

BEFORE THE ELECTRICITY OMBUDSMAN (MUMBAI)

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

REPRESENTATION NO. 113 OF 2025

In the matter of Load Factor Incentive

V/s.

Maharashtra State Electricity Distribution Co. Ltd., Sangli Circle. Respondent
(MSEDCL)

Appearances:

Appellant : 1. Suresh Herwade, Genral Manager
2. Shyam Idate, Chief Engineer

Respondent: 1. Amit Bokil, Superintending Engineer, Sangli Circle
2. Deepak Jagdale, Dy. Ex. Engineer, Sangli Circle
3. Nisar S. Shikalgar, Jr. Law Officer.

Coram: Vandana Krishna [IAS (Retd.)]

Date of hearing: 30th December 2025

Date of Order: 8th January 2025

ORDER

This Representation was filed on 3rd December 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 13th November 2025 in Case No.5 of 2025 passed by the Consumer Grievance Redressal Forum, MSEDCCL, Sangli Circle (the Forum). The Forum by its order rejected the grievance application.

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Secretary
Electricity Ombudsman Mumbai



2. The Appellant has filed this representation against the order of the Forum. An e-hearing was held on 30.12.2025 through video conference. Both parties were heard at length. *[The Electricity Ombudsman's observations are recorded under 'Notes'.]*

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

(i) The Appellant is a 33 KV High Tension (HT) consumer bearing Consumer No. 275579009020. The connection particulars are provided in the Table 1 below.

Table 1:

Name of Consumer	Consumer No.	Address	Sanc. Load /Contract Demand	Date of Supply	CD of August 2025	Alleged Load Factor Incentive Amount
Viraj Spinners Ltd.	275579009020	466/2, 468, Near Karve Road, M.I.D.C. Vita, Khambale, Bhalwani Vita, Dist. Sangli-415311	2350 KW/ 1250 KVA	26.08.2014	1260 KVA	Rs.11,41,046/-

Viraj Spinners Ltd. is engaged in the manufacture of textile products.

Preamble:

(ii) The Respondent produced a Notification of the Ministry of Power, New Delhi dated the 17th of August, 2021 F. No. 23/35/2019-R&R, which states that "In Pursuance of the provisions made in clause 4(1)(b) of the Central Electricity Authority (Installation and Operation of Meters) (Amendment) Regulations, 2019 framed under sub-section (1) of section 55 read with clause (c) of sub-section (2) of section 177 of the Electricity Act, 2003, the Central Government hereby notifies the following timelines for **the replacement of existing meters with smart meters** with pre-payment feature." The relevant portion of notification is as below:

1. All consumers (other than agricultural consumers) in areas with communication network shall be supplied electricity with Smart Meters working in pre-payment mode, conforming to relevant IS, within the timelines specified below:

(i) All Union Territories, electrical divisions having more than 50 % consumers in urban areas with AT&C losses more than 15% in financial year 2019-20, other electrical divisions with AT&C losses more than 25% in financial year 2019-20, all Government offices at Block level and above, and all industrial and commercial consumers, shall be metered with smart meters with pre-payment mode by December 2023:

Provided that the respective State Regulatory Commission may, by notification, extend the said period of implementation, giving reasons for doing so, only twice but not more than six months at a time, for a class or classes of consumers or for such areas as may be specified in that notification.

(ii) All other areas shall be metered with smart meters with pre-payment mode by March 2025:

Provided that in areas which do not have communication network, installation of pre-payment meters, conforming to relevant IS, may be allowed by the respective State Electricity Regulatory Commission.

All consumer connections having current-carrying capacity beyond that specified in relevant IS, may be provided with meters with smart meters having AMR facility.

(iii) As per the directives issued by the Government of India, all existing electricity meters are to be upgraded to Smart TOD Meters under the Revamped Distribution Sector Scheme (RDSS) and the meter replacement work has been entrusted to an authorized AMISP (Advanced Metering Infrastructure Service Provider). Accordingly, the meter replacement work is being carried out through authorized agencies under the supervision of the Maharashtra State Electricity Distribution Company Limited (MSEDCL). Key Benefits of Smart Meters:

- 1. Free installation:** The smart meter will be installed free of cost.
- 2. Time-of-Day (TOD) Tariff :** Tariff Advantage in non-peak hours as per Commission's Tariff order in force.
- 3. Real-time Energy Monitoring:** You can track your electricity consumption, voltage, current, and load in real time via the MAHA VIDYUT mobile app. Daily electricity consumption can be viewed, helping you manage your energy usage more efficiently.
- 4. Accurate & Automatic Billing:** Meter readings will be collected automatically through Cellular communication, eliminating the need for manual readings. Because of this, human mistakes in meter reading will be eliminated.
- 5. Solar Net Metering:** Consumers with solar installations can conveniently view their Export-Import energy data on the app.


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6. **Accuracy of meters:** Smart meters are tested in labs approved by Govt., ensuring high accuracy.

Submissions

(iv) As per Tariff Orders of the Commission in force, Consumers having a Load Factor above 75% and up to 85% shall be entitled to an incentive in the form of a rebate of 0.75% on Energy Charges for every percentage point increase in Load Factor from 75% to 85%. Consumers having a Load Factor above 85% shall be entitled to a rebate of 1% on Energy Charges for every percentage point increase in Load Factor beyond 85%. The total rebate shall be subject to a maximum ceiling of 15% of the applicable Energy Charges.

(v) The Load Factor incentive shall be available only if the consumer has no arrears with the Distribution Licensee and the electricity bill is paid within seven days from the date of billing. However, the incentive shall also be available in cases where payment of arrears has been permitted in instalments by the Distribution Licensee, provided such instalments are paid strictly as per the approved schedule. The Distribution Licensee shall take a commercial decision regarding such instalment schedules.

(vi) The Appellant had availed the Load Factor incentive benefits upon fulfilling the above-mentioned eligibility criteria continuously in the past.

(vii) On 29.07.2025, the Appellant's Main and Check meters were replaced with Smart Meters manufactured by Secure Meters Ltd., having Serial Nos. M32460002439 and M32460002436 respectively.

(viii) The Appellant, vide letter dated 06.08.2025, submitted that its Contract Demand was effectively regulated within the sanctioned limit of **1250 kVA** through installed automatic demand controllers. However, **the newly installed smart meter recorded a Maximum Demand of 1260 kVA in Aug. 2025, leading to denial of the Load Factor incentive.** On 06.08.2025 at 19.00 hrs. The main meter as well as the check meter recorded a Maximum Demand of 83.98 kVA. Upon applying the multiplying factor (MF), the corresponding kVA MD works out to 1259.7 kVA, i.e., approximately 1260 kVA. As the Appellant's internal load management system, including LT-side MD controllers, remained unchanged and functional, **the Appellant attributed the excess MD to a possible error in MD measurement parameters or integration cycle of the smart meter.**

(ix) The Statistical Data of Consumption recorded, Max. Recorded Demand (KVA), Load Factor & LF incentive for the period from April 2024 to Nov. 2025 is tabulated as below:

Table 2:

Year Mth	2024-25					2025-26				
	Cons. (Units)	Contract Demand (KVA)	Max. Recorded Demand (KVA)	Load Factor	Load Factor Incentive (Rs.)	Cons. (Units)	Contract Demand (KVA)	Max. Recorded Demand (KVA)	Load Factor	Load Factor Incentive (Rs.)
Apr	781202	1250	1206	87	601499	806518	1250	1229	90	817276
May	801272	1250	1201	87	616888	815026	1250	1228	88	694427
Jun	811142	1250	1206	90	822387	811029	1250	1223	90	822719
Jul	839524	1250	1208	91	919502	843257	1250	80	91	991306
Aug	844468	1250	1211	91	926116	839244	1250	1260	90	0
Sep	817460	1250	1236	91	895980	814244	1250	1196	91	974038
Oct	846507	1250	1217	91	927649	833391	1250	1202	90	889203
Nov	799136	1250	1211	89	746513	823924	1250	1199	92	1023861
Dec	830694	1250	1208	89	775396					
Jan	830805	1250	1200	89	775772					
Feb	723775	1250	1217	86	499529					
Mar	805034	1250	1224	88	686388					
Note	1. Main & Check Meter of the Appellant was replaced on 29.07.2025 by smart meters (Sr. Nos. M32460002439 and M32460002436) of Secure make.									

The above table demonstrates the month-wise consumption, Contract Demand, recorded Maximum Demand, Load Factor, and corresponding Load Factor Incentive for the relevant period. It is evident that during all months, except August 2025, the recorded Maximum Demand remained within the sanctioned Contract Demand of 1250 kVA, and accordingly the Load Factor incentive was granted. However, in August, the smart meter recorded a Maximum Demand of 1260 kVA, marginally exceeding the sanctioned Contract Demand of 1250 kVA, despite the Load Factor being 90%. Consequently, the Load Factor incentive for the said month was denied, strictly in accordance with the applicable Tariff Order provisions. The data further establishes that the denial of the incentive in August was solely due to Contract Demand being exceeded and not on account of any abnormal consumption pattern or deterioration in Load Factor performance.

(x) In pursuance of the application of the Appellant dated 06.08.2025, the Testing Team of the Executive Engineer (Testing), Sangli carried out Dial Test and Load Test on 23.08.2025, with a 15-minute integration period on the smart meters bearing Serial Nos. M32460002436 and M32460002439. The meters were found to be operating within the prescribed accuracy limits


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in accordance with applicable testing standards. The overall Multiplication Factor (MF) of 15 applicable to both energy and Maximum Demand was verified and confirmed. Accordingly, the meters were certified as accurate and within permissible error limits in the presence of the Appellant's authorized representative. The important observations of the Testing Team are reproduced below:

"It is observed that the current harmonics measured at the time of installation are not within the permissible limits; hence, a necessary notice for remedial action to control and limit the harmonics generated in the system within the prescribed levels is to be issued."

The meter test reports and relevant Load Survey technical data for August 2025 have been placed on record.

(xi) **Accordingly, it is denied that the increase in the recorded Maximum Demand was attributable to any temporary or technical defect in the smart meter.** It is an admitted position that the Load Factor incentive was not granted solely on account of exceeding the Contract Demand, wherein the recorded Maximum Demand of 1260 kVA exceeded the sanctioned Contract Demand of 1250 kVA in August 2025. The denial of the incentive is strictly in accordance with the prevailing Tariff Order of the Commission in Case No. 217 of 2025 dated 28.03.2025, which expressly stipulates that

"In case the consumer exceeds its Contract Demand in any particular month, the Load Factor Incentive will not be payable to the consumer in that month."

(xii) The Appellant filed a grievance before the Forum, which was duly considered and rejected by a reasoned order dated 13.11.2025.

(xiii) The smart meters in question are manufactured by a reputable company and are widely installed in the field. As per the policy of MSEEDCL, special Class 0.2S meters, having a maximum permissible error of $\pm 0.2\%$, are installed to consumers with a contract demand of 1000 kVA or above. Since the Appellant's contract demand is 1250 kVA, a Class 0.2S meter was accordingly installed at the Appellant's premises. No instances of abnormal or erroneous Maximum Demand recording have been reported or observed in respect of such meters.

(xiv) In view of the above, the present representation is devoid of merit, and liable to be rejected. The Respondent prays that the present appeal be dismissed.

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

- (i) The Appellant is a High Tension (HT) consumer of the Respondent. The relevant connection particulars are detailed in Table–1. The Appellant is engaged in the manufacture of textile products, including cotton yarn and woven and knitted fabrics.
- (ii) The sanctioned Contract Demand (CD) of the Appellant is 1250 kVA. The Appellant has consistently maintained its billing demand within the sanctioned CD by adopting efficient load management practices, including installation of LT-side Maximum Demand (MD) Controllers. For more than the last five years, the Appellant has never exceeded the sanctioned Contract Demand.
- (iii) On 29th July 2025, the Appellant's meter, though it was working properly, was changed by a SMART meter. The Appellant is in the habit to note its meter reading almost daily. Since the installation of the meter till 05-08-2025, i.e. for the first 7 days, the meter was working properly. But on 06-08-2025 the meter abruptly recorded KVA MD as 83.98 kVA, and by applying the MF the KVA MD reading becomes 1259.7, say 1260 kVA. A chart indicating month-wise recorded MD from January 2020 to August 2025 has been placed on record.
- (iv) The Appellant has maintained a high Load Factor and has regularly been granted Load Factor Incentive (LFI). For August 2025, the Appellant otherwise fulfilled all eligibility criteria for LFI. The only disqualifying condition under the applicable Tariff Order is reproduced below:

“In case the consumer exceeds its Contract Demand (including during non-peak hours i.e. 22:00 hours to 06:00 hours) in any particular month, the Load Factor Incentive shall not be payable for that month.”

- (v) There was no change either in the machinery, i.e. connected load, of the Appellant, nor was there any change in the working of the Appellant. Therefore, the exceptional increase in MD recording must be due to a temporary error in the meter. There is no other logical explanation for the momentary increase in MD.
- (vi) The Appellant immediately reported the unprecedented rise in recorded Maximum Demand to the Superintending Engineer vide letter dated 06.08.2025. Upon receipt of the complaint, the Superintending Engineer deputed a Testing Division team, which conducted testing at the Appellant's premises on 23.08.2025 in the presence of the Appellant's representative.


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However, the Appellant was not furnished with the test report at the relevant time. *[Note: The Respondent was duty-bound to provide the test report immediately; however, the same was not furnished. The test report has subsequently been placed on record by MSEDCCL along with its submissions.]*

- (vii) The marginal exceeding of Maximum Demand during August 2025 was not attributable to any act or omission on the Appellant's part and occurred solely due to a temporary or technical anomaly in the smart meter. This Hon'ble Forum may take judicial notice of the fact that electronic measuring instruments are susceptible to transient errors. Accordingly, meter manufacturers prescribe filtering and validation criteria to identify and eliminate pseudo or spurious Maximum Demand recordings. In the present case, such procedures were not applied, and the Respondent has relied exclusively on the testing report without addressing the abnormality specifically pointed out by the Appellant.
- (viii) The Load Factor Incentive payable for August 2025 amounts to Rs. 11,41,046/- . The Appellant, without prejudice to its rights and under protest, paid the bill for August 2025 without awaiting disbursement of the incentive. Such payment does not constitute waiver of the Appellant's lawful claim. The Respondent has, therefore, wrongfully deprived the Appellant of the Load Factor Incentive to the extent of Rs. 11,41,046/-.
- (ix) Aggrieved thereby, the Appellant approached the Forum on 23.09.2025. The grievance was rejected by an order dated 13.11.2025 passed by the Forum which is erroneous, mechanical, and unsustainable in law, as it fails to consider the material fact that **the marginal exceeding of Maximum Demand was not attributable to any act or omission on the part of the Appellant**. The Forum failed to appreciate that the recorded Maximum Demand of 1260 kVA, against the sanctioned Contract Demand of 1250 kVA, represents a negligible exceeding of less than 1%, which neither caused any adverse impact on the Respondent's distribution network nor defeated the object of the Load Factor Incentive scheme. The Forum erred in not considering that the Appellant had maintained consistent load discipline for more than five years, supported by efficient load management practices and installation of LT-side Maximum Demand Controllers, and that the alleged exceeding occurred only once, immediately after installation of a new smart meter. The Forum failed to appreciate that the Appellant had promptly reported the abnormal MD recording on 06.08.2025, and that although meter testing was conducted on 23.08.2025, the test report was not furnished to the Appellant immediately, thereby violating principles of natural justice and transparency. The Forum failed to appreciate

the legislative and regulatory intent behind Load Factor Incentive and Power Factor Incentive, which is to encourage consumers who contribute to grid stability and efficient system operation, an objective admittedly fulfilled by the Appellant.

(x) The Appellant respectfully prays that Hon'ble Electricity Ombudsman may direct MSEDCL to refund an amount of Rs. 11,41,046/- towards Load Factor Incentive for August 2025, along with interest in accordance with Section 62(6) of the Electricity Act, 2003, and grant such other reliefs as deemed fit in the interest of justice.

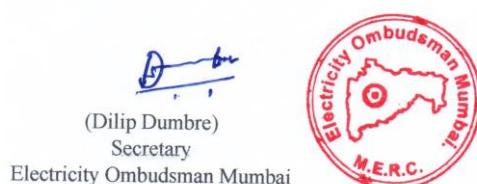
5. During the course of the hearing, the Respondent was directed to forward the relevant meter data to **Secure Company**, the manufacturer of the meter, for technical analysis. Pursuant thereto, the Respondent, vide its email dated 07.01.2026 informed that the meter is in order.

Analysis and Ruling

6. The parties were heard and the documents placed on record were carefully perused.

7. The Respondent submitted that under the applicable Tariff Order, the Load Factor Incentive (LFI) is admissible only upon strict compliance with the prescribed conditions, including non-exceeding of the sanctioned Contract Demand. On 06.08.2025, both the main and check meters recorded 83.98 kVA, which, after applying the multiplying factor, worked out to 1259.7 kVA against the sanctioned Contract Demand of 1250 kVA. Subsequent meter testing conducted on 23.08.2025 confirmed that the meters were accurate and operating within permissible limits. The new smart meters operate within a minimal margin of error of only 0.2%. Accordingly, the Load Factor Incentive for August 2025 was denied solely on account of Contract Demand being exceeded in conformity with the Tariff Order.

8. The Appellant contended that a properly functioning meter was replaced by a smart meter on 29.07.2025, which operated normally until 06.08.2025, when it recorded a marginal Maximum Demand of 1259.7 kVA (\approx 1260 kVA) for the first time. It was argued that there was no change in machinery, connected load, or operations, and that the marginal exceedance of less than 1% (*actually* 0.8%) could only be attributed to a temporary or technical anomaly in the smart meter. Despite being otherwise eligible, the Appellant was denied Load Factor Incentive of Rs. 11,41,046/- for August



2025. The Appellant further submitted that the grievance was rejected without appreciating the transient nature of the alleged anomaly and its consistent load discipline.

9. As per Tariff Order No. 217 of 2024, dated 28.03.2025, issued by the Hon'ble Commission and presently in force, the Load Factor is stipulated as under:

Load Factor Incentive

- a. *Consumers having Load Factor above 75% and upto 85% will be entitled to an incentive in the form of a rebate of 0.75% on Energy Charges for every percentage point increase in Load Factor from 75% to 85%. Consumers having a Load Factor above 85 % will be entitled to a rebate of 1% on Energy Charges for every percentage point increase in Load Factor from 85%. The total rebate will be subject to a ceiling of 15% of the Energy Charges applicable to the consumer.*
- b. *This incentive is applicable only to consumers in the tariff categories HT I: Industry, HT II: Commercial and HT IX: Public Services.*
- c. *The Load Factor incentive will be available only if the consumer has no arrears with the Distribution Licensee, and payment is made within seven days from the date of the electricity bill. However, it will be available to consumers in whose case payment of arrears in instalments has been allowed by the Distribution Licensee, and such payment is being made as scheduled. The Distribution Licensee shall take a commercial decision on the schedule for such payments.*
- d. *The Load Factor is to be computed as follows:*

$$\text{Load Factor} = \frac{\text{Consumption during the month in MU}}{\text{Maximum Consumption Possible during the month in MU}}$$

Maximum consumption possible = Contract Demand (kVA) x Actual Power Factor x (Total no. of hours during the month, less planned load shedding hours) * - Interruption/non-supply to the extent of 60 hours in a 30-day month.*

In case the consumer exceeds its Contract Demand in any particular month, the Load Factor Incentive will not be payable to the consumer in that month.

10. The above Tariff Order stipulates that Load Factor Incentive is admissible subject to fulfillment of the prescribed criteria, and expressly provides that in the event of Contract Demand exceedance in any month, the Load Factor Incentive shall not be payable for that month. The Executive Engineer, Testing Division, Sangli conducted dial and load tests on the smart meters on 23.08.2025 for a 15-minute integration period, and the test report confirmed that the meters were recording accurately and within permissible error limits. The Manufacturing Company by its email dated 07.01.2026 has also confirmed that the technical data of the meter is accurate.

11. The Appellant's MD exceeded the CD by 10 (1260 as against 1250), i.e. by 0.8%, while the new smart meters operate on a much lower margin of error of only 0.2%. Hence there is no probability of any error in the meter recording being the sole factor in the exceedance of the CD. The dispute relates to a single instance of marginal Maximum Demand exceedance, and the meter data and event logs do not establish any defect or abnormality in meter performance. The load factor of the Appellant was apparently operating right on the margin, and even a slight or marginal increase in kVA would lead to exceeding 1250 kVA. In these circumstances, the marginal increase in Maximum Demand beyond the sanctioned Contract Demand cannot be said to indicate any temporary or technical defect in the meter.

12. Accordingly, the Forum rightly dismissed the grievance by its order dated 13.11.2025, and no interference is warranted with the said order. The Representation of the Appellant is therefore rejected and disposed of accordingly.

Sd/
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