MAHAVITARAN
Maharashtra State Electricity Distribution Co. Ltd.
(A Govt. of Maharashtra Undertaking)
CIN: U40109MH2005SGC153645

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Ref: CE (B&A)/MOU DF/Circular/ No 35927 **Date:** 21 OCT 2026

To
The Superintending Engineer,
MSEDCL,
All O&M Circles

Sub: Guidelines regarding revisions in agreement of MoU route Distribution Franchisee Agreement (Revision IV, 2026).

Ref:

1. Board Resolution No. 3127 dt.29.06.2026
2. MERC order in case of 62 of 2009 dt. 24.05.2010, in case no. 75 of 2007 dt. 01.06.2010
3. APTEL's order in Appeal No.155 of 2010 and 156 of 2010 dt. 11.07.2011
4. Letter PR-3/COS/DF/27922 dt.16.09.2011
5. Commercial circular no. 219 dt.28.02.2014
6. ED(Dist-II)/LT-Conn sanction/26331 dt.18.09.2019
7. Letter PR-3/COS/DFMoU/18902 dt.03.08.2018
8. ON/SEDF/22 dt.18.02.2019
9. Letter CE/Comm/Tariff/No.17759 dt.26.06.2019
10. ED(Dist-II)/Guidelines/NonSoP/25388 dt.11.09.2019
11. Letter CE(Dist)/M-I/Bus duct/6659 dt.19.03.2021
12. Letter PR-3/COS/DF/22039 dt.24.08.2022

BACKGROUND

As per directives of MERC in their orders in case No. 62 of 2009 and 75 of 2007, Corporate office finalized the modality for the Franchisee route for availing Single Point Supply in respect of Commercial complexes, SEZ, IT Parks, Urban Township, Rural Scattered areas etc. for those developers who have fully developed Electrical Infrastructure. Accordingly, at present 34 nos. of Distribution Franchisee through MoU route are operational.

Due to some stringent conditions in existing MoU route agreement, certain DFMoU's were facing difficulties in operating and started surrendering. Further, various suggestions were received so as to make MoU route agreement commercially viable.

In continuation with Directives/Guidelines given vide Board Resolution/Circulars/letters under reference, the guidelines regarding approval for Distribution Franchisee through MoU route Agreement (Revision IV), 2026 are as follows:

1) **Eligibility and Minimum load requirement-**

HT Connection with Sanction demand above 2 MVA excluding Open Access demand with minimum utilization of 1 MVA excluding Open access demand shall be eligible.

2) **Billing methodology-**

i) Measurement and computation of Input Energy, Energy Sale and Collection Efficiency should be carried out accurately based on verified meter readings and measuring equipment's like CT, PT etc.

ii) Receivables from DFMoU on monthly basis

The Receivables from DFMoU shall be levied to Principle Consumer as Supplementary Invoice.

a) "Differential Consumption" excluding open access consumption shall be levied by applying ABR of respective DFMoU(refer Annexure).

Differential consumption = (total injection units - total sale excluding open access units).

b) "Obligated demand" shall be applied when recorded demand excluding Open access demand is below 1 MVA and shall be levied at the rate of HT commercial. Breathing period of initial 1 year shall be provided to DFMoU, wherein no penalty shall be levied in non-observance of "Obligated demand".

c) "Charges for non-achieving 100% collection efficiency" shall be applicable as mentioned in Table 1 below-

TABLE 1

Range of Collection efficiency	Charges for non-achieving 100% collection Efficiency
95% to less than 98%	0.1% of monthly revenue
90% to less than 95%	0.2% of monthly revenue
85% to less than 90%	0.3% of monthly revenue
80% to less than 85%	0.4% of monthly revenue
Below 80%	0.5% of monthly revenue

iii) Payables to DFMoU (Reimbursement charges) on monthly basis

a) Part A - Criteria for Reimbursement charges for Operation and Maintenance shall be paid on monthly basis as under –

TABLE 2

Particulars of D.F. Area	Reimbursement Charges against 100% collection ,zero arrears and outstanding dues **(Normative revenue)**	Maximum Ceiling limit for Reimbursement Charges (Rs. in Lakhs)
(a)	(b)	(c)
1. Rural /Hilly area having scattered Network	Normative Revenue= (3% of all LT)+(0.5% of HT)	3.00
2. a) Multiple Building -IT Park, SEZ	Normative Revenue= (1% of all LT) + (0.5% of HT)	1.00
2. b) Single Building - IT Park, SEZ		0.50
3. a) Urban Township area - Having more than 250 acres of area under DF MoU and Connected Load of more than 50MW	Normative Revenue= (3% of all LT) + (0.5% of HT)	2.50
b) Urban Township area - Not included in Category 03 (a) above		2.00
4. Others such as Malls, Commercial/ Residential Complexes, Small Colonies, etc.	Normative Revenue= (1% of all LT) + (0.5% of HT)	1.00

Note: 1) Normative revenue = Demand charges + Energy charges+ Wheeling charges+ TOD charges.

2) Normative revenue shall be considered for only MSEDCL's consumption mentioned in Open Access Bill.

3) Normative revenue collected shall exclude "Demand charges" for the month in which monthly recorded Maximum Demand (MD) at the DF MoU Injection point metering is less than 1 MVA.

b) Part B- Criteria for Reimbursement charges for consumer services shall be paid on monthly basis are as follows

i) Criteria for Consumer services such as meter reading, bill printing, bill distribution, bill collection shall be as per MSEDCL's prevailing Scheduled rates.

Note: It will be mandatory to install Smart meters to New connections and replace all existing meters with Smart meters other than dual source meter provided by MSEDCL within one month and no physical bill shall be issued thereafter from the issue of Circular/Amendment. No new DFMoU shall be permitted without installation of Smart Meters for all applicable metering points within the DFMoU area. Dual Source Meters shall be exempted from the requirement of Smart Meter installation, subject to MSEDCL's prevailing specifications and approval.

ii) HT readings should be received through AMR only and Smart meters should be read through Auto mode only.

iii) Reimbursement Charges for Consumer Services (meter reading, bill printing and bill distribution) shall not be payable to DFMoU after Smart meter installation.

c) (Part A + Part B) <= ceiling limit as mentioned in the Table 2.

d) Yearly 1% Expenditure incurred for Electrical Infrastructure by DFMoU as per MSEDCL's prevailing circular shall be payable by MSEDCL to DFMoU.

e) Reimbursement charges shall be payable as mentioned in above a, b, c and d provided all SoP's are maintained by the DFMoU's.

f) No reimbursement charges shall be payable for the month if 100% Collection Efficiency is not observed on cumulative basis and if any outstanding dues with DFMoU's.

Reconciliation of all Reimbursement charges receivables and payables to DFMoU shall be carried out at the end of every financial year and shall be settled accordingly.

3) **Performance Guarantee**

a) Submission of Performance Guarantee

i) New DFMoU shall furnish Performance Guarantee in the form of eBG at the time of execution of agreement. The Performance Guarantee shall be reviewed subject to revision every year as per formula given below:

New DFMoU- Contract Demand based formula

Performance Guarantee = CD applied*Diversity Factor (0.5)* Number of working hours per day* Working days per month*Energy charge (tariff rate as per Principle consumer).

ii) Operational DFMoU shall submit Performance Guarantee equivalent to 1 month average revenue to MSEDCL before applying for renewal of its agreement.

b) Forfeiture of Performance Guarantee for default by DFMoU

i) In event of default of payment of Supplementary Invoice ("Obligated Demand" + "Differential consumption" + "Charges for non-achieving 100% Collection Efficiency") + any outstanding arrears, MSEDCL shall be entitled to invoke and forfeit the PG after issuing 15 days' notice to DFMoU.

ii) Where the total receivables including arrears, exceed existing Performance Guarantee amount, MSEDCL may permit the DFMoU to continue its operation subject to submission of additional PG equivalent to one month revenue.

4) **At the time of surrender/take over of DFMoU**

MSEDCL shall take Electrical Infrastructure as per MSEDCL's standards along with associated civil structures. The value of such assets shall be determined on the basis of depreciated value of such assets.

5) **Yearly review of Distribution Loss**

Certain DFMoU's falling under category no.1 "Rural/Hilly area having scattered network" and 3(a) & 3(b) "Urban Township" possess significantly higher Connected Load, extensive electricity distribution network with higher capacity of Power/ Distribution Transformers and large number of LT consumers under their Franchisees as compared to other DFMoU categories. Consequently, maintaining the Distribution Loss in such cases becomes challenging.

Accordingly, Distribution Loss of DFMoU will be computed by considering median of initial 3 months Distribution Loss with additional tolerance of 0.5% which shall be certified by SE(O&M) and EE(Testing). The said computation shall be applicable for reviewing Distribution Loss on annual basis of that DFMoU and shall not alter any other terms and conditions of the agreement.

6) **Agreement period**

a) Initial period of DFMoU will be for a period for 3years.

b) Renewal will be 1year or 3 years depending upon performance (Distribution losses, regular payments of supplementary bills, compliance of SoP etc.) of DFMoU.

7) **Infrastructure and Substation Land Registration**

All Electrical Infrastructure, Equipment and materials installed under DFMoU, shall conform to MSEDCL's approved technical specifications and ratings and shall be procured only from MSEDCL's approved vendors/ manufacturers.

As per precondition for Sanction of a new DFMoU, the applicant or developer shall register the land/property for Electrical Substation in the name of MSEDCL in accordance with MSEDCL's prevailing circular.

8) **Amicable Settlement**

The authority for resolving the disputes are as follows:

a) Dispute between consumer in the DFMoU area and DFMoU-

"Nodal officer of concerned circle" i.e Superintending Engineer, O&M of concerned circle.

b) Disputes or differences arising under DFMoU Agreement-

Nodal officer will verify and submit the same to Corporate Office, MSEDCL.

The concerned Director (dealing with the portfolio) and their decision will be final and binding on both parties.

9) **Delegation of Powers for Approval/Renewal/Termination/Cancellation of DF MoU agreement**

Nodal Office shall send such proposal with their recommendations to CE (B&A) along with all necessary details and CE (B&A) will be the Competent Authority for Approval, Renewal ,Termination/Cancellation of DF MoU agreement.

10) **Delegation powers for sanction/ release Load**

To expedite the process with hassle free services for releasing New LT and HT connections within stipulated time, it has been decided to delegate the powers as under

DFMoU user	-	LT consumers upto 50kW
O&M Circle user	-	LT consumers above 50kW to160kW, HT consumers

11) **Renewal of DFMoU Agreement**

All DFMoUs whose Agreements have expired or are due to expire shall execute a new agreement in accordance with the revised DFMoU Guidelines and other applicable terms and conditions prescribed by MSEDCL from time to time. The concerned DFMoU shall submit its application for execution of the revised agreement, 2 months before the expiry of the existing agreement to ensure continuity of operations.

12) **Deemed termination of DFMoU agreement**

Existing DFMoU agreements that have expired shall be deemed to be terminated if renewal process is not initiated within 60 days from the date of issuance of notice to concerned DFMoU's.

All other terms and conditions remain unchanged.

The format of the DFMoU agreement is available on company website www.mahadiscom.in.

Chief Engineer (Billing & Analytics)

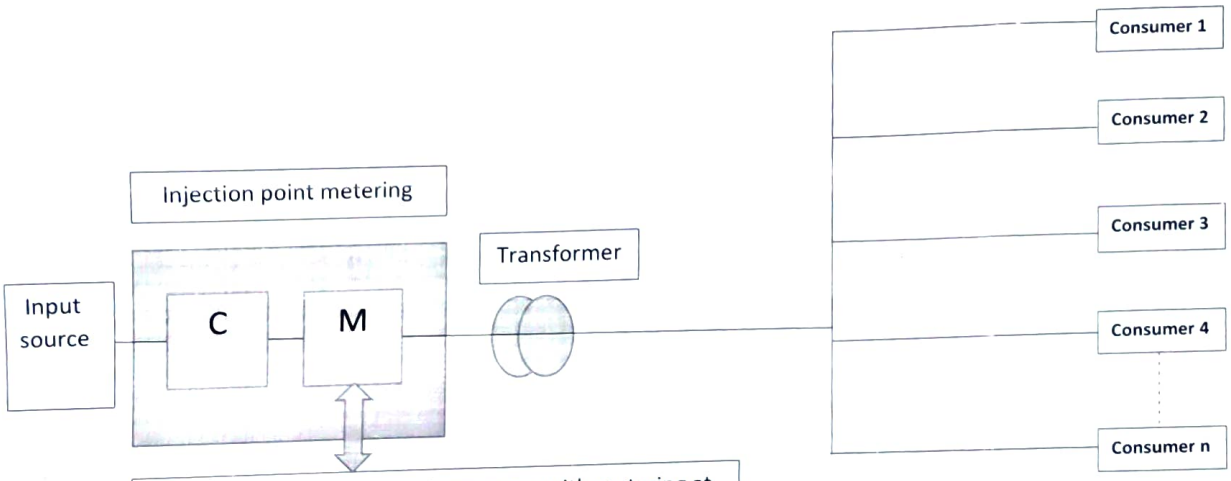
Copy s. w. rs. to:

1) Director (Operation/Commercial/Finance), MSEDCL, Corporate Office, Bandra.
2) Executive Director (Billing), MSEDCL, Corporate Office, Bandra.

Copy s.w.cs. to:

Chief Engineer, MSEDCL, All O&M Zones.

ANNEXURE - NEW DF MODEL (MOU ROUTE)



Principle consumer is virtual consumer with metering at Injection point/s in the name of DFMoU defined by DFMoU on which Supplementary Invoice for Differential units, Obligated demand and Non achieving of 100% Collection shall be levied.

Ex.:	A) Consumption at Injection meter	= 1000units
	B) Sale units of consumers	= 600units
	C) Sale units of Open access consumers	= 250units
	D) Differential consumption	= 1000-600-250= 150units