

**Explanatory Memorandum to the draft of Himachal Pradesh Electricity Regulatory Commission (Security Deposit) (Fourth Amendment) Regulations, 2021.**

The Himachal Pradesh Electricity Regulatory Commission (Security Deposit) Regulations, 2005 were published in the Rajpatra, Himachal Pradesh, dated 30th March, 2005 and subsequently first amendment dated 10.12.2012 and second amendment dated 31.08.2015 were also incorporated in the same.

The Commission also notified the Himachal Pradesh Electricity Regulatory Commission (Security Deposit) (Third Amendment) Regulations, 2020 on 3<sup>rd</sup> July, 2020 which were published in the Rajpatra of Himachal Pradesh on 4<sup>th</sup> July, 2020.

The HPSEBL filed an OMP No. 378 of 2020 filed under Ex. Petition No. 8 of 2016 before the Hon'ble High Court of Himachal Pradesh where the Commission is also one of the Respondent. Vide this OMP, the HPSEBL prayed the Hon'ble high Court that the increase in security deposit amount, vide HPERC third amendment regulations, 2020, is definitely disproportionate and would virtually amount to denying the electricity connection to rural people and poor farmers, who constitute the major chunk of population and electricity consumers and is thus required to be rationalized.

The Hon'ble High Court vide its order dated 27<sup>th</sup> November, 2020 in the OMP No. 378 of 2020 filed under Ex. Petition No. 8 of 2016 allowed the application filed by the HPSEBL and passed the following order :-

*“ 9. It needs to be noted that DHs while seeking permission to re-visit the Regulations of 2020, have not questioned the action of HPERC and have filed this application in the larger public interest and because abnormal hike in the security amount.*

*10. Therefore, in the given facts and circumstances, and after taking into account the abnormal and disproportionate hike which was adversely affected the rural people and poor farmers who constitute the major chunk of population and electricity consumers, I am of the considered view that the Regulations of 2020 is required to be re-visited.*

*11. Therefore, without expressing any opinion of the contentions raised by either side, the application filed by DHs/applicants is allowed and DHs are permitted to approach the HPERC by moving a*

*revised proposal for amendment to re-visit the Security Deposit Regulations, 2020 highlighting therein the ground reality vis-a-vis the interest of all the categories of consumers and power producers so as to enable the HPERC to re-examine the issue after thorough discussions and deliberations with all stake holders after complying with all the statutory requirements laid down under the Act and the Rules framed thereunder. Till such time, the Amended Regulations of 2020, are order to be kept in abeyance.*

*12. The HPERC will consider and decide the proposals as expeditiously as possible preferably before the next date of hearing*

*13. List on 04.06.2021 . It is made clear that in case the HPERC re-examines the revised proposal prior to the aforesaid date, then it shall be free to make a mention for preponement of the case.*

In pursuance of above orders of Hon'ble High Court, the HPSEBL submitted a revised proposal to the Commission on 20.03.2021 where they have proposed the following :-

- (i) In sub-regulation (3) of regulation 4 of the Himachal Pradesh Electricity Regulatory Commission (Security Deposit) (Third Amendment) Regulations, 2020, the factor (n+1.35) has been proposed to be substituted with factor (n+1.25).
- (ii) The initial security deposit rates for new connection or additional load has been proposed at the flat rates by increasing the security deposit rates fixed in the year 2004-05 by 2 to 2.5 times instead of initial security deposit rates worked out on the basis of LDHF formula as proposed earlier.
- (iii) The above flat rates of initial security deposit for new consumers or additional load shall be reviewed for individual consumers after 6 months from the date of release of connection.
- (iv) The HPSEBL has proposed the categories of consumers and billing cycle same as proposed in the principle regulations.
- (v) In order to justify the proposed factor of (n+1.25) months, the HPSEBL has proposed to reduce the period of temporary disconnection from 6 months to 3 months and to reduce the due date for payment of bills from 15 days to 10 days.

In view of above, the Commission proposes to make certain changes in the regulations. The proposed changes by and large are in line with the proposal given by HPSEBL. However, certain need based changes has been made. The proposed changes are briefly given as under :

1. The rates of initial security for new connection or additional load have been proposed to be increased by 2 to 2.5 times for all categories except for Domestic Consumers (all areas) and certain categories of consumers located in Tribal, Remote and Hard areas. The exception has been made to avoid burden on the general public seeking new connections.
2. The amount of security deposit shall be reviewed on annual basis, based on the average monthly billing for (n+1) months instead of (n+1.25) months proposed by HPSEBL. In this connection, it is also relevant to mention here that the State Govt. had also advised the Commission under section 108 of the Act, to adopt the factor of (n+1) instead of factor (n+1.35) as specified in the Third Amendment regulations, 2020. As far as the reduction in period, between temporary disconnection to permanent disconnection and due date for payment is concerned , the same does not form a part of the security deposit regulations and as such not considered in the current proposal.
3. For the new connection which may be released in the different parts of the year, it is felt that the first review shall be carried out on the first day of the quarter immediately preceding the quarter in which the period of six months, starting from the date of connection expires instead of the review of the six months as proposed by the HPSEBL. Accordingly, the amount of security deposit for the new consumers or additional load shall also be reviewed on the basis of average monthly bill based on the bills raised till such date of review.

Based on above, the draft amendment regulations are being notified so as to invite comments of the stakeholders.

**By the Order of the Commission**

Sd/-  
**Secretary**