Before the
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PRACTICE DIRECTION

REVISION OF CONTRACT DEMAND IN A BILLING CYCLE

MERC (ELECTRICITY SUPPLY CODE AND OTHER CONDITIONS OF SUPPLY) REGULATIONS, 2005 (The Supply Code)

21 May, 2020

Preamble:

1. Due to the hardships being faced on account of lockdown to arrest the spread of COVID-19 pandemic, a group of consumers have approached the Commission to allow revision in Contract Demand on multiple occasions in a Billing Cycle. The issue has been dealt at length by the Commission in its order in Case No. 82 of 2020 dated 21 May 2020. After considering all the aspects relating to such request, the Commission deems it fit to invoke its power to issue Practice Directions under Regulation 22 of the Supply Code for allowing revision in Contract Demand upto 3 occasions to HT Industrial and HT Commercial consumers subject to curtailment of LFI at 3rd revision and upto 2 occasions to LT Industrial and LT Commercial consumers in a billing cycle for a limited period upto 31 July 2020.

2. Prevailing Regulatory provisions relating to revision in Contract Demand is summarised below:

   2.1 As per Supply Code Regulations, 2005, concerned consumer has to apply for revision in Contract Demand.

   2.2 On receipt of completed application for revision in Contract Demand, as per Standards of Performance (SoP) Regulations, 2014, Distribution Licensee shall give effect to such application within second billing cycle.

   2.3 Vide Practice Direction dated 5 December 2018, the Commission has removed requirement of executing agreement for new connection, change of name or revision in contract demand and directed Distribution Licensees to provide option of online acceptance of terms and conditions of agreement by consumers.

Thus, as per existing 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, within second billing cycle. Although there is no mention of number of revisions of Contract Demand that can be allowed in a billing cycle, due to time limit of second billing cycle for giving effect to request of change in Contract Demand, 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.

3. In the prevailing circumstances of COVID-19, Industry and Commercial consumers could face difficulty in firmly projecting their electricity demand as the assessment depends on various factors including steady flow of purchase orders in hand, availability of raw material, labour, transportation facility, cash flow etc. Therefore, these consumers may require to ramp-up (or at times ramp down) their productions in stages which requires corresponding additional contracts for raised Electricity Demand. As per existing practice, revision of Contract Demand is allowed only once in Billing Period. Hence, if revision of Contract Demand is lower side, then Industries for which electricity contribute major portion of their expenses, may not ramp up their production to avoid contract demand penalty. Similarly, in case of possibility of ramping up the production and in order to avoid Contract Demand Penalty, if Contract Demand revision is made on higher side, then due to uncertainties, there would be case when such industries may not able to earn Load Factor Incentives on account of lower utilisation.

4. At this stage (almost two months from imposition of lockdown on account of COVID-19), many consumers have already reduced their contract demand to meet their consumption requirement and the effect of the same has been given and thus the number of consumers requesting further reduction in Contract Demand would be less. Therefore, with improvement in situation, the request for revision in Contract Demand would most likely be for increasing Contract Demand which would help in increasing the revenue of Distribution Licensees.

5. Hence in order to address concerns of consumers and at the same time limit frequent changes of revision in Contract Demand, the Commission has decided to allow revision in Contract

Demand upto 3 occasions to HT Industrial and HT Commercial consumers and upto 2 occasions to LT Industrial and LT Commercial consumers in a billing cycle for a limited period upto 31 July 2020. Further, subsequent to third change in Contract Demand by HT Consumers, limit of maximum Load Factor Incentive has been reduced to 10% of energy charge for concerned period.

6. For reflecting such multiple change in Contract Demand into electricity bill, it is important to have load profile data which is available either remotely through AMR enabled meters or by manually downloading through Meter Reading Instrument (MRI). 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. In case AMR/MRI data is not available, Distribution Licensee has to resort to average billing which can be reconcile with whatever meter data available when the Lockdown gets lifted and normalcy is restored.

7. Accordingly, using its power vested under Regulation 22 of the MERC (Electricity Supply Code and Other Conditions of Supply) Regulations, 2005, the Commission issues following practice direction:

Practice Direction:

a. HT Industrial and HT Commercial consumers shall be allowed to revise their Contract Demand upto 3 times in a Billing Cycle.

   Provided that subsequent to third 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 10% 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% till consumer does not exercise its option of Changing Contract Demand for the third time in that Billing Cycle.

b. LT Industrial and LT Commercial consumers having demand-based tariff shall be allowed to revise their Contract Demand upto 2 times 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. 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 revision in Contract Demand.

f. All other electricity bill component shall be computed for the period of billing cycle.

g. 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 which can be reconcile with last/ available meter data when the Lockdown gets lifted and normalcy is restored.

This Practice Direction shall remain valid till 31 July 2020.

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