BEFORE THE ELECTRICITY OMBUDSMAN (MUMBAI)

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

REPRESENTATION NO. 88 OF 2026

In the matter of excessive kVAh billing in Jan. 2026 & revision thereof

Sarvodaya Company… …….. …… …… … …… …. ……..Appellant
(Cons. No. 003360007463)

V/s.

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

Appearances:

Appellant : 1. Jatin Dilip Ved
2. Manohar Deshmukh, Representative.

Respondent: 1. Prakash Malkhade, Dy. Executive Engineer, Palghar East Sub. /Dn.

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

Date of hearing: 24th September 2026

Date of Order: 30th October 2026

ORDER

This Representation was filed on 3rd August 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 order dated 11th June 2026 passed by the Consumer Grievance Redressal Forum, Palghar Circle (the Forum) in Case No. 001 of 2026. The Forum partly allowed the grievance application of the Appellant. The operative part of the order is as below:

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2. *The respondent is directed to pay Rs.4,800/- to complainant, as a compensation towards the bill dispute which arose due to non-mentioning of actual power factor and delay in billing as per KVAH billing system.*

The Forum, in its order, observed that:

a) The January 2026 bill of ₹13,51,440/- was revised based on actual kVAh consumption, resulting in a credit of ₹2,86,158/- to the Appellant.

b) The Appellant paid ₹5,00,000/- on 05.03.2026, ₹5,00,000/- on 12.03.2026 and ₹1,17,830/- on 17.03.2026; hence, the request for refund of ₹5,00,000/- was not warranted.

c) The meter was tested and found to be functioning correctly, while the capacitor and APFC system were found defective, with the meter recording PF of 0.64.

d) KVAh based billing was applicable and, therefore, the request for kWh billing could not be accepted. The low-PF penalty had already been waived. However, the PF was incorrectly reflected as 1.00 in the bills from August to December 2025.

e) Considering the above deficiency in service, the Forum awarded compensation of ₹4,800/- under the MERC Supply Code & Standard of Performance Regulations, 2021.

PREAMBLE: -

Salient Provisions of the MERC Clarificatory Order Dated 30.04.2020 in Case No. 79 of 2020 *(Case of Maharashtra State Electricity Distribution Company Limited seeking clarification on certain issues arising from the MYT Order dated 30.03.2020 in Case No. 322 of 2019)* :

MSEDCL, vide its email dated 20.04.2020, filed a Petition before the Commission seeking clarification on certain issues arising from the MYT Order dated 30.03.2020 in Case No. 322 of 2019. MSEDCL sought further clarification and guidance on certain provisions and

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also pointed out typographical errors which, according to MSEDCL, had resulted in ambiguity in the implementation of the said Order.

The Commission considered MSEDCL's proposal regarding adoption of kVAh-based billing for HT consumer categories and approved it with effect from 01.04.2020.

In respect of Rooftop Renewable Energy (RE) installations, MSEDCL raised the issue of power factor of energy exported to the grid. MSEDCL submitted that the exported energy should be at a power factor close to unity, since export at a lower power factor would result in recording of higher kVAh for the same quantum of kWh exported. Accordingly, MSEDCL sought appropriate provisions for regulating or disallowing exported units where the power factor was below the specified level.

The Commission, while considering the above issue, referred to the provisions and methodology specified in the MYT Order and clarified that, for the purpose of energy balancing of the Distribution Licensee and Open Access (OA) transactions, the kVAh consumption recorded during the month is required to be converted into kWh by applying the billing power factor. The Commission further clarified that the applicable taxes and duties are to be dealt with in accordance with the prescribed conversion methodology. Thus, the Commission clarified that, for energy balancing of the Distribution Licensee and OA transactions, *"kVAh consumption in the month needs to be converted into kWh by using billing Power Factor.*"

The relevant portion of the Clarificatory Order is reproduced below:

- ***MERC CASE No. 79 of 2020**: **Case of Maharashtra State Electricity Distribution Company Limited seeking clarification on certain issues of the MYT Order dated 30 March 2020 issued under Case No. 322 of 2019:***
  Certificatory Order Dated 30 April 2020

  5. Thus, only issues which remain to be addressed in the present Petitions are as follows:

  (a)
  (b)
  (c) kVAh billing (Billing of Rooftop PV, Multipartite & sub-metered consumers)
  ……
  On all these issues, MSEDCL has sought certain clarification so as to implement the Commission's Order in correct perspective .....

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KVAh billing (Billing of Rooftop PV, Multipartite & sub-metered consumers):

c. MSEDCL's Submission:

23. *The Commission in MYT Order dated 30 March 2020 has allowed kVAh based billing for HT consumers for 1 April 2020 as follows:*

> *"8.10.41 The Commission has taken a note of Petitioner's proposal for adoption of kVAh-based billing for HT consumer categories and initiatives taken by MSEDCL towards it. The same matter was discussed in MTR Order. Accordingly, Commission has decided to approve the proposal of MSEDCL for adoption of kVAh billing for HT consumers from 1 April, 2020."*

24. *MSEDCL submits that in Rooftop RE Installations, the energy exported into the grid must be supplied at power factor near to unity. If such consumer exports the energy at low power factor, then it will record more kVAh for same kWh units. In order to regulate the power factor, there should be provision to disallow units exported below specified power factor which may be fixed by the Commission. There are some multipartite consumers with HT connection. These consumers are HT as well as LT category. The Commission has allowed kVAh billing only for HT consumers. However, there is no clarity on billing of such multipartite consumers with HT as well as LT Consumers. Similarly, there are sub-metered LT consumers to the principal HT consumers.*

25. *Accordingly, MSEDCL sought clarity on billing of rooftop net metering consumers, methodology for billing of LT consumers which are part of a multipartite agreement with HT consumers and methodology for billing of sub metered LT consumers to the principal HT consumers.*

26. *In its submission, MSEDCL has suggested the following billing approach for these issues:*

a. ***For roof top consumers**: The netting off or settlement of units will be done in terms of kWh units, and the balance import units will be converted to kVAh using billing power factor of consumer for charging.*

b. ***For Open Access Consumers:** All Open Access transaction in 15 min time block will be carried out in kWh units. For computation of charges viz. Energy Charge, Wheeling Charge, Transmission Charge, Cross Subsidy Surcharge, Additional*

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Surcharge, kWh sale will be converted to kVAh considering billing PF of consumer.

c. ***Multipartite Consumers:*** *In this case the billing of the LT Consumers will be done as per kWh units, however Principal HT Consumer billing will be on basis of kVAh.*

The kVAh of principal Consumers will be as below:

{(kWh units recorded in main Meter on HT side) less (sum of all LT side kWh units)}/billing PF of consumer.

d. ***Sub metered consumers:*** *same methodology as per multipartite consumer.*

Commission's Analysis and Clarifications:

27. *The Commission notes that while allowing implementation of kVAh based billing in the MYT Order, the Commission has made following observation and also provided certain guidelines for implementation of kVAh billing as follows:*

"8.10.40 While determining per unit charges in kVAh, the Commission has used category wise PF which could be lower than unity. This makes per unit tariff lower than the tariff which would have been determined in kWh term. ***Further, in case of Energy Balance, the utility shall always maintain sale in kWh only****. Tax on Sale of Electricity and Electricity duty shall be converted from kVAh to kWh.* ***All the OA transactions will be maintained in kWh sale only, kVAh based sales shall be converted in kWh based on the Power Factor for the month provided in the Energy Bills****."*

28. *Thus, for energy balancing of the Distribution Licensee and OA transactions (adjustment of energy injected by OA generator and consumed by OA consumer in billing month for arriving at over or under drawl) needs to be maintained in kWh terms only. However, charges to be levied for such OA consumers such as Wheeling Charges, Energy Charges, Transmission Charges, Cross-subsidy surcharge, additional Surcharge etc. are approved in kVAh terms only. Hence, for the purpose of levying such charges to the OA consumer, applicable kWh consumption shall be converted into kVAh by using billing Power Factor for that month.*

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29. *Regarding Rooftop arrangement, MSEDCL in its submission has not explicitly mentioned that it is seeking such clarification only in respect of rooftop installations of HT consumers. However, as kVAh billing is allowed only for HT consumers, for removing any doubt, the Commission clarifies that these clarifications will be applicable only to the rooftop installations of HT consumers. The Commission notes that in rooftop installations export or import of energy through banking facility is undertaken in kind i.e. energy banking facility is provided against energy injected into the grid. The Commission has already clarified that all energy balancing for utility (energy procurement from generator and sales to consumers) and OA transaction will be maintained in kWh terms only. Transaction of energy under rooftop installation is similar to these transactions. Hence, the Commission clarifies that for any adjustment in kind such as netting off or settlement of units in rooftop installations of HT consumers the same will be done in terms of "kWh" and for levying charges on balance units, "kWh" shall be converted into "kVAh" by using billing Power Factor for that month.*

30. *Regarding clarification sought for HT consumer having multiple LT connections (under Franchisee Agreement) or sub-metering for specific purpose of use different than main HT connection on LT side, the Commission notes that for LT consumers, kWh based billing is continued till Mid-Term Review Order. Hence, LT consumers need to be billed on kWh basis only. Under these circumstances, the Commission clarifies that residual units in kWh after billing LT consumers on kWh basis need to be converted into kVAh by using billing Power Factor for levying charges applicable for HT consumers.*

31. *Taking this opportunity, the Commission would like to clarify its observations relating to levying Electricity Duty and Tax on Sales of Electricity for HT consumer. The Commission in MYT Order has ruled that such Tax/Duty shall be converted from kVAh to kWh. Intention behind such direction is that if such taxes/duties are applicable in Rs/kWh terms then kVAh consumption in the month needs to be converted into kWh by using billing Power Factor for levying such taxes/duties to HT consumers. However, if such taxes are applicable on billed amount, no such conversion is required.*

32. *to 35 ……*

e. kVAh ***billing (Display of power factor on energy bill)***

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"8.10.38 Several stakeholders have also raised concerns in term of kVAh based billing per se, if the same get implemented. The Commission has also taken a note of the concerns raised and is of the view that, in the present billing system, Consumer, based on the incentive/penalty levied in the monthly bill was kept informed of Power Factor (PF) maintained by it during the month. The Consumer was therefore in the position to take corrective action in case penalty was levied due to poor PF based on the information from the monthly Bill. However, with implementation of kVAh billing, any adverse impact due to poor PF will be recorded in increased consumption in kVAh and Consumer will not be aware of actual PF for the month unless it is being recorded and monitored separately. For smooth transition to new billing system and to keep Consumer aware at all times, ***the Commission directs MSEDCL to display PF (computed by considering leading and lagging RkVAh) recorded during the month in the bill of all the Consumer categories till further directions****. Further, such PF can be used for converting kVAh into kWh for arriving at payment to be made towards taxes / duties imposed by the GoM, if applicable. "*

36. *MSEDCL submits that in the kVAh compatible energy meters installed by it, the measurement of kVAh is based on kVARh lag and lead hence these meters record the power factor based on lag and lead consumption of kVARh. The power factor which is recorded by meter can directly be produced on the electricity bill hence there is no need of computation of power factor externally. Therefore, clarification is required relating to use power factor recorded in meter or computed power factor for displaying on consumer bill.*

37. *MSEDCL submits that in the kVAh compatible energy meters installed by it, the measurement of kVAh is based on kVARh lag and lead hence these meters record the power factor based on lag and lead consumption of kVARh. The power factor which is recorded by meter can directly be produced on the electricity bill hence there is no need of computation of power factor externally. Therefore, clarification is required relating to use power factor recorded in meter or computed power factor for displaying on consumer bill.*

38. *MSEDCL in its submission has suggested that as meter is programmed for computation of kVAh as per formula approved by the Commission, there is no requirement for computation of PF externally. MSEDCL can use the power factor recorded by energy meter for displaying on consumer bill.*

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Commission's Analysis and Clarification:

39. *The Commission notes the MSEDCL submission and clarifies that as meter is programmed for computation of kVAh (based on lag and lead consumption of kVARh) as per formula approved by the Commission, there is no requirement for computation of PF externally. MSEDCL may use the power factor recorded by energy meter for displaying on consumer's bill.*

- ***The Commission's view regarding KVAH billing in Tariff Order 217 of 2024 dated 28.03.2026 effective from 01.04.2026 are as below:***

  kVAh billing in MERC Tariff Orders shifts electricity charges from purely active energy (kWh) to apparent energy (kVAh), meaning both real and reactive power are billed. This has major implications for industrial and commercial consumers in Maharashtra, especially those with sanctioned loads above 20 kW, who must maintain a high Power Factor to avoid steep increases in bills.

- *In* ***Tariff Order 217 of 2024 dated 28.03.2026 following details are provided:***

  7.1.9 More importantly, in line with the intentions of the Commission expressed in the last MTR Order in Case No. 226 of 2022 and as proposed by MSEDCL, the Commission is going ahead with implementation of the kVAh based billing for all the LT Consumers of MSEDCL with load above 20 kW. While going ahead with KVAh billing for LT consumers with load above 20 kW, the Commission has noted the submissions of MSEDCL about the preparedness for ensuring the adequate metering and billing infrastructure for applicability of KVAh billing to all LT consumers with load above 20 kW.

  7.1.10 Further, the Commission has noted the Smart Meters rollout plan of MSEDCL for all consumers during this MYT control period. With smart meter rollout plan, MSEDCL has proposed to introduce TOD Tariff Rebate during daytime (Solar Hours) for all residential consumers and for other consumers with sanctioned load/contract demand more than 10 kW. Further, consumers below 10kW (other than residential) shall also have choice to opt for TOD billing. Considering the implementation time for modification of ToD Slabs for existing consumers with ToD meters, the Commission has allowed transition period up to three months for HT consumers and up to six months for LT consumers.

  .. .. …….. ……..

7.16.0 kVAh based billing

MSEDCL's Submission

7.16.1 MSEDCL has submitted that it had earlier proposed the implementation of kVAh-based billing for HT consumers in its MYT Petition for the fourth Control Period

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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 has 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 has 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 Further, MSEDCL has highlighted that kVAh billing for LT consumers have already been adopted in some of the states in India as per orders of respective SERCs. Some examples of such orders along with applicability of kVAh based billing have been provided below: Table 409: Applicability of kVAh based billing in various states……

7.16.5 Further, MSEDCL has 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.

7.16.6 Accordingly, MSEDCL has proposed implementing kVAh-based billing for LT consumers above 20 kW from the fifth Control Period (FY 2025-26 to FY 2029-30) and has 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 has noted the submission of MSEDCL. The Commission has introduced the kVAh billing for HT consumers from 1 April 2020 as per the provisions of the MYT Regulations, 2019. Further the Commission has taken 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

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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 has 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 observes 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 shall be completed by May 2025. Following table summarizes existing status of completion of kVAh metering for LT-consumers with load above 20 kW.

Table 410: Status of kVAh metering for LT Consumers with load above 20 kW

…….

7.16.11 Accordingly, Commission has decided to approve the proposal of MSEDCL for adoption of kVAh billing for LT consumers with load above 20 kW from 1 April, 2025 and directs 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 along with existing structure of PF incentive and penalty for power factor shall continue for such consumers.

7.16.12** Several objectors have taken 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 has taken the note of objectors and **MSEDCL is 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.

- The MERC, vide its MYT Order dated 28.03.2025 in Case No. 217 of 2024, revised the Time-of-Day (ToD) tariff structure applicable to all EHV/HT consumers. Recognizing the practical requirements of system modifications and billing adjustments, the Commission permitted a transition arrangement for implementation of the revised ToD regime. Upon expiry of the transition period, the revised ToD structure was required to be implemented for all HT consumers in accordance with the tariff orders. *[Note: During the hearing the Appellant contended that the transition period was from April to June 2025. However, the*

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Respondent informed that due to a stay order, this period was extended from July 2025 to Sept. 2025.]

2. Aggrieved with the order passed by the Forum, the Appellant has filed the present representation. A physical hearing was conducted on 24th September 2026 wherein the Appellant's representative and the Respondent were present. The Appellant, himself, attended through video conferencing, The parties were heard at length. The Respondent's submissions and arguments are stated below: *[The Electricity Ombudsman's observations and comments are recorded under 'Notes' where needed.]*

(i) The Appellant is an industrial consumer (No. 003360007463) from 18.06.2021, engaged in the manufacture and export of specialized food packaging, including bar cake trays, pastry trays, and sweet boxes. The details of the Appellant's electrical connection & bill of Jan. 2026 are set out in Table 1 below:

Table 1:

Name of Consumer	Consumer No.	Address	Sanct. Load / Contract Demand	Date of Supply	Solar Roof Top Commissioning	Abnormal Billing in Jan.2026
Sarvodaya Company	003360007463	Plot No 45, Gut No 251, Village Kolegoan, Palghar	200 HP / 200 kVA	18.06.2021	150 kW installed on 18.02.2025	In Jan 2026 billed with 39,531 kWh, excessive 1,41,688 kVAh with 0.279 PF for Rs. 13,51,890/- (Erroneous)

(ii) The Appellant has been billed under the kVAh billing methodology since July 2025. In December 2025, the Appellant was billed for 17,849 kWh units and 17,849 kVAh units at a unity power factor (1.0), totaling Rs. 1,99,433/-. However, due to an oversight, the bill for January 2026 reflected 39,531 kWh units against an abnormally high 1,41,688 kVAh units, resulting in a drastically low average power factor of 0.279 and an inflated bill amounting to Rs. 13,51,890/-.The monthly bill abstract from July 2025 to Jan.2026 is as below:

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Table 2: (prepared by Ombudsman Office as per bills issued)

Month	Import Units	Export Units	Diff (kWh billed)	kVAh Billed	rkVah (Lag)	rkVah (Lead)	Billed Power Factor
Jul-25	13342	2906	10436	26926	329	0	1
Aug-25	15909	1602	14307	14307	357	0	1
Sep-25	16305	1863	14442	14442	512	0	1
Oct-25	18976	1127	17849	17849	549	0	1
Nov-25	0.000	0.000	0	0	0	0	0
Dec-25	17847	0.000	17847	17847	0	0	1
Jan-26	**48179**	**8648**	**39531**	**141688**	**1084**	**164546**	**0.276**

(iii) The rooftop solar generation system was commissioned in February 2025. The existing meter (Sr. No. 19902134) was replaced by a new bidirectional net meter (Sr. No. 24805512) on 18.02.2025. It is stated that upon the commencement of solar generation from March 2025 onwards, the operational status and adequacy of the capacitor bank were not inspected or verified by the Consumer.

(iv) The Appellant filed a grievance application on 05.02.2026 with the Respondent. A spot inspection was conducted on 11.02.2026. As per the Spot Inspection Report, the main meter recorded a reading of 1,52,211 kWh & a reading of 3,09,014 kVAh, and an operational Power Factor (PF) of 0.64 on meter. The report further noted that the Consumer had already replaced two faulty capacitor cells with new Havells-make capacitors on 04.02.2026, as detailed below:

Table 3:

Old Capacitor Cell Details	New Capacitor Cell Details
Cell 1: 11.2 kVAR (Sr. No. 21050190)	Cell 1: 10 kVAR (Sr. No. AEYS1000198)
Cell 2: 11.2 kVAR (Sr. No. 21050191)	Cell 2: 10 kVAR (Sr. No. AEYH1000146)

During the joint spot inspection, a critical technical discrepancy was recorded: while the **main solar net meter** displayed an actual, Power Factor (PF) of 0.64, the Consumer's **localized PF indication panel installed adjacent to the capacitor bank, displayed a reading of 0.99. This demonstrates that the internal PF indicator was**

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malfunctioning and providing erroneous data, thereby misleading the Consumer into believing the system was operating at near-unity efficiency.

(v) Pursuant to the MERC Tariff Order in Case No. 75 of 2025, effective July 2025, the billing framework—including Energy Charges and Wheeling Charges—for consumer categories with a contract demand or connected load of 20 kW and above was mandated to transition from a kWh-based billing methodology to a kVAh-based billing mechanism.

(vi) The kVAh billing was mandated from July 2025. The Respondent billed the Appellant on a monthly kVAh basis from August 2025 to December 2025; kVAh backlog was considered into the January 2026 billing cycle. The same bill is revised as detailed below:

- Actual Meter Consumption (Jul 25 – Jan 26): 1,87,735 kVAh units (Jan-26 Reading: 2,88,828 – Jul-25 Reading: 1,01,093).
- Provisional Units Already Billed (Aug 25 – Dec 25): 64,445 kVAh units.
- Erroneous System-Generated Invoice (Jan 26): 1,41,688 kVAh units.
- Final Revised Assessment: 33,442 kVAh units (System-generated 1,41,688 – Correction adjustment of 1,08,246).
- As a result of this actualization, the Respondent passed a net credit benefit of Rs. **2,86,158/-** to the Appellant's ledger and safely eliminated the low Power Factor penalty.

(vii) The amendment to the billing methodology was implemented with effect from July 2025, in accordance with the directives issued by the Head Office, MSEDCL and tariff order of the Commission in force. The revised methodology is uniformly applicable to all solar consumers, thereby ensuring consistency, standardization, and compliance with the applicable regulatory requirements.

(viii) From July 2021 to August 2024, bills were raised using computational/average PF instead of actual meter-recorded PF, resulting in under-recovery. Verification later confirmed that the actual PF was lower in several billing cycles.

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(ix) **The differential amount represents recovery of legitimately applicable charges based on actual meter readings, not a penalty.** The month-wise calculation was provided to the consumer, and recovery is being made in installments. The action is in accordance with applicable regulations, Commission orders, and audit requirements, without any arbitrariness or deviation.

(x) Eligible credit adjustments were also granted through the centralized billing system based on actual meter data and applicable MERC provisions, uniformly across Regions, without field-level intervention. (HT electricity bills are kept on record)

(xi) The MERC (Grid Interactive Rooftop Renewable Energy Generating Systems) Regulations, 2019 govern net metering, net billing, and energy accounting for eligible consumers in Maharashtra and are binding on MSEDCL and consumers.

(xii) Billing and energy settlement are undertaken as per the applicable MERC Regulations and Tariff Orders. MSEDCL, being a regulated Distribution Licensee, is required to implement these regulatory provisions uniformly.

(xiii) It is stated that, vide Ref. 4, MSEDCL Commercial Circular No. 326, issued pursuant to the clarification in MYT Order Case No. 79 of 2020, under Clause C—kVAh Billing (Billing of Rooftop PV, Multipartite & Sub-metered Consumers) at Sr. No. 29, it has been clarified that:

> *"However, as kVAh billing is allowed only for HT consumers, for removing any doubt, the Commission clarifies that these clarifications will be applicable only to the rooftop installations of HT consumers. The Commission notes that in rooftop installations export or import of energy through banking facility is undertaken in kind i.e. energy banking facility is provided against energy injected into the grid. The Commission has already clarified that all energy balancing for utility (energy procurement from generator and sales to consumers) and OA transaction will be maintained in kWh terms only.* ***Transaction of energy under rooftop installation is similar to these transactions. Hence, the Commission clarifies that for any adjustment in kind such as netting off or settlement of units in rooftop installations of HT consumers the same will be done in terms of „kWh" and for***

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levying charges on balance units, "kWh" shall be converted into "kVAh" by using billing Power Factor for that month."

(xiv) The present billing adjustment arises solely from the centralized implementation of the applicable MERC Orders and does not result from any independent administrative decision of the Vasai Circle Office.

(xv) In this case the basic MRI Data of this consumer is available in the system which is reproduced below:

Table 4:

Reading Import Data of Meter Information System														
Month	kW recorded	kWh-Current Reading	kWh-Previous Reading	kWh	Recorded Demand (kVA)	kVah-Current Reading	kVah-Previous Reading	kVAh	rkVah (lag)-Current Reading	rkVah (Lag)-Previous Reading	rkVah (Lag)	rkVah (Lead)-Current Reading	rkVah (Lead)-Previous Reading	rkVah (Lead)
1	2	3	4	5=3-4	6	7	8	9=7-8	10	11	12=10-11	13	14	15=13-14
Jul-25	116.354	39666	26324.9	13341.1	116.719	101093.7	74167.6	26926.1	1756.6	1427.5	329.1	69444.4	53725.8	15718.6
Aug-25	111.745	55575	39666.7	15908.3	111.924	136997.0	101093.7	35903.3	2113.3	1756.6	356.7	91452.1	69444.4	22007.7
Sep-25	138.896	71880	55575.4	16304.6	139.000	175209.8	136997.0	38212.8	2625.4	2113.3	512.1	115150.3	91452.1	23698.2
Oct-25	155.893	90856.6	71880.0	18976.6	155.933	209873.8	175209.8	34664	3174.1	2625.4	548.7	132517.3	115150.3	17367
Nov-25	150.493	105390	90856.0	14533.5	1,50,589	235620.0	209873.8	25746.2	3602.7	3174.1	428.6	146141.3	132517.3	13624
Dec-25	138.971	121568	105389.5	16178.4	139.101	262354.1	235620.0	26734.1	3899.3	3602.7	296.6	159208.7	146141.3	13067.4
Jan-26	139.533	139035	121567.9	17467.1	139.763	288838.6	262354.1	26484.5	4258.8	3899.3	359.5	170838.5	159208.7	11629.8
Feb-26	106.069	148008	139035.0	8973.4	106.364	303845.0	288838.6	15006.4	4874.8	4258.8	616	178223.7	170838.5	7385.2
Mar-26	122.405	159161	148008.4	11152.1	122.634	317668.5	303845.0	13823.5	6101.9	4874.8	1227.1	181599.5	178223.7	3375.8
Apr-26	118.556	168130	159160.5	8969.2	118.793	327602.9	317668.5	9934.4	6661.8	6101.9	559.9	183121.0	181599.5	1521.5
May-26	141.213	178245	168129.7	10115.6	141.340	338743.3	327602.9	11140.4	7436.7	6661.8	774.9	184924.9	183121.0	1803.9
Jun-26	126.313	191879	178245.3	13633.9	126.537	356045.6	338743.3	17302.3	8029.3	7436.7	592.6	190378.3	184924.9	5453.4

Table 5:

Reading Export Data of Meter Information System														
Month	kW recorded	kWh-Current Reading	kWh-Previous Reading	kWh	Recorded Demand (kVA)	kVah-Current Reading	kVah-Previous Reading	kVAh	rkVah (lag)-Current Reading	rkVah (Lag)-Previous Reading	rkVah (Lag)	rkVah (Lead)-Current Reading	rkVah (Lead)-Previous Reading	rkVah (Lead)
1	2	3	4	5=3-4	6	7	8	9=7-8	10	11	12=10-11	13	14	15=13-14
Jul-25	118.810	22613.300	19311.800	3301.5	132.075	41775.5	33385.5	8390.0	28148.1	21106.8	7041.3	585.5	555.3	30.2
Aug-25	94.670	24433.100	22613.300	1819.8	137.719	47308.7	41775.5	5533.2	32921.2	28148.1	4773.1	595.7	585.5	10.2
Sep-25	111.125	26548.900	24433.100	2115.8	112.339	53875.9	47308.7	6567.2	38754.8	32921.2	5833.6	608.6	595.7	12.9
Oct-25	88.603	27830.800	26548.900	1281.9	126.896	57429.6	53875.9	3553.7	41701.1	38754.8	2946.3	621.2	608.6	12.6
Nov-25	111.884	33549.400	27830.800	5718.6	92.837	70070.9	57429.6	12641.3	51887.8	41701.1	10186.7	631.9	621.2	10.7
Dec-25	102.529	35981.300	33549.40	2431.9	127.056	84150.4	70070.9	14079.5	65055.9	51887.8	13168.1	637.7	631.9	5.8
Jan-26	90.958	37657.200	35981.30	1675.9	114.326	91115.0	84150.4	6964.6	71357.5	65055.9	6301.6	646.9	637.7	9.2
Feb-26	83.653	40496.400	37657.200	2839.2	96.528	97009.2	91115.0	5894.2	75119.0	71357.5	3761.5	832.9	646.9	186
Mar-26	49.787	41224.100	40496.400	727.7	85.49	98065.3	97009.2	1056.1	75625.6	75119.0	506.6	917.3	832.9	84.4
Apr-26	101.288	43855.700	41224.100	2631.6	50.27	100971.2	98065.3	2905.9	76201.3	75625.6	575.7	1070.3	917.3	153
May-26	56.706	46179.000	43855.700	2323.3	101.536	103877.8	100971.2	2906.6	77279.0	76201.3	1077.7	1203.6	1070.3	133.3
Jun-26	102.928	48566.600	46179.00	2387.6	56.794	107407.8	103877.8	3530.0	79286.3	77279.0	2007.3	1272.5	1203.6	68.9

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(xvi) The Respondent placed on record the provisional power factor for the period from July 2025 to January 2026, as tabulated below:

Table 6:

Provisional Calculations considering Solar Export units		
Month	**Power Factor billed**	**PF calculated as per kVAh (lag & Lead) formula**
Jul-25	1	0.95
Aug-25	1	0.91
Sep-25	1	0.61
Oct-25	1	0.80
Nov-25	0	0.55
Dec-25	1	0.70
Jan-26	**0.276**	0.70

(xvii) The adjustments are based on actual MRI data and centralized implementation of the applicable MERC provisions, and was not an arbitrary decision of the Vasai Circle Office. It relied upon the judgment in *M/s Prem Cottex v. Uttar Haryana Bijli Vitran Nigam Ltd.* regarding recovery of escaped billing and placed on record the provisional PF for July 2025 to January 2026, as shown in Table 6.

(xviii) In view of the above, the Respondent prays that the representation of the Appellant be rejected.

3. The Appellant's submissions and arguments are stated below:

(i) The Appellant is an industrial consumer (since June 18, 2021) engaged in the manufacture and export of specialized food packaging, including bar cake trays, pastry trays, and sweet boxes, to serve agricultural and food processing sectors globally, including markets in the UAE and Africa. The Appellant utilizes 100% virgin, food-grade materials, specifically PVC, HIPS, and PET. The details of the Appellant's electrical connection and the disputed bill for January 2026 are set out in Table 1.

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(ii) The Appellant submitted an application for installation of a 150 kW solar rooftop system in 2025. The system was commissioned and released for operation on 18.02.2025 after completion of the prescribed statutory and technical formalities, including inspection, testing and approval of the Electrical Inspector. The solar rooftop system commenced generation from 18.02.2025.

(iii) The Appellant had been billed under the kVAh billing methodology since July 2025. In December 2025, the Appellant was billed for 17,849 kWh and 17,849 kVAh, indicating a unity power factor of 1.0, and the bill amount was ₹1,99,433/-. However, in the January 2026 bill, the recorded consumption was 39,531 kWh as against an abnormally high consumption of 1,41,688 kVAh, resulting in an unusually low average power factor of 0.279 and an inflated bill of ₹13,51,890/-. The Appellant attributed this abnormal variation to an oversight in billing. The month-wise billing details from July 2025 to January 2026, as reflected in the bills issued by the Respondent, are summarized in Table 2.

(iv) The Appellant filed a Grievance Application before the Forum on 20.02.2026. Before the Forum, the Respondent submitted that the meter had been tested and found to be functioning correctly. It was further stated that **the kVAh billing for the period from July 2025 to January 2026 had been consolidated and recovered through the January 2026 bill by way of back-billing,** pursuant to MERC Order in Case No. 75/2025.

(v) The Forum recorded that the Respondent had revised the bill based on the kVAh readings recorded by the meter and extended a net credit of ₹2,86,158/- to the Appellant. However, the revised bill did not take into consideration the solar export units recorded during the relevant period.

(vi) By its Order dated 11.06.2026, the Forum partly allowed the Grievance and awarded compensation of only ₹4,800/- towards the delay in reflecting the actual power factor and implementation of kVAh billing. The Forum failed to understand the basic issue that MSEDCL did not revise the bill correctly.

(vii) The Appellant put on record of Basic Concept as below:

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- **kWh (kilowatt-hour):** Active energy actually consumed for performing useful work, such as operating motors, lighting and machinery.
- **kVAh (kilovolt-ampere-hour):** Apparent energy, comprising the combined effect of active and reactive energy.
- **Power Factor (PF):** The ratio of kWh to kVAh (PF = kWh/kVAh). A lower power factor results in higher kVAh consumption for the same kWh consumption and, consequently, higher billing.

Thus, under kVAh billing, a substantial reduction in power factor can significantly increase the bill amount. This aspect is particularly relevant to the abnormal increase observed in the Appellant's January 2026 bill.

(viii) **Regulatory References:** The kVAh billing methodology and its implementation are governed, inter alia, by the following:

1. MERC Order in Case No. 322/2019 dated 30.03.2020;
2. MSEDCL Commercial Circular Nos. 322 dated 22.01.2020 and 323 dated 03.04.2020;
3. MERC Clarificatory Order in Case No. 79/2020 dated 30.04.2020;
4. MSEDCL Commercial Circular No. 326; and
5. MERC Order in Case No. 176/2023 concerning Grid Support Charges concession and Banking Charges.

(ix) **Energy Balance in kWh:** It is important to note that, although the tariff is determined on a kVAh basis, the energy balance relating to generation, consumption, import and export is maintained in **kWh**. Accordingly, the recording and netting/settlement of solar generation and export are undertaken in kWh, with the applicable kVAh conversion being made at the subsequent billing stage.

(x) **Separate kVAh Calculation for Net-Metered Consumers:** An important distinction is that the kVAh calculation applicable to general HT consumers differs from that applicable to consumers having net-metered rooftop solar installations. The MERC Clarificatory Order in Case No. 79/2020 dated 30.04.2020 prescribes a specific methodology for net-metered consumers. Under this methodology, after netting the import and export energy, where the residual import is positive, the corresponding kVAh is determined with reference to the actual billing power factor, i.e., **kVAh =**

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residual kWh ÷ PF, and the applicable tariff is then levied accordingly. Therefore, any assessment of the January 2026 bill has to consider the prescribed net-metering methodology, including the proper accounting of solar export units and the actual power factor. An erroneously recorded or abnormally low power factor can substantially increase the resulting kVAh and, consequently, the amount billed.

(xi) As per the MERC MYT Order in Case No. 322 of 2019 and MSEDCL Commercial Circular No. 323 dated 03.04.2020, the average Power Factor (PF) is to be computed as:

Average PF = Total kWh ÷ Total kVAh, where
kVAh = √ [(kWh) ² + (RkVAh Lag + RkVAh Lead) ²].

(xii) Further, pursuant to the Clarificatory Order dated 30.03.2020 in Case No. 79/2020, MSEDCL Commercial Circular No. 326 dated 11.05.2020 provides that, in the case of HT consumers having rooftop solar, netting/settlement is first undertaken in kWh and the resultant net kWh is thereafter converted into kVAh using the applicable billing PF for the month.

(xiii) In the present case, MSEDCL has accordingly deducted the exported kWh from the imported kWh to arrive at the net kWh consumption and thereafter divided the same by the monthly average PF to determine the billable kVAh. However, the actual kVAh recorded by the meter installed at site has not been considered for billing and is also not separately reflected in the bills.

(xiv) The billing for July 2025 to January 2026 has therefore been examined with reference to the above methodology. For verification, the relevant MRI/MDAS records, monthly bills and Consumer Personal Ledger (CPL) obtained from MSEDCL have been analyzed.

(xv) Grounds of the Representation

1. **Abnormal RkVAh (Lag) reading:** From July 2025 to December 2025, the RkVAh (Lag) reading remained substantially stable at around 6,291.7. However, in the January 2026 billing cycle (10.12.2025 to 31.12.2025), it abruptly increased to

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1,70,838.0, representing an increase of 1,64,546.3 units in a single cycle, without any corresponding increase in kWh consumption. The said abnormal variation requires verification from the underlying MRI/MDAS data.

2. **Consequentially abnormal Average Power Factor:** The aforesaid RkVAh (Lag) reading resulted in a sharp reduction of the Average Power Factor from 1.00 to 0.279. Consequently, against net consumption of 39,531 kWh, the bill reflected 1,41,688 kVAh, i.e. approximately 3.6 times the corresponding kWh consumption. The substantial increase in billable kVAh is therefore directly attributable to the disputed PF computation.
3. **Application of formula to disputed input:** Although the prescribed formula for computation of kVAh may have been applied arithmetically, **the correctness of the underlying RkVAh (Lag) input itself is in dispute.** Consequently, the resultant PF and billable kVAh cannot be accepted without first independently verifying the relevant MRI readings and consumption data recorded in MSEDCL's MDAS system.
4. **Failure of the Forum to examine the core billing issue: The Forum has not adequately examined the sudden increase in RkVAh (Lag),** particularly by verifying the corresponding MRI/MDAS records, nor has it explained the resulting fall in Average PF to 0.279. The central issue regarding the reliability of the input data underlying the disputed billing has therefore remained unaddressed.
5. **Zero billing for November 2025:** The Consumer was billed for zero consumption in November 2025 despite the availability of MRI readings in the MDAS system. The failure to utilize available meter data for billing requires examination with reference to the applicable MSEDCL billing procedure and relevant Commercial Circulars.
6. **Inconsistency in December 2025 bill:** The December 2025 bill reflects an Average PF of 0.515 while simultaneously showing a Billed PF of 1.00. This apparent inconsistency in the PF parameters requires clarification and verification with reference to the underlying billing data.

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7. **Non-consideration of actual meter-recorded kVAh:** In the case of a solar net-metered consumer, MSEDCL has adopted the methodology of first determining net kWh and thereafter converting the same into billable kVAh based on the applicable PF. **Consequently, the actual kVAh recorded by the installed meter is not reflected or considered for billing.** For instance, in July 2025, the meter-recorded kVAh was 26,926, whereas the billed kVAh was only 10,436. The basis and correctness of such computation therefore require examination against the applicable MERC orders and MSEDCL Commercial Circulars.
8. **Inadequacy of compensation:** The compensation of ₹4,800/- awarded to the Consumer does not adequately address the hardship and financial consequence arising from the disputed billing, particularly when an inflated bill of ₹13,51,440/- was raised and the said amount has already been paid by the Consumer. The compensation therefore warrants reconsideration in the facts and circumstances of the case.

(xvi) The Respondent billed the Appellant at unity power factor during the period from July 2025 to October 2025. **The Appellant, therefore, reasonably understood from the bills that the recorded power factor was satisfactory and remained at unity. Consequently, the Appellant had no indication of any deterioration in power factor during this period and, therefore, had no opportunity to take timely corrective measures, such as installation or augmentation of power factor correction equipment**. In these circumstances, any subsequent retrospective revision of the power factor for the period from July 2025 to October 2025 would be unwarranted and would adversely affect the Appellant, particularly when the Appellant had acted upon the power factor reflected in the bills issued by the Respondent. The Appellant has, therefore, specifically disputed any retrospective revision of the power factor for the aforesaid period. The principal grievance of the Appellant, however, relates to the abnormally low power factor reflected in the January 2026 bill and the consequential levy of excessive charges. Accordingly, the Appellant primarily seeks verification and

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revision of the January 2026 bill based on the correct power factor and actual consumption recorded for the relevant billing period.

(xvii) In view of the facts, regulatory provisions and technical analysis stated above, the Appellant humbly prays that:

- The abnormal RkVAh (Lag) reading for the January 2026 billing cycle (10.12.2025 to 31.12.2025) be independently verified from MSEDCL's MRI/MDAS records and the bill be recalculated on the basis of the verified reading and correct PF.
- Responsibility be fixed for the abnormal RkVAh recording and for non-billing of November 2025 despite availability of MRI data.
- Compensation of ₹1,00,000/- be awarded for the financial loss and mental harassment caused by the erroneous and inflated billing.

Analysis and Ruling

4. Heard the parties and perused the documents on record. The Appellant is an industrial consumer since 18.06.2021, engaged in manufacture and export of specialised food-packaging products using virgin food-grade PVC, HIPS and PET. The Appellant has a sanctioned load/contract demand of 200 HP/200 kVA and commissioned a 150-kW rooftop solar generation system on 18.02.2025.

5. The Appellant contended that, although billed under the kVAh methodology from July 2025, the December 2025 bill reflected 17,849 kWh and 17,849 kVAh at PF 1.00, whereas the January 2026 bill reflected 39,531 kWh against 1,41,688 kVAh at an abnormally low PF of 0.279, resulting in a bill of ₹13,51,890/-. The Appellant filed a grievance before the Forum on 20.02.2026. The Respondent submitted that the meter was tested and found correct and that the kVAh billing for July 2025 to January 2026 was consolidated in the January 2026 bill. The bill was subsequently revised with a net credit of ₹2,86,158/-. However, the solar export units were not correctly accounted during revision of bill. Reliance was placed on MERC Case Nos. 322/2019 and 79/2020 and MSEDCL Commercial Circular Nos. 323 and 326 regarding

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netting of solar import/export in kWh and subsequent conversion into billable kVAh based on the applicable power factor. The Respondent billed the Appellant with unity power factor from July 2025 to Oct. 2025. The Respondent billed the Appellant at unity power factor from July to October 2025, leading the Appellant to believe that the PF was satisfactory and leaving no opportunity for timely corrective action. Hence, retrospective revision of PF for this period is unwarranted. The Appellant primarily seeks revision of the January 2026 bill based on the correct PF.

6. The Appellant further contended that the Average PF is determined as Total kWh ÷ Total kVAh, with kVAh derived from kWh and RkVAh Lag/Lead. In January 2026, the RkVAh (Lag) reading abruptly increased from about 6,291.7 to 1,70,838.0 without a corresponding increase in kWh consumption, resulting in PF of 0.279 and substantially higher billable kVAh. The Appellant also pointed out that November 2025 was billed at zero despite availability of MRI data; the December 2025 bill showed Average PF of 0.515 but Billed PF of 1.00; and the meter-recorded kVAh was not reflected in billing, e.g. 26,926 kVAh recorded against 10,436 kVAh billed in July 2025.

7. The Respondent contended that the Appellant was brought under kVAh-based billing from July 2025 pursuant to the applicable MERC Tariff Order. While December 2025 billing reflected unity PF, the January 2026 bill showed 39,531 kWh against 1,41,688 kVAh, with PF of 0.279 and a bill of ₹13,51,890/-. The Respondent relied on the inspection dated 11.02.2026, wherein PF was recorded at 0.64, and stated that two faulty capacitor cells had been replaced on 04.02.2026. It also pointed out the discrepancy between the main meter PF of 0.64 and the Consumer's local indicator of 0.99, indicating malfunction of the latter.

8. The Respondent stated that, under Case No. 75 of 2025, consumers with contract demand/connected load of 20 kW and above were required to be billed on kVAh basis from July 2025. The January 2026 bill included the kVAh backlog, resulting in 1,41,688 kVAh being billed. On verification of actual meter data, the assessment was revised to 33,442 kVAh,

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after adjustment of the provisional billing, and a credit of ₹2,86,158/- was given, thereby eliminating the low-PF penalty.

9. The Respondent further stated that the adjustment was based on actual MRI data and centralized implementation of the applicable MERC provisions, and was not an arbitrary decision of the Vasai Circle Office. It relied upon the judgment in *M/s Prem Cottex v. Uttar Haryana Bijli Vitran Nigam Ltd.* regarding recovery of escaped billing and placed on record the provisional PF for July 2025 to January 2026, as shown in Table 6.

10. The following issues are framed for determination:

- **Issue 1:** Whether the Appellant's bills for the period from September 2025 to January 2026 require revision by considering the decline in power factor from September 2025 onwards?

  From Table 6, the billed PF for July and August 2025 was 1.00, whereas the provisional PF based on kVAh (Lag & Lead) was 0.95 and 0.91, respectively. As the PF decline is evident from September 2025 onwards, revision of the July and August 2025 bills is not warranted. Accordingly, in the interest of rationalization, the billing shall be revised for the period from September 2025 to January 2026 based on the available MRI data.

  The Issue 1 is answered in the Affirmative.

- **Issue 2:** Whether the kWh, kVAh and RkVAh (Lag & Lead) recorded in the meter/MRI data of Import for the period from September 2025 to January 2026 are available and sufficient for correct billing, and whether the rooftop solar export units have been correctly accounted for while revising the bills for the said period?

  As reflected in Tables 4 and 5, the requisite MRI data, including kWh, kVAh and RkVAh (Lag & Lead), for the period from September 2025 to January 2026 is available with the Respondent. The available data is sufficient to determine the applicable power

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factor, and the Respondent can recompute the billable kVAh for the said period. Accordingly, the bills can be revised on the basis of the recorded MRI data.

The Issue 2 is answered in the Affirmative.

11. The order passed by the Forum is hereby modified to the following extent, in view of the findings and conclusions recorded hereinabove:

a) The Respondent shall revise the bills for the period from September 2025 to January 2026, based on the applicable kVAh billing methodology, actual MRI data and duly accounting for the rooftop solar import/export units, and refund/adjust any excess amount recovered.

b) The Respondent shall furnish the Appellant with the month-wise calculation and working data forming the basis of the revised billing and consequential adjustment.

c) The Respondent shall submit compliance with this Order within **two months** from the date of issuance of this Order.

d) All other prayers of the Appellant stand rejected.

12. The Representation is disposed of accordingly.

Sd/
(Vandana Krishna)
Electricity Ombudsman (Mumbai)

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