



**VIDYUT OMBUDSMAN FOR THE STATE OF TELANGANA**  
First Floor 33/11 kV substation, Hyderabad Boats Club Lane  
Lumbini Park, Hyderabad - 500 063

:: Present:: Smt. UDAYA GOURI

Monday the Twenty Eighth Day of July 2019

**Appeal No. 05 of 2019-20**

Preferred against Order dt:30.03.2019 of CGRF in  
CG No. 774/2018-19 of Rajendranagar Circle

Between

M/s. RS Metal Re Rolling Mills, represented by Sri. Ravinder Kumar,  
Sy. No.482 & 483, Chowlapally Village, Faroor Nagar Mandal, Mahaboobnagar,  
RR Dist - 509 001.

... Appellant

**AND**

1. The DE/OP/Shadnagar/TSSPDCL/RR Dist.
2. The SAO/OP/Rajendra Nagar Circle/TSSPDCL/RR Dist.
3. The SE/OP/Rajendra Nagar Circle/TSSPDCL/RR Dist.

... Respondents

The above appeal filed on 17.04.2019, coming up for final hearing before the Vidyut Ombudsman, Telangana State on 19.06.2018 at Hyderabad in the presence of Nishitha - On behalf of the Appellant Company and Sri. G. Lokeshwaraiiah - SAO/OP/Rajendranagar and Sri. S. Sunil Kumar - DE/EBC/TSSPDCL for the Respondents and having considered the record and submissions of both parties, the Vidyut Ombudsman passed the following;

**AWARD**

This is an Appeal filed against the orders by the CGRF in CG No. 774/2018-19, Rajendra Nagar Circle dt. 30.03.2019.

2. The Appellant contended that he has filed CG No. 774 of 2018-19 seeking for setting aside the excess claim of Rs 1,42,612/- in the bill pertaining to the month of Feb,2019 dt.26.02.2019 stating that the said demand for the said amount was in

violation of Clause 7.87 and 7.88 of the Tariff Orders of the Hon'ble TSERC dt.27.03.2018 for the FY 2018-19 and the learned CGRF failed to appreciate his grievance and disposed of the said complaint against him, as such aggrieved by the same the present Appeal is filed.

3. The Appellant contended in the present Appeal that it is a registered company under the Companies Act styled as M/s RS Metals Re-Rolling Mills and is situated in Sy No. 482 and 483, Chowlapally Village, Faroor Nagar Mandal, Mahaboobnagar Dist. And that the said company which is represented by its Director Sri. Ravinder Kumar Agarwal is having a HT connection bearing No. RJN1174 with Contracted Maximum Demand of 450 KVA for supply of energy and demand from the respondents and that the Respondent claimed an excess bill of Rs 1,42,612/- in the bill pertaining to Feb,2019 by applying the energy charges at 1.15 times instead of 1 time tariff rate and as such it has filed a complaint before the CGRF but the same was not considered.

4. The Appellant prayed for setting aside the orders of the CGRF dt.30.03.2019 passed in CG No. 774/2018-19 Rajendra Nagar Circle apart from setting aside the excess energy charges of Rs 1,42,612/- claimed by the Respondents in the bill pertaining to the month of Feb,2019 dt.26.02.2019 and also sought for any other order or orders that are deemed to be fit in the Appeal.

5. The Respondents through Respondent No.3 submitted their written averments as follows:-

That the complainant is the HT consumer of M/s. RS Metal Re-Rolling Mills, bearing SC No.RJN1174 released on 19.03.2005 under Category -1(A).

That complainant drawn Recorded Maximum Demand (RMD) of 543.62 KVA whereas the complainant Contracted Maximum Demand (CMD) is 450 KVA which means RMD is excess over of CMD is 21%.

That as per Clause 12.3.2 of GTCS:

*“if at any time the maximum demand of a HT consumer exceeds his contracted demand or LT consumer exceeds the contracted load without prior approval of the*

*Board, the consumer shall be liable to compensate the Board for all damages occasioned to its equipment or machinery if any, by reason of this default, and shall also be liable to pay the charges payable by him on account of such default, and shall also be liable to pay the charges payable by him on account of such increase in demand or load and penalty, as prescribed by the board from time to time, without prejudice to this right the Board may also cause the supply to the consumer to be disconnected.”*

Accordingly the CC bill for the month of February,2019 issued as per the Tariff Order FY 2018-19 which was approved by ERC.

### 1.2.1 Terms and conditions of HT Supply

Additional Charges for maximum demand exceeding the contracted demand :  
 “In case, in any month the Recorded Maximum Demand (RMD) of the consumer exceeds his Contracted Demand with Licensee, the consumer shall pay the following charges on excess demand recorded and on the entire energy consumed.

RMD OVER CMD	Demand charges on Excess demand	Energy charges on full energy
100 to 120%	2 times of normal charge	Normal
Above 120% and up to 200%	2 times of normal charge	1.15 times of normal charge
More than 200%	2 times of normal charge	1.20 times of normal charge

In the present case the complainant has exceeded the RMD over CMD 131% that means complainant is liable to pay the Penal Demand and Penal Energy Charges the details are as follows:-

Demand charges Normal	Upto CMD 450KVA @390/-	175500.00
Demand Charges Penal (RMD-CMD)	543.64 KVA-450KVA = 93.64 @ 780/-	73039.20
Energy Charges	1.2 time of normal = 6.65*1.15 = 7.65 x 133854 units	1023983.10
TOD Charges	1.2 times of normal = 1*1.15 = 1.15 x 58386	67143.90

Therefore, in view of the above submissions it is requested to arrange to dismiss the grievance of the consumer or pass such other suitable orders in the matter.

6. The Appellants filed their rejoinder submitting as follows:-

**In reply to para No.3**

That the Clause 12.3.2 of GTCS referred about the Maximum Demand which is in respect to the Contracted Demand whereas the penal rate of energy charges are imposed on energy consumption considering Recorded Maximum Demand. Maximum Demand of Contract and Maximum Demand of recording both are different.

In other words the Contracted Maximum Demand is to be maintained during the period of operation of the HT Agreement. Whereas the Recorded Maximum Demand is to be considered for the billing purpose monthwise basis.

In view of the above, exceed of Maximum Demand then Contracted Demand in one month will not cause any damage to its equipment or machinery.

Hence, the reliance of the Respondent No.4 on above clause to impose penal energy charges in January,2019 billing month is not maintainable and liable to be set aside.

**In reply to Para No.4**

That the Respondent No.4 determining the percentage of Recorded Maximum Demand including the Quantity of Contracted Maximum Demand. Whereas the very first heading of the table is "RMD over CMD".

In other words to determine the percentage of RMD the quantity of CMD is to be excluded as per heading of the table i.e. "RMD over CMD".

Hence, the claim of the Respondent No.4 is not maintainable and liable to be set aside.

Hence, requested to allow the Appeal as prayed for.

7. The Appellant filed his written arguments dt.10.06.2019 stating as follows:-

Further to facts and evidence filed in main appeal and rejoinder, the procedure for determination of percentage of RMD over CMD will be as follows:-

If CMD is 450 KVA = RMD over CMD is 93.64 KVA  
If CMD is 100 KVA = What will be the percentage?

The calculation will be as follows;\_

$$\frac{100\text{KVA} \times 93.64 \text{ KVA}}{450 \text{ KVA}} = 20.81\% \text{ or } 21\%$$

Accordingly, the percentage of RMD over CMD will be 21% only which is far less than the first slab given in the Tariff Order table of 100 to 120%. In other words the 21% RMD over CMD is far less than the 100% RMD over CMD.

8. In the face of the said averments by both sides the following issues are framed:-

1. Whether the method of calculation adopted by the respondents is not proper?
2. Whether the Appellants are entitled for setting aside the claim of Rs 1,42,612/- in the bill pertaining to Feb,2019 dt.26.02.2019? And
3. To what relief?

**Heard Both sides.**

**Issue Nos 1 & 2**

9. A perusal of the averments by both sides clearly go to show that the Appellant contended that the Respondents have claimed excess bill for the month of Feb,2019 in view of their wrong calculation. The Respondents on the other hand denied the same and contended that they have applied the method that is prescribed by the Hon'ble TSERC i.e. the provisions prescribed in GTCS Clause 12.3.2 and the Tariff Order for the FY 2018-19.

10. The Appellant in support of his contentions stated that the Appellant M/s. RS Metal Re-Rolling Mills represented by its Director Sri. Ravinder Kumar pleaded to set aside the claim of excess energy charges of Rs 1,42,612/- claimed in the billing month of February,2019, bill dt. 26.02.2019. The Appellant has a HT Service

Connection bearing HT SC No. RJN1174 with Contracted Maximum Demand (CMD) of 450 KVA. The Appellant drawn Recorded Maximum Demand (RMD) of 543.64 KVA against their Contracted Maximum Demand with the Licensee of 450 KVA, excess of 93.64 KVA in terms of demand. Consequently the Respondents penalised the Appellant over such excess drawal based on the Terms and Conditions of the HT supply vide Clause 7.124 - Additional Charges for Maximum Demand exceeding the Contracted Demand of the Tariff Order 18-19 read with GTCS Clause 12.3.2. The matter of dispute arises over applying the energy charges towards excess usage where the Appellant claimed that energy charges shall be charged 1 time of the tariff rate, whereas the Respondents has charged 1.15 times which was stated to be not liable. While on the other hand the Respondents stated that the Respondents relied on the GTCS Clause 12.3.2 and the Tariff Order FY 2018-19 under Clause 7.124 - Additional Charges for Maximum Demand exceeding the Contracted Demand. It was held that the Appellant has drawn RMD of 543.64 KVA against the CMD of 450 KVA, excess drawn of 21% over the CMD. The details of calculation of the Penal Demand and Penal Energy charges are as follows:-

Demand charges Normal	Upto CMD 450KVA @390/-	175500.00
Demand Charges Penal (RMD-CMD)	543.64 KVA-450KVA = 93.64 @ 780/-	73039.20
Energy Charges	1.2 time of normal = $6.65 \times 1.15 = 7.65$ x 133854 units	1023983.10
TOD Charges	1.2 times of normal = $1 \times 1.15 = 1.15$ x 58386	67143.90

11. In view of the said submissions of the Respondents the Appellants countered the same stating that the Contracted Maximum Demand is to be maintained during the period of operation of HT agreement. Whereas the Recorded Maximum Demand is to be considered for the billing purpose month wise basis. That exceeding maximum demand over contracted demand in one month do not cause any damage to the equipment of machinery of the Licensee. Hence reliance of the Respondents on GTCS Clause 12.3.2 to impose penal energy charges is not maintainable and liable to be set aside. Further relied on the heading of the table “RMD over CMD” for determining the percentage of Recorded Maximum Demand including the quantity of

the Contracted Maximum Demand, it was held that to determine the percentage of RMD the quantity of CMD is to be excluded as per the heading “RMD over CMD” of the table. The Appellant has given procedure of determination of percentage of RMD over CMD with an example as following :-

If CMD is 450 KVA = RMD over CMD is 93.64 KVA  
If CMD is 100 KVA = What will be the percentage?

The calculation will be as follows:-

$$\frac{100\text{KVA} \times 93.64 \text{ KVA}}{450 \text{ KVA}} = 20.81\% \text{ or } 21\%$$

It was held that the percentage of RMD over CMD will be 21% only which is far less than the first slab given in the Tariff Order table of 100 to 120%. In other words the 21% RMD over CMD is far less than the 100% RMD over CMD.

12. In the face of the said contentions by both sides Clause 2.2.11 of GTCS is perused and reproduced as follows:-

*“Contracted demand” or Contracted Maximum Demand” means the maximum demand the consumer intends to put on the system, as described in Clause 2.2.35 and is so specified in the supply agreement between the parties.”*

Clearly the Contracted Maximum Demand is the maximum demand the consumer intends to put on the system, he has the liberty to avail the maximum demand as per his requirement which shall be placed before the Licensee while concluding the HT agreement at the time of release of supply. The Clause 2 of agreement for supply of electricity at High Tension referred at Appendix IIA of the GTCS is placed below:-

*“I/We agree to take from the Company, electric power for a Maximum Load not exceeding \_\_\_\_\_ kVA which shall be taken to be my/our Contracted Demand for our exclusive use for the purpose above mentioned, at our Mills/Factory/Premises situated at\_\_\_\_\_. My/Our contracted load shall be \_\_\_\_\_ HP and/ or \_\_\_\_\_ kW. I/We shall not effect any change in the Maximum Demand or Contracted Load without prior intimation to the Company.”*

By concluding the HT agreement the Appellant agreed to the condition that he will not draw maximum load not exceeding the Contracted Maximum Demand. The plea taken by the Appellant that the CMD is to be maintained during the period of operation of HT agreement and only RMD is to be considered for billing purpose is not correct as per the above said clause of the agreement, it is binding on the Appellant to maintain the Maximum Demand upto CMD, otherwise the penal charges for such drawal shall be imposed. The GTCS Clause 12.3.2 not only mandates the consumer to compensate the company for all damages occasioned if any, but also the consumer is liable to pay the charges prescribed from time to time through Tariff Orders for such increase in demand over the CMD. That there was no damages occurred upon the equipments of the Licensee does not substantiate the Appellant's plea to avoid the penal charges.

The Clause 7.124 of the Tariff Order FY 2018-19 provides the charges to be levied in case, in any month the RMD exceeds the CMD is given below:-

<b>RMD over CMD</b>	<b>Demand charges on excess demand</b>	<b>Energy charges on full energy</b>
100 to 120%	2 times of normal charge	Normal
Above 120% and up to 200%	2 times of normal charge	1.15 times of normal charge
More than 200%	2 times of normal charge	1.20 times of normal charge

The Appellant argued that while determining the percentage of RMD the quantity of CMD is to be excluded as per the heading "RMD over CMD" given above which is not correct.

13. A perusal of the letter No. APERC/Secy/E205/Engg 2009 dt.17.09.2009 clearly clarifies the said dispute between the Appellant and the Respondents and the same is hence reproduced as under:-



**ANDHRA PRADESH ELECTRICITY REGULATORY COMMISSION**

From

Secretary, APERC,  
4<sup>th</sup> Floor, Singareni Bhavan,  
Red Hills, Hyderabad – Reg

To

The Chairman & Managing Director,  
APCPDCL, Hyderabad.

The Chairman & Managing Director,  
APEPDCL, Vishakapatnam.

The Chairman & Managing Director,  
APNPDCL, Warangal.

The Chairman & Managing Director,  
APSPDCL, Tirupati.

Lr.No. APERC/Secy/E-205/Enqq/2009 Dated 17-09-2009

Sir,

Sub: - Tariff Order 2009-10 – W.P.No.14961 of 2009 - Clause 6 of General Conditions of HT Supply – Annexure – D – Clarification issued.

Ref: - Lr.No.CGM/Comm/SE/DE(RAC)/F. Dem charges/D.No.984  
Dated 24-08-2009 of APCPDCL.

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APCPDCL requested the Commission to issue clarification with reference to W.P.No.14961 of 2009 vide letter cited in the reference. The details of clarification are furnished below:

Clause 6 of General Conditions of HT Supply – Annexure – D reads as follows:

**(6) ADDITIONAL CHARGES FOR MAXIMUM DEMAND IN EXCESS OF THE CONTRACTED DEMAND**

If in any month the Recorded Maximum Demand (RMD) of the consumer exceeds his contracted demand with Licensee, the consumer will pay the following charges on excess demand and energy.

Excess RMD over CMD	Demand Charges on Excess Demand	Energy Charges on Excess Energy
100 to 120%	2 times of normal charge	Normal
Above 120% and up to 200%	2 times of normal charge	1.5 times of normal charge
More than 200%	2 times of normal charge	2 times of normal charge

*Excess demand and energy shall be computed as follows:*

Excess Demand = (RMD - CMD) of RMD is more than CMD with Licensee  
Excess Energy = (Excess Demand / RMD) x Recorded Energy

2. With reference to the above clause, the Petitioners plea is that, the clause 6 gives the meaning that Excess RMD over CMD should be above 100% (200% of CMD) to levy penal charges for exceeding the Contracted Demand.

3. If the consumer is allowed to consume Demand upto 200% of CMD (Excess RMD over 100% CMD), it would lead to over burdening of the lines and power transformers which is not desirable for safe operation of the system.

4. If the consumers overload the system indiscriminately, without proper approval, it may lead to system collapse. The intention of the Commission is to restrict such consumers to utilise the allocated contracted demand only. The objective of the Commission is not to earn revenue for DISCOMs. The Commission approved the penal charges such that it should act as deterrent on those consumers who use un-authorized power.

5. In view of the above, it is hereby clarified that the intention of the Commission is to impose higher rates of demand and energy charges as per the rates given in the chart in para (6) of General Conditions of HT Supply of Annexure –D, when the RMD of any consumer exceeds 100% level of their CMD.

6. Hence, it is hereby clarified that the heading of column 1 in para 6 of General Conditions of HT Supply of Annexure-D is to be interpreted as "**RMD as a percentage of CMD**" for calculation of additional charges for maximum demand in excess of the contracted demand.

Yours faithfully,  
  
**SECRETARY**

14. Hence in view of the above discussions and the mandate given by the Hon'ble Commission it is very clear that the contention of the Appellant that the Respondents have claimed excess energy charges of Rs 1,42,612/- in the month of Feb,2019 is not in accordance with the directions of the Hon'ble Commission and hence cannot be accepted as such finds that the claim of the bill for the month of Feb,2019 dt.26.02.2019 by the Respondents is in accordance with the prescribed procedure and as such does not require to be set aside and thus the finding of the CGRF is found to be correct. As such decides these issues against the Appellant.

#### **Issue No.2**

15. In the result the Appeal is dismissed.

TYPED BY Office Executive cum Computer Operator, Corrected, Signed and Pronounced by me on this the 8th day of July, 2019.

Sd/-  
**Vidyut Ombudsman**

1. M/s. RS Metal Re Rolling Mills, represented by Sri. Ravinder Kumar,  
Sy. No.482 & 483, Chowlapally Village, Faroor Nagar Mandal,  
Mahaboobnagar, RR Dist - 509 001
2. The DE/OP/Shadnagar/TSSPDCL/RR Dist.
3. The SAO/OP/Rajendra Nagar Circle/TSSPDCL/RR Dist.
4. The SE/OP/Rajendra Nagar Circle/TSSPDCL/RR Dist.

**Copy to :**

5. The Chairperson, CGRF-GHA, TSSPDCL, GTS Colony, Vengal Rao Nagar,  
Hyderabad.
6. The Secretary, TSERC, 5<sup>th</sup> Floor Singareni Bhavan, Red Hills, Lakdikapul, Hyd.