through digital medium such as WhatsApp message, email, SMS, etc. will not only be environmental friendly and save administrative cost but also free the human resources for other consumer service related works. Hence, the Commission has allowed the Distribution Licensee to issue notice under Section 56 of the Electricity Act, 2003, through digital mode such as WhatsApp message, email, SMS etc. The Licensee can also use the digital medium of communication for issuing other information to the consumers including information regarding billing, outstanding payment, outage details, etc. There is also a need to create awareness regarding this provision and accordingly, the consumer needs to be made aware of this by informing him through various means of communication including messages on bills and other publicity means.”

8. In addition to the above, in MTR Petition MSEDCL has stated its efforts in providing consumer friendly services to its consumers. MTR Order dated 12 September, 2018 has summarized these initiatives as follows:

“2.27.6. MSEDCL has developed Mahavitaran Mobile application for Consumers that offers various facilities to consumers including bill payment and complaint registration. MSEDCL has been putting more emphasis on strengthening its IT System for improving its services.

2.27.8. In order to bring transparency in consumer services, MSEDCL has started facility of SMS alerts. SMS alerts are provided for informing meter reading and consumption, bill information, status of new connection etc. Till June 2018 more than 2 Crore consumers have registered their mobile numbers with MSEDCL for availing SMS facility. MSEDCL is striving hard to improve its services further.”

9. Thus, the Commission itself has directed MSEDCL to adopt digital technology for providing prompt services to its consumers at the same time reduce efforts and resources used in doing these things through traditional methods. The Commission notes that Go-Green Initiatives and SMS services mentioned in this Petition are part of efforts to adopt digital technology for providing consumer friendly services.
10. In this Petition, MSEDCL is praying for allowing it to claim expenses on Go-Green initiatives and SMS services in ARR. In this regard, the Commission notes that even though as part of Go-Green initiatives, MSEDCL is offering rebate to the consumer, it is accounting such rebate as an expenses and not as reduction in revenue. As stated by MSEDCL, it has already been offering such rebate of Rs. 3 per bill to its consumers since 2016. Further, as mentioned in MTR Order dated 12 September, 2018, MSEDCL is already offering SMS services to consumers. Hence, these are not new expenses which MSEDCL will be incurring, only the quantum is changed with increased rebate of Rs 10/- per bill and increased SMS services. No details as to the expenses incurred or the likely expenses to be incurred in future have been given. Also, the savings in administrative expenses due to this digital option has also not been computed and shown in the petition. MSEDCL feels that there is a likelihood that the expenses on these services may increase and hence it is seeking approval of this Commission for claiming such expenses in ARR.
11. The Commission notes that such expenses are normally booked under Administrative and General (A&G) Expenses which is part of the Operation and Maintenance (O&M) Expenses. Under MERC Multi Year Tariff (MYT) Regulations, 2015, O&M Expenses are controllable expenses. Any variation in approved expenses, subject to justification submitted, needs to be shared as per ratio stipulated in MYT Regulations. Therefore, the Commission is of the

opinion that as these expenses are part of O&M Expenses which can only be decided through Tariff Order, it would not be appropriate to deal with it through this Petition.


12. Notwithstanding above analysis, the Commission notes that Go-Green Initiative and SMS services are efforts toward harnessing of digital technology for providing consumer friendly services. MSEDCL may continue such efforts and submit detailed cost benefit analysis during upcoming Tariff proceedings. Notably, Go-Green Initiative and SMS services expenses are being covered in O&M expenses of MSEDCL since 2016. During true-up of FY 2015-16 and FY 2016-17 undertaken through MTR Order dated 12 September, 2018, it was observed that actual O&M expenses of MSEDCL for these years were lower than approved O&M Expenses. Hence, such expenses in these years have already been allowed.
13. In view of above, MSEDCL may decide and continue with SMS services and may increase rebate to Rs. 10/- per bill under Go-Green initiative which could be linked to a percentage of bill amount or Rs 10/- per bill whichever is higher. This expenditure pass through would either be treated as an expenditure under O&M and more specifically under A&G or would be considered as a pass through subject to submission of cost benefit analysis justifying the expense incurred, during its upcoming tariff Petition. Hence, the following Order:

ORDER

- 1. Case No 1 of 2019 is allowed.**
- 2. MSEDCL may decide and continue with SMS services and may increase rebate to Rs. 10/- per bill under Go-Green initiative which could be linked to a percentage of bill amount or Rs 10/- per bill whichever is higher subject to conditions mentioned in the Commission's analysis in the foregoing paragraphs.**

**Sd/-
(Mukesh Khullar)
Member**

**Sd/-
(I.M.Bohari)
Member**


**(Abhijit Deshpande)
Secretary**

