# BEFORE THE ELECTRICITY OMBUDSMAN (MUMBAI)

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

**REPRESENTATION NO. 64 OF 2026**

In the matter of high billing due to higher load and tariff slab change
from LT-II (A) to LT-II(B)

Rajesh Nanikram Vadhriya … ……….. ………… ……………… …. ……..Appellant

V/s.

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

Appearances:

Appellant : 1. Dhiren Vadhriya, Occupier
2. Avinash Shendge, Representative.

Respondent: 1. K.D. Dhanait, Executive Engineer, Kalyan (R) Dn.
2. Ganesh Pawar, Dy. Executive Engineer
3. Sada Bhoir, Billing Clerk

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

Date of hearing: 17th July 2026

Date of Order: 29th July 2026

## ORDER

This Representation was filed on 8th April 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 original order dated 28th November 2025 & Review Order dated 5th March 2026 passed by the

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Consumer Grievance Redressal Forum, Kalyan (the Forum) in Case No. 125 of 2025 and 174 of 2025 respectively. The Forum, by its original order (125/2025), partly allowed the grievance application. The operative part of the original order is as below:

2. *The Supplementary bill dated 25.08.2025 for Rs.4,17,600/- is hereby quashed and set aside.*
3. *The Respondent to reassess penalty for KW (MD), strictly under:*
   - *MERC Order in Case No. 226 of 2022*
   - *Regulation 7.6 of MERC Supply Code, 2021*
4. *For FY 2024-25, penalty is restricted to the months of December 2024, January 2025 and February 2025. For FY 2025—26, penalty is restricted to the months of April 2025, May 2025 and June 2025.*
5. *For these months (as mentioned in point 4 of order part above) the Applicant has recorded contract demand above 20 kW, he is to be billed at the tariff applicable for the respective load slab approved by the Commission, in which recorded demand falls for that billing cycle only and also be charged an additional amount at the rate of 150% of the applicable charge for the Demand in excess of the Contract Demand.*
6. *This order is limited till the month of July 2025; the procedure to be followed for future months should be as per MERC Order Case No. 226 of 2022 Regulation 7.6 of MERC Supply Code, 2021.*

Aggrieved by the impugned order, the Appellant filed a Review Application No. 174/2026 before the Forum, which was dismissed.

2. ***PREAMBLE:***

*The definitions of "Contract Demand" and "Maximum Demand" under the applicable Regulations and Orders are reproduced below:*

- *Maharashtra Electricity Regulatory Commission (Electricity Supply Code and Standards of Performance of Distribution Licensees including Power Quality)*

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*Regulations, 2021 (Supply Code & SoP Regulations, 2021: Effective from Feb. 2021 onwards*

*2. Definitions*

*m. **"Contract Demand"** means demand in kilowatt (kW) / kilovolt ampere (kVA)/ Horse Power (HP), mutually agreed between Distribution Licensee and the Consumer as entered into an agreement in which the Distribution Licensee makes a commitment to supply in accordance with the terms and conditions contained therein; or equal to the Sanctioned Load, where the Contract Demand has not been provided in such agreement;*

*gg : **"Maximum Demand"** in kilowatts or kilo-volt-amperes, in relation to any period shall, unless otherwise provided in any general or special order of the Commission, mean four times the largest number of kilowatt-hours or kilovolt-ampere-hours supplied and taken during any consecutive Fifteen (15) minutes blocks in that period:*

*Provided that Licensee shall continue to compute Maximum Demand in Thirty (30) minute blocks till the meters are replaced / re-programmed for Fifteen (15) minute blocks, as per the plan approved by the Commission.*

- **MERC Tariff Order – Case No. 226 of 2022 (dated 31st March 2023 effective from 1st April 2023)**

*The definitions of Maximum Demand and Contract Demand remain identical in both Orders, as reproduced below:*

***Maximum Demand**: Maximum Demand in kilo-Watts or kilo-Volt Amperes, in relation to any period shall, unless otherwise provided in any general or specific Order of the Commission, mean twice (or four times for fifteen minute time block) the highest number of kilo-watt-hours or kilo-Volt Ampere hours supplied and taken during any consecutive thirty minute blocks (or fifteen minute time block) in that period, as the case may be.*

***Contract Demand:** Contract Demand means the demand in kilo-Watt (kW) or kilo–Volt Amperes (kVA), mutually agreed between the Distribution Licensee and the*

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*consumer as entered into in the agreement or agreed through other written communication. **(For conversion of kW into kVA, the Power Factor of 0.80 shall be applied.)***

- **MERC Tariff Order – Case No. 226 of 2022 (dated 31st March 2023 effective from 1st April 2023). Indicative Tariff Schedule for LT-II (A) to LT II (B) Tariff Slab:**

| ***MERC Tariff Order 226 of 2022 dated 31.03.2023 w.e.f. 01.04.2023 onwards*** | | | |
|---|---|---|---|
| ***Tariff w.e.f. 1 April, 2024 to 31 March, 2025*** | | | |
| ***Consumption Slab (kWh)*** | ***Fixed Charge / Demand Charge*** | ***Energy Charge (Rs/kWh)*** | ***Wheeling Charge (Rs/kWh)*** |
| *A) 0 to 20 KW* | *Rs. 517 per month* | ***8.52*** | ***1.17*** |
| *B) >20 kW and ≤ 50 kW* | ***Rs.517/kVA/month*** | ***13.01*** | ***1.17*** |
| *C) > 50 kW* | *Rs.517/kVA/month* | *15.38* | *1.17* |

- For a three-phase AC system, the relationship is:

  Active Energy (kWh) = Apparent Energy (kVAh) × Average Power Factor

  - Power Factor (PF) = kWh ÷ kVAh

3. Aggrieved with the original & review order passed by the Forum, the Appellant has filed the present representation. An e-hearing was conducted on 17th July 2026 through video conferencing, wherein the Appellant and the Respondent were present. The parties were heard at length. The Respondent's submissions and arguments are stated as below: *[The Electricity Ombudsman's observations and comments are recorded under 'Notes' where needed.]*

(i) The Appellant has been a commercial consumer (Consumer No. 20070333776) since 22.11.2023, with electricity supply availed for building /construction activities. The particulars of the consumer, the Flying Squad inspection, and the assessment made pursuant thereto are set out below:

Table 1: -

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| Name | Consumer No. | Address | Sanct. Load | Date of Supply | Date of Inspection of Flying Squad | Assessment as per FS Report | Tariff Applicability |
|---|---|---|---|---|---|---|---|
| Rajesh Nanikram Vadhriya | 20070333776 | Vaidikh Nirmaan LLP, S. No 95/7-D/2, Nr Sangam Marble, Goveli, Kalyan -Thane | 10 kW (13 KVA) | 22.11.2023 | 14.08.2025 | ₹4,17,600/- vide Assessment bill dated 25.08.2025 (Billing Period: August 2024 to July 2025 for selected months where load exceeded more than 20 kW) | LT-II (B): Above 20 kW Recorded Load and/or Above 25 kVA Recorded MD with 0.8 PF |

(ii) At the time of release of supply, i.e., on 22.11.2023, Meter No. E 035149 of Genus make, having a capacity of three-phase, 10–40 A, was installed at the Appellant's construction site. The applicable tariff at the relevant time was LT-II A. As per the MERC MYT Tariff Orders in force, the LT-II Commercial category is classified into three slabs, namely: LT-II A (load below 20 kW), LT-II B (load above 20 kW and up to 50 kW), and load above 50 kW.

(iii) **During inspection on 11.08.2025, the Flying Squad found that the Appellant was using a load exceeding 20 kW against the sanctioned load of 10 kW. As per the MERC Tariff Order in Case No. 226 of 2022, where the actual Contract Demand exceeds 20 kW/25 kVA on more than three occasions in a year, the consumer is liable to be shifted from the LT-II (A) (Below 20 kW) to the LT-II (B) (Above 20 kW) tariff category.** Accordingly, the billing has been raised as per the applicable tariff provisions approved by the Commission.

(iv) The Appellant had been utilizing electrical demand far in excess of the sanctioned load. Accordingly, based on the Flying Squad inspection and MRI data, the Respondent issued a supplementary bill dated 25.08.2025 for ₹4,17,600/- towards the differential energy charges between LT-II(A) and LT-II(B) tariff for the period from August 2024 to July 2025. No penal charges at 150% for excess Contract Demand were levied. *(Note: Although the Flying Squad, vide its letter dated 14.08.2025, advised changing the tariff from LT-II (A) to LT-II (B), the assessment was confined only to the energy charge component due to a misunderstanding of the contents of the said letter. Consequently, the revised Contract Demand charges for the eight months during which the recorded demand exceeded 20 kW were not included. Had those charges also been*

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*levied, the assessment would have increased by approximately ₹8,500/- per month for eight months (about ₹68,000/-), taking the total assessment to approximately ₹4,85,600/-(=4,17,600/-+ 68,000/-.))*

(v) Aggrieved by the supplementary bill, the Appellant filed a grievance before the Forum on 26.09.2025. By Order dated 28.11.2025, the Forum partly allowed the grievance and directed revision of the supplementary bill based on instances where the demand exceeded 20 kW/25 kVA. The Respondent complied with the Order and issued a revised bill of Rs.4,15,395/-. *(Note: The bill did not reduce much because initially under billed for Rs. 4,17,600/-instead of about Rs. 4,85,600/-).* Thereafter, the Appellant's Review Application was dismissed by the Forum on 05.03.2026, confirming the original order.

(vi) **The central issue in the present matter is the Appellant's continuous and substantial exceeding of the sanctioned Contract Demand of 10 kW/13 kVA. The MRI data and meter recordings conclusively establish that the Appellant consistently recorded Maximum Demand well above 20 kVA during several billing cycles, reaching 28.370 kVA (Dec. 2024), 25.958 kVA (Jan. 2025), 38.428 kVA (Feb. 2025), 35.102 kVA (Apr. 2025), 34.520 kVA (May 2025), and 26.950 kVA (Jun. 2025). These automatically recorded, tamper-proof MRI readings clearly demonstrate regular operation beyond the sanctioned demand, thereby attracting the applicable tariff provisions.** *[Note: These recordings show that CD was exceeded for at least 3 months in the financial year 2024-25 (Dec'24, Jan'25 & Feb'25) and 3 months in the FY'25-26 (April, May & June'25). After that the Flying Squad inspection took place in Aug'25.]*

(vii) The Tariff Order clearly provides that LT consumers with sanctioned load below 20 kW, if recording demand exceeding 20 kW, shall be billed under the applicable higher tariff slab. It further authorizes the Distribution Licensee to enhance the Contract Demand where such excess occurs on more than three occasions in a calendar year, even without a consumer's application, with further action governed by the Supply Code Regulations. Accordingly, the Forum has correctly applied the statutory tariff

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provisions, and its order is legal, valid, and free from any infirmity warranting interference.

(viii) The Respondent relied upon the Hon'ble Electricity Ombudsman's decision dated 29.01.2024 in Case No. 107 of 2023 (Amar Punjab Hotel vs. MSEDCL), wherein it was held that recovery for exceeding the Contract Demand based on MRI-recorded Maximum Demand is legally valid when levied in accordance with the applicable MERC Tariff Order.

(ix) The present Appeal seeking deletion of the recovery charges is devoid of merit. The Appellant consistently exceeded the sanctioned Contract Demand, as established by authenticated MRI data. The Forum has already considered the issue in light of Section 56(2) of the Electricity Act, 2003. The supplementary bill has been restricted to one year in terms of the MERC Mid-Term Review Order dated 31.03.2023 in Case No. 226 of 2022, effective from 01.04.2023, which provides that consumers exceeding the Contract Demand are liable to Demand Charges on the recorded demand, together with an additional 150% Demand Charge on the excess demand; LT consumers recording demand above 20 kW are billable under the applicable higher tariff slab for that billing cycle; and where the Contract Demand is exceeded on more than three occasions in a calendar year, the Distribution Licensee may revise the Contract Demand after giving 15 days' notice. The said Order further clarifies that no action under Section 126 of the Electricity Act, 2003 is attracted, as the penal Demand Charges constitute the prescribed penalty for such excess demand.

(x) The present case is a clear case of escaped billing due to a bonafide mistake. The consumer was billed under general PC-3 and not under PC-0 (important PC) where MRI data withdrawal analysis is compulsory. Had it been billed under PC-0, the reading of the consumer would have been taken automatically through MRI, and the consumer would have been auto billed under the relevant tariff category i.e.LT-II A or LT-II B as the case may be, in accordance with the recorded MD in the relevant months. The MSEDCL would like to rely upon the Judgment of Hon'ble Supreme Court dated 5th October 2021 in Civil Appeal No. 7235 of 2009 in the matter of Prem Cottex V/s. Uttar Haryana Bijli Vitran Nigam Ltd. and Others. It has clearly differentiated between

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applications of Section 56 of the Act for "escaped assessment" versus "deficiency in service". The Hon'ble Supreme Court has allowed past recovery which was escaped assessment due to a bona-fide mistake of the licensee. The Court further held that the limitation provided under Section 56(2) will not be applicable for "escaped billing" due to a bona-fide mistake.

(xi) The Respondent objected to the repeated appearance of Mr. Avinash A. Shendge as a purported "consumer representative." Though a former outsourced MSEDCL employee, he has been appearing in numerous cases before various CGRFs and the Hon'ble Electricity Ombudsman, claiming to represent consumers as their "personal friend." The Respondent contended that such repeated appearances constitute professional representation, contrary to the CGRF and Electricity Ombudsman Regulations, 2020.

(xii) In view of the facts, technical evidence, and applicable regulatory provisions, the Respondent prays that the representation of the Appellant be rejected, and that Mr. Avinash A. Shendge be disallowed from appearing as the consumer representative in the present matter.

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

(i) The Appellant has been a commercial consumer of the Respondent since 22.11.2023 for the purpose of building / construction. The particulars of the electricity connection are set out in Table 1. According to the Appellant, it is entitled to be billed under the LT-II (A) (0–20 kW) tariff category as per the applicable MERC Tariff Order.

(ii) The Appellant contends that the Respondent issued the supplementary assessment bill dated 25.08.2025 for ₹4,17,600/- towards differential tariff for the period August 2024 to July 2025 <u>without issuing any prior notice</u> either regarding the proposed change of tariff category from LT-II(A) to LT-II(B) or under Regulation 7.6 of the MERC Electricity Supply Code and Standards of Performance Regulations, 2021. According to the Appellant, Regulation 7.6 mandates issuance of a 15-day notice after the third instance of exceeding the Contract Demand in a financial year, requiring the consumer

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to regularize the Contract Demand before any consequential action is taken. In the absence of such mandatory notice, the Respondent had no authority to retrospectively revise the Contract Demand or levy differential tariff and penal charges. The Appellant, therefore, submits that the impugned recovery is arbitrary, contrary to the statutory provisions, and violative of the principles of natural justice. *[Note: The supplementary bill of Rs.4.15 lakhs does not include any penalty.]*

(iii) The Appellant further stated that Regulation 7.6 operates financial year-wise, and the expression "in any Financial Year" requires each financial year to be treated as a separate and independent unit. *[Note: Looking at the FY 2025-26, the CD was exceeded in April, May and June 2025, after which the inspection took place. Apparently the Appellant wants only these 3 months to be considered for the supplementary bill, if at all, and the previous months (which happen to fall in the FY 2024-2025) to be disregarded. Incidentally, this plea was not raised before the Forum, and the main plea related to lack of a notice.]* It is contended that the Respondent and the CGRF erred in permitting recovery by clubbing instances across two financial years, which, according to the Appellant, is beyond the scope of Regulation 7.6. The Appellant also submits that the subsequent reduction of the assessment amount does not cure the alleged illegality, as the levy itself is without jurisdiction owing to non-compliance with the mandatory procedure prescribed under the Regulation.

(iv) Aggrieved by the supplementary assessment bill dated 25.08.2025 for ₹4,17,600/-, the Appellant filed a grievance before the Forum on 26.09.2025, contending, inter alia, that no notice under Regulation 7.6 of the MERC Electricity Supply Code and Standards of Performance Regulations, 2021 had been issued, and that the retrospective levy based on MRI data was illegal. By Order dated 28.11.2025, the Forum partly allowed the grievance by setting aside the original supplementary bill and directing the Respondent to reassess the charges in accordance with the applicable MERC Tariff Order and Regulation 7.6. In compliance, the Respondent issued a revised assessment bill for ₹4,15,395/-. The Appellant thereafter filed a Review Application reiterating the above contentions, which came to be dismissed by the Forum on 05.03.2026, confirming its earlier Order.

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(v) The Forum erred in permitting recovery for three months in one financial year and a further three months in the succeeding financial year, thereby extending the scope of the Regulation beyond its express language.

(vi) The Appellant submits that although the reassessed demand was reduced from ₹4,17,600/- to ₹4,15,395/-, such reduction does not cure the alleged illegality, as the levy itself is stated to be contrary to Regulation 7.6 for want of the mandatory notice. It is further argued that Regulation 7.6, being penal in nature, requires strict interpretation and cannot be extended by implication.

(vii) In support of its contentions, the Appellant relies upon the Orders of the Hon'ble Electricity Ombudsman, Nagpur in Case Nos. 33 of 2025 and 84 of 2025, and the judgment of the Hon'ble Bombay High Court, Nagpur Bench in MSEDCL v. Meera Enterprises (W.P. No. 6409 of 2024), to contend that penal charges imposed without compliance with the mandatory statutory procedure are unsustainable.

(viii) The Appellant also challenges the retrospective recovery on the basis of MRI data, contending that the Respondent could not levy penal charges without first following the procedure prescribed under Regulation 7.6.

(ix) On the above grounds, the Appellant prays that the supplementary assessment bill dated 25.08.2025 for ₹4,17,600/- pertaining to the period August 2024 to July 2025 be quashed and set aside, and that appropriate action be taken against the officials of the Respondent for failure to issue the mandatory notice under Regulation 7.6.

**Analysis and Ruling**

5. Heard the parties and perused the documents on record including the Consumer Personal Ledger (CPL), MRI data, billing history, tariff provisions and the submissions of both parties.

6. The Appellant contended that the supplementary assessment bill dated 25.08.2025 for ₹4,17,600/- was issued without the mandatory notice under Regulation 7.6 of the MERC Supply Code, 2021 or prior notice of tariff change, rendering the levy illegal. Although the

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Forum directed reassessment and a revised bill of ₹4,15,395/- was issued, the Review Application was dismissed. It was argued that the Forum misinterpreted Regulation 7.6, that retrospective recovery based on MRI data was impermissible, and reliance was placed on the Electricity Ombudsman, Nagpur Orders and the Bombay High Court judgment in *MSEDCL v. Meera Enterprises*. The Appellant prayed for quashing of the supplementary assessment bill dated 25.08.2025.

7. The Respondent stated that the Appellant, a commercial consumer with a sanctioned load of 10 kW, repeatedly recorded load exceeding 20 kW, as established by the Flying Squad inspection and authenticated MRI data. Accordingly, a supplementary bill of ₹4,17,600/- dated 25.08.2025 was issued towards the LT-II(A) to LT-II(B) tariff difference for August 2024 to July 2025, which was subsequently revised to ₹4,15,395/- for December 2024, January 2025, February 2025, April 2025, May 2025 and June 2025 based on the recorded Contract Demand and applicable tariff. The Respondent relied on the Hon'ble Supreme Court's judgment in *Prem Cottex v. Uttar Haryana Bijli Vitran Nigam Ltd.* and Section 56(2) of the Electricity Act, 2003 to contend that the recovery is legally permissible as escaped billing.

8. This Office has carried out an indicative analysis of the MRI data of the meter for verifying the billing parameters recorded by the meter. The relevant details are tabulated below:

Table 2:

| **Month** | **MD kW** | **MD kW : Date & Time** | **MD kVA** | **MD kVA: Date & Time in Hrs.** | **Power Factor** | **Cons. (Units)** |
|---|---|---|---|---|---|---|
| **Aug-24** | 17.372 | 10.08.2024:16.00 | 20.260 | 22.08.2024:16.00 | 0.909 | 3901 |
| **Sep-24** | 16.466 | 18.09.2024:17.30 | 23.352 | 18.09.2024:17.30 | 0.838 | 3789 |
| **Oct-24** | 19.668 | 28.10.2024:15.30 | 24.688 | 19.10.2024:17.00 | 0.852 | 3738 |
| **Nov-24** | 18.048 | 24.11.2024:17.00 | 24.772 | 24.11.2024:12.30 | 0.803 | 4509 |
| **Dec-24** | **22.300** | 29.12.2024:16.00 | **28.370** | 29.12.2024:16.00 | 0.822 | 3787 |
| **Jan-25** | **20.580** | 24.01.2025:18.00 | **25.958** | 24.01.2025:18.00 | 0.817 | 4441 |
| **Feb-25** | **25.566** | 23.02.2025:15.30 | **38.428** | 23.02.2025:15.30 | 0.836 | 5550 |
| **Mar-25** | **26.834** | 23.03.2025:17.30 | **33.418** | 01.03.2025: 12.30 | 0.842 | 6683 |
| **Apr-25** | **28.268** | 10.04.2025:17.30 | **35.102** | 15.04.2025:12.30 | 0.867 | 9245 |
| **May-25** | **25.070** | 20.05.2025:12.00 | **34.520** | 04.05.2025:18.00 | 0.866 | 8403 |
| **Jun-25** | **21.984** | 13.06.2025:18.30 | **26.950** | 16.06.2025:15.00 | 0.891 | 11066 |
| **Jul-25** | **22.062** | 07.07.2025:12.00 | **24.360** | 14.07.2025: 17.30 | 0.903 | 4564 |

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9. The recorded data establishes that, from December 2024 to July 2025, the Appellant consistently exceeded 20 kW, with recorded load ranging from **20.580 to 28.268 kW** and Maximum Demand ranging from **24.360 to 38.428 kVA**.

10. **Regulatory Provisions of MERC:**

- The Regulation 7.6 of Supply Code & Standard of Performance Regulations 2021 is reproduced below:

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

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

  ………………… …………………….

- The Hon'ble MERC in Midterm Review order dtd.31.03.2023 in Case No.226 of 2022 has categorically laid down that,

  *Penalty for exceeding Contract Demand: -*

  *In case a consumer (availing Demand-based Tariff) exceeds his Contract Demand, he will be billed at the applicable Demand Charge rate for the Demand actually recorded, and also be charged an additional amount at the rate of 150% of the applicable Demand Charge (only for the Demand in excess of the Contract Demand).*

  *In case a LT consumer with a sanction demand/ contract demand less than 20 kW records actual contract demand above 20 kW, he will be billed at the tariff applicable for the respective load slab approved by the Commission, in which recorded demand falls for that billing cycle only and also be charged an*

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*additional amount at the rate of 150% of the applicable charge for the Demand in excess of the Contract Demand.*

*Further, Distribution licensee can enhance the Contract Demand of the consumer when the consumers exceeds the Contract Demand on more than three occasions during a calendar year, irrespective whether the Consumer submits an application for the same or otherwise. However, before such revision of Contract Demand, Distribution Licensee must give 15 days' notice to such consumer. Also, the Consumer is liable to pay necessary charges as may be stipulated in the approved Schedule of Charges for the revised Contract Demand.*

*Under these circumstances, the consumer shall not be liable for any other action under Section 126 of the EA, 2003, since the penal additional Demand Charge provides for the penalty that the consumer is liable to pay for exceeding his Contract Demand. In case a consumer exceeds his Contract Demand on more than three occasions in a calendar year, the action to be taken would be governed by the provisions of the Supply Code Regulations.*

- Regulation 7.6 of the MERC Electricity Supply Code and the applicable MERC Tariff Order operate in distinct fields. Regulation 7.6 prescribes the procedure for regularisation and revision of the Contract Demand, requiring the Distribution Licensee to issue a 15-day notice before suo-moto revising the CD where the consumer exceeds the Contract Demand on more than three occasions in a financial year.
- However, the requirement of notice under Regulation 7.6 is confined to the process of enhancement and regularisation of the Contract Demand, and cannot be construed as a precondition for applying the correct tariff category prescribed under the Commission's Tariff Order. The tariff applicable to a consumer is determined by the recorded load/Maximum Demand in accordance with the prevailing Tariff Order and becomes applicable automatically once the prescribed billing parameters are attracted. Consequently, **non-issuance of a notice under Regulation 7.6 does not invalidate the billing under the appropriate tariff category**, where the recorded demand falls within the higher tariff slab and the billing has been raised strictly in accordance with

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the applicable MERC Tariff Order. The 15-day notice needs to be issued only when the tariff slab has to be changed; in this case we find that even after Aug.'25, the Respondent has not revised the tariff slab for all months automatically. It has only categorized the Appellant under the PC-0 category, whereby the MRI data is auto-analysed, and if the load exceeds the CD in a particular month, the billing automatically happens under the higher tariff slab (but not in the months when the load does not exceed the CD of 20 KW / 25 KVA.)

11. The Hon'ble Supreme Court of India in its Judgment dated 18.02.2020 in Civil Appeal No.1672 of 2020 in case of Assistant Engineer, Ajmer Vidyut Vitran Nigam Limited V/s. Rahamatullah Khan has held that:

*"9. Applying the aforesaid ratio to the facts of the present case, the licensee company raised an additional demand on 18.03.2014 for the period July, 2009 to September, 2011.*

*The licensee company discovered the mistake of billing under the wrong Tariff Code on 18.03.2014. The limitation period of two years under Section 56(2) had by then already expired.*

*Section 56(2) did not preclude the licensee company from raising an additional or supplementary demand after the expiry of the limitation period under Section 56(2) in the case of a mistake or bona fide error. It did not however, empower the licensee company to take recourse to the coercive measure of disconnection of electricity supply, for recovery of the additional demand."*

In the current case, the limitation period had not expired when the under-billing was discovered in August 2025.

12. The Respondent ought to generate and periodically review MIS reports to identify cases where the connected/sanctioned load is lower than the actual recorded consumption. Such discrepancies should be detected in time through internal monitoring mechanisms, so that there is no need for heavy retrospective recovery. Retrospective recovery of the tariff slab

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difference is permissible, but, consistent with the settled principle adopted by the Electricity Ombudsman (Mumbai), such recovery has to be restricted to 24 months. In the present case, retrospective recovery is restricted to 6 months.

The retrospective assessment period towards tariff slab from LT II (A) and LT II (B) from Dec. 2024 to July 2025 is justified as per the Forum's order.

13. It is held that the revised bills issued by the Respondent for December 2024, January 2025, February 2025, April 2025, May 2025, and June 2025 under the applicable LT-II(B) (Above 20 kW) tariff category are legal, valid, and in conformity with the applicable MERC Tariff Orders. The Appellant's challenge to the revised assessment, therefore, merits no acceptance.

14. The record further reveals that the Appellant also exceeded the prescribed threshold during March 2025 (6,683 units; recorded load 26.834 kW and MD 33.418 kVA) and July 2025 (4,564 units; recorded load 22.062 kW and MD 24.360 kVA), which would likewise have attracted the LT-II(B) tariff for those months. Had these charges been levied, the supplementary bill would have increased by about ₹1.15 lakh. However, the Forum imposed the Contract Demand penalty of about ₹84,000/- in terms of the applicable Tariff Order. Consequently, the Appellant derived a net benefit of approximately ₹31,000/-.

15. Nevertheless, having regard to the facts and circumstances of the case, particularly that the Appellant has already paid the revised assessment of ₹4,15,395/- for six months and the Respondent has not challenged the Forum's Order, it would not be appropriate, in the peculiar facts of this case, to direct a further enhancement of the assessment for March 2025 and July 2025. Accordingly, no interference with the revised assessment is needed.

16. In view of the above, the representation of the Appellant is rejected, and the Representation is disposed of accordingly.

Sd/
(Vandana Krishna)
Electricity Ombudsman (Mumbai)

(Dilip Dumbre)
Secretary
Electricity Ombudsman Mumbai

Electricity Ombudsman Mumbai
M.E.R.C.