

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

**REVISION OF CONTRACT DEMAND IN A BILLING CYCLE**

**MERC (ELECTRICITY SUPPLY CODE AND STANDARDS OF PERFORMANCE OF DISTRIBUTION LICENSEES INCLUDING POWER QUALITY) REGULATIONS, 2021**

**26 May, 2021**

**Preamble:**

1. By using its power vested under Regulation 22 of the MERC (Electricity Supply Code and Other Conditions of Supply) Regulations, 2005, on 21 May 2020, the Commission issued Practice Direction allowing revision in Contract Demand up to 3 occasions to HT Industrial and HT Commercial consumers and up to 2 occasions to LT Industrial and LT Commercial consumers in a billing cycle with certain conditions which was further extended up to 31 March, 2021. These Practice Directions were valid till 31 March, 2021.
2. A group of Consumers approached the Commission in Case No. 25 of 2021, for extending applicability of above said Practice Direction. After deliberating the issue in detail, the Commission vide its Order dated 26 May, 2021 has observed that it is required to support the Industrial and Commercial consumers to mitigate impact of Covid-19 lockdown to some extent and to help them to bring their operations back to normalcy.
3. The Commission vide its MERC (Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2021 dated 25 February, 2021 has repealed MERC (Electricity Supply Code and Other Conditions of Supply) Regulations, 2005 and Maharashtra Electricity Regulatory Commission (Standards of Performance of Distribution Licensees, Period for Giving Supply and Determination of Compensation) Regulations, 2014.

4. Regulatory provisions relating to revision in Contract Demand in the above Regulations are summarized as below:

*“7.6 The Distribution Licensee shall revise (increase or decrease) the Contract Demand / Sanctioned Load of the Consumer upon receipt of an application for the same from the Consumer:*

*Provided that in case Consumer exceeds its Contract Demand on Three (3) occasions in any Financial Year, then Distribution Licensee shall intimate such Consumer to apply for regularising its Contract Demand. In case Consumer refuses or fails to do so, Distribution Licensee shall revise its Contract Demand to the highest recorded Maximum Demand in that Financial Year in the immediate next ensuing bill:”*

Thus, as per the Regulations, consumers can request revision of Contract Demand and Distribution Licensee has to give effect to such application, if it is complete in all respect, in the immediate next ensuing bill. Although there is no mention of number of revisions of Contract Demand that can be allowed in a billing cycle, it is presumed and is being so practiced that Contract Demand can be changed once in a Billing Cycle.

Further, such change in Contract Demand may become effective at any date within billing cycle and it need not mandatorily be on the first day of the billing cycle. Under such circumstances, components of electricity bill which are linked to Demand such as Demand Charges, Penalty for exceeding Contract Demand and Load Factor Incentive (LFI) are computed for two intervals (prior and post revision of Contract Demand) by applying proportionate rates to the respective Billing Demand in these two intervals.

5. Hence in order to balance the concerns of consumers and the Distribution Licensees (and thus the consumers other than Industrial and Commercial consumers) the Commission has rationalized the provisions of the Regulations concerning the changes in the Contract Demand in a Billing cycle. The Commission has decided to allow revision in Contract Demand up to 2 occasions to HT Industrial and HT Commercial consumers and upto 1 occasions to LT Industrial and LT Commercial consumers in a billing cycle up to 31 March 2022. Further, subsequent to second change in Contract Demand by HT Consumers, limit of maximum Load Factor Incentive shall be reduced to 5% of energy charge for concerned period.
6. Accordingly, using its power vested under Regulation 29 of MERC (Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations 2021, the Commission issues following practice direction:

**Practice Direction: -**

- a. HT Industrial and HT Commercial consumers shall be allowed to revise their Contract Demand upto 2 times in a Billing Cycle.

Provided that subsequent to second change in Contract Demand in a Billing Cycle by HT Consumers, for the remaining period of that particular billing cycle, maximum possible Load Factor Incentive shall be restricted to 5% of energy charges as against 15% provided in Tariff Order. For subsequent Billing Cycle, maximum limit of Load Factor Incentive shall be restored to 15% if the consumer does not exercise its option of Changing Contract Demand for the second time in that Billing Cycle.

- b. LT Industrial and LT Commercial consumers having demand-based tariff shall be allowed to revise their Contract Demand once in a Billing Cycle.
- c. Consumer shall apply to the concerned Distribution Licensee at least 3 days in advance for revision in Contract Demand.
- d. Distribution Licensee shall grant such revision in Contract Demand after receipt of completed application from requested date subject to technical feasibility.
- e. Revision in Contract Demand can be made effective within 3 days, only if requested revision in Contract Demand is commensurate with Distribution Licensee's technical specification of allowable maximum/minimum load current of existing CT/PT of metering infrastructure.
- f. Reduction in Contract Demand shall be limited to minimum threshold contract demand level for that consumer tariff category /sub-category. Consumer always has option to apply separately for change in tariff category/sub-category as per provisions of applicable Regulations and timelines for the same will be governed by that Regulations.
- g. In case consumer has approved Open Access permission, revision in CD under this practice direction shall be effective only after corresponding revision in Open Access permissions as per applicable provisions of Regulations.

- h. In case a consumer is having approved roof-top PV installation under net-metering arrangement, its capacity shall not be reduced with reduction in consumer's CD under this practice direction.
- i. Component of electricity bill which are linked to Demand such as Demand Charges, Penalty for exceeding Contract Demand and LFI shall be computed by applying proportionate rates to the respective Billing Demand corresponding to time intervals between revisions in Contract Demand.
- j. All other electricity bill component shall be computed for the period of billing cycle.
- k. In case AMR data is not available, Distribution Licensee needs to arrange for MRI data at least for consumers who have opted for such revision in Contract Demand. Concerned consumers should facilitate Distribution Licensee in taking MRI data. In case AMR/MRI data is not available, Distribution Licensee has to resort to average billing as per the Regulations which can be reconciled with last/ available meter data when normalcy is restored.

This Practice Direction is applicable with prospective effect and shall remain valid till 31 March, 2022.

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

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

**Sd/-**  
**(Sanjay Kumar)**  
**Chairperson**