BEFORE THE ELECTRICITY OMBUDSMAN (MUMBAI)

(Appointed by the Maharashtra Electricity Regulatory Commission
under Section 42(6) of the Electricity Act, 2003)

REPRESENTATION NO. 73,74, 75, 76, 77 & 78 OF 2026

In the matter of kVAh billing for the period from July 2025 to September 2025

S.No.	Rep. No.	Name of Appellant	Consumer No.	CGRF Case No.
1	73 of 2026	M/s. Tejas Industries *Prop. Vinodkumar*	250600014575	19/2026
2	74 of 2026	M/s. Tejas Syncot *Prop. Sangitadevi Mahendra Gulechha*	250600108545	21/2026
3	75 of 2026	M/s. Tejas Cotton Mill *Prop. Mahendra Sampatraj Gulechha*	250600014729	22/2026
4	76 of 2026	M/s. Tejas Fabs *Prop. Kavita*	250600108537	23/2026
5	77 of 2026	M/s. Tejas Weaving *Prop. Sampatraj Bhimraj Gulechha*	250600014745	24/2026
6	78 of 2026	M/s. Tejas Exports *Prop. Kamladevi Sampatraj Gulechha*	250600014630	20/2026

…….. ....Appellants

V/s.

Maharashtra State Electricity Distribution Co. Ltd. Ichalkaranji Dn…… Respondent (MSEDCL)

Appearances:

Appellants: 1. Mahendra S. Gulechha
2. Rajendra S. Gulechha
3. Vinod S. Gulecha
4. Kavita R. Gulechha

Respondent: 1. Vaibhav Gondhil, Executive Engineer
2. Aniket Dhone, Assistant Accountant

Coram: Vandana Krishna [I.A.S. (Retd.)]

Date of hearing: 2nd September 2026

Date of Order: 3rd November 2026

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai M.E.R.C.

ORDER

These Representations were filed on 27th July 2026 under Regulation 19.1 of the Maharashtra Electricity Regulatory Commission (Consumer Grievance Redressal Forum and Electricity Ombudsman) Regulations, 2020 (CGRF & EO Regulations 2020) against the common order dated 27th May 2026 passed by the Consumer Grievance Redressal Forum, Kolhapur Circle (the Forum) in Case Nos. 19/2026, 21/2026, 22/2026, 23/2026, 24/2026 & 20/2026 respectively. By the said common Order, the Forum rejected the grievance applications filed by the respective Appellants.

2. These six Representations relate to multi-party power-loom consumers situated at Gat No. 125, Yadrav, Ichalkaranji. Since the issues involved in all these Representations are common in nature and arise from similar facts and circumstances, they have been clubbed together for this common Order.

3. **PREAMBLE: -**

Part A: -Definition of "Average Power Factor" as per Maharashtra Electricity Regulatory Commission (Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality) Regulations, 2021 with effect from 24.02.2021: -

2. Definitions:

2.2 f "Average Power Factor" means-

*(i) the ratio of kilowatt hours consumed during billing period to root of sum of squares of kilowatt hours consumed during billing period & **reactive (lag+ lead) kilo-volt ampere hours** consumed during billing period; or*

(ii) the ratio of kilowatt hours consumed during billing period to kilo-volt ampere hours consumed during billing period; as may be recorded by the Consumer's meter and shall be rounded off to two (2) decimal places;

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai M.E.R.C.

(Note: As per Electricity Supply Code and Other Conditions of Supply Regulations, 2005 the Average Power Factor was defined as below:

2.2 (d) "Average Power Factor" means-

*(i) the ratio of kilowatt hours consumed in the month to root of sum of squares of kilowatt hours consumed in the month & **reactive kilo-volt ampere hours** consumed in the month; or*

(ii) the ratio of kilowatt hours consumed in the month to kilo-volt ampere hours consumed in the month; as may be recorded by the consumer's meter and shall be rounded off to two decimal places;)

- The definition of *"Average Power Factor"* under the 2020 Regulations expressly includes reactive kVAh (lagging + leading) in Clause (i), whereas the 2005 Regulations refer only to reactive kVAh without expressly specifying the lagging and leading components. Accordingly, consumers covered under kVAh billing and/or subject to power factor requirements are required to maintain the reactive energy flow, considering both lagging and leading components, in accordance with the applicable tariff and regulatory provisions.

Part B:

- *The Commission, vide its MYT Order dated 28.03.2025 in Case No. 217 of 2024, approved the truing-up petition of MSEDCL and determined the Annual Revenue Requirement (ARR) and retail tariff for the Fifth Control Period covering FY 2025-26 to FY 2029-30. The revised tariff initially came into effect from 01.04.2025.*

- *It is pertinent to note that the implementation of the MYT Order dated 28.03.2025 was subsequently stayed by the Commission vide Daily Order dated 02.04.2025. Thereafter, MSEDCL filed Review Petition in Case No. 75 of 2025, which culminated in the Amendment Order dated 25.06.2025. The revised tariff framework therefore became operative only after consideration of the review proceedings and subject to the directions contained in the Amendment Order with effect from 01.07.2025.*

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai M.E.R.C.

7. Tariff Philosophy, tariff design and category-wise tariff's from FY 2025-26 to FY 2029-30:

7.16.0 kVAh based billing

MSEDCL's Submission

7.16.1 MSEDCL submitted that it had earlier proposed the implementation of kVAh-based billing for HT consumers in its MYT Petition for the fourth Control Period in Case No. 322 of 2019 to promote a unity power factor, reduce system losses, and improve power quality. The Commission, in its Order dated 30th March 2020, acknowledged the rationale and allowed its implementation for HT consumers while directing MSEDCL to complete the meter replacement process for LT consumers above 20 kW.

7.16.2 In its MYT Order in Case No. 226 of 2022 dated 31st March 2023, the Commission noted that full implementation for LT consumers above 20 kW would only be feasible by January 2024 and directed MSEDCL to complete the transition within a year while submitting six-monthly status reports. The Commission also emphasized that kVAh meter data for LT consumers above 20 kW should be available for at least one year before the next tariff review.

7.16.3 MSEDCL reiterated that kVAh-based billing inherently incentivizes a better power factor, leading to lower consumer bills and reduced power purchase costs for the licensee. Referring to the Hon'ble APTEL's ruling, MSEDCL stated that kVAh billing automatically accounts for power factor incentives and disincentives, thereby eliminating the need for separate power factor incentives and penalties.

7.16.4 …… …… ……..

7.16.5 Further, MSEDCL highlighted that various states have already adopted kVAh billing for multiple consumer categories. MSEDCL has provided a comparative analysis of kVAh-based billing implementation across multiple states, highlighting its widespread adoption for industrial, commercial, and other consumer categories.

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai M.E.R.C.

7.16.6 Accordingly, MSEDCL proposed implementing kVAh-based billing for LT consumers above 20 kW from the fifth Control Period (FY 2025-26 to FY 2029-30) and requested the Commission to approve its proposal while allowing the withdrawal of power factor incentives and penalties for these consumers.

Commission's Analysis and Ruling

7.16.7 The Commission noted the submission of MSEDCL. The Commission introduced the kVAh billing for HT consumers from 1 April 2020 as per the provisions of the MYT Regulations, 2019. Further the Commission took a consistent approach for introduction of kVAh billing in its earlier Orders.

7.16.8 The prime objective of kVAh based billing is to encourage the consumers to maintain near unity Power factor to achieve loss reduction, improve system stability, power quality and improve voltage profile. Additionally, due to improvement of Power Factor (nearer to unity), the consumer's demand may get reduced and the kVAh bill will correspondingly reduce in turn due to improved system voltage. The improvement in Power Factor will further reduce the Licensee's expenditure on Power Purchase and thereby the consumers are expected to be benefited with lower tariff.

7.16.9 As per the directives of the Commission in the MYT Order in Case No. 322 of 2019 dated 30th March 2020, MSEDCL submitted the proposal for adoption of kVAh billing for LT consumers having load above 20 kW. Further, MSEDCL to complete its meter conversion process along-with other system modifications for such consumer categories to enable kVAh billing.

7.16.10 In this context, the Commission observed the MSEDCL's submission in the matter of the Suo-Moto proceedings in Case No. 4/SM/2024 that replacement/modification of LT consumers with load above 20 kW for purpose of kVAh metering would be completed by May 2025. ...

7.16.11 Accordingly, Commission decided to approve the proposal of MSEDCL for adoption of kVAh billing for LT consumers with load above 20 kW from 1

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai M.E.R.C.

April, 2025 and directed MSEDCL to expedite the implementation of kVAh meters or modification of meters for remaining consumers to enable kVAh billing expeditiously. Until such modification of kVAh metering and billing for such LT consumers with load above 20 kW, the billing on kWh basis alongwith existing structure of PF incentive and penalty for power factor shall continue for such consumers.

7.16.12 Several objectors took objection on how billing will be done. If power purchase unit is kW then how MSEDCL can raise bills to consumers in terms of kVAh. The Commission took the note of objectors and MSEDCL was directed to maintain kWh sale for Energy Balance. Further, in electricity bills of consumers, MSEDCL shall display Power Factor on bills which will be beneficial for consumers to measure electricity consumption in kWh. This will be helpful for consumers.

Part C: The billing parameters of the six Appellants as per consumer Personal Ledger comprising monthly Billing Power Factor (PF), kWh Consumption for the period from April 2025 to August 2026, are tabulated in Table 1 below.

Table 1

Rep.	Rep.73 of 2026		Rep.74 of 2026		Rep.75 of 2026		Rep.76 of 2026		Rep.77 of 2026		Rep.78 of 2026	
Cons.No.	250600014575		2506001085		250600014729		250600108537		250600014745		250600014630	
Month	Billing PF	kWh-Cons.	Billing PF	kWh-Cons.	Billing PF	kWh-Cons.	Billing PF	kWh-Cons.	Billing PF	kWh-Cons.	Billing PF	kWh-Cons.
Apr-25	0.45	2599	0.83	22915	0.69	8711	0.97	32174	0.95	18180	0.97	9557
May-25	0.43	2497	0.96	38825	0.62	8517	0.97	21296	0.95	18546	0.97	10081
Jun-25	0.422	2471	0.89	29087	0.463	6676	0.973	27541	0.954	17562	0.947	9410
Jul-25	1	2349	0.999	17285	0.999	8536	0.989	40444	0.963	17919	0.957	9486
Aug-25	1	2357	0.999	3481	1	1214	0.99	5045	0.97	4570	0.997	1788
Sep-25	0.999	2439	0.998	350	1	477	1	746	1	1186	1	663
Oct-25	0.58	1989	0.015	527	0.039	636	0.232	3728	0.137	1193	0.096	1099
Nov-25	0.841	2226	0.017	249	0.066	495	0.919	26709	0.369	1549	0.583	4032
Dec-25	0.946	2400	0.968	13459	0.765	750	0.998	30498	0.998	19572	0.991	8466
Jan-26	0.979	4405	0.999	21188	0.876	1226	0.998	23597	0.998	21549	0.992	9795
Feb-26	0.99	8081	0.998	14077	0.948	1970	0.999	21993	0.998	18241	0.992	8941
Mar-26	0.993	9346	0.997	12989	0.906	2073	0.998	24735	0.998	20803	0.994	10659
Apr-26	0.993	8691	0.998	14693	0.903	2330	0.998	21844	0.998	19292	0.994	10055
May-26	0.992	8231	0.998	19097	0.903	2690	0.998	18124	0.998	18841	0.992	8464
Jun-26	0.993	7094	0.999	26445	0.801	569	0.997	8782	0.999	16923	0.977	8069
Jul-26	0.994	8619	0.999	39686	0.807	409	0.985	12460	0.999	17531	0.983	9802
Aug-26	0.994	9100	0.999	37805	0.796	410	0.983	6995	0.999	16769	0.976	8586

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai M.E.R.C.

4. Aggrieved with the common order passed by the Forum, the Appellants have filed the present representations. A physical hearing was conducted on 2nd September 2026 where the Appellants and the Respondent were present. The parties were heard at length. The Appellants' submissions and arguments are stated below: *[The Electricity Ombudsman's observations and comments are recorded under 'Notes' where needed.]*

(i) The six Appellants are LT Industrial Multiparty Power Loom Consumers situated at Gat No. 125, near New English High School, Yadrav-Kondigray Road, Yadrav, Ichalkaranji. The details of their consumer numbers, dates of supply, and sanctioned loads are tabulated in Table 2. **The Respondent raised supplementary bills towards the differential amount arising from kVAh billing for the period from July 2025 to September 2025.** These amounts were debited in the Appellants' electricity bills for February 2026, as detailed in the Table 2 below.

Table 2

Sr. No.	Rep. No.	Name of Consumer	Consumer No.	Date of Supply	Sanctioned load / Contract Demand	Differential amount arising from kVAh billing for the period from July 2025 to Sep.2025 debited in Feb. 2026 bill (Rs.)
1	73 of 2026	Tejas Industries	250600014575	05.02.2011 (Multi-party Consumers)	105 HP /78.33 kVA (Multi-party Consumers)	22,687/-
2	74 of 2026	Tejas Syncot	250600108545			4,40,952/-
3	75 of 2026	Tejas Cotton Mill	250600014729			2,03,393/-
4	76 of 2026	Tejas Fabs	250600108537			2,77,497/-
5	77 of 2026	Tejas Weaving	250600014745			68,713/-
6	78 of 2026	Tejas Exports	250600014630			1,06,254/-

(ii) The Appellants have regularly paid their monthly electricity bills. For the period from July 2025 to September 2025 (the "Disputed Period"), **the Appellants paid the bills raised under the conventional kWh billing system.** The bills consistently reflected the Billed Power Factor (PF) for each Appellant, as set out in Table 3 below for Representations Nos. 73 to 78 of 2026.

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai M.E.R.C.

Table 3

Rep.	73	74	75	76	77	78
Cons.No.	250600014575	250600108545	250600014729	250600108537	250600014745	250600014630
Month	Billing PF	Billing PF	Billing PF	Billing PF	Billing PF	Billing PF
Jul-25	1	0.999	0.999	0.989	0.963	0.957
Aug-25	1	0.999	1	0.99	0.97	0.997
Sep-25	0.999	0.998	1	1	1	1

(iii) In October 2025, the Appellants received unusually high electricity bills under the newly implemented kVAh billing system. Upon contacting the Respondent's office, they came to know about the change in the billing system and the implications of Power Factor (PF) on their electricity bills. The Appellants paid the bills in full without raising any dispute and promptly installed an advanced Automatic Power Factor Correction (APFC) panel to maintain the required PF. Since its installation, the Appellants have consistently maintained their PF at a satisfactory level.

(iv) The Appellants contended that the meters installed at their factories were not compatible with kVAh billing and that MSEDCL's internal IT software suffered from a system-tagging error. According to the Appellants, these were the actual reasons affecting the billing, but the Respondent failed to disclose these issues to them.

(v) In February 2026, after a delay of nearly six months, MSEDCL issued supplementary bills towards retrospective differential kVAh charges for the period from July 2025 to September 2025, as detailed in Table 2. The Appellants contended that MSEDCL had unjustly shifted the financial burden of **its own IT software tagging error and the alleged incompatibility of the installed meters with kVAh billing** onto the Appellants.

(vi) The Appellants filed grievance applications before the Forum on 8 April 2026, seeking withdrawal of the differential amounts raised through supplementary bills issued in February 2026. **During the first hearing held on 24 April 2026, MSEDCL, vide Letter No. 1422, reportedly admitted that the meters installed at the Appellants' premises were not compatible with kVAh billing** and that an internal IT software tagging error had occurred. Further hearings were held on 24 April 2026 and 13 May 2026. The Appellants contended that MSEDCL relied on general newspaper notices and

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai M.E.R.C.

broadcast SMS messages without conducting individual site inspections or factory visits to verify the compatibility status of the installed meters. They also challenged the absence of individual notices and alleged non-compliance with the MERC Order in Case No. 195 of 2017.

(vii) By a common order dated 27 May 2026, passed in Case Nos. 19/2026, 21/2026, 22/2026, 23/2026, 24/2026 and 20/2026, the Forum rejected the grievances of all six Appellants. The Appellants contended that the Forum failed to adequately consider the fundamental issues concerning the alleged incompatibility of the installed meters with kVAh billing, the internal IT software tagging error admitted by MSEDCL vide Letter No. 1422, and the alleged absence of individual notice and compliance with the applicable MERC directions.

(viii) MSEDCL's reliance on the Hon'ble Supreme Court's judgment in Prem Cottex was misplaced. They distinguished the said judgment on the ground that, in Prem Cottex, the installed meter was compatible with the applicable billing method, but a clerical multiplication error had occurred due to the application of a Multiplying Factor of 5 instead of 10 in a single bill for electricity actually consumed. In the present cases, however, the alleged errors persisted for three consecutive months and, according to the Appellants, **arose from meter incompatibility and an internal software tagging error, rather than a mere clerical or arithmetical mistake**. On this basis, the Appellants contended that the facts of the present cases were materially distinguishable from those in Prem Cottex.

(ix) In view of the foregoing, the Appellants pray that the Respondent be directed to withdraw the supplementary bills towards retrospective differential kVAh charges for the period from July 2025 to September 2025, as tabulated in Table 2, along with any interest and delayed payment charges levied thereon.

5. The Respondent's submissions and arguments are stated below:

(i) The six Appellants are LT Industrial Multiparty Power Loom Consumers situated at Gat No. 125, Yadrav, Ichalkaranji. Their consumer details and supplementary bills towards

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai M.E.R.C.

differential kVAh charges for July 2025 to September 2025, debited in the February 2026 bills, are tabulated in Table 2.

(ii) The Respondent stated that the applicable tariff rates were as per the relevant MERC Tariff Orders and that **the supplementary bills were assessed by its Head Office based on the MRI data available in the billing system.**

(iii) The Commission, vide its MYT Order dated 28.03.2025 in Case No. 217 of 2024, approved MSEDCL's truing-up petition and determined the ARR and retail tariff for the Fifth Control Period from FY 2025-26 to FY 2029-30, with the revised tariff initially effective from 01.04.2025. However, the said Tariff Order was stayed for the period from April to June 2025. Subsequently, pursuant to the Commission's Tariff Order in Case No. 75 of 2025, the billing methodology for consumers having a contract demand or connected load of 20 kW and above was changed from kWh-based to kVAh-based billing, effective from July 2025.

(iv) Under the Supply Code Regulations, 2005, the definition of "Average Power Factor" considered only lagging reactive kVAh for its calculation. However, under the Supply Code and Standards of Performance Regulations, 2021, the Commission revised the definition to expressly include both lagging and leading reactive kVAh. The Respondent stated that this revision was intended to promote the long-term benefits of controlling both lagging and leading reactive energy flows in the electricity system, thereby improving system efficiency and protecting the life and performance of electrical equipment. Accordingly, the Respondent contended that the revised definition requires consideration of both components of reactive energy, as recorded by the consumer's meter, for determining the Average Power Factor. The relevant definitions under the Supply Code Regulations, 2005, and the Supply Code and Standards of Performance Regulations, 2021, are reproduced in the Preamble to this Order.

(v) The Respondent explained that the Power Factor was calculated using different methods, depending on the meter's compatibility with kVAh billing, as follows:

- If meter is KVAh compatible as per latest system programme in meter, then PF is calculated as PF=KWH / KVAh
- If meter is KVAh not compatible then PF is calculated as PF=KWH / KVAh ,

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai M.E.R.C.

where kVAh component is to be considered as

$$kVAh=\sqrt{(KWH)^2+(RKVAH\ \underline{Lag}+rKVAh\ \underline{Lead})^2}$$

(vi) **The Appellants' meters were not compatible with the revised kVAh billing methodology during July 2025 to September 2025. However, the billing system incorrectly tagged the meters as compatible ("Yes") under the Compatible/Non-Compatible option. Consequently, the system calculated the Power Factor using the formula PF = kWh/kVAh and continued to follow the earlier methodology based only on the lagging reactive kVAh component.**

(vii) The Power Factor calculated for the six representations is detailed in Table 3. The differential kVAh units were subsequently recalculated based on the MRI data available in the Corporate Office Billing System, and the corresponding adjustments were debited in the February 2026 bills for the period from July 2025 to September 2025. (Table 1) The differential kVAh billing was correctly carried out based on the available meter data and the applicable method of Power Factor calculation. The details of supplementary bills are tabulated as below:

Table 4

Rep.	Consumer No.	Month	kWh	PF billed	kVah billed	PF	kVAh	rKVAh		Differntiate kVAh	Monthwise Sup. Bill (Rs.)	Total Sup. Bill (Rs.)
								Lag	Lead			
		1	2	3	4	5	6=2/5	7	8	9=6-4		
73	250600014575	Jul-25	2349	1	2349	0.573	4099	109	3248	1750	8895	
		Aug-25	2357	1	2357	0.652	3615	93	2649	1258	6927	
		Sep-25	2439	0.999	2441	0.666	3662	89	2644	1221	6865	22687
74	250600108545	Jul-25	17285	0.999	17302	0.663	26071	16	19478	8769	47041	
		Aug-25	3481	0.999	3484	0.107	32533	1	32401	29049	177634	
		Sep-25	350	0.998	351	0.010	35000	0	33890	34649	216278	440953
75	250600014729	Jul-25	8536	0.999	8545	0.66	12933	4	9706	4388	23112	
		Aug-25	1214	1	1214	0.072	16861	0	16884	15647	88861	
		Sep-25	477	1	477	0.029	16448	0	16259	15971	91420	203393
76	250600014729	Jul-25	40444	0.989	40894	0.986	41018	5903	1020	124	723	
		Aug-25	5045	0.99	5096	0.295	17102	624	15698	12006	73593	
		Sep-25	746	1	746	0.043	17349	1	17427	16603	103181	177497
77	250600014745	Jul-25	17919	0.963	18607	0.959	16865	4821	494	-1742	451	
		Aug-25	4570	0.97	4711	0.492	9289	977	7104	4578	25982	
		Sep-25	1186	1	1186	0.138	8594	0	8546	7408	42279	68713
78	250600014630	Jul-25	9486	0.957	9912	0.95	9985	2416	693	73	428	
		Aug-25	1788	0.997	1793	0.192	9313	35	9116	7520	43303	
		Sep-25	663	1	663	0.059	11237	0	11303	10574	62523	106254

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai M.E.R.C.

[Note: Most of the differential kVAh and bill was due to 'lead' (Column 8), which was not being measured by the kVAh non-compatible meter.]

(viii) However, the Appellants objected to the recovery of differential kVAh charges for the disputed period of July 2025 to September 2025 through the bill of Feb. 2026.

(ix) The Respondent has relied upon the judgment of the Hon'ble Supreme Court in Prem Cottex v. Uttar Haryana Bijli Vitran Nigam Ltd. & Ors., Civil Appeal No. 7235 of 2009, decided on 5 October 2021, in support of its contention that it is legally entitled to recover the differential amount arising out of the incorrect billing of the Appellants. The Respondent submits that the recovery of such differential charges is permissible where the bills issued earlier were based on an erroneous assessment of the actual electricity consumption or the applicable billing parameters. Accordingly, the Respondent contends that the supplementary bills raised towards the differential kVAh charges for the disputed period are justified and recoverable in law. On this basis, the Respondent maintains that the Appellants cannot claim immunity from payment of the differential amount merely because the earlier bills were issued and paid on the basis of the conventional kWh billing system.

(x) The Respondent stated that, pursuant to the directions of MERC, it had organised several consumer meetings and workshops, duly publicised in local newspapers, to create awareness about kVAh billing, the method of Power Factor (PF) calculation, and the consumers' responsibility to maintain the prescribed PF.

(xi) The Respondent further stated that the Appellants had been given advance intimation regarding the implementation of kVAh billing through their registered mobile number (9422049152). An SMS was also sent through the system on 24.07.2025. Accordingly, the Respondent contended that the Appellants' claim of being unaware of the kVAh billing system was factually untenable.

(xii) The Appellants filed grievance applications before the Forum on 08.04.2026, seeking withdrawal of the differential amounts raised through supplementary bills issued in February 2026. By a common order dated 27.05.2026, the Forum rejected the grievances of all six Appellants and upheld the debit bill adjustments made in the February 2026 bills.

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai M.E.R.C.

(xiii) **It appears that the Appellants had installed capacitor banks directly on the LT busbars without an Automatic Power Factor Correction (APFC) panel until September 2025. Consequently, when the inductive load was relatively low, the capacitor banks continued to remain in operation, resulting in <u>leading</u> reactive energy (leading kVAh) being recorded. This appears to be the fundamental cause of the disputed <u>leading</u> kVAh recording.** The Supply Code and Standards of Performance Regulations, 2021, require consumers to regulate both lagging and leading reactive power and maintain the power factor as close to unity as practicable. However, the Appellants failed to ensure adequate power factor control during the disputed period.

(xiv) In view of the above, the Respondent prays that the present Representations of the Appellants be rejected.

Analysis and Ruling

6. Heard the parties and perused the documents on record. These six Representations, involving common issues and similar facts and circumstances concerning retrospective differential kVAh billing for July to September 2025, are clubbed together. The Appellants' details and disputed amounts are set out in Table 2.

7. The Appellants contended that MSEDCL had retrospectively raised supplementary bills in February 2026 towards differential kVAh charges for the period from July 2025 to September 2025, despite their having regularly paid the original bills based on kVAh consumption and power factor billed. They stated that the installed meters were allegedly incompatible with kVAh billing and that an internal IT software tagging error had occurred, which MSEDCL reportedly acknowledged vide Letter No. 1422. The Appellants further contended that MSEDCL had failed to issue individual notices or verify meter compatibility through site inspections before implementing the revised billing system. They argued that the judgment of the Hon'ble Supreme Court in Prem Cottex was distinguishable, as the present cases allegedly involved persistent meter compatibility and software-related issues rather than a mere clerical or arithmetical error. The Appellants had installed APFC panels after receiving unusually high

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai M.E.R.C.

bills in October 2025 and thereafter maintained satisfactory power factors. They challenged the retrospective recovery of differential kVAh charges. Accordingly, they prayed for withdrawal of the supplementary bills for the disputed period, together with any interest and delayed payment charges levied thereon.

8. The Respondent contended that the change from kWh-based to kVAh-based billing for consumers having a contract demand or connected load of 20 kW and above was implemented from July 2025 pursuant to the applicable MERC Tariff Orders. The Appellants' meters were not compatible with the revised billing methodology during July to September 2025; however, due to an incorrect compatibility tag in the billing system, the bills were initially calculated using the earlier methodology, without adequately accounting for both lagging and leading reactive energy. Based on the available Meter Reading Instrument (MRI) data, MSEDCL subsequently recalculated the applicable kVAh consumption and raised supplementary bills in February 2026. The Respondent maintained that the differential charges were correctly assessed and legally recoverable, relying on the Hon'ble Supreme Court's judgment in Prem Cottex v. Uttar Haryana Bijli Vitran Nigam Ltd. (Civil Appeal No. 7235 of 2009, decided on 05.10.2021), It further stated that consumers had been informed about kVAh billing through awareness programmes, newspaper publications and SMS communications. The Respondent also contended that the Appellants' capacitor banks, installed without APFC panels until September 2025, resulted in leading reactive energy being recorded when the inductive load was low, indicating inadequate power factor control. Accordingly, the Respondent justified the retrospective recovery and prayed for dismissal of all six Representations.

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai M.E.R.C.

9. Issues for Determination:

The following issues arise for determination in these Representations:

Issue	Particulars	Remarks
Issue 1	Whether the retrospective differential kVAh billing for July 2025 to September 2025 is justified under the applicable MERC Tariff Orders and Regulations.	Affirmative
Issue 2	Whether the meter incompatibility tagging in MSEDCL's billing system for July 2025 to September 2025 invalidate the supplementary bills.	Negative

Issue 1: Whether retrospective differential kVAh billing is justified

The Commission, through its applicable Tariff Orders, introduced kVAh-based billing with effect from July 2025 for consumers having a contract demand or connected load of 20 kW and above. The Appellants fall within the applicable category. Accordingly, the revised billing methodology was required to be applied to their electricity consumption during the disputed period.

The Appellants have contended that they regularly paid their original electricity bills and that MSEDCL cannot subsequently recover differential charges arising from its own billing-system error. However, payment of the original bills does not, by itself, extinguish the liability to pay the amount lawfully chargeable under the applicable tariff. Where the original bills were generated using an incorrect billing methodology, the differential amount may be recoverable, subject to compliance with the applicable statutory and regulatory provisions. In this regard, Section 56(2) of the Electricity Act, 2003, provides as follows:

> *"Notwithstanding anything contained in any other law for the time being in force, no sum due from any consumer, under this section shall be recoverable after the period of two years from the date when such sum became first due unless such sum has been shown continuously as recoverable as arrear of charges for electricity supplied and the licensee shall not cut off the supply of the electricity."*

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai M.E.R.C.

The Hon'ble Bombay High Court, in its Larger Bench judgment dated 12.03.2019 in Writ Petition No. 10764 of 2011 and connected matters, considered the scope of Section 56(2) concerning recovery of electricity charges. Accordingly, the recoverability of any differential amount must be examined with reference to the date on which it first became due and the statutory conditions prescribed under the said provision.

In the present cases, the disputed charges pertain to electricity consumed during July 2025 to September 2025, and the supplementary bills were raised in February 2026. The disputed period and the date of supplementary billing are within two years. Therefore, the recovery is not barred merely on the ground of limitation under Section 56(2) of the Electricity Act, 2003. Accordingly, retrospective differential kVAh billing is justified in principle, subject to the correctness of the assessment and compliance with the applicable tariff provisions. Issue 1 is answered in the affirmative.

Issue 2: Whether meter incompatibility and the software tagging error invalidate the supplementary bills

The Respondent has acknowledged that the Appellants' meters were not compatible with the revised kVAh billing methodology during the disputed period and that the billing system incorrectly tagged them as compatible. This error resulted in the original bills being generated using the earlier calculation methodology. The Respondent subsequently reassessed the differential kVAh consumption based on the available Meter Reading Instrument (MRI) data and raised supplementary bills in February 2026.

The existence of a meter-compatibility or software-tagging error does not, by itself, establish that the subsequent assessment is incorrect or that the differential charges are irrecoverable. The material question is whether the reassessment was technically valid and whether the differential amounts were calculated in accordance with the applicable tariff methodology and the recorded meter data.

The definition of "Average Power Factor" under the Electricity Supply Code and Standards of Performance Regulations, 2021, expressly includes both lagging and leading reactive kVAh. Accordingly, the calculation for the disputed period must be consistent with the applicable Tariff Orders and the relevant provisions of the 2021 Regulations. The

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai M.E.R.C.

Appellants cannot claim that only lagging reactive energy should be considered merely because their original bills were generated under the earlier methodology.

The Respondent has stated that the differential amounts were recalculated at its Corporate Office on the basis of available MRI data, taking into account the applicable reactive energy components. The consumer-wise and month-wise calculations have also been placed on record. The Appellants, however, have not established any specific error in the underlying MRI data or demonstrated that the reassessment, as carried out, contravenes the applicable tariff methodology.

The Respondent has further contended that the Appellants had installed capacitor banks directly on the LT busbars without an Automatic Power Factor Correction (APFC) panel until September 2025. When the inductive load was comparatively low, the capacitor banks continued to operate, resulting in leading reactive energy being recorded. The subsequent installation of APFC panels and maintenance of satisfactory power factors do not, by themselves, establish that the leading reactive energy recorded during the disputed period was incorrect.

The Appellants have also objected to the absence of individual notices and site inspections. The Respondent has relied upon consumer awareness programmes, newspaper publications and SMS communications regarding the implementation of kVAh billing. While such communications are relevant to consumer awareness, the validity of the supplementary bills must ultimately depend on the applicable tariff provisions and the correctness of the assessment. In the present cases, the Appellants have not established that the supplementary bills must be withdrawn solely on the ground of alleged non-receipt of individual notices.

The Respondent has relied upon the judgment of the Hon'ble Supreme Court in *Prem Cottex v. Uttar Haryana Bijli Vitran Nigam Ltd. & Ors.*, Civil Appeal No. 7235 of 2009, decided on 05.10.2021. The Appellants have sought to distinguish that judgment on the ground that the present cases involve meter incompatibility and software-tagging errors rather than a mere clerical or arithmetical mistake. However, that distinction does not, by itself, establish that the differential charges are irrecoverable. The earlier payment of electricity bills does not necessarily preclude recovery of amounts lawfully payable but not

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai M.E.R.C.

correctly assessed in the original bills, subject to the applicable statutory and regulatory requirements. Upon consideration of the submissions of both parties and the material on record, I find that the admitted compatibility-tagging error explains the original billing methodology but does not, by itself, invalidate the subsequent reassessment. The Appellants have not substantiated any specific error in the MRI data or the differential calculations sufficient to warrant withdrawal of the supplementary bills. Accordingly, the meter incompatibility and incorrect compatibility tagging, in themselves, do not provide sufficient grounds to set aside the supplementary bills. Issue 2 is answered in the negative.

10. The definition of "Average Power Factor" under the Electricity Supply Code and Standards of Performance Regulations, 2021, includes both lagging and leading reactive kVAh. The Appellants' capacitor banks, operating without APFC panels during the disputed period, appear to have contributed to leading reactive energy being recorded when the inductive load was low. The subsequent installation of APFC panels does not establish that the earlier recorded data were incorrect.

11. The Respondent has justified the reassessment based on available MRI data and the applicable billing methodology. The Appellants have not established any specific error in the differential calculations. Further, neither payment of the original bills nor the alleged absence of individual notices, by itself, invalidates lawful recovery. Accordingly, the supplementary bills for July 2025 to September 2025 are upheld.

12. The Forum has given a reasoned and speaking common order. Hence, there is no need for interference in its order principally. However, the Forum's order is partially modified as below.

The Respondent is directed: -

(i) To withdraw the interest and Delayed Payment Charges (DPC) levied in the bills for all six Representations from February 2026 until the date of this common Order.

(ii) The Appellants may be permitted to pay the revised bills in Representation Nos. 74, 75, 76 and 78, involving provisional outstanding dues of Rs. 4,40,952/-, Rs.

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai M.E.R.C.

2,03,393/-, Rs. 2,77,497/- and Rs. 1,06,254/-, respectively, in 10 equal monthly instalments, and the revised bill in Representation No. 77, involving provisional outstanding dues of Rs. 68,713/-, in 3 equal monthly instalments, without levy of Delayed Payment Charges (DPC) or interest.

(iii) If the Appellants fail to pay the monthly instalment along with its current bill, the Respondent is permitted to recover the interest proportionally for the failure period, and to take action as per the law in force.

(iv) Compliance to be submitted within two months from the date of issue of this order.

(v) Other prayers of the Appellants are rejected.

13. The representations of the Appellants are disposed of accordingly.

14. The Secretariat of this Office is directed to refund the security deposit of Rs. 25,000/- received in each Representation to the respective Respondents for adjustment against the Appellant's ensuing electricity bills.

Sd/-
(Vandana Krishna)
Electricity Ombudsman (Mumbai)

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai M.E.R.C.