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No.PR-3/Tariff/1508

Date: 16/01/2008

**COMMERCIAL CIRCULAR No. 74**

Sub: Provisions of Clarificatory Order dated 17<sup>th</sup> December 2007 in respect of the Clarificatory Order dated 11<sup>th</sup> September 2007 in the matter of the detailed Tariff Order of MERC dated 18<sup>th</sup> May, 2007 in Case No.65 of 2006.

Ref: 1. Commercial Circular No.62 dated 10 September 2007.  
2. Commercial Circular No.68 dated 08 November 2007.

The Commission had issued a Clarificatory Orders on dt. 24<sup>th</sup> August 2007 and 11<sup>th</sup> September 2007 in the context of the Order in Case 65 of 2006 on a Petition filed by MSEDCL (Case No. 26 of 2007), as well as representations received from consumer representatives and several consumers in the context of levy of ASC and the benchmark (reference) consumption for the same, apart from other issues such as refund of RLC, inclusion of ASC while computing Load Factor incentive, etc., MSEDCL was directed to ensure that the clarifications given in the said Clarificatory Order are implemented with retrospective effect from May 1, 2007 and the consumers' bills are revised accordingly.

The salient features of the Clarificatory Orders are issued vide this office Commercial Circular No.62 dated 10 September 2007 and Commercial Circular No.68 dated 08<sup>th</sup> November 2007 respectively.

Further to the issue of the above Clarificatory Orders, additional clarifications are required to be given to address certain specific cases, which the existing clarifications have not addressed. Accordingly, the Commission has issued this Clarificatory Order dated 17<sup>th</sup> December 2007, in order to further clarify the Tariff Order dated 18<sup>th</sup> May 2007 wherever necessary. The clarifications in this Order will also come into effect from May 1, 2007.

In the Clarificatory Order dated September 11, 2007, the Commission has clarified as under:

- a. *The clarifications on pages 14, 15, 25 and 26 of the Clarificatory Order dated August 24, 2007 are to be read in conjunction, and not independently.*
- b. *Though the heading under which the clarification has been given may appear to indicate that the clarification is applicable only for HT Foundries, the detailed clarification makes it clear that it is applicable for all consumers where the Contract Demand/sanctioned load has been increased.*
- c. *The reference of sanctioned load is applicable only to consumers where the demand is yet to be contracted, and the fixed charges are being billed on the basis of sanctioned load.*
- d. *The clarification effectively means that in cases where the increase in Contract Demand/sanctioned load is equivalent to 25% or more of the Contract Demand during the month of December 2005, the consumer will get at least three months time (grace period), since the third incidence of utilising at least 75% of the increased Contract Demand/Sanctioned Load can occur at the earliest only in the third month, as the maximum demand meter records only the highest recorded demand in the month, and does not record each individual incidence when the recorded demand is higher than a specified limit.*
- e. *Further, till the reference period is reached under this clause (billing period after six months of the increase in the Contract Demand/sanctioned load or the billing period of the month in which the third incidence of utilisation of at least 75 % of the increased Contract Demand/sanctioned load), the ASC will be levied at the stipulated proportion of 11% and 24%, as the case may be. Thereafter, the ASC on the increase/decrease in consumption vis-à-vis the reference consumption will be charged.*
- f. *Cases where consumers are availing credit for captive generation at different location, through renewable sources or otherwise:*

The commission clarifies that clarification given in clause No. 1(a) to 1(f) as above vide Clarificatory Order dt. 11<sup>th</sup> September 2007 (Commercial Circular No.68 dated 08 November 2007) are also applicable for determination of reference period in cases where the increase in Contract Demand has occurred during the period from January 2005 to December 2005 vis-à-vis the Contract Demand in January 2005.

The Commission has provided following illustrations for greater clarity in the matter:

<b>Sr. No.</b>	<b>Sample Case</b>	<b>Contract Demand Increase by at least 25% in month</b>	<b>Third incidence of BD equal to or greater than 75% of CD</b>	<b>Reference Period (Month)</b>	<b>Basis</b>
1	Case I	February 2005	May 2005	May 2005	Since third incidence of BD $\geq$ 75% of CD recorded in May 2005
2	Case II	August 2005	January 2005	January 2005	Since third incidence of BD $\geq$ 75% of CD recorded in Jan 2006
3	Case III	December 2005	Not recorded in first six months	June 2006	Seventh month after increase in CD by 25% of existing CD, since third incidence of BD $\geq$ 75% of CD not recorded in first six months.
4	Case IV	April 2005	July 2005, but CD reduced to same or less than 125% of CD in January 2005, by December 2005	Average of monthly consumption during 2005	Since, the CD in December 2005 is $\leq$ 125% of CD in January 2005, the original reference period will be applicable, and the clause related to increase in CD will not be applicable.

The above example has been given only for illustration purposes in order to explain the concept, and the above illustration is not to be used for billing purposes.

It is also clarified that in case of increase in contract demand by 25 % or more with respect to the original Contract Demand, in phases (steps), the applicability of the clarifications under Orders dated 24.08.2007, 11.09.2007 and this Order will be applicable prospectively only from the month in which the increase in Contract Demand of at least 25% with respect to the original Contract Demand, is effected.

eg: Contract demand in June 2005 : 1000 kVA  
Contract demand in Jan 2006 : 1100 kVA  
Contract demand in June 2006 : 1200 kVA  
Contract demand in June 2007 : 1250 kVA

In the above case, the clause regarding change in reference period due to increase in Contract Demand will be applicable prospectively from June 2007 only.

The billing software is to be modified in accordance with the Clarificatory Order by the CGM (IT) Section and will be issued to the respective IT centers.

This being a tariff matter all the field officers are requested to observe very strict due diligence and in case of difficulty may contact their Zonal Chief Engineers for clarification/guidelines.

**Director (Operations), MSEDCL.**

**Copy To:**

- 1) Chief Engineers of all O & M Zones, MSEDCL
- 2) Superintending Engineers of all O & M Circles, MSEDCL
- 3) Executive Engineers of all O & M Divisions, MSEDCL
- 4) Dy. Executive Engineers of all O & M Sub-Divisions, MSEDCL
- 5) Assistant Engineers of all O & M Sub-Divisions, MSEDCL.

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The Secretary, Maharashtra Electricity Regulatory Commission, Mumbai,

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The Managing Director, MSEB, Holding Company Ltd., Mumbai,  
The Managing Director, M.S.E.D. Company Ltd., Mumbai,  
The Managing Director, M.S.E.T. Company Ltd., Mumbai,  
The Managing Director, M.S.E.P.G. Company Ltd., Mumbai,  
The Director, (Operations), M.S.E.D. Company Ltd., Mumbai  
The Director, (Finance), M.S.E.D. Company Ltd., Mumbai,

**Copy s. w. r. to:**

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The Executive Director - II ( Dist.& Com.), MSEDCL, Mumbai,  
The Executive Director - III ( Dist.& Com.), MSEDCL, Mumbai,  
The Executive Director (Corporate Planning -TRC) MSEDCL, Mumbai,  
The Director (V & S), MSEDCL Ltd, Mumbai,

**Copy f. w. c. to:**

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The Chief General Manager (Tech. Estt.), MSEDCL, Mumbai,  
The Chief General Manager (Finance & Acctt. ) MSEDCL, Mumbai,  
The Chief General Manager (IA) MSEDCL, Mumbai,  
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The Chief Legal Adviser, MSEDCL, Mumbai,  
The R. A. O.; Government Audit, Prakashgad, Mumbai,  
The C. I. & P. R. O.; Mumbai,  
The Superintending Engineer (TRC) MSEDCL, Mumbai.  
The Technical Assistant to Managing Director, MSEDCL, Mumbai,  
The E.O. (HRD), MSEDCL , Mumbai,  
The Dy. Director (V, S & E), MSEDCL, Pune / Nagpur / Mumbai  
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