

**Before the**  
**MAHARASHTRA ELECTRICITY REGULATORY COMMISSION**  
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**Case No. 346 of 2018**

**In the matter of**

**Petition of Maharashtra State Electricity Distribution Company Limited (MSEDCL)  
for removal of difficulties in interpretation of Dedicated Distribution Facilities and its  
implementation for MSEDCL for Agricultural Connections.**

**Coram**

**Anand B. Kulkarni, Chairperson  
Mukesh Khullar, Member**

Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL) ..... Petitioner

**Appearance**

For MSEDCL : Shri Ankush Nale (Rep)

**ORDER**

**Date: 18 December, 2018**

1. Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL) has filed a Petition on 28 November, 2018 under Section 94 of the Electricity Act, 2003 read with Regulation 24 of Supply Code Regulations, 2005 for removal of difficulties in interpretation of 'Dedicated Distribution Facilities (DDF)' and its implementation for Agricultural Connections.

2. MSEDCL's prayers are as follows:

(a) *To permit the facility of releasing Ag. Connection to new or existing Ag. consumers by dedicated distribution transformer supplied by extension of existing/ proposed electric line/ feeder(s), who request release of electricity connection out of chronology on HVDS system under 'Dedicated distribution facilities' scheme, on non-refundable basis.*

(b) *To suitably amend the provision of 'Dedicated distribution facilities' in the Maharashtra Electricity Regulatory Commission (Electricity Supply Code and Other Conditions of Supply Regulations, 2005 for Agricultural consumers, as proposed by the Petitioner in this petition.*

3. MSEDCL in its Petition has stated as follows:

- 3.1 As a Distribution Licensee it is providing electricity connections to the consumers under Section 43 of the Electricity Act, 2003. As on 31 March, 2018, there are 2,49,357 paid pending applications seeking new Agricultural connection.
- 3.2 For releasing these pending Agricultural connections, investment of around Rs 6000 crore is required. Regulatory Mechanism permits capital investment after approval of the Commission and it is further subject to availability of funds for implementation of this work. MSEDCL being Government owned Company, it has to rely on Government grants (Govt. of India or Govt. of Maharashtra, Loans, etc.) for funds. Same is worked out and approved on year to year basis.
- 3.3 The other mode of Capital expenditure funding is through ARR. The funding through ARR requires loans to be approved and same is required to be covered in tariffs. Considering the weak financial position of MSEDCL, there is limitation on availing loans. Capital expenditure for providing most of all other connections including residential, commercial and industrial are covered by taking loans from various financial institutions like REC, PFC etc.

#### HVDS Scheme promulgated by Government of Maharashtra (GoM)

- 3.4 Considering the benefits of High Voltage Distribution System (HVDS) Scheme, GoM has approved scheme for electrification of Agricultural Pumps vide G.R dated 5 May, 2018. According, all paid pending agriculture connections as on 31 March, 2018 and those coming in future shall be released on HVDS system only.
- 3.5 Under this scheme the GoM has approved the following:
  - a. Implementation of HVDS for energisation of Agricultural 'paid pending' applicant category in the State.
  - b. Total estimated cost of Rs. 5048 crore including Rs. 4496 crore for infrastructure development and Rs. 551 crore for erection of new substations has been approved as follows:
    - i. An amount of Rs. 1954 crore for energisation of Agricultural paid pending consumers through HVDS in "Vidharbha and Marathwada" region for FY 2018-

19 and FY 2019-20 has been approved as a Grant to MSEDCL under “Energisation of Ag consumers in Vidharbha & Marathwada Region”.

- ii. An amount of Rs. 2542 crore for energisation of Agricultural paid pending consumers through HVDS in rest of Maharashtra (except Vidharbh & Marathwada region) has been approved as a loan to MSEDCL.
  - iii. An amount of Rs. 294 crore for erection of 121 new substations through HVDS scheme in “Vidharbh & Marathwada” region for FY 2018-19 and FY 2019-20 has been approved as a Grant to MSEDCL under “Energisation of Ag consumers in Vidharbh & Marathwada Region”.
  - iv. An amount of Rs. 257 crore for erection of 105 new substations through HVDS scheme in rest of Maharashtra (except Vidharbh & Marathwada region) has been approved as a loan to MSEDCL.
- 3.6 In this system MSEDCL will be deploying small capacity Distribution Transformers of 10/16/25 kVA for distributing electricity to single or group of consumers in the same premises or in contiguous premises. Due to involvement of minimum numbers, the Consumers will feel a sense of ownership of the transformer and are expected to take responsibility for maintaining reliable supply of electricity.
- 3.7 In the existing Low voltage distribution system (LVDS) network, Distribution Transformer in excess of 100 kVA capacity is used from where multiple consumers are fed on Low Tension (LT) line at maximum possible distance. This long LT network more often leads to pilferage, distribution loss, unreliability of supply etc.
- 3.8 On the other hand, because of absence of LT network, HVDS Lines will ensure fewer occurrences of accidents. Reliability of supply will increase many folds because of no over loading and no LT lines. In the event of equipment failure, only limited number of customers will get affected which was not the case in LVDS system. Further, it will reduce the theft as HV lines cannot be easily hooked.
- 3.9 Though an elaborate Scheme has been provided by the GoM, MSEDCL is releasing the connections as per the seniority of applications in strict chronology while complying with the Universal Supply Obligation envisaged under the Act of 2003.

#### Applicability of DDF Scheme to AG consumers

- 3.10 The provision of releasing Agricultural Pump connections under DDF has been withdrawn by MSEDCL vide Circulars no. 9245 dated 23April, 2018 and Circular No. 14747 dated 15 June, 2018. Now, various prospective Agricultural consumers, public representatives, etc are approaching field offices and are demanding release of

power supply by offering to pay voluntarily the entire expenditure of infrastructure under DDF.

- 3.11 The term ‘Dedicated distribution facilities’ has been defined under the Supply Code Regulations, 2005 as follows:  
*“Dedicated distribution facilities” means such facilities, not including a service line, forming part of the distribution system of the Distribution Licensee which are clearly and solely dedicated to the supply of electricity to a single consumer or a group of consumers on the same premises or contiguous premises”*
- 3.12 Various quasi judicial Forums are misinterpreting the above terms and are asking MSEDCL to refund the cost of infrastructure borne under DDF scheme by consumer who had requested power supply out of turn on non-refundable basis.
- 3.13 To extend HVDS Scheme to the new or existing Agricultural Consumers from HT Line, it is necessary to extend the supply through Tapping, extension, augmentation etc. of existing or new HT network through small capacity Distribution Transformers of 10/16/25 KVA, for distributing electricity to single or group of Agricultural Consumers on the same premises or contiguous premises, as the case may be.
- 3.14 Therefore, it is necessary to extend the facility of extending DDF Scheme to the existing and willing Agricultural Consumers who are applying to get electricity supply to their respective field either individually or through 2-3 Agricultural Consumers having adjacent or contiguous fields under DDF Scheme.
- 3.15 It is necessary to extend facility to the new incoming consumer willing to get connection out of turn under HVDS DDF.
- 3.16 Under the HVDS Scheme, MSEDCL is establishing High Tension network for supplying electricity to Agricultural Consumers through tapping of HT lines. This ensures optimum utilization of HT network.
4. At the hearing held on 5 December, 2018, MSEDCL stated that it has nothing to add to the submissions filed in the Petition.

#### **Commission’s Analysis and Rulings**

5. The Commission notes that MSEDCL has filed this Petition in the background of GoM’s decision that all new connections to Agricultural pumps are to be released through HVDS scheme only. As, electricity distribution through HVDS has advantages over the LV distribution as mentioned in the Petition, the Commission expects that this will benefit the consumers in terms of reliability and quality of supply.

6. HVDS scheme basically involves electricity distribution through high voltage lines. Small capacity distribution transformers serve 1 to 5 consumers depending on the capacity of Distribution transformer vis-à-vis the agriculture pump(s), as against more than 20 consumers per DTC in case of LVDS. HVDS Agricultural consumers are connected to HT line. Thus, HVDS system has small DTC connected by tapping the HT line.
7. With such design features of HVDS, MSEDCL in this Petition has requested the Commission to allow tapping of HT line for inclusion in DDF scheme and to treat such DDF expenses, if voluntary opted to be incurred by prospective consumers for availing supply out of turn, as non-refundable.
8. In this regards, the Commission notes that DDF has been defined under MERC (Electricity Supply Code and Other Conditions of Supply) Regulations, 2005 as follows:

*(g) “Dedicated distribution facilities” means such facilities, not including a service line, forming part of the distribution system of the Distribution Licensee which are clearly and solely dedicated to the supply of electricity to a single consumer or a group of consumers on the same premises or contiguous premises;*

9. Further, by its Order dated 16 February, 2008 in Case No. 56 of 2007, the Commission has clarified that tapping of line (LT or HT) cannot be allowed under the DDF. Relevant part of the Order is reproduced below:

*(i) At many places prospective consumers with an intention to get better quality of supply seek Dedicated Distribution Facility, though distribution network is available in nearby vicinity and it is possible to give supply by extending the existing network. Such consumers seeking Dedicated Distribution Facility will have to pay the cost incurred in providing the Dedicated Distribution Facility. As per Regulation 2(g) of the Supply Code:*

.....

*It is clear from this defined term that mere extension or tapping of the existing line (LT or HT) cannot be treated as Dedicated Distribution Facility. Such extension or tapping being part of the common network will be affected due to any fault or outages on the common network and cannot be considered as a facility solely or clearly dedicated for giving supply. Thus, in the distribution system, Dedicated Distribution Facility means a separate distribution feeder or line emanating from a transformer or a substation or a switching station laid exclusively for giving supply to a consumer or a group of consumers. The transformer or the substation can also form a part of Dedicated Distribution Facility if it is provided exclusively for giving supply to these consumers and no other consumer is fed from the said transformer/substation. Also, Dedicated Distribution Facility cannot be shared in future by other consumers. Such facilities cannot be imposed on a consumer. If the consumer does not seek Dedicated Distribution Facility, the licensee has to develop its own infrastructure to give electric supply within the period stipulated in Section 43 of the EA 2003 read with the*

*Maharashtra Electricity Regulatory Commission (Standards of Performance of Distribution Licensees, Period for Giving Supply and Determination of Compensation) Regulations, 2005. In fact, the licensee should take advance action to develop the distribution network, based on the survey of growth pockets and demand projections so as to fulfill 'Universal Service Obligation' as per the spirit envisaged in the EA 2003 and the Regulations made there under.[underline added]*

10. The Commission notes that above clarification of DDF have been given based on the distribution system i.e. LVDS being used at that point of time. If same clarification (i.e. separate line emanating from substation / switching station for supply of individual / group of consumers) is used in High Voltage Distribution System, then thousands of feeder bays would need to be provided in each substation/switching station to lay separate HT line to each consumer / group of consumer requesting for DDF. This will not only lead to waste of resources but also increase expenses for maintaining such asset.
11. Therefore, in view of the changes proposed by MSEDCL which will eventually result in reliable and improved supply to Agriculture pumps and consequent reduction of energy losses, the Commission is of the opinion that explanation of DDF provided in Order dated 16 February, 2008 needs to be revisited to make an exception for HVDS only. In HVDS, HT line running across field is tapped to connect DTC which can feed individual or group of Agricultural consumer. Thus, tapping of HT line is an integral design part of HVDS. Hence, in case of HVDS connections only for giving Agriculture supply, the Commission allows tapping of HT line under DDF. However, MSEDCL shall ensure that infrastructure created under HVDS DDF i.e. from point of tapping on HT line to consumer end shall be for exclusive use of such Agricultural consumer/ group of Agricultural consumers and it should not be shared with the other category of consumers.
12. For sake of ample clarity the Commission reiterates that above dispensation in para 11 is applicable only to the agriculture consumer seeking DDF on HVDS and not applicable to other consumers on LVDS.
13. Regarding, MSEDCL's request of making DDF charges as non-refundable, the Commission notes following provisions of MERC (Electricity Supply Code and Other Conditions of Supply) Regulations, 2005:

*3.3.3 Where the provision of supply to an applicant entails works of installation of Dedicated distribution facilities, the Distribution Licensee shall be authorized to recover all expenses reasonably incurred on such works from the applicant, based on the schedule of charges approved by the Commission under Regulation 18.*

.....  
*3.3.5 Where the Distribution Licensee has recovered the expenses referred to in Regulation 3.3.3 above at any time after the notification of these Regulations, the consumer shall be entitled to the depreciated value of such dedicated distribution facilities, upon termination of the agreement or permanent discontinuance of supply in accordance with these Regulations:*

*Provided that where such facilities have been provided by the consumer, then such facilities may be retained by the consumer upon termination of the agreement or permanent discontinuance of supply in accordance with these Regulations:*

*Provided however that where the discontinuance of supply is on account of the consumer's failure to pay any sum under Section 56 of the Act, the Distribution Licensee, in addition to the rights available under that Section, shall be entitled to adjust such sums due from the depreciated value of facilities to which the consumer is entitled under this Regulation 3.3.5 or to retain facilities of such depreciated value as to cover such sums due from such consumer to the Distribution Licensee.*

Above Regulations reveals that expenses towards DDF facility is refundable only at the time of permanent disconnection of consumer and that too at depreciated value of the asset. Hence, no further clarification is required in this matter.

14. The Commission in exercise of its jurisdiction under Regulations 24 'Power to Remove Difficulties' of the MERC (Electricity Supply Code and Other Conditions of Supply Regulations, 2005 hereby issues following order with respect to tapping of HT line under DDF scheme for agriculture consumers.

### **ORDER**

- a. **Case No. 346 of 2018 is allowed**
- b. **Only for cases for releasing new connections for Ag purpose through HVDS or conversion of existing LVDS to HVDS, tapping of HT line is allowed under Dedicated Distribution Facility.**
- c. **Existing provisions relating to DDF are sufficient as regards the prayer for treating DDF investment as non refundable by MSEDCL. Expenses towards DDF facility are refundable only at the time of permanent disconnection of consumer and that too at depreciated value of the asset.**

Sd/-  
(Mukesh Khullar)  
Member

Sd/-  
(Anand B. Kulkarni)  
Chairperson

  
(Abhijit Deshpande)  
Secretary

