



Maharashtra Electricity Regulatory Commission

MERC



MERC
ANNUAL REPORT 2004 - 2005

जयति जयति सूर्याः सप्त लोकैक दीपः
किरणम् इति तथापः सर्व दुःखस्य हर्ता ।
अरुणकिरण गम्याश्चधीर आदित्यमूर्तिः
परम परम दिव्यः भास्कराष्टम नमामि ॥

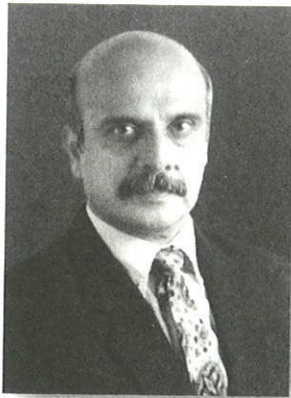
2004-05

CONTENTS

From the Chairman	1
2004-2005 - A Change of Guard	2
Regulations and Guidelines	2
Advice to State Government	4
Major Orders	5
Annexures	11

FROM THE CHAIRMAN

The Electricity Act of 2003 was passed after much debate. It sought to free the power sector from some of the constraints imposed by its being in the concurrent list in the Constitution. Effective implementation of the Electricity Act 2003 is not possible without development of a complex set of subordinate legislation in the form of Regulations. These Regulations were required to be developed within a year of the notification of the Act.



The Maharashtra Electricity Regulatory Commission devoted significant time in 2004-05 to development of various Regulations with the intent of ushering in competition in the power sector in the State. The most important of these are open access regulations for transmission and distribution, setting the stage for commercial consumers like hotels,

restaurants, hospitals and small industries – consuming one MW and above – to be able to choose their suppliers over the next three years. As part of the common carrier principle espoused in the Electricity Act, 2003, the new regime will enable consumers to buy power from a supplier of their choice, even if the supplier is not present in the area. This means that a consumer will be able to use a local utility's distribution network to wheel electricity from another supplier, by paying wheeling charges and a surcharge that will compensate the local operator for loss of a customer.

The Electricity Act of 2003 has widened the definition of "captive generation" to facilitate private investment and ensure quicker augmentation of the generation capacity in the State. The Act eliminated licensing in generation and also diluted the veto power of State Electricity Boards over purchase and sale, except by or to themselves. Realising the need to harness the entire available power generation capacity to mitigate the impact of impending power shortages, the Commission issued a very progressive order in September 2004 to ensure availability of surplus generation from captive power plants in the State. Unfortunately, implementation of this order by the utilities, both public and private, was not only tardy, but they challenged the order itself in the High Court.

In less than two months after the Commission announced its captive power package, MSEB announced load shedding of 6 hours and 3 hours per day in rural and urban areas, respectively. This was in addition to a day's weekly off for industries, which had been in force for many years. Apart

from this, unannounced load shedding was also resorted to. Moreover, a costly scheme of providing only single phase supply to agricultural and other three-phase consumers in rural areas, in order to restrict their supply hours, was announced. This scheme was challenged before MERC as discriminatory and the proposed expenditure of Rs 500 crore on this short-term palliative as unjustified.

After a public hearing, the Commission observed that there were several reasons for the differences between the projections it had made in the Tariff Order and the demand-supply gap that had arisen. It spelt out the measures that MSEB needed to implement, both for better assessment and to mitigate the impact of the shortfall. The Commission concluded that there was no justification for undertaking such a large-scale investment for a short-term measure when other steps, like feeder separation and High Voltage Direct Supply, would admittedly have wider and more long lasting benefits, especially since shortages are expected to persist for quite some time.

It is ironical that the Commission's efforts to introduce competition and choice in the power sector seemed to have run into a roadblock of capacity and energy shortages by the year's end. Once it is determined that a rationing system is necessary, it is regulators who must decide what form it should take. In most cases, rolling blackouts resulting from energy or capacity shortages are decided on an ad-hoc and last-minute basis. Rolling blackouts, however, no matter how organized they are, represent the most inefficient way of rationing a scarce resource since energy is rationed in a haphazard way, driven by the physical reality of the power grid and not by the real needs of consumers.

Hence the Commission started focusing its attention on the introduction of Demand-Side Management (DSM) measures and fostering the rational use of energy on a permanent basis to avoid further crises. It mandated medium-term measures for feeder separation, coupled with High Voltage Direct Supply. It urged the MSEB to promote load management efforts with community involvement.

The message the Commission would like to send out with this Annual Report is: a market-based load shedding scheme must rely heavily on incentives and penalties. By definition, those who save should win and those who waste should lose. However, the poor both in rural and urban areas should be protected from the consequences of load shedding.

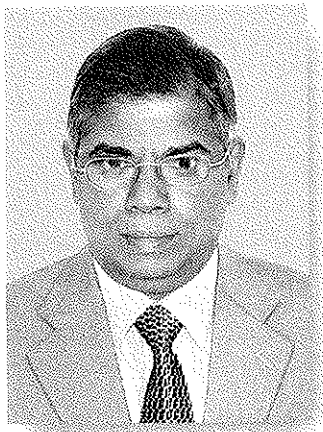


Dr. Pramod Deo

2004-2005 - A CHANGE OF GUARD

During the year covered by this report, Shri P. Subrahmanyam, Chairman of the Commission since its inception in 1999, demitted office in September 2004. During the five years of his chairmanship, he was instrumental in developing the Commission into an institution and establishing its credibility. Shri Jayant Deo, who contributed to shaping the direction of the Commission during its initial years, also completed his tenure as Member on August 11, 2004.

Dr. Pramod Deo continued as Member till February 10, 2005. He took charge as Chairman on February 11, 2005. Shri A. Velayutham, who was with the Central Electricity Authority earlier and most recently served as Member Secretary, Western Region Electricity Board, joined MERC as Member on August 18, 2004.



Shri A. Velayutham
Member

During the year 2004-05, an important focus of the Commission was to build on the legal framework provided by the new Electricity Act (EA), 2003, which came into force on June 10, 2003, and to pursue its objectives. EA, 2003 has brought in fundamental changes in the approach to the development and regulation of the power

sector in India, and gives the Commission a central role in this process in Maharashtra.

Ombudsman for Consumer Grievance Redressal

In December 2004, the Commission appointed Shri Wasudeo G. Gorde, retired Secretary to the Government of Maharashtra, as Electricity Ombudsman for the State, with headquarters at Mumbai. This was the culmination of the process of establishing a three-tier system for redressal of consumer grievances: an internal mechanism with each Distribution Licensee; Consumer Grievance Redressal Forums to be set up by each Licensee (with two of its three members being independent outsiders); and an Ombudsman appointed by the Commission for appeals by consumers against decisions of the Forums. Last year, in the first systematic effort to deal with consumer grievances, the Commission had notified Regulations for the purpose under Section 42(5) to (7) of EA, 2003.

REGULATIONS AND GUIDELINES

Regulations

Under EA, 2003, Regulations covering a wide range of complex issues are required to be formulated by the Commission. A unique participatory and consultative process was adopted by the Commission to prepare them. Initial drafts were first discussed between selected consumer representatives, the Licensees, consultants and the Commission, and revised drafts made available to the public for comments and suggestions before finalisation. The first few Regulations were notified last year. In 2004-05, the Commission finalised 13 Regulations to facilitate the implementation of many of the important provisions of EA, 2003. Many of these pertain to giving electricity consumers more choice and empowering them to demand better quality of power and service.

MERC (Terms and Conditions of Tariff) Regulations, 2004 set out the principles and procedure for determination of tariffs for supply of electricity by a generating company to a Distribution Licensee, intra-state transmission and wheeling of electricity, retail sale of electricity, and surcharges. The Regulations stipulate that the Commission shall be guided by the need to link tariff adjustments to increases in the productivity of capital employed and the continuous improvement of efficiency so as to safeguard the interests of consumers. The Commission shall also be guided by the need to rationalise tariffs on the basis of EA, 2003, the actual cost of generation, transmission, distribution and supply of electricity, the unbundling of costs so as to enable rational allocation of costs and the need to provide appropriate incentives in a non-discriminatory manner for the progressive introduction of competitive conditions.

At the same time, the Commission continued working on further details, with the intention of revising these Regulations later to make them more comprehensive.

MERC (Electricity Supply Code and Other Conditions of Supply) Regulations, 2004 provide, for the first time, a comprehensive set of directions regarding the procedures, charges and conditions which Distribution Licensees have to follow in respect of their consumers. The Regulations cover applications for supply and processing of applications, the terms and conditions of supply, schedule of charges for various services, access to consumer premises, wiring, change of name, security deposit, meters (supply, cost, etc.), billing (intervals, bill details, billing in the absence of meter reading, billing in the event of defective meters, payment of bills, advance payments, settlement of arrears), restoration of supply, failure of supply, etc. In case of default by Licensees in meeting these provisions, consumers can seek remedy through the

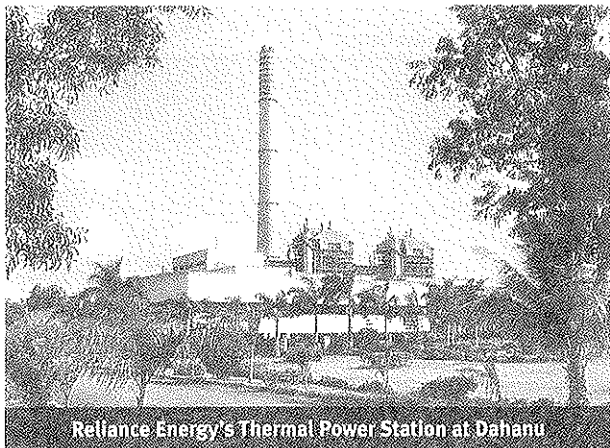
three-tier grievance redressal mechanism established by the Commission through separate Regulations.

MERC Electricity (Standards of Performance of Distribution Licensees, Period for Giving Supply and Determination of Compensation) Regulations, 2004 (which are to be read with the Supply Code) set the standards of performance expected from Distribution Licensees for the supply of electricity, including voltage, interruption duration and frequency, handling of complaints, quality and system of supply, restoration of supply, reliability indices, and a consumer charter. Compensation to consumers in case of default in meeting these standards, and the stipulated time limits, have also been provided for through the three-tier mechanism for grievance redressal.

MERC Electricity (Distribution Open Access) Regulations, 2004 elaborate on the procedure, conditions, principles for compensatory charges to the existing Distribution Licensee of the area, etc. when a consumer seeks supply from some outside source (such as a generating company, captive power plant with surplus power, or a Distribution Licensee of some other area) using that Licensee's network. Such open access is an important instrument for the competition and choice sought to be introduced by EA, 2003.

As in the case of Tariff Regulations, however, the Commission continued to work towards more comprehensive Regulations to govern Distribution Open Access, which could be notified later.

MERC (Distribution Licence Conditions) Regulations, 2004 specify the procedures for grant of new Distribution Licences, the terms and conditions of such Licences, etc. considering the provisions in EA, 2003 enabling two or more Licensees in the same area, each with its own separate distribution network, for competition and choice



to consumers. Under these Regulations, the Commission also initiated the process of amending the pre-existing ('deemed') Licences to bring them in conformity with EA, 2003 and Regulations.

MERC (Trading Licence Conditions) Regulations, 2004 lay down conditions for trading in electricity under six different categories of licences starting from 0-100 million kWh, 100-200 million kWh, 200-500 million kWh, 500-700 million kWh, 700-1,000 million kWh and above 1,000 million kWh. A trader in electricity cannot undertake the transmission of electricity, and is subject to fixation of the trading margins by the Commission where necessary.

MERC (Transmission Open Access) Regulations, 2005 lay down the eligibility, procedure and charges for open access to the transmission network of other Licensees and their charges, and deal with various issues concerning transmission system users, transmission system planning, transmission constraints, energy losses, information systems, special energy meters and charges of State Load Despatch Centre.

Other important Regulations pertaining to the working of the Commission itself and notified in 2004-05 are:

MERC (Fees and Charges) Regulations, 2004, which stipulate the fees payable to the Commission for various applications, petitions, etc. as well as annual Licence fees. The fees and charges will enable the Commission to generate its own revenues and be self-reliant in due course.

MERC (Terms and Conditions for Appointment of Consultants) Regulations, 2004 are intended to govern outsourcing of expertise and professional services required by the Commission, to enable it to perform its expanded role under EA, 2003 effectively.

Investment Approval Guidelines

On February 9, 2005, the Commission issued Guidelines for the In-Principle Clearance of Proposed Investment Schemes to Licensees. These Guidelines, formulated with the assistance of SICOM and in consultation with consumer representatives, address the need to examine major capital expenditure and other investment schemes of Licensees, both before and after implementation. Such expenditures have a direct impact on the tariff to consumers and the performance of the Licensees. The Commission had found that it is not possible to examine them in the manner necessary only at the time of tariff revision proceedings, as was being done in the past.

ADVICE TO STATE GOVERNMENT

Reorganisation of MSEB

An important element of EA, 2003 is the provision for reorganising the Maharashtra State Electricity Board (MSEB) into separate companies for each of its different functions, such as generation, transmission and distribution. EA, 2003 also provides for the Commission to advise the State Government in such matters.

In April 2004, the Government of Maharashtra (GoM) sought the Commission's advice on issues relating to the reorganisation of MSEB. In view of the impending June 9, 2004 deadline for such reorganisation, the Commission furnished its initial response on May 14, 2004. However, when the Government of India extended the deadline, the Commission furnished more detailed recommendations on September 17, 2004. The Commission was of the opinion that MSEB's unwieldy structure was responsible for much of its inefficiency and poor quality of service.

Apart from separate companies for generation and transmission, the Commission studied the typical size of distribution companies in India and abroad. It advised the GoM that forming five or six distribution companies of similar size and consumer/area mix would be preferable, as compared to separate companies for rural and urban areas which seemed to be favoured by GoM/MSEB. The Commission also spelt out various other principles and considerations that should be taken into account while determining the size and nature of MSEB's successor companies.

The Commission also suggested that the GoM should work out a comprehensive reform implementation plan when undertaking the reorganisation. Experience across the world has shown that rural electrification and supply programmes are rarely self-supporting, and such rural supply and subsidy issues have to be dealt with. Wide divergence in performance between urban and rural areas could cause social imbalances. The Commission noted that private companies are generally reluctant to extend supply in rural areas where recoveries from tariffs are significantly lower than costs. Utilities also have little appreciation of local problems, leading to service denial and poor service levels. International experience shows that local and private participation in rural areas can yield encouraging results if schemes are appropriately structured.

The Commission was of the view that franchising arrangements should be encouraged for service delivery in rural areas, through local bodies or other such organisations. The primary responsibility for performance standards would be that of the concerned distribution company which could franchise its local functions, and ensure that standards and targets are met through incentive/penalty mechanisms.

The Commission believes that the continuation of certain subsidies for rural and poorer sections of consumers will be necessary in the foreseeable future. It pointed out that such subsidies are not unique to India, and that even developed countries provide them. Hence, the Commission recommended the setting up of a Power Development and Subsidisation Fund to ensure transparent and accountable administration of subsidies and facilitate development of the rural sector.

Money can be raised through a combination of Government support and production/consumption taxes routed to the Fund. This would also help in better utilisation of subsidies.

Rural Electrification Policy

During the year under report, the Commission also initiated an exercise to formulate its advice and recommendations to the GoM on the critical issue of the Policy for Rural Electrification and Supply in the context of EA, 2003, and considering the large number and proportion of rural households that do not have access to electricity even today.

Small Hydro Policy

In December, 2004, the GoM also approached the Commission to advise it on its revised draft Policy for the development of small hydro projects (below 25 MW) with private participation through captive and independent power producers, and to determine the procurement process, tariff, etc. for the purchase of power from such projects by MSEB and other licensees. The Commission accordingly initiated work on both these aspects. In the year 2002, the Commission had given its recommendations on an earlier, more limited draft Policy. The present proposals of GoM are broader in scope, and take into account the legal changes since the coming into force of EA, 2003.

State Advisory Committee

The State Advisory Committee, constituted under Section 81 of EA, 2003, met on February 11, 2005. Three important and inter-related issues were taken up in the context of the new legal framework and advice given and proposed by the Commission, all of which have a bearing on rural electrification and supply. On the basis of presentations made at the meeting, detailed discussions were held on:

- (a) Cross-subsidies and agricultural tariff
- (b) Preliminary draft of advice proposed to be given by the Commission to GoM on Rural Electrification Policy
- (c) Advice given by the Commission to GoM on reorganisation of MSEB.

MAJOR ORDERS

Tariff Orders

In the course of a Petition filed by Shri Shirish Deshpande raising various issues relating to competition in Mumbai, decided in April 2004, the Commission had directed three of the Distribution Licensees operating in Mumbai, namely Tata Power Company Limited (TPC), BSES Ltd. (now Reliance Energy Limited) and the Brihanmumbai Electric Supply & Transport Undertaking (BEST), to approach the Commission with their Aggregate Revenue Requirement (ARR) and tariff proposals. The tariffs of the fourth Licensee, i.e. MSEB, were being determined on a regular basis, but the Commission had not previously reviewed the tariffs of TPC, REL and BEST.

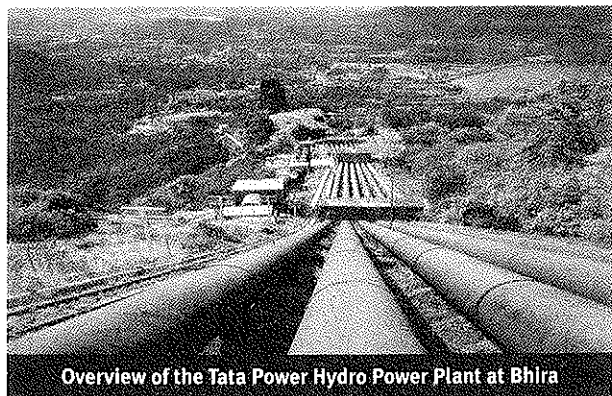
Tata Power Company (TPC) Tariff

TPC submitted its ARR and tariff proposal in September, 2003, with further modifications later. Considerable time was taken to obtain the additional data and clarifications required. After a Technical Validation session, the proposal was made available for public comment, and a public hearing also held at Mumbai. Thereafter, the Commission issued its Orders in June, 2004, considering the various legal and other developments that had taken place since TPC's tariff was last revised (prior to the Commission's establishment), and the provisions of EA, 2003.

Apart from the usual principles adopted for tariff fixation in the past, through these Orders the Commission initiated a rationalisation of tariffs, and a move towards bringing in greater uniformity across the different Licensees, particularly in Mumbai, which has four suppliers of electricity.

The Commission's TPC Tariff Orders, applicable from June 1, 2004, reduced the average tariff by 9.2%, as against the tariff rationalization measures proposed by TPC for FY 2003-04 and FY 2004-05, which were not expected to result in any tariff increase.

The Fuel Adjustment Cost (FAC) charge was made applicable on the entire sales of TPC, without any



Overview of the Tata Power Hydro Power Plant at Bhlra

exemption to any consumer, including other Licensees. The FAC charge was also brought in line with the provisions of EA, 2003 to cover only variations in fuel costs and not other changes. However, the Commission ensured that there was no tariff shock to TPC's consumers in those consumption slabs which were earlier exempted from FAC, or to BSES and BEST (supplied partly or wholly by TPC), by setting lower tariffs.

In the case of supply by TPC to BSES and BEST, the Commission determined the tariffs such that the first 25% of consumption is charged a significantly lower tariff as compared to the balance 75%, so as to enable BSES and BEST to charge lower tariffs for the basic electricity requirements of their domestic consumers with consumption up to 100 units per month. Pending determination of its tariff, BEST was asked to pass on the benefit to its consumers, which it did through its own FAC mechanism.

BSES (REL) Tariff

BSES also filed its Petition on September 8, 2003, with some changes later. As in the case of TPC, considerable additional data and time was required before it could be submitted for public comments and hearing, and similar principles were applied by the Commission while considering it.

In its Order of July 2004, the Commission introduced significant rationalisation of the earlier BSES categories and sub-categories/slabs. As a result, the billing rate for some categories increased, while that of some others was reduced. However, on an average, a reduction was achieved. As in the case of TPC, the formula for FAC charges was brought in line with the provisions of EA, 2003, and the concept of a two-part tariff (i.e. fixed and variable charges) introduced across the board.

Subsequently, through Orders on a review Petition filed by BSES/REL, unintended tariff shocks to certain categories, resulting from first-time rationalisation and incomplete information regarding the practices of BSES in respect of matters such as contract demand and the basis of billing, were rectified by the Commission through some changes, some of which were allowed for a stipulated period.

Standby Dispute

The above Tariff Orders were passed after the Commission's Order dated May 31, 2004 in the dispute regarding the charges payable to TPC for BSES' share in the standby arrangement extended by MSEB to TPC in certain exigent circumstances. The charges determined by the Commission were used as inputs in the tariff determination exercise. The Commission had earlier decided this complex dispute in the year 2001, but appeals

were filed in the High Court, then the Supreme Court, and the matter had been remanded to the Commission for fresh consideration. However, both TPC and BSES subsequently challenged the May 2004 Order also in the High Court.

Captive Power

Power Purchase from Fossil Fuel-Based Captive Power Plants

An important matter which the Commission dealt with in 2004-05 was the procurement process and price for purchase of power by MSEB and other Distribution Licensees from fossil fuel-based Captive Power Plants (CPPs) in the State, and related dispensation for such CPPs.

In October 2003, MSEB had issued a Circular relating to CPPs without the prior approval of the Commission. This Circular was not in conformity with the provisions of EA, 2003. The Vidarbha Industries Association and Ballarpur Industries Ltd. filed Petitions before the Commission in December 2003 challenging various provisions of the Circular. The Commission stayed the Circular until it formulated a general framework for CPPs.

Accordingly, the Commission formulated a draft, with the assistance of its consultants, M/s A.F. Ferguson, covering the proposed dispensation for such CPPs, and put it up for public comments and a public hearing, which was held in August 2004.

The Commission's Order dated September 8, 2004 takes into account the new legal framework introduced by EA, 2003 for CPPs, for whom there are several special provisions, apart from the delicensing of generation. The Order is significant since it is also intended to harness CPP surplus power to bridge a part of the demand-supply gap in the State, and to encourage the development of such power. Obviously, it is also significant for existing and potential captive generators, and for the possibilities opened up by the legal provisions for open access. Moreover, the expected completion of the Dahej-Uran gas pipeline is likely to provide further impetus to new gas-based CPP capacity addition in the State. It is estimated that the growth of CPP capacity in Maharashtra over the next three years will be between 500-600 MW.

The salient features of the Commission's Order are as follows:

- a) **Definition of CPP:** In normal circumstances, 51% of the electricity generated would be for own consumption and the rest could be sold to a distribution licensee or a third party. However, during low-capacity utilization in the initial period, the CPP would be allowed to use 25%

for own consumption and sell a maximum of 75% for a certain period of time.

- b) **Reduction in Contract Demand of CPP Holder:** The CPP Holder shall be allowed to reduce the Contract Demand with the Distribution Licensee to the desired level.
- c) **Reduction in Contract Demand of Third Party Purchaser of CPP Power:** The third-party purchaser of CPP power will also be allowed to reduce the Contract Demand with the Distribution Licensee to the desired level.
- d) **Additional Demand Charges:** Only those HT consumers having CPPs synchronised with the grid will pay Additional Demand Charges to their Distribution Licensee of Rs 20 per kVA per month, only on the standby component, and only on the quantum, if any, in excess of the consumer's Contract Demand.
- e) **Rate of Purchase of CPP Power by Distribution Licensee:** The Commission linked the rate of purchase of CPP power by Distribution Licensees to the Unscheduled Interchange (UI) rate applicable from time to time under the principles of 'Availability-Based Tariff' (ABT) laid down by the Central Electricity Regulatory Commission. However, this is subject to certain floor and ceiling rates, a lower rate for infirm power, and a percentage mark-up for co-generation.
- f) **Rate of Purchase of CPP Power by Third Party:** The rate of purchase of CPP power by third parties is not within the purview of the Commission. However, it would be subject to certain conditions and the provisions of open access, including wheeling and other charges, a dispensation for banking, and installation of ToD meters.
- g) **Banking of Surplus Power:** Banking of energy is to be allowed by the Distribution Licensee, with accounting on ToD basis.
- h) **Wheeling of CPP Power:** Wheeling and Transmission charges will be the same (2% and 5%, respectively) as those approved by the Commission in its earlier Orders on wind energy and bagasse-based co-generation, pending detailed studies.
- i) **Surcharges on Third Party Sale of CPP Power**
 - (1) **Surcharge on Third Party Sale:** Under EA, 2003, a surcharge is to be levied on third-party sale of CPP power through open access, to compensate the Distribution Licensee for his cross-subsidy burden. {In the absence of a detailed study, the cross-subsidy may be calculated based on the Average Realisation from various consumer categories of Distribution Licensee's supply area, and is computed as the difference between the Average Realisation of the HT Industrial Consumer and the

overall Average Realisation of all the consumer categories of the Distribution Licensee.}

- (2) **Additional Surcharge on Third Party Purchaser:** Given the current demand-supply gap in the State, the Commission has decided that no Additional Surcharge, as envisaged under EA, 2003, would be levied on the Third Party purchase of CPP power.

- j) **Electricity Duty and Tax on Sale of Electricity:** Although taxation is outside its jurisdiction, the Commission's Order has also advised the State Government not to levy electricity duty and taxes on the sale of electricity on CPP, considering the need to harness the potential of surplus CPP power to partly bridge the demand-supply gap in Maharashtra.

Conditions applied by MSEDCL to Captive Power Plants

The Commission's above Order dated September 8, 2004 took into account the decisions taken through certain earlier Orders, particularly in the case of the Oil and Natural Gas Corporation decided last year, and in the common Order in the cases of Eurotex Industries and three others issued on May 21, 2004. Through these Orders, the Commission found that the 25% take-or-pay provision imposed by MSEDCL as a condition for granting consent to set up a CPP was illegal even as per the earlier laws; and that MSEDCL could not deny reduction in contract demand sought by CPP holders considering their own generation.

Renewable/Non-Conventional Energy

Renewable Purchase Obligation

In earlier years, the Commission had focused attention on the potential of renewable and non-conventional energy sources, through its Orders on bagasse and other non-fossil fuel based co-generation and wind energy. In 2004-05, the Commission clarified several points in these Orders.

EA, 2003 also introduced certain specific provisions for this sector. Under Section 86(1)(e), the Commission is

expected to promote co-generation and electricity generation from renewable energy through various means, and to specify a percentage for purchase from such sources by Distribution Licensees. Moreover, a national target for capacity addition through renewable energy projects has been set at 10% of the overall capacity addition target of 1,00,000 MW by 2012.

In this context, the Maharashtra Energy Development Agency (MEDA) approached the Commission to fix a 'Renewable Purchase Obligation' (RPO). Earlier also, MSEDCL had raised the issue of the obligations of other Licensees to purchase such power, considering that most of the projects were in its area.

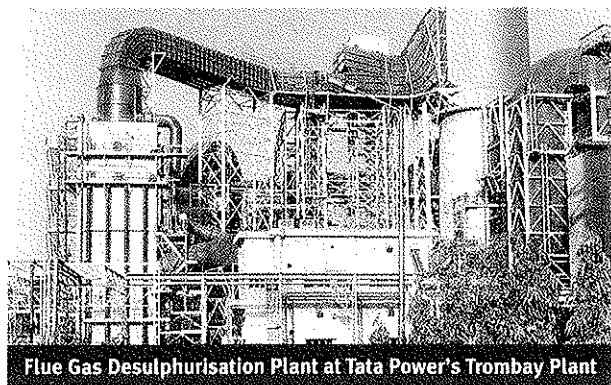
In its Order dated September 3, 2004, the Commission stipulated that the RPO for each Licensee would be denominated in terms of percentage of 'gross input energy units' handled by the Licensee for supplying power to their consumers. This would exclude any inter-se sale/consumption of electricity amongst the licensees. For the purposes of determination of the percentage of RPO, generation from all types of grid-connected renewable energy sources (such as wind energy, bagasse, solar energy or such other sources as approved by the Ministry of Non-Conventional Energy Sources, Government of India as constituting renewable energy) would be considered, with certain exceptions.

The Commission directed that the Licensees should together work out detailed modalities, including accounting of energy, and formulate a mechanism for operationalising the RPO, in coordination with MEDA. The details of the RPO operating scheme, together with the RPO target for each Licensee for 2004-05 and the details of the arrangements made by each Licensee to meet its target RPO, were to be submitted to the Commission.

Municipal Solid Waste

As part of its focus on non-conventional and renewable energy, during the year the Commission also determined the purchase and procurement process for power from Municipal Solid Waste (MSW)-based power projects through a general Order dated April 6, 2004. The Order covered all such cases, although it arose from a Petition filed by MSW Power (India) Ltd. (MPIL) seeking directions to BSES and TPC to purchase electricity generated from its project at Deonar, Mumbai, and for approval of the energy tariff.

Mumbai alone generates over 6,000 tonnes per day of such waste. Apart from the pollution this causes, disposal of waste has also become a major problem with the depletion of landfill sites. Alternative methods of MSW disposal, which reduce the requirement of land for disposal and generate energy, therefore need to be considered.



Flue Gas Desulphurisation Plant at Tata Power's Trombay Plant

The Commission invited public comments on the issue, and held a public hearing in which the Ministry of Non-Conventional Energy Sources, GoI, also participated.

In its Order, the Commission held that, although such Waste-to-Energy (WTE) projects should be promoted, they should not become a back-door entry for developers generating electricity based on fossil fuels. Thus, while not granting approval for the MPIL project in its present form on various grounds, the Commission advised the Mumbai and other Municipal/local authorities to promote and develop MSW-based plants considering the stipulations and guidelines in the Order. The Commission also directed MSEB and other Licensees to provide access to their networks for evacuation of power from such projects.

The Commission noted that efficient waste disposal is the responsibility of the Municipal bodies. Given that in cases such as the MPIL project, the Municipality is a beneficiary, with a reduction in landfill site requirements and environment-friendly disposal of waste, the Municipality should also be responsible for all costs related to the project - and these cannot be passed on to the Licensees and to electricity consumers through higher tariffs.

Thus, the Commission directed that, when tendering for such projects, the concerned local authorities should undertake a detailed cost-benefit analysis, including social, financial and environmental implications, and choose an appropriate technology.

Further, the local authorities, being the direct beneficiaries, need to internalise all costs related to the project. All the power and other by-products generated by such projects would be for their captive consumption. Given the details of the MPIL Petition and the nature of WTE projects in general, the Commission did not fix a tariff for or approve individual projects. Instead, it laid down certain parameters and guidelines to be observed when inviting bids and approving such projects.

Energy Generation from Biomass

In the previous year, the Maharashtra Biomass Energy Developers Association filed a Petition seeking approval on its proposal for power purchase, its rate, etc. by Licensees from biomass-based projects to be set up by its members. The Commission decided to first study the position in Maharashtra with regard to the types and availability of biomass, the utilisation patterns and surplus, socio-economic aspects, and the implications of use of biomass for power generation before proceeding further. M/s Deloitte Touche Tohmatsu (India) were engaged for the purpose, and submitted their Report during the year. Considering the report's positive findings, a proposed tariff and related dispensation was prepared and put up for public comments in February 2005.

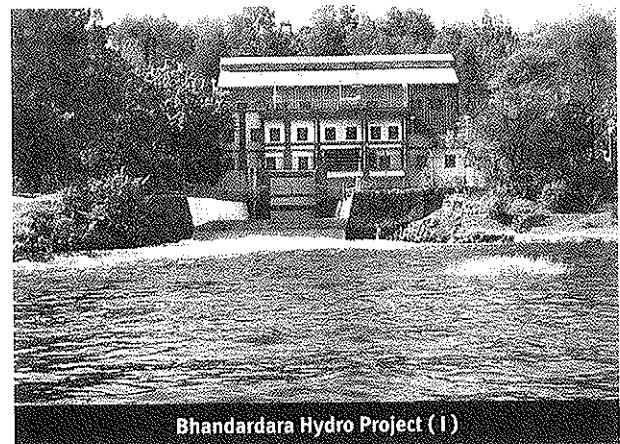
Demand-Supply Gap and Load Shedding by MSEB

Through an Application in December 2004, Shri Pratap Hogade, President, Maharashtra Rajya Veej Grahak Sanghatana, drew the Commission's attention to its Tariff Order dated March 10, 2004 pertaining to MSEB. In that Order, the Commission had observed that there may be no need for load shedding, and that sufficient power would be available from MSEB's own generation and power purchase considering the T&D loss levels of 36.62% expected to be achieved.

In spite of this, MSEB had announced load shedding of 6 hours and 3 hours per day in rural and urban areas, respectively, in addition to a day's weekly off. Apart from this, unannounced load shedding was also being resorted to. Moreover, a costly scheme of providing only single-phase supply to agricultural consumers, and using it to restrict their consumption, had also been announced. Thus, Shri Hogade contended, MSEB had violated the Commission's Order. He asked that the discriminatory single-phase supply scheme be stopped, and that MSEB implement the various measures that had been directed by the Commission in earlier Tariff and other Orders which would have avoided the present demand-supply gap.

In its Order dated March 4, 2005, the Commission observed several reasons for the differences between the projections it had made in the Tariff Order and the demand-supply gap that had arisen, although the data furnished by MSEB on the load shedding required were still inadequate. It reiterated various measures that required to be pursued by MSEB, both for better assessment and to mitigate the shortfall.

On Single Phasing, the Commission observed that MSEB, without any reference to it, had initiated a major State-wide scheme involving an investment of more than Rs 500 crore. The stated purpose of the scheme was not to increase the supply or improve the quality of power, but to deprive a specific consumer category, namely agricultural consumers.



Bhandardara Hydro Project (1)

MSEB had admitted that its proposal for investing such large resources to implement Single Phasing across the State was intended only as a short-term palliative to manage the present demand-supply gap and help mitigate load shedding. The Commission felt that even this claim of being able to reduce load shedding or losses as a result was not well-founded. Moreover, apart from agricultural consumers who are the target, single phasing would also result in denying three-phase power to rural Low Tension industries and processors, cold storage units and poultry units, which service both the urban and rural economies and contribute to agricultural value addition. This would also lead to further revenue losses for MSEB.

The Commission concluded that there was “no justification for undertaking such a large-scale investment with these stated objectives and short-term purpose, when measures, particularly such as feeder separation and HVDS, will admittedly have wider and more lasting benefits, especially considering the fact that shortages will persist for some time”.

However, the Commission permitted MSEB to implement single-phasing on a limited, pilot basis, so that more detailed information would become available later for assessing the scheme. In case the State Government wanted MSEB to pursue the scheme on a larger scale as a matter of policy, it would have to be Government-funded and not paid for by consumers through tariff.

To meet the demand-supply gap in the short term, MSEB should buy surplus power available with CPPs and from non-conventional and renewable energy projects, which would become available if the dispensation provided in the Commission's relevant Orders was properly implemented. Expected additional generation from the Central Sector would also become available.

The Order also set out several other issues of critical importance in the context of the serious demand-supply gap in the State, which the Commission decided to pursue in more detail separately. These include:

- a) The introduction of Demand-Side Management measures and programmes for energy conservation and efficiency, including schemes with immediate impact
- b) Determination by the Commission of the principles and protocol to be adopted for load shedding by MSEB, so that the manner in which the shortage is distributed among consumers is fair, equitable and transparent
- c) Medium-term measures for feeder separation coupled with High Voltage Direct Supply

- d) Promotion of voluntary load regulation efforts with community involvement (such as the Akshay Prakash scheme of MSEB)
- e) Issues relating to the functioning of capacitors.

State Government Subsidy

Section 65 of EA, 2003 provides that, for any subsidy that GoM decides to give certain categories of consumers against the approved tariff, compensation has to be paid in advance to the concerned Licensees, and in the manner specified by the Commission. A similar provision existed in the earlier statute, but under EA, 2003 payment in advance is mandatory. GoM has generally been deciding to give subsidy against tariff to agricultural and powerloom consumers and to certain consumers in drought-affected areas under MSEB and the Mula Pravara Electric Co-operative Society (MPECS) (operating in parts of Ahmednagar District).

The GoM approached the Commission four times on this issue – in August, September and December 2004, and in January 2005 – and hearings were held with GoM, MSEB, MPECS and consumer representatives.

Among other things, it was for the first time that GoM proposed to provide free power to agricultural consumers, i.e. to provide 100% subsidy against the tariff. GoM also proposed to compensate for the subsidy by adjusting it against the dues of MSEB to GoM, and of MPECS to MSEB.

Consumer representatives (authorised on a standing basis by the Commission under Section 94(3)) opposed the proposal citing the adverse impact that free power would have on energy accounting and losses, the demand for electricity, the indirect impact on all consumers, etc. They also opposed GoM's proposal for payment by adjustment of dues, and argued that the GoM had not met the requirement of 'payment in advance'.

In its Order, the Commission noted that under the law it was the GoM's prerogative to decide whether or not to provide subsidy against tariff. It also noted that the quantum of many of the dues from MSEB to GoM, and from GoM to MSEB were in dispute or had yet to be reconciled. Further, the compensation had to be paid prior to the raising of electricity bills to satisfy the requirement of payment in advance under Section 65. Moreover, it would have to be paid in cash and not by book adjustment to the extent that the net dues on either side had not been finalised by issuing formal orders before the quarterly issue of electricity bills to agricultural consumers.

Major Consumer Related Orders

Provision of meters and recovery of meter cost by MSEB

In its Order dated July 13, 2004, in a case filed by Shri Shirish Deodhar of Sameer Electricals & Electronics, the Commission held that consumers had to be given the option of procuring their own meters, meeting the specifications stipulated by MSEB. If MSEB requires testing of such meters procured by consumers, such testing should be done in its local laboratories.

(Shri Deodhar subsequently pursued the compliance of the Order and related issues, and the Commission issued further Orders, based on which MSEB issued a Circular.)

In its Order dated July 19, 2004 on a complaint made by Lt. Cdr. (Retd.) Hakim Singh, regarding recovery of meter cost upon replacement by MSEB, the Commission held that MSEB was not entitled to do so, inasmuch as the consumer had already paid for the meter once earlier, albeit not to MSEB since it was his own meter as was permissible under law. Moreover, no due procedure was followed while replacing the meter, either in terms of informing him with details of why this was done, or giving him the option to obtain his own meter.

MSEB Service Line Charges and Outright Contribution scheme

Shree Om Estate Developers and others challenged the collection of SLC (Service Line Charge) by MSEB as it was already being collected through the ORC (Outright Contribution) scheme. The scheme is essentially for expeditious creation of infrastructure facility at the cost and option of the consumer, so as to avail of a new connection for electricity supply, instead of waiting for a long period for MSEB to do so.

While appreciating the issues raised by the Petitioners, and keeping in view MSEB's arguments that some of these charges were pre-existing before EA, 2003 came into force, and that they continue to operate until they are duly revised by the Commission, the Commission was not inclined to interfere in the matter of ORC and SLC through its Order dated August 10, 2004.

However, with regard to the plea that the amounts in excess of SLC collected/to be collected from others, to whom connections were given from the infrastructure erected by the Petitioners and handed over to MSEB, the Commission observed that MSEB should reimburse these amounts to the Petitioners as and when recovered from others.

"Amendment"/"Supplementary" and other such Bills

In an important initiative affecting a large number of consumers, the Commission wrote to all Distribution

Licenseses in August 2004, stating that several instances had come to its notice of so-called "amendment", "supplementary" or other such bills being issued to consumers, often several years later, on a basis other than actual meter reading for the relevant period, when large variations in consumption are noticed or for other reasons.

The Commission noted that the past and present laws provide that, in case of metered consumers, energy consumption charges have to be billed on the basis of meter readings. Moreover, the licensee, and not the consumer, is responsible for maintaining, rectifying, or having such meters replaced where necessary. Thus, the Commission observed, no 'amendment' bills of the kind referred to in the letter can be raised unilaterally, and any additional billing has to follow due process and the provisions of law.

The Commission asked the Licensees to review their billing practices and bring them into conformity with the statutory provisions, and report the corrective action taken (including withdrawal of all pending bills, and refund of amounts collected after the coming into force of EA, 2003).

After responses were received, the Commission heard the Licensees and consumer representatives. In its Order dated February 23, 2005, the Commission noted that its focus was on cases in which amendment/supplementary bills have been issued on the basis of estimated or assumed consumption where meters have been changed as part of a general replacement programme, or on the presumption of defect but without testing or furnishing a test report, relying on observed variations in consumption before and after replacement, or even without such replacement. Holding that such billing was not mandated by law, the Commission directed that in cases of such bills issued after EA, 2003 came into force, and up to January 19, 2005 (after which the Supply Code Regulations were notified),

- (a) the bills should be withdrawn, if due meter testing has not been done with the results intimated to the consumer;
- (b) amounts collected should be refunded to the concerned consumers;
- (c) where meters have been found to be defective upon subsequent testing (and the results intimated to the consumer), the bills may be adjusted for up to three months prior to the date of testing or meter replacement, whichever is earlier, and any amounts recovered in excess refunded.

(The Commission's Order was initially challenged in the High Court, and then in the Appellate Tribunal by REL and others, and also by BEST in a Review Petition before the Commission.)

Annexure I

MEETINGS OF THE COMMISSION FOR THE YEAR 2004-2005		
Number of Commission's meetings held	23	21.04.2004 (44th meeting) 27.04.2004 (45th meeting) 05.05.2004 (46th meeting) 04.06.2004 (47th meeting) 24.06.2004 (48th meeting) 19.08.2004 (49th meeting) 24.08.2004 (50th meeting) 31.08.2004 (51st meeting) 07.09.2004 (52nd meeting) 08.09.2004 (53rd meeting) 21.09.2004 (54th meeting) 28.09.2004 (55th meeting) 18.10.2004 (56th meeting) 18.11.2004 (57th meeting) 30.11.2004 (58th meeting) 13.12.2004 (59th meeting) 14.12.2004 (60th meeting) 20.12.2004 (61st meeting) 05.01.2005 (62nd meeting) 13.01.2005 (63rd meeting) 31.01.2005 (64th meeting) 22.03.2005 (65th meeting) 23.03.2005 (66th meeting)

Annexure II

CASES FILED IN 2004-2005					
NO.	APPLICANT	RESPONDENT	DATE OF PETITION	CASE NO.	SUBJECT
1	<i>Suo Motu</i> Application	TPC, REL, MSEB, BEST	MERC notice dt. 12.04.2004	2 of 2004	Distribution open access/parallel licenses
2	BEST	-	30.11.2004	4 of 2004	Approval of ARR and tariff proposal
3	Balaji Electro Smelters Ltd.	MSEB	28.04.2004	6 of 2004	Review of Tariff Order dt. 10.03.2004
4	Mahratta Chamber of Commerce, Industries & Agriculture	MSEB	06.05.2004	7 of 2004	Clarification of various provisions of Order dt. 28.11.2003 reg. procurement of wind energy
5	Mr. Chandrakant R. Khandelwal	MSEB	29.05.2004	8 of 2004	MSEB electricity bills and related matters
6	Transparent Energy Systems Pvt. Ltd.	MSEB	02.06.2004	9 of 2004	Non-release of additional load by MSEB
7	Tata Power Co. Ltd.	-	26.07.2004	10 of 2004	Review of Tariff Order dt. 11.06.2004
8	MSEB	-	30.07.2004	11 of 2004	Approval of Energy Wheeling and Banking Agreement
9	Reliance Energy Ltd.	-	04.08.2004	12 of 2004	Review of Tariff Order dt. 01.07.2004
10	Government of Maharashtra	-	11.08.2004	13 of 2004	State Govt. subsidy for providing free electricity supply to agricultural consumers
11	Jai Bamleshwari Rice Mill	MSEB	26.04.2004	14 of 2004	Non-compliance by MSEB of Section 126 of the Electricity Act, 2003
12	Indian Wind Energy Association	MSEB	26.06.2004	15 of 2004	Clarification of various provisions of Order dt. 28.11.2003, regarding procurement of Wind Energy

NO.	APPLICANT	RESPONDENT	DATE OF PETITION	CASE NO.	SUBJECT
13	Indian Wind Energy Association	MSEB	01.09.2004	16 of 2004	Clarification of various provisions of Order dt. 28.11.2003, regarding procurement of Wind Energy
14	Pudumjee Pulp & Paper Mills Ltd.	MSEB	04.09.2004	17 of 2004	Review of Order dt. 16.06.2000, in respect of demand charges levied on M/s. Pudumjee Pulp & Paper Mills Ltd
15	Rice Millers Association	MSEB	27.04.2004	18 of 2004	Application for non-compliance by MSEB of the provisions of Section 126 of the Electricity Act, 2003
16	<i>Suo Motu</i> Proposal	REL, BEST, MSEB, MPECS, TPC	MERC letter dt. 03.08.2004	19 of 2004	Amendment Bills
17	BF Utilities Ltd.	MSEB/GoM	08.09.2004	20 of 2004	Clarifications for various provisions of Order dt. 24.11.2003 on Procurement of Wind Energy
18	Niramaya Medical Foundation	MSEB	10.05.2004	21 of 2004	Refund of excess amounts of Security Deposit, SLC, SCC and Energy Charges
19	MSEB	-	18.12.2004	22 of 2004	Installation of 600 MW Wind Power Project by MSEB
20	Lloyds Steel Industries Ltd.	MSEB	23.09.2004	23 of 2004	Illegal recovery of Service Line Charges etc. from M/s Lloyds Steel Industries Ltd., for reinstatement of contract demand
21	Bhushan Steel & Strips Ltd.	(i) MSEB and (ii) TPC Ltd.	29.10.2004	24 of 2004	NOC from MSEB to M/s. Bhushan Steel & Strips Ltd. to obtain power from M/s. Tata Power Co. Ltd.
22	Government of Maharashtra	CPPs, IPPs and Distribution Licensees	23.12.2004	25 of 2004	Determination of Tariff for small hydro electric projects (up to 25 MW)
23	<i>Suo Motu</i> Review proceeding under Regulation 32 of MERC (Conduct of Business) Regulations 2004	MSEB and all other distribution licensees in Maharashtra	Commission Meeting dt. 20.12.2004	26 of 2004	Rate and other dispensation for purchase of power from bagasse & other non-fossil fuel based non-qualifying co-generation projects
24	Simla Industries	MSEB	08.11.2004	27 of 2004	Sanction of additional load of 79 HP and other related issues
25	Vidarbha Industries Association	MSEB	17.01.2005	28 of 2004	Passing on tax on sale of electricity to industrial and commercial consumers by MSEB

Annexure III

LIST OF ORDERS PASSED BY THE COMMISSION FOR THE YEAR 2004-05

NO.	CASE NO.	DATE OF PETITION	DATE OF HEARING	DATE OF ORDER/ INTERIM ORDER	DESCRIPTION
1	32 of 2003	20.10.2003	18.11.2003	02.04.2004	Govt. of Maharashtra (Irrigation Dept.) - Review of tariff applicable to Lift Irrigation Schemes operated by State Government and Irrigation Department Corporations
2	15 of 2002	26.07.2002	16.09.2002 12.06.2003	06.04.2004	MSW Power (India) Limited - Power Purchase from Municipal Solid Waste to Energy Projects
3	06 of 2003	19.03.2003	05.06.2003	07.04.2004	Shri Shirish V. Deshpande - Permitting competition in Mumbai in electricity supply, applying concessional tariff by BSES & TPC and determination of rational and fair tariff
4	60 of 2003	12.03.2004	07.04.2004	18.05.2004	Govt. of Maharashtra (Energy Dept.) - State Government subsidy in respect of agricultural and powerloom consumers
5	31,33,34, 35 of 02 & 49 of 2003	13.11.2002 29.11.2002 12.11.2003	03.01.2003 05.12.2003	21.05.2004	(i) NRC Limited (ii) Lupin Chemicals Limited (iii) Amit Spinning Mills Limited (iv) Eurotex Industries & Exports Limited (v) Larsen & Toubro Limited (L&T.) Certain conditionalities applied by MSEB to Captive Power Plant consent holders and related matters
6	13 of 2003	24.04.2003	23.09.2003	25.05.2004	Shri Mukesh Mehta, Jain Adarsh Dugdhalaya-Excess billing and disconnection by BEST Undertaking and related matters in respect of Shri Mukesh Mehta
7	07 of 2000	04.12.2000	05.12.2000 06.12.2000 23.04.2001 to 27.04.2001 02.05.2001 03.05.2001 04.05.2001 17.05.2001 28.05.2001 07.01.2002 22.09.2003 06.11.2003 14.11.2003 28.11.2003 04.12.2003 18.12.2003 17.02.2004 01.03.2004	31.05.2004	BSES Ltd. - Dispute between BSES Ltd. and Tata Power Co. Ltd. regarding Payment of Standby Charges to MSEB
8	30 of 2003	01.10.2003	31.10.2003 25.11.2003 22.03.2004	01.06.2004 11.06.2004	Tata Power Co. Ltd. - Annual Revenue Requirement for FY 2003-04 and 2004-05, and determination of tariff for FY 2004-05. [Summary Order 01.06.2004 & Detailed Order 11.06.2004]
9	8 of 2004	31.05.2004	-	08.06.2004	Shri C.R. Khandelwal - Dispute of Electricity Bills and related matters
10	62 of 2003 [r/w 8,9,10,15, 17,18,19, 20, 21 of 2001]	12.03.2004	31.03.2004 22.04.2004	14.06.2004	MSEB Application - Modification/clarification of the Orders dated 16.08.2004 and 15.07.2002 regarding purchase of power from Bagasse-based Co-Generation Projects, etc.
11	18 of 2003	08.09.2003	14.10.2003 27.11.2003 18.03.2004	18.06.2004 01.07.2004	BSES Ltd. - Annual Revenue Requirement for FY 2003-04 and 2004-05, and determination of tariff for FY 2004-05. [Summary Order 18.06.2004 & Detailed Order 01.07.2004]

NO.	CASE NO.	DATE OF PETITION	DATE OF HEARING	DATE OF ORDER/ INTERIM ORDER	DESCRIPTION
12	15 of 2003	28.07.2003	16.09.2003 13.11.2003	30.06.2004	East India Hotels Limited (EIH) - Review and determination of tariff by BEST
13	27 of 2003	12.08.2003	22.10.2003 09.02.2004	07.07.2004	Akhil Bhartiya Grahak Panchayat, Pune - Compliance of the Commission's Order dated 10.11.2003 on implementation of safety measures and regarding terms and conditions of supply
14	47 of 2003	03.11.2003	21.06.2004	08.07.2004	Shri N.N. Kale, Pune - Appointment of foreign firm as management consultant by MSEB
15	19 of 2003	02.09.2003	17.11.2003	09.07.2004	Lt. Cdr. (Retd.) Hakim Singh - Recovery of cost of meter and related matters in respect of Lt. Cdr. (Retd.) Hakim Singh
16	24 of 2002	11.10.2002	16.01.2003 02.07.2003 08.09.2003	12.07.2004	Shri S.R. Paranjape - Review of Order dated 16.08.2002 for purchase of power from bagasse-based co-generation projects
17	48 of 2003	11.09.2003	23.10.2003 27.04.2004	13.07.2004	Shri N.N. Kale & Dr. B.R. Sabade, Pune. - Appointment of Committee for study of subsidy and related matters
18	02 of 2003	-	-	13.07.2004	Maharashtra State Electricity Board - Determination of Tariff 2003-04 applicable to various categories of consumers of MSEB [Clarificatory Order]
19	03 of 2004	04.03.2004	06.05.2004	13.07.2004	Sameer Electricals & Electronics Pvt. Ltd. - Provision of energy meters by MSEB
20	04 of 2004	21.05.2004	06.07.2004	19.07.2004	BEST - Annual Revenue Requirement (ARR) and tariff of BEST [Clarificatory Order]
21	24 of 2001	27.01.2004 (Kanyadan Textiles, Nasik)	-	19.07.2004	MIDC, Murbad - MSEB tariff rate applicable to streetlight services for Murbad & Addl. Murbad industrial areas and differential tariff recovery through supplementary bill raised by MSEB [Clarificatory Order]
22	30 of 2001	28.12.2001	12.01.2004	22.07.2004	Pudumjee Pulp & Paper Mills Limited - Review of Tariff Order dated 10.01.2002 and related directions
23	57 of 2003	22.01.2004	30.04.2004	03.08.2004	Bhushan Steel & Strips Limited and Vipras Castings Limited - Alleged breach of permission granted to Bhushan Steel & Strips Ltd. for captive generation and related matters
24	38 of 2002	28.11.2002 24.04.2004 14.06.2004	09.01.2003	03.08.2004	Lloyds Steel Industries Limited - Alleged illegal recovery of Service Line and other charges for reinstatement of Contract Demand, etc.
25	6 of 2004	05.05.2004	03.08.2004	09.08.2004	Balaji Electro Smelters Limited - Review of Tariff Order dated 10.03.2004 with regard to load factor and other incentives
26	10 of 2001	08.10.2003	23.03.2004	09.08.2004	Kay Pulp & Paper Mills Limited - Compliance of Order dated 16.08.2002 regarding purchase of power from bagasse-based co-generation projects in respect of Kay Pulp & Paper Mills Limited
27	28 of 2003	07.08.2003	10.12.2003	10.08.2004	Shri Husain Abdul Hamid, Nasik - Change of category from sizing to Powerloom and related matters
28	29 of 2003	06.08.2003	01.12.2003	10.08.2004	Shree Om Estate Developers - SLC charges and ORC scheme
29	30 of 2003	01.10.2003	-	11.08.2004	Tata Power Company Ltd. - Annual Revenue Requirement for FY 2003-04 and 2004-05 and determination of tariff for FY 2004-05 [Corrigendum Order]

NO.	CASE NO.	DATE OF PETITION	DATE OF HEARING	DATE OF ORDER/ INTERIM ORDER	DESCRIPTION
30	14 of 2003	07.04.2003	12.11.2003	11.08.2004	Sagar Rollings & Forgings - Compensation for losses caused by MSEB and related matters
31	18 of 2003	08.09.2003	-	12.08.2004	BSES Ltd. - Annual Revenue Requirement for FY 2003-04 and 2004-05, and determination of tariff for FY 2004-05 (Addendum to Tariff Booklet of Reliance Energy Ltd.)
32	13 of 2004	11.08.2004	16.08.2004	23.08.2004	Government of Maharashtra (Energy Dept.) - State Govt. subsidy for providing free electricity supply to agricultural consumers
33	21 of 2002	07.10.2002	05.12.2002 25.08.2004	02.09.2004	Jain Irrigation Systems Limited - Applicability of SP-1 (High Tech Agriculture) tariff to the three units of Jain Irrigation Systems Ltd.
34	01 of 2004	17.03.2004	28.04.2004 30.08.2004	03.09.2004	Maharashtra Energy Development Agency (MEDA) - Determination of Renewable Purchase Obligation (RPO) for Distribution Licensees in Maharashtra
35	55, 56 of 2003	08.12.2003 14.12.2003	19.08.2004	08.09.2004	Vidarbha Industries Association and Ballarpur Industries Limited - Power Purchase and other dispensation in respect of fossil fuel-based captive power plants
36	59 of 2003 (with Case Nos.17(3), 3,4 & 5 of 02)	05.03.2004	11.03.2004 11.05.2004	10.09.2004	Maharashtra State Electricity Board - Review of Order dated 24.11.2003 for procurement of wind energy etc. conditions for change from self-use/ third party sale to sale to MSEB [Clarificatory Order]
37	18 of 2003	-	-	10.09.2004	Errata to the Tariff Order dated 01.07.2004 in Case No. 18 of 2003 of Reliance Energy Limited - Determination of Tariff (2003-04 and 2004-05) applicable to various categories of consumers of Reliance Energy Limited
38	30 of 2003	-	-	15.09.2004	Tariff Order dated 11.06.2004 in Case No. 30 of 2003 of Tata Power Company Limited [Corrigendum Order]
39	10 of 2004	26.07.2004	23.08.2004	17.09.2004	Tata Power Company Limited - Review of Order dated 11.06.2004 regarding determination of ARR and Tariff of Tata Power Company Limited
40	13 of 2004	14.09.2004 20.09.2004	21.09.2004	23.09.2004	MSEB v/s. Government of Maharashtra (Energy Dept.) - State Govt. subsidy for providing free electricity supply to agricultural consumers
41	12 of 2004	04.08.2004	20.09.2004	30.09.2004	Reliance Energy Limited - Review of Order dated 01.07.2004 regarding determination of ARR and Tariff of M/s. BSES Ltd. (now Reliance Energy Ltd.)
42	7, 15 & 16 of 2004 (r/w Case Nos. 17 (3), 3, 4 & 5 of 2002)	(06.05.2004 14.09.2004) 26.06.2004 01.09.2004	22.09.2004	30.09.2004	Mahratta Chamber of Commerce, Industries & Agriculture, Pune (MCCIA) and Indian Wind Energy Association (InWEA) (Two separate applications) - Clarification of various provisions of Order dated 28.11.2003, regarding procurement of Wind Energy sought by Mahratta Chamber of Commerce, Industries & Agriculture, Pune and Indian Wind Energy Association (InWEA)
43	14 of 2004	27.04.2004	19.10.2004	24.11.2004	Jai Bamleshwari Rice Mill, Gondia - Regarding non-compliance by MSEB of section 126 of the Electricity Act 2003
44	18 of 2003	30.07.2004	-	25.11.2004	Shri K.H. Nadkarni, Mumbai - Determination of Tariff [2003-04 and 2004- 05] applicable to various categories of consumers of M/s. Reliance Energy Ltd.

NO.	CASE NO.	DATE OF PETITION	DATE OF HEARING	DATE OF ORDER/ INTERIM ORDER	DESCRIPTION
45	11 of 2004	02.08.2004	22.09.2004	06.12.2004	Maharashtra State Electricity Board - Approval of Energy Wheeling and Banking Agreement between VHPL, MSEB and Inox Air Products Limited for self-use
46	9 of 2004	09.06.2004	20.10.2004	07.12.2004	Transparent Energy Systems Pvt. Ltd., Pune - Non release of additional load by MSEB to Transparent Energy Systems Pvt. Ltd.
47	30 of 2003	20.11.2004	06.12.2004	07.12.2004	Maharashtra State Electricity Board - Drawal of power by TPC from MSEB, and compliance of TPC Tariff Order dated 11.06.2004
48	11 of 2004	09.12.2004	-	13.12.2004	Vindhyachal Hydro Power Limited - Approval of Energy Wheeling and Banking Agreement between VHPL, MSEB and Inox Air Products Limited for self-use
49	12 of 2004	24.08.2004	20.09.2004	23.12.2004	Reliance Energy Limited - Review of Order dated 01.07.2004 regarding determination of ARR and Tariff of BSES Ltd.
50	12 of 2003	-	-	27.12.2004	Reliance Energy Limited - Review of Order dated 01.07.2004 regarding determination of tariff [2003-04 & 2004-05] applicable to various categories of consumers of REL. [Errata to the Review Order dated 23.12.2004 in Case No. 12 of 2004 of REL]
51	116 / 04	-	-	27.12.2004	Location of office of Ombudsman
52	07 of 2000	-	-	27.12.2004	Dispute between TPC & BSES (REL) - Payment of standby charges to MSEB [Corrigendum Order]
53	13 of 2004	11.08.2004 27.12.2004	04.01.2005	06.01.2005	Govt. of Maharashtra (Energy Dept.) - State Govt. subsidy for providing free electricity supply to agricultural consumers
54	18 of 2003	-	-	19.01.2005	Reliance Energy Limited - ARR for FY 2003-04 & 2004-05 & determination of tariff for FY 2004-05
55	116 / 04	-	-	20.01.2005	Location of office of Ombudsman and mode of payment of deposit by consumers
56	20 of 2004 (r/w.17 (3), 3, 4 & 5 of 2002)	08.09.2004	16.11.2004	31.01.2005	BF Utilities Limited, Pune - Clarifications sought by BF Utilities Ltd. for various provisions of Order dated 24.11.2003 on procurement of Wind Energy
57	20 & 21 of 2003	12.04.2004	10.05.2004 26.10.2004	04.02.2005	Access by REL to intervening transmission facilities of TPC and MSEB
58	17 of 2004	06.09.2004	18.10.2004	07.02.2005	Review of Order dated 16.06.2000, in respect of demand charges levied on M/s. Pudumjee Pulp & Paper Mills Ltd. considering CPP synchronized with the grid, and related issues
59	19 of 2004	MERC letter dt. 03.08.2004	21.10.2004	23.02.2005	Amendment/Supplementary Bills
60	2 of 2003	01.12.2004	30.12.2004 30.01.2005	04.03.2005	Compliance of Tariff Order in respect of Load Shedding by MSEB and related issues
61	21 of 2004	10.05.2004	22.11.2004	22.03.2005	Refund to Niramaya Medical Foundation & Research Centre of excess amounts of Security Deposit, Service Line Charges, Service Connection Charges and Energy Charges



Annexure IV

NO. OF CONSUMERS AND CONSUMPTION

MSEB

Category	No. of Consumers (Nos.)				Energy Sold (MUs)			
	2001-02	2002-03	2003-04	2004-05	2001-02	2002-03	2003-04	2004-05
Domestic/Residential	9,040,608	9,191,067	9,434,768	9,854,816	6,925	7,133.36	7,324.37	7,674.05
Commercial	885,201	920,545	968,056	1,102,485	1,493	1,599.45	1,759.18	1,965.54
Industrial - Low/Medium Voltage	277,784	276,564	286,278	280,632	2,697	3,009.26	3,338.19	3,792.39
LTPG - Powerloom Unmetered	-	-	-	-	481	-	-	-
Industrial - High Voltage	8,137	8,293	8,602	9,630	8,767	12,548.92	13,731.41	16,042.46
Industrial - Extra High Voltage	76	-	-	-	3,303	-	-	-
Agricultural - Metered	2,170,008	2,201,439	2,246,088	2,297,303	402	861.66	1,343.99	1,754.69
Agricultural - Unmetered	-	-	-	-	9,329	-	-	8,609.28
Railways	48	50	51	472	863	933.65	992.39	1,067.75
Others	115,713	107,906	109,867	110,845	2,467	2,251.88	2,281.48	2,643.62
Others - Unmetered	-	-	-	-	514	-	-	-
TOTAL	12,497,575	12,705,864	13,053,670	13,656,183	37,241	28,338.18	30,771.01	43,549.78

MULA PRAVARA

Category	No. of Consumers (Nos.)				Energy Sold (MUs)			
	2001-02	2002-03	2003-04	2004-05	2001-02	2002-03	2003-04	2004-05
Domestic/Residential	77,071	79,870	82,417	84,828	41	40.00	42.20	40.66
Commercial	10,743	10,983	11,288	11,570	9	9.55	10.03	9.97
Industrial - Low/Medium Voltage	2,360	2,439	2,536	2,630	11	10.57	10.62	10.66
Industrial - High Voltage	47	41	41	43	30	31.45	30.85	30.74
Agricultural - (HT & LT Metered and Unmetered)	46,114	46,796	46,978	47,372	420	439.73	416.75	369.24
Others	711	726	747	754	3	5.46	7.20	7.51
TOTAL	137,046	140,855	144,007	62,369	514	536.76	517.65	468.78

TATA POWER

Category	No. of Consumers (Nos.)				Energy Sold (MUs)			
	2001-02	2002-03	2003-04	2004-05	2001-02	2002-03	2003-04	2004-05
Domestic/Residential	7,545	13,708	17,336	17,781	16	29.39	45.35	57.63
Commercial	1,226	2,126	2,662	2,737	120	157.30	236.82	331.43
Industrial - Low/Medium Voltage	227	1,081	1,342	1,393	17	36.75	69.94	48.92
Industrial - High Voltage	105	107	96	61	1,020	1,138.52	1,060.79	34.76
Industrial - Extra High Voltage	3	--	--	89	185	--	--	1,014.76
Railways	3	3	3	3	712	736.14	756.53	781.74
Others - Licensees	3	3	3	3	6,604	7,734.34	7,605.58	7,313.84
TOTAL	9,112	17,028	21,442	22,067	8,674	9,832.40	9,775.00	9,583.08

REL (BSES)

Category	No. of Consumers (Nos.)				Energy Sold (MUs)			
	2001-02	2002-03	2003-04	2004-05	2001-02	2002-03	2003-04	2004-05
Domestic/Residential	1,820,000	1,888,433	1,975,791	2,048,627	3,132	3,283.00	3,378.00	3,554.53
Commercial	270,000	290,263	307,960	313,855	1,344	1,621.00	1,770.00	1,220.71
Industrial - Low/Medium Voltage	43,000	44,055	45,161	30,589	551	531.00	510.00	876.00
Industrial - High Voltage	383	253	286	378	593	380.00	398.00	774.00
Agricultural	15	12	11	12	1	0.04	0.06	-
Streetlighting	-	-	-	-	55	-	-	-
Others	-	40	37	2,969	-	65.00	62.00	77.00
TOTAL	2,133,398	2,223,056	2,329,246	2,396,430	5,676	5,880.04	6,118.06	6,502.24

BEST

Category	No. of Consumers (Nos.)				Energy Sold (MUs)			
	2001-02	2002-03	2003-04	2004-05	2001-02	2002-03	2003-04	2004-05
Domestic/Residential	549,804	681,796	692,213	702,050	1,433	1,506	1,555	1,621
Commercial	318,799	196,999	199,086	201,145	1,414	1,456	1,453	1,534
Industrial - Low/Medium Voltage	14,192	14,219	14,192	14,182	173	166	163	171
Industrial - High Voltage	36	36	36	42	143	142	163	158
Others	517	541	630	709	53	48	53	52
TOTAL	883,341	893,591	906,157	918,128	3,216	3,318	3,387	3,536

Annexure V

RECEIPTS & PAYMENTS ACCOUNT FOR THE PERIOD APRIL 1, 2004 TO MARCH 31, 2005

RECEIPTS	Amount Rs.	Amount Rs.	PAYMENTS	Amount Rs.	Amount Rs.
(A) Opening Balance		9,325,128.77	(A) Personnel Expenditure		4,392,279.00
Cash on Hand	12,858.54		i) Salary to Members	1,707,783.00	
SBI TATA BSES MSEB Dispute	9,500.00		ii) Staff Salary	2,448,496.00	
SBI Current Account	8,239,043.24		iii) Residential Rent for Member	236,000.00	714,838.00
SBI Fees & Cost	1,063,726.99		iv) Contribution to Provident Fund	21,264.00	
Recover Saving A/c			Medical Reimbursement	41,515.00	
			Gratuity	257,765.00	
(B) Grants & Other Receipts		31,629,598.39	Leave Encashment	325,231.00	
Grants from GoM	22,000,000.00		Leave Salary Contribution		
Interest on STDR Current A/c	694,805.00		Pension Contribution		
Fees & Cost Recovered	8,206,156.00		Leave Travel Concession	4,852.00	
Interest on STDR	428,202.39		Peon Allowance	64,211.00	
Fees & Cost SB A/c					
Misc Receipts	2,492.00		(B) Establishment Expenses		10,903,013.91
Pension recovered from Member's Salary	297,943.00		Conveyance	3,159.50	
			Telephone	247,152.41	
(C) Recoveries From Salaries		3,233,748.00	Office Rent	9,377,200.00	
Computer Advance	6,000.00		Car Parking	96,000.00	
CPF Employees Share	18,720.00		Printing & Stationery	295,067.00	
General Provident Fund	60,000.00		Petrol	213,139.00	
Group Insurance Scheme	1,440.00		Postage & Courier	48,750.00	
Interest on Motor Car Advance	6,000.00		Bank Commission	3,078.00	
Licence Fee	12,780.00		Entertainment	19,306.00	
Loan Instalment	25,680.00		Electricity	276,096.00	
Profession Tax	47,255.00		Books & Periodicals	42,623.50	
TDS on Consultancy	352,448.00		Office	16,884.00	
TDS on Contract	18,941.00		House Keeping	115,794.00	
TDS on Rent	2,159,451.00		Canteen	24,783.50	
TDS on Salary	525,033.00		Transfer Travelling	24,855.00	
			Audit Fee	17,950.00	
(D) Receipts of Deposits from others		154,435.00	Rental for Equipment	79,546.00	
Security Deposits	154,435.00		Office Equipment	1,630.00	
Earnest Money Deposits	-				
			(C) Expenses on the Object		9,414,493.00
(E) Recoveries of Staff Advances paid		26,893.00	Public Hearing	288,006.00	
Advances for Expenses	19,293.00		Consultancy	5,960,518.00	
Festival Advance	7,600.00		Legal Fee	307,500.00	
			Advertisement & Publicity	146,902.00	
(F) Recoveries of Deposits/Advances paid		1,370,034.00	Tour & Travel	660,807.00	
Telephone Deposits	5,000.00		Membership & Subscription	13,257.00	
Advance to Suppliers	2,108.00		Publication Printing	1,728,134.00	
Advance to MERC	1,362,926.00		Meeting	12,192.00	
Ombudsman			Internet	128,677.00	
			Website	168,500.00	
(G) Encashment of Investment/F.D.		18,665,733.00	(D) Expenditure on Assets		849,381.00
SBI Short Term Deposits	18,665,733.00		Computer	343,220.00	
			Repair & Maint. for Vehicle	184,973.00	
			Repair & Maintenance	246,496.00	
			Vehicle Insurance	74,692.00	
			(E) Purchases of Assets		56,489.00
			Furniture & Fixture	2,306.00	
			Library Books	47,783.00	
			Office Equipment	2,950.00	
			Telephone Instrument	3,450.00	
BALANCE C/F		64,405,570.16	BALANCE C/F		26,330,493.91

PAYMENTS	Amount	Amount
	Rs.	Rs.
BALANCE B/F		64,405,570.16

PAYMENTS	Amount	Amount
	Rs.	Rs.
BALANCE B/F		26,330,493.91

(F) Miscellaneous Payments		283,684.00
TDS on interest	283,684.00	

(G) Payment Against Recoveries		3,233,658.00
Computer Advance	6,000.00	
CPF Employees Share	18,720.00	
General Provident Fund	60,000.00	
Group Insurance Scheme	1,440.00	
Interest on Motor Car Advance	6,000.00	
Licence Fee	12,780.00	
Loan Instalment	25,680.00	
Profession Tax	47,165.00	
TDS on Consultancy	352,448.00	
TDS on Contract	18,941.00	
TDS on Rent	2,159,451.00	
TDS on Salary	525,033.00	

(H) Payment Against Deposit Advance Taken		509,000.00
Security Deposit	489,500.00	
Earnest Money Deposits	10,000.00	
MSEB-Tata-BSES Dispute	9,500.00	

(I) Payment of Advance to Staff		30,693.00
Festival Advance	9,600.00	
Advance for Expenses	21,093.00	

(J) Refund of Fees/Cost Collected		1,500.00
Refund of Fees of Application	1,500.00	

(K) Investment		6,036,554.00
Investment in Short Term Deposits	6,036,554.00	

(L) Deposits/Advances Paid		1,365,034.00
MERC Ombudsman Office	1,362,926.00	
Advance to Suppliers	2,108.00	

(M) Payment of Outstanding Dues		16,432,187.00
WTC Rent Payment of Earlier Years	15,488,920.00	
WTC Electricity Payment of Earlier Years	822,820.00	
WTC Vehicle Parking Payment	96,000.00	
WTC Public Hearing Payment	24,132.00	
WTC Miscellaneous Payments	315.00	

(N) Closing Balance C/F		10,182,766.25
Cash on Hand	1,868.04	
SBI TATA BSES MSEB Dispute	-	
SBI Current Account	635,010.83	
SBI Fees & Cost		
Recover Saving A/c	9,545,887.38	

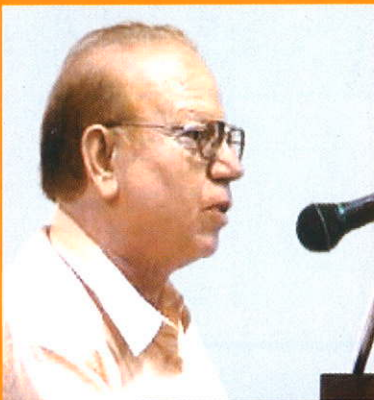
TOTAL 64,405,570.16

TOTAL 64,405,570.16

**Stakeholders presenting
their case at
MERC's Public Hearings
in 2004-05**



**Shri Shantanu Dixit - Prayas
Pune**



**Shri R B Goenka
President, Vidarba Industries Association
Nagpur**



**Shri S V Shilarkar
Director Technical, Mitcom Ltd.
Mumbai**



**Shri Pragnesh Doshi
Amravati**



**Shri Sharad Laxman Date
Jan Jagrut Grahak Munch
Raigad, Thane**



**Shri Nimma Murlidhar Kadam
Chairman, Malegaon Action Committee
Malegaon, Nasik**



**Shri D S Kadam
Technical Director MSEB
Aurangabad**

2004-05



MERC

Maharashtra Electricity Regulatory Commission

Centre 1, 13th Floor, World Trade Centre, Cuffe Parade, Colaba, Mumbai - 400 005
www.mercindia.org.in