

**HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION  
SHIMLA**

No. HPERC/438

Dated 09<sup>th</sup> June, 2014

**In the matter of:**

**Himachal Pradesh Electricity Supply Code (First Amendment) Regulations, 2014.**

**ORDER**

**1. Background**

In exercise of the powers conferred by Section 50 and clause(x) of sub-section (2) of Section 181 of the Electricity Act, 2003(36 of 2003) and all other powers enabling it in this behalf, the Himachal Pradesh Electricity Regulatory Commission had notified the Himachal Pradesh Electricity Supply Code, 2009, which was published in the Rajpatra, Himachal Pradesh, dated 29<sup>th</sup> May, 2009.

During tariff hearings and in the consultative meetings, it was observed that to keep pace with the substantial developments in the electricity sector there are opportunities for facilitating efficiencies by making appropriate changes in the Supply Code, aimed at simplification, transparency and ease in doing business. Accordingly, the Commission notified a draft of the proposed Himachal Pradesh Electricity Supply Code (First Amendment) Regulations, 2014.

**2. Prior publication of draft Regulations:**

In accordance with sub-section (3) of Section 181 of the Electricity Act, 2003 read with rule 3 of Electricity (Procedure for Previous Publication) Rules, 2005, requiring previous publication of the Regulations, the Commission published draft of Himachal Pradesh Electricity Supply Code (First Amendment) Regulations, 2014 in the Rajpatra, Himachal Pradesh on 28<sup>th</sup> April, 2014. The above draft amendment regulations were also hosted on the Commission's website [www.hperc.org](http://www.hperc.org).

The Commission also issued a notice inviting objections and suggestions from the public and the stakeholders on the above draft amendment regulations by way of insertions in two newspapers having wide circulation in the State i.e. "The Tribune" (English) and "Amar Ujala" (Hindi) dated 27<sup>th</sup> April, 2014 on or before 12<sup>th</sup> May, 2014. The Commission vide its letter dated 29<sup>th</sup> April, 2014 also supplied a copy of the draft Regulations to the Supply Code Review Panel, constituted under para 1.3 of the Himachal Pradesh Electricity Supply Code, 2009.

**3. Recommendation of Review Panel:**

The said draft Regulations were discussed in the meeting of Supply Code Review Panel held on 03.05.2014. While agreeing to most of the provisions contained in the draft

amendment Regulations, the panel suggested certain changes in some provisions which have also been explained in the relevant paragraphs.

#### **4. Responses:**

In response to the publicity given to the draft amendments, suggestions/objections were received from the following stakeholders:-

- (i). M/s Ranbaxy Laboratories Limited,  
A-41, Industrial Area, Phase VIII-A, Sahibjada Ajit Singh Nagar,  
Mohali – 160071(Punjab).
- (ii). Parwanoo Industries Association,  
Himachal Pradesh Centre for Entrepreneurship Development (HPCED) Building,  
Department of Industries Complex, Sector -1, Parwanoo-173 220 (H.P.).
- (iii). M/s Ambuja Cements Ltd.  
Rauri, PO- Darlaghat, Teh - Arki  
Distt.- Solan -171102, (HP).
- (iv). B.B.N. Industries Association (Regd.),  
C/o Single Window Clearing Agency, Industrial Area,  
Baddi – 173205 (HP). .
- (v). The Kullu Hotels & Guest Houses Association  
H.O. Hotel Naman, AB, Kullu- 175101 (HP)

#### **5. Suggestions, Objections and Views/Decisions of the Commission:**

The Commission has considered the suggestions/objections which are relevant to the proposed amendments in Supply Code and the views/decisions of the Commission have been outlined in the succeeding paragraphs.

#### **6. Substitution of Para 2.1.6.1 (Standard Supply Voltage):**

The Commission had proposed substitution of para 2.1.6.1 of the said Code so as to rationalize the provision relating to standard supply voltage/ Supply Voltage for various loads.

#### **Comments/Objections/Suggestions have been received on the following lines:-**

- (i) The upper limit of connected load for connection at 11 kV and 22 kV should be increased upto 2.6 to 2.7 MW so that the benefit of specified maximum Contract Demand is availed by the consumers. It has been suggested that similar principle be followed for all other categories also.
- (ii) The provision relating to supply of power to furnace load should be simplified and limit of furnace load should be increased.
- (iii) For the purpose of ascertaining as to whether a particular voltage exists in the area, the term ‘area’ should be defined in terms of aerial distance or distance by

road between such supply voltage station or such supply voltage line and the proposed location for which the supply is sought.

- (iv) Industries associations have stated that the objective of liberalizing supply voltage for utilizing the available infrastructure is being achieved by the draft amendment. However, to achieve the true objective of linkage of supply voltage with contract demand, it has been suggested that after identification of the voltage levels corresponding to the connected load and contract demand, lower of the such voltages should be considered as the standard supply voltage.
- (v) In cases where connected load exceeds the defined limit and the contracted demand remains within the defined limits, this should be allowed with applicable tariff plus LVSS at the prescribed rates.
- (vi) The provision with regard to ‘dedicated feeder’ should be clarified with particular reference to the following situations where :-
  - (a) the Consumer has borne the entire cost of a dedicated feeder and subsequently connection released to other consumers from the same feeder;
  - (b) the entire cost of a feeder borne by two parent and subsidiary units and used to feed power supply to these units;
  - (c) the licensee charged the total cost of a dedicated feeder but connection given through a tapping from existing feeder.

**Commission’s View:**

**The views and findings of the Commission on these suggestions are as under:-**

- (i) The suggestions as per item (i) and (ii) above have been considered and the Commission agrees to increase the limits suitably. As regards item (iii) above, the term ‘area’ was meant to describe the electrical system and not the geographical area. However the text has been suitably modified to avoid any ambiguity on this account.
- (ii) With regard to the suggestions at item (iv) and (v) above, the Commission reiterates that the proposal was made out after carefully balancing the divergent views of the licensee and the industries. In this connection, it is relevant to mention here that in accordance with the provisions of Section 42(1) of the Act, it is the duty of the licensee to develop and maintain an efficient, coordinated and economical distribution system for supply and also Section 43 casts duty upon it to supply electricity on application. Hence, licensee’s views also require due consideration. The suggestion made by the industries associations may distort such balance and the relevance of connected load in deciding the supply voltage may get diluted beyond the limits reasonably acceptable to the licensee. As such these suggestions have not been accepted.

- (iii) As regards the suggestions relating to dedicated feeder, the Commission agrees to define the term dedicated feeder in the regulations. In cases where supply is to be given to two consumers in vicinity through a single feeder emanating from licensee's sub-station, such feeder, shall be considered as joint dedicated feeder. As regards the cases in which the entire cost of the feeder has been borne by the consumer, the commission feels that such person shall be entitled to get supply for the extended load from such feeder so long as overall technical limits relating to dedicated feeder are not exhausted after taking into accounts the loads which might have been released to the other consumers during the interim period till the date on which such extension of the load is applied for. The right of consumer to get additional load from the same feeder shall get extinguished as soon as the total limits applicable for dedicated feeder are exhausted. The situation envisaged in item (vi) (c) above may pertain to some isolated individual cases and may not merit any consideration for the purpose of these regulations.

After duly taking into consideration all the views expressed in this regard, the Commission decides to substitute sub-para 2.1.6.1 of the code with the following:

“2.1.6.1(A) The standard supply voltage shall mean the standard voltage at which electricity shall be given to the consumer through a common or dedicated or joint dedicated feeder without payment of any lower voltage supply surcharge(LVSS). Depending upon the connected load(kW or MW), contract demand (kVA or MVA), nature of load and existence of a voltage (volts/kV) and phase in the relevant distribution system, the standard supply voltage for a consumer shall be as provided in clauses (a) and (b) of this sub-para and sub-para 2.1.6.1(C)-

- (a) The maximum limits of connected load (kW or MW) and contract demand (kVA or MVA) for the supply of power at a voltage, shall be as under-

<b>Sr. No.</b>	<b>Standard Supply Voltage</b>	<b>Maximum Connected Load</b>	<b>Maximum Contract Demand</b>
1.	Single phase 230 volts or three phase 415 volts or 2.2 kV; (for supplies not involving special category loads)	50 kW	50 kVA
2.	Three phase 11 kV or 22 kV; (for supplies not involving special category loads)	3 MW	2.2 MVA
3.	Three phase 33 kV	12 MW	10 MVA
4.	Three phase 66 kV	14 MW	12 MVA
5.	Three phase 132 kV or 220 kV	No limits	

Provided that where special category loads are involved, the standard supply voltage shall be 11 kV or 22 kV, as may exist on the relevant distribution system, if –

- (i) the total connected load does not exceed 1 MW, irrespective of special category loads; or
- (ii) the total quantum of connected load in respect of special category loads does not exceed 750 kW within the overall limit of total connected load upto 3 MW and total contract demand upto 2.2 MVA:

Provided further that, if neither of the limits given in the first proviso, in relation to supplies involving special category loads, are adhered to, the standard supply voltage shall be 33 kV or the appropriate higher voltage in accordance with the limits specified in this clause:

Provided further that where a consumer having connected load of not more than 50 kW is already getting supply at LT voltage immediately before commencement of the Himachal Pradesh Electricity Supply Code (First Amendment) Regulations, 2014, he shall continue to be covered under a LT standard voltage (i.e. single phase 230 volts or three phase 415 volts) irrespective of contract demand already sanctioned in his favour, so long as he does not further extend his connected load or contract demand beyond the specified limits of 50 kW or 50 kVA respectively:

Provided further that where a consumer is getting supply at a voltage higher than the standard supply voltage as per the said specified limits, he shall continue to get supply at such higher voltage without any rebate for higher voltage supply.

(b) Where the connected load or contract demand exceeds the relevant ceiling limit specified in clause (a), the appropriate higher voltage at which both such limits can be adhered to, shall be considered as standard supply voltage and there shall be no minimum limits for supply of power at a particular voltage.

2.1.6.1(B) Where the consumer seeks supply of power at a voltage lower than the standard supply voltage as per sub-para 2.1.6.1(A), the licensee shall supply power at such lower voltage subject to the maximum limits of connected load and contract demand as specified in this sub-para; payment of lower voltage supply surcharge (LVSS) by the consumer at the rates given in the relevant tariff order

applicable from time to time; and other conditions, as may be relevant, specified in this sub-para or in sub-para 2.1.6.1(C) or elsewhere in this Code :-

<b>Sr. No.</b>	<b>Supply Voltage</b>	<b>Description</b>	<b>Maximum Connected Load</b>	<b>Maximum Contract Demand</b>
1.	11 kV (for supplies not involving special category loads)	(a) If 22 kV or 33 kV voltage level exists in the relevant distribution system.	5 MW	4 MVA
		(b) If 22 kV or 33 kV voltage level does not exist in the relevant distribution system.	6 MW	5 MVA
2.	22 kV (for supplies not involving special category loads)	(a) If 33 kV voltage level exists in the relevant distribution system.	6 MW	5 MVA
		(b) If 33 kV voltage level does not exist in the relevant distribution system.	7 MW	5.5 MVA
3.	33 kV	(a) If 66 kV voltage level exists in the relevant distribution system.	15 MW	12 MVA
		(b) If 66 kV voltage level does not exist in the relevant distribution system.	18 MW	14 MVA
4.	66 kV	(a) Through a common or dedicated or joint dedicated feeder	18 MW	14 MVA
		(b) Through a dedicated or joint dedicated feeder	30 MW	24 MVA

Provided that all such supplies, excepting the same at Sr. No.4(a), shall be given through dedicated or joint dedicated feeders only and that in case of Sr. No. 4(a) the supply shall be given through a common or dedicated or joint dedicated feeder:

Provided further that in case of supply involving special category loads, the same shall be given at 11 kV or 22 kV subject to further conditions that the total connected load in respect of the special category loads does not exceed 1.5 MW within the total connected load upto 3 MW and contract demand upto 2.2 MVA and that the supply is to be given through a dedicated feeder or a joint dedicated feeder emanating from EHV sub-station:

Provided further that if the conditions given in second proviso, in relation to the supplies involving special category loads, are not adhered to, the supply shall be given at 33 kV or at appropriate higher voltage depending on the total connected load and contract demand:

Provided further that the provisions of this sub-para, shall be further subject to the following condition:-

- (i). that the voltage regulation limits shall have to be adhered to while deciding the supply arrangements;
- (ii). that in case of special category loads and other such loads which can cause disturbances in the power distribution system, the consumer shall provide suitable protection equipments as per the Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010 and other prudent practices to adequately insulate the distribution system from the disturbance caused by such loads;
- (iii). that the consumer already getting supply at higher voltage as compared to the standard supply voltage or the limits given in this sub-para, shall not be entitled to any higher voltage supply rebate; and
- (iv). that in cases of joint dedicated feeder, the limits of maximum connected load and maximum contract demand as per this sub-para shall be applicable for the summation of the connected loads and contract demands of both the consumers.

*Explanation.-* For the purposes of this sub-para,-

- (a) “dedicated feeder” means the electric supply line emanating from the sub-station of the licensee through which electricity is, or is intended to be, supplied to a single consumer; and
- (b) “joint dedicated feeder” means the electric supply line emanating from the sub-station of the licensee through which electricity is, or is intended to be, supplied to two consumers.

2.1.6.1(C) (i) Where the contract demand has not been applied for or sanctioned, the limit corresponding to 90% of the connected load (in kW) converted into kVA by adopting power factor of 0.9 shall be deemed as the contract demand.

(ii) The supply shall be made at the minimum voltage level at which all the relevant limits and conditions are adhered to. However, if the consumer opts for supply of power at a voltage higher than the standard supply voltage, the licensee shall allow the same excepting the cases in which there may be some constraint.

(iii) Where the connected load or contract demand is to be enhanced, the standard supply voltage under sub-para 2.1.6.1 (A) and the supply voltage under sub-para 2.1.6.1 (B) shall be redetermined as per the provisions under the said paras based on enhanced connected load and enhanced contract demand.

*Explanation.-* For the purposes of sub-paras 2.1.6.1(A) and 2.1.6.1(B), “special category loads” means furnace loads and mass induction heating loads and shall also include any other load as the Commission may, after taking into consideration electrical characteristics and its impact on the distribution system, by order, declare it to be a special category load.”

**7. Amendment of Para 3.2.2, 3.2.4 and 3.2.6 and insertion of para 3.2.2.1 and substitution of para 3.2.3 and 3.2.5 (Power Availability Certificate):**

No comments have been received on the proposal. However, in the context of deduction of certain percentage of the advance cost share in the event where the applicant fails to submit the application or take supply after having obtained Power Availability Certificate, the Review Panel has recommended that the changes be made on following lines:-

- (i) the applicant shall be entitled to submit multiple applications during the validity period within the limit for the Contract Demand for which PAC has been issued;
- (ii) the advance cost share received from the applicant shall be refunded only after the validity period unless the applicant expresses intention not to take supply fully or partially; and
- (iii) in case of the applicant submits application(s) form for a lesser Contract Demand, within the validity period, the advance cost share shall be forfeited on pro-rata basis i.e. Contract Demand approved in the Power Availability Certificate viz-a-viz Contract Demand for which A&A forms are submitted within the validity period.

The Commission accepts these recommendations in-principle. However since the limit of 100 kW shall also need to be revised to kVA in view of para 6 above, the Commission decides to replace the entire para 3.2 with a new para as under :-

**“3.2 Power Availability Certificate.-**

3.2.1 Where the contract demand for a new or additional load exceeds 100 kVA, the applicant will submit the feasibility clearance i.e. Power Availability Certificate (PAC) along with the Application and Agreement Form which will be available free of cost at the designated offices of the licensee and on its website.

3.2.2 The consumer shall apply for the grant of Power Availability Certificate, on payment of advance cost share towards infrastructural developmental charges, calculated @ Rs.1000 per kVA of the contract demand applied for.

3.2.3 Where the consumer submits online application, and makes online payment of advance cost share, for grant of Power Availability Certificate under



para 3.2.2, he shall also submit hard copy of the application and proof of the payment made, to the licensee at its designated office, either by post or by hand delivery.

3.2.4 The licensee shall grant the Power Availability Certificate within thirty days of the receipt of application, or within such period as may be extended, with the approval of the Commission, and the licensee shall also convey such approval to the online consumer/applicant electronically i.e. through e-mail/SMS apart from sending him the hard copy of the said approval by post or by hand delivery.

3.2.5 The Power Availability Certificate mentioned in para 3.2.3 shall be valid for a period of three years or for such shorter period as may be mutually agreed upon by the licensee and the applicant:

Provided that the validity period may be extended, from time to time, as may be mutually agreed upon by the applicant and the licensee.

3.2.6 The applicant may, after grant of Power Availability Certificate mentioned in para 3.2.4, submit the application for supply of electricity to the premises and the licensee shall adjust the amount received as the advance cost share towards the amount recoverable under the Himachal Pradesh Electricity Regulatory Commission (Recovery of Expenditure for Supply of Electricity) Regulations, 2012:

Provided that if the applicant submits application for a contract demand lesser than the contract demand for which Power Availability Certificate has been issued, the amount of advance cost share shall be adjusted as under-

- |   |  |
|---|--|
| (a) if the applicant intends to avail the balance contract demand at a subsequent stage during the validity period of the Power Availability Certificate. | On pro-rata basis.   |
| (b) if the applicant expresses his intention not to take supply for the balance contract demand for which Power Availability Certificate was issued.      | Full amount of the advance cost share deposited by the applicant shall be adjusted after deducting therefrom 20% of the proportionate amount deposited as advance cost share in respect of such contract demand as is not to be availed. |

3.2.7 Where the applicant who has been granted the Power Availability Certificate (PAC) fails to submit the application(s) or declines to take supply for the full contract demand for which Power Availability Certificate was granted,

within the validity period, the advance cost share, not adjusted as per para 3.2.6, shall be refunded after deducting therefrom 20% of the proportionate amount of the advance cost share deposited in respect of the contract demand which is not to be availed.

**Illustration.-** If the Power Availability Certificate is issued for 3000 kVA contract demand, but application is submitted or supply is taken only for 2000 kVA contract demand, 20% of the advance cost share pertaining to 1000 kVA contract demand shall be deducted.

3.2.8 The refund of the refundable amount of advance cost share as per para 3.2.7 shall be made within 30 days from the expiry of validity period or from an earlier date on which such applicant expresses his intention not to take supply for full or part of the contract demand for which the Power Availability Certificate was issued and requests for refund of such amount.”

**8. Substitution of paras 3.8 (Refund of initial security and charges):**

No comments have been received on the proposal. However, in order to harmonize the reading of these provisions with the provision of the Himachal Pradesh Electricity Regulatory Commission (Recovery of Expenditure) Regulations, 2012, the Commission decides to substitute the para with the following:

**“3.8 Refund of initial security and charges.-**

3.8.1 On withdrawal of application for new connection/additional load, whether permanent or temporary, the amount received from the applicant on account of the initial security deposit under the Himachal Pradesh Electricity Regulatory Commission (Security Deposit) Regulations, 2005 and on account of the charges/costs under the Himachal Pradesh Electricity Regulatory Commission (Recovery of Expenditure) Regulations, 2012 shall be refunded to the applicant after deducting therefrom:-

- (i) 10% of the initial security amount deposited by the applicant; and
- (ii) the actual expenditure computed as per regulation 9 of the Himachal Pradesh Electricity Regulatory Commission (Recovery of Expenditure) Regulations, 2012, by duly taking into account the deductions to be made out of all the relevant components such as infrastructure development charges, cost of service line and other exclusive works, as detailed in the said regulations:

Provided that in case of withdrawal of application for temporary connection, no deduction shall be made on account of clause (i) if no extension of distribution mains or commissioning of a new sub-station is involved.

3.8.2 Where an agreement for supply of electricity is terminated as per the Conditions of Supply or provisions of this Code, the licensee will refund the initial/additional security, after making adjustments for the amounts outstanding against the consumer, within one month of the date of termination of the agreement as per the Himachal Pradesh Electricity Regulatory Commission (Security Deposit) Regulations, 2005.”

**9. Substitution of Para 3.9 (Delay to take supply or avail contract demand):**

The Commission had proposed that in cases where the consumer delays to take supply or avail full Contract Demand, the demand charges should be charged on the following lines:-

<b>S. No.</b>	<b>Description</b>	<b>Minimum limit</b>
i)	For initial 1 year from the expiry of notice period or date of release of connection, whichever is earlier.	Maximum demand actually availed, if any.
ii)	For next six months	Maximum demand actually availed, if any, or on the basis of 30% of the sanctioned Contract Demand, whichever is higher.
iii)	After 18 months	Maximum demand actually availed, if any, or on the basis of 50% of the sanctioned Contract Demand, whichever is higher

The review panel has accepted these proposal with a modification on the following lines:

- (a) that this initial time limit should be reduced from 1 year to 6 months.
- (b) the words “on the basis of” appearing in column 3 should be deleted so that the demand charges to be charged under this clause should not be further restricted to 90% of the Contract Demand as per the provisions of the Tariff Order.

The Commission accepts the recommendations made by the Review Panel and agrees to make necessary changes. The Commission also observes that these provisions are applicable to HT or EHT supply only. In order to avoid any anomaly, the Commission decides to extend these provisions to such LT supplies also where two part tariff is applicable.

It has been suggested by one of the stakeholders that in case of dispute regarding recovery of Infrastructure Development Charges (IDC) under Regulation 419 of 2005,

the demand charges should not be charged for these reduced limit till the issue is settled. In this connection, the Commission feels that the provisions of the para under reference has no relevance with the disputes, if any, regarding the recovery of IDC under the said regulation 2005. The Commission therefore, declines to accept the suggestion.

**10. Amendment of Para 5.2.5 (Electricity bills):**

The Commission had proposed that the details of disputed amount alongwith interest thereon should be reflected in each bill. During the discussion in the Review Panel the officers of HPSEBL stated that it is difficult to reflect the details of disputed amount and the interest thereon separately in the each bill. It was, however, agreed to maintain such details in the ledgers and which shall be made available to the consumer on request. The Commission agrees to redraft the clause on the basis of view point expressed in the meeting of Review Panel.

Another stakeholder has suggested that interest on disputed amount should not be added as dispute settlement takes time for years together although it should be reflected separately in the bill till settled. It has also been suggested that time limit of dispute settlement should be mentioned and in case consumer deposits disputed amount under protest then licensee should return the disputed amount with interest if consumer wins the case. The Commission feels that these suggestions are not relevant to the proposed amendment.

**11. Amendment of para 5.3.1 (Payment of bills):**

No Comments have been received against this item. However, industries association has suggested that customer should be allowed ten days from the date of delivery of the bills in the case of the Large Supply, Medium Supply and Small Industrial Customers and 10 days from billing date in case the bills are made available online, so as to ensure that sufficient time is available, even if bills are raised late by licensee. The provision for allowing grace period of 10 days from the date of delivery of bills already exists in the Supply Code and as such does not merit any further changes. The Commission accordingly decides to retain the amendment proposed in the draft regulation.

**12. Amendment of Para 5.4 (Advance payment of electricity bills):**

The amendment proposed in the draft regulation envisages that in case where billing cycle is more than one month, the consumer shall have option to make advance payments. No Comments have been received and as such the Commission decides to include a provision as per the draft regulation. However, in view of the discussion in the Review Panel about the rationalization of the billing cycle, the Commission decides to make necessary changes on this account in the paragraph 5.2 in addition to the amendment proposed in the draft regulations made for the paragraph 5.4 of Supply Code so as to give a harmonious reading.

**13. Amendment of para 5.5 (Additional charges for delayed payment of electricity bills):**

The draft regulations envisage part payment by the consumer without any approval from the licensee. Review Panel as well as the stakeholders from the industries have suggested that part payment should be accepted only after prior approval of licensee. The commission accepts the suggestion and shall make necessary changes accordingly.

**14. Amendment of paras 3.1.1, 3.1.2, 5.2.9 and 5.3.1. and insertion of para 3.1.4.1:**

No objections/suggestions have been received on the changes proposed in these paragraphs which mainly relate to duty of licensee to supply electricity on request and procedure thereof, delivery and payment of bills. Review Panel has also accepted these proposed changes. Accordingly, the Commission decides to amend these provisions of the Supply Code.

**15. Additional suggestions:**

Some additional suggestions have also been received. Such additional suggestions as considered relevant to the Supply Code have also been discussed as under:

- (i) It has been suggested that the provision for revising the contract demand twice in a year which is already been followed, must be incorporated in the Supply Code itself and also the need for NOCs for change of contract demand, whether increase or decrease, should be totally done away, with a specific mention in the Supply code for the cases where there is no major change in the connected load quantum.

The Commission accepts the suggestions to include the provisions relating to the mechanism for temporary revision of contract demand in the Supply Code by inserting para 3.10 (temporary revision of contract demand) in the Supply Code. The relevant provisions shall however be further rationalised by including the provision for minimum time gap between two successive revisions and also the minimum level upto which contract demand can be reduced in absolute terms. For this purpose the minimum contract demand as per the applicable tariff category/sub-category is considered to be appropriate. Accordingly, the Commission decides to insert a new para on the following lines in the Supply Code.

**“3.10 Temporary revision of contract demand.–**

The consumers to whom two part tariff is applicable shall be entitled to revise their contract demand within the total sanctioned contract demand without surrendering their lien of the total sanctioned contract demand, subject to the following condition-

- (a) that the consumer shall not reduce the contract demand to lesser than 50% of the total sanctioned contract demand subject to a further condition that the contract demand shall not be reduced below the lowest limit of contract demand as per the tariff category (or any sub-category thereof) applicable to him;

- (b) that the consumer shall not be entitled to revise the contract demand more than twice a year subject to the condition that the time gap between two successive revisions shall not be less than 3 months;
- (c) that the consumer shall give a notice of at least one month to the licensee before revising the contract demand under this mechanism. Even though the consumer shall not be required to obtain any sanction from the licensee for change in contract demand under this mechanism, he, so as to avoid the disputes, shall ensure that the notice(s) for such revision are duly served by him upon the licensee through registered post or through courier service or is delivered by hand against signed receipt therefor;
- (d) that in cases where the contract demand is reduced under this mechanism, such reduced contract demand shall be applicable for billing purposes; and
- (e) that in cases where the consumer gets his contract demand reduced permanently, the limit under clause (a) shall be considered with respect to such reduced contract demand, but such reduction shall not be considered to have been made under this mechanism and the time gap of 3 months as per clause (b) shall be reckoned from the date from which the demand was last revised under this mechanism.

**Illustration.-** If a consumer who is having sanctioned contract demand of 10 MVA temporarily revises the contract demand to 6 MVA w.e.f. 01.08.2014 under this mechanism but gets his sanctioned contract demand permanently reduced to 8 MVA w.e.f. 01.09.2014, he shall have to pay charges based on 6 MVA contract demand till 31.10.2014 (i.e. till the expiry of 3 months period from the date at which the contract demand was last revised i.e. from 01.08.2014). However, if the contract demand is to be reduced permanently to lesser than 6 MVA (say 4 MVA as on 01.09.2014), the demand charges would have been based on a contract demand of 4 MVA during the period upto 31.10.2014.”

As regards the NOC for temporary change in Contract Demand, the Commission feels that any temporary changes in the Contract Demand within the framework of such mechanism given in the Tariff Order should not require any further NOCs and the Commission expects the licensee to sort out the matter amicably.

- (ii) It has been suggested that the Customer’s premises should only be subjected to checking in case the Contract Demand is violated continuously for three consecutive months. The Commission feels that the matter has to be dealt as per the provision of the Electricity Act 2003 and the rules made there under and it may not be appropriate to restrict the licensee’s functions in this regard. The Commission however finds it appropriate to clarify the situation under which the violation should not be considered as unauthorized use of energy under Section 126 of the Act. The Commission decides

to include the provision in the para 6.1.1 of the Code to make provisions on following lines –

“the cases where the consumer has increased the connected load without permission from the licensee, shall not be considered as unauthorized use of electricity under Section 126 of the Act, if -

- a) there is no change in applicable tariff category, or sub-category thereof, as a result of increase in connected load; and
- b) the actual demand (kVA) does not exceed the maximum limit arrived at by converting the sanctioned connected load (kW) into kVA, based on an assumed power factor of 0.9, by more than 10 kVA:

**Illustration.-** if the sanctioned connected load of the consumer is 360kW and actual demand is 410 kVA or less it shall not be considered as unauthorized use of electricity under the section 126 of the Act even if the sanctioned contact demand is less than 410 kVA, so long as the conditions under other clauses are adhered to; and

- c) there is no usage of electricity through a tampered meter; and
- d) the electricity is used only for the purpose for which the same was authorized; and
- e) the electricity is used only for the premises or the areas for which the supply of electricity is authorized; and
- f) the increase in connected load does not exceed the limit computed as under-
  - (i) 10 kW in case where the sanctioned connected load is upto 100 kW; and
  - (ii) 10% of the sanctioned connected load subject to a maximum of 200 kW, in case where the sanctioned connected load is more than 100 kW:

Provided that where the extension of connected load comes to the notice of the licensee, irrespective of the fact, whether or not, such extension is considered to be unauthorized use of supply under section 126 of the Act, it shall, apart from taking any other steps as may be necessary, give an option to the consumer to either get such extension(s) regularized by completing the formalities or to remove the extension(s) of the connected load. The licensee shall be entitled to disconnect the supply if the consumer does not take any steps in this direction even after service of a notice on him by the licensee. However, the licensee may disconnect the supply temporarily even without a notice if it reasonably believes that continuation of supply is likely to result in loss of human or animal life or injury to a human being or any animal or damage to property.”

The Commission also considers it appropriate to make a provision that in cases where violation charges have been specified in the tariff order, the assessment on account of such violation shall be made on the basis of such provision. Needless to mention that the relevant changes as per the tariff order applicable from time to time, such as contract demand violation charges, shall continue to be applicable even if the violation, if any, are within the aforesaid limits. Accordingly, the Commission decides to add the provisions on the above lines in para 6.1.1 and ANNEXURE-A of the Supply Code.

- (iii) It has been suggested that in case of disconnection of connection on the advice of any other department the customer should be given notice by licensee, the Commission feels that it may be equitable if prior intimation instead of notice to the consumer is given by the licensee in such cases. The Commission accordingly agrees to modify the item (h) of para 7.1.1 of Supply Code.
- (iv) The Review Panel has also suggested that in order to avoid accumulation of arrears resulting in bad debts, during the period between the temporary disconnection and permanent disconnection the demand charges should be levied only for 20% of the sanctioned Contract Demand. In case the defaulting consumer permanently surrenders a part of his sanctioned Contract Demand during this period, the demand charges shall be levied for 20% of the balance Contract Demand. The Commission accepts the proposal with the modifications that in such cases, the demand charges should be levied only for 10% of the Contract Demand. The Commission accordingly agrees to modify para 7.1.2. of the Supply Code suitably.

## **16. Miscellaneous**

Apart from the issues specially discussed in the preceding paras of this order, the Commission shall further simplify/rationalize/rearrange the text of the code wherever felt necessary.

The Commission, decides to finalize the amendments to be made in the Supply Code by duly taking into consideration the facts and views as set out in preceding paras, and notify the same in the Official Gazette.

Place: Shimla  
Dated: 09<sup>th</sup> June, 2014

Sd/-  
(Subhash C. Negi)  
Chairman