



# Madhya Pradesh Electricity Regulatory Commission

5<sup>th</sup> Floor, Metro Plaza, Arera Colony, Bittan Market, Bhopal 462 016

- Home
- About Us
- Acts & Rules
- Regulations
- Consumer Service
- Regulated Entity
- MPERC Info
- Related Links
- RTI Act 2005
- Non-Conventional
- Tenders Info
- Tariff Orders & Petitions
- Suo Motu Orders
- Final Orders
- Approach & Discussion Papers
- Contact Details
- Feedback Form
- Miscellaneous Info
- National Electricity Policy
- Tariff Policy
- MIS Status
- Contact Us

**Date of hearing:15.11.2006**

**Sub: In the matter of review of tariff order dated 31.3.06**

**ORDER**  
**(Petition No. 50/06)**

Petitioner. Shri Yogesh Goel, Executive, M/s Industries Association, Govindpura, Bhopal appears on behalf of

Shri O.S.Parihar, SE appears on behalf of M.P. Poorva Kshetra Vidyut Vitaran Co. Ltd., Jabalpur. Shri D.K.Ojha, ASE appears on behalf of M.P. Pashchim Kshetra Vidyut Vitaran Co. Ltd., Indore. Shri R.C.Yadav, SE appears on behalf of M.P. Madhya Kshetra Vidyut Vitaran Co. Ltd., Bhopal. They have submitted written submission and requested not to consider the request of the petitioner.

2. The petitioner in its petition made following requests :-

- (a) For LT Industries, billing demand for the month shall be the actual maximum KW demand of the consumer during the month or 75% of the contract demand, whichever is higher.
- (b) For LT Industries, there should be no minimum charges except for demand based tariff. For demand based tariff, the monthly minimum charges would be charged equivalent to demand charges on contract demand.
- (c) Tariff Schedule HV-3 may include the billing demand clause as under :-
  - (i) During the period 15<sup>th</sup> March to 15<sup>th</sup> October, the billing demand shall be the actual maximum KVA demand or 75% of the contract demand, whichever is higher.
  - (ii) During the period 16<sup>th</sup> October to 14<sup>th</sup> March, the billing demand shall be the actual maximum KVA demand or 40% of the contract demand, whichever is higher.

3. After going through the points raised in the petition and after hearing the respondents, we are of the opinion that the petitioners have not brought out the error apparent in the records which necessitates a review. Hence, the petition needs to be dismissed.

Sd/-  
**(R. Natarajan)**  
Member(Eco.)

Sd/-  
**(P.K. Mehrotra)**  
Chairman

**Dissenting View of Member (Engg.)**

4. In the instant petition, the issue regarding inclusion of billing demand clause needs due consideration on account of apparent error as pointed out by them. On the above issue my views are as follows:

- (i) In the Tariff Order dated 31.3.2006 the fixed cost has been indicated 100% of Contract Demand. The HT consumers have appealed and requested for review on various technical and commercial grounds. It is mentioned in the Regulations and Tariff Order dated 31.3.2006 that fixed cost shall be linked to full contract demand (for HT and LT consumers). The plea of the petitioner is that there is an inherent meaning of using the word "linked" i.e. it may be some percentage of full contract demand i.e. (billing demand) or the actual MD reading whichever is more. In the past the minimum billing used to be 75% of contract demand since past more than two decades. In the other states also the billing demands are ranging between 75% to 85%. This is the first time that in the order of MPERC the demand has been directly linked 100% of contract demand which has been protested by the petitioner and other LT and HT two part tariff consumers on the following reasons:
  - (a) There must be some flexibility for operation of the machines which can never operate at 100% contract demand all the time. Technically, it is a fact whenever the supply voltage is poor the motor draws more current to meet the requirement of output power and due to this there are incremental losses in the cable and motor windings and this causes recording of higher MD. Therefore there must be a flexibility in operation below full contract demand and therefore the plea of the petitioner that instead of billing 100% contract demand it should be linked to certain percentage of demand. In my opinion, Commission should reconsider this issue on valid technical ground and may decide to reduce the billing on full contract demand to say 85% of Contract Demand or Actual Maximum Demand recorded whichever is more.
  - (b) In most of the States, the Regulatory Commissions are not incorporating billing on full contract demand basis.
  - (c) Contracted load of EHV lines of the Board for payment of capacity charges is limited to 6130 MW whereas the state grid handles the power to the extent of 9200 MW of connected/contracted load and therefore billing on full contracted load will lead to over recovery.
  - (d) During the hearing it is brought to notice that if billing on 100% contract demand is followed the consumers have the tendency to reduce the contract demand and the net effect is that apparently load factor will increase without any material increase in consumption and in consequence the consumer will be entitled for claiming load factor concession benefit which will cause loss to the

licensees. This also appears to be an error apparent if the billing demand is linked to 100% contract demand.

- (e) The representative of the Licensees have taken the stand that if billing of full contract demand is altered and is amended to certain percentage of contract demand (i.e. billing demand) they are likely to loss revenue. Incidentally, it may be stated that in the Tariff Order dated 31.3.2006 nowhere it has been shown that the revenue accrual is based on full contract demand.
- (f) As stated above linking of fixed cost to full contract demand is error apparent and needs review i.e. to fix the billing demand in a range between 75% to 85% as may be decided.
- (g) This issue cannot be decided at a later stage during the examination of next Tariff Order by way of truing up as it would be most impossible task for the Commission to decide the individual cases. Therefore, we may clearly spelt out that there is error apparent on account of this issue in the Tariff Order and the Discom may re-calculate the demand charges on the basis of certain percentage of contract demand as would be decided by the Commission.
- (h) As stated above, in my opinion this is the case of error apparent and amendment order can be issued to the extent of 85% of Contract Demand or actual Maximum Demand whichever is higher from the date of the tariff order 31.3.2006. Incidentally similar amendments were already done on number of issues after the detail tariff order was issued.
- (i) Further, the licensees in their tariff proposals have asked for fixed charges to be billed at 75 % of contract demand or maximum demand , whichever is more. They have, however, not asked for fixed charges to be billed for full contract demand.
- (ii) In nutshell we may consider fixed cost of 85% of contract demand or recorded maximum demand whichever higher from the date of tariff order i.e. 31.3.2006 in respect of HT/LT consumers. As far as issue of minimu charges raised by the petitioner, this cannot be considered as error apparent and have no merit for review.

Sd/-

**(D. Roybardhan)**  
**Member (Engg.)**

**ORDER**

In terms of Section 92(3) (3&4) of the Electricity Act, 2003(Act 36 of 2003), the majority view of Shri P.K. Mehrotra, Chairman and Shri R. Natarajan, Member (Econ.), will be the order of the Commission.

This order is signed, dated and issued by the Madhya Pradesh Electricity Regulatory Commission on Ist February, 2007.

Date: 1.2.2007  
Place: Bhopal

Sd/-  
**(R.Natarajan)**  
**Member(Eco.)**

Sd/-  
**(D. Roybardhan)**  
**Member(Engg.)**

Sd/-  
**(P.K. Mehrotra)**  
**Chairman**