

Ref. No: SE/TRC/ 23539

Date: 29<sup>th</sup> Dec. 2020

To,  
Secretary,  
Maharashtra Electricity Regulatory Commission,  
13<sup>th</sup> Floor, Center I, World Trade Centre,  
Cuffee Parade, Colaba,  
Mumbai

**Subject:** MSEDCL comments on Draft Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality Regulations, 2020.  
**Reference:** 1. MERC Public Notice dated 8 December 2020.

Sir,

Hon'ble Commission has issued a draft of the proposed amendments to the Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality Regulations (hereinafter referred as Proposed Regulations) and vide its public notice under reference has invited comments, suggestions/objections on the said draft. MSEDCL has prepared clause wise comments (wherever required) on draft regulations in detail and attached herewith as an **Annexure-A**. Further the comments on some of the important issues and its rationale have been highlighted in detail as below:

**a) Mandatory Metering to Ag Consumer (Reg. 6.9)**

The Draft Regulations proposed that all connections released from the date of notification of these Regulations shall be metered. In this regard, MSEDCL would like to submit that the Hon'ble Commission had constituted a Working Group for Agricultural Consumption study (AGWG). In its Final Report, AGWG put on the record that the methodology adopted in the report and analysis undertaken was possible primarily due to the efforts put in by MSEDCL in recent years for deploying AMR / MRI feeder metering infrastructure and more importantly, ensuring continuous maintenance and monitoring of these systems. The AGWG also has recognized the practical difficulties faced by MSEDCL in metering the individual AG consumers. AGWG also has

recommended an alternative method with regard to estimation of AG consumption in which Ag consumption to be assessed based on feeder metering.

Some of the key observations and suggestions made by AGWG are summarised below:

- Feeder input based metering, as considered in this report, enables capturing consumption of large number of AG consumers in an economical, efficient and reasonably accurate manner.
- Based on field survey input, it is certain that ensuring reasonably accurate metering of AG consumers is going to take some time and AG sales will need to be estimated for few more years. Hence, it is important to continuously improve reliability of such estimation, by ensuring correct consumer mapping, reliable and accurate feeder metering, identification of missing / defunct AG connections and restating total AG connected load to that extent
- Improving consumer mapping and AMR based feeder metering would help cover larger number of feeders and would also improve accuracy of estimation.

Accordingly based on the recommendations of Ag working group, Hon'ble Commission allowed feeder input based methodology for Ag billing to selected feeders in MYT Order dated 30 March 2020. The same methodology is envisaged to be extended to all feeders subsequently.

In view of the above, MSEDCL most humbly submits that metering may not be insisted for Agriculture consumers. AMR based feeder metering can be used for Agriculture consumers and the same may be provided for such consumers in the Regulations.

#### **b) Automatic Compensation**

Hon'ble Commission in the Draft Regulations has provided for automatic compensation for release of supply, metering and billing related complaints and reconnection following disconnection due to non-payment.

MSEDCL most humbly submits that the compensation cannot be given automatically. As per the Section 57 (2) of the Act, on failure of meeting the SOP, the Licensee is liable to pay compensation to affected person as determined by SERC after giving a reasonable opportunity to the concerned Licensee. Even the the Electricity (Rights of Consumers) Rules, 2020 provides that compensation is due when it can be successfully established that there is a default in performance of the distribution licensee. Therefore, provision of Automatic Compensation needs to be removed and in line with Act, proviso for giving a reasonable opportunity to the Licensee should be added.

For example in case of Meter inspection and replacement of faulty meter; provision of automatic compensation has been specified. It is submitted that while carrying out said services, it is also necessary to ascertain whether the fault in meter is caused by equipment or activity within complainant's home and in such cases automatic compensation cannot be given by the Licensees. Further there could be circumstances like complainant has breached the agreement conditions or if complainant prevents Licensee from getting it corrected. Hence, MSEDCL is of the opinion that payment of compensation needs to be followed up only after claim is filed and Licensee settles the claim within stipulated time after ascertaining/establishing events that leading to default.

MSEDCL further submits that before claiming any compensation, the consumer should have paid all the dues of electricity bills/connection. Consumers with electricity bill arrears should not be eligible for getting any compensation. The Draft Regulations has specified for standards of performance for Licensee. On the similar note, bill payment also needs to be a duty of consumers. Hence, MSEDCL suggests that a provision need to be added for mandatory bill payment/no dues/no arrears for claiming compensation by consumers.

MSEDCL also submits that the standards of performance shall not be applicable during force majeure events such as cyclone, floods, storms, war, mutiny, civil commotion, riots, lightning, earthquake, lockout, precautionary disconnection of supply, fire affecting licensee's installations and activities etc. An explicit provision is required in this regard.

**c) Period for releasing new connections (Reg 5.8)**

The Draft Regulations provides for release of new connections within 7 working days (where no Right of Way is required) and within 15 working days (where Right of Way is required) of the receipt of complete application.

Even though, the Draft Regulations provides for release of new connections within 7 or 15 days depending on involvement of RoW, the Annexure III provides compensation for following scenarios.

Time period for provision of supply from the date of receipt of completed application and payment of charges:	
<i>in case connection is to be from existing LT network</i>	<i>Fifteen (15) days</i>
<i>in case connection is to be from existing network</i>	<i>One (1) month</i>

<i>where extension or augmentation of distributing main is required</i>	<i>Three (3) months</i>
<i>where commissioning of new sub-station forming a part of the distribution system is required</i>	<i>One (1) year</i>

Therefore, this is clearly an inconsistency in the Draft Regulations and hence MSEDCL suggests following amendment for better clarity in the said proviso along with additional proviso as below.

*Provided further that subject to the statutory provisions and permissions, the Distribution Licensee shall endeavor to release new connections from existing network within Fifteen (15) ~~Seven (7)~~ working days (where no Right of Way is required) and within thirty (30) ~~Fifteen (15)~~ working days (where Right of Way is required) of the receipt of applications complete in all respects.*

*Provided further that where the supply of electricity to a premise requires extension or augmentation of distributing mains, the Distribution Licensee shall give supply to such premises within three (3) months from the date of receipt of the completed application. The extension or augmentation of distributing mains includes the extension of HT, LT lines and augmentation of distribution transformer substation.*

*Provided further where the supply of electricity to a premise requires commissioning of a new sub-station forming a part of the distribution system, the Distribution Licensee shall give supply to such premises within one (1) year from the date of receipt of the complete application. The commissioning of new substation forming a part of the distribution system will include substation having transformation from HT to HT or HT to LT or switching station from where the HT distribution lines originate.*

**d) More Elaboration on RE Rooftop Consumers**

The Central Government recently has finalised the Electricity (Rights of Consumers) Rules, 2020. In the said Rules, due consideration has been given to the Prosumers/RE Rooftop consumers. Elaborate provisions have been made by the Central Government in the Rules for such RE Rooftop consumers. Considering the anticipated increase in the RE Rooftop installations in the State, more detailed provisions are required in proposed Regulations. It is pertinent to note that the Rules provide for net metering for loads only up to ten kW and Gross metering for loads above ten kW. Therefore, MSEDCL suggests to include provisions as per the said Rules for RE Rooftop consumers in the proposed Regulations.

**e) Suggestion on Licensee's obligation to supply**

MSEDCL suggests to add following after the section of Definitions for more clarity in terms of obligation to supply:

***Licensee's obligation to supply***

*The licensee shall, on an application by the owner or occupier of any premises located in his area of supply, give supply of electricity to such premises within the time specified in this Regulations provided:*

- *the supply of power is technically feasible;*
- *the applicant has observed the procedure specified in this Regulations*
- *the applicant agrees to bear the cost of supply and services as specified in this Regulations*

**f) Consumer exceeding its CD exceeds on 3 Occasions (Reg.7.6)**

Hon'ble Commission has provided that the Licensee can revise Contract Demand to the highest recorded Maximum Demand in that Financial Year if the consumer refused to change in CD.

MSEDCL submits that the Hon'ble Commission has adopted the principle from MYT Order dated 30 March 2020. However, considering the rulings in the MYT Order, MSEDCL would like to suggest following addition to the proposed provision.

*Provided that in case Consumer exceeds its Contract Demand on Three (3) occasions in any Financial Year, Distribution licensee can enhance the Contract Demand of the consumer irrespective whether the Consumer submits an application for the same or otherwise to the highest recorded Maximum Demand in that Financial Year. However before such revision of Contact Demand, Distribution Licensee must give 15 days' notice to such consumer.*

*Provided further that he will be billed at the tariff applicable for the respective load slab in case there is increase in Contract Demand.*

*Provided further that consumer shall not be liable for any other action under Section 126 of the EA, 2003, since the penal additional Demand Charge, as may be approved by the Commission, provides for the penalty that the consumer is liable to pay for exceeding his Contract Demand.*

**g) Suggestion on Additional Demand Charges for taking Multiple Supply (Reg. 3.2)**

In the Draft Regulations, Hon'ble Commission has proposed for recovery of additional cost from the concerned Consumers towards special system of supply including multiple source of supply for specific Consumers.

MSEDCL appreciates the proposed provision for recovery of additional cost from the concerned. However, this will be a onetime cost for consumers. But MSEDCL needs to maintain the source/feeder for anytime use and thus has to incur expenditure towards manpower, material used for O&M. Additionally, the reserved capacity cannot be utilized for giving connection to other consumers. Therefore, there is no possibility of earning of revenue from this standby source/feeder.

MSEDCL further submits that there are 138 HT-EHV consumers under MSEDCL's Konkan Region, Kalyan, who are availing double (multiple) feeder supply of electricity. The said double feeder supply arrangement has been provided by MSEDCL on the specific request of the consumer particularly to avoid interruption of supply (and loss of production of the Consumer thereof) in case of failure of any one feeder.



Consider a case that the contract demand of the consumer is 1000 KVA and the supply is being fed through Feeder F1 emanating from a Substation A and another Feeder F2 emanating from Substation B. So, in case of tripping / shut down of Feeder F1, the supply to the consumer is available through the Feeder F2 which acts as a standby arrangement.

It is observed that during the consideration of feeder load and the substation load, the 1000 KVA load of the consumer, is considered to be catered from both feeders F1 (S/s A) as well as F2 (S/s B).

As a result, at any given time, 1000 KVA load is catered by only one feeder / substation and at that time 1000 KVA capacity of other feeder / substation remains reserved but unutilized. MSEDCL need to incur extra expenditure (for installation, operation and maintenance of extra feeder) but without receipt of any extra revenue.

In line with the general principles of economics for tariff, the Hon'ble Commission has adopted the policy of recovering the fixed cost of MSEDCL through a fixed charge component in tariff.

A normal HT industrial consumer (availing single feeder supply) pays Demand Charges & Energy charges as above. But, it is observed that the HT consumer availing double supply also pays the Demand charges at the same rate to MSEDCL i.e. nothing extra whatsoever for the standby supply arrangement.

Thus, the extra expenditure towards fixed costs (incurred by MSEDCL for a certain consumer) gets passed on to other consumers who may not be using this facility. It is necessary that the consumer who is using this extra / special facility should pay for it.

In view of the above, MSEDCL suggests that additional demand charges should be levied on consumers using multiple sources of supply. Hence, following proviso may be added to Draft Regulation 3.2

*Provided further that consumers availing multiple sources of supply shall pay additional demand charges at a rate of two (2) times the applicable Demand Charges for the category for double feeder supply, three (3) times the applicable Demand Charges for the category for triple feeder supply and so on. Variable Charges shall remain the same and shall be billed as per the consumption.*

#### **h) Exemptions (Reg. 26)**

Regulation 26.2 of the Draft Regulations provides that the Hon'ble Commission may, by general or special order, exempt the Distribution Licensee from any or all of the standards specified in these Regulations for such period as may be specified in the said Order.

MSEDCL submits that the Draft Regulations has retained the existing provision of exemption the Licensee from any or all of the standards by general or special order. However, there is no procedure set out for claiming exemption from SOP violations in situations mentioned in Regulations because all the exemptions are subject to the opinion of the Hon'ble Commission. Therefore, MSEDCL suggests that a specific procedure need to be provided in the Regulations for seeking exemption.

MSEDCL suggest that force majeure events such as cyclone, floods, storms, civil commotion, riots, lightning, earthquake and lockout are area specific. In such cases Orders issued by District Collectors shall be considered as an event and necessary information will be provided on post facto basis to the Hon'ble Commission. No compensation will be applicable in such cases. For example floods in Sangali, Kolhapur.

Therefore, MSEDCL suggests following amendment in the Draft Regulations.

*26.2. The Commission may, by general or special order, exempt the Distribution Licensee after hearing the Petition from such Distribution Licensee, from any or all of the standards specified in these Regulations for such period as may be specified in the said Order.*

**i) Suggestion for Premium Services**

MSEDCL submits that a Distribution Licensee has a Universal Supply Obligation (USO) under Section 43 of the Electricity Act, 2003 to supply electricity to any consumer within its area of supply who makes a demand. MSEDCL being fully owned Government Company rely for funds on Government Grants and same is worked out and approved on year to year basis. There is limitation for availing loans by MSEDCL as well as the capacity to repay loans in time. The connections are released after following seniority list.

It is observed that many consumers are approaching field offices with requests to carry out work on priority and are ready to carry out works by paying cost of infrastructure and metering. MSEDCL submitted that there is no explicit Regulatory provision to act on such request applications. Hence, MSEDCL proposed Premium Service (excluding DDF) charges based on actual cost estimate (all items including Civil works, road reinstatement and metering). Such premium service will be applicable to all categories and it will be on non-refundable basis. Further, MSEDCL will maintain the assets created and will be utilized for catering future load growth.

The expenditure required is not uniform and vary case to case. However, the estimate required is prepared based on latest CPA data and Cost data (BOQ). Rates are derived through e-tendering, joint measurement after work completion and in consultation with contractors for market prices.

MSEDCL submits that such premium charges will reduce the burden of infrastructure cost on common consumers.



Hence, MSEDCL suggests following for Premium Services

**Premium Service for New Connection**

*If a consumer wants a connection on priority and is ready to carry out works by paying cost of infrastructure and metering, then he may opt for Premium Service for New Connection.*

*Provided that this facility shall be applicable to all Non DDF work and all category consumers;*

*Provided further that the Distribution Licensee shall recover the charges in actual cost estimate (all items including Civil works, road reinstatement and metering) and the charges shall be non-refundable.*

*Provided further that the Distribution Licensee shall maintain the assets created and may be utilized for catering future load growth*

This may please be placed before Hon'ble Commission for its consideration.

Thanking you.

Yours Faithfully



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