

MAHARASHTRA STATE ELECTRICITY DISTRIBUTION CO. LTD.

(A Govt. of Maharashtra Undertaking)
CIN : U40109MH20005SGC153645
Prakashgad, Plot No.G-9, Bandra (East), Mumbai – 400 051
Website: www.mahadiscom.in

No. CE/Comm/Tariff/MYT20-25/clarification/9530

Date:11.05.2020

COMMERCIAL CIRCULAR NO. 326

Subject: MERC order dated 30.04.2020 in Case No. 79 of 2020 in respect of petition by MSEDCL for seeking clarification on certain issues of the MYT Order dated 30 March 2020 issued under Case No. 322 of 2019.

Reference: 1) MERC Tariff Order dated 30.03.2020 in Case No. 322 of 2019.
2) MERC clarificatory order dated 30.03.2020 in Case No. 79 of 2020.

The MERC vide its Order dated 30/03/2020 has approved the Truing-up of Aggregate Revenue Requirement (ARR) of FY 2017-18 and FY 2018-19, Provisional Truing-up of ARR of FY 2019-20 and Projections of ARR and determination for the 4th Multi Year Tariff Control Period FY 2020-21 to FY 2024-25. Accordingly, the MERC has issued Multi Year Tariff Order dated 30 March 2020 in Case No.322 of 2020. The necessary directives were already issued to the field offices as per Commercial Circular No.323 dated 3 April 2020.

Subsequently, MSEDCL as per Case No. 79 of 2020 has sought clarification from MERC on certain issues of the MYT Order in Case No. 322 of 2019. The MERC as per its order dated 30 April 2020 has issued clarificatory order on following issues;

A. Tariff for Urban Division Consumers

Vide MYT Order in Case No. 322 of 2019 in respect of **Tariff for domestic category** Commission has ruled that,

"8.1.23 During the public hearings, many consumers pointed out the differentiation between Urban and Rural Areas in terms of investment in capex schemes and delays in accruing benefit of higher capitalization scheme in rural areas as compared to urban areas....."

*.....Further, SOP Regulations have recognised the distinction in performance standards for Class-I cities, Urban Areas and Rural Areas. As urban areas get comparatively better quality of supply than that in rural area, they need to pay slightly higher charges than rural area. **Therefore, to start with, the Commission is introducing Additional Fixed Charge of Rs 10 per connection per month to be applicable for LT-Domestic category consumers in Urban Divisions of MSEDCL**" (Emphasis Added)*

MSEDCL has sought clarification on the definition/criteria for Urban and Rural Divisions for levying additional fixed charges and if any Urban Division has one or more Rural Sub-Division or vice versa then what will be the consideration for levying additional fixed charge. In this regard Commission has directed as below:

Commissions directives

In this regard Commission directed to ensure that all the consumers of Urban Division may not be privy to higher investments and as per the principle laid down in the MYT Order it is clarified that instead of all the consumers of urban divisions, only the consumers of those subdivisions serving part of the area of Municipal Corporation, shall be considered for levying additional demand charges as envisaged in MYT Order dated 30 March 2020. Such charges shall be levied on consumers of such sub-division irrespective that such consumer is located within or outside the municipal limits.

B. Feeder based Group Metering/billing for AG consumers

The Commission in MYT Order has ruled on billing of Ag consumers connected on 502 sampled feeders selected by Ag Working Group for its Study as follows:

L] Agriculture Metering and Billing

"8.1.32 As per Section 55 of the EA, 2003, Licensees are required to supply power to all consumers through correct meters. However, after even more than a decade, as many as 15 lakh out of 42 lakh (around 35%) agricultural consumers are being supplied through un-metered connections. Further, even in case of metered consumers, dismal state of metering and billing (compared to utility records, meters are present only 27% of metered AG consumers) has been highlighted by AG Working Group in its Report. Under the circumstance, an interim innovative approach using Feeder input based AG group metering and billing scheme will have to be adopted in future. Such approach can be easily implemented for 502 sample feeders that were selected for the study by AG Working Group constituted by the Commission, since the AMR/MRI feeder meter data and mapping of consumers/DTCs, indexing of AG/Non-AG consumers and framework for technical loss assessment on these feeders is already in place. Further, the billing based on Feeder input-based Group metering scheme for identified 502 sample feeder shall be subject to ceiling of 3000 hours/HP/annum. Any shortfall/excess in billing in terms of 750 hours/HP/quarter shall be adjusted in subsequent quarters subject to ceiling of 3000 hours/HP/annum on fiscal yearly basis."

MSEDCL submitted in the clarificatory petition that in order to implement feeder-based billing, it is required to estimate agriculture sale by deducting technical losses from feeder input. However, there is no clarity on the technical losses in the MYT Order. Further, in the feeder-based billing the AG sales shall be estimated even for unmetered consumers. However, there is no clarity on billing of such unmetered consumers. Therefore, MSEDCL has sought clarification regarding quantum of technical losses to be considered and whether such technical losses should be same for all feeders or feeder wise different technical losses are to be considered. It has also sought clarity on whether unmetered consumer is to be billed on HP tariff or per unit tariff based on feeder consumption.

Commissions directives

In this regard Commission has directed that, till the feeder wise actual technical losses are not available, the Commission allows MSEDCL to use 18% as Technical Loss for implementing feeder input based billing to Agriculture consumer connected on 502 selected feeders. Further, this billing method

(billed for units consumed arrived based on feeder input) will be applicable to all Agriculture Consumers (metered or un-metered) connected on that feeder.

Having, clarified as above, the Commission directs MSEDCL to complete technical loss computation of 502 selected feeders within 3 months and submit the same for approval of the Commission. Further in order to enhance transparency of feeder input based billing, the Commission directs MSEDCL to comply with the following:

- a) Publish AMR data of these selected 502 feeders for previous month on its website by 7th of every month.
- b) Publish on its website daily meter reading of these selected 502 feeder at 0000 hrs on weekly basis on each Monday.
- c) Compute and publish on its website monthly feeder consumption index for each of this selected 502 feeder by 10th of every month.
- d) Based on such feeder consumption index as per tariff order, generate monthly bill to Agricultural consumer connected on that feeder. However, bill should be issued to consumer on quarterly basis showing monthly consumption for three months based on feeder consumption index for respective month.

C. kVAh billing (Billing of Rooftop PV, Multipartite & sub-metered consumers):

The Commission in MYT Order dated 30 March 2020 has allowed kVAh based billing for HT consumers for 1 April 2020, in this regard MSEDCL sought clarity on billing of rooftop net metering consumers, methodology for billing of LT consumers which are part of a multipartite agreement with HT consumers and methodology for billing of sub metered LT consumers to the principal HT consumers.

Commissions directives

The Commission notes that while allowing implementation of kVAh based billing in the MYT Order, the Commission has made following observation and also provided certain guidelines for implementation of kVAh billing as follows:

*"8.10.40 While determining per unit charges in kVAh, the Commission has used category wise PF which could be lower than unity. This makes per unit tariff lower than the tariff which would have been determined in kWh term. **Further, in case of Energy Balance, the utility shall always maintain sale in kWh only. Tax on Sale of Electricity and Electricity duty shall be converted from kVAh to kWh. All the OA transactions will be maintained in kWh sale only, kVAh based sales shall be converted in kWh based on the Power Factor for the month provided in the Energy Bills.**"*

Thus, for energy balancing of the Distribution Licensee and OA transactions (adjustment of energy injected by OA generator and consumed by OA consumer in billing month for arriving at over or under drawal) needs to be maintained in kWh terms only. However, charges to be levied for such OA consumers such as Wheeling Charges, Energy Charges, Transmission Charges, Cross-subsidy

surcharge, additional Surcharge etc are approved in kVAh terms only. Hence, for the purpose of levying such charges to the OA consumer, applicable kWh consumption shall be converted into kVAh by using billing Power Factor for that month.

However, as kVAh billing is allowed only for HT consumers, for removing any doubt, the Commission clarifies that these clarifications will be applicable only to the rooftop installations of HT consumers. The Commission notes that in rooftop installations export or import of energy through banking facility is undertaken in kind i.e. energy banking facility is provided against energy injected into the grid. The Commission has already clarified that all energy balancing for utility (energy procurement from generator and sales to consumers) and OA transaction will be maintained in kWh terms only. Transaction of energy under rooftop installation is similar to these transactions. Hence, the Commission clarifies that for any adjustment in kind such as netting off or settlement of units in rooftop installations of HT consumers the same will be done in terms of „kWh“ and for levying charges on balance units, „kWh“ shall be converted into „kVAh“ by using billing Power Factor for that month.

Regarding clarification sought for HT consumer having multiple LT connections (under Franchisee Agreement) or sub-metering for specific purpose of use different than main HT connection on LT side, the Commission notes that for LT consumers, kWh based billing is continued till Mid-Term Review Order. Hence, LT consumers need to be billed on kWh basis only. Under these circumstances, the Commission clarifies that residual units in kWh after billing LT consumers on kWh basis need to be converted into kVAh by using billing Power Factor for levying charges applicable for HT consumers.

The Commission also clarified about levying Electricity Duty and Tax on Sales of Electricity for HT consumer. The Commission in MYT Order has ruled that such Tax/Duty shall be converted from kVAh to kWh. Intention behind such direction is that if such taxes/duties are applicable in Rs/kWh terms then kVAh consumption in the month needs to be converted into kWh by using billing Power Factor for levying such taxes/duties to HT consumers. However, if such taxes are applicable on billed amount, no such conversion is required.

D. Bulk consumption rebate

Commission has introduced the “Bulk Consumption” rebate in a reverse telescopic manner for HT-Industrial consumers. However, there is no clarity on applicability of such rebate to partial open access consumers.

Commissions Clarification and directives

The Commission has introduced Bulk Consumption Rebate for consumer consuming above 1 lakh units in a month. In the opinion of the Commission, if partial OA consumer consumes more than 1 lakh units from MSEDCL, it should also be eligible for such rebate. Hence, the Commission clarifies that partial OA consumers shall also be eligible for Bulk Consumption Rebate to the extent of electricity consumption from MSEDCL.

E. kVAh billing (Display of power factor on energy bill)

Clarification is required relating to use power factor recorded in meter or computed power factor for displaying on consumer bill.

Commissions Clarification and directives:

The Commission clarifies that as meter is programmed for computation of kVAh (based on lag and lead consumption of kVARh) as per formula approved by the Commission, there is no requirement for computation of PF externally. MSEDCL may use the power factor recorded by energy meter for displaying on Consumer's bill.

F. Rebate for Incremental Consumption

The Commission in MYT Order dated 30 March 2020 has ruled on the issue of rebate from incremental consumption. However MSEDCL has sought clarification on the following aspects:

- a) Whether to consider OA/offset units for computation of average monthly consumption for determining eligibility of rebate in case of partial OA and Rooftop RE Consumers?
- b) Whether to consider period from date of Permanent Disconnection (PD) to Live or its date of connection in case of PD to live connection?
- c) Also, clarification is required in case of Temporary Disconnection during the period of last 3 years for calculation of average consumption
- d) Please clarify, whether the comparison of consumption shall be done on kWh basis for eligibility of rebate.
- e) Please clarify the charges to be considered for computation of effective rate so that same shall be not below Rs. 4/ kVAh

Commissions Clarification and directives

The Commission in its MYT Order has already stipulated that incremental consumption rebate shall be applicable to partial OA consumers to the extent of consumption from MSEDCL.

Once consumer is Permanently Disconnected, for reconnecting such consumer, process followed for releasing new connection is adopted. Hence, in case PD connection is reconnected, it shall be treated as new consumer and its consumption prior to PD shall not be used for computing baseline consumption.

Similarly, Temporary Disconnected (TD) consumer having zero consumption during such period of disconnection, would get unintended advantage of lower baseline consumption for availing incremental consumption rebate if period of TD is considered for computing baseline consumption. Hence, the Commission clarifies that period of TD shall be excluded from computation of baseline consumption.

The Commission recognised practical difficulty of non-availability of data of energy consumption in kVAh units, for establishing baseline consumption including non-availability of past period Power Factor based on revised formula approved by the Commission. Hence, in order to enable implementation of incremental consumption rebate the Commission directs that till the MTR Order, such rebate shall be allowed based on consumption in kWh terms.

The Commission in its MYT Order has already stipulated that such incremental consumption rebate shall be over and above the existing rebates subject to condition that the consumer's total variable charges should not be less than Rs.4/ kVAh after accounting for all applicable rebates. For avoiding any doubts, the Commission clarifies that for computation of net variable charge, all variable charges and rebates such as Energy Charge, TOD Energy Charge, Wheeling Charge, FAC, Bulk Consumption Rebate, Load Factor Incentive, Prompt Payment Discount shall be considered. Demand Charge, Demand Penalty and Electricity Duty and Taxes shall be excluded while arriving at net variable charge.

G. Wheeling Charges where EHV or requisite voltage level not available

The Commission in MYT Order dated 30 March 2020 has ruled on levy of Wheeling Charges in case of non-availability of requisite voltage, however MSEDCL has sought clarification regarding how the billing demand shall be considered if the consumer is billed for less than 9 billing cycles in a financial year.

Commissions Clarification and directives

The Commission in MYT Order has allowed the consumer to get benefit of lower wheeling charges of higher voltage level in case of non-availability of requisite voltage level in that area. However, in order to avoid misuse of this provision the Commission has stipulated condition of maintaining billing demand as per requisite voltage level or at least 9 months in year i.e. 75% of time in a year.

Now MSEDCL has sought clarification in case actual billing is less than a year. In that case, the Commission clarifies that consumer needs to maintain billing demand as per requisite voltage level for 75% of bills actually raised during the Financial Year.

It is directed to refer the MERC Tariff Order dated. 30/03/2020 in Case No. 322 of 2019 and detail clarificatory order dated 30.04.2020 in Case No. 79 of 2020 for in-depth understanding and implementation thereof. It is also directed that all the provisions and direction of Commission are to be followed strictly and also consumers are to be made aware of the same.

S/d
Chief Engineer (Commercial)

Copy to: As per mailing list.