BEFORE THE ELECTRICITY OMBUDSMAN (MUMBAI)

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

REPRESENTATION NO. 21 OF 2025

In the matter of levy of contract demand charges penalty

Flash Viven Machining Technologies Pvt. Ltd. ………… …. …………... . …. Appellant
(Cons. No. 177529059930)

V/s.

Maharashtra State Electricity Distribution Co. Ltd. Pune Rural Circle …… …. …Respondent
(MSEDCL)

Appearances:

Appellant : 1. Laxman A. Pawashe (Sr. G.M. – Proj).
2. Anil Lala (CHR)

Respondent : S. R. Shendge, Executive Engineer (Admin)

Coram: Vandana Krishna (Retd. IAS)

Date of hearing: 28th July 2025

Date of Order : 7th October 2025

ORDER

This Representation was filed on 21st April 2025 under Regulation 19.1 of the Maharashtra Electricity Regulatory Commission (Consumer Grievance Redressal Forum & Electricity Ombudsman) Regulations, 2020 (CGRF & EO Regulations 2020) against the Order dated 24th February 2025 passed by the Consumer Grievance Redressal Forum, MSEDCL, Pune (the Forum) in Case No. 208/2024. The Forum has rejected the grievance application by observing that the CD penalty was for the period from Aug. 2020 to Feb. 2022. The

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai M.E.R.C.

Complainant submitted the grievance to the Forum on 18.09.2024, i.e., after a delay of 30 months (more than two years) from the date on which the cause of action arose. Hence, the case is time barred.

2. **Preamble:**

(i) The Appellant is engaged in the manufacture of advanced electronic and electrical auto-components, such as starter and wiper motors, ignition coils, sensors, regulators, thermostats, throttle bodies, gears, and sprockets. On 17.03.2015, the Appellant applied for a load of 5600 kW / 3200 kVA. The Respondent, vide letter dated 03.08.2015, sanctioned the estimate under the Dedicated Distribution Facility (DDF) Scheme for a Connected Load (CL) of 5622 kW and a Contract Demand (CD) of 3200 kVA. *[Note: It is not clear why MSEDCL sanctioned this load, when subsequently they were technically unable to provide this load.]* The Respondent issued a demand notice (which was paid by the Appellant) as detailed in the sanction letter as shown below:

Table 1:

Particulars	Amount (Rs.)
1.3 % Supervision Charges on Service Connection Charges (SCC)	1320
1.3 % Supervision Charges	45450
Registration	1700
Security Deposit	1,04,30,000
Agreement Bond	440
Total	1,04,78,910

The amount of Rs.1,04,78,910/- was paid by the Appellant on 26.08.2015.

(ii) The sanction was issued subject to partial load release, with the estimate recording that the infrastructure work for M/s. Flash Viven Machining Technologies Pvt. Ltd.

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai
M.E.R.C.

and M/s. Flash Electronics India Pvt. Ltd. was to be executed jointly by both parties.

(iii) The Appellant executed the DDF works covering both Flash Viven Machining Technologies Pvt. Ltd. and Flash Electronics India Pvt. Ltd. A Work Completion Report for Flash Viven was submitted on 23.03.2016, which confirmed that the 220/33 kV Bridgestone Sub-station was expected to be commissioned within 15 days, and accordingly recommended partial release of 1500 kVA. As per recommendation, the Superintending Engineer (PRC) issued Partial Load Release Order dated 01.04.2016, sanctioning release of 1500 kVA / 1690 kW, citing technical feasibility constraints of the EHV Sub-station. *[Note: As per above partial load release of 1500 KVA , actually a lesser (proportionate) deposit amount of about Rs. 48,89,063/- should have been taken, instead of Rs. 1,04,30,000/-.]*

(iv) Subsequently, the 50 MVA transformer at the 220/33 kV Bridgestone Sub-station was charged on 30.03.2016, and the 33 kV Flash feeder was energized on 15.07.2016. The Appellant's supply was shifted to this feeder on 16.08.2016, and the factory operations continued smoothly during 2016–2019 (at 1500 kVA sanctioned load).

(v) On 06.03.2019, the Appellant submitted an offline request to the Circle Office seeking revision of CD to 2400 kVA and CL to 4200 kW. However, as per the Standards of Performance Regulations, 2014, such applications are required to be filed online. The SE (PRC), vide letter dated 25.03.2019, referred the matter to Rajgurunagar Division and the Testing Division. The Testing Division granted approval of metering specifications vide letter dated 08.04.2019. The Appellant, however, did not act upon the metering specification approval. Instead, it subsequently revised its requirement to 2700 kVA and CL of 5200 KW and filed a fresh online application (No.24931445) on 22.01.2020. Consequently, the Respondent closed the earlier offline request dated 06.03.2019. *[Note: This*

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai
M.E.R.C.

indicates that the actual initial requirement of the Appellant was not as high as 5600 KW / 3200 kVA which he had applied for on 17.03.2015.]

(vi) The Appellant contended that the originally sanctioned Contract Demand (CD) was 3200 kVA, and the CD recorded during the disputed period was well within this permissible limit of sanctioned CD. Therefore, no penalty is applicable. However, MSEDCL imposed a CD penalty and forcibly recovered an amount of Rs.23,89,820/-, which is the main cause of the grievance.

3. The Appellant has filed this representation against the order of the Forum. A hearing was held on 28th July 2025 in this office. Both parties were heard. The Appellant's submissions and arguments are stated in brief as below: *[The Electricity Ombudsman's observations and comments are recorded under 'Notes' where needed.]*

(i) The Appellant is a 33 kV HT Consumer (No. 177529059930) since 07.04.2016. Relevant consumer details are tabulated in Table-3. The Appellant's activity involves manufacturing motor-vehicle parts and accessories, such as gearboxes and gears.

(ii) On 17.03.2015, the Appellant applied for a Contract Demand (CD) of 3200 kVA to meet its industrial load. The company also incurred substantial expenditure on infrastructure development in line with MSEDCL's Estimation Letter No. 02830 dated 30.05.2015.

(iii) MSEDCL sanctioned CD of 3200 kVA vide letter dated 03.08.2015 (Ref: SE/PRC/T/HT/LS No. 4021), offering two options:

- *Option 1*: Pay part Security Deposit (SD) and obtain proportionate load release, with future enhancement requiring a fresh application.
- *Option 2*: Pay full 100% SD upfront, enabling full sanctioned load release without any need for a fresh application.

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai M.E.R.C.

[Note: We have examined the sanction letters, and we find that there is no option 1 & 2 in the sanction letter no. 4021 dated 03.08.2015 (3200 kVA / 5622 KW) and the partial release letter no. 1847 dated 01.04.2016. The actual words used are as follows:-

> *"29 RELEASE OF SUPPLY*
> *Your load will be released on prospective 33 kV feeder from 220 kV Bridgestone Substation* ***after completion of commissioning work of 50 MVA 220/33 KV PTF & allied feeder bay & evacuation arrangement to MSEDCL existing 33 kV line network****."]*

The Appellant chose *Option 2* and deposited the full SD despite already incurring ₹35 lakhs towards infrastructure. Yet, MSEDCL released only 1500 kVA on 01.04.2016 citing infrastructural limitations.

(iv) Thereafter, whenever enhancement of MD was required, the Appellant duly complied with MSEDCL's directions and submitted fresh applications, though this was contrary to the assurance under *Option 2*.

(v) In 2019, despite full SD having been paid, MSEDCL once again insisted on a fresh application for enhancement. The Appellant submitted applications and documents in February 2019, January 2020, and subsequent periods. Ultimately, the release order was issued only in March 2022, after unreasonable delay.

(vi) The Appellant repeatedly reminded MSEDCL via letters and email communications (last dated 06.09.2022), pointing out that the sanctioned CD of 3200 kVA was already granted on 03.08.2015, and only release of balance was pending. No replies were received. During this period, MSEDCL wrongly levied excess MD charges and penalties of Rs.23,89,820/-, although the delay was solely due to MSEDCL's inefficiency. These penalties for 19 months were as below:-

Table 2

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Month	Contract Demand (Sanctioned)	Contract Demand Recorded	Contract Demand Charges (Fixed Charges)	Contract Demand Penalty	Total Bill	% of penalty wrt total bill
	KVA	**KVA**	**Rs.**	**Rs.**	**Rs.**	**%**
Aug-20	1500	1548	6,36,228	29,592	**85,71,866**	**0.35%**
Sep-20	1500	1650	6,78,150	92,475	**87,38,575**	**1.06%**
Oct-20	1500	1668	6,85,548	1,03,572	**87,88,078**	**1.18%**
Nov-20	1500	1692	6,95,412	1,18,368	**85,20,744**	**1.39%**
Dec-20	1500	1799	7,39,389	1,84,334	**89,89,008**	**2.05%**
Jan-21	1500	1729	7,10,619	1,41,178	**84,44,401**	**1.67%**
Feb-21	1500	1739	7,14,729	1,47,344	**78,89,989**	**1.87%**
Mar-21	1500	1729	7,10,619	1,57,207	**88,13,661**	**1.78%**
Apr-21	1500	1787	7,71,984	1,85,976	**86,22,181**	**2.16%**
May-21	1500	1700	7,34,400	1,29,600	**66,84,038**	**1.94%**
Jun-21	1500	1603	6,92,496	66,744	**66,44,807**	**1.00%**
Jul-21	1500	1660	7,17,120	1,03,680	**83,27,915**	**1.24%**
Aug-21	1500	1712	7,39,584	1,37,376	**85,08,804**	**1.61%**
Sep-21	1500	1715	7,40,880	1,39,320	**84,90,159**	**1.64%**
Oct-21	1500	1809	7,81,488	2,00,232	**86,48,840**	**2.32%**
Nov-21	1500	1645	7,10,640	93,960	**68,71,239**	**1.37%**
Dec-21	1500	1668	7,20,576	1,08,864	**81,35,516**	**1.34%**
Jan-22	1500	1665	7,19,280	1,06,920	**75,87,945**	**1.41%**
Feb-22	1500	1620	7,45,459	1,43,078	**74,54,805**	**1.92%**
Total			**1,36,44,601**	**23,89,820**	**15,47,32,571**	**1.54%**

[Note: At the time of these penalties, the Respondent had not yet sanctioned the requested CD of 2700 kVA / 5200 KW, which was finally released on 28.02.2022. The above period is roughly the period between the application and the release, i.e. the processing period. It is also seen that the penalty amount was only around 1% to 2% of the monthly bills.]

(vii) Aggrieved by the levy of these penalties, the Appellant filed a grievance before the Forum on 18.09.2024 seeking:

1. Waiver of Excess Demand Charges levied due to non-release of sanctioned load.
2. Refund of ₹23,89,820/- with applicable interest.

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai M.E.R.C.

(viii) The Forum, by its order dated 24.02.2025, rejected the grievance. The impugned order is illegal, arbitrary, and bad in law as per MERC Supply Code, 2005 and SOP Regulations. The Forum did not understand the core issue that **the Sanction Letter dated 03.08.2015 and Work Completion Report dated 23.03.2016 established sanctioned CD of 3200 kVA**. As per Regulation 2.1(f) of the Supply Code, CD is that which is mutually agreed upon in sanction/communication. **Having sanctioned 3200 kVA, MSEDCL's partial release due to its own infrastructure constraints cannot prejudice the consumer.** The Respondent violated Regulation 6.8 of Supply Code, 2005 which obligates the Licensee to increase/reduce CD upon consumer request, subject only to recovery of expenses.

(ix) The Forum failed to consider that the Commission in Case No. 60 of 2018 and Case No. 322 of 2019 clarified that **a Licensee must suo-motu revise CD if a consumer repeatedly exceeds it, after notice. No such notice was ever issued to the Appellant. Under Regulation 9.3 of the SOP, applications for CD change must be implemented within two billing cycles. Here, the Appellant's applications (22.01.2020, 30.09.2020) were decided belatedly only in 2022.**

(x) The limitation clause was wrongly applied. The grievance arises from continuing wrongs:

- The non-release of sanctioned load persisted till 28.02.2022.
- Repeated communications remained unanswered. Meeting with MSEDCL officials on 15.03.2023.
- Supreme Court's suo-motu extension of limitation during Covid (15.03.2020–28.02.2022) also applies.

(xi) Even otherwise, in law, public bodies cannot take the technical plea of limitation to defeat legitimate citizen claims, as held in *Madras Port Trust v. Hymanshu International* AIR 1979 SC 1144.

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

(xii) Thus, the Forum's order is unreasoned, fails to specify date of cause of action, and ignores binding precedents. The recovery of MD penalties is illegal, constitutes continuous cause of action, and must be refunded with interest.

(xiii) In view of the above, the Appellant respectfully prays that the Respondent be directed to:

a) Refund the wrongly levied Contract Demand penalty of ₹23,89,820/-.
b) Pay applicable interest on the aforesaid amount from the date of wrongful recovery till realization; and
c) Grant appropriate compensation for non-compliance with the SOP timelines.

4. The Respondent's submissions and arguments are stated in brief as below:

(i) The Appellant is an HT consumer (No. 177529059930) connected at the 33 kV voltage level since 07.04.2016. The relevant consumer particulars are presented in Table 3 below:

Table 3:

Name of Consumer	Consumer No.	Address	Sanct. Load / Contract Demand	Contract Demand Released partially	Date of Connection	Purpose
Flash Viven Machining Technologies Pvt. Ltd.	177529059930	Plot No. A-22/T/A22/8, MIDC, Phase II, Chakan, Mahalunge, Chakan, Tal. Khed, Pune	5622 KW/ 3200 KVA vide sanct. letter dated 03.08.2015	1500 KVA due to System Contraint	07.04.2016	Manufacturing of cutting-edge electronic and electrical auto components

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Out of sanctioned load of 3200 kVA, load of 1500 kVA was initially released partially at 33 kV level on 07.04.2016, owing to EHV Sub Station power supply constraints at that time.

(ii) Maharashtra Electricity Regulatory Commission (Standards of Performance of Distribution Licensees, Period for Giving Supply and Determination of Compensation) Regulations, 2014(Standards of Performance Regulations 2014) stipulate the permissible supply voltage levels as follows:

"….. ..... …… .....

(ii) Four / Three wires, three phase, 230 / 240 volts between phase wire and neutral or 400 / 415volts between the phases / lines and contract demand not exceeding 80 kW/ 100 kVA in all areas, except in Municipal Corporation areas where such limit would be 150 kW/ 187kVA : Provided that in case of multiple consumers with contract demand more than 150 kW / 187 kVA, in the same building / premises as a single point supply in the Municipal Corporation areas where such limit would be 480 kW / 600 kVA :

(iii) Three phase, 50 cycles, 11 kV – all installations with contract demand above the limit specified in the clause (ii) and up to 3000kVA:

Provided that in Mumbai Metropolitan Region or ***in case of supply to an installation through an express feeder in other area****, the contract demand limit would be 5000 kVA.*

(iv) Three phase, 50 cycles, 22 kV – all installations with contract demand above the limit specified in the clause (ii) or clause (iii) and up to 7500 kVA :

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai
M.E.R.C.

Provided that in Mumbai Metropolitan Region or in case of supply to an installation through an express feeder in other area, the contract demand limit would be 10,000 kVA.

(v) Three phase, 50 cycles, 33 kV – all installations with contract demand above the limit specified in the clause (ii) or clause (iii) or (iv) above and up to 10,000 kVA :

Provided that in Mumbai Metropolitan Region or in case of supply to an installation through an express feeder in other area, the contract demand limit would be 20,000 kVA …… "

In the present case, the Appellant's supply was released at a Non-Standard of Performance (Non-SoP) voltage level, which is outside the standard categories prescribed under the Standards of Performance Regulations, 2014. In brief, supply up to 5000 KVA is supposed to be released on 11 kV voltage level under express feeder category; however the Appellant wanted supply on 33 KV voltage level. This provides uninterrupted supply at a steady voltage.

(iii) By letter dated 26.02.2019, the Appellant requested for load enhancement in two phases—first, to 2400 kVA / 4200 kW with immediate effect, and second, within one year, to 3200 kVA / 5200 kW. Pursuant to this request, the Respondent's Testing Team and O&M Team visited the site and, vide letter dated 08.04.2019, recommended replacement of the main metering cubicle. However, the Appellant initially did not submit the required online application and instead proceeded through paper-based correspondence.

(iv) The Appellant subsequently submitted an online application (No. 24931445) on 22.01.2020 for change in Contract Demand (CD) and Connected Load (CL), requesting CD of 2700 kVA and CL of 5200 kW. Accordingly, this office vide Letter dated 23.01.2020 directed the Appellant to submit the balance documents

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai M.E.R.C.

including Dedicated Distribution Facility (DDF) Scheme undertaking. However, due to non-submission of the required documents and being a Non-SoP voltage level case, the said application was rejected on 25.05.2020.

(v) On 30.09.2020, the Appellant again submitted an online application No. 27834462 for enhancement to CD of 2700 kVA and CL of 5200 KW. The Executive Engineer, O&M Division Rajgurunagar, and Executive Engineer, Pune Rural Testing Division were requested to submit technical feasibility, estimate, and POS/metering specification approval. Being a Non-SoP case, the proposal was forwarded to the Regional Director, Pune vide Letter dated 25.11.2020. Approval from the Competent Authority was conveyed by Corporate Office vide Letter dated 01.02.2021. On submission of the required undertaking on Rs.200/- stamp paper by the Appellant, the technical sanction for additional load was issued by SE vide Letter No. 1789 dated 16.03.2021.

(vi) Subsequent formalities were completed as under:

- The estimate was sanctioned mainly for replacement of the main metering cubicle. (In 2016, the Appellant had installed 100/5 A CTs, 33KV/110V PTs metering cubicle which was proposed to replace by 75/5 A CTs, 33KV/110V PTs, with Modem Facilities as per its then technical requirement.)
- The Appellant completed the work of upgrading the metering cubicle as per sanctioned estimate under the supervision of MSEDCL. After that Executive Engineer, O&M Division Rajgurunagar sent Work Completion Report to Circle Office vide Letter dated 24.12.2021 (received on 27.12.2021).
- NOC from Executive Engineer, Pune Rural Testing Division vide Letter dated 20.01.2022.
- Electrical Inspector Permission dated **20.01.2022.**
- Agreement executed with Appellant's representative on 21.01.2022 at Circle Office.

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai
M.E.R.C.

- Release Order issued vide Letter dated 01.02.2022.

(vii) The additional load was physically released on 28.02.2022 by replacing CTs, as conveyed by Testing Division vide Letter No. 639 dated 02.03.2022, and was accordingly reflected in the Appellant's bill of February 2022. The load was released within **38 days** after receipt of permission from the Electrical Inspector dated 20.01.2022. There is no delay while releasing the additional load. The Appellant is confused and does not understand the basic issue that unless and until completion of their work, additional load could not be released.

(viii) The Appellant was utilizing additional Contract Demand without obtaining approval from the competent authority of MSEDCL. It is pertinent to note that, if a majority of consumers were to draw excess load without technical sanction, it would result in overloading of the system, ultimately causing major breakdowns and disruption of supply. The then authorities of MSEDCL had taken a forward-looking approach, and not taken any stringent action like disconnection against the Appellant, being a high-status Consumer. Being a non-SOP voltage level case, the Appellant's sanction was issued as per MSEDCL Circular No. E.D. (Dist-II)/Guidelines/Non-SoP/25388 dated 11.09.2019. All formalities such as Work Completion Report, EI permission, Testing NOC, Agreement, and Release Order were duly completed. Reply to the complaint of delay was already sent to the Appellant vide Letter dated 06.01.2023 and email dated 11.01.2023.

(ix) A meeting was held with the Appellant's representatives and SE (PRC), Pune on 15.03.2023 at the Regional Office, Pune, chaired by the Regional Director, to discuss the Appellant's complaint regarding levy of CD penalty. In the meeting, MSEDCL authorities explained the facts and chronology of the events. Though 3200 kVA CD was initially sanctioned, only 1500 kVA was initially released due to system constraints of the EHV substation.

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai M.E.R.C.

(x) **It is clarified that the CD charges (fixed charges) were not levied on the basis of 3200 kVA sanctioned load, but were levied on the basis of 1500 KVA (partially sanctioned load) to the tune of about Rs. 4 to 5 lakhs per month for the Appellant's actual CD usage range between 500 kVA and 1400 kVA; otherwise, the Appellant would have been liable for a substantially higher bill with nearly double CD charges on the basis of 3200 kVA sanctioned load. In other words, the Appellant got this benefit of lower CD charges for many years, besides the penalty.**

(xi) The Appellant filed a grievance application in the Forum on 18.09.2024. The Forum vide order dated 24.02.2025 has rightly rejected the grievance of the consumer under Regulations 7.8 and 7.9(c). The said order is proper and appropriate.

(xii) The alleged cause of action regarding Contract Demand (CD) penalty of Rs. 23,89,820/- .pertains to the period from August 2020 to March 2022. However, the Appellant filed the grievance application only on 18.09.2024. As per Regulation 7.8 and Regulation 7.9 of the CGRF & EO Regulations, 2020, any cause of action prior to 18.09.2022 is time-barred. Accordingly, the present representation is not maintainable.

(xiii) The Respondent, therefore, prays that the Appellant's representation be rejected as being not maintainable under Regulation 7.8 and Regulation 7.9 of the CGRF & EO Regulations, 2020, and further, also liable to be dismissed on merits.

5. During the hearing, both parties agreed to explore the possibility of an amicable settlement. Accordingly, they were directed to sit together and work out a resolution. However, vide letter dated 13.08.2025, the Appellant informed that the Respondent did not respond to the settlement initiative and, therefore, requested that the case be decided on merits.

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai. M.E.R.C.

Analysis & Ruling

6. Heard the parties and perused the documents on record. The Appellants' basic information regarding original and reduced sanctioned loads, etc., are captured in Table 3.

7. The Respondent submitted that out of the sanctioned 3200 kVA, only 1500 kVA was released on 07.04.2016 at 33 kV due to EHV Substation (infrastructure) constraints. As per standard SOP, this supply is supposed to be released at 11 kV, but the Appellant, preferred supply at 33 kV. Hence, this was treated as a 'non – SOP' or special case. The Appellant was supplied with partial load release at 33 kV in line with MERC Standards of Performance Regulations, 2014.

8. The Appellant's application dated 22.01.2020 for CD 2700 kVA and CL 5200 kW was rejected on 25.05.2020 for want of documents (DDF Undertaking) and Non-SOP status. A fresh online application was filed on 30.09.2020, and after technical feasibility, Corporate Office approved enhancement on 01.02.2021. Sanction was issued on 16.03.2021 upon submission of DDF undertaking as this enhanced load required upgradation in infrastructure (metering cubicle). Subsequent formalities, like estimate sanction, work completion, NOC, EI permission, agreement, and release order were duly completed. Additional load was released on 28.02.2022 and was reflected in February 2022 billing. Thus, the total processing time from the online application to the release was 17 months. The Respondent claims that no undue delay occurred as the release was subject to statutory compliance and fulfilment of technical feasibility. Meanwhile CD penalty of Rs.23.89 lakhs was imposed during this period. The grievance filed on 18.09.2024 was rejected by the Forum on 24.02.2025 under Regulations 7.8 and 7.9(c) of CGRF & EO Regulations, 2020, as the claim (for refund of CD penalty for Aug-2020 to Mar-2022) was time-barred.

9. The Appellant contended that on 17.03.2015, he applied for CD 3200 kVA. MSEDCL sanctioned the same on 03.08.2015, offering two options: (a) part SD with proportionate

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai
M.E.R.C.

release, or (b) full SD with full release. We have examined the sanction letter no. 4021 dated 03.08.2015 (3200 kVA / 5622 KW) as well as the partial release letter no. 1847 dated 01.04.2016. We do not find any mention of such two options. The Appellant contends that he chose Option 2 and deposited the full SD, in addition to spending ₹35 lakhs on infrastructure. Yet only 1500 kVA was released on 01.04.2016 citing infrastructure constraints. Despite having paid the full SD of Rs.1.04 crores, the Appellant was repeatedly asked to file fresh applications (2019, 2020 etc.). Enhancement was sanctioned only in March 2022 after a prolonged delay, and meanwhile excess MD charges and penalties were levied during this period. Repeated letters and emails (last on 06.09.2022) pointing out that sanctioned CD of 3200 kVA was pending release went unanswered. On 18.09.2024, the Appellant filed a grievance seeking waiver of excess demand charges (penalty) and refund of ₹23,89,820/- with interest. The Forum, by order dated 24.02.2025, rejected the claim. The Forum erred in ignoring that CD of 3200 kVA was sanctioned on 03.08.2015 and cannot be reduced due to MSEDCL's infrastructure shortfall. Under Regulation 6.8 of Supply Code, CD must be revised on the consumer's request, and SOP Regulation 9.3 mandates implementation within two billing cycles. Case Nos. 60/2018 and 322/2019 also require suo-motu revision if the consumer exceeds sanctioned CD, yet no notice was issued. The grievance involves a continuing wrong until 28.02.2022, and limitation cannot be invoked. The Appellant prays that the Respondent be directed to refund ₹23,89,820/- wrongly levied towards CD penalties with interest.

10. The time - line of technical sanction of enhancement of load from 1500 KVA to 2700 KVA is tabulated as below. This period (from 30.09.2020 to 28.02.2022) is relevant because this is basically the period for which CD penalty was imposed.

Table 4

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai. M.E.R.C.

Partial Contract Demand Released	Online application for increase in CD	Corporate Office (CE Testing) Approval	Undertaking & Offical Process	Technical Estimate Sanction	Work Completion Report	Electrical Inspector's Permission	Date of Release
1500 KVA from 07.04.2016	5200 KW/ 2700 KVA dated 30.09.2020	01.02.2021	Done by the Appellant	16.03.2021	24.12.2021	20.01.2022	28.02.2022

From the above time – line of events, it is seen that the Appellant took about 10 months to complete the work and submit the EI permission after receiving the technical sanction. As soon as the Appellant realized that CD penalty was being imposed in Aug. and Sept. 2020, he applied online for enhanced CD on 30.09.2020. However, the entire process took 17 months, during which he continued to exceed 1500 kVA and to face the penalty. Hence the grievance. The process of enhancement of load started on 30.09.2020 by online application. DDF work was completed by the Appellant on 24.12.2021 and EI permission (which is statutory in nature) was obtained on 20.01.2022. It is found that there was no purposeful or unjustified delay for releasing the load of 2700 KVA since it involved upgrading infrastructure.

The Appellant referred to Option 1 & Option 2. However, there is no provision under the Commission's Supply Code Regulations supporting Option 1 – payment of part Security Deposit (SD) for proportionate load release with future enhancement through a fresh application. On examination of the sanction letter No. 4021 dated 03.08.2015 (3200 kVA / 5622 kW) and the partial release letter No. 1847 dated 01.04.2016, we find no reference to such two options. The relevant portion of the sanction letter reads as follows:-

*Your load will be released on prospective 33 kV feeder from 220 kV Bridgestone Substation **after completion of commissioning work of 50 MVA 220/33 KV PTF & allied feeder bay & evacuation arrangement to MSEDCL existing 33 kV line network**.*

Here we would like to note our displeasure as to why MSEDCL chose to sanction 5622 KW / 3200 kVA in the first place (in 2015), when such a release was clearly not technically feasible. At this stage a higher security deposit of Rs.1.04 crores was unnecessarily taken

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai. M.E.R.C.

(instead of the required SD of about Rs.49 lakhs), creating an unnecessary expectation and cause for grievance.

At the same time, we note that the regular monthly fixed charges (CD charges) were levied at a lower rate based on the released 1500 kVA, and not on the basis of the sanctioned 3200 kVA, to the consumer's benefit. In other words, the levy of CD penalty (based on sanction of 3200 kVA) was offset by the levy of regular CD (fixed) charges (based on released 1500 kVA). Had MSEDCL refrained from imposing penalty, but had levied higher fixed charges, the Appellant would have had to face a net higher bill.

We also note that though the Appellant had initially applied for a load of 5600 KW / 3200 kVA in 2015, apparently he did not really require such a high load, as he did not pursue this, and the factory continued its normal operations at 1500 kVA from 2016 to 2019. The Appellant did not upgrade his metering as required in 2019 too, and subsequently reduced his requirement from the initial 3200 kVA to 2700 kVA in 2020.

The issue is whether the Respondent should have imposed the CD penalty during the processing period of 17 months, after the Appellant had applied for increase in CD on 30.09.2020. On examining Table 2, it is clear that the Appellant was exceeding 1500 kVA. It seems that his load requirement was increasing in stages, initially 1500 kVA from 2016 to 2019, then to 2400 kVA in 2019, then 2700 kVA in 2020. It is notable that till 2019 the Appellant did not upgrade his metering specifications.

11. As indicated in Table 4, the Appellant's load was partially released for 1500 kVA Contract Demand on 07.04.2016. Thereafter, the online application (for 5200 KW / 2700 kVA) was submitted on 30.09.2020, the technical estimate was issued on 16.03.2021 after approval from the Corporate Office, and the Appellant completed the required work of upgrading the metering infrastructure on 24.12.2021. Permission for charging was granted by the Electrical Inspector on 20.01.2022, and the additional CD up to 2700 kVA was released on 28.02.2022. Looking at the scope of work required to upgrade the infrastructure, we find that there was no

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai M.E.R.C.

undue delay in releasing the additional load, and the Appellant's representation stands rejected on merit.

12. Having examined the case on its merit, there is no need to go into the issue of whether the case was time-barred or not before the Forum.

13. The present Representation is rejected principally. However, it is observed that the Respondent collected an unduly high deposit from the Appellant in 2015 and failed to maintain clarity in its various sanctions particularly the sanction letter dated 03.08.2015. Ideally it should have sanctioned 1500 kVA in this sanction letter, instead of resorting to 'partial release' later. This is what led to the subsequent imposition of CD penalty charges. Such conduct amounts to harassment of the Appellant from the stage of initial sanction itself. Hence, a penalty of ₹50,000/- is imposed on the Respondent, payable to the Appellant.

14. The Respondent is directed to submit the above compliance within a period of 2 months from the date of this order.

15. The instant representation is disposed of accordingly.

Sd/
(Vandana Krishna)
Electricity Ombudsman (Mumbai)

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai
M.E.R.C.