

Bhopal, dated: 28th March, 2005

No.751/MPERC/2005 - In exercise of the powers under sections 45 read with section 181 (1) and 181 (2) (u) of the Electricity Act 2003 (36 of 2003) and all powers enabling it in that behalf, the Madhya Pradesh Electricity Regulatory Commission hereby makes the following Regulations providing for Methods and Principles for Fixation of Charges Recoverable by the Distribution Licensee for Supply of Electricity:

MPERC (Methods and Principles for Fixation of Charges and Schedule of Miscellaneous Charges Recoverable by Distribution Licensee for Supply of Electricity (In Short Methods and Principles of Fixing Electricity Charges), Regulations, 2005

1. Short title, extent and commencement

- 1.1 These Regulations shall be called the Madhya Pradesh Electricity Regulatory Commission (Methods and principles for fixation of charges and schedule of miscellaneous charges recoverable by distribution licensee) Regulations, 2005.
- 1.2 These Regulations shall apply to all distribution licensees including deemed licensees operating within the State of Madhya Pradesh and all consumers receiving supply as per proviso 1 of section 43(2) of the Electricity Act 2003.
- 1.3 These Regulations shall come into force from the date of their publication in the Official Gazette.

2. Definitions

- 1.4 In these Regulations, unless the context or subject matter otherwise requires:
 - (a) "Act" means the Electricity Act, 2003 (36 of 2003);
 - (b) "Commission" means the Madhya Pradesh Electricity Regulatory Commission;
 - (c) "Distribution Licensee" means a licensee authorised to operate and maintain a distribution system for supplying electricity to the consumers in his area of supply;
 - (d) "Extra High Tension (EHT) consumer" means a consumer who is supplied electricity at a voltage higher than 33000 volts.
 - (e) "High Tension (HT) consumer" means a consumer who is supplied electricity at a voltage higher than 440 volts but not exceeding 33000 volts.
 - (f) "Low Tension (LT) consumer" means a consumer who is supplied electricity at a voltage up to 440 Volts.
 - (g) "MP Act" means the Madhya Pradesh Vidyut Sudhar Adhiniyam, 2000 (No 4 of 2001);
 - (h) Words and expressions used and not defined in these regulations but defined in the Act shall have the meanings as assigned to them in the Act.

3. General Principles for fixation of charges

- 1.5 The commission shall endeavour to ensure that the charges recoverable from different consumer categories for services as well as electricity supply reflect the efficient cost of providing service and supply to each consumer category to the extent possible and that the gap between the charges and the cost to provide service or supply is progressively reduced. The extent of cross subsidy received or recovered from each category of consumers shall be shown in the schedule of charges approved by the Commission from time to time. .
- 1.6 The charges to be recovered from the consumers for supply of electricity may include all or any of the following:

(a) Fixed Charges: A fixed monthly charge in addition to the charge for the actual electricity supplied may be levied to recover the expenditure on network, which the licensee incurs to provide services or supply. The fixed charges shall be linked to the hours of supply received by the consumers during the billing month. The licensee shall be entitled to receive full approved charges only if it supplies power as per scheduled hours as decided by the Commission from time to time. For this purpose the supply hours shall be measured at 33/11 KV substation. However to provide for daily maintenance of the network a maximum margin of one hour of interruption per day or 30 hours in a month may be tolerated. The licensee shall prepare a supply index for the day and month and the fixed charges shall be proportionately levied. The indices shall be prepared for urban, semi-urban and rural operational areas categorizing them on the basis of population such as areas with population above 5 lakhs, 1 to 5 lakhs, 0.5 lakh to 1 lakh , 0.1 to 0.5 lakhs and below 0.1 lakhs. The Commission shall prescribe the basis for calculating this index. The licensee shall publicize the daily and the monthly supply index through media and also publish it in the newspapers. The licensee shall also display these indexes at its web site.

Fixed charges shall be recoverable in full from consumers only if the licensee provides continuous and reliable supply or as may be approved by order of the Commission under section 23 of Electricity Act, 2003 for any period in any area or category of consumers. Any measures for load regulation by the licensee outside of Commission's orders/approval under section 23 of Electricity Act, 2003 may result in reduction or total withdrawal of fixed charges for such period as the Commission may decide.

Revenue earned by the licensee from fixed monthly charge shall be included in the total expected earnings of the licensee and shall be available for public scrutiny at the time of determination of tariff. A reasonable portion of licensee's annual expenditure shall be recoverable through fixed charges and the rest through energy charges. Currently revenue from the fixed charges is in the range of 35% to 40% but it shall be gradually moved to around 45% of the total cost of the licensee.

(b) Energy Charges: for actual electricity supplied: The energy charges are levied to recover charges, which may vary with the time of the day and/or season of the year. Such charge may include transmission and distribution losses, which may vary on the voltage of supply and other factors.

(c) Rent and miscellaneous services charges: These charges may be recovered for equipment or plant and services provided to consumers.

1.7 Rent and miscellaneous service charges are recoverable by the licensee as these are incidental to the business of distribution and retail supply of electricity to consumers, as for example:

- (a) Meter Hire/Rental Charges
- (b) Fee for test of meters at consumer's request
- (c) Service Connection, disconnection/ reconnection charges
- (d) Cost of burnt or damaged meters if responsibility can be fixed on consumers
- (e) Shifting of connection (including shifting of meter) from one premises to another or another site within the same premises at the request of the consumer
- (f) Supervision charges for specific services of capital intensive or labour intensive nature
- (g) Hiring of licensee's plants and equipments
- (h) Fee for verification of old dues /records or obtaining duplicate copies of bills or documents
- (i) Fee for special meter reading when requested by consumers
- (j) Maintenance of public street lights or other equipment
- (k) Replacement of fuses/glass/meter seals or meter reading cards
- (l) Resealing of meters, MD indicators and instruments of the licensee in the consumer premises if seal is found broken
- (m) Re-rating of installations where done at the request of the consumer
- (n) Testing of installations at consumer's request
- (o) Any other service proposed by the licensee on the request of the consumers

1.8 After due scrutiny and consultation, the Commission shall accord approval for charges proposed by the licensee and in doing so shall consider the reasonableness and actual cost to the licensee and such charges shall be recoverable only after the approval of the Commission. Licensee shall not recover any charges without the specific approval of the Commission.

4. Method to be followed for determination of various charges

1.9 COST OF SUPPLY STUDY

The licensee shall be required to undertake detailed and scientific studies to determine the 'Cost of Supply' and submit the details to the Commission by October 15 each year to facilitate the task of determination of tariffs and charges by the Commission. The Commission shall make available the data for

public discussion and debate before finally adopting the 'cost of supply' proposals. However, the data considered for tariff computation and calculation of cost of supply must be same.

BI-ANNUAL PUBLICATION OF INFORMATION

Licensee must keep account of revenue(demand raised) accruing on account of fixed charges, energy charges, Rent & Miscellaneous Service charges, any other charges and arrears payable for each administrative unit of division level and the revenue (demand raised) and collected for each category of consumers under each of the components of tariff (including subcategory whenever provided) and the data must be published for public information and presented to the Commission in January and July each year for half year ending in September and March respectively. This information must also be placed on the website of the licensee.

1.10 TARIFF CATEGORIES:

The Commission in its tariff orders approves the tariff categories and sub categories and the charges payable by consumers. The Commission in its future tariff orders may reclassify the consumers in different categories and sub-categories, or may rename the categories and sub-categories or may merge few categories and sub-categories. The following list provides the symptomatic list of categories and sub-categories that the Commission may adopt in its future tariff orders.

(a) Low Tension Supply

- (i) Domestic Usage
 - A) Consumers having recorded current monthly consumption upto 30 units shall be termed as LIFELINE TARIFF USERS.
 - B) Consumer having recorded current monthly consumption of more than 30 units but not exceeding 100 units to be called LOW TARIFF USERS.
 - C) Consumers recording a monthly consumption above 100 units but not exceeding 300 units to be called MEDIUM TARIFF USERS.
 - D) Consumers recording a monthly consumption above 300 units to be called STANDARD TARIFF USERS.
 - E) Unmetered domestic consumers who have authorised supply and are receiving it without a meter to be called DOMESTIC CONSUMERS WITHOUT METER.

Consumers of each of the above mentioned subcategories will be required to pay for all units at the rate applicable to that subcategory and will also pay the fixed charge as specified by the Commission in tariff order.

- (ii) Other LT usage
 - A) Non-domestic light & fan and power

- B) Water works and crematorium
- C) Public purpose lighting
 - (i) Municipal Corporation/Cantonment
 - (ii) Nagar Palika/Nagar Panchayat
 - (iii) Gram Panchayat
- D) Agricultural Installations
 - (i) Metered
 - (ii) Without meter
- E) LT consumers with demand based tariff
- F) LT industrial consumer
 - a) Upto 10HP
 - b) More than 10 HP and upto 25 HP
 - c) Above 25 HP and upto 100 HP
 - d) Above 100 HP and upto 150 HP
- (G) Temporary Supply

(No separate tariff is proposed for departmental employees or retired persons as these are covered under domestic category)

(b) High Tension Supply

- (i) For consumers availing supply at high tension the categories shall be rationalised as below:
 - A) Railway Traction
 - B) Cement Factories
 - C) HT Irrigation and Public Water Works
 - D) Other Industrial Power
 - E) Power intensive industries
 - F) Seasonal
 - G) Coal Mines
 - H) General purpose Non Industrial

- I) Rural Electric Co-operative Societies
- J) Border Villages
- K) Bulk Supply to exempties under section 13
- L) Temporary Supply

Consumers connected at Extra High Tension (EHT) voltages shall be classified as EHT consumers.

1.11 DISCOURAGEMENT OF UNMETERED CONSUMERS:

All such existing unmetered consumers and those consumers for whom the licensee is not in a position to install meter in the consumer's premises shall be treated as temporary connection and assumed to be consuming specified number of units per day for the period they receive the supply of electricity without a meter as approved by the Commission.

1.12 WHEELING CHARGES AND LOSS RECOVERY

Distribution licensee shall be permitted to recover the cost of energy (both fixed and variable) and transmission/ wheeling charges, parallel operation charges, reactive energy charges as well as amounts paid to SLDC along with transmission and distribution losses or any other charge at rates to be approved as per tariff determined by the Commission. The Commission may at suitable stage in future and in consultation with the licensee specify the different components of tariff to be shown in the bill served on the consumer e.g. fixed charge, energy charge, (including transmission charges and wheeling charges) distribution cost, customer service charge distribution losses, cross-subsidy provided or recovered (as the case may be) and rent, security, delayed payment surcharge, parallel operation charges, reactive energy charges and any rebates given.

1.13 TIME OF DAY TARIFF:

Principle of peak time tariff shall be applied to all consumers having connected load of 25 HP or more.

Peak time/ off peak time and their tariff shall be decided in tariff order.

1.14 DEMAND BASED TARIFF:

The demand based tariffs shall be applicable to all consumers with connected load of 10 KW and above. However, consumers with connected load of 25 BHP (18 KW/ 23 KVA) or more shall have KVA based demand tariff.

1.15 POWER FACTOR, LOAD FACTOR, DEMAND SIDE MANAGEMENT AND QUALITY OF SUPPLY

The Commission may consider providing rebate to consumers for maintaining appropriate power factor, achieving higher load factor or for implementation of energy conservation measures. The Commission may provide incentive or penalty in its tariff structure for adherence to or deviation from the standards approved by the Commission in its regulations on performance standards.

If the licensee detects and proves to the consumer that the consumer's system is generating harmonics above acceptable limits, the licensee shall request the consumer to install appropriate harmonic filter. The consumer shall install such filters within a period of thirty days.

1.16 MINIMUM BILLING:

HT as well as LT consumers are expected to help in keeping the grid afloat and may be billed a minimum energy charge every month to enable the licensee to pay capacity charge to generator.

5. Schedule of rent and miscellaneous service charges

A charge for services shown in schedule attached may be recovered by the licensee providing the specified services to a consumer or group of consumers and these will be determined and notified along with tariff determination order every year of such periods when tariff is determined.

6. Power to remove difficulties

If any difficulty arises in giving effect to any of the provisions of these regulations, the Commission may, by general or special order, do or undertake or direct the licensees to do or undertake things, which in the opinion of the Commission is necessary or expedient for the purpose of removing the difficulties.

7. Power to Amend and Review

The Commission may, at any time add, vary, alter, modify or amend any provisions of these regulations and schedule of miscellaneous charges after giving prior publicity and shall review and re-notify these regulations every three years after initial notification.

8. Savings

- 1.17 Nothing in these Regulations shall be deemed to limit or otherwise affect the inherent power of the Commission to make such orders as may be necessary for ends of justice to meet or to prevent abuses of the process of the Commission.
- 1.18 Nothing in these Regulations shall bar the Commission from adopting, in conformity with the provisions of the Act, a procedure, which is at variance with any of the provisions of this Code, if the Commission, in view of the special circumstances of a matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient for dealing with such a matter or class of matters.
- 1.19 Nothing in these Regulations shall, expressly or impliedly, bar the Commission dealing with any matter or exercising any power under the Act for which no Codes have been framed, and the Commission may deal with such matters, powers and functions in a manner it thinks fit.

By order of the Commission

**Ashok Sharma,
Deputy Secretary**