

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

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**Case No. CGRF(NUZ)/036/2007**

- Applicant : M/s. Murli Agro Products Ltd.  
At 101, Jaibhavani Society,  
Wardhman-nagar,  
Dist. NAGPUR.
- Non-applicant : MSEDCL represented by  
the Nodal Officer-  
Executive Engineer,  
Division No. I, 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,  
Nagpur.

**ORDER (Passed on 31.08.2007)**

The present grievance application has been filed on  
07.07.2007 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 erroneous recovery of excess demand charges charged to him in energy bills of months of March, May, and June, 2007.

The applicant has requested that following excess demand charges recovered from him be refunded to him alongwith interest as applicable.

Month of March 2007	Rs. 13,45,988/-
Month of May, 2007	Rs. 03,00,198/-
Month of June, 2007	Rs. 93,907/-

Before approaching this Forum, the applicant had raised a dispute before the S.E. NRC MSEDCL, Nagpur vide his letter dated 19.04.2007 in respect of excess demand charges charged for the month of March, 2007 requesting the non-applicant to issue a fresh bill considering demand charges for 7 days only from 14.03.2007 to 21.03.2007. This complaint was also duly received by the S.E. However, no remedy has been provided to the applicant's complaint and hence, the present grievance application.

The intimation given to the S.E. NRC dated 19.04.2007 will have to be treated as an intimation given to the Internal Grievance Redressal Cell ( in short, the cell) in terms of Regulation 6.2 of the said Regulations. In view of this fact, the applicant was not required to approach the Cell again.

The matter was heard on 08.08.2007.

The applicant's case was presented before this Forum by his nominated representative one Shri R.B. Goenka while the non-applicant Company's case has been presented by the Superintending Engineer, NRC, MSEDCL, Nagpur.

In the present case, the applicant has challenged his energy bills for the months of March, May & June, 2007.

It is a matter of record that the applicant has filed his written complaint on 19.04.2007 before the non-applicant in respect of charging of excess demand charges in the billing month of March, 2007. It is also a matter of record that no remedy has so far been provided to this particular grievance. Hence, the applicant's grievance is duly registered with this Forum in terms of said Regulations. However, the applicant's additional grievance in respect of billing months of May and June, 2007 is not prima-facie admissible for the reason that the applicant did not avail of remedy of approaching the Cell already available to him in terms of Regulation 6.2 of the said Regulations. As laid down in Regulation 6.7 of the said Regulations, the Forum shall not entertain a grievance unless the consumer has complied with the procedure prescribed under Regulation 6.2 and has submitted his grievance in the specified form, to the Forum and unless the consumer is aggrieved on account of his grievance being not addressed by the Cell within the period set out in the said Regulations. During the course of hearing, the applicant's representative admitted that he has not raised any grievance either with the Cell or any other officer of the non-applicant Company who is not a part of the Cell in respect of his energy bills for billing months of May and June, 2007. He submitted

that the applicant's grievance in respect of billing months of May and June 2007 may be treated as withdrawn.

The question now remains about the demand charges charged to the applicant in the billing month of March, 2007. Arguments of both the parties were, therefore, restricted to the applicant's grievance pertaining to billing month March 2007.

The applicant's representative contended that the applicant is a consumer of MSEDCL having contract demand of 1900 KVA at 33 KV line. The applicant applied for reduction of contract demand from 1900KVA to 950 KVA and sanction of stand-by demand of 4000KVA since he installed a 5MW captive power plant which was to be synchronized with the grid. The reduction of contract demand to 950 KVA and 4000KVA stand by demand were sanctioned vide MSEDCL's letter No. 1768 dated 09.03.2007. The stand by supply was released on 09.03.2007 after the applicant paid the amount as per the demand note raised by MSEDCL. The MSEDCL sanctioned reduction in contract demand from 1900KVA to 950 KVA w.e.f. billing month of March, 2007 vide letter no. 1966 dated 21.03.2007. A new meter was installed by the non-applicant for assessing revised contract demand and additional demand on 14.03.2007. The second reading of energy consumption for March,2007 was taken on 21.03.2007. MSEDCL issued energy bill for the month of March, 2007 in which demand charges + CPP charges were charged as Rs. 266900/-. Additional charge of CPP connectivity against MD recorded of 4572 KVA was charged @ of Rs. 350/- per KVA amounting to Rs.16,00,200/- The applicant protested this energy bill vide letter dated 19.04.2007. The applicant said that the new meter for stand by load sanction was installed on 14.03.2007 and

the meter reading for the month of March 2007 was taken on 21.03.2007. The demand recorded by the new meter was 4572 KVA but it was for 7 days only and not for whole month for March 2007. The MSEDCL charged the billing demand for the whole month. The applicant requested the non-applicant to issue a fresh bill considering demand charges for 7 days only.

The applicant's representative has relied upon the MERC's order passed on 08.09.2006 in case no. 55 and 56/2003 in relation to captive power policy decided by the Commission. According to him, the Commission has addressed the issue relating to reduction in contract demand and rate for additional stand by component as elaborated below.

“ Issue No 2 : Reduction in contract demand of a CPP holder.

Para 1.34 : The CPP holder shall be allowed to reduce his Contract Demand with the Distribution Licensee to the desired level.

Issue No 4 : Additional Demand charges in respect of CPP holder.

Para 1.36 : Applicability of additional demand charges shall be as follows:

The additional demand charges should be charged to only those CPP holders whose captive power plants are synchronized with the grid.

In line with the MERC's Tariff orders, HT consumers having captive generation facilities synchronized with the grid will pay additional demand charges of Rs. 20 per KVA per month only on the stand-by component and only on the quantum, if any, in excess of the consumer's contract demand”.

He has also relied upon the clarificatory order issued by the Commission on 18.05.2007.

The relevant text of the Commission's order relied upon by the applicant's representative is reproduced below:

"Stand-by charges will be levied on such consumers on the stand by component, only if the consumer's demand exceeds the contract demand". Quoting these orders, he assertively stated that MSEDCL should have charged the additional demand charges only on the excess demand recorded over and above the contract demand. The additional demand charges @ Rs.20/- per KVA over and above the contract demand should have been charged by the distribution licensee on prorata basis for 7 days only in the billing month of March, 2007. The energy bill of consumer is for one month and month is defined in the Supply Code Regulations as a period of 30 days or a calendar month. Hence, the demand charges should be for 30 days' period. The additional demand was connected on 14.03.2007 and subsequently reading was taken on 21.03.2007. Hence, the stand by demand and regular billing demand limited to contract demand should have been billed for 7 days only. The old energy meter has recorded a demand of 534 KVA only till 14.03.2007. Thus, demand should be billed for a period of 7 days of February and 14 days of March 2007 totaling to 21 days.

The calculation of total demand charges for March 2007, according to him, is as under:

- A) Charges for 534 KVA demand recorded till 14.03.2007=  
 $534 \text{ KVA} \times \text{Rs. } 350 \times 21/30 = \text{Rs. } 1,30,830/-$

- B) Charges for regular billing demand limited to contract demand of 950 KVA for 7 days.=

$$950 \text{ KVA} \times \text{Rs. } 350 \times 7/30 = \text{Rs. } 77,583/-$$

- C) Charges for additional demand (stand-by demand over and above contract demand for 7 days (demand recorded by meter of 4572 KVA)

$$=(4572 - 950) \times 370 \times 7/30 = \text{Rs. } 3,12,699)$$

Total demand charges to be charged in March 2007, according to him, thus comes to A + B+C = Rs. 5,21,112/- As against this, MSEDCL has charged an amount of Rs.2,66,900 + Rs. 16,00,200/- = Rs. 18,67,100/-.

He added that the MSEDCL has charged excess amount of Rs.13,45,988/- in the month of March, 2007. He stressed that this amount should be refunded to the applicant alongwith interest as per section 62(6) of the Electricity Act, 2003.

The non-applicant has submitted his parawise report dated 06.08.2007 which is which record. He has submitted in the report as well as in his oral submissions that, according to his revised calculations, the total recoverable amount from the applicant for the billing month of March, 2007 towards demand charges comes to Rs. 16,80,200/- and not Rs. 18,67,100/- The details of calculation about demand charges already charged in the bill for the month of March 2007 are explained as below :

- a) Recorded demand 4572 KVA
- b) Demand charges @ Rs.350 per KVA

- c) Demand charges for the recorded demand (i) standby demand 4000KVA; Amount Rs.16,00,200/- (ii) standby demand charges @ 20/- per KVA Amount Rs.80,000.
- d) Demand charges wrongly charged for 534 KVA on recorded demand on 14.03.2007 = 534 KVA @ Rs. 350/- per KVA; Amount Rs. 1,86,900/-
- e) Total demand charges = Rs.18,67,100/- In the parawise report, the non-applicant has admitted that amount of Rs.1,86,900/- referred to at (d) above was wrongly charged to the consumer. According to him, an amount of Rs.16,80,200/- only is now recoverable from the applicant for the billing month of March 2007 towards demand charges.

While justifying this recovery, the non-applicant has stated that the consumer had applied for reduction of contract demand from 1900 KVA to 950 KVA. This request was considered and accordingly sanction was communicated to him vide his letter dated 21.03.2007. In this letter, it was clearly mentioned that the reduction effect was from billing month of March, 2007. During the month of March 2007, the recorded demand of the applicant was 4572 KVA and accordingly, the consumer was rightly charged for this recorded demand. According to him, question of charging the applicant on pro-data basis, therefore, did not arise.

He added that the additional stand by charges have been charged as per letter, being letter no. 4240 dated 09.02.2007 issued by the Chief Engineer (Commercial) at Mumbai. Additional demand charges were charged on the stand-by component of 4000 KVA at the rate of Rs. 20/- per KVA.



He lastly prayed that there is no substance in the applicant's grievance.

In reply to the non-applicant's parawise report, a rejoinder was submitted by the applicant's representative. He has reiterated in this rejoinder that the applicant had requested that reduction in demand should be effected in the billing month of March 2007 but the actual day of meter reading should be considered for arriving at appropriate demand charges. The calculation submitted by MSEDCL is for complete 30 days' period whereas the applicant has submitted his calculations based on the date of reading and demand recorded. Considering the definition of word "month" made in the Supply Code Regulations, the Commission has decided rates for monthly billing demand based on period of month. Hence, the calculations submitted by the applicant are based on actual use of demand and the same is correct. He prayed that excess amount of Rs. 13,45,988/- be refunded to the applicant along with interest at the Bank rate interest.

The limited issue to be considered and decided by this Forum is about the correctness or otherwise of the demand charges recovered from the applicant by MSEDCL in the billing month of March, 2007.

In the instant case, it is a matter of record that the date of connection to the applicant's Unit is 27.01.2007 and the supply of electricity is continued uninterruptedly throughout till this date. Hence, the energy bill including amount of demand charges for the month of March, 2007 was not the first energy bill. The billing period for demand charges is the calendar month in which reading is recorded irrespective of as to when the meter reading is taken. The billing for

actual consumption of energy, however is for the period intervening between the two respective dates viz. the date of previous of reading and the date of current reading of the meter. The applicant has also been paying demand charges since 27.01.2000 on the above basis and he has never before raised dispute in this regard.

The old record of bills is also verified by this Forum. Scrutiny of some of the bills right from the first bill of February, 2000 (for the period from 27.01.2000 to 28.02.2000) reveals the following information.

	Billing Period	Demand in KVA charged	Rate per KVA Rs.	Demand charges Recovered	Remarks
1 <sup>st</sup> Bill	27.01.2000 to 28.02.2000	1691 KVA	160/-	Rs.3,17,208=28 Charges w.e.f 27.01.2000 including calendar month of February.	Sanctioned Contract Demand of 1500 KVA
2 <sup>nd</sup> Bill	28.02.2000 to 28.03.2000	1643 KVA	160/-	Rs.2,62,880=00 charged for calendar month of March	Sanctioned Contract Demand of 1500 KVA
3 <sup>rd</sup> Bill	28.03.2000 to 26.04.2000	1562 KVA	160/-	Rs.2,49,920=00 charged for calendar month of April	Sanctioned Contract Demand of 1500 KVA
5 <sup>th</sup> Bill	01.06.2000 to 22.06.2000	1268 KVA	280/-	Rs.3,55,040=00 charged for calendar month of June	Sanctioned Contract Demand of 1500 KVA
6 <sup>th</sup> Bill	22.06.2000 to 22.07.2000	1268 KVA	280/-	Rs.3,55,040=00 charged for calendar month of July	Sanctioned Contract Demand of 1500 KVA
Bill of Nov.04	20.10.2004 to 22.11.2004	1636 KVA	330/-	Rs.5,39,880=00 charged for calendar	Sanctioned Contract Demand of

				month November	of	1900 KVA
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The above position confirms that demand charges were recovered in the past for full period of respective calendar months irrespective of the dates on which meter readings were taken and that the applicant also paid them ungrudgingly.

The question of charging demand charges on pro-data basis for a fraction of a month generally arises when supply is connected for the first time in the middle of month and it is a matter of first bill. Such is not the case in the present matter. Moreover, the applicant has been regularly paying demand charges as per bills issued since 27.01.2007 on the basis of calendar month.

Change of a meter as is applicable in the present case for a valid reason does not constitute a break in supply. In the present case, new meter was installed on 14.03.2007 since standby demand of 4000 KVA was actually commissioned on this date after checking by Testing Division as per SE's order dated 9<sup>th</sup> March, 2007 along with reduction of applicant's contract demand from 1900 KVA to 950 KVA. It was necessary to install a special import / export TOD energy meter having continuous communication facility for the grid as rightly stated by the non-applicant. This is, indeed, a valid reason for change of meter. Demand charges are levied on monthly rate of say Rs. "A" for recorded demand say of "B" KVA. Then the charges for the month work out to be Rs. A x B. Hence, the demand charges for calendar month of March, 2007 will be for 2 segments of periods, the first one being from 01.03.2007 to 14.03.2007 (i.e. 13 days) and the second one being from 14.07.2007 to 31.07.2007 (ie.17 days). This is irrespective of the fact

that the meter reading was recorded on 21.03.2007 as per practice in vogue. Hence, while the actual energy consumption charges in the present matter would be from 20.02.2007 to 21.03.2007 as per the respective dates of previous and current reading of the meters in question, the demand charges shall be applicable for the full calendar month of March 2007.

In view of above position, the applicant's billing towards demand charges should have been done as under by the non-applicant.

1) For the period from 01.03.2007 to 14.03.2007 for 13 days, the demand charges would be as under.:

1) M.D. recorded of 534 KVA as on 14.03.2007

534 KVA x Rs. 350 Per KVA x 13 days = Rs. 80,990/- (A)

30 days

2) The demand charges for second segment of 17 days from 14.03.2007 to 31.03.2007 would be as under.:

M.D. of 4572 KVA recorded as on 21.03.2007

4572 KVA x 350 Per KVA x 17 days = Rs.9,06,780/- (B)

30 days

In addition, the applicant will have to pay demand charges for the stand by component of 4000 KVA on pro-data basis for a period of 17 days from 14.03.2007 to 31.03.2007 @ Rs.20 Per KVA.

This is so because the applicant has exceeded his contract demand of 950 KVA in the month of March 2007. Hence, standby charges will be levied on him on the standby component limited to 17 days period. Hence, the additional demand charges for stand by demand component will be as under.:-

(iii) 4000 KVA x Rs.20 Per KVA x 17 days =Rs.45,333 (C)

30 days

The additional demand charges as worked out above for the standby component are quite in tune with the MERC's order dated 18.05.2007 vide page no. 221 thereof.

Hence, the total demand charges for the calendar month of March, 2007 would be= A+B+C= Total Rs.10,33,103/-.

As against this, the non-applicant has charged an amount of Rs.18,67,100/- in the energy bill dated 11.04.2007. Hence, it is obvious that excess amount of Rs.8,33,997/- has been charged by the non-applicant erroneously towards demand charges for the billing month of March 2007. The non-applicant has to refund this amount to the applicant alongwith interest.

As per claim of the applicant's representative, this excess amount is Rs.13,45,988/- while the non-applicant, on his part, has stated in his parawise report that an amount of Rs.1,86,900/- wrongly charged towards demand charges for the month of March, 2007 shall be refunded to the applicant.

This Forum observes that both these claims are not correct.

In view of above position, we direct the non-applicant to refund the excess amount of Rs.8,33,997/- to the applicant alongwith interest at Bank rate as per Section 62 (6) of the Electricity Act, 2003.

This should be done by the non-applicant on or before 30.09.2007.

The applicant's grievance application is thus partly allowed & it stands disposed off accordingly.

The non-applicant shall report compliance of this order to this Forum on or before 05.10.2007.

Sd/-	Sd/-	Sd/-
<b>(S.J. Bhargawa)</b>	<b>(Smt. Gauri Chandrayan)</b>	<b>(S.D. Jahagirdar)</b>
Member-Secretary	MEMBER	CHAIRMAN

**CONSUMER GRIEVANCE REDRESSAL FORUM**  
**MAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO LTD's**  
NAGPUR URBAN ZONE, NAGPUR.

Member-Secretary  
Consumer Grievance Redressal Forum,  
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