

Before the
MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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Case No. 25 of 2021

Case filed by Kalika Steel Alloys Pvt Ltd and 27 others seeking appropriate Orders/directions pertaining to the revision/ change in Contract Demand /extension of the earlier Orders in Case No 137 of 2020.

Coram

Sanjay Kumar, Chairperson
I.M.Bohari, Member
Mukesh Khullar, Member

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|---|-----------------------|
| 1. Kalika Steel Alloys Pvt Ltd |Petitioner No 1 |
| 2. SRJ Peety Steels Pvt. Ltd |Petitioner No 2 |
| 3. Bhagyalaxmi Steel Alloy Pvt.Ltd. |Petitioner No 3 |
| 4. MetarollsIspat Pvt. Ltd. |Petitioner No 4 |
| 5. Omsairam Steels And Alloys Pvt. Ltd. |Petitioner No 5 |
| 6. Rajuri Steel Pvt. Ltd |Petitioner No 6 |
| 7. Saptashrunji Alloy Pvt.Ltd.Unit 1 |Petitioner No 7 |
| 8. Saptashrunji Alloy Pvt.Ltd. Unit 2 |Petitioner No 8 |
| 9. MITC Rolling Mills Pvt.Ltd. |Petitioner No 9 |
| 10. Gajakesari Steels and Alloys Pvt.Ltd. |Petitioner No 10 |
| 11. Gajlaxmi Steel Pvt. Ltd |Petitioner No 11 |
| 12. Matsyodari Steel & Alloys Pvt. Ltd |Petitioner No 12 |
| 13. Jalna Siddhivinayak Alloys Pvt.Ltd. |Petitioner No 13 |
| 14. Laxmi Cotspin Ltd. |Petitioner No 14 |
| 15. Shree Sushma Ferrous Alloys Pvt. Ltd |Petitioner No 15 |
| 16. Surya Ferrous Alloys Pvt. Ltd |Petitioner No 16 |
| 17. Thane Steels Pvt. Ltd Furnace Unit |Petitioner No 17 |
| 18. Thane Steels Pvt. Ltd Mill Unit |Petitioner No 18 |
| 19. Jaideep MettalicsPvt. Ltd |Petitioner No 19 |
| 20. Bholaram Metel Industries Pvt. Ltd |Petitioner No 20 |
| 21. Guardian Castings Pvt. Ltd |Petitioner No 21 |
| 22. Shivkrupa Steel & Alloys Pvt. Ltd |Petitioner No 22 |
| 23. Bhagwati Ferro Metal Pvt Ltd |Petitioner No 23 |
| 24. Bhagwati Steel Cast Ltd. |Petitioner No 24 |
| 25. Geetai Steels Pvt Ltd |Petitioner No 25 |
| 26. Sant Gyaneshewar Steels Pvt Ltd |Petitioner No 26 |
| 27. Indrayani Ferrocast Pvt Ltd |Petitioner No 27 |
| 28. New Steel Trading Pvt. Ltd |Petitioner No 28 |

Vs

- | | |
|---|---------------------|
| 1. Maharashtra State Electricity Distribution Company Limited |Respondent No 1 |
| 2. Adani Electricity Mumbai Limited (Distribution) |Respondent No 2 |
| 3. The Tata Power Company Limited (Distribution) |Respondent No 3 |
| 4. The Brihanmumbai Electric Supply & Transport Undertaking |Respondent No 4 |
| 5. M/s. Gigaplex Estate Pvt.Ltd. |Respondent No 5 |
| 6. M/s Mindspace Business Parks Pvt.Ltd. |Respondent No 6 |
| 7. M/s. KRC Infrastructure and Projects Pvt.Ltd. |Respondent No 7 |
| 8. Nidar Utilities Panvel LLP |Respondent No 8 |
| 9. Maharashtra Airport Development Company Ltd |Respondent No 9 |

Appearance

- | | | |
|---|-------|----------------------------------|
| 1. For 28 Petitioners: | | Shri. Anil D'Souza (Adv.) |
| 2. Maharashtra State Electricity Distribution Company Limited | | Shri Ashish Singh (Adv.) |
| 3. Adani Electricity Mumbai Limited (Distribution) | | Shri. Abaji Narlkar (Res) |
| 4. The Tata Power Company Limited (Distribution) | | Shri. Prashant Kumar (Rep) |
| 5. The Brihanmumbai Electric Supply & Transport Undertaking | | Shri. N.N Chougule (Rep) |
| 6. M/s. Gigaplex Estate Private Limited | } |Shri. Nitin Chunarkar (Rep) |
| 7. Mindspace Business Parks Private Limited | | |
| 8. M/s. KRC Infrastructure and Projects Private Limited | | |
| 9. Nidar Utilities Panvel LLP | | None |
| 10. Maharashtra Airport Development Company Ltd | | Shri. Vasant Pandey (Rep) |

ORDER

Date: 26 May, 2021

1. Kalika Steel Alloys Pvt Ltd and 27 others have filed this Petition on 15 March 2021 seeking appropriate Orders/directions pertaining to the revision/ change in Contract Demand /extension of the earlier Orders in Case No. 137 of 2020 under Sections 57, 61, 86 and 181 of the Electricity Act, 2003 (**EA, 2003**). The said request is submitted on account of continued uncertainty in the current situation due to Covid-19 to bring the business back to normalcy.
2. Petitioners' main prayers are as under:
 - a) *To accept and admit the Petition through email and grant urgent hearing and issue orders for extending and modifying the provisions related to revision of Contract Demand.*

b) That the Hon'ble Commission be pleased to extend the relaxation granted by the Hon'ble Commission vide Order dated 31 July 2020 in Petition No. 137 of 2020 for revision of Contract Demand be extended up to 31 March 2022.

3. Petitioners in their Petition have stated as follows:

- 3.1 The Petitioners are industries that carry out the business of manufacture of steel and iron and are being supplied electricity by Maharashtra State Electricity Distribution Company Limited (**MSEDCL**). These are high tension (**HT**) consumers that are classified under category of continuous supply industries and thus require uninterrupted power supply to their plants.
- 3.2 The Commission vide its Order dated 21 May 2020 in Case No. 82 of 2020 had granted relaxation with respect to revision in Contract Demand (**CD**) per month which was further extended up to 31 March 2021 vide its Order in Case No 137 of 2020 dated 31 July, 2020.
- 3.3 The severity, the impact and the spread of Covid-19 might have been reduced but the Industries and the general public is not yet completely out of the impact of the said pandemic and its consequences.
- 3.4 In the State of Maharashtra, daily number of new infections is on the rise once again and the same has reached an average of 10,000 new cases per day since 1 February, 2021. The State Government has delegated the powers to District administrations for district level lockdowns, night curfews, Janta Curfews and such other restrictions. Various districts such as Thane, Palghar, Amravati, Pune etc. have also declared these district level restrictions. Such restrictions even though limited to district level do have bearing on the Petitioners' operations directly and indirectly.
- 3.5 The Petitioners, throughout the last 9 months have carried out their operations in such a manner that MSEDCL's operations are not put to any undue or unreasonable impact. The statistics would show that the aforementioned Orders passed by the Commission not only helped the Petitioners (and similarly placed Industries) to restart their operations but has equally helped MSEDCL to generate a sustained revenue and also consistent maximum demand charges (**MD**) Charges. The records would show that MSEDCL has not been put to any hardships due to the said Orders. In fact the said Orders have complemented the Petitioners and MSEDCL and acted as "win-win" for both of them.
- 3.6 The record would also reveal that none of the Petitioners have changed their CD for more than once. None of the Petitioners have reduced their CD than their Original Contract Demand in last 8 months. These facts would show that the Petitioners have not resorted to avail the relaxation unless there were any grave or compelling circumstances.
- 3.7 Considering the persistent consequences of Covid 19 Pandemic it has become clear that the gloomy economic scenario is unlikely to improve for some time. In fact, various

reports have (based on survey and data) predicted that it will take more than two years for economic scenario to normalize and reach back to pre-covid19 situation.

- 3.8 Due to gloomy situation of trade and commerce (predominantly caused by the Covid-19 Pandemic), the restarting of the Petitioners' industries and Plants and consistently running it has become a great challenge. The Petitioners are facing tremendous financial crunch. The cost of the electricity is about 60% of the Petitioners' entire cost of production.
- 3.9 The pandemic and the consequent actions of the Government and other Regulators, private organisations such as the Petitioners have had an unforeseen and extremely adverse impact on the entire iron and steel and allied industries and have effectively, disrupted the entire industry. In these exceptional and trying circumstances, it is impossible for the Petitioners to plan for the future with exact precision. Thus, the business outlook is uncertain and would remain uncertain for at least 2 to 3 years. Further there are various challenges faced by supply chain and logistics which is the backbone of the Petitioners' industry.
- 3.10 As a result of the above it is requested to extend the relaxation granted by the Commission up to 31 March, 2022.

4. MSEDCL in its submission dated 28 April, 2021 has stated as follows:

- 4.1 The prayer made in the present Petition is nothing but an oblique attempt to achieve the Original Prayer made in Case No. 137 of 2020 which was strongly objected by MSEDCL at that stage and also revised by the Petitioner accordingly.
- 4.2 The Commission's Orders in Case No. 82 of 2020 and 137 of 2020 were on account of the difficulties faced by the industries due to less demand. The present situation is not such as there are no (i) lockdowns and (ii) demand is back to normal. The dispensation given by the Commission was an interim that too for a specific purpose and hence such interim dispensation cannot be allowed to operate in normal course.
- 4.3 The benefit being extended by the Commission vide its Orders and practice directions are admittedly being availed by only a handful of consumers which has also been recorded by the Commission in Case No. 137 of 2020. Hence, the difficulties being cited by the Petitioners admittedly is not affecting the majority of consumers in Maharashtra meaning thereby that there is no larger impact of the situation on majority of consumers. The difficulties highlighted are self-serving and exaggerated.
- 4.4 The data elaborated below shows that the benefit of the facility of multiple CD change in a billing month provided in accordance with the practice direction is availed by limited number of consumers.

Category	Total no of times in a month from May-20 to Mar-21			No of consumers Bills with the benefit of multiple CD Change
	One Time	Two Times	Three Times	
	A	B	C	D=C+B
HT Commercial	782	36	3	39
HT Industrial	4222	427	74	501
Total	5004	463	77	540

4.5 The total number of bills of May-20 to Mar-21 processed of industrial & commercial consumers are 199986 only. Hence only 0.27% consumers have availed the benefit of multiple CD change in these 11 months. Further, among these consumers there are very few who have used this facility repeatedly in multiple months.

4.6 Out of 16897 (as on Mar-21) Industrial & commercial HT consumers, only 86 consumers have availed the benefit of multiple CD change as per the Practice Directions for more than one month in a span of 11 months and 22 consumers have availed the facility of multiple CD change in more than 4 months.

Financial impact on MSEDCL:

4.7 Even after gradual increase in fixed / demand charges over Control Period as per the Multi Year Tariff (MYT) Order dated 30 March, 2020, as against the ratio of fixed cost of total ARR of 55%, there is huge set back to the revenue recovery through fixed/demand charges which is less than expected 18%. These consumers availed multiple CD Change to benefit the load factor incentive in addition to reduction in demand charges.

4.8 In the MYT order dated 30 March 2020 the approved fixed charges / demand charges for HT –Industrial (General) category is 4157 Crs for the FY 2020–21. As against that billed Fixed Charges / Demand charges are around 3942 Crs (provisional).

4.9 These consumers have been able to achieve the higher load factor only by adjusting the CD frequently to match their consumption. Provision of Load factor incentive is made for consumers so that they will maintain constant demand throughout the billing month and help utility to maintain flat load curve. However, these consumers are manipulating the facility of demand change to maximize their load factor by adjusting demand.

Operational and System Issues/Constraints:

4.10 For calculating bills, load survey data is essential in case of consumer with multiple CD change. The billing data availability for HT consumers is made through AMR for most of HT consumers but 100% load survey data availability is not guaranteed due to network issues. Hence employees have to personally visit to download MRI data manually and upload in system. This involves additional manpower cost to MSEDCL. The AMR facility is not available to LT consumers. When multiple occasion changes in CD availed by the LT consumers MSEDCL needs to arrange to extract its load survey data of

consumers meter through MRI data only by site visit. The restrictions of contaminated zones create hurdles for taking readings of such consumers.

4.11 Consumers are spread at remote locations throughout the State. The LT industrial and commercial category consumers (above 20 kW load) for whom demand based fixed charges are applicable has created numerous difficulties in implementation, operations, and created billing grievances at large.

4.12 Some of the difficulties are summarised below:

- i. Manual operations on meter data: For determining load factor of consumers, the interruption hour's data for billing period is required. In case of Auto CD change, the interruption hours cannot be automatically calculated as no MD reset is done of the meter. The meter records for the period of the operating hours between the two MD reset only. Hence these calculations are required to be done manually and results in delay in bill generation.
- ii. Billing complexity: In some cases, load survey data is not available even in MRI data; in such cases consumption for various demand period within month is required to be derived externally based on monthly billing data. This results in complication in billing and difficulties in explaining to the consumer in case of disputes. When consumers are frequently changing CD within a month, it is not possible to change the metering instruments such as CTs with commensurate ratio as per CD. In some cases the contract demand is such that load current is not in operating range of CTs (20% to 120% of rated current). This introduces the error in measurement which may result in loss to MSEDCL.
- iii. Rise in billing disputes: To ensure transparency and fast approval of CD change request; MSEDCL has made provision on online portal for accepting applications and manual applications are not entertained from HT consumers. However, it is observed that many consumers approach MSEDCL with complaints of server errors or other operational issues in web portal post billing period and raise grievances for post facto approval of CD changer request. This results in additional burden on MSEDCL in terms of grievance redressal.

Under Recovery of Fixed Cost through Fixed Charges:

4.13 The Commission in its first Tariff Order dated 5 May, 2000, while determining the fixed charge component of the Tariff, ruled that the recovery of the fixed costs should come from fixed charges. In the same Order, it was also observed that fixed charge component of tariff needs to be gradually increased in due course to cover the actual fixed costs incurred. All expenditure of MSEDCL excluding the variable cost (fuel related cost) of power purchase expense is fixed in nature. Thus, ideally these fixed cost expenses should be recovered through Fixed/Demand Charges.

4.14 Considering, the applicability of Practice Direction dated 21 May, 2020 and its extensions, the under recovery of the demand charges from industrial and commercial consumers should be passed on to them only. If at all, the Commission deems fit to allow the extension of applicability of its Practice Direction beyond 31 March, 2021 the under recovery of the demand charges from industrial and commercial consumers should be passed on to them only during the upcoming MTR Process. For this, MSEDCL has placed reliance on Jharkhand State Electricity Regulatory Commission (**JSERC**) Order dated 21 September, 2020

4.15 MSEDCL has always maintained that the beneficiary consumers shall not be allowed to burden the normal consumers and hence any benefit if provided has to be rationalized by the same consumer category on a later date. Moreover, any alternate interim dispensation/option, if provided, which is not in consonance with the prevailing Regulations has to ensure that it does not burden the normal consumers.

4.16 The interim dispensation given by the Commission in Case No. 82 of 2020 and 137 of 2020 was for a specific purpose and period which has worked itself out. Moreover, in view of the issues highlighted in the present reply, it is requested to reject the present Petition filed by the Petitioners.

5. Adani Electricity Mumbai Limited (Distribution) (AEML-D) in its submission dated 26 April, 2021 has stated as follows:

5.1 Presently, the entire Country as well as the State of Maharashtra and the City of Mumbai, including the licensed area of AEML-D is reeling under the severe onslaught of the second wave Covid pandemic. Lockdown has been re-imposed in the State, leading to closure of most establishments of non-essential category.

5.2 Considering the same, there may be a case to further extend the relaxation / benefit of contract demand changes as the original conditions basis which the Practice Directions were issued in the first place, continue to remain, and are not mitigated. Accordingly, AEML-D does not have any objection the Petitioner's request for extending the relaxation given vide Practice Directions dated 31 July, 2020. Any impact of such relaxation shall get passed on in ARR during Mid-term Review.

6. The Tata Power Company Limited (Distribution) (TPC-D) in its submission dated 26 April, 2021 has stated as follows:

6.1 TPC-D has implemented the Practice Directions dated 21 May, 2020 relating to multiple revision in Contract Demand during a billing cycle, which was further relaxed by the order of the Commission dated 31 July 2020 in Case No. 137 of 2020, till 31 March, 2021. With reference to the present Petition also TPC-D will abide by the Order of the Commission.

7. **The Brihanmumbai Electric Supply & Transport Undertaking (BEST) in its submission dated 26 April, 2021 have stated as follows:**
- 7.1 Through the Practice Direction dated 21 May, 2020, the Commission has allowed 3 revisions to HT consumers and 2 revisions to LT consumers with certain conditions besides permitting revision in Contract Demand with notice of 3 days. However very few BEST consumers have used such facility limited to one occasion only which has already been practiced (that CD can be changed only once in a Billing Cycle).
8. **KRC DISCOMS (M/s Mindspace Business Parks Private Limited (MBPPL) M/s. Gigaplex Estate Private Limited (GEPL) M/s. KRC Infrastructure and Projects Private Limited (KRC Infra) in their submission has stated as follows:**
- 8.1 In line with the Order passed by the Commission in Case No.137 of 2020 and subsequent Practice Directions issued dated 31 July, 2020, KRC DISCOMs have made available the mechanism to correct the CD multiple times during the ongoing billing cycle to its esteemed consumer base. In earlier phases of pandemic, these directions issued by the Commission have provided a great relief for its consumers as most of the employees of IT & ITeS companies in the licensee area have opted for and continue to work from home (WFH) since beginning of COVID-19 pandemic which has resulted in reduction in overall demand of these consumers.
- 8.2 KRC DISCOMs appreciate the concerns raised by the Petitioners and also the requests made by them to extend the validity of the mechanism wherein multiple corrections in CD is to be allowed. The extension of such relaxations shall help consumers especially of industrial and commercial category to mitigate their dynamic electricity demands in these uncertain times and shall also help utilities to better understand consumer requirements.
- 8.3 KRC DISCOMs do not have any objection on Petitioner's request.
9. At the time of E- hearing dated 29 April, 2021 submission made by the Advocates for Petitioners and Respondents are summarised as under:
- 9.1 Advocate for Petitioners:
- a. Advocate of Petitioners reiterated the submission made in the Petition. On account of increasing spread of infections of COVID-19 and various instructions of State Government/ Local bodies to curb the infections, uncertainty is hovering over the industries. Further restrictions on the use of oxygen for industrial activities has aggrieved the industry. He stated that relaxation of multiple revisions in CD is being used only on urgent need or under unforeseen circumstances.
 - b. Advocate of the Petitioner opposed the contention of MSEDCL for the loss of revenue in terms of fixed cost. Petitioner stated that on one hand MSEDCL is stating

that only few consumers have availed the facility and on the other hand stating that it is losing its fixed charges at large due to the flexibility availed which is contradictory in nature. In fact, flexibility provided for revision in contract demand helped MSEDCL to generate a sustained revenue.

9.2 Advocate of Respondent (MSEDCL):

- a. Advocate of MSEDCL reiterated its submission in reply. He stated that the relaxations provided by the Commission vide its Orders in Case No 82 of 2020 and in Case No 137 of 2020 were of temporary nature and for the limited period of time. Further these relaxations have made no impact on the majority of consumers in the State of Maharashtra and only handful consumers are using this facility. From the list of Petitioners, only 16 consumers availed the facility for 2 times and 2 consumers for 3 times. Therefore, the change in the contract demand might be with the intention of the end benefits.
- b. He further stated that the relaxation given by the Commission impacted demand charges of MSEDCL. Further the consumers are using this relaxation to avail maximum benefit of load factor incentive. MSEDCL is facing operational difficulties in meter reading with each request of revision in CD. Increasing billing disputes further results in additional burden on MSEDCL in terms of grievance redressal.
- c. The consumers are changing their contract demand drastically. On account of this frequent changes, MSEDCL is facing difficulties in case the consumer is availing the supply under open access or through net metering. The notified MREC (Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2021 provides threshold demand for the eligibility of the consumers to get connected to that supply voltage. MSEDCL is facing difficulties in taking firm stand in these cases.

9.3 AEML-D stated that it is supporting the prayers of the Petitioners considering the current situation and the consequential lockdown and requested the Commission to allow the impact to be pass through at the time of MTR Petition.

9.4 TPC-D and BEST stated that it will abide by the decision of the Commission in this case.

9.5 KRC DISCOMS stated that it is supporting the prayers of the Petitioners considering the current situation and the consequential lockdown.

Commission's Analysis and Ruling

10. The Commission notes that the Petitioners have filed this Petition for extending relaxation relating to multiple revision in contract demand in a billing month granted by the Commission till 31 March, 2021 vide Order dated 31 July, 2020.

11. For understanding issues raised in present Petition in correct perspective, the Commission is summarising circumstances and its intent while granting such relaxation vide above referred Orders in the following paragraphs:

11.1 Considering the unprecedented situation due to corona pandemic and to mitigate effects of the lockdown to some extent on the industries while balancing the interest of consumers as well as Distribution Licensee, the Commission in its Order dated 21 May 2020 in Case No. 82 of 2020 has allowed revision in Contract Demand more than once in a month in order to allow Industrial and Commercial consumers to ramp-up their productions/activities post lockdown.

11.2 Accordingly, by using its power under Regulation 22 of the MERC (Electricity Supply Code and Other Conditions of Supply) Regulations, 2005, the Commission issued Practice Direction dated 21 May, 2020 allowing the following:

a. *HT Industrial and HT Commercial consumers shall be allowed to revise their Contract Demand upto 3 times in a Billing Cycle.*

Provided that subsequent to third change in Contract Demand in a Billing Cycle by HT Consumers, for the remaining period of that particular billing cycle, maximum possible Load Factor Incentive shall be restricted to 10% of energy charges as against 15% provided in Tariff Order. For subsequent Billing Cycle, maximum limit of Load Factor Incentive shall be restored to 15% till consumer does not exercise its option of Changing Contract Demand for the third time in that Billing Cycle.

b. *LT Industrial and LT Commercial consumers having demand-based tariff shall be allowed to revise their Contract Demand upto 2 times in a Billing Cycle.*

c. *Consumer shall apply to the concerned Distribution Licensee at least 3 days in advance for revision in Contract Demand.*

d. *Distribution Licensee shall grant such revision in Contract Demand after receipt of completed application from requested date subject to technical feasibility.*

e. *Component of electricity bill which are linked to Demand such as Demand Charges, Penalty for exceeding Contract Demand and LFI shall be computed by applying proportionate rates to the respective Billing Demand corresponding to time intervals between revision in Contract Demand.*

f. *All other electricity bill component shall be computed for the period of billing cycle.*

g. *In case AMR data is not available, Distribution Licensee needs to arrange for MRI data at least for consumers who have opted for such revision in Contract*

Demand. Concerned consumers should facilitate Distribution Licensee in taking MRI data. In case AMR/MRI data is not available, Distribution Licensee has to resort to average billing which can be reconcile with last/ available meter data when the Lockdown gets lifted and normalcy is restored.

This Practice Direction shall remain valid till 31 July 2020.”

- 11.3 The Commission further extended applicability of its Practice Direction dated 21 May, 2020 till 31 March, 2021 vide its dispensation in Case No 137 of 2020 dated 31 July, 2020.
12. Thus, in view of the prevailing circumstances at that point of time of lockdown on account of COVID-19 pandemic and subsequent opening up of economic activities, in order to allow industries and commercial establishment to gradually ramp up their production / activities and at the same time allowing Distribution Licensees to increase their energy sales, the Commission through above practice directions allowed multiple revision in contract demand in a billing month subject to certain conditions. Said relaxation was applicable during the period of 21 May, 2020 to 31 March, 2021.
13. In present Petition by citing continuing effect of Covid-19 pandemic, Petitioners have requested to extend such relaxation till 31 March, 2021. MSEDCL has opposed such request on the ground that the situation is showing an improving trend (industries are allowed to work), such facility of multiple revisions in contract demand is used by handful of consumers, there are some operational difficulties in giving effect to such requests of multiple revision in Contract Demand and there is adverse financial implication due to the same. MSEDCL has also informed that this facility is entailing an advantage to specific consumers in Load Factor Incentive. Other Distribution Licensees have either indicated neutrality or have stated that considering pandemic situations, the Commission may grant some relief to the consumers.
14. Considering submissions made in the matter, the Commission frames following issues for its consideration in the present matter:
 - a. Whether relaxation relating to multiple revision in Contract Demand in a billing cycle needs to be extended further?
 - b. How to address operational difficulties in such revision in Contract Demand?
 - c. How to deal with the Financial implication (if any)?

The Commission is addressing above issues in following paragraphs.

15. **Issue A: Whether relaxation relating to multiple revision in Contract Demand in a billing cycle needs to be extended further?**

- 15.1 The Commission notes that citing the persistent consequences of Covid-19 Pandemic, Petitioners have stated that economic scenario is unlikely to improve anytime soon and hence there is uncertainty in the business, planning supply chain and logistics. This makes restarting of industries/plants and running it continuously a difficult activity. Hence, they have requested to extend relaxation of multiple revisions in contract demand till 31 March, 2022. At the same time, it is also claimed that none of the Petitioners opted for revision in contract demand more than once which shows their intent of not misusing such relaxation.
- 15.2 While opposing the prayer sought by the Petitioner, MESDCL contended that the Commission vide its Orders in Case No 82 of 2020 and in Case No 137 of 2020 has granted such relief on temporary basis and for the limited period of time on account of Covid-19 Pandemic. Last year's condition is not prevailing now. Further, these relaxations have no impact on the majority of consumers in the State of Maharashtra and only handful of consumers are using this facility. MSEDCL is facing operational difficulties in meter reading, consumer billing etc. thereby increasing billing disputes which require more resources in terms of additional cost. Further due to frequent change, MSEDCL is losing its demand charges, whereas consumers are using this relaxation for availing the benefits of load factor incentive. It has also stated that one revision in Contract Demand in a billing month is permissible under Supply Code and MSEDCL is granting the same, but multiple revision which was allowed for limited period and used by only few consumers need not be extended further.
- 15.3 Other Distribution Licensees in their submission have shown neutrality or have stated that in prevailing Covid-19 pandemic situation the Commission may continue with relaxation relating to revision in contract demand for further period.
- 15.4 The Commission notes that while granting option of multiple revision in Contract Demand in a billing cycle, in its practice direction dated 22 May, 2020, it has put following conditions:
- “
- a. *HT Industrial and HT Commercial consumers shall be allowed to revise their Contract Demand upto 3 times in a Billing Cycle.*
- Provided that subsequent to third change in Contract Demand in a Billing Cycle by HT Consumers, for the remaining period of that particular billing cycle, maximum possible Load Factor Incentive shall be restricted to 10% of energy charges as against 15% provided in Tariff Order. For subsequent Billing Cycle, maximum limit of Load Factor Incentive shall be restored to 15% till consumer does not exercise its option of Changing Contract Demand for the third time in that Billing Cycle.*
- b. *LT Industrial and LT Commercial consumers having demand-based tariff shall be allowed to revise their Contract Demand upto 2 times in a Billing Cycle.”*

Thus, option of multiple revision of CD is limited to 2 in case of LT consumers (as they have to pay lower demand charges as compared to HT consumers) and in case of HT consumer, 3rd change in CD is linked with reduction in Load Factor incentive (from 15% to 10%). These safeguards were inbuilt in practice direction for avoiding misuse of such relaxation.

- 15.5 Petitioners have stated that none of them have changed their CD more than once in a billing month. MSEDCL in its submission has also stated that very few consumers have opted for multiple revisions in CD. During this pandemic period, the Commission is also monitoring various parameters of Distribution Licensee including number of consumer availing benefit of multiple revisions in CD, through fortnightly report. Summary of said report is tabulated below:

Sr N	Month	Number of consumers opting for revision in Contract Demand at occasion											
		one	two	three	one	two	three	one	Two	three	one	two	three
		MSEDCL			AEML-D			TPC-D			BEST		
1	May-20	1197	92	3	319	0	0	89	0	0	5	0	0
2	Jun-20	779	79	8	211	0	0	60	1	0	28	0	0
3	Jul-20	528	50	12	127	1	0	60	0	0	14	0	0
4	Aug-20	916	54	7	151	0	0	80	1	0	17	0	0
5	Sep-20	946	62	9	202	0	0	82	6	0	8	0	0
6	Oct-20	1018	59	6	176	0	0	77	1	0	11	0	0
7	Nov-20	735	52	9	146	0	0	56	2	0	15	0	0
8	Dec-20	713	22	5	172	0	0	54	6	0	17	0	0
9	Jan-21	600	27	8	120	0	0	44	8	0	13	0	0
10	Feb-21	501	39	3	88	0	0	37	2	0	20	0	0
11	Mar-21	584	41	7	86	0	0	54	6	0	29	0	0
	Total	8517	577	77	1798	1	0	693	33	0	177	0	0

All the above state details demonstrate that very limited consumers have availed the benefit of revision in contract demand more than once in a billing month. Further, option of 3rd revision in CD is used by further limited number of consumers, not more than 10 in any month except July 2020.

- 15.6 The Commission also notes the fact that although Covid-19 pandemic circumstances are still prevailing, Government guidelines related to operation of industries and commercial activities are consistent over the period and hence multiple revision of CD in a month may not be required. This is demonstrated by very limited number of consumers opting for more than one revision in CD in a month as summarised in table above.
- 15.7 In view of the above and considering prevailing Covid-19 pandemic circumstances, the Commission is of the opinion that although consumers need to be provided with flexibility of revising their CD for further period, number of occasions allowed in earlier practice direction needs to be moderated for changed circumstances.
- 15.8 Also, apart from acknowledging the operational issues submitted by MSEDCL, the Commission, while considering the necessity of flexibility of revising CD, also needs

to balance the financial interests of the utility (essentially the other consumers of the DL). The balancing is necessary so that there is no possibility of any additional/incidental gain to consumers who are opting for the multiple changes.

15.9 Accordingly, the Commission deems it proper to allow revision in CD for 2 occasions in a billing month for HT Industrial & Commercial consumers with condition that load factor incentive will be reduced from 15% to 5% on second revision in CD. Similarly, LT consumer can revise CD only once in a billing month. It is important to note that one revision in CD in a billing month is already allowed under Supply Code Regulations, but through this Order and subsequent Practice Direction, the Commission is directing Distribution Licensee to give effect to such request of revision in CD within 3 days as against second billing cycle stipulated in Supply Code. The Commission believes that this will help consumers to manage their CD and corresponding charges to large extent and would be helpful in this pandemic situation.

15.10 However, above revision in CD is subject to ruling on operational issues in subsequent paragraphs.

16. Issue B: How to address operational difficulties in such revision in Contract Demand?

16.1 MSEDCL has highlighted various operational difficulties in giving effect to the multiple revisions of Contract Demand in a billing cycle. Petitioners have stated that the Commission may address these difficulties as per applicable Rules and Regulations.

16.2 Regarding operational difficulty, the Commission acknowledges the same especially getting meter survey data (MRI downloading is required in case of connectivity difficulty for AMR), resetting of MD counter etc. The Commission opines that with reduction in number of occasions allowed for revising CD in a month, such issues raised by MSEDCL will be addressed appropriately.

16.3 The Commission would like to place on record that in such a difficult situation, MSEDCL needs to support and ensure that the industry is up and running. It is their best interest to ensure that these industries are supported from the point of view of long term viability and financial stability of MSEDCL. Further, by their own admission, very few consumers are availing this facility and hence the operational difficulties are limited to that extent.

16.4 In addition to above, MSEDCL has raised following three issues relating to revision in CD which needs to be addressed as per applicable Regulations.

16.5 Revision in CD below threshold limit of tariff category:

MSEDCL has pointed out that some of the HT consumers are seeking reduction in CD below threshold limit for HT consumers causing change in tariff categorisation. In this

regard, the Commission is of the opinion that consumer tariff is linked with CD of the consumer e.g. in LT category, there is tariff subcategory for consumer with CD above 20 kW, HT consumers have separate tariff structure than LT consumers and as per Supply Code Regulations, consumer having CD above 200 kVA has to be connected on HT supply, which also means HT consumer cannot have demand lower than 200 kVA. All these factors are important considerations while determining tariff and depending upon CD, consumer is categorised under different tariff category. Therefore, while exercising option of revision in CD granted in this Order, consumer shall not be eligible for reducing the demand lower than minimum threshold level for that tariff category. At the same time, the Commission also clarifies that consumer always has option of applying separately for Change of Tariff category as per provisions of Supply Code Regulations, 2021, timeline of which will be governed by provisions of that Regulations.

The Commission also notes that there is possibility that consumer may request for reduction in load to such an extent that existing Current Transformer (CT)/ Potential Transformer (PT) which is part of metering infrastructure may not be able to record correct consumption outside the design limits. Every distribution licensee has standard capacities of CT/PT which can be used for given maximum & minimum load current. In case, consumer is seeking revision in load which may cause load current beyond maximum/ minimum range of CT/PT, then such CT/PT needs to be replaced with CT/PT suitable for revised load requested by the consumers. Such activity requires more time and hence needs to be undertaken as per normal timelines (within next billing cycle) stipulated in Supply Code Regulations, 2021. In case consumer wishes to take benefit of this Order and get its demand revision effected within 3 days, then its request for revision in demand must be commensurate with Distribution Licensee's technical specification for maximum/minimum load current of existing CT/PT. However, this is also subject to minimum threshold level of tariff category as explained above.

16.6 Applicability of Open Access permission on reduction in Contract Demand:

MSEDCL has raised the issue that reduction in CD impacts Open Access permissions. In this regard, the Commission notes that Regulation 4.2 of MERC (Distribution Open Access) (First Amendment) Regulations 2019 dealing with revision in Contract Demand of Open Access consumers reads as follows:

“4.2 Revision of Contract Demand :

The Contract Demand of a Consumer availing LTOA or MTOA shall be governed by the provisions of the Electricity Supply Code and the Regulations of the Commission governing Standards of Performance :

Provided that a consumer availing STOA shall not be eligible to revise his Contract Demand with the Distribution Licensee during the tenure of the STOA, but may do so at the time of applying for Open Access.

Provided further that for non-RE based STOA, MTOA and LTOA consumers, who do not opt for reduction in Contract Demand upto Open Access Capacity, the Demand Charges at approved Demand Charge rate shall be applicable for recorded demand upto Notional Contract Demand and Incremental Demand Charges at the rate of 1.25 times the approved Demand Charge Rate shall be applicable for demand beyond Notional Contract Demand upto Open Access capacity availed shall be applicable.”

Thus, as per above provision of OA Regulations, Long Term and Medium Term OA consumer needs to apply for reduction in Contract Demand as per Supply Code Regulations. Whereas for Short Term OA consumers, revision in CD is not allowed during OA period. Accordingly, while applying for revision in CD as per this Order, Medium Term /Long Term OA consumer shall also apply for revision in OA permissions commensurate with its intended revised CD. This is extremely critical for maintaining grid discipline. Otherwise, there would be situation where consumer reduces its CD but its OA generator will continue to inject power as per old CD. To avoid such circumstances, revision in CD for Long/Medium Term OA consumer shall be allowed only after such consumer seeks OA permissions commensurate with revised CD. Further, no revision in CD is permissible for consumer availing Short Term OA.

16.7 Applicability of Net-metering permission on reduction in Contract Demand:

MSEDCL has raised issue of provision of net-metering Regulations which linked maximum allowable net-metering rooftop PV capacity to contract demand of consumer subject to higher limit of 1 MW. With revision in CD (reduction), allowable capacity of net-metering rooftop PV needs to be lowered accordingly. In this regard, the Commission notes that although it is correct that under net-metering Regulations, capacity of roof-top PV is linked to Contract Demand of the consumer, in the opinion of the Commission, revision in such capacity with every revision in CD would not be possible as at each time consumer has to make changes in its roof-top solar PV system. And also, under this pandemic situation, Distribution Licensee would not be in position to physically verify revision in solar PV system. Also, consumer is revising its CD due to pandemic situation and it is not permanent reduction. Hence, the Commission rules that during operation of this order, reduction in CD does not require reduction in already allowed roof-top capacity under net-metering Regulations.

16.8 All above clarifications on operational difficulties would have prospective effect.

17. Issue C: How to deal with the Financial implication (if any)?

17.1 All Distribution licensees have requested that any under recovery due to such multiple revisions in CD by consumer be allowed as pass through during Mid Term Review proceedings. In addition, MSEDCL has also suggested that impact of any further

relaxation relating to multiple revision in CD beyond 31 March 2021 be recovered from same category of consumers instead of loading it on other consumers.

- 17.2 In this regard, the Commission notes that none of the Distribution Licensees have clearly quantified impact of implementation of relaxation of multiple revision in CD granted by the Commission through earlier Orders which was applicable for the period of May 2020 to 31 March, 2021. Through this order, the Commission has moderated multiple revision in CD and has allowed only 2 revision to HT consumers and that too with condition that on second revision, load factor incentive will be reduced to only 5%. Whereas for LT consumers such revision is restricted to only once in a billing cycle. Supply Code Regulations also provides for one revision in CD during a billing month. Hence, in the opinion of the Commission, relaxation granted through this Order would not have substantial burden on Distribution Licensees. The Commission through this Order has directed Distribution Licensee to give effect to request for revision in CD within 3 days which otherwise as per Regulations is required to be undertaken within next billing cycle. Thus, Distribution Licensees has to be quick in providing service to the consumers, so that Industrial and Commercial consumers can ramp up their activities during this difficult time of pandemic. Any financial impact due to implementation of this order would be allowed to be recovered through ARR. Further, as explained above, number of revisions allowed in CD is moderated and hence, there is no merit in MSEDCL's request of recovering impact of such revisions through same category of consumers.
18. The Commission opines that in spite of the operational and possible financial difficulties of Distribution Licensees (more particularly MSEDCL) the pandemic situation necessitates some relief to be continued to the consumers in the Commercial and Industrial category by partially balancing the concerns of Distribution Licensee. Accordingly, the Commission deems it fit to invoke its power under Regulation 29 of MREC (Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2021 to issue Practice Direction for allowing revision in Contract Demand up to 2 occasions to HT Industrial and HT Commercial consumers and up to 1 occasions to LT Industrial and LT Commercial consumers (subject to the stipulated conditions) in a billing cycle up to 31 March, 2022
19. The Commission directs its Secretariat to prepare and issue Practice Direction to that effect.
20. Hence following Order

ORDER

1. **Case No 25 of 2021 is partly allowed.**

2. Secretariat of the Commission shall issue the Practice Direction allowing revision in Contract Demand up to 2 occasions to HT Industrial and HT Commercial consumers and up to 1 occasion to LT Industrial and LT Commercial consumers (subject to the stipulated conditions) in a billing cycle up to 31 March, 2022.

Sd/-
(Mukesh Khullar)
Member

Sd/-
(I.M. Bohari)
Member

Sd/-
(Sanjay Kumar)
Chairperson

