

**Sub : In the matter of discontinuance of the levy of metering charges/meter rent (considered as non-tariff income) presently recovered according to the annexure–I (Schedule of Metering and other charges) to the Madhya Pradesh Electricity Regulatory Commission (Recovery of Expenses and other charges for providing electric line or plant used for the purpose of giving supply) (Revision-I) Regulation, 2009; and adjustment of electricity tariffs in such manner so that the loss of non-tariff income from ‘Meter Rent’ is compensated from ‘Tariff Income.’**

**ORDER**

**(Date of hearing 5<sup>th</sup> February, 2013)**

**(Date of order 7<sup>th</sup> February, 2013)**

M.P.Paschim Kshetra Vidyut Vitaran Co. Ltd., - Petitioner  
GPH Compound, Pologround,  
Indore – 452015.

V/s

M.P.Poorv Kshetra Vidyut Vitaran Co. Ltd., - Respondent No.1  
Shakti Bhawan, Rampur,  
Jabalpur - 482008.

M.P.Madhya Kshetra Vidyut Vitaran Co. Ltd., - Respondent No.2  
Nishtha Parisar, Govindpura,  
Bhopal - 462023.

Shri M.K.Jhanwar, Director (Finance), Shri Shailendra Jain, Accounts Officer and Shri Pavan Jain, EE appeared on behalf of the petitioner.

Shri A.R.Verma, General Manager and Shri H.Saxena, CA appeared on behalf of the respondent no. 1.

Shri Arun Joshe, Asst. Engineer and Shri Rajesh Patel, DD appeared on behalf of the respondent no.2.

2. The petitioner, MP Paschim Kshetra Vidyut Vitaran Co. Ltd. has filed this petition in the matter of discontinuance of the levy of metering charges/meter rent presently recovered according to the annexure–I (Schedule of Metering and other charges) to the Madhya Pradesh Electricity Regulatory Commission (Recovery of Expenses and other charges for providing electric line or plant used for the purpose of giving supply) (Revision-I) Regulation, 2009; and adjustment of electricity tariffs in such a manner so that the loss of non-tariff income from ‘Meter Rent’ is compensated from ‘Tariff Income.

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3. Facts of the case:

- (a) The petitioner is recovering metering charges from the consumers in accordance with MPERC (Recovery of Expenses and other charges for providing electric line or plant used for the purpose of giving supply) (Revision-I) Regulation, 2009.
- (b) The Commercial Tax Department vide letter no. 217 Indore dated 17.01.2012 issued a show cause notice for recovery of VAT on the meter rent / metering charges being levied by the petitioner on the basis of a judgment of the Andhra Pradesh High Court for the year under proceedings as well as for the previous years, treating the transaction as the ‘transfer of right to use goods’, on which VAT is chargeable. The Commercial Tax department vide order dated 28.06.2012 imposed VAT amounting to Rs. 1,22,24,971/- and Rs. 64,45,359/- for the FY 2009-10 and 2008-09 respectively.
- (c) The imposition of VAT on metering charges/meter rent would cause additional liability on the petitioner which would ultimately have to be passed on to the consumers. This situation has arisen only because, among all the components of electrical infrastructure, only meters are being subjected to levy of meter rent. Cost of all other network components (viz. service lines and sub-stations etc. is built into the electricity tariff itself. As such, no claim for taxation has arisen on purported ‘transfer of right to use’ of any such network component. In view of this, if the levy of meter rent/metering charges is abolished and the petitioner is compensated adequately for loss of such non-tariff income from meter rent through adjustments of electricity tariffs, the petitioner and ultimately the electricity consumers would be saved from levy of VAT on meter rent/metering charges.
- (d) In light of the above submissions, the petitioner has requested that the recovery of metering charges / metering rent from consumers may be abolished and suitable adjustments in the electricity tariffs may be allowed, so that the expected loss occurring

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to the petitioner due to discontinuance of meter rent/metering charges is compensated through Tariff Income.

4. The case was listed for hearing on 05.02.2013. The respondents have filed written submissions.

5. During the hearing on 05.02.2013, the petitioner reiterated the contents of the petition. On the other hand, the respondents submitted that they do not agree with the contentions of the petitioner to discontinue/abolish the meter rent / metering charges.

6. On hearing the petitioner and the respondents, the Commission do not find substance in the contentions of the petitioner that the meter rent / metering charges may be discontinued / abolished due to recovery of VAT on the meter rent / metering charges by the Commercial Tax Department, Government of Madhya Pradesh. The Commission is of the view that any tax, if applicable, levied by the Government, shall be a pass through as an expense in the Annual Revenue Requirement of the petitioner. Under the above circumstances, the prayer of the petitioner cannot be accepted.

7. In view of the above, the petition no. 91 of 2012 stands dismissed.

Ordered accordingly,

sd/-  
(Alok Gupta)  
Member

sd/-  
(A.B.Bajpai)  
Member

sd/-  
(Rakesh Sahni)  
Chairman