



Madhya Pradesh Electricity Regulatory Commission

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Date of hearing:15.11.2006

Sub: In the matter of review of tariff order dated 31.3.06--case of Sr. DEE, West Central Railway, Bhopal_

ORDER (Petition No. 37/06)

Shri L.L.Meena, Sr. Divisional Electrical Engineer, Traction Distribution, West Central Railway, Bhopal appears on behalf of Petitioner. 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. All the three Discoms have submitted the written reply and requested not to consider the request of the petitioner.

ORDER

2. During June, July and August 2006, the respondent licensees have submitted that non-mentioning of fixed charges to be linked to full contract demand in respect of EHT consumers in the regulation can not be considered as an error apparent.

3. During the hearing on 15.11.06, the Commission enquired about the following issues from the representatives of the Discoms :-

(i) If voltage is less than 132 KV then how the effect of such low voltage will turn into increase in recording of maximum demand ?

(ii) Whether licensee is loosing due to reduction in contract demand?

4. The representatives of the Discoms have not given their views on the above queries. The Commission is viewing the non-submission of the views by the Discoms seriously and expresses its displeasure at such irresponsible behavior of the Discoms.

5. During the hearing on 15.11.06, the representative of the petitioner stated that fixed charges is not leviable in respect of EHT consumer as per Regulations and therefore for the EHT consumers, fixed charges should not be levied on contract demand. However, they have no objection in charging the EHT consumers towards fixed charges on actual maximum demand subject to minimum of 75 % of contract demand, as was the practice earlier. It establishes the fact that they, as an EHT consumer, is not averse to paying fixed charges even though it is not in line with the Regulations.

6. The representative of the petitioner further submitted that incentive for average monthly power factor of more than 90 % to 95 % is not provided in the tariff order dated 31.3.06 as was given earlier and therefore constitutes an error.

7. The Commission does not consider the grounds submitted by the representative of the petitioner suitable for review of tariff order as these does not constitute an error apparent. The Commission, however, wishes to clarify that levy of fixed charges for HT consumers will also be applicable to EHT consumers even though it is not specifically mentioned in the Regulations.

8. In respect of eligibility for power factor incentive being increased from 90% to 95% by the Commission was an intentional action to improve the load availability in the system and is not an error. However, the petitioner's plea that their investment made earlier for power factor improvement becomes infructuous on the basis of earlier orders, the Commission agrees that it will look into this aspect during the next tariff determination. The Commission further directs to close the petition as the representative of the petitioner could not submit any suitable ground for review of tariff order dated 31.3.06.

Sd/-

**(R.Natarajan)
Member(Eco.)**

Sd/-

**(P.K. Mehrotra)
Chairman**

Dissenting View of Member (Engg.)

_9. In the instant petition, the following two issues needs due consideration on account of apparent error as pointed out by them:--

I. Fixed cost shall not be linked to full contract demand.

I. Non-implementation of tariff order dated 31.3.06 in respect of billing with simultaneous maximum demand.

On the above two issues my reservations 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 a 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 is incremental losses in the cable and motors 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) The petitioner also states that in the regulation there is no mention of fixed charges to be linked to full contract demand in respect of EHT consumers which may be considered as error apparent as all connections of Railways are operating at EHT voltages (220/132 KV).
 - (e) 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.
 - (f) 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.
 - (g) 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.
 - (h) 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.
 - (i) 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.
 - (j) 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) As regarding the second issue, it is to state that the Discoms have submitted that they are not having suitable software and it will take some time to arrange it. In my view, the licensees are not entitled to levy penal charges on individual traction sub-station for maximum demand exceeding the contract demand till suitable metering arrangements for recording simultaneous maximum demand are made to facilitate proper metering as per tariff order dated 31.3.06.
- (iii) (a) In nutshell we may consider fixed cost of 85% of contract demand or recorded maximum demand whichever is higher from the date of tariff order i.e. 31.3.2006.
- (b) The licensees may be directed to ensure implementation of Simultaneous Maximum Demand immediately and not to levy penal charges on individual traction sub-station for maximum demand exceeding the contract demand till suitable metering arrangements for recording simultaneous maximum demand are made to facilitate proper metering as per tariff order dated 31.3.06.

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 1st February, 2007.

Date: 1.2.2007
Place: Bhopal

Sd/-

(R.Natarajan)
Member(Eco.)

Sd/-

(D.Roybardhan)
Member(Engg.)

Sd/-

(P.K. Mehrotra)
Chairman