

BEFORE MAHARASHTRA ELECTRICITY REGULATORY COMMISSION,
MUMBAI

Filing No.: _____

Case No.: _____

IN THE MATTER OF
PETITION FOR REMOVAL OF DIFFICULTIES IN INTERPRETATION OF
DEDICATED DISTRIBUTION FACILITIES AND IT'S IMPLEMENTATION FOR
MSEDCL IN MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
(ELECTRICITY SUPPLY CODE AND OTHER CONDITIONS OF SUPPLY)
REGULATIONS, 2005 FOR AGRICULTURE CONNECTIONS

AND

IN THE MATTER OF
REGULATION 24 OF THE MAHARASHTRA ELECTRICITY REGULATORY
COMMISSION (ELECTRICITY SUPPLY CODE AND OTHER CONDITIONS OF
SUPPLY) REGULATIONS, 2005;

AND

IN THE MATTER OF
MAHARASHTRA STATE ELECTRICITY
DISTRIBUTION COMPANY LTD;
PRAKASHGAD, PLOT NO. G - 9,
ANANT KANEKAR MARG,
BANDRA (EAST), MUMBAI -

PETITIONER;

1 Background

- 1.1 Maharashtra State Electricity Distribution Co. Ltd. (hereinafter to be referred to as "MSEDCL" or "the Petitioner") has been incorporated under Indian Companies Act, 1956 pursuant to decision of Government of Maharashtra to reorganize erstwhile Maharashtra State Electricity Board. The Petitioner submits that the said reorganization of the MSEB has been done by Government of Maharashtra pursuant to "Part XIII – Reorganization of Board" read with section 131 of The Electricity Act 2003. The Petitioner has been incorporated on 31.5.2005 with the Registrar of Companies, Maharashtra, Mumbai has obtained Certificate of Commencement of Business on 15thSep 2005. The Petitioner is a Distribution Licensee under the provisions of the Electricity Act, 2003 (EA, 2003) having license to supply electricity in the State of Maharashtra except some parts of city of Mumbai.
- 1.2 The Petitioner is a Company constituted under the provisions of Government of Maharashtra, General Resolution No. PLA-1003/C.R.8588/Energy-5 dated 25th January 2005 and is duly registered with the Registrar of Companies, Mumbai on 31st May 2005.
- 1.3 The Petitioner is functioning in accordance with the provisions envisaged in the Electricity Act, 2003 and is engaged, within the framework of the Electricity Act, 2003, in the business of Distribution of Electricity to its consumers situated over the entire State of Maharashtra, except Mumbai City & its suburbs (excluding Mulund & Bhandup).
- 1.4 In exercise of powers conferred by the proviso to sub-section (1) of Section 43 read with clause (t) of sub-section (2) of Section 181 and sub-section (1) and sub-section (2) of Section 57 read with clause (za) of sub-section (2) of Section 181, Section 59, and clause (zp) of sub-section (2) of Section 181 of the Electricity Act, 2003 (36 of 2003), Hon'ble Commission has made the Maharashtra Electricity Regulatory Commission (Electricity Supply Code and Other Conditions of Supply Regulations, 2005 (*hereinafter referred to as "Supply Code 2005"*)). The said Regulations are applicable to every Distribution Licensee(s) including Deemed Distribution

Licensee(s). The said Regulations came into force from 20th January 2005.

- 1.5 The Petitioner feels the Supply Code 2005 still has some inherent issues/ ambiguities with respect to the interpretation being accorded to the term, '*Dedicated distribution facilities*' having major impact on the operations of the Petitioner. Such ambiguities and certain provisions are making the implementation of the Supply Code 2005 in totality difficult for agriculture connections in particular. Therefore, the Petitioner craves for the relief/clarification in certain provisions from Hon'ble Commission under the removal of difficulties. Therefore, the Petitioner is approaching the Hon'ble Commission for re-interpretation of term '*Dedicated distribution facilities*' in Maharashtra Electricity Regulatory Commission (Electricity Supply Code and Other Conditions of Supply Regulations, 2005.
- 1.6 The Regulation wise provisions, submissions of the Petitioner and difficulties in interpretation of the existing provisions have been discussed in the following Paragraphs.

2 Release of power supply to Ag. consumers .

- 2.1 The Petitioner serves electricity in the State of Maharashtra except some parts of city of Mumbai. It endeavors to comply all statutory and regulatory compliances along with the Universal Supply Obligation (USO) casted upon it by the Section 43 of the Electricity Act, 2003. The Petitioner has been providing the electricity connections to the consumers approaching it. There are 249357 no of Ag paid pending consumers as on 31st March, 2018 (the District wise paid pending agriculture application are enclosed at annexure A).
- 2.2 The Petitioner submits that the investment required for release of above connections is large and the amount required to release AG paid pending connection is Rs 6000 cr approx.
- 2.3 The Petitioner submits that the Regulatory Mechanism permits capital investment after approval of the Hon'ble Commission and it is further subject to availability of funds for implementation of this work. MSEDCL being fully own Govt. Company has to rely for funds on Govt. grants

(Govt. of India or Govt. of Maharashtra, Loans, etc.) and the same is worked out and approved on year to year basis.

- 2.4 The Petitioner further submits that the other mode of Capex is funding through ARR. The funding through ARR requires loans to be approved and the same is required to be covered in tariffs. There is a limitation for availing loans considering the weak financial position of MSEDCL as well as the capacity to repay loans in time. Mostly all other connection including residential, commercial and industrial are covered through Capex through ARR by taking loans from various financial institutions like REC, PFC etc. However, the principles for Loan and Interest rate are set in the Tariff Regulations. The interest rate depends on the ratings and there needs to be limit to loan barrowing. However, the ultimate impact of these gets loaded in the ARR resulting in the increase in tariffs.
- 2.5 The Petitioner also submits that the all the AG consumers are not in position to incur financial investment for installation of necessary infrastructure for AG connection.
- 2.6 On the other hand, as per clause 3.3.3 of the Supply Code 2005 provides for recovery of expenses as follows:

"3.3.3 where the provision of supply to an applicant entails the works of installation of dedicated distribution facilities the distribution licensee shall be authorized to recover all expenses reasonably incurred on such works by the applicant, based on the schedule of charges approved by the Commission under regulation 18".

3. HVDS SCHEME PROMULGATED BY GOVERNMENT OF MAHARASHTRA.

- 3.1 The HVDS scheme is propagated by the petitioner having regard to Reliable voltage level which can be made readily available at the consumer end with minimum interference. Being High Tension line, Pilferage can be minimized by introducing this system. In this system petitioner will be using small capacity Distribution Transformers of 10/16/25 KVA for distributing electricity to single or group of consumers

on the same premises or contiguous premises. Due to involvement of minimum numbers, the Consumers will feel ownership and take responsibility for maintaining reliable supply of electricity.

- 3.2 In the existing LVDS network, Distribution Transformer in excess of 100 KVA capacity is used from whereof multiple consumers at maximum possible distance avail electricity supply. This LT network more often than not leads to pilferage, Distribution loss, unreliability due to spreading of Line and network, vulnerability of Line over large distance, possibility of Theft and unauthorised extraction etc.
- 3.3 On the other hand HVDS Lines will ensure fewer occurrences of accidents Because of absence LT network. 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 where due to overspreading of network, any failure affects all or maximum customers connected to LT system.
- 3.4 In the HVDS scheme, due to high voltage electricity passing though the line, a delinquent cannot simply hook, extract and plug in the line to extract electricity this will lead to Prevention of unauthorized loads is more effective. This reduction in the line losses will have direct and positive impact on consequential savings of power.
- 3.5 Having regard to the benefits of HVDS Scheme, Hon'ble Government of Maharashtra has approved scheme for electrification of Ag. Pumps vide G.R No. UViPra -2018/Pra Kra-30/ Energy-5 Dated 05.05.2018). According to it, all paid pending agriculture connections as on 31.03.2018 & those coming in future shall be released on HVDS system only.(The said G.R. dated 05.05.2018 is enclosed herewith as **Annexure B**)
- 3.6 Under this scheme the GoM provided as follows:
 1. Approval has been accorded for implement of HVDS for energisation of Ag Paid pending consumers in the state.
 2. Total Estimate cost of 5048.13 Cr. including Rs. 4496.69 Cr for infrastructure development and Rs. 551.44 Cr for erection of new substation has been approved.
 3. Fund of Rs. 1954.09 Cr. for energisation of Ag paid pending consumers through HVDS in "Vidharbha & Marathwada" region for

2018-19 & 2019-20 has been approved as a Grant to MSEDCL under "Energisation of Ag consumers in Vidharbha & Marathwada Region".

4. Fund of Rs.2542.59 Cr. for energisation of Ag paid pending consumers through HVDS in Rest of Maharashtra (except Vidharbh & Marathwada region) has been approved as a loan to MSEDCL. Government should provide guarantee for such loan & also should wave the charges for guarantee.
5. Fund of Rs. 294 Cr. for erection of 121 new substations through HVDS scheme in "Vidharbh & Marathwada" region for 2018-19 & 2019-20 has been approved as a Grant to MSEDCL under "Energisation of Ag consumers in Vidharbh & Marathwada Region".
6. Fund of Rs. 257 Cr. 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. Government should provide guarantee for such loan & also wave the charges for guarantee.

- 3.7 It is submitted that the introduction of above scheme has solved but a few problems being faced by the Ag consumers.
- 3.8 Though the extensive Scheme has been provided by the GoM, there is obvious compulsion on the petitioner to release the connections on the basis of chronology being maintained for complying the Universal Supply Obligation envisaged under the Act of 2003.

4. APPLICABILITY OF DDF SCHEME TO AG. CONSUMERS.

- 4.1 The provision of releasing Ag. Pump connections under DDF has been Withdrawn by MSEDCL vide circulars vide No. CE(Dist)/D-III/Non DDF Stoppage/09245 Dtd 23.04.18 & CE(Dist)/D-III/Non DDF Stoppage/14747 Dtd 15.06.18. (The said Circulars are enclosed herewith as **annexure C colly**).
- 4.2 Now, various prospective Ag consumers, public representatives, etc are approaching our field offices and are demanding release of power supply on voluntarily paying the entire expenditure of infrastructure under

DDF. (The said representations are enclosed herewith as **annexure D colly**).

4.3 The term 'Dedicated distribution facilities' has been defined by Hon'ble Commission as:

"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"

4.4 It is regrettably noted by the petitioner that various quasi judicial Forums are misinterpreting the above terms to refund cost of infrastructure borne by consumer under DDF scheme who had requested power supply out of turn on non-refundable basis.

4.5 To extend HVDS Scheme to the new or existing Ag. Consumers from HT Line, it is necessary to extend the supply through Tapping, extension, augmentation etc. of existing or erected HT network through small capacity Distribution Transformers of 10/16/25 KVA for distributing electricity to single or group of Ag. Consumers on the same premises or contiguous premises as the case may be. (The normative line diagram showing schematic of DDF through HVDS is annexed herewith as **Annexure E**)

4.6 Therefore it is necessary to extend the facility of extending DDF Scheme to the existing Ag. Consumers willing and applying for grant of DDF Scheme to get Electricity supply to their respective field either individually or through 2-3 Ag. Consumers having adjacent or contiguous fields.

4.7 It is necessary to extend facility to the new incoming consumer willing to get connection out of chronology through HVDS DDF.

4.8 Under the HVDS Scheme, Petitioner is establishing High Tension network for supplying electricity to Ag. Consumers through tapping of HT lines. This ensures optimum utilization of HT network.

5 Regulatory Provisions

5.1 Regulations 24 of the Maharashtra Electricity Regulatory Commission (Electricity Supply Code and Other Conditions of Supply Regulations, 2005 empowers Hon'ble Commission to remove any difficulty in giving effect to the provisions of these Regulations. The relevant Regulation is reproduced below for reference:

Power to Remove Difficulties.

If any difficulty arises in giving effect to the provisions of these Regulations, the Commission may, by general or specific order, make such provisions not inconsistent with the provisions of the Act, as may appear to be necessary for removing the difficulty.

5.2 The Petitioner therefore submits that the Hon'ble Commission has powers to issue the Orders in the subject matter.

6 The petitioner states that there are no proceedings pending in any court of law/ tribunal or arbitrator or any other authority, wherein the Petitioners are a party and where issues arising and/or reliefs sought are identical or similar to the issues arising in the matter pending before the Commission.

7 Prayers

7.1 In view of the above the Petitioner most respectfully prays to the Hon'ble Commission:

- a) To admit the Petition as per the provisions of the Regulations 24 of the Maharashtra Electricity Regulatory Commission (Electricity Supply Code and Other Conditions of Supply Regulations, 2005;
- b) 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.
- c) 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;

- d) To pass any other order/relief as the Hon'ble Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice;
- e) To condone any error/omission and to give opportunity to rectify the same;
- f) Permit the Petitioner to make further submissions, addition and alteration to this Petition as may be necessary from time to time.

Place: Mumbai

Date: 28/11/2018

Executive Director (Distribution-II)