



महाराष्ट्र विद्युत नियामक आयोग Maharashtra Electricity Regulatory Commission

MERC/AG Tariff /2023-24/ 0402

Date: 31 July, 2023

To,
The Chairman & Managing Director,
Maharashtra State Electricity Distribution Co. Ltd.,
"Prakashgad", Plot No. G-9,
Prof. Anant Kanekar Marg, Bandra (E),
Mumbai 400 051.

Subject: Study to suggest changes in Electricity Tariff Structure applicable to Agricultural consumers in Maharashtra.

Sir,

The Hon'ble Commission in its Mid-term Review Order in Case No.226 of 2022 dated 31 March 2023 has directed MSEDCL to undertake review of Agriculture Tariff design and proposed revision in next tariff Petition. Relevant part of the said Order is reproduced below:

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7.1.41 The Commission recognises the need to provide support to the Agriculture sector. Therefore, it has consistently kept the tariff for Agricultural consumers very low as compared to the ACoS. The Commission is aware of the fact that the policies mandate that the cross subsidy in tariffs between the categories need to be gradually reduced and finally brought in the range of +/- 20%. There has been significant increase in average cost of supply, hence, the hike in tariff is inevitable. However, in this MTR Order, the Commission has strived to gradually reduce the cross-subsidy from 50% of ACoS to around 55% of ACoS in FY2023-24 and to around 60% of ACoS in FY2024-25 with increase in tariff for Agriculture. Further, the Commission opines that there is need to review the agriculture tariff design with linkages to cropping pattern, type of crop, agriculture land area coverage, geographic diversity, apart from connected load and agriculture pump set capacity. During the next tariff exercise for next Control Period, MSEDCL shall propose tariff for Agriculture consumers based on these parameters so that it can be finally decided after due public consultation process. MSEDCL may carry out a detail study and thereafter submit such proposal detailing all the pros and cons of the same. Thus, MSEDCL, may consult State Government and shall propose the revision/restructure in tariff design to be applicable for Agriculture consumers during next tariff revision exercise. (Emphasis added)

It is expected that MSEDCL will carry out a study based on principles outlined in above quoted Para 7.1.41 in MTR Order.

The Commission has also carried out a study suggesting changes in Electricity Tariff Structure applicable to Agricultural consumers in Maharashtra through independent consultant M/s. Primus Partners Pvt. Ltd (Primus). A copy of the said Study Report is enclosed herewith. This Report will help MSEDCL to undertake further analysis on the subject. It is highlighted that the Report is based on secondary data, and it may provide vital insights to MSEDCL for proposing approaches for Agricultural Tariffs rationalization. While doing so, it is expected that MSEDCL will validate the findings based on primary data of suitable timeframe.

Accordingly, I am directed to convey that MSEDCL needs to undertake further analysis and propose revision in Agriculture tariff design in upcoming tariff Petition.

Issued with the approval of the Hon'ble Commission.



(Dr. Rajendra G. Ambekar)
Secretary, MERC