

Ref. No.: SE/TRC/R-45/ 27667

Date: 27/11/2018

To,

The Secretary (Power),  
Ministry of Power,  
Government of India,  
Shram Shakti Bhavan, Rafi Marg,  
New Delhi.

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**Subject:** Proposed amendment to Electricity Act 2003 – submission of additional comments thereof.

**Reference:**

1. MoP Letter No. 42/6/2011 – R&R (Vol VIII), dated 07.09.2018
2. MoP Letter No. 42/6/2011 – R&R (Vol VIII), dated 23.10.2018
3. MSEDCL Letter No. SE/TRC/EA2003/No.20473, dated 05.11.2018

Sir,

Vide letter under reference (1), comments have been invited by Ministry of Power (MoP) on the proposed amendments on Electricity Act, 2003. MoP, vide its letter under reference (2), extended the last date for submission of comments to 5<sup>th</sup> November, 2018. Accordingly, MSEDCL submitted its comments vide its letter under reference (3).

In this regards, it is to submit that considering certain concerns, MSEDCL is submitting its additional comments as annexed with this letter. Amongst all comments included in the annexure, MSEDCL would like to emphasize on following issues:

- Before granting a multiple distribution or supply license, the respective Commission needs to consider the concerns of incumbent supply/ distribution licensee. The Commission shall discuss, frame and resolve the issues pertaining to cherry-picking of consumers and cross-subsidy involved in the tariff, otherwise it would push distribution sector and incumbent companies into financial turmoil. Specifically, it may result in cancellation of existing PPAs as force majeure as most of incumbent licensees have already tied up their entire power needs based on present geography and consumer base.
- In Section 42(2), it is indicated that the licensee has to tie up long term / medium term PPA's to meet annual average demand of power of the area which it has obligation to

serve. In an area it is envisaged that there would be multiple distribution/supply licensees. If the average annual power demand of an area is say 2000 MW, each licensee to have 2000 MW long/medium term PPAs is impossible and absolutely not required. There must be some mistake as it cannot be envisaged that all suppliers have PPAs for entire need of all consumers and pay fixed cost when they will, at best, make use of part of such capacity always. Act should not force to have long term PPAs when there is so much uncertainty of consumers becoming producers, RE suppliers without license, and consumers being allowed to switch suppliers. Power sector would then be required to run without long term or medium term PPAs. Hence the clause Part-VI, Section-42(2) is not workable.

- Further, clarity on duties of distribution and supply licensees regarding who will bear technical losses & theft and responsible for consumer metering.

It is requested that MSEDCL's additional comments as per the Annexure attached may also be taken on record in addition to its earlier submitted comments and considered while finalization of the Proposed Amendment to Electricity Act, 2003.

Encl: As above

Yours Sincerely,

  
(Satish Chavan)

Director (Commercial)

Copy s.w.r.to:

The Principal Secretary (Energy), Industries, Energy and Labour Department, Government of Maharashtra, Mantralaya, Mumbai – 400 032.

## ANNEXURE

### Additional Comments on Electricity Act Amendment Bill 2018

Clause No.	Proposed Amendment	Additional Comments
<b>Section 2 (8)</b>	(8) "Captive generating plant" means a power plant set up by any person to generate electricity <b>primarily</b> for his own use and includes a power plant set up by any co-operative society or association of persons for generating electricity <b>primarily</b> for use of members of such co-operative society or association <b>subject to such other conditions as may be prescribed by the Central Government from time to time;</b>	<p>The captive power plant has to be conceived / conceptualized for self-use i.e. owners must be the power consumers. However, it has been observed that by taking advantage in the provisions in Electricity Rules 2005, IPPs have been converted to CPPs and the majority shareholders (74%) avail the financial benefits of group captive structures without consuming any power. This was not the intent of the Electricity Act, 2003.</p> <p>Hence, the word "Primarily" needs to be replaced by "entirely" to maintain spirit of the Act.</p>
Section 2 (57C)	<b>(57C) "Renewable Purchase Obligation" means such minimum percentage of the purchase of electricity from Renewable Energy Sources to be procured by every obligated entity in a manner as may be prescribed by the Central Government from time to time;</b>	<p>While stipulating RPO trajectory state level inputs should be considered.</p> <p>RE potential in state and impact on retail tariff due to high cost RE procurement needs critical analysis.</p> <p>Hence SERC may be empowered to determine RPO.</p>
<b>Part-IV, Section 14</b>	<b>Provided also that Railways as defined under the Indian Railways Act 1989 and Metro Rail Corporation established under the Metro Railways (Operation and Maintenance) Act, 2002, Mono rail and such other transport or other entities as may be notified</b>	<p>Ideally Railway is an entity that buys power for self-consumption and not involved in any retail sale. Hence, it is necessary that the railway/mono/metro shall be treated as captive consumers. In view of this, it is proposed to delete this clause. If it is to be treated like a licensee, then all disciplines of licensee that is ARR,</p>

Clause No.	Proposed Amendment	Additional Comments
	by the Central Government, from time to time, shall be deemed to be a licensee under this Act, and shall not be required to obtain a licence under this Act:	pool participant, regulation of power purchase and transparency, etc., should be enforced.
<b>Part-IV, Section 14</b>	Provided that where a person intends to generate and supply electricity from Renewable Energy Sources, such person shall not require any licence for such generation and supply of electricity, but he shall comply with the measures which may be specified by the Authority under section 53 and 73:	<p>RE sources should not be allowed to be a supply licensee.</p> <p>As the Renewable power is intermittent in nature, such generators will not be able to fulfill the demand of consumers and the uncertainties will fall back on grid. Hence this will lead to unscheduled drawl and deviation from grid discipline and would hurt the licensees and its consumers.</p> <p>Also it is not clear how the deviation by such generators will be handled?</p> <p>In view of this the said provision is not supported.</p>
<b>Part-IV, Section 14</b>	Provided also that in a case where a distribution licensee or a supply licensee proposes to undertake distribution or supply of electricity for a specified area within his area of distribution or supply through a franchisee, the franchisee shall not be required to obtain any separate licence from the Appropriate Commission however agreements including terms and condition for appointment of franchisee shall be approved by the Appropriate Commission and distribution licensee or a supply licensee shall be held	<p>There is no need to have franchisee agreements being approved by Commission, as franchisee agreements are legal contract of the Licensee and there is no reason to create it as a regulated entity, more so when the Electricity Act amendment is envisaging multiple licensees/suppliers.</p> <p>There are cases in which Franchisees are operating as per the provisions of existing Act. These appointed franchisee agreements should not get affected if at all GOI wants to amend the Electricity Act to provide these features to franchisee, though we oppose these new provisions/ amended provisions.</p>

Clause No.	Proposed Amendment	Additional Comments
	responsible for non-compliance of any provision of the law or Rules or Regulations by the franchisee;	
<b>Part-IV, Section 15(5)</b>	(5) Before granting a licence under section 14, the Appropriate Commission shall -  (a) publish a notice in two such daily newspapers, as that Commission may consider necessary, stating the name and address of the person to whom it proposes to issue the licence;  (b) consider all suggestions or objections and the recommendations, if any, of the Central Transmission Utility or State Transmission Utility, as the case may be.	Before granting a multiple distribution or supply license, the respective Commission needs to consider the concerns of incumbent supply/ distribution licensee. The Commission shall discuss, frame and resolve the issues pertaining to cherry-picking of consumers and cross-subsidy involved in the tariff, otherwise it would push distribution sector and incumbent companies into financial turmoil and it may result in cancellation of existing PPAs as force majeure as most of incumbent licensees have already tied up their entire power needs based on present geography and consumer base.
<b>Part-V, Section- 29(6)</b>	Compliance of directions:  (6) If any <b>generating company or</b> licensee, <del>generating company</del> or any other person fails to comply with the directions issued under sub-section (2) or sub-section (3), he shall be liable to a penalty not exceeding rupees <del>fifteen lacs</del> <b>one crore</b> .  <b>Provided that in case of non-compliance of the directions issued under sub-section(2) or sub-section (3), by a generating company for generating renewable energy, such generating company shall be</b>	The proposed penalty limit in case of non-compliance with RLDC's or SLDC's directions has been increased from Rs. 15 Lacs to Rs. 1 Crore  A distribution utility faces several difficulties at ground level and at many instances the non-compliance of the directions is due to the reasons beyond the control of utility. Thus, levying such high penalty would be detrimental to the financial health of discom.  Thus, the penalty should be retained to Rs. Fifteen lacs.  Also, there is no justification for less penalty for the RE generators as RE is now cheaper – even cheaper than variable

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	liable to a penalty not exceeding rupees fifty lacs.	cost of thermal. Hence the penalty for RE generators shall also be same.
Part-V, Section-39 2(d)(ii)	<p>(ii) any consumer as and when such open access is provided by the State Commission under sub-section (2) of section 42, on payment of the transmission charges and a surcharge thereon, as may be specified by the State Commission:</p> <p><del>Provided that such surcharge shall be utilised for the purpose of meeting the requirement of current level cross-subsidy:</del></p> <p><del>Provided further that such surcharge and cross subsidies shall be progressively reduced in the manner as may be specified by the State Commission:</del></p> <p><del>Provided also that the manner of payment and utilisation of the surcharge shall be specified by the State Commission:</del></p> <p><del>Provided also that such surcharge shall not be leviable in case open access is provided to a person who has established a captive generating plant for carrying the electricity to the destination of his own use.</del></p>	<p>Typographical Error,</p> <p>“sub section 2 of section 42” should be <b>“sub section 6 of section 42”</b></p> <p>Also, the Cross Subsidy Surcharge and Additional Surcharge shall be payable by all Open Access consumers to Distribution Licensee as per sub-section 6 of 42.</p>

Clause No.	Proposed Amendment	Additional Comments
<b>Part-VI</b>	DISTRIBUTION AND SUPPLY OF ELECTRICITY	
<b>Part-VI, Section-42(2)</b>	(2) The distribution licensee or supply licensee, as the case may be, shall tie up long term/medium term power purchase agreements to meet the annual average demand of power of the area which it has the obligation to serve.	In an area it is envisaged that there would be multiple distribution/supply licensees. If the average annual power demand of an area is say 2000 MW, each licensee to have 2000 MW long/medium term PPAs is impossible and absolutely not required. There must be some mistake as it cannot be envisaged that all suppliers have PPAs for entire need of all consumers and pay fixed cost when they will, at best, make use part of such capacity always. Act should not force to have long term PPAs when there is so much uncertainty of consumers becoming producers, RE suppliers without license, and consumers allowing to switch supplier. Power sector would then be required to run without long term or medium term PPAs. Hence this clause is just not workable.
<b>Part-VI, Section-42(4)</b>	(4) The Appropriate Commission shall carry out a review every two years and assess whether (a) the Distribution/Supply Company has tied up adequate sources of supply through long/medium term PPAs to meet the annual average demand of the area it is required to serve, (b) that it is maintaining the distribution system in good order in order to ensure reliable 24 X 7 supply (c) that the complaints of the	The review of sub-clause (a) is not required in view of the above comments.  It is also suggested that it is necessary to spell out explicitly the responsibility of for maintaining Distribution network is with Distribution Licensee.

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	<p>consumers are promptly addressed and in case of persistent shortfall in the above, the Commission may:</p> <p>(i) require that remedial action be taken within a specified time frame failing which</p> <p>(ii) suspend the license under Section 24;</p> <p>(iii) revoke the license under Section 19 and take further action mandated by law.</p> <p>Provided that, the State Government may transfer, and vest any property, interest in property, rights and liabilities connected with, and personnel involved in supply of electricity of such Distribution Utility, to a company or companies to be incorporated or registered under the Companies Act, 2013 to function as a supply licensee, through a transfer scheme to be effected in the manner specified under Part XIII and such company or companies shall be deemed to be supply licensees under this Act.</p>	
<p><b>Part-VI, Section- 42(6)</b></p>	<p><b>(6)</b> The State Commission shall facilitate open access subject to such conditions, as may be specified by it:</p> <p>Provided that such open access shall be allowed on</p>	<p>Open Access should be allowed only if the consumer is not maintaining any demand with the licensee</p> <p>Restricting Surcharge to 20% of wheeling charges is not correct</p>



Clause No.	Proposed Amendment	Additional Comments
	<p>payment of wheeling charges and a surcharge thereon as may be determined by the State Commission; provided that the surcharge shall not be more than twenty percent of the wheeling charges.</p> <p>Provided also that such surcharge shall be progressively reduced and eliminated in two years in the manner as may be specified by the State Commission.</p> <p><del>Provided further that such surcharge shall be utilised to meet the requirements of current level of cross subsidy within the area of supply of the distribution licensee:</del></p> <p>Provided also that such surcharge shall not be leviable in case open access is provided to a person who has established a captive generating plant for carrying the electricity to the destination of his own use.</p>	<p>as it does not reflect the actual cross subsidy levels within the category and would lead to under recovery of cross subsidy which will result into multifold increase in the tariff of subsidised consumers like residential and Ag. We cannot understand why it should be related to wheeling charges if its name is cross subsidy surcharge. CSS has no correlation with wheeling charge. If GOI wants to reduce CSS drastically, it can better abolish CSS instead of keeping CSS in the Act and relating it to unrelated aspect of distribution.</p> <p>The computation of impact of restricting cross-subsidy to 20% and subsequently eliminating it is shown in the <b>Appendix</b>.</p> <p>When, tariffs are equal to ACoS, Cross Subsidy will automatically be eliminated.</p> <p>Hence, Proviso 3 should be retained.</p>
<p><b>Part-VI, Section- 42(4)</b></p>	<p><del>(4) Where the State Commission permits a consumer or class of consumers to receive supply of electricity from a person other than the distribution licensee of his area of supply, such consumer shall be liable to pay an additional surcharge on the charges of wheeling, as may be specified by the State</del></p>	<p>This provision will kill existing distribution companies saddled with PPAs. Existing distribution companies would have to cancel existing PPAs citing force majeure &amp; change in law as they can not continue to have extra PPAs when their consumers are being alienated by new supply licensee. So existing PPAs' responsibility would have to be taken by State Govt. or Central Govt. along-</p>

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	<p>Commission, to meet the fixed cost of such distribution licensee arising out of his obligation to supply.</p>	<p>with cross subsidized consumers. Govt.</p> <p>If this stranded cost is not recovered through Additional surcharge then this cost would be passed on to the consumers for no fault of theirs and tariff of consumers of existing distribution licensee would rise significantly and further push their alienation to new licensees and would result into demise of existing companies.</p> <p>In view of the same, Additional Surcharge should be retained as such to recover the cost of stranded power.</p>
<p><b>Part-VI, Section- 43(1)</b></p>	<p>Duty to <b>distribute and</b> supply on request:</p> <p>(1) Save as otherwise provided in this Act, every distribution licensee or <b>supply licensee, as the case may be</b>, shall, on an application by the owner or occupier of any premises, give connection <b>or</b> supply of electricity to such premises, within <del>one month</del> <b>seven days</b> after receipt of the application requiring such <b>connection or</b> supply, <b>as the case may be</b>:</p> <p>Provided that where such <b>supply connectivity</b> requires extension of distribution mains, or commissioning of new sub-stations, the distribution licensee shall <b>enable</b> supply <b>of</b> the electricity to such premises immediately after such extension or</p>	<ol style="list-style-type: none"> <li>1. Giving a connection and supply of electricity are two different distinct works. The application ought to be made to supply Licensee and supply Licensee is required to co-ordinate with Distribution Licensee for connection purpose.</li> <li>2. Distribution Licensee cannot provide the Connection without identification of source of supply or Supply Licensee.</li> <li>3. In view of the above practical difficulties, the time period for providing the connection/ supply should be determined by the Appropriate Commission.</li> <li>4. Responsibility for complying universal supply obligation is not clearly specified.</li> <li>5. Functions of Distribution and supply Licensee shall be</li> </ol>

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	<p>commissioning or within such period as may be specified by the Appropriate Commission.</p> <p><del>Provided further that in case of a village or hamlet or area wherein no provision for supply of electricity exists, the Appropriate Commission may extend the said period as it may consider necessary for electrification of such village or hamlet or area.</del></p> <p>Explanation.--For the purposes of this sub-section, "application" means the application complete in all respects in the appropriate form, as required by the licensee, along with documents showing payment of necessary charges and other compliances</p>	<p>explicitly spelt out in Bill itself.</p> <p>6. Whether Distribution Licensee would mean owner of wire and also supply licensee means composite license or existing distribution licensee would have to take supply license also.</p> <p>7. Who would be responsible for theft, losses, metering of consumers – wire licensee or supply licensee.</p>
<p><b>Part-VI,</b> <b>Section-45</b> <b>2(a)</b></p>	<p><del>(2) The charges for electricity supplied by a distribution licensee shall be –</del></p> <p><del>(a) fixed in accordance with the methods and the principles as may be specified by the concerned State Commission;</del></p> <p>(2) The charges for <b>connection or supply of</b> electricity supplied by a distribution licensee shall be –</p> <p>a) <del>fixed</del> <b>recovered</b> in accordance with the methods and the principles as may be specified by the concerned State Commission;</p>	<p>Does this mean that tariff for each distribution licensee will be determined separately whereas for supply licensee only ceiling tariff will be decided? This seems discriminatory. Also each supply Licensee will have different consumer mix and cross subsidy requirement.</p>

Clause No.	Proposed Amendment	Additional Comments
	<p>b) published in such manner so as to give adequate publicity for such charges and prices.</p> <p>Provided that the State Commission shall determine the ceiling tariff only for the electricity supplied by the supply licensee(s) from the date of implementation of the Transfer Scheme.</p>	
<p><b>Part-VI, Section-49</b></p>	<p><del>Where the Appropriate Commission has allowed open access to certain consumers under section 42, such consumers notwithstanding the provisions contained in clause (d) of subsection(1) of section 62, may enter into an agreement with any person for supply or purchase of electricity on such terms and conditions (including tariff) as may be agreed upon by them.</del></p> <p>(1) All sale/purchase of power shall be through Long Term/Medium Term/Short Term Power Purchase Agreements, the format for which shall be laid down by the Authority, with the approval of Central Government.</p> <p>(2) No PPA shall be cancelled except with the approval of the Appropriate Commission.</p>	<p>If power is not required by incumbent licensee because of alienation of consumers, PPAs shall have to be cancelled without any approval. Incumbent Distribution Licensee cannot be saddled with their PPAs.</p> <p>Further, If OA consumer procures electricity from Distribution Licensee would the tariff be determined by Commission or be left to mutual decision as in other case?</p>

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	<p>(3) Violation of PPA will lead to penalties which may be as determined by the Appropriate Commission which may be fines which may extend to <b>Rupees One crore per day</b>, and, in case of licensees may also extend to suspension and cancellation of licence.</p> <p>(4) With effect from the commencement of the Electricity (Amendment) Act, 2018, all consumers having a connected load of 1 Mega Watt and above with the power system, may procure at their option electricity through open access under contractual agreement from any generating company, trading licensee, or from any other source.</p> <p>(5) Notwithstanding anything contained in clause (d) of sub-section (1) of section 62, the consumers mentioned in sub-section (4), may enter into an agreement with any person for supply or purchase of electricity on such terms and conditions (including tariff) as may be agreed upon by them.</p>	
<b>Part-VI, Section-55(2)</b>	(2) For proper accounting and audit in the generation, transmission and distribution or supply or trading of electricity, the Authority may direct the installation of meters by a generating company or	Making smart meter compulsory without any proven Return on Investment (RoI) will push costs of supply. Therefore it should not be made compulsory.

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	<p>licensee at such stages of generation, transmission or distribution <b>or supply</b> or trading of electricity and at such locations of generation, transmission or distribution <b>or supply</b> or trading, as it may deem necessary.</p> <p><b>Provided that smart meters, as specified by the Authority, shall be installed at each stage for proper accounting and measurement for the purpose of metering and consumption from the point of generation up to such consumers who consume more than the quantity of electricity in a month as may be notified by the Central Government.</b></p>	
<p><b>Part-VI, Section- 56(1)</b></p>	<p><b>Disconnection of supply in default of payment:</b></p> <p>Where any person neglects to pay any charge for electricity or any sum other than a charge for electricity due from him to a licensee or the generating company in respect of supply, transmission or distribution or wheeling of electricity to him, the licensee or the generating company may, after giving not less than fifteen clear days' notice, to such person and without prejudice to his rights to recover such charge or other sum by suit, cut off the supply of electricity and for that purpose cut or disconnect any electric supply line or other works</p>	<p>It is required to be clarified in the Amendment Bill itself that Supply Licensee shall be carrying out connection and disconnection.</p>

Clause No.	Proposed Amendment	Additional Comments
	<p>being the property of such licensee or the generating company through which electricity may have been supplied, transmitted, distributed or wheeled and may discontinue the supply until such charge or other sum, together with any expenses incurred by him in cutting off and reconnecting the supply, are paid, but no longer:</p> <p>Provided that the supply of electricity shall not be cut off if such person deposits, under protest, -</p> <p>(a) an amount equal to the sum claimed from him, or</p> <p>(b) the electricity charges due from him for each month calculated on the basis of average charge for electricity paid by him during the preceding six months,</p> <p>whichever is less, pending disposal of any dispute between him and the licensee.</p> <p>Provided further that disconnection of connectivity or supply of electricity, as the case may be, to a consumer due to non-payment of charges or otherwise under the provisions of this Act, shall only be made by the licensee or any other person authorized for installation and maintenance of the</p>	

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	<p>electricity meter;</p> <p>(1A) In case of prepayment meter, the supply shall automatically stop when the quantum of electricity for such payment has been consumed. This shall not amount to disconnection of supply.</p>	
<p><b>Part-VI, Section- 56(2)</b></p>	<p>(2) Notwithstanding anything contained in any other law for the time being in force, no sum due from any consumer, under this section shall be recoverable after the period of two years from the date when such sum became first due unless such sum has been shown continuously as recoverable as arrear of charges for electricity supplied and the licensee shall <del>not</del> <b>has</b> cut off the supply of the electricity</p>	<p>If the supply is cutoff, then where would be the amount shown as recoverable?</p>
<p><b>Part-VI, Section- 57(1)</b></p>	<p>Standards of performance of licensee:</p> <p>(1) The Appropriate Commission may, after consultation with the licensees and persons likely to be affected, specify standards of performance of a licensee or a class of licensees.</p> <p>The said standards of performance shall include, amongst other aspects, the following:</p> <p>(i) that the licensee shall have the obligation to</p>	<p>The response time for rectification of different types of faults shall be specified considering geographical area of supply, network (underground/overhead), <b>access to area</b>, density of consumers etc.</p>



Clause No.	Proposed Amendment	Additional Comments
	<p>supply 24x7 power to its consumers. In case of power cuts other than reasons attributable to distribution or supply licensee as the case may be or technical faults an appropriate penalty, as determined by the SERC under sub-section (3) shall be levied on the Distribution Company and credited to the account of the respective consumers.</p> <p>(ii) The response time for rectification of different types of faults.</p> <p>(iii) The quality of supply and such requirements to make the quality/services as may be specified.</p>	
<b>Part-VII, Section-61(1) (d)</b>	<p>(G) the cross subsidization of tariff of the consumers within the distribution area shall not exceed 20 percent and shall be progressively reduced and eliminated within three years. The Appropriate Commission shall determine the trajectory for reduction of cross subsidization of tariff, among the class of consumers and shall ensure that the reduction in cross subsidy shall be not less than six percent in one year.</p>	<p>Cross Subsidy Surcharge is levied on OA consumers to compensate the loss of current level of cross subsidy. Hence the same shall be linked to Average Cost of Supply (ACoS).</p>
<b>Part-VII, Section-</b>	<p>(2) (a) Notwithstanding anything contained in sub section (1), the tariff determined, after the date of implementation of the transfer scheme, for retail</p>	<p>Distribution Licensee (DL) would also have Standard of Performance and Normative Cost which will come under ARR.</p>

Clause No.	Proposed Amendment	Additional Comments
62(2)(a)	<p>sale of electricity shall be the ceiling tariff for the respective categories of consumers, the supply licensee shall be entitled to charge any consumer category at an amount lesser than the ceiling tariff, subject to sub-section (3) and also, without in any way affecting the obligation of a supply licensee to pay the intermediary company, the transmission licensee, the distribution licensee and generating company, as the case may be.</p> <p>(b) The ceiling tariff shall be determined by the Appropriate Commission on the basis of normative costs and standards of performance as laid down by such Commission.</p>	Why should there be ceiling rate for supply?
Part-VII, Section-62(7)	<p>(7) No tariff or part of any tariff may ordinarily be amended, more frequently than once in any financial year, except in respect of <del>any changes expressly permitted under the terms any fuel surcharge formula</del> fuel and power purchase price adjustment, including surcharge if any, which shall be permitted under the terms of the fuel and power purchase price adjustment formula as may be specified by the Appropriate Commission.</p>	Since the supply business is without Annual Revenue Requirement (ARR), where is question of Tariff setting and passing through tariff?
Part-VII,	(6) A tariff order shall, unless amended or revoked,	Since the supply business is without Annual Revenue

Clause No.	Proposed Amendment	Additional Comments
<b>Section-64(6)</b>	continue to be in force for such period as may be specified in the tariff order <b>accordance with the Tariff Policy.</b>	Requirement (ARR), where is the question of Tariff Order?
<b>Part-VII, Section-66A</b>	<b>Ensuring Performance of the agreements for Sustainable power market:</b>  (1) The agreements for power purchase, etc entered between the licensees or by the licensees and generating Company, once approved by the Appropriate Commission, shall be mandatorily complied with by both parties failing which the Appropriate Commission may levy penalties as deemed appropriate. Any dispute between licensees which may arise may be adjudicated by the Appropriate Commission which shall pass orders in the matter.	If there is no ARR and no tariff setting for Supply Business, then why should Commission bother with PPAs?
<b>Part-X, Section-92(6)</b>	Proceedings of Appropriate Commission  (6) Every proceeding before the Appropriate Commission shall be decided expeditiously. Matters pertaining to pass through in tariff on account of change in law/duties/taxes etc. shall be decided in a maximum of 30 days. The pass through will be applicable from the date of incidence and delayed payment will attract a Delayed Payment Surcharge at	For supply business there is no ARR and no tariff fixing

Clause No.	Proposed Amendment	Additional Comments
	the rate of 18%. All other matters will be disposed off within ninety days and in the event of delay, beyond the said period the Appropriate Commission shall record the reasons for the delay.	

## APPENDIX

As per sub-section 1 (g) to Section 61 of the proposed Amendment, the cross subsidization of tariff of the consumers within the distribution area shall not exceed 20% and shall be progressively reduced & eliminated within 3 years.

The proposed amendment will result into a steep tariff hike for low end domestic and AG consumers. Based on the present tariff structure and Consumer Mix of MSEDCL for FY 18-19, if the cross subsidy is to be limited to 20% of Average Cost of Supply (ACoS), the tariff of AG consumers will see a steep tariff hike otherwise Government of Maharashtra (GoM) subsidy will increase substantially. Considering the AG tariff & subsidy applicable for FY 2017-18 the impact on AG tariff & government subsidy is shown in following table:

Parameters	UoM	Immediate (80% of ACoS)	Within 3 yrs time (100% of ACoS)
Existing Subsidy to AG consumers by GoM (FY 2017-18)	Rs Crs	4870	4870
Additional Subsidy Burden if impact of tariff hike as per proposed provision is borne by GoM	Rs Crs	7064	10997
Total Subsidy burden on GoM as a result of proposed amendment	Rs Crs	11934	15867
Required Tariff Hike for AG consumer (If GoM retains current subsidy) & proposed provision is implemented		2.86 times	3.90 times
If subsidy is totally withdrawn, effective increase in tariff of AG consumers due to proposed amendment		4.14 times	5.18 times