

**Consumer Grievance Redressal Forum
Maharashtra State Electricity Distribution Co. Ltd.
Bhandup Urban Zone, Bhandup**

Ref. No. Secretary/MSEDCL/CGRF/BNDUZ/

Date :

Case No. 148

Hearing Dt. 21/01/2008,

In the matter of wrong collection of S.L.C.

**M/s. Standard Alkali (Chemical division of
Standard Industries Ltd.)**

- Appellant

Vs.

MSEDCL, Vashi

- Opponent

Present during the hearing

A - On behalf of CGRF, Bhandup

- 1) Shri S.L. Kulkarni, Chairman, CGRF, Bhandup.
- 2) Shri S.B. Wahane, Member Secretary, CGRF, Bhandup.
- 3) Mrs. Manik P. Datar, Member, CGRF, Bhandup.

B - On behalf of Appellant

- 1) Shri Pasarkar, Consumer Representative.
- 2) Shri Nadkarni, Vice President (Works & Project)
Standard Alkali (Chemical division of Standard Industries Ltd.)

C - On behalf of Respondent

- 1) Shri Khanande, Ex. Engr. & Nodal Officer, Vashi Circle.
- 2) Shri Munde, Ex.Engr. Vashi.

PREAMBLE :

The consumer (manufacturing company) registered its grievance with this Forum on 26th Nov. 2007 with serial No. 148. The first hearing date was fixed on 12/12/2007 and the last hearing was held on 15/01/2008 with interim hearings in between to reply to each other. The consumer approached this Forum being aggrieved with the decision of ICGRC vide letter Ref. No. SE/VC/Tech/IGRF/5882, dtd. 4th October 2007.

CONSUMER'S SAY :

M/s. Standard Alkali is the name of a Chemical division of Standard Industries Ltd. Situated at 4 TTC Industrial area

Chronology of events:

1) First connection was released on 22/02/1966 to Standard Mills Company Ltd. (chemical division) to their De Nora Plant, situated at Plot No. 4 TTC, Industrial area, Ghansoli, Navi Mumbai, through Nocil sub-station with 22 MVA contract demand and 23184 kW connected load with consumer No. 77-0 for first supply point. Then Second connection was released on 13/03/1975 to Standard Mills Co. Ltd. (Chemical division) to their Udhe plant situated at Thane Belapur Road, between 5 & 6, Thane, through Standard Sub-station with 10 MVA contract demand and 20450 kW as connected load with consumer No. 583-6 and second supply point. It established a new sub-station (SSS) by spending Rs. 76 lakhs under ORC

- 2) Two supply points for same the entity, same consumer, same product was it legal?
- 3) No instructions were given by any authority to issue second consumer number. Mistake of Ex. Engr. of concerned division in allotting second consumer number.
- 4) No correspondence was done by mentioning second consumer number or second connection but only the second supply point (many letters from Govt. as well as utility showed the proof).
- 5) Standard Alkali is a single consumer.
- 6) It obtained permission for its own CPP plant in 1977 from MSEB. But it was established in 1996.
- 7) CPP was connected to SSS and was parallel to MSEB grid.
- 8) It's requirement of power from MSEB was reduced after commissioning of CPP. It wrote a letter to MSEB for disconnection of supply from Nocil sub-station.
- 9) No cognizance was taken by MSEB but consumer cut the MSEB supply by it's own in Feb-1999 by informing utility's circle office.
- 10) Consumer wrote a letter to utility on 17th Feb-1999, mentioning for clubbing of maximum demand and maximum load of two sources of power supply. After inter connection between two points of supply retaining on 10 MVA at standard sub-station no demand at Nocil sub-station.

11) The consumer got the confirmation from Technical Director of utility to the S.E. Vashi, that 11 kV connection was disconnected by keeping one point of supply of 100 kV in the letter 28th Feb-2000 and 29th Feb-2000 respectively.

12) MSEB informed the consumer vide letter dtd. 01/12/2001 that 23184 kW load of 100 kV point of supply being fed through your CPP directly instead of wheeling the same through Boards 100 kV supply lines.

13) Consumer wrote a letter to S.E. (Vashi Circle) on 17th Feb-2007 for wrong collection of S.L.C. of Rs. 96 lacs (approx) and requested for refund of the same amount within 15 days.

14) Consumer received a reply from S.E., Vashi vide it's letter dtd. 15/05/2007 stating that the same recovery has been made as per the Chief Engineer (Commercial) directives, letter No. PR-3 Bhandup/020719, dtd. 13/07/2004..

Being dissatisfied, the consumer approached ICGRC, Vashi (circle) with specific prayer of refund of S.L.C.

The ICGRC, Vashi intern vide letter SE/VC/Tech/ICRF/5228, dtd. 04/10/2007, after hearing informed the consumer that this amount of S.L.C. demanded is non-refundable and cannot be returned to the consumer. It further advised that in case of dissatisfaction over the above decision. The consumer may approach to CGRF, Bhandup.

During the hearing following points were also mentioned.

1) The total connected load of both the supply points were mentioned on energy bill given for supply point No. 2 which is 43634 kW where as connected load shown on supply point No. 1 is 'Zero'. Thus the total connected load was shown on second supply point whether this is legal?

- 2) According to utility's documents of conditions of supply (clause 7.7) no S.L.C. charges can be levied if no infrastructure work is done by utility.
- 3) In the course of deliberations with the utility's officials at head office level, there were major recoveries to be made from the utility and hence a monopoly organization ignored the demand of refund of S.L.C.
- 4) There was a 11 kV cable link between supply point No. 1 and supply point No. 2 to take load upto 3 MVA during emergency.
- 5) In Feb-1999, consumer intimated the MSEB that they were discontinuing and surrendering the supply from Nocil sub-station. MSEB did not taken any cognizance of the consumer's letter and continued to charge minimum demand charges. This forced the consumer to file a suit to Civil Court under case No. 145/1999. At this stage Board came forward for compromise with prior condition of consumer should withdraw the case first and then the settlement would take place. Consumer was also interested in solving the pending problem; consumer accepted the proposal and withdraw the case

UTILITY'S SAY :

There were two Nos. of H.T. connections in the name of M/s. Standard Mills Co. Ltd. situated at plot No. 4, TTC, MIDC, Thane Belapur Road, Ghansoli, Navi Mumbai having consumer Nos. 000159000770 and 000159005836 with contract demand of 26.5 MVA and 14 MVA. The consumer was connected on 21/02/1966 and 13/03/1975 respectively (this contract demand and connected load of the consumer were revised from time to time as per consumers request).

An HT supply of 26500 KVA CD at plot No. 4 was released on 21/02/1966 on 11 KV through Nocil sub-station with consumer No. 00015900770 as per agreement dtd. 23/04/1960).

As consumer requested for another HT supply on 100 KV for Plot No. 5 & 6 for 14000 KVA CD through standard sub-station, it was released on 13/03/1975 having consumer No. 000159900583-6. For this supply, consumer had completed all necessary formalities separately. As the matters are different, consumer's claim of one premise is base less. The HT consumer having consumer No. 770, was forced to stop the business due to less demand and un-economical operations, due to market conditions in the month of Feb-1999 and consumer stopped to pay the monthly energy bills resulting into accumulation of arrears against energy bills. Further, consumer disputed and filed a civil suit in 'Thane Court' (suit No. 145/1999) and Hon'ble Court issued order in June 1999 to maintain status quo.

In Feb-1999 M/s. Standard Mill consumer No. 00015900077-0 stopped drawing power from MSEB and clubbed and shifted the connected load on consumer No. 00015900583-6 on their own without any prior approval of MSEB and enhanced the contract demand from 10 MVA to 32 MVA.

Due to clubbing of load, utility asked M/s. Standard Alkali to pay S.L.C. Rs. 92,73,600/- vide utility's letter No. 3807, dtd. 11/10/2001 and supplementary bill was issued to the consumer against the loss of wheeling charges and S.L.C. amount towards unauthorized excess contract demand load i.e. 43634 kW with 32000 KVA connected demand.

M/s. Standard Alkali in the letter dtd. 03/06/2002 had given their consent to pay S.L.C. charges of load of supply point No. 1 to point No. 2 approx. Rs. 94 lacs.

The consumer vide letter No. CD MNS-2004, dtd. 21/06/2004 approached Chief Engineer (Com.), H.O. for settlement thereof. The Board on certain conditions has principally agreed to compromise the pending litigations. As per the Chief Engineer (Com.), H.O. office letter No. 20719, dtd. 13/07/2004, all pending issues were settled after withdrawal of civil suit No. 145/1999 filed by M/s. Standard Alkali. The Board has favorably settled outstanding dues against security deposit amount as per consumer's request. The consumer had never raised the dispute regarding S.L.C. before consumer's letter on dtd. 06/09/2007. However the consumer had requested for waiver of interest on S.L.C. vide their letter dtd. 21/07/2004 addressed to the Chief Engineer (Commercial), H.O., Bandra. M/s. Standard Mill on their own or through TBIA had never raised this point of S.L.C. as dispute.

OBSERVATIONS:

1) The first connection was released on 22/02/1966 to M/s. Standard Mills Co. Ltd. (chemical division) situated at plot No. 4, TTC Industrial area, Ghansoli through NSS (Nocil sub-station) for 22 MVA as contract demand and 23184 KW connected load with consumer No. 00015900077-0. Then second connection was released on 13/03/1975 to the same consumer name for their plant at mile post between 5 and 6 through newly constructed 100 KV SSS (standard sub-station) by the consumer at its own cost. The above second connection was sanction with contract demand 10 MVA and connected load 20450 KW. The utility allotted for this second supply point consumer no. 00015900583-6. Though it is observed a fact that the Company was granted two separate connection with two consumer nos. both the utility and consumer were unable to give any proper satisfactory explanation for basis of granting the same. The company got from time to time Govt. sanction for additional load. There sanction order also indicated clearly two supply points.

Both these supply (point No. 1 & 2) consumer had completed all the necessary formalities separately with allotment of two separate consumer numbers for two supply points, the utility went on issuing two separate bills to this consumer right from 1975. This has not been disputed by the consumer and utility also right upto March 1998.

Subsequently the state Govt. asked to combine both the consumptions for the purpose of clause 2 of the law of 1974. However, both the consumers and also utility did not take cognizance. The consumer also never raised there upon his grievance to the utility.

After establishment of CPP by Appellant consumer, it wrote a letter on 27th March 1998 stating that it has already started CPP operation parallel to MSEB grid at SSS (supply point No. 2) and excess power generated is being banked and wheeled at their supply point No. 1 through Kalwa sub-station. The consumer asked for getting a permission to utility for it's cost saving measure by laying the inter connecting cable between the load of two supply points. The consumer want to avoid wheeling charges for taking supply (generated at CPP) to NSS through the system Kalwa Receiving station (i.e. SSS to Kalwa Receiving Station and to NSS). The consumer failed it can save wheeling charges which are being charged by utility.

The utility did not take adequate cognizance of the communication. But the consumer finally preferred to cut his MSEB's supply from Nocil sub-station by informing circle office on Feb-1999 to fixed up his demand of 10 MVA at SSS (instead of contract demand 26.5 MVA for supply point no. 1 and contract demand 14 MVA for supply point No. 2). At this juncture utility did not give any permission to the consumer for such a change over. However, the consumer proceeded with supply from SSS, which is parallel with MSEB and by inter connecting load of supply point no. 1 (consumer No. 00015900077-0) of NSS sub-station to the load of consumer No. 00015900583-6 of SSS sub-station.

In the course of a Court matter filed by the consumer before the Civil Court in connection with various charges inflicted by the utility in power supply a joint inspection was carried out on Feb-2000 by higher level technical authorities of (E.E. & S.E.) utility on the site of the consumer. They expressed their opinion that both the consumer (Chemical division) Standard Mills Co. Ltd. are under the same management and share their power supply and draw their power requirement from SSS and supply from Nocil sub-station was disconnected.

From Feb.99 to Oct-2001 utility did not taken any action regarding recovery of S.L.C. charges of shifting of connected load of NSS to SSS. Then after the utility sent to the consumer asked the consumer letter dated 01/12/2001 to pay S.L.C. and wheeling charges, which was nor complied by the consumer. The utility sent a notice in Aug-2002 to the consumer a notice for disconnection over non-payment.

A letter from M/s. Standard Alkali dated 25/09/2002 is very clear as the issues as below:

“Shifting of connected load charges – It may be noted here that Standard Alkali being a single consumer having two points of supply but in actuality they were single consumer and both their points of supply are within same premises which was accepted by the then S.E., Vashi and C.E., Bhandup and hence no shifting of connected load charges are payable by Standard Alkali. To substantiate this point Standard Alkali also wrote a letter to MSEB on June-02, 1998. However MSEB officials were of the opinion that as per the electricity act, since the consumer has two entry points, it has a separate identity and hence consumer having two points of supply and two contracts will be considered as a separate consumer. Hence shifting of connected load charges is payable by Standard Alkali. All the above points were deliberated in detail and Standard Alkali wrote a letter to MSEB bearing No. DYWM/MNS/2002, dated June 03,2002, accepting shifting of connected load charges of approximately Rs. 94 lakhs provided

maximum demand charges at NSS are payable only upto March 1999, banking and wheeling credit is fully settled and it was also indicated that charges, payable if any after settling the above, be recovered from our security deposit lying with MSEB i.e. Rs. 2.22 crores for consumer No. 77 and Rs. 1.21 crores for consumer No. 583.

The consumer having as above expressed consent for changing SLC had only the grievances over other issues like wheeling charges, M.D. charges etc. requested the higher authorities of the utility for a joint meeting resolve the issues.

A joint meeting for a compromise has held between the consumer's authorized representative and the authorities of Head Office of the utility. The decision delivered following orders :

- 1) *The power supply to M/s. Standard Alkali (**herein after to be referred to as the consumer**) at Nocil sub-station point of supply shall be treated as permanently disconnected with effect from the date, the same was temporarily disconnected i.e. March 1999 and the arrears payable by the consumer will be revised.*
- 2) *The consumer will not be insisted for payment of wheeling charges as claimed by the Superintending Engineer, O&M Circle, Vashi amounting to Rs. 1,54,41,000/-.*
- 3) *The consumer will have to pay Service Line Charges amounting to Rs. 92,73,600/- towards amalgamation of connected load of Nocil sub-station point of supply with Standard Alkali sub-station point of supply plus notional interest say at the rate 6% p.a. thereon till payment/adjustment.*

4) *The net amount payable by the consumer after adjustment as above shall be first adjusted against the amount of security deposit available with the Board against Nocil sub-station point of supply and the consumer, in one lump sum, shall pay balance amount, if any.*

5) *In case revised arrears as may be determined happens to be less than the security deposit at the credit of the consumer for Nocil point of supply, the amount refundable to the consumer, shall be first adjusted in one lump sum against the arrears, if any, payable by the consumer for the Standard Alkali sub-station point of supply, and balance, if any, will be adjusted against the payment of subsequent energy bill for the Standard Alkali Sub-Station point of supply, at the rate not exceeding 30% of the same respective energy bill.*

6) *The consumer will withdraw the Court case presently pending before the Civil Court, Thane in terms of suitable Consent Terms based on the above decision and will also reimburse to the Board all such expenditure that the Board would have incurred while defending the said Court Case.*

Having received this communication from the utility, the consumer vide letter dated 21/07/2004 did not oppose the utility for charging Service Line Charge (for shifting of load of point No. 1 to point at SSS) but for charging the interest as it. The consumer objected the utility over the charging of and refund of already recovered charges of S.L.C. vide letter dated 17/02/2007. In response to this, the Superintending Engineer, Vashi Circle vide letter dated 15/05/2007 informed that the amount so recovered is as per terms and conditions mutually agreed by the consumer and the utility in the joint meeting in 2004 and duly informed the consumer by the Chief Engineer (Comm.) on 13/03/2007. Obviously the matter stands clarified.

Aggrieved with the decision of the Head Office of the utility in 2004, the consumer approached the ICGR unit of Washi Circle. This unit having held the hearing of the consumer, decided to turn down the request of the consumer to refund the S.L.C. recovered. The appeal is over this decision.

The utility initiated the concept of charging the S.L.C. from the consumers since 1988 to recover partly from the consumers the expenditure incurred by it for its system/ infrastructure development. This is amplified in its circular No. 504 of 1988.

The pertinent question is that the consumer having realized the whole legal issue, did not object to the charging of S.L.C. while sitting across the table with the utility's top officials in 2004 and suddenly coming up with the issue in the year 2007 is not easy to accept as per clause 6.6 mentioned in MERC (CGRF & Electricity Ombudsman) Regulation 2006 and the provisions of Law of limitations also apply here.

ORDER

The appeal is dismissed in view of the reasons mentioned in the observations above. Both the parties be informed accordingly.

The order is issued under the seal of consumer Grievance Redressal Forum M.S.E.D.C. Ltd., Bhandup Urban Zone, Bhandup on 20th of February 2008.

Note : 1) If Consumer is not satisfied with the decision, he may go in appeal within 60 days from date of receipt of this order to the Electricity Ombudsman in attached "Form B".

Address of the Ombudsman

The Electricity Ombudsman,
Maharashtra Electricity Regulatory Commission,
606, Keshav Building,
Bandra - Kurla Complex, Bandra (E),
Mumbai - 400 051.

2) If utility is not satisfied with order, it may go in appeal before the Hon. High Court within 60 days from receipt of the order.

MRS. M.P. DATAR
MEMBER
CGRF, BHANDUP

S.B. WAHANE
MEMBER SECRETARY
CGRF, BHANDUP

S.L. KULKARNI
CHAIRMAN
CGRF, BHANDUP