

OFFICE OF THE CHIEF ENGINEER (Commercial)

Prakashgad Building, Plot No.G-9, Bandra (East), Mumbai – 400 051
☎ (P) 26474753, (O) 26474211 / 26472131, Fax- 26472366, Website : www.mahadiscom.in

No.PR-3/Tariff /34883

Date: **10 September 2007**

COMMERCIAL CIRCULAR No. 62

Sub: Provisions of Clarificatory Order dated 24th Aug 2007 in respect of the detailed Tariff Order of MERC dated 18th May, 2007 in Case No.65 of 2006.

Ref: Petition dated 5th July, 2007 filed by MSEDCL seeking clarifications on issues related to Billing of Energy Charges and ASC and also representations of the consumers.

MSEDCL filed Petition on 5th July, 2007 seeking clarifications from MERC with regards to certain calculations and typographical errors as well as other issues related to Billing of Energy Charges and Additional Supply Charge in the Order dated 18th May, 2007 in case No.65 of 2006. Also similar representations were submitted by the consumers directly to MERC.

MERC has issued Clarificatory Order dated 24th August, 2007 on the above Petition and the consumers representations. The salient features of the Clarificatory Order are as under :

1) Date of Implementation :

The clarifications given in the Clarificatory Order dated 24th August, 2007 are to be incorporated with retrospective effect from 1st May, 2007 and the consumers bills are to be revised accordingly.

2) Providing L. T. M. D. Meters : (Sr. No.1(d) of the Clarificatory Order, page no. 4)

Based on the Commission's order, instructions have been given with regards to 100 % meterisation so that LTMD tariff is made applicable to L.T.-V category. Accordingly, it is requested to ensure & certify that 100 % meterisation as envisaged in the MERC Order with regards to LT-V category has been completed. Apart from 100% meterisation, it is also directed to confirm that the same has been updated in the respective I.T.Center and that the billing can now commence by LTMD methodology.

The said circle-wise information may please be submitted to Chief Engineer (Distribution) in the format enclosed as **Annexure "A"** by September 17, 2007 since the said information has to be submitted to the Commission immediately.

3) Categorization of Consumers under LT – IX (Multiplexes and Malls) :
(Sr. No. 3 of the Clarificatory Order)

The Commission has issued the clarifications with respect to the applicability of the LT – IX tariff, which is applicable for Electricity Supply at LT or HT for Multiplexes and Shopping Malls (above 20 KW). As per the clarifications, in respect of large Shopping / Departmental Stores like *Shoppers Stop, Big Bazar, Shop Rite, Spencers, etc., with sanctioned load above 20 KW*, even though these are single ownership establishments are to be classified under LT – IX Category. Hence, this tariff is now applicable for electricity supply at LT/HT for Multiplexes and Shopping Malls [above 20 KW] and large single ownership shopping / departmental stores like *Shoppers Stop, Big Bazar, Shop Rite, Spencers, etc. with sanctioned load above 20 KW*.

4) (a) Tariff for HT Temporary Consumers : (Sr. No. 4 of the Clarificatory Order)

The Commission has clarified that Tariff Category LT – VII which at present is applicable for temporary connections for religious and other purposes at LT only is made applicable for both LT and HT supply as per the load requirement of the consumers. Thus, the same Tariff is to be made applicable for both LT and HT consumers in case of temporary supply in toto. The Tariff is reproduced below:

LT VII – Temporary

Consumer Category	Fixed Charges (Rs/Connection /month)	Energy Charges (Paise/kWh)
Temporary Connections (LT/HT) – Other Purpose	Rs.250 per connection per occasion of supply	1050
Temporary Connections (LT/HT) – Religious	Rs.200 per connection per occasion of supply	200

(b) Temporary Supply to Agricultural Consumers :

The Commission has clarified that temporary supply can be given to agricultural consumers also. The Tariff applicable for temporary agricultural consumers will be the same as that applicable for permanent agricultural consumers viz:

Consumer Category	Fixed Charges (Rs. / kW / Month)	Energy Charges (Paise / kWh)
Agricultural Metered Tariff (including Poultry Farms)	Rs.20 per kW per Month (Rs.15 Per HP Per month)	110

It is also clarified that only metered supply will be given for such temporary Agricultural Consumers.

5) Consumers supplied through mixed feeder in HT – VI Category :
(Sr. No. 5 of the Clarificatory Order)

The Tariff Order dated 18th May, 2007 describes Tariff of Group Housing Societies as HT – VI Category. MSEDCL had proposed that based on the consumers mix,

MSEDCL would apply the tariff in proportion to either the units consumed or the number of consumers as the case may be in case of mix feeders supplying power to both Commercial and Domestic Consumers of big townships like *Sahara City and Dhiraj Dream Projects etc.* to arrive at the total amount to be recovered from such single point HT consumers.

The Commission has clarified that proportionate billing in this regard is not acceptable, and MSEDCL has to ensure that individual meters are installed for the consumers, unless the single point consumers willing to take up the responsibility as a Billing Franchisee and the MSEDCL finds it acceptable to appoint that single point consumer as a Franchisee. Thus it has become extremely necessary to take necessary action in this regard and MSEDCL has no other option but to meter them individually under the relevant category till such time a franchisee route is worked out.

It is directed to confirm that all such consumers wherein a single point supply is given have been metered individually.

6) Commission's Clarifications & Rulings in respect of Additional Supply Charge :

(Sr. No. 6, 8, 10, 12, 13 and 14 of the Clarificatory Order)

The Commission has given the following clarifications / Rulings in the various circumstances given below for levy of ASC :It may please be noted the provisions of the clarification on the issue of Additional Supply Charge are being implemented by the IT and the modified software will address the issue. The various cases are dealt by the Commission in section 6, 8, 10, 12, 13 and 14 of their Clarificatory Order and the same needs to be explained to the consumers whenever necessary. On this issue the MERC Clarificatory Order may be referred on case to case basis for explaining the same to the consumers.

i. Cases of marginal increase in Contract Demand / Sanctioned Load and also cases where such increase is followed by subsequent reduction of Contract Demand / Sanctioned Load.

In the Order dated 18th May, 2007 the following provision is made :

“In case of consumers whose Sanctioned Load / Contract Demand has been duly increased after the billing month of 2005, the reference period may be taken as the billing period after six months of the increase in the Sanction Load / contract Demand or the billing period of the month in which the consumer has utilized at least 75% of the increased Sanction Load / contract Demand which ever is earlier”.

The Commission has clarified that above clause will be applicable under the following circumstances only :

Increase in Sanctioned Load / Contract Demand is equal to 25% or more of the Sanctioned Load / Contract Demand during the reference period from January 2005 to December, 2005. If there is change in Sanctioned Load / Contract Demand during reference period January, 2005 to December, 2005

then the Sanctioned Load / Contract Demand during December, 2005 should be considered.

If the Sanctioned Load / Contract Demand is reduced subsequent to increase in Sanctioned Load / Contract Demand such that the revised value lies between 1 to 1.25 times the original Sanctioned Load / Contract Demand during the reference period, then the reference consumption during January, 2005 to December, 2005 will be applicable .

Also in case the Sanctioned Load / Contract Demand is increased during the period of first 18 months after commencement of operations, then the increase in Sanctioned Load / Contract Demand clause will not be applicable.

ii. Cases where consumers are availing credit for captive generation at different location through renewable sources or otherwise.

The Commission has clarified that the billing of increase / reduction in ASC Units of the consumers of this class will be done by comparing the reference consumption and current consumption as is done in case of all other consumers on “gross” basis rather than “net” basis. In other words the credit of Wind Mill / Captive Generation is not to be taken into account.

iii Bench Mark Consumption for levy of ASC in the case of new consumers :

The reference period in case of consumers who become consumers after the reference period of January, 2005 to December, 2005 is specified as under by the Order dated 18th May, 2007.

“In case of new consumers, who were not MSEDCL’s consumers during the above reference period, the reference period for comparison of consumption may be taken as the last bill period”

The Commission has directed to work out the ASC as per method given below instead of above.

1. This method will be applicable for all new consumers who have become MSEDCL’s consumers at any time after 1st January, 2005.
2. For the first 18 months of operation, there will be no Bench Mark / Reference Consumption, and ASC will be levied at the stipulated proportion of 11% and 24%, as the case may be. There after, from the 19 month on wards, 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 13th to the 18th month.
3. In case of seasonal consumers under HT – II Category, clause 2 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 completion of one year of operations. For the first year of operation till 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.

iv. Proportionate increase in reference consumption in case of consumers who have not been supplied electricity on the instructions of MSEDCL.

The Commission has clarified that in such cases where the reference consumption has been suppressed due to non supply by MSEDCL with specific intimation / acceptance to that effect, the reference consumption will be normalized on a proportionate basis, so that the reference consumption reflect the consumption that would have occurred had MSEDCL not reduced the supply due to no fault of the consumers.

This provisions should be applied after a thorough due diligence and the information on the same shall be submitted to the Zonal Executive Director .

v. Reference bill period for HT Foundries in cases of increase in Contract Demand.

In case of HT Foundry consumers whose Sanctioned Load / Contract Demand has been duly increased after the billing month of December, 2005, the reference period may be taken as the billing period after six month of the increase in the Sanctioned Load / Contract Demand or the billing period of the month in which the third occasion of the consumer utilizing at least 75% of the increase Sanctioned Load / Contract Demand after increasing the Contract Demand is recorded, which ever is earlier.

vi. Reference bill period in cases of industries that have under gone closure during the reference period of January to December 2005.

The Commission has clarified that in case of Closure of any Industrial Unit for a period greater than one month during the period January, 2005 to December, 2005 for maintenance or other purposes, and documentary evidence of the same is provided to the MSEDCL, then this period will be excluded while computing the monthly average for the purposes of levy of ASC.

vii Reference period in cases of units under lock out and under permanent disconnection category during the entire reference period .

The Commission has clarified that in case of units that were under lock out or were permanently disconnected consumers for more than 11 months of the period from 1st January, 2005 to 31st December, 2005 and who had commenced operations subsequently, the ASC will be levied at the stipulated proportion of 11% and 24%, as the case may be, for the first six months after recommencement of operations. There after, the average monthly consumption during the first six months after recommencement of operations,

will be considered as the reference, and the ASC on the increase / decrease in consumption vis-à-vis the reference will be charged in accordance with the Commission's Order.

7) **Applicability of Prompt Payment Discount** : (Sr. No. 7 of the Clarificatory Order)

In the detailed Tariff Order dated 18th May, 2007, the Commission had directed to give prompt payment discount to all consumer categories *if the bills are paid within a period of 7 working days from the date of issue of the bill*. In the same order load factor incentive is available *if the payment is made within 7 days from the date of bill or within 5 days of the receipt of the bill which ever is later*. The Commission vide the Clarificatory Order dated 24th August, 2007 has clarified that both, the load factor incentive and the prompt payment incentive will be applicable only if the bills are paid within 7 days from the date of the bill or within 5 days of the receipt of the bill, which ever is later. All other criteria for applicability of these incentives remain as per the detailed Tariff Order dated 18th May, 2007.

8) **Specification of Methodology for refund of RLC** : (Sr. No. 9 of the Clarificatory Order)

Separate directions on this issue will be given subsequently.

9) **Levy of penalty for exceeding contract demand** : (Sr. No. 11 of the Clarificatory Order)

The Commission has clarified that the penalty for exceeding contract demand is being levied correctly by the MSEDCL and is as per the detailed Tariff Order dated 18th May, 2007 of the Commission. The Commission has clarified that the demand charges are to be levied once upto the Contract Demand, and for the portion of the demand which is in excess of the Contract Demand, two and half times (1 times-normal +1.5 times=2.5 times effectively) the base demand charges are to be levied.

10) **Inclusion of ASC while computing load factor incentive**.
(Sr. No. 15 of the Clarificatory Order)

The Commission has clarified that ASC will have to be considered for computing load factor incentive as follows :

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 a rebate of 1% on 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 ceiling of 15% of the energy charges including ASC charges for that consumer. All other criteria for applicability of these incentives remain same as per the detailed Tariff Order dated 18th May, 2007.

11) Tariff Applicable for the religious places of worship supplied at HT Voltages :
(Sr. No. 16 of the Clarificatory Order)

The Commission has clarified that Tariff Applicable for the religious places of worship supplied at HT voltages will be the same as that applicable for such consumer who are supplied at LT voltages and categorized in LT-I Tariff.

12) Customer classification under LT – VIII Advertisements and Hoardings :
(Sr. No. 17 of the Clarificatory Order)

The Commission has clarified that the LT – VIII Tariff is not applicable for lighting used to display the names and other required details of the shops or commercial establishment, as such lighting can not be classified under Advertisements and Hoarding. Such lighting will continue to be charged at LT - II non domestic tariff.

13) Proportionate bulk discount and prompt payment discount for the billing period prior to 1st May, 2007 : (Sr. No. 18 of the Clarificatory Order)

The Commission has clarified that for the bills issued in May, 2007 and covering some days in April, 2007 and some days in May, 2007, the bulk discount and prompt payment incentive for the consumption in April, 2007 and May, 2007 respectively has to be given proportionately in accordance with the Commission's previous Tariff Order in case No. 54 of 2005 dtd. 20th October, 2006.

14) Other general guidelines:

- (a) All the field officers should follow the above guidelines and should refer to the main Clarificatory Order dated August 24, 2007 for details.
- (b) Commission has observed that the availability of data is necessary for further streamlining the categorization and as such even if it does not have a tariff implication at present, necessary data base may be prepared for sub-categories including but not limited to :-
 - (i) Hospitals
 - (ii) Educational institutions
 - (iii) Religious places
 - (iv) Hostels
 - (v) Floor Mills
 - (vi) IT Parks / IT enabled services
- (c) This being a tariff matter all the field officers are requested to observe very strict due diligence and in case of difficulty may contact the Zonal Chief Engineers for clarification.
- (d) The billing software is being modified in accordance with the Clarificatory Order by the CGM (IT) Section and will be issued to the respective IT centers.

- (e) The field officers are requested to provide the necessary data base and support in respect of this Clarificatory Order to the respective IT centers for implementing the provisions of the Clarificatory Order.

The above salient features of the Clarificatory Order are being conveyed to the Field Officers for explaining the provisions to the affected consumers .

This circular covers all the important issues of the Clarificatory Order and in case of any discrepancy the Field Officers are requested to refer the Clarificatory Order dated 24th August, 2007 of the Hon'ble Commission and implement the directives given there under .

Director (Operations), MSEDCL.

Copy to:-

As per mailing list

Annexure “A”

Sr. No.	Particulars of LT-V Category	Sanctioned Load				
		<10 kW	>10 KW & <= 20 kW	>20 KW & <= 50 kW	>50 kW	Total
1	Total number of consumers					
2	Number of consumers who have opted for LTMD tariff before issue of Tariff Order dt. Sep 29, 2006					
3	Number of consumers who have registered their Contract Demand after issue of Tariff Order dt. Sep 29, 2006					
4	Total Contract Demand registered with MSEDCL					
5	Number of MD meters installed					
5.1	Before issue of Tariff Order dt. Sep 29, 2006					
5.2	After issue of Tariff Order dt. Sep 29, 2006					
5.3	Total MD meters installed					
6	Balance MD meters to be installed					
7	Expected date of completion of MD metering					