

# BEFORE THE ELECTRICITY OMBUDSMAN (MUMBAI)

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

## REPRESENTATION NO. 107 OF 2024

In the matter of change of tariff category and R & D activity

The Automotive Research Association of India. ....Appellant  
(Con. No. 170019002945)

V/s.

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

Appearances:

Appellant : 1. Vijay Pankhawala, Sr. Dy. Director  
2. Sandeep Sabnis, DGM, Purchase  
3. Amit Ghate, Elect. Manager  
4. Suvarna Bhagwat, GM Finance  
5. T.N. Agrawal, Representative

Respondent: 1. S. D. Gaikwad, Superintending Engineer, GKUC, Pune  
2. S. J. Murkute, E.E.(Admin), GKUC, Pune


**Coram: Vandana Krishna (Retd. IAS)**

Date of hearing: 11<sup>th</sup> October 2024

Date of Order: 31<sup>st</sup> January 2025

## ORDER

This Representation was filed on 8<sup>th</sup> June 2024 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 8<sup>th</sup> April 2024 passed by the Consumer Grievance Redressal Forum, MSEDCL, Pune Zone (the Forum). The Forum has given directions as below: -

  
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“2) The Respondent and the Complainant are directed to revisit the premises within 15 days from the date of receipt of this order with the Competent Authority and technical expert from both the parties, to confirm actual usage of all the activities related with R&D unit as well as non-related with R&D unit. This should be calculated on the percentage basis to ascertain the actual usage of electricity so that circular no 323 dated 03.04.2020 can be applied with the prospective effect.”

2. The Appellant has filed this representation against the order of the Forum. An e-hearing was held on 11<sup>th</sup> October 2024 through Video Conference. The 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 is a HT Consumer ((No. 170019002945) of the Respondent from 06/02/1975. The connection details are tabulated as below:

Table 1

| Name of Consumer                             | Consumer No. | Address on Bill                        | San. Load/ Contract Demand | (KVA) | Date of Supply | Main Activity          | Date of Online Application for change of Tariff Category | Date of Application in Forum |
|--|--------------|--|----------------------------|-------|----------------|------------------------|--|------------------------------|
| The Automotive Research Association of India | 170019002945 | Vetal Tekadi, Poud Road, Kothrud, Pune | 12335 KW/ 4000 KVA         | 4000  | 06-02-1975     | Research & Development | 19-10-2020 (Commercial to Industrial)                    | 18-08-2023                   |

**Background:**

(ii) The Appellant, Automotive Research Association of India (ARAI), established in 1966, is the leading automotive R&D organization of the country set up by the Automotive Industry with the Government of India. ARAI is an autonomous body affiliated to the Ministry of Heavy Industries, Government of India. The Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India, has recognized ARAI as a Scientific and Industrial Research Organization (SIRO). Further, ARAI is a prime Testing and

  
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Certification Agency notified by Government of India under Rule 126 of Central Motor Vehicle Rules, 1989.

ARAI has been playing a crucial role for assuring safe, less polluting, more efficient and reliable vehicles. Working in harmony and in confidence with its members, customers and the Government, it provides services and expertise in the areas of Engineering Services, Certification & Standardisation, Research & Development, Technology Development and Knowledge Initiatives. It also offers Automotive Technologies and India Specific Data Bases for automotive product development for the Indian market. ARAI has been assisting Government in formulating automotive standards and regulations. ARAI serves hundreds of customers in a year including Automotive OEMs Engine, Component and Systems Suppliers, a large number of SMEs, and a host of Industries/ Organizations from Non-Automotive sectors too.

With its pursuit towards advancement of automotive technology to create safer, cleaner, reliable and affordable vehicles, ARAI envisions to become a global automotive R&D Organisation by providing R&D services the world over and be the preferred choice of the automotive industry. ARAI is a part of the 'Make in India' movement through its services that support, facilitate, and augment Innovate in India, Design in India, Validate in India and Skill India.

- (iii) The Maharashtra Electricity Regulatory Commission ( the Commission) issued a Tariff Order on 30/03/2020 in Case No. 322 of 2019 (effective from 01/04/2020) wherein the tariff category of “Stand-alone Research & Development Units” was changed from HT II: HT- Commercial to HT I (A): Industry – General. The activity of the Appellant is “Stand-alone Research & Development Units”. Accordingly, the Appellant applied online on WSS Portal of MSEDCL on 19.10.2020 for change of tariff Category from HT-IIC to HT-IA followed by physical submission of application on 22.10.2020.
- (iv) The chronological events of the case with MSEDCL site visits and follow up:-


  
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Table 2:

| S. No. | Date                     | Description of the Event                                      | Analysis of the Event & Remarks.  |
|--------|--------------------------|---|---|
| 1      | 12-02-2020               | Follow up reminders through email on 02.12.2020.              | After follow up, the MSEDCL team visited ARAI Kothrud unit.   |
| 2      | 12-05-2020               | Visit of MSEDCL team.   | Team of MSEDCL visited the plant but no formal report was made.<br><b>1st visit.</b>  |
| 3      | 06/01/2021 to 14/06/2021 | Follow up reminders through email.                            | Follow up for change of tariff category but no change was made.   |
| 4      | 28/02/2022               | Visit of Regional Director (RD), MSEDCL, Pune.                | <b>2nd visit.</b>   |
| 5      | 10-05-2022               | Meeting of ARAI officials with RD MSEDCL Pune.                | A letter was submitted by Director, ARAI to RD Pune on 14.07.2022 explaining about R&D activities of ARAI.  |
| 6      | 21/06/2022 & 27/06/2022  | Follow up mail  | Director ARAI visited RD, MSEDCL Pune.  |
| 7      | 14/07/2022               | Email to SE MSEDCL  | Follow up mail.   |
| 8      | 25/07/2022               | Visit of MSEDCL team for spot verification.                   | <b>3rd visit.</b>   |
| 9      | 24/02/2023               | Visit of SE MSEDCL GKUC & team for spot verification.         | <b>4th visit.</b> After due verification, the MSEDCL team recommended that "Nature of use is Independent use of Research & Development & Testing, hence tariff recommended HT-II Commercial to HT-IA Industry.  |
| 10     | 01-03-2023               | Recommendation letter of SE GKUC to RD, MSEDCL Pune           | Based upon the SV report of 24/02/2023, the SE MSEDCL GKUC recommended to RD office very positively for change of tariff category from HT-II Commercial to HT-I(A) Industrial. Accordingly, the status of online application was updated as 'verified'.   |
| 11     | 13/06/2023 & 28/06/2023  | Follow up letters by Consumer to RD Office, Pune              | Follow up letter, and submitted valid SIRO's certificate issued by Ministry of Science & Technology.  |
| 12     | 05-07-2023               | Online Complaint on MSEDCL Portal (ID- 000028587635)          | As there was no change of tariff category, they also filed an online complaint on MAHADISCOM portal on 05.07.2023.  |
| 13     | 07-07-2023               | Letter of consumer to SE MSEDCL - GKUC                        | Follow up letter by giving reference of recommendations dt.01.03.2023, Citizen charter of MSEDCL for change of tariff category, MERC supply code regulations-2021 etc.  |
| 14     | 14/07/2023               | Letter to MD, MSEDCL.   | Letter to MD of MSEDCL requesting his intervention in long pending issue for more than 2 ½ years. The RD office kept on hold proposal duly verified by SE Office for more than 5 months.  |
| 15     | 19/07/2023 & 21/07/2023  | Visit of MSEDCL officials for verification of R&D activities. | <b>5th visit.</b><br>On 21/07/2023, we submitted photographs of the visit made by MSEDCL, SIRO's certificate of R&D and objectives of the SIRO. Based upon the above visit, the officials who visited our unit resubmitted the recommendation report to RD office of MSEDCL, but this report was not made available to the Appellant. |
| 16     | 18-08-2023               | Approached Forum  |   |

*[Note: Thus at least 5 site visits were carried out, but apparently there was basic disagreement between the parties as to whether all of ARAI 's activities could be classified under R & D category or not.]*

- (v) Because of the long pending issue, the Appellant finally filed a grievance application with the Forum on 18/08/2023. The Forum, by its order principally

  
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rejected the grievance application of the Appellant in Case No. 68 of 2023. The operative order of the Forum is produced in the First Para. Not satisfied with this order, the Appellant has approached the Electricity Ombudsman(Mumbai).

(vi) The following points were put on record by the Appellant as a part of its submissions.


**A. Regulatory Provisions:**

As per the Citizen Charter & SOP regulations, the change of tariff category should have been implemented from the 2nd billing cycle i.e. December 2020 onwards.

The Appellant referred to the Citizen Charter of MSEDCL issued by CMD of MSEDCL which is available on Mahadiscom portal, of which Section 2.6 for change of Tariff category is reproduced as below:

- i. *Login on the Web-Self-Service Portal with your registered login id and password.*
- ii. *Check on the tab 'Tariff Change'. Update the activity details from the dropdown list and type of supply (Single phase or three phase, as applicable).*
- iii. *Concern MSEDCL official will visit your premises, if required for confirming the business activity as requested by you through selection from the drop down list.*
- iv. *Prior intimation of the visit of MSEDCL officials will be given to you through 'SMS' on your registered mobile number.*
- v. *In case of approval, change will be effective from the next billing cycle else reasons for rejection will be communicated to the consumer within 3 days from the date of inspection of our official.*

It is clear from the above that once an application is uploaded, the change of tariff category should be effective from the next billing cycle, or else the reason for rejection should be communicated within 3 days after visit of MSEDCL officials. In the present case, after filing of the online application on 19.10.2020, the MSEDCL officials visited the site on multiple occasions from Nov-2020 to July-2023. They submitted a Spot Verification Report with their recommendation to change the tariff category only on 24.02.2023 i.e. after 28 months from the filing of

  
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the application. It is evident from the above that MSEDCL violated their own citizen charter by not implementing the change of tariff category and delaying the process.

The Appellant understands that such types of R &D units have already been categorized under industrial tariff category by MSEDCL in Maharashtra. As such there should not be any discrimination for granting industrial tariff category for the unit of R&D Activity of the Appellant. Sample copies of the bills of Nashik Engineering Cluster and CPRI Nashik are kept on record.


**B. MERC Supply Code & SOP Regulations-2014:**

As per MERC Supply Code and SOP Regulations 2014 now updated in 2021, change of Tariff category should be made effective from the 2<sup>nd</sup> billing cycle. Further the above SOP Regulations 2014 also provide for penalty for any delay implementing the change in tariff category at Rs.100/- per week. Hence for a delay of  $40 \times 4 = 160$  weeks, compensation payable to the consumer by MSEDCL would be Rs.16,000/-.

(vii) In view of the above, the Appellant prays that the Respondent be directed

- a. to immediately change the tariff category from HT-II Commercial to HT-IA Industrial from the 2<sup>nd</sup> billing cycle i.e. from December-2020, & to allow refund of the excessive recovery from December-2020 till implementation of the tariff change.
- b. to compensate for delay in implementing the change in tariff category @ Rs.100/- per week for 160 weeks = Rs.16,000/-.
- c. to compensate Rs. 50,000/- towards mental agony, expenditure for follow up with MSEDCL, filing grievance application, attending offices of MSEDCL, attending hearings, man-hour cost, travelling expenses etc.

3. The Respondent filed its reply by email dated 10/08/2024. Its submissions and arguments are as below.

  
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- (i) The Appellant is a commercial consumer from 06/02/1975, with details as charted in Table 1. The Appellant applied for change of tariff category from commercial to industrial on 19.10.2020 through Web Self Service (WSS) Portal followed up with a physical application on 22.10.2020.
- (ii) The Respondent inspected the premises of the Appellant on 05/12/2020. The application for change of tariff category was forwarded to the Competent Authority (the Regional Director) immediately with due recommendation. However, due to the complexity of the case and the mixed load of the applicant viz. corporate office, training center along with Research & Development Activity, the change of tariff category was pending with the Regional Director Office. **The consumer was advised to segregate the mixed load into office activity and R& D activity.** The consumer has not done so.
- (iii) The Regional Director also confirmed the mixed load with their visit to ARAI on 28/02/2022, and advised the applicant to bifurcate the Office load and R&D load.
- (iv) ARAI is a complex with a composite load of office, training center, and R&D unit. The website of ARAI indicates that


*“The ARAI provides services & expertise in the areas of Engineering services, Certification & Standardization Research & Development, Technology development and Knowledge initiatives.*

*The ARAI has been assisting Government in formulating automotive standards and Regulations.*

*The ARAI serves hundreds of customers in a year, large no of SEMS and Industries/Organization for non-automotive sectors also.”*

- (v) **The ARAI is not an independent R&D unit.** If the load is bifurcated and R&D activities are separated, then the proposal of tariff change can be considered. Considering the mixed activity of ARAI, the tariff change proposal was rejected by the Regional Director office, Pune.

*[Note: The Respondent has not put on record any written reply or intimation to the Appellant on the above lines, giving reasons for rejecting its application, or contending mixed / composite load or recommending bifurcation of the load.]*

  
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- (vi) The Appellant filed a grievance application with the Forum on 18/08/2023 for change of tariff category from commercial to industrial. The Forum by its order dated 08.04.2024 has principally rejected the grievance application due to mixed load, and directed to revisit the premises within 15 days from the date of receipt of its order with technical experts from both the parties, to confirm actual usage of all the activities related with R&D as well as non R&D activities on percentage basis. The Appellant did not respond for inspection as per Forum's order.
- (vii) The activities of the Appellant are : (a) Testing and verification (b) Certification & non homologation (c) Design, Research & Development (d) Project & consulting (e) Standardization & harmonization (f) Inspection & audit (g) Equipment calibration (h) Testing solutions & Education & training (i) Knowledge dissemination (j) Advisor to new start up units in vehicle field, etc.
- (viii) Going through its latest documents and financial statement, ARAI is registered under Public Trust Act 1960. ARAI is recognized under the scheme of Scientific and Industrial Research Organization (SIRO) 1988. ARAI is also acknowledged as one of the prime Testing and Certification Agencies notified by the Government of India under Rule 126 of Central Motor Vehicle Rules, 1989.
- (ix) Registration certificate of incubation center along with clarification regarding charging of fees for vehicle testing was demanded from the consumer to verify if there is any commercial use. On 09.10.2024, the consumer has informed through email that the fund generated is used for R&D activity. *[Note: It seems that the parties could not come to any agreement regarding bifurcation of load or about the very definition of its R&D activities.]*

4. During the course of the hearing, the parties were directed to carry out a fresh Joint Inspection and to submit the report to this office. The Respondent and the Appellant carried out joint inspection on 11.10.2024 in the premises of the Appellant. The Respondent by email dated 20.12.2024 submitted its report as below:

Table 4:


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| Sr.No. | Name of the Laboratory                    | Details of Load in KW |       |          |            | Activities carried out and Observation  |
|--------|---|-----------------------|-------|----------|------------|---|
|        |   | Motor                 | AC    | Lighting | Total Load |   |
| 1      | SDL - Structural Dynamics Laboratory      | 1285.8                | 154.5 | 141.73   | 1582.03    | Lab is used for development of components of vehicle as per service conditions. Simulation is done for testing of various load profile as per service condition. Automotive and Non-automotive purpose components are tested by simulation like suspension, air bags, axel, tyre, seats, etc. Based on reports received after simulation and analysis, development is done to improve vehicle performance in terms of vehicle dynamics, handling, etc.        |
| 2      | OLD ECL- Old Emission Control Laboratory  | 2681.84               | 311.8 | 171.64   | 3165.2791  | Test on Dynamometers are carried out for emission analysis. The emission parameters of different types of fuels are collected and compared with standard values. Based on test results, developments are suggested to improve the performance.  |
| 3      | NEW ECL - New Emission Control Laboratory | 1021.09               | 197   | 78.52    | 1296.61    | Analysis of emission parameters of vehicle in standard condition and speed with the help of dynamometers are carried out. The various fuels such as Gasoline, diesel, Bio-fuel etc. are used testing. The exhaust emission is collected in airbags and compared with standard emission parameters / components. Based on test results, developments are suggested to improve the performance. Used for analysis on two wheelers to heavy commercial vehicles. |
| 4      | NVH - Noise Vibration & Harshness         | 272                   | 73.75 | 117      | 462.75     | Noise related   |

  
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|    |   |         |          |        |           |  |
|----|---|---------|----------|--------|-----------|--|
| 5  | SHL-Safety & Homologation Laboratory            | 424     | 79.7     | 63.362 | 567.062   |  |
| 6  | CHEMICAL  | 55.38   | 0.6      | 72.14  | 128.12    |  |
| 7  | METROLOGY                                       | 0.92    | 5.5      | 1      | 7.42      |  |
| 8  | WORKSHOP  | 145.5   | 0        | 5      | 150.5     |  |
| 9  | OLD EDL-Engine Development Laboratory           | 2370.59 | 135.4812 | 150    | 2656.0712 | This lab includes 8 testing cells with dynamo of range 20 KW to 600 KW range. Research and Development is carried out for emission, power torque and fuel economy. Design and development of engine from Scratch to Prototype for Government and Industry research projects. |
| 10 | D-BLDG CONNECTED LOAD                           | 0       | 72.5     | 55.2   | 127.7     |  |
| 11 | CRASH TEST                                      | 25.00   | 46.53    | 74.00  | 145.53    |  |
| 12 | SLED TEST FACILITIES                            |         |          |        |           |  |
| 13 | ARAI POINT                                      |         |          |        |           |  |
| 14 | AED - Automotive Electronics Dept.DYNO. AND LAB | 390     | 203.376  | 61.85  | 655.226   | To measure range of Electric Vehicles at various pay load conditions To measure energy condition to determine power consumption of vehicle. To derive maximum and rated Power of vehicle on Dynamometer. Improvising identified vehicle parameters in electrification.       |
| 15 | LOADED MODE TEST FACILITY                       | 32      | 0        | 0      | 32        |  |
| 16 | CALIBRATION                                     | 17.6    | 21.3     | 24.408 | 63.308    |  |
| 17 | PSL-Passive Safety Laboratory                   | 55.5    | 28.72    | 22     | 106.22    |  |
| 18 | ADMIN. BLDG                                     | 0       | 114.6    | 219.49 | 334.089   |  |
| 19 | HMR-Homologation Management & Regulations       | 8.25    | 4.3      | 2.144  | 14.694    |  |
| 20 | TG - Technology Group                           | 0       | 0        | 60     | 60        |  |




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|    |  |       |      |      |                 |   |
|----|--|-------|------|------|-----------------|---|
| 21 | NEW EDL -<br>Engine<br>Development<br>Laboratory | 3925  | 0    | 140  | 4065            | This lab includes 6 testing cells with Transient dynamometer of 300 KW and 500 KW rating. Air Handling unit is used to create various atmospheric condition to test the performance of engine. Development is carried out for emission, Power torque and Fuel economy. Based on test results, the development is suggested to reach standard value. |
| 22 | ENDURANCE  | 317   | 20.7 | 32.6 | 370.3           |   |
| 23 | MTL - Material<br>test lab                       | 39.03 | 20.3 | 1.06 | 60.39           |   |
|    | <b>TOTAL</b>                                     |       |      |      | <b>16050.30</b> |   |

### Conclusion

- 1) After visiting the various laboratories, details of premises having higher loads are taken and concerned activities are only considered, it is observed that the testing and validation of various parameters of Automotive industry is carried out by simulation. Based on the test results, development is carried out to reach standard desired values.
- 2) During site visit it is observed that there were private vehicles of various companies such as Tata, Bajaj, Maruti, Mahindra, etc. It is learnt that testing of vehicles is carried out of these vehicles at ARAI. This office requested to give the details of charges levied to these private companies for testing. However, the ARAI representatives could not make available the same. Hence it cannot be ascertained whether the organization is profit making or not.
- 3) Testing, certification and development of Electric and Hybrid vehicles is carried out.
- 4) Various laboratories such as emission evaluation, Noise Vibration and Harshness, Structural Dynamics, Engine Development, Automatic Electronics etc. carry out testing and research and development activities.

  
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5) ARAI provides vehicle manufacturers, engine development, component and system suppliers, startups etc. provides technological support by charging price, giving certification after testing vehicles.”

5. In response to the joint site report and the conclusion remarks of the Respondent, the Appellant also filed their reply dated 27.12.2024 and cleared the point no. 4 which is as follows:


*"In the conclusion point no. 4 of MSEDCL letter, it is mentioned that it cannot be ascertained whether the organization is profit making or not. In this regard, we again clarify that as per SIRO's certificate T&C No. 7, it is clearly mentioned that the realization, if any from the services rendered by ARAI shall be shown in the R&D account of the organization as income of the SIRO in the audited accounts as well as annual report and should be used or reinvested for research activity only, copy of SIRO's certificate is attached. Based upon the audited annual report and on satisfying conditions of Ministry of Science & Technology, our SIRO's certificate is renewed after every 3 years."*

6. While scrutinizing the above-mentioned joint survey report dated 20.12.2024, this office sought the following clarifications from the Appellant by email dated 30.12.2024:-

*"As per the website of ARAI, the following Departments were observed: -*

- A. Engineering Services:**
- B. Certification & Standardisation**
- C. Research & Development**
- D. Departments & Laboratories**
- E. Knowledge Dissemination**

1. *It is difficult to understand from the joint survey report submitted and the information sought from the website of ARAI that the activity of research and development falls under which department. Please clarify the differentiation of research and development with other engineering / administrative activities, etc.*
2. *What is the total department wise area along with its mapping and its manpower utilization? "*

  
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7. The Appellant on 13.01.2025 has submitted their response for this office email as below: -

*"We would like to bring to your notice that tabs for A (Engineering Services), B (Certification & Standardisation), C(Research & Development) and E(Knowledge Dissemination) on our website mentions the portfolio of services we are offering to automotive and non-automotive industry, Government establishments, Academia etc. and are not the departments as mentioned in your query. These services are based on the activities done by various departments and laboratories mentioned in D (Departments & Laboratories).*


*All the labs mentioned under point D (Departments & Laboratories) carry out Research and Development activities and department wise major research activities have been elaborated in the earlier submitted joint survey report which can also be seen from clicking the names of those lab in the tab D(Departments & Laboratories) on the website.*

*Please note that departments carrying our administrative activities or support services are not mentioned on our website, for example, Human Resources Management and Administration, Finance and Accounts etc."*

**Point 2:**

*Please find attached the file indicating ARAI Kothrud facility department wise area mapping and manpower details for your kind reference."*

8. Subsequently, the Appellant submitted by its letter dated 29.01.2025 confirming that  
*"1 . Office Load of 334.09 KW (2.08%) is for the administrative office, which is related & part of the R&D activities. This load was jointly certified by ARAI & MSEDCL team during the visit on dt.07.11.2024, copy of MOM is attached.*

  
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***2. As per the mutual discussions/settlement held with MSEDCL Nodal Officer, we agree to accept change of tariff category HT-II Commercial to HT-I Industrial category effective from the date of decision/order of Elect. Ombudsman, Mumbai.”***

## **Analysis and Ruling**

9. Heard the parties and perused the documents on record. The detail of connection is charted in Table 1.


10. The Appellant contended that it was established in 1966, and is one of the leading automotive R&D organization set up by the Automotive Industry with the Government of India. It is an autonomous body affiliated to the Ministry of Heavy Industries, Government of India. The Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India has recognized the Appellant (ARAI) as a Scientific and Industrial Research Organization. Further, it is also a prime Testing and Certification Agency notified by Government of India under Rule 126 of Central Motor Vehicle Rules, 1989.

11. The Maharashtra Electricity Regulatory Commission issued a Tariff Order on 30/03/2020 in Case No. 322 of 2019 which is effective from 01/04/2020 onwards. The provisions regarding the applicability of an industrial tariff to 'stand-alone' R & D units are as follows:-

*HT I (A): Industry – General Applicability:*

*This tariff category is applicable for electricity for Industrial use at High Voltage for purposes of manufacturing and processing, including electricity used within such premises for general lighting, heating/cooling, etc.*

*It is also applicable for use of electricity / power supply for Administrative Offices / Canteen, Recreation Hall / Sports Club or facilities / Health Club or facilities/ Gymnasium / Swimming Pool exclusively meant for employees of the industry; lifts, water*

  
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*pumps, fire-fighting pumps and equipment, street and common area lighting; Research and Development units, etc. –*

*Provided that all such facilities are situated within the same industrial premises and supplied power from the same point of supply.*

*This tariff category shall be applicable for use of electricity / power supply by an Information Technology (IT) or IT-enabled Services (ITeS) Unit as defined in the applicable IT/ITeS Policy of Government of Maharashtra.*

*It shall also be applicable for use of electricity / power supply for (but not limited to) the following purposes:*

*a. to n. ....*


*m. **Stand-alone Research and Development units***


*.....*

12. The Respondent initially contended that they inspected the premises of the Appellant on 05/12/2020. The application for change of tariff category was forwarded to the Competent Authority (the Regional Director with due recommendation). However, due to the complexity of the case and the mixed load of the applicant viz. corporate office, training center along with Research & Development Activity, the change of tariff category was not changed and **the Appellant was advised to segregate the mixed load into office activity and R & D activity however, it has not done so.**

13. During the hearing, the parties were directed to carry out a fresh Joint Inspection and to submit the report to this office. The Respondent and the Appellant carried out joint inspection on 11.10.2024. The Respondent by email dated 20.12.2024 submitted its report as tabulated in Table 4. Minutes of the meeting of the joint visit dated 07.11.2024 indicates that the load of the administrative building is 334.09 KW, however, the total load was found 16050.3 KW as given in the Table 5 below:-

Table 5


  
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| <b>Details Of Load (Lab Wise)</b> |   |                              |
|-----------------------------------|---|------------------------------|
| <b>Sr.No.</b>                     | <b>Name Of The Laboratory</b>                       | <b>Details Of Load In Kw</b> |
| 1                                 | SDL - Structural Dynamics Laboratory                | 1582.0                       |
| 2                                 | Old ECL- Old Emission Control Laboratory            | 3165.3                       |
| 3                                 | New ECL - New Emission Control Laboratory           | 1296.6                       |
| 4                                 | NVH - Noise Vibration & Harshness                   | 462.8                        |
| 5                                 | SHL-Safety & Homologation Laboratory                | 567.1                        |
| 6                                 | Chemical  | 128.1                        |
| 7                                 | Metrology   | 7.4                          |
| 8                                 | Workshop  | 150.5                        |
| 9                                 | Old EDL-Engine Development Laboratory               | 2656.1                       |
| 10                                | D-Bldg Connected Load                               | 127.7                        |
| 11                                | Crash Test  | 145.5                        |
| 12                                | Sled Test Facilities                                |                              |
| 13                                | Arai Point  |                              |
| 14                                | AED - Automotive Electronics Dept. Dyno. And Lab    | 655.2                        |
| 15                                | Loaded Mode Test Facility                           | 32.0                         |
| 16                                | Calibration   | 63.3                         |
| 17                                | PSL-Passive Safety Laboratory                       | 106.2                        |
| <b>18</b>                         | <b>Admin. Bldg</b>                                  | <b>334.1</b>                 |
| 19                                | HMR-Homologation Management & Regulations           | 14.7                         |
| 20                                | TG - Technology Group                               | 60.0                         |
| 21                                | New EDL - Engine Development Laboratory             | 4065.0                       |
| 22                                | Endurance   | 370.3                        |
| 23                                | MTL - Material Test Lab                             | 60.4                         |
|                                   | <b>TOTAL</b>  | <b>16050.3</b>               |
|                                   | <b>% of Admin Bldg wrt Total Load [(18/23)*100]</b> | <b>2.1%</b>                  |

It is seen from the above Table 5 that the percentage of load of the administrative building was found 2.1 % as compared to the total load.

14. We have examined in detail the various functions of ARAI, specifically to examine whether these are covered under the definition of R & D. We find that the basic purpose of the organization and its activities fit within the definition of R & D. This view is supported by the following facts:

  
 (Dilip Dumbre)  
 Secretary  
 Electricity Ombudsman Mumbai






- I. The governing council of ARAI constitutes the members from different leading automotive industries of India. It does not have competitive advantage of single profit-making industry, nor is it vehicle manufacturing unit with a purely profit motive nature.
- II. It is registered under the Maharashtra Public Trust Act 1950.
- III. ARAI is recognized as a scientific and research organization (SIRO) by the Department of Science and Industrial Research, Ministry of Science and Technology, Government of India.
- IV. The Central Board of Direct Taxes has approved ARAI for exemption purposes under Section 35 of the Income Tax Act which allows for deductions while computing taxes for expenses relating to scientific research and includes day-to-day expenses like wages, salaries, rent, maintenance costs, etc. incurred in running a business. When the Government of India and Income Tax Department has recognized the organization as research organization, there is no reason to question this decision.
- V. We have also examined various activities of ARAI including testing, verification, consultancy, standardization, inspection and audit, training & certification. Though these activities may be done on payment basis, they still are covered under the broad scope of R & D. ARAI has engaged in various studies and research papers which contribute to passenger safety, green technology, reducing emissions, battery recycling and safety systems. It has also established learning centres and it collaborates universities across India.

In view of these findings, we hold that the activities of ARAI fall under the classification of "Stand-alone R & D Unit" and to be billed under Industrial tariff category.

15. The Appellant by its letter dated 29.01.2025 informed that as per the mutual discussions/settlement with the MSEDCL Nodal Officer of the Respondent, the Appellant agreed and prayed only for the change of tariff category from HT-II Commercial to HT-I Industrial from the date of the order of the Electricity Ombudsman, Mumbai.

16. In view of the above findings, the instant representation is allowed. The order of the Forum is modified to the extent below. The Respondent is directed : -


  
(Dilip Dumbre)  
Secretary  
Electricity Ombudsman Mumbai



- a. to apply HT-I Industrial tariff category from February 2025 onwards.
- b. Other prayers of the Appellant are rejected.
- c. Compliance to be submitted within two months from the date of issue of this order.

17. The representation of the Appellant is disposed of accordingly.

Sd/  
(Vandana Krishna)  
Electricity Ombudsman (Mumbai)

  
(Dilip Dumbre)  
Secretary  
Electricity Ombudsman Mumbai

