BEFORE THE ELECTRICITY OMBUDSMAN (MUMBAI)

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

REPRESENTATION NO. 60 OF 2026

In the matter of high billing due to Incorrect Contract Demand

Liberty Oil Mills Ltd. … … …...………. … …….. ………….. ……….. … … …. Appellant
(Cons. No. 101-620-000)

V/s.

Brihanmumbai Electric Supply & Transport Undertaking…… ……….. …….. Respondent
High Value Consumers (HVC) Department (BEST Undertaking)

Appearances:

Appellant : 1. Prashant Khaire
2. B.R. Mantri, Representative

Respondent: 1. Laxman Patil, Divisional Engineer, (HVC).
2. Prem Walawalkar, Deputy Engineer, HVC

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

Date of hearing: 23rd July 2026

Date of Order: 29th July 2026

ORDER

This Representation was filed on 27 May 2026 under Regulation 19.1 of the Maharashtra Electricity Regulatory Commission (Consumer Grievance Redressal Forum & Electricity Ombudsman) Regulations, 2020 (CGRF & EO Regulations, 2020), challenging the Original Order dated 28 January 2026 in Case No. HVC-018 of 2025 and the Review Order dated 30 March 2026 passed by the Consumer Grievance Redressal Forum, BEST Undertaking

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(the Forum). The Forum partly allowed the grievance of the Appellant. The operative portion of the Original Order reads as follows:

2. *The Respondent shall pay interest at the bank rate of excess recovery as mandated by section 62(2) of the Electricity Act 2003 for the two years period of refund credit. The above interest shall be credited within 60 days from the receipt of this order. In case of delay beyond the 60 days, the Respondent shall pay additional interest at the bank rate pro-rata till the date of actual credit.*
3. *The Respondent shall review and rectify its billing system controls to prevent auto-revision of CD upon meter replacement of migration without Consumer's written consent and supplementary agreement and file a compliance report before the Forum within 45 days detailing the corrective action (including IT logic changes and exception alerts).*
4. *The Respondent shall recompute and forward an auditable calculation within 30 days to the complainant as mentioned in para 5.3 above and refund excess amount if any, recovered beyond SOP complaint computation in the electricity bill of the next billing cycle and compliance report to be filed within 60 days.*

The Appellant filed a Review Application on 26.02.2026. By Order dated 30.03.2026 in Case No. R-HVC-018-2025, the Forum dismissed the Review Application, holding that it was not maintainable under Regulation 7.8 of the MERC (Consumer Grievance Redressal Forum & Electricity Ombudsman) Regulations, 2020.

2. Aggrieved by the order by the Forum, the Appellant has filed this representation. An e-hearing was held on 23rd July 2026 through video conference. Parties were heard at length. The Appellant's submissions and arguments are stated as below. *[The Electricity Ombudsman's observations and comments are recorded under 'Notes' where needed.]*

(i) The Appellant, Liberty Oil Mills Limited, is a High Value Consumer bearing Consumer No. 101-620-000 with Meter No. 2000917. The electricity supply is used for its corporate office. The particulars of the electricity connection, reduction in Contract Demand (CD), and refund granted pursuant to the Forum's Order are tabulated below:

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Table 1:

Name of Consumer	Consumer No.	Address	Sanctioned Load	Contract Demand (CD)			Refund Amount Due to Incorrect CD, as Admitted by the Respondent, and Interest in terms of the Forum's Order
				Period	**CD**	**Basis / Remarks**	
Liberty Oil Mills Ltd.	101-620-000	Gr. Floor, Amarchand Mansion, Madam Cama Road, Dr. S. P Mukherji Chowk, Colaba,Mumbai 400 001	341.71 kW	Up to March 2018	**200 kVA**	Original Contract Demand	Total Refund Rs. 19,29,126.29, comprising Rs. 18,02,224.67 towards the retrospective refund from Mar.'23 to Feb.'25
				April 2018 to February 2025	**427.13 kVA** *(341.71 kW ÷ 0.8)*	CD increased without any application from the consumer	
				From March 2025 onwards	**187.50 kVA**	Contract Demand reduced with effect from March 2025	

(ii) The Appellant had a valid supply agreement with the Respondent for a Contract Demand (CD) of 200 kVA. However, **during meter updating/software migration in 2018, the Respondent erroneously revised the CD in its billing system to 427.12 kVA without any application, request, consent, supplementary agreement, or revised contract executed by the Appellant.** Consequently, excess demand charges and allied charges were levied and recovered for nearly seven years, without detection either by the Appellant or the Respondent, causing substantial financial loss to the Appellant.

(iii) The Respondent has admitted that no application or statutory documentation for enhancement of the Contract Demand was ever made or executed. Upon the Appellant pointing out the erroneous billing vide letter dated 11.02.2025, the Respondent verified the records, accepted the mistake, and restored the Contract Demand to 187.5 kVA with effect from the billing month of March 2025. The Appellant contends that the unilateral enhancement of the Contract Demand through an internal software entry was illegal, arbitrary, and contrary to the Electricity Act, 2003 and the MERC Supply Code Regulations.

(iv) Despite admitting the erroneous enhancement of the Contract Demand, the Respondent restricted the refund to the period March 2023 to Feb. 2025 and denied refund for the earlier period by invoking Section 56(2) of the Electricity Act, 2003, without paying interest on the excess amount retained for several years.

(v) **The Appellant contends that Section 56(2) is applicable only to recovery of arrears by a Distribution Licensee and cannot be invoked to deny refund of excess charges recovered due to the Respondent's admitted mistake.** It is

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submitted that the case is governed by Section 62(6) of the Electricity Act, 2003, which mandates refund of excess tariff along with applicable interest. The wrongful billing constituted a continuing wrong and continuing cause of action, and that the Respondent cannot derive any benefit from its own erroneous software entry.

(vi) By letter dated 22.08.2025, the Respondent advised it to approach the Forum if dissatisfied with the restricted refund. Accordingly, the Appellant filed a grievance before the Forum on 29.11.2025, seeking refund of the entire excess amount recovered from 2018 onwards, together with statutory interest under Section 62(6) of the Electricity Act, 2003.

(vii) The Forum accepted that excess charges had been recovered and directed payment of interest on the refund already granted by the Respondent. **However, it rejected the claim for refund for the earlier period on the ground that the cause of action arose in 2018 and was barred by limitation.** Aggrieved by the non-speaking order and the Forum's failure to consider the binding judgments relied upon, the Appellant filed a Review Application on 26.02.2026, which was also dismissed.

(viii) The Appellant contends that the impugned orders are non-speaking and legally unsustainable, as they fail to consider the binding Supreme Court judgments on cause of action, continuing wrong, and discovery of mistake. It is further submitted that, in the absence of a definition of "cause of action" under the MERC Regulations, the Forum ought to have followed the settled legal principles laid down by the constitutional courts.

(ix) As per the Statement of Reasons to the MERC CGRF & EO Regulations, 2020, the cause of action arises from the actionable event of the Distribution Licensee giving rise to the complaint. In the present case, the cause of action arose only upon the Respondent's refusal, vide letter dated 22.08.2025, to refund the balance excess amount. The Appellant, therefore, contends that the Forum erred in holding that the cause of action arose in 2018, contrary to the MERC's interpretation and the settled principle that the right to sue accrues only upon denial of a lawful claim. The Appellant relied upon the judgments of the Hon'ble Supreme Court in

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Rashtriya Ispat Nigam Ltd. v. Prathyusha Resources & Infra Pvt. Ltd. and Shakti Bhog Foods Ltd. v. Central Bank of India to contend that the cause of action arises only when a lawful claim is denied. The discrepancy was discovered only in February 2025, the Respondent admitted the mistake and granted a partial refund, and the balance claim was rejected only vide letter dated 22.08.2025. Hence, the cause of action arose upon such refusal, and the grievance is within limitation

(x) The Appellant further relied upon the judgments of the Hon'ble Supreme Court in Madras Port Trust v. Hymanshu International and State of Assam v. Banshidhar Shewbhagwan & Co., contending that public authorities should not defeat legitimate claims on technical grounds of limitation and cannot take advantage of their own wrongful or arbitrary actions. The Appellant prayed for setting aside the impugned orders, holding the grievance to be within limitation, and directing refund of the entire excess amount recovered from 2018 onwards along with interest under Section 62(6) of the Electricity Act, 2003.

(Note: *The Appellant relied upon various judgments of the Hon'ble Supreme Court and High Courts; however, copies of those judgments have not been placed on record.)*

(xi) In view of the foregoing, the Appellant prays that this Hon'ble Electricity Ombudsman may be pleased to:

a) Set aside the Forum's Original Order and Review Order to the extent they deny refund for the period prior to April 2023;
b) Hold that the grievance is within limitation and maintainable; and
c) Direct the Respondent to refund the entire excess amount recovered due to the erroneous enhancement of the Contract Demand from 2018 onwards, together with interest in accordance with Section 62(6) of the Electricity Act, 2003.

3. The Respondent's submissions and arguments are stated as below: -

(i) The Appellant is a High Voltage consumer bearing Account No. 101-620-000. The original connection, in the name of Jardine Fleming, had a connected load of 341.71 kW and a Contract Demand (CD) of 427.13 kVA. **Pursuant to the**

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Appellant's request for change of name and reduction of CD, the Contract Demand was revised to 200 kVA with effect from April 2004.

(ii) Following a PT flashover on 31.03.2018, the CT, PT and meter were replaced on 07.04.2018. During meter configuration, the billing system erroneously restored the Contract Demand to 427.13 kVA based on the sanctioned load of 341.71 kW. Consequently, the Appellant was billed on the higher Contract Demand from April 2018 to February 2025. *[Note: During the hearing, when asked how the software (system) could make such a serious error with high financial implications, the Respondent had no satisfactory explanation.]* The error was corrected and the Contract Demand was restored to 187.5 kVA from March 2025 onwards as per request of the Appellant.

(iii) The Appellant continued to pay bills based on the revised Contract Demand from April 2018 to February 2025 without protest. Upon receipt of the Appellant's complaint in February 2025, the Respondent rectified the Contract Demand to 187.5 kVA with effect from March 2025, refunded ₹18,02,224.67 for the 2-year period March 2023 to Feb. 2025 through the June 2025 bill, and later credited interest of ₹1,26,901.62 in the March 2026 bill in compliance with the Forum's Order.

(iv) The Respondent contended that the Representation is barred by limitation under Regulation 7.8 of the CGRF & EO Regulations, 2020, as the cause of action arose in April 2018 when the revised Contract Demand (of 427.13 KVA) was reflected in the monthly bills. Since the Appellant raised the grievance only in 2025, after nearly seven years, the claim is time-barred. It is further contended that subsequent correspondence or refusal letters cannot revive a time-barred claim. The doctrine of continuing wrong is inapplicable, as the revision of the Contract Demand in April 2018 was a one-time system event and the subsequent bills merely reflected the existing billing parameter. The refund granted for the period March 2023 to Feb. 2025 was in accordance with the applicable limitation period and cannot be treated as an admission of liability for the earlier period.

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(v) The Respondent contended that Section 62(6) of the Electricity Act, 2003 has no application to the present case, as the dispute pertains to the Contract Demand recorded in the billing system and not to tariff determination or charging of tariff in excess of that approved by the Commission.

(vi) The Appellant's plea that the cause of action arose only in 2025 on discovery of the mistake is contrary to the findings of the Forum, as the Contract Demand was reflected in every monthly bill since 2018. The Respondent denies the Appellant's contention that the cause of action arose only upon issuance of the letter dated 22.08.2025 rejecting the balance refund. The actionable event occurred in April 2018, when the Contract Demand was erroneously reflected as 427.13 kVA in the billing system, and was consistently shown in every monthly electricity bill thereafter. The Appellant accepted and paid the bills without protest for nearly seven years. Accordingly, the cause of action, if any, arose when the alleged incorrect billing first commenced and not upon the Respondent's subsequent communication. The letter dated 22.08.2025 merely conveyed the Respondent's decision on the Appellant's belated claim and did not create a fresh or independent cause of action.

(vii) The reliance placed by the Appellant on the judgments in Madras Port Trust v. Hymanshu International and State of Assam v. Banshidhar Shewbhagwan & Co. is misplaced. The present case does not involve arbitrary exercise of statutory power or denial of a legitimate claim but concerns a grievance filed beyond the statutory limitation period prescribed under the MERC Regulations. The Respondent has acted fairly by rectifying the billing parameter immediately upon verification and granting the refund legally admissible within the prescribed period together with interest as directed by the Forum.

(viii) The Respondent, therefore, prays that this Hon'ble Electricity Ombudsman may be pleased to:

(a) dismiss Representation No. 60 of 2026 as barred by limitation;

(b) uphold the Original Order dated 28.01.2026 and Review Order dated 30.03.2026; and

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(c) hold that refund beyond two years is not admissible under the MERC (CGRF & EO) Regulations, 2020.

4. During the hearing, the Respondent was directed to furnish the calculation of excess Contract Demand charges recovered by adopting a Contract Demand of 427.13 kVA instead of 200 kVA for the unrefunded period from April 2018 to February 2023. In compliance, the Respondent, vide email dated 28.07.2026, submitted the calculations showing that the excess amount recovered during the said period is ₹24,71,758.09.

Analysis and Ruling

5. Heard the parties and perused the documents on record.

6. The Appellant contended that he is an HV consumer (Consumer No. 101-620-000), had a sanctioned CD of 200 kVA. Due to a billing system error during meter replacement in April 2018, the CD was wrongly recorded as 427.13 kVA, resulting in excess billing From April 2018 to Feb. 2025. Subsequently upon its application, CD was reduced to 187.5 kVA from March 2025 onward. The Respondent admitted the error, restored the CD to 187.5 kVA, but restricted the refund to 2 years, i.e. from March 2023 to Fe. 2025. Section 56(2) of the Act is inapplicable to refunds. The cause of action arose only upon the Respondent's refusal dated 22.08.2025 to refund the balance amount. The Forum's orders were challenged as erroneous, and refund of the entire excess amount from April 2018 to Feb. 2023 onwards with interest was sought, relying on Supreme Court judgments.

7. The Respondent contended that the Appellant's Contract Demand (CD) had been reduced from 427.13 kVA to 200 kVA with effect from April 2004. However, during replacement of the CT, PT and meter in April 2018, the billing system erroneously restored the CD to 427.13 kVA, resulting in higher billing till February 2025. *[Note: - It is difficult to understand how the replacement of a meter can lead to wrongful recording of a change in Contract Demand. With no satisfactory explanation coming from the Respondent, we have no option but to consider this as a case of deficiency in service.]* On the Appellant's complaint in 2025 the error was rectified by restoring the CD to 187.5 kVA, refunding ₹18,02,224.67 for

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March 2023 to Feb. 2025, and paying interest of ₹1,26,901.62 in compliance with the Forum's Order. The grievance relating to the earlier period is barred by limitation under Regulation 7.8 of the MERC (CGRF & EO) Regulations, 2020, as the cause of action arose in April 2018 when the revised CD first appeared in the bills. The subsequent letter dated 22.08.2025 did not create a fresh cause of action. The refund of retrospective two years was rightly restricted to the permissible period, the judgments relied upon by the Appellant are distinguishable, and the Forum's orders deserve to be upheld. The monthly electricity bills issued from April 2018 consistently reflected the erroneous Contract Demand of 427.13 kVA, yet the Appellant continued to pay the bills without objection until February 2025. Thus, the alleged legal injury, first arose in April 2018 and was apparent from every monthly bill. The subsequent letter dated 22.08.2025 of the Respondent relates to the original cause of action, or grievance, which arose in 2018, and did not give rise to a fresh cause of action.

8. The root of the dispute relates to whether the cause of action arose in 2018 or in 2025. We hold that the start of the wrongful billing in 2018 is the actual cause of action. Unfortunately, it remained undetected due to the very technical nature of the billing based on CD. Though the wrongful high billing, which is the original cause of action, arose in April 2018, no timely grievance was filed within two years. The Appellant has agitated claims which it had not pursued for 7 years, as it was not vigilant at the right time.

9. This principle and logic are upheld in W.P. No. 6859, 6860, 6861 and 6862 of 2017 decided on 21.08.2018 in case of MSEDCL Vs. Jawhar Shetkari Soot Girni Ltd. by the Hon'ble Bombay High Court, Bench at Aurangabad. The High Court has discussed the order of HPCL and Shilpa Steel Pvt. and held that the cause of action would mean the actual date of legal injury/grievance caused to the consumer, and the time limit of two years will start therefrom. It also held that the **journey of grievance through IGRC/ ICRS should reach the Forum within a period of 2 years from the cause of action.**

The High Court of Bombay, Bench at Aurangabad in its Judgment dated 21st August 2018 in case of MSEDCL V/s Jawahar Shetkari Sut Girni Ltd. held as under:-

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> 41. *Thus, it is held that when a special statute prescribes a certain period of limitation for filing a particular application thereunder and provides in clear terms that such period on sufficient cause being shown, may be extended, in the maximum only upto a specified time limit and no further, then the Tribunal concerned has no jurisdiction to treat within limitation, an application filed before it beyond such* maximum time limit specified in the statute.
>
> 42. *………….. …………….*
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> 43. *If I accept the contention of the Consumer that the Cell can be approached anytime beyond 2 years or 5/10 years, it means that Regulation 6.4 will render Regulation 6.6 and Section 45(5) ineffective. By holding that the litigation journey must reach Stage within 2 years, would render a harmonious interpretation. This would avoid a conclusion that Regulation 6.4 is inconsistent with Regulation 6.6 and both these provisions can therefore coexist harmoniously.*

10. However, in the peculiar circumstances of this case, the Respondent is responsible for deficiency in service in April 2018 when it erroneously increased the CD from 200 KVA to 427.12 KVA. The Appellant has paid a huge amount (₹24,71,758.09) in excessive billing from April 2018 to March 2023, for no faulty of its own, other than not being vigilant enough regarding the billed CD. This Authority is of the considered view that the Appellant deserves limited additional relief in the interest of equity, fairness, and justice. Accordingly, as a special case, it is held that restricting the refund to two years would not adequately meet the ends of justice. Therefore, the refund is extended to a period of **three years**, instead of two years. This approach is also consistent with the principle adopted in accumulated consumption and multiplying Factor cases, wherein the Respondent Distribution Licensee was permitted to recover valid charges for a period of **three years**, considering the facts and circumstances of those cases.

11. The Forum's order is modified to the extent below. The Respondent is, therefore, directed to

(a) Refund the excess amount recovered for the additional period from **March 2022 to February 2023, together with interest at the Bank Rate**, in accordance with the applicable provisions.

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(b) The Respondent shall submit a compliance report to this Office within two months from the date of issuance of this Order.

(c) The remaining prayers of the Appellant stand rejected.

12. The Representation is disposed of accordingly.

Sd/
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