

**Before the**  
**MAHARASHTRA ELECTRICITY REGULATORY COMMISSION**  
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**PRACTICE DIRECTIONS**

**ALLOWING UNIFORM INTEREST RATE ON THE REFUNDED AMOUNT TO CONSUMERS.**

**MERC (CONSUMER GRIEVANCE REDRESSAL FORUM & ELECTRICITY OMBUDSMAN) REGULATIONS, 2006.**

**22 July, 2019**

**PREAMBLE**

1. In Case No. 90 of 2019, it has been brought to the notice of the Commission that different forums under MERC (Consumer Grievance Redressal Forum & Electricity Ombudsman) Regulations, 2006 have been directing Distribution Licensees to pay interest on the amount to be refunded to consumer at different rates. This is causing discrimination amongst the consumers which is not permissible under the Electricity Act, 2003. Accordingly, to avoid such discrimination, the Commission deems it fit to issue this Practice Direction under Regulation 26 of the MERC (Consumer Grievance Redressal Forum & Electricity Ombudsman) Regulations, 2006.
2. The Electricity Act, 2003 has provision that when a licensee or generating company recovers excess amount than the approved tariff, it shall refund it along with interest equivalent to Bank Rate. Said provision of the Electricity Act, 2003 is reproduced below:

*“62 (6). If any licensee or a generating company recovers a price or charge exceeding the tariff determined under this section, the excess amount shall be recoverable by the person who has paid such price or charge along with interest equivalent to the bank rate without prejudice to any other liability incurred by the licensee”.*

MERC (Multi Year Tariff) Regulations, 2015, as reproduced below, has further specified Bank Rate as declared by Reserve Bank of India:

*“16.2 If any Generating Company or Licensee recovers a price or charge exceeding the Tariff determined under Section 62 of the Act and in accordance with these*

*Regulations, the excess amount shall be payable to the person who has paid such price or charge, along with interest equivalent to the Bank Rate declared by the Reserve Bank of India prevailing during the relevant period, without prejudice to any other liability to which such Generating Company or Licensee may be subject :*

*Provided that such interest payable to any party shall not be allowed to be recovered through the Aggregate Revenue Requirement of the Generating Company or Licensee:*

*Provided also that the Generating Company or Licensee shall maintain separate details of such interest paid or payable by it, and shall submit them to the Commission along with its Petition.”*

Thus, combined reading of provisions of the Electricity Act, 2003 and MYT Regulations, 2015 reveals that when licensee recovers excess amount than the approved tariff, then same should be refunded to concerned consumer along with interest equivalent to the Bank Rate declared by the Reserve Bank of India prevailing during the relevant period. Accordingly, the Commission issues following Practice Direction:

**Practice Direction:**

Unless the Commission does not specifically deny or approve different interest rate on amount to be refunded by Distribution Licensee to the consumer, forums under CGRF Regulations, 2006 shall henceforth, uniformly grant interest, if entitled to, on amount to be refunded to the consumer at interest rate equivalent to the Bank Rate declared by the Reserve Bank of India prevailing during the relevant period (i.e., Bank Rate).

**Sd/-**  
**(Mukesh Khullar)**  
**Member**

**Sd/-**  
**( I.M.Bohari)**  
**Member**

**Sd/-**  
**(Anand Kulkarni)**  
**Chairperson**