Maharashtra State Electricity Distribution Co. Ltd.'s Consumer Grievance Redressal Forum Nagpur Urban Zone, Nagpur

Applicant : M/s. Indo Rama Textiles Limited Plot No. A-31, MIDC Industrial Area, Butibori. Dist. Nagpur. Non-applicant : MSEDCL represented by the Nodal Officer-Executive Engineer, Division No. II, NUZ, Nagpur. Quorum Present : 1) Shri S.D. Jahagirdar, Chairman, **Consumer Grievance Redressal** Forum, Nagpur Urban Zone, Nagpur. 2) Smt. Gouri Chandrayan, Member. **Consumer Grievance Redressal** Forum, Nagpur Urban Zone, Nagpur. 3) Shri S.J. Bhargawa Executive Engineer & Member Secretary, **Consumer Grievance Redressal** Forum, Nagpur Urban Zone,

Case No. CGRF(NUZ)/031/2008

ORDER (Passed on 21.07.2008)

Nagpur.

This grievance application is filed on 27.05.2008 under Regulation 6.4 of the Maharashtra Electricity Regulatory Commission (Consumer Grievance Redressal Forum & Electricity Ombudsman) Regulations, 2006 here-in-after referred-to-as the said Regulations.

The grievance of the applicant is in respect of charging excess amount of Rs.21,28,479/- in the applicant's energy bills for the billing months of May to August 2007.

The power supply to the applicant industry was connected on 09.08.2006 and since then the applicant is a consumer of MSEDCL connected at 33 KV voltage having sanctioned contract demand of 5850 KVA as in the month of August, 2007

The matter was heard on 27.06.2008 and 04.07.2008.

The applicant's case was presented before this Forum by his nominated representative one Shri R.B. Goenka while the Assistant Engineer Smt. Parihar and MSEDCL's Law Officer Miss Bangde represented the non-applicant Company.

The applicant's representative contended that the MSEDCL issued energy bills from May, 2007 to November 2007 in which the admissible load factor incentive was not granted on ASC units. Further, the energy bills were also not conforming to the clarificatory order issued on 24.08.2007 by the Commission.

He added that MSEDCL has given effect of the Maharashtra Electricity Regulatory Commission's (here-in-after referred-to-as the Commission) clarificatory order dated 24.07.2008 in the energy bill for November 2007 its consumers. But the applicant's previous energy bills for the billing months of May 2007 onwards upto August 2007 were not properly computed while for the month of September 2007, charges in energy bills were correctly computed. The non-applicant has given effect of the clarificatory order in energy bill for November 2007 but this was also not correctly computed. Hence, the applicant submitted his protest to the Superintending Engineer, MSEDCL vide his letter dated 06.12.2007 along with the calculation sheet for the months of May, June, July and August 2007. The MSEDCL responded to the applicant's complaint vide its letter dated 29.12.2007 and it said that the bill issued for the month of November, 2007 was verified and found to be correct. In reply, the applicant vide his letter dated 12.01.2008, stated that from the month of May, 2007 to August 2007, load factor incentive on normal units and ASC units has not been given as per the Commission's guidelines contained in its clarificatory order dated 24.07.2008. The billing done in respect of month of May, 2007 which comprises of part of April and part of May 2007 was also not proper. The MSEDCL did not respond to the applicant's letter dated 12.01.2008 and hence, he filed the present grievance before this Forum.

While relying on the Commission's clarificatory order dated 24.08.2007, the applicant's representative stated that the Commission has said that for new industries after January 2005, for the first 18 months of operation, there will no benchmark/reference consumption, and ASC will be levied at the stipulated proportion of 11% and 24%, as the case may be. Thereafter, from the 19th month onwards, the reference consumption will be the average monthly consumption in the six months period after completion of development period of one year, i.e. average monthly consumption during the thirteenth (13th) to the eighteenth (18th) month. The applicant's power supply was released on 09.08.2006 and 18 months' development period is completed in January 2008. Hence, in the disputed period upto November 2007, there is no benchmark/reference consumption from 01.05.2007 upto November 2007 and Additional supply charges (ASC) are to be calculated directly on the percentage basis. The consumer's industry is connected on express feeder. Hence, as per tariff order, the ASC percentage is 24% from 01.05.2007 and prior to 01.05.2007, it was 42% of the relevant benchmark consumption.

He continued to submit that in the month of May 2007, the energy bill issued was for 10 days of calendar month of April 2007 and 19 days of May 2007. Hence, for the billing month of May, the calculation for energy bill is to be segregated into 2 parts. The <u>first part</u> is pertaining to 10 days' billing in the calendar month of April 2007 i.e. from 20th April to 30th April 2007 while <u>the second part</u> pertains to the billing from 1st May 2007 onwards upto August 2007. The applicant has submitted a chart alongwith his grievance application showing all the details about the various parameters of billing pertaining to the two parts. He strongly contended that as per the calculations shown in this chart, an excess amount of Rs.21,28,479/- is already wrongly recovered and the same

deserves to be refunded to the applicant along with interest at Bank rate. This excess amount comes to Rs.24,81,726/- as per revised sheet submitted by him in the course of hearing.

He reiterated that the first part of 10 days i.e. from 20th April to 30th April 2007 is based on old tariff order effective upto 30.04.2007 while the second part w.e.f. 01.05.2007 is based on new tariff. The applicant has calculated the actual bill amounts to be paid, the amounts already paid to MSEDCL, amounts in excess paid in each month and the total excess amount paid. He has requested that the excess amount paid by the applicant over and above the tariff payable as per the Commission's orders may be refunded to the applicant along with interest at Bank rate as per Section 62 (6) of the Electricity Act, 2003.

The non-applicant, on his part, has submitted his dated 26.06.2008 and additional report report dated 03.07.2008. In the first report dated 26.06.2008, it has been stated that the subject matter in question is referred to Head Office, MSEDCL for guidelines and the Superintending Engineer NRC will be able to take further necessary action in this mater on receipt of instructions from the H.O. at Mumbai. The representative of the non-applicant was informed by this Forum during hearing on the first date i.e. on 27.06.2008 that such a vague report is not acceptable to this Forum. Thereupon, she requested for granting time for filing detailed parawise report. Accordingly, the non-applicant submitted the second report dated 03.07.2008.

The non-applicant was also directed to give specific remarks on the various calculations shown by the applicant in his calculation sheet annexed to the grievance application. Accordingly, both the parties sat together and checked all the calculations and a revised sheet came to be submitted before this Forum which is on record.

On 04.07.2008, the non-applicant's representative submitted that she agrees with the methodology of calculations with respect to the new tariff from 01.05.2007 i.e. Part II of the revised calculation sheet pertaining to the period from 01.05.2007 till August 2007 except the incentives related to I.A.S.C. (Incremented additional supply charges).

She further said that I.A.S.C. units are not required to be considered for computing load factor incentive and that as per the correct interpretation of the Commission's clarificatory order dated 24.08.2007, the ASC units will have to be charged @ 42% of total consumption upto 30.04.2007 in view of the fact that in the first 18 months' of operation, no benchmark/reference consumption is contemplated for all those who have become MSEDCL's (erstwhile MSEB) consumers at any time after 01.01.2005. The power supply of the applicant is connected in August 2006 i.e. after 01.01.2005 and hence, no benchmark is applicable to him upto the end of January 2008. It is from February 2008 and onwards that fixation of benchmark/reference consumption quantum will come into play. Hence, according to the non-applicant, for the first part of the billing month of May 2007 i.e. billing from 20th April 2007 to 30th April 2007, there will be no benchmark and

ASC will have to be charged directly on the total consumption at the stipulated percentage of 42 only and for billing w.e.f. 01.05.2007, this percentage will be 24.

As regards the Second Part of the billing w.e.f. 01.05.2007 onwards upto August 2007, the non-applicant has agreed to the methodology and details of calculations as shown in the revised calculation sheet submitted during hearing by the applicant except the item of IASC in relation to computation of load factor incentive. In that, the non-applicant clarified that the clarificatory order issued by the Commission on 24.08.2007 nowhere indicates applicability and inclusion of I.A.S.C. in relation to computation of load factor incentive. The non-applicant, however, agrees with all the other details of the revised calculation sheet and in particular consideration of normal units & ASC units for calculating load fact incentive.

We have carefully gone through the record of the case as well as all the submissions, written and oral, made before us by both the parties.

In this case, the grievance relates to two parts of billing.

The first part pertains to the billing done from 20th April 2007 upto 30 April 2007 while the second part pertains to the billing w.e.f. 01.05.2007 upto August, 2007.

In respect of the second part, a lot of reconciliation has been done by the non-applicant in response to the submissions in respect of details of calculations shown in the calculation sheet submitted by the applicant. In that, the non-applicant has agreed to revise the applicant's energy bills as per the Commission's clarificatory order dated 24.08.2007. Not only this but the non-applicant has also agreed with the various details and the corresponding amounts to be charged itemwise as shown the revised calculation sheet of the applicant. The only point of difference as pointed out by the non-applicant is whether I.A.S.C. should be included or not while computing the admissible quantum of load factor incentive in the energy bills for the months of May 2007 i.e. from 01.05.2007 to August 2007.

In other words, in respect of billing done to the applicant w.e.f. 1st May, 2007, it is already agreed by the non-applicant that the admissible incentives and the net amounts payable by the applicant were not computed properly in terms of the tariff orders effective from 1st May 2007 inclusive of the Commissions clarificatory dated 24.08.2007 passed in case no. 26/2007 and case no. 56/2006.

In this respect, we have ourselves checked all the calculations as mentioned in the revised sheet submitted by the applicant and we find that all the details mentioned therein are generally worked out correctly.

As regards the non-applicant's objection in respect of consideration of I.A.S.C. for computation of load factor incentive, the Member-Secretary of this Forum has given the following opinion.

"In the matter of consideration of IASC units for computation of load factor incentive, nothing has been mentioned in the Commission's clarificatory order dated 24.08.2007. Hence, this should not be considered". However, the other two members of this Forum i.e. the Chairman and Member Smt. Chandrayan have concurrently expressed a contrary opinion in this respect which as under:

"It is necessary to have a look at the concept of I.A.S.C. enunciated by the Commission in its tariff order passed in case no. 54/2005, on 20.10.2006 while determining additional supply charges and in particular, the Commission's ruling given in chapter 8 thereof at page 160. The relevant text is as under:

"The Commission has considered the power purchase rates for costly power as submitted by MSEDCL in its Petition, for determining the Additional Supply Charge. The Commission,

therefore, rules that in case of any variations in the rate of purchase from costly sources, MSEDCL shall bill the consumers an Incremental Additional Supply Charge, to recover the cost of the variation in the power purchase cost from costlier sources on similar principles i.e. 10% of the revised cost would be billed to domestic consumers consuming less than 300 units and the balance cost would be recovered from other consumers. For instance, if the average rate increases from Rs 4.84 per unit to Rs 6.00 per unit then the Incremental Additional Supply Charge for domestic consumers consuming less than 300 units would be Rs 0.12 per unit (60 ps/unit minus 48 ps/unit) and similarly the balance cost to be recovered from other consumers. The Incremental Additional Supply Charge can be positive as well as negative, depending on whether the actual power purchase cost is higher or lower than the rate considered by the Commission for the purpose of determining the Additional Supply Charge. There would be no cap on the Incremental Additional Supply Charge. However, MSEDCL needs to submit the details of Incremental Additional Supply Charge billed to the consumers to the Commission on a monthly basis, for review and necessary action".

This tariff order was applicable upto 30.04.2007 after which a new tariff order, being tariff order dated 18.05.2007 has come into force. In both these orders, the concept of Additional Supply Charges and therefore of IASC is one and the same. The only difference in these two orders is about the percentages of benchmark consumption for the purpose of computing ASC units. In the tariff order effective upto 30.04.2007, the Commission directed MSEDCL to bill additional supply charges to HT consumers on express feeders @ 42% of the benchmark consumption while this percentage is reduced to 24 in the subsequent tariff order which is in force w.e.f. 01.05.2007 till 31.05.2008.

The Commission has also clarified in its clarificatory order dated 24.08.2007 at page 28 in para 15 that ASC will have to be considered for computing load factor incentive. The relevant text is as under.

"Load Factor Incentive

"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% upto 85% will be entitled to a rebate of 0.75% on the energy charges including ASC 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 including ASC 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 including ASC charges for that consumer....."

The non-applicant's submission is that there is no mention of I.A.S.C. in the aforementioned clarification and hence, this is the reason why the non-applicant is taking objection to inclusion of I.A.S.C. while computing the admissible load factor incentive to the applicant.

We do not agree with the non-applicant's above reasoning. The very concept of ASC and also of I.A.S.C. has a nexus with the purchase of costly power by the MSEDCL. In fact, IASC was the integral part of ASC and it was the baby of ASC. It is also seen that the Commission has not done away with the concept I.A.S.C. till 31st May 2008. The ASC / I.A.S.C. charges have totally been withdrawn by the Commission w.e.f. 01.06.2008 as per its latest tariff order. Moreover, the non-applicant was not able to indicate to us clearly whether or not I.A.S.C. units were taken into account for computing load factor incentive. There seems to be some confusion in this respect in the minds of the non-applicant's representatives. No plausible explanation is also submitted by the non-applicant's representatives in this respect.

In view of above, we hold that the applicant's contention that I.A.S.C. should be included while computing

the admissible load factor incentive to the applicant is well-justified and it is also in tune with the Commission's orders. The objection taken by the non-applicant in this regard is, therefore, overruled. We are of the firm view that IASC should also be considered along with ASC for computation of load factor incentive admissible to the applicant."

Hence, in terms of provision contained in Regulation 8.4 of the said Regulations, the opinion of the majority shall be the decision of the Forum in case of difference of opinion.

The net result in respect of billing to the applicant as per part II of the revised calculation sheet submitted by the applicant is that the same is correct and proper. The other aspects of the billing need not be elaborated further since the non-applicant has already agreed to consider all other admissible parameters of billing inclusive of no benchmark for computing ASC units.

The non-applicant shall now revise the applicant's energy bills w.e.f. 01.05.2007 to August 2007 as per details given in the applicant's revised calculation sheet and admissible amount of refund worked out afresh. The excess amount already recovered from the applicant should be refunded to him alongwith interest at Bank rate as per Section 62 (6) of the Electricity Act, 2003.

The question that remains to be decided now is in respect of billing done to the applicant for 10 days' period from 20.04.2007 to 30.04.2007 in the billing month May 2007. The applicant's submission is that Commission's previous tariff order dated 20.10.2006 which has come into force from 01.10.2006 and effective upto 30.04.2007 is applicable to this part of billing while the non-applicant has said that the Commission's clarificatory order dated 24.08.2007 will have to be made applicable even to this part of billing.

The applicant has relied upon the Commission's ruling at page 159 of the tariff order dated 20.10.2006, the text of which is reproduced below.

"The Commission is of the opinion that consumers should be incentivised to respond to the Additional Supply Charge. Therefore, the Commission directs MSEDCL to assess the consumption of the consumer as against the monthly average of previous years' consumption (January 2005 to December 2005) while billing the consumer for additional supply charge. For instance, if a commercial consumer located in industrial and urban agglomeration reduces the consumption by 5% as against the average of previous years' consumption, then only 14% (19%-5%) of his current consumption should be billed at Additional Supply Charge".

Elaborating further, the applicant's representative contended that the applicant has reduced his consumption by 10% and hence, the ASC units should be charged at 32% (42% -10%) of the total consumption. It is his say that the proportionate quantum of units consumed during the aforementioned period of 10 days in the calendar month of April 2007 was 12,47,440 units and hence, the ASC units to be charged to the applicant should be 32% of 12,47,440 i.e. 3,99,181 units. He has also given relevant details in the revised calculation sheet relating to the charges of the billing including ASC and IASC.

In this respect, the Member-Secretary of this Forum has expressed the following opinion.

"For the first part of the relief, the applicant has prayed for considering benchmark consumption fixed in February, 2007.

The text of clarificatory order of 24.08.07 for fixing Benchmark is as below.

" 8. <u>Benchmark consumption for levy of ASC in the case of new</u> <u>consumers.</u>

The reference period in case of new consumers, who became consumers after the reference period of January to December 2005, is specified as follows :

In order to alleviate the problem of such new consumers, the Commission hereby clarifies that a dispensation similar to the Development Period Concession will be followed, only for the purpose of comparison of current consumption with the reference consumption for levy of ASC, in the following manner:

- a) This dispensation will be applicable for all new consumers who have become MSEDCL's (erstwhile MSEB) consumers at any time after January 1, 2005
- b) For the first 18 months of operation, there will no benchmark/reference consumption, and ASC will be levied at the stipulated proportion of 11% and 24%, as the case may be. Thereafter, from the nineteen month onwards, the reference consumption will be the average monthly

consumption in the six month period after completion of Development Period of one year, i.e., average monthly consumption during the thirteenth (13^{th}) to the eighteenth (18^{th}) month.

c) In case of seasonal consumers under HT category (HT II), clause (b) above requiring computation of average consumption during the 13th to 18th month above will stand modified to mean the average monthly consumption of the first declared season (after one year) is over, ASC will be levied at the stipulated proportion of 11% and 24% as the case may be."

This order has retrospective effect from 01.05.2007.

This Forum in case no. 046/2007of M/s. Ramson Casting Pvt. Ltd., has taken view that as per example and concept, this order has retrospective effect for billing even prior to 01.05.2007. The order of this Forum is set aside by Electricity Ombudsman in order dated 12.11.2007. The MSEDCL has filed writ petition in Hon. High Court vide writ petition no. 6023/2006 against this order.

Hence, I am of the view that as per Regulation 6.7 (d) of the said Regulations, the matter is under Court of Law and till the outcome of the case, no decision should be taken for first part of bill of May, 2007 which requires benchmark clarification."

However, the other two members of this Forum i.e. the Chairman and Member Smt. Chandrayan have concurrently expressed the following contrary opinion in this respect.

"In this respect, it is a matter of record that the applicant's consumption in the billing month of May 2007 inclusive of 10 days' period of calendar month of April 2007 was 36,68,940/- units and his consumption for this 10 days' period was 12,47,440 units. This is also not disputed by the non-applicant. Thus, the non-applicant has not disputed the bifurcation done by the applicant of the proportionate quantum of units consumed for 10 days' period in the month of April and 19 days' period in the calendar month of May 2007. The applicant's reference consumption or benchmark was 40,70,580 units as shown in the billing month of May 2007. The ratio of consumption for 10 days' period in April 2007 to total consumption of 36,68,940 units for the whole billing month of May 2007 comes to 34. Hence, the proportionate benchmark for the 10 days' period will be 34% of 40,70,580 i.e. 13,83,937 units. Hence, it follows that the applicant has reduced his consumption from the applicable benchmark of 1383997 units to 1247440 units in 10 days' period of April, 2007. Thus, the applicant has reduced his consumption by 9.866% i.e. 10%. Hence, the applicant's contention that in view of reduction in consumption, he should be charged ASC units @ 42% - 10% = 32%, of the quantum of proportionate consumption in this 10 days' period is quite correct and proper.

The non-applicant's submission is that the Commission's clarificatory order dated 24.08.2007 will be applicable to the consumer's billing for consumption even prior to 01.05.2007. According to us, this is not at all in tune Commission's order in question.

The Commission has made it clear that its tariff order dated 18.05.2007 as also the clarificatory order dated 24.08.2007 shall be applicable for billing effective from 01.05.2007. According to us, the Commission does not intend to revise consumers' energy bills in respect of new consumers who have become MSEDCL's consumers after 01.01.2005 for consumption prior to 01.05.2007 by extending application of its clarificatory order dated 24.08.2007 to energy bills prior to 01.05.2007.

The words "For the first 18 months of operation, there will be no benchmark/reference consumption and ASC will be levied at stipulated proportion of 11% and 24% as the case may be" appearing in Clause (b) at page 21 of the Commission's clarificatory order dated 24.08.2007 clearly convey the Commission's intention that the clarificatory order would be applicable w.e.f. 01.05.2007. Had the Commission intended to apply the mandate in this clarificatory order even to energy bills prior to 01.05.2007, the stipulated proportion of 11% and 24% as the case may be would not have appeared. The proportion of 24% effective from 01.05.2007 in respect of H.T. category of consumers connected on express feeders has come in place of 42% which was in force upto 30.04.2007.

Relevant benchmarks of consumption for billing ASC were also already fixed much prior to 30.04.2007 by the non-applicant & bills were also accordingly issued. Question of changing the benchmark already fixed upto 30.04.2007 cannot now arise for revision of billing prior to 01.05.2007.

The non-applicant's submission in this respect is, therefore, not accepted.

Resultantly, as rightly stated in the revised calculation sheet of the applicant, he should be charged ASC for 399181 units during this part of the billing.

As regards the Electricity Ombudsman's order passed in representation no. 66/2007 (M/s. Ramson Casting Pvt. Ltd Vs MSEDCL) on 12.11.2007 in appeal against this Forum's order dated 12.09.2007, it is a matter of record that he has set aside this Forum's direction to apply the Commission's order of 24^{th} August 2007 clarificatory for shifting consumption base to January – December, 2005 level in the context of increase of contract demand and held that, by no stage of imagination, it can be concluded that the order of 24th August, 2007 would apply to the cases prior to 01.05.2007.

It is true that a writ petition, being writ petition no. 6023/06, has been filed before the Hon'ble High Court of Bombay, Nagpur Bench, Nagpur by MSEDCL challenging the order passed by the Electricity Ombudsman as pointed out by the Member-Secretary. However, final decision in this petition is yet awaited.

As laid down in Regulation 6.7 clause (d) of the said Regulations, the Forum shall not entertain a grievance where a representation by the consumer, in respect of the same grievance, is pending in any proceedings before any Court, tribunal or arbitrator or any other authority, or a decree or award or a final order has already been passed by any such court, tribunal, arbitrator or authority.

It is an undisputed fact that the present applicant who is a consumer of MSEDCL has not filed any representation in respect of the same present grievance before any Court, tribunal or arbitrator or any other authority.

We also observe that the Member-Secretary should have pointed out his opinion about prime-facie inadmissibility of the applicant's present grievance in terms of Regulation 6.7 clause (d) of the said Regulations during hearing when both the parties were present so that the applicant in particular would have got opportunity to offer his comments on the Member-Secretary's view-point. Since this was not done by him during hearing till the closure of the case for decision, we feel that this will amount to miscarriage of justice for want of been given opportunity having to the applicant's representative in this regard. We, therefore, do not subscribe to the Member-Secretary's opinion in respect of prima-facie inadmissibility of the applicant's grievance relating to first part of the billing. On merits also, his view point is not proper and correct according to us.

Moreover, it is pertinent to mention here that the non-applicant has not said anything about the Electricity Ombudsman's order & about the pending writ petition also. There is no whisper about it in his written or oral submissions.

Moreover, M/s. Ramson Casting Pvt. Ltd., whose case is quoted by the Member-Secretary is MSEDCL's consumer since the year 1993 i.e. much prior to 01.01.2005 and unlike the present applicant it is not MSEDCL's new consumer connected after 01.01.2005. The facts and circumstances in the present case are not therefore similar to that of M/s. Ramson Casting Pvt. Ltd. We, therefore, do not agree with the Member-Secretary's view that in terms of aforementioned Regulation 6.7, the Forum should not prima-facie entertain the present grievance pertaining to Part I of the billing. This Regulation is not attracted in this matter. On merits, also we find that the applicant's grievance is correct."

As laid down in Regulation 8.4 of the said Regulations, where the members differ on any point or points, the opinion of the majority shall form part of the order.

The net result is that the applicant's grievance in respect of the first part of billing applicable to 10 days' period of calendar month of April 2007 is allowed. The non-applicant, therefore, shall revise the applicant's energy bill pertaining to 10 days' period in terms of this order and appropriate amount of refund worked out. The non-applicant shall also refund the excess amount so recovered from the applicant as per applicant's prayer along with interest at Bank rate as per Section 62 (6) of the Electricity Act, 2003.

The applicant's grievance application is thus allowed and it stands disposed off in terms of this order.

The non-applicant shall carry out this order and report compliance to this Forum on or before 31.08.2008.

Sd/-Sd/-(S.J. Bhargawa)(Smt. Gauri Chandrayan)(S.D. Jahagirdar)Member-SecretaryMEMBERCHAIRMANCONSUMER GRIEVANCE REDRESSAL FORUMMAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO LTD's
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