



In the matter of:

Complaint No. 41/2025

M/s Hotel Shyam Regency, Near Petrol Pump, Radiana, Subathu, District Solan-173212

– Complainant

Vs

1. The Addl. Superintending Engineer, Electrical Division, HPSEBL, Solan ,
Distt. Solan- 173212

2. The Assistant Engineer (E), Elect. Sub-Divin., HPSEBL, Subathu, District
Solan-173212

-Respondents

Complaint No41/2025 (Registered on 21/11/2025)

(Orders reserved on 22/12/2025, Issued on 31/12/2025)

Present for:

The Complainant: - Sh. Virender Gupta.

The Respondents: -Sh. Rajesh Kashyap, Advocate

-Er. Dinesh Thakur, AEE, ESD, Subathu.

- Er.Ved Parkash, JE, AEE, ESD, Subathu

- Sh. Mahender Lal, Sr. Assistant

QUORUM

Er. Deepak Uppal

HP Electricity Ombudsman

1. M/s Hotel Shyam Regency, is a Commercial category Consumer bearing Consumer ID: 200009000200 having connected load of 82 KW and Contract Demand of 30 KVA ,the connection to whom was released on 30.10.2018 vide SCO No.200113725, have filed an Application, received on 17/11/2025 & registered on 21/11/2025, under Section 42(6) of the Electricity Act,2003 read with Regulation 32 of the Himachal Pradesh Electricity Regulatory Commission (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2013 against order dt.27.09.2025 passed by the Addl.



Deepak



Consumer Grievance Redressal Forum HPSEBL, Solan in complainant No. 1234/09/2025/1

2. The Complainant is aggrieved of sudden slash of power factor after the installation of smart meter during 08/2025 resulting in abrupt increase in energy bill to the tune of Rs.55000/- to Rs.59000/- against earlier falling within the range of Rs.11000/- to Rs.14000/-
3. The case was listed for admission hearing on 27/11/2025. In order to facilitate further pleadings in a comfortable domain, the specific contentions of the complainant are first restated as below:

The Complainant Contends:

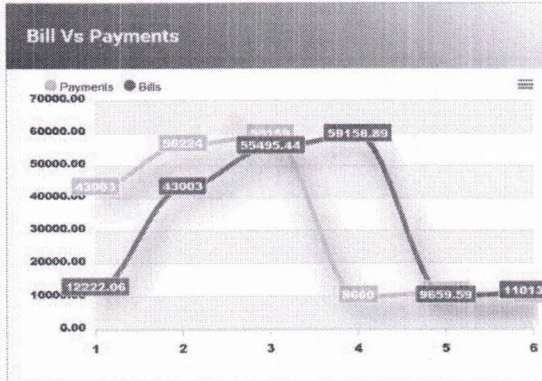
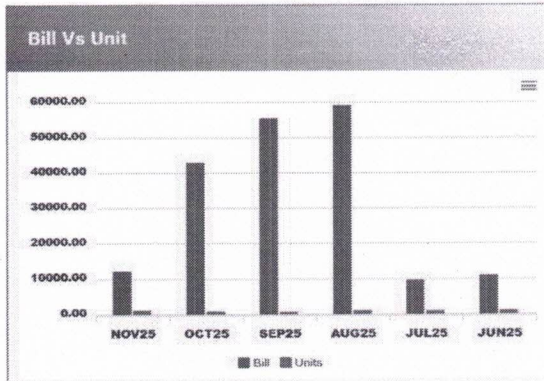
- I. That the Appellant/Complainant, **Hotel Shyam Regency, is a proprietorship firm engaged in the hotel business at Radiana, Subathu, District Solan, Himachal Pradesh.** The Appellant is a registered commercial consumer of HPSEBL bearing **Consumer ID 200009000200 and SCO No. 200113725.**
- II. That the present Appeal is being filed by Sh. Virender Rawat, Proprietor of Hotel Shyam Regency, who is fully competent and authorized to file and maintain this **Appeal against the order dated 27.09.2025 passed by the CGRF, Solan.**
- III. That the Appellant has been managing the hotel business for several years and has consistently paid all monthly electricity bills issued by HPSEBL within the stipulated time.
- IV. That the Appellant had duly paid the electricity bill for the month of June 2025, which was issued in July 2025. Subsequently, in August 2025, HPSEBL replaced the existing energy meter and installed a *Smart Meter* at the Appellant's premises. HPSEBL officials informed the Appellant that this Smart Meter operated under the same regulations as the previous meter, with enhanced visibility and convenience, and without any change in billing methodology.
- V. That thereafter, the electricity bill for July 2025 was received, and the Appellant was shocked to find that the bill amount was *excessively high*. Upon inquiry, the HPSEBL officials casually informed the Appellant that the bill was correct and required no correction. The bill indicated kVAh consumption of **6548.796 units** and kWh consumption of only **1205.914 units**, resulting in an average power factor of **0.149**, and a total amount of **Rs. 59,933.34**. Similarly, for **September 2025**, a bill of **Rs. 55,495.00** was raised against **6181.581 kVAh and 1068.879 kWh consumption, showing an average power factor of 0.094** and for **October-2025**, a bill of **Rs. 43569.00** was raised against **5531.460 kVAh and 889.797 kWh consumption, showing an average power factor of 0.161**. The graphical representation collected from Consumer Dashboard is as below:



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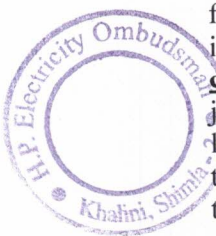
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SHARMA SADAN, BEHIND KEONTHAL COMPLEX, SHIMLA-171002
Phone: 0177-2624525, email: ombudsmanelectricity.2014@gmail.com



- VI. Prior to installation of the new meter, all bills consistently showed a power factor of 1.00.
- VII. On the Appellant's request and after payment of the requisite check meter fees, HPSEBL installed a check meter (of the *same make and model of Smart Meter*) on 16.09.2025. HPSEBL later reported that "no variation" was found between 16.09.2025 and 26.09.2025, and that the billing was correct. However, the Appellant contends that such observation is unreliable since the same type of Smart Meter was used as a check meter instead of an older-type meter, thereby defeating the very purpose of comparison.
- VIII. That being aggrieved, the Appellant filed a complaint before the CGRF, Solan. However, the Forum dismissed the complaint by solely relying upon HPSEBL's submissions and without adequately considering the technical, factual, and documentary evidence presented by the Appellant.
- IX. That in order to avoid disconnection and in good faith, the Appellant deposited the impugned bill amounts *under protest*, reserving the right to seek redressal, as the bills were patently erroneous and inconsistent with the past billing trends.
- X. **GROUNDS OF APPEAL:**

The Appellant/Complainant respectfully submits the following grounds for kind consideration of this Hon'ble Ombudsman: -

- That the hotel industry is a seasonal-load business and highly cyclical in nature. Consumption patterns usually vary within a narrow range between the peak (season) and off-season periods, which is evident from the hotel's kWh consumption trend over the past years. However, the CGRF failed to consider this crucial aspect and did not investigate the reasons behind the sudden and unexplained hike in kVAh consumption.
- That the power factors shown in the bills for August, September and October 2025 were 0.149, 0.094 and 0.161 respectively, which are abnormally low by any standard. These readings, appearing with a positive sign, indicate a lagging nature; however, such low lagging power factors are practically impossible. The CGRF should have recognized this anomaly and investigated possible causes, such as **incorrect metering connections, changes in meter calculation criteria, or alterations in policy**. Notably, the Discom did not provide any justification for these readings. Given that hotel properties typically use equipment like geysers, lighting, and air conditioning loads that yield relatively high power-factors and considering that the Appellant has a 5 kVARh capacitor system already installed, such low readings are technically unjustifiable.



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- iii. That the Appellant requested Discom officials to provide load survey data for various months along with the instantaneous parameter page of the meter's MRI. The supplied documents clearly show that, as of 10.09.2025, **the instantaneous phasor diagram displayed overlapping of V_y and V_b voltages along the same line, which is technically impossible since they should be 120° apart.** A check meter was installed on 16.09.2025, allegedly of the same make as the smart meter, with officials claiming that no other meter was available. This claim was misleading and incorrect. Using a similar make and model for the check meter defeats the purpose of comparison. It is important to highlight that prior to August 2025, the power factor for this connection consistently reflected as 1.00, **which changed drastically only after installation of the new smart meter, resulting in unwarranted billing losses.**

Based on the above, two possibilities arise:

- a) The power factors shown in the August and September 2025 bills may have been erroneously calculated due to incorrect connections during installation of the smart meter in August 2025. Such poor power factors cannot occur in a hotel setup, especially given the presence of a capacitor bank and historically perfect power factor readings.
- b) The power factor reported as lagging may actually be leading due to the installed capacitor system. Even then, the values observed are implausible.
- iv. That the Appellant, not being technically qualified, could not have detected these issues independently. It was therefore incumbent upon HPSEBL officers and the CGRF to examine the matter thoroughly. The following points merit consideration:
- a) **HPSEBL should explain the distorted phasor diagram showing two phase voltages in the same line.** Were the same faulty connections retained while installing the check meter, and later corrected to influence the outcome?
- b) HPSEBL should explain why the earlier type of meter was not used as the check meter, given that the problem began only after installing the new smart meter. **Comparisons should have been made with the previous model rather than an identical new one.**
- c) HPSEBL should clarify whether new smart meters operate on a modified metering principle compared to older models. If not, why did the power factor consistently show as 1.00 with the old meter but change drastically after the new installation? **If yes, what are the changes and why were consumers not informed accordingly?**
- d) The Tariff Order dated 28.03.2025 issued by the Hon'ble HPERC mandates that consumers maintain a minimum power factor of 0.9 lagging. The Appellant has already installed a capacitor bank for this purpose. The regulations do not mention penalties for leading power factor conditions, implying that in such scenarios, kVAh should equal kWh. **HPSEBL's interpretation otherwise is improper and against consumer interest.**
- e) The Appellant suspects that the new smart meters compute kVAh using both lag and lead power factor values, whereas older meters considered only lagging. If true, **such a change should not have been implemented without HPERC's approval or public notification. This lack of transparency amounts to misleading conduct by HPSEBL.**
- f) The Hon'ble HPERC, through its Tariff Order dated 28.03.2025 (page 369), instructed Discom field units to maintain capacitor banks and curb reactive loads. Charging consumers for "leading" power factors when they have installed capacitor banks themselves contradicts these directives and unfairly penalizes proactive consumers.



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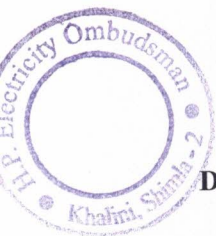
- g) **The CGRF, Solan failed to examine these crucial aspects impartially and accepted HPSEBL's explanations without adequate technical scrutiny. Hence, its decision warrants review in light of the above reasoning and documentary evidence.**
- v. That there has been ambiguity from the outset concerning the installation of the smart meter—**its purpose, connection accuracy, sudden onset of abnormal power factors, and subsequent use of an identical check meter contrary to RDSS guidelines.** The Appellant deposited the billed amount under protest, which should now be refunded with interest after proper investigation.
- vi. That the power factor figures for August, September and October 2025 were incorrectly reported and should instead be considered as 1.00, consistent with past data. Accordingly, kVAh consumption should equal kWh consumption, and all three bills should be revised. The excess amount paid should be refunded or adjusted with interest.
- X. That Hon'ble Ombudsman may kindly award appropriate compensation to the Appellant for mental distress, expenses incurred, and the deficiency in service by HPSEBL.
- XI. That the present appeal/representation has been filed within the limitation period from the date of the CGRF's order.
- XII. That the Appellant has no other adequate or alternative remedy except to approach this Hon'ble Court/Ombudsman by way of the present representation.
- XIII. That the Appellant affirms that no other complaint, representation, or writ petition has been filed on the same or similar grounds before any other forum, court, or authority, including the Hon'ble High Court or Supreme Court of India.

PRAYER

In view of the facts and circumstances stated above, it is most respectfully prayed that this Hon'ble Ombudsman may kindly be pleased to:

- A. Set aside the impugned Order dated 27.09.2025 passed by the CGRF, Solan in Complaint No. 1234/09/2025/I-6189-91. (**Annexure A1**)
- B. Quash and revise the impugned electricity bills for August, September and October 2025 issued by HPSEBL (**Annexure A2**).
- C. Direct HPSEBL to:
 - i. Recalculate the Appellant's bills for the said months by treating the power factor as 1.00, consistent with historical billing, and refund or adjust the excess amount paid, along with interest.
 - ii. Submit to this Hon'ble Authority the technical specifications of the old and new meters, approval documents for lag-lead consideration, and explanations regarding phasor anomalies and check meter discrepancies.
- D. Award suitable compensation and costs to the Appellant for harassment, inconvenience, and wrongful billing.
- E. Pass any other order deemed just and proper in the interest of justice and equity.

4. In order to have clarity on the findings of Id. Addl. CGRF Solan w.r.t. above contentions of the Complainant, the order dt.27/09/2025 in



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Complainant No1234/09/2025/1 needs to be reiterated in totality for record and reference as under.

Addl. CGRF Order No1234/09/2025/1 dt. 27/09/2025:

BRIEF FACTS OF THE CASE: -

1. The complainant Virender Gupta Prop Hotel Shyam Regency, Near Petrol Pump, Radiana, Subhathu bearing Consumer ID 200009000200 is consumer of respondent HPSEBL. Complainant is a commercial category consumer having connected load of 82 KW and Contract Demand of 30 KVA. Connection to the consumer was released on 30.10.2018 vide SCO No.200113725.
2. The instant matter is regarding higher bill due to Low Power Factor for the Month of 8/2025.

COMPLAINT

3. As per complaint, the bill for the month of 8/2025 has been issued with incorrect Calculation due to Wrong consideration of Power factor due to which unjustified charged has been added in the bill.

RESPONDENT

4. On the other had the Respondent HPSEBL in their preliminary submissions have stated that present complaint is not maintainable on the ground that the Respondent has raised bill in accordance with Electricity Act and Rules and as per Application & Agreement [2]-CS1(b) form signed by Complainant under Clause No. viii, where in it is clearly mentioned that Monthly average power factor of Installation in the above mentioned premises shall not be less than 0.9.
5. Consumer falls under 2-part category, wherein consumers are billed on KVAh consumption converted by average power factor recorded in meter during the month.

REPLY ON MERITS

6. That the contents of Para No.1 to 7 are matter of record.
7. That the complainant is consumer of Electrical Sub-Division, HPSEBL, Subathu, under Electrical Division, HPSEBL, Solan against consumer ID:- 200009000200 in the Name of M/s Hotel Shyam Regency Prop Virender Gupta, Near Patrol Pump, Radiana, Subathu Sub Division Code 1234 and this meter has been installed initially on dated 30.10.2018.
8. That the contents of para 8 are wrong hence denied. In reply, it is submitted that the energy meter of the consumer has been changed with Smart Meter during the month of 8/2025 and bill amounting to Rs.59,159/- generated to the complainant. The complainant consumer has not maintained the power factor i.e., 0.90.
9. The Monthly Power factor of consumer premises during 8/2025 is found 0.149 and during 9/2025 is 0.094. that's while the energy bill for month of 8/2025 of the consumer is rising to the tune of Rs.59,195/- and Rs.55,495/- for the month of 9/2025 which is correct as per the KVAh Shown by the meter.



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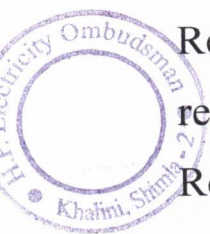


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10. In addition to the above, the complainant requested vide representation dated 15.09.2025 to install check meter in the complainant premises and for which deposited the requisite fees amounting to Rs.100/- and the check meter was installed on dated 16.09.2025 as requested by the consumer dated 15.09.2025 vide SJO No.39/303077 dated 16.09.2025 (copy enclosed) by the respondent.
11. The result of check meter and already installed meter are same till 26.09.2025.
12. That is prayed under the facts and circumstances; the present complaint of the complainant may kindly be dismissed with heavy cost.

FORUM

13. This Forum has examined the relevant provisions of Act / Code including relevant amendments thereto, record and facts alongwith pleadings of the parties. We have heard the parties at length. The considered options of the Forum has been gathered after examining and analyzing fair facts, evidences and correspondences placed on record and arguments adduced by both the parties. The instant complaint citing that incorrect calculation of bill due to wrong consideration of Power factor by the complainant discussed in detail and however Forum observes that Electricity Bill for the month of 8/2025 bearing No.160001114043 amounting to Rs.59,159/- and 9/2025 bearing No.140001589123 amounting to Rs.55,495/- has been generated as per rules and regulation and tariff order. Therefore, it can be safely concluded that the Electricity bill raised by the Respondent is correct as per provisions of HPSEBL and respondent cannot be termed as bad in the eyes of law, and thus the contention of the complainant is set aside.
 14. Complainant is directed to follow the provisions of Act / Code including relevant amendments thereto of respondent Application & Agreement [2]-CS-1(b) form signed by Complainant under Clause No. viii, where in it is clearly mentioned that Monthly average power factor of Installation in the above-mentioned premises shall not be less than 0.9.
 15. The complaint is accordingly decided on merits in favour of the respondent.
5. Case called, the matter was heard for admissions on 27/11/2025. The Complainant had furnished the requisite filing fee as per Regulation 32(2) and ensured the service of copies of representation to concerned parties. The Complainant also asserted during admission hearing that they had already deposited the disputed amount in totality in terms of prevalent provisions under protest which was also agreed by the Respondents present in the court and hence, met the mandatory requirements of deposit of 50% of the disputed amount in terms of Regulation 33 (1)(g) of Himachal Pradesh Electricity Regulatory

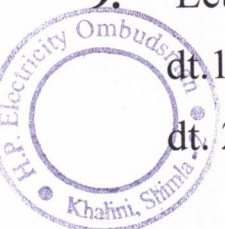


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Commission (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2013 **towards Limitation / pre-condition for entertaining the complaint.**

6. After listening to both the parties, the matter was admitted in terms Regulation 33 (1)(f) of Himachal Pradesh Electricity Regulatory Commission (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2013 in the public interest to the extent of initiation of proceedings. The Respondent Board was directed to submit reply on or before 12/12/2025 with a copy of reply to the Complainant and Rejoinder if any by the Complainant positively by 17/12/2025, after the submission of the reply by the Respondent Board with directions to the concerned Assistant Engineer to appear in the court room along with the relevant record to avoid any misconception during the course of deliberations/arguments and to facilitate counsel thereof.
7. Accordingly, the case was listed for final arguments on dated 22/12/2025 at 12:00 P.M or Immediately thereafter subject to submission of above documents with directions to either party to show appearance on the said date and time fixed or otherwise the case would be proceeded ex-parte.
8. The Respondent Board submitted reply on 12/12/2025 and subsequently, the Authorized Representative also submitted Rejoinder on dt. 22.12.2025 in compliance to this court's order dt. 27/11/2025 which were taken on record.
9. Let us also recapitulate the reply submitted by the Respondent Board on dt. 12/12/2025 as well as the Rejoinder submitted by the Complainant on dt. 22/12/2025 to have composite view of the case.



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A. The Respondent Contends (Reply):

Preliminary submissions:

1. That the present complaint is not maintainable in the eyes of law, being devoid of merit, factually incorrect, and legally untenable. The Complainant has failed to establish any valid grievance against the Respondents that warrants intervention by this Ld. Ombudsman.
2. That there exists no cause of action in favour of the complainant and against the respondents. The action of the Respondents, including the installation of smart meters and the subsequent billing, are in strict conformity with the provisions of the Electricity Act, 2003, the Central Electricity Authority (Installation and Operation of Meters) (Amendment) Regulations, 2022, the Himachal Pradesh Electricity Regulatory Commission (HPERC) (CGRF) and Ombudsman) Regulations, 2013, the HPERC Electricity Supply Code, 2009 and the prevailing Tariff Orders issued by the Hon'ble HPERC.
3. That the order passed by the Ld. Addl. CGRF, Solan, is a well-reasoned, comprehensive, and legally sound decision, based on a meticulous appreciation of the facts, the applicable law, and the regulatory framework. The contentions raised by the Complainant in the present representation are merely a rehash of arguments already considered and rejected by the Ld. Addl. CGRF, and are legally untenable and factually misplaced.
4. That the Complainant has suppressed material facts before this Ld. Ombudsman, including but not limited to, the technical feasibility of low power factor under distorted load conditions, the binding nature of the check meter results, and their own statutory obligation to maintain the prescribed power factor. Therefore, the complaint filed is liable to be dismissed at the very threshold for suppression of material facts and abuse of process.
5. That the Complainant has already accepted the correctness of metering by allowing the installation of a check meter, and the results of the check meter, which unequivocally confirmed the accuracy of the primary smart meter, are binding on the consumer under the HPERC Electricity Supply Code, 2009. The Complainant is now estopped from challenging the accuracy of the meter.
6. That the Complainant has failed to demonstrate any illegality, perversity, or jurisdictional error in the order passed by the Ld. Addl. CGRF, Solan in the Complaint No. 1234/09/2025/1-6189-91 dated 27.09.2025, which would warrant interference by this Ld. Ombudsman. The present complaint is merely an attempt to circumvent a valid and binding order.
7. That the Respondents have acted diligently and transparently throughout the process, providing all necessary information and adhering to all procedural and substantive legal requirements. The allegations of arbitrary billing or faulty metering are baseless unsubstantiated.

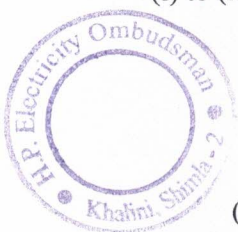
Reply on Merits: -

- 1 to 6 That the contents of para 1 to 6 of the complaint are formal in nature and hence needs no reply.

7. Reply to Ground of Representation:

- (i) to (iii). That the content of these paras are admitted to the extent that the status of the Complainant as a commercial consumer and managing a hotel business is a matter of record. Further it is humbly submitted that the order passed by Ld. Addl. CGRF, Solan, is entirely legal, just, and proper, and does not suffer from any illegality, infirmity, or perversity whatsoever. The Ld. Addl. CGRF meticulously examined all aspects of the Complainant's grievance and rendered a decision fully compliant with the prevailing legal and regulatory framework.

- (iv) that in reply to para, it is submitted that as per the Central Electricity Authority (Installation and Operation of Meters) (Amendment) Regulations, 2022, all consumers in areas with



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communication network, shall be supplied electricity with Smart Meters working in pre-payment mode, conforming to relevant Indian Standards (IS). The Government of India launched Revamped Distribution Sector Scheme (RDSS) in July 2021 to support the States/UTs in improving the operational efficiencies and financial sustainability of distribution utilities, so as to provide quality and reliable supply of power. One of the key initiatives under the scheme is smart metering of consumers, distribution transformers and feeders. The installations of smart meters is therefore, a statutory mandate and a crucial step towards modernizing the electricity grid, ensuring accurate billing, and promoting energy efficiency. The data captured by these smart meters is highly reliable and forms the basic for billing.

- (v) That the content of this para are vehemently Denied. The billing is based on actual recorded Power Factor by the Smart Meter. Smart meters compute Power Factor as per CEA-prescribed vector methodology, which is a scientifically advance and accurate method. Power Factor values of 0.149, 0.094, 0.161 are technically possible and frequently observed under distorted load conditions, particularly in commercial establishment like hotels. Such conditions can arise from various factors including, but not limited to: Faulty or oversized capacitor bank. Unbalanced inductive loads\Prevalence of harmonic-generating devices such as AC compressors, LED drivers, inverters, and other non-linear loads common in modern commercial setups. The energy bill raised is strictly as per HP Electricity Tariff order and Supply Code, 2009, which mandate billing based on actual metered parameters.
- (vi) That the content of this para, alleging that prior to the change of smart meter, energy bills showing PF 1.00 were accurate, is not necessarily correct and is misleading. Old meters often do not capture leading Power Factor, harmonic Power Factor, or vector Power Factor, thereby providing an incomplete and potentially inaccurate picture of the actual power factor. New smart meters, in compliance with CEA Regulations 2022 and IS standards, record comprehensive Power Factor values, including all components, thus providing a true and accurate representation of the consumer's load characteristics. The Complainant cannot rely on the limitations of outdated technology to dispute the accuracy of advanced metering systems.
- (vii) That the Respondent categorically deny any allegation made in this instant Para. It is specifically submitted that under **CEA Regulations 2022**, only approved Smart Meters can be used for check metering to ensure accuracy and regulatory compliance. The use of an old/static meter for check metering would violate these regulations. The check meter installed on 16.09.2025 at the Complainant's premises, in the presence of the Complainant, recorded **identical consumption and Power Factor**, values as the primary smart meter, thereby conclusively confirming the correctness and accuracy of the primary smart meter. The Complainant's acceptance of the check meter installation and its results binds them.
- (viii) That the Ld. Addl. CGRF's order is reasoned, based on facts, law, and a correct appreciation of the regulatory framework. The contentions raised by the Complainant are legally untenable and factually misplaced, and the Ld. Addl. CGRF rightly dismissed them after due consideration. The order reflects a thorough understanding of the technical and legal aspects involved in electricity metering and billing.

(ix) The content of this Para is formal in nature and hence needs no reply.

(X) Reply to the Ground of Appeal.

- i) That the Complainant has misinterpreted the meaning of seasonal-load industry/business. It is submitted that seasonality primarily affects KWH consumption, the fundamental duty of consumer to maintain the prescribed Power Factor. Moreover, it is the explicit duty of the consumer to maintain a power factor of 0.9 as per HPERC Electricity Supply Code, 2009



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(Clause 2.1.7) and the terms and conditions of the Supply Agreement. Further, in accordance with the Schedule of Tariff and General Service Charges issued by HPSEBL, a Power Factor Surcharge is leviable wherever the consumer fails to maintain the required power factor. Thus, the responsibility for maintaining the mandated power factor rests solely with the consumer, and any deviation attracts charges as per the prevailing tariff provisions. That in the present case, it is respectfully submitted that the consumer falls under the Two-Part Tariff category of HPSEBL, wherein energy charges are mandatorily computed on the basis of kVAh rather than kWh, as per the Tariff Orders issued by the Hon'ble HPERC. The variation between kWh and kVAh consumption is exclusively determined by the power factor maintained by the consumer. The system of kVAh-based billing is a conscious and deliberate tariff philosophy adopted by the Hon'ble Commission, the very purpose of which is to ensure that consumers maintain an optimum power factor at all times, thereby contributing to grid stability and reducing system losses. A reduced power factor automatically results in higher kVAh consumption, thereby increasing the consumer's energy charges. It is further submitted that this mechanism itself serves as the regulatory instrument for incentivising good power factor and disincentivising poor power factor, and is fully aligned with Clause 2.1.7 of the HPERC Electricity Supply Code, 2009, which places the obligation upon the consumer to maintain the prescribed average monthly power factor. Hence, billing the consumer on kVAh basis is not only legally valid but is the intended regulatory design underlying the applicable tariff framework.

- ii) That as per CEA Regulations, 2022 (specifically Regulations 9.6 & 9.7), meters are required to record fundamental frequency vector parameters, record both leading & lagging PF, record harmonic-affected PF values. Smart meters compute PF, and record harmonic-affected PF values. Smart meters compute PF based on vector summation and harmonics providing a comprehensive and accurate measurements. It is technically and legally possible for the Power Factor to fall below 0.2 under distorted load conditions, as explained above. Moreover, the Hon'ble Apex Courts have consistently upheld the sanctity of meter readings. In **M.P. Poorva Kshetra Vidyut Vitaran vs Rajesh Flour Mills (2018 SC)**, it was held that the Power Factor recorded by the meter cannot be substituted by the consumer's assumptions. Similarly the Apex court in **Punjab State Power Corp vs Brar Rice Mills (2017 SC)**, unequivocally ruled that low Power Factor billing is mandatory even if consumer "believes Power Factor cannot be so low." These pronouncements establish that meter readings are paramount and cannot be challenged merely on subjective beliefs or assumptions. As such the claim of Complainant consumer is untenable and contrary to established legal principles.
- iii) That the contention regarding overlapping vectors is misconceived. Overlapping vectors may appear due to load imbalance or harmonics, within the consumers internal electrical system, and not due to any connection fault or defect in the meter itself. This phenomenon is a direct consequence of the consumer's load characteristics. Moreover, the check meter results, which recorded identical parameters, further confirm the correctness of the primary meter and negate any possibility of a connection fault.
- iv) That as per the HPERC Electricity Supply code, 2009, and the Supply Agreement it is the consumer's unequivocal duty to maintain the Power factor at 0.9. The Complainant's alleged lack of knowledge or technical expertise cannot override these statutory and contractual obligations. The responsibility for maintaining power factor lies squarely with the consumer, and they are expected to take necessary measures, such as installing appropriate capacitor banks, to comply with this requirement.

- v) That the check meter was installed strictly as per the prescribed procedure and in compliance with CEA Regulations, 2022, which mandate the use of approved smart meters for check metering. Both the primary smart meter and the check meter recorded identical energy consumption and Power Factor values, which conclusively confirms the correctness and



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HIMACHAL PRADESH ELECTRICITY OMBUDSMAN
SHARMA SADAN, BEHIND KEONTHAL COMPLEX, SHIMLA-171002
 Phone: 0177-2624525, email: ombudsmanelectricity.2014@gmail.com

accuracy of the primary smart meter. The Complainant's challenge to the meter's accuracy is therefore baseless. It is respectfully submitted that the Submission made in preceding Para may kindly be read part and parcel of this Para for the sake of brevity.

Vi) That the content of this paragraph is denied. Power Factor cannot be arbitrarily assumed or estimated; it is a precisely metered parameter captured by the smart meter using advanced technology. Any assumption contrary to the meter readings is legally impermissible and factually incorrect.

Vii) That the content of this Para is denied. The billing is based on the actual recorded Power Factor, which has been consistently confirmed by the check meter results. Since the meter's correctness has been unequivocally established, the claim for any refund is entirely baseless and without any legal or factual foundation.

VII-XII That the contents of these Para are formal in nature and do not require a specific reply. It is respectfully submitted that the Submission made in preceding Para may kindly be read part and parcel of these Para's for the sake of brevity.

XIII That the contents of this Para are denied for want of Knowledge hence needs no reply.

8to 10 That contents of these Para are formal in nature hence needs no reply.

It is therefore, most respectfully prayed that the complaint filed by the petitioner being devoid of merits may kindly be dismissed in the interest of law and justice.

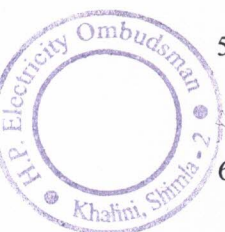
B. The Complainant's Additional Submissions (Rejoinder)

PRELIMINARY SUBMISSIONS

1. That the reply filed by the Respondents is misleading, evasive, and based on generalized statutory assertions, without addressing the specific technical anomalies, factual inconsistencies, and billing irregularities raised by the Appellant in the original representation.
2. That the core grievance of the Appellant, namely, the sudden and abnormal collapse of the Power Factor immediately after installation of the smart meter in August 2025, resulting in exorbitant and unjustified kVAh-based billing, has not been satisfactorily explained by the Respondents.
3. That the Respondents have sought to take shelter under the provisions of the CEA Regulations, 2022 (**Annexure: 1**); however, mere citation of regulations does not absolve them of the obligation to establish that the smart meter was correctly installed, properly configured, and accurately recording electrical parameters at the consumer end. Any incorrect statement on affidavit, if established, is a matter of serious concern and requires due scrutiny by this Hon'ble Ombudsman.

REPLY TO PRELIMINARY OBJECTIONS RAISED BY THE RESPONDENTS

4. The objection regarding non-maintainability of the complaint is wholly misconceived and is therefore denied. The present proceedings are clearly maintainable under Section 42(6) of the Electricity Act, 2003 read with Regulation 32 of the HPERC (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2013.
5. The subject matter of the dispute relates to erroneous billing, metering anomalies, and improper application of tariff provisions, all of which squarely fall within the jurisdiction of this Hon'ble Ombudsman. Hence, the preliminary objection deserves outright rejection.
6. The argument of Respondent that the Appellant has accepted the correctness of metering merely by permitting installation of a check meter is denied. The Appellant, being a bona fide consumer, cooperated with the Respondent Board officials and allowed the installation in good faith but



Ruppal



HIMACHAL PRADESH ELECTRICITY OMBUDSMAN
SHARMA SADAN, BEHIND KEONTHAL COMPLEX, SHIMLA-171002
 Phone: 0177-2624525, email: ombudsmanelectricity.2014@gmail.com

such cooperation cannot be construed as admission of correctness, particularly when the very methodology and duration of check metering are under challenge.

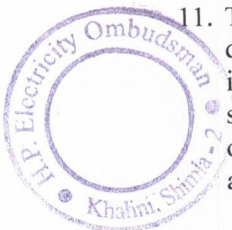
REPLY ON MERITS

7. That the contents of the para 7 (i to iii) are denied regarding the contention of CGRF order and the Appellant reiterates that the CGRF, Solan failed to examine the dispute on technical, factual, and reasonable grounds and mechanically accepted the submissions of the Respondents, resulting in a non-speaking and unreasoned order dated 27.09.2025.
8. That the contents of the para 7 (iv) are never denied and the Appellant never objected to installation of a Smart Meter per se and had willingly allowed its installation. The grievance pertains to the incorrect connection, configuration, and consequent faulty recording of parameters leading to abnormal billing immediately thereafter.
9. That the contents of para 7(v) of the Respondents' reply are denied and not admitted. The Respondents have relied upon theoretical and generalized explanations, which are wholly inapplicable to the facts of the present case. There was no change in the Appellant's electrical installation, connected load, or operational pattern at the time of installation of the smart meter. It is therefore inconceivable that the Appellant's installation could suddenly develop such extreme power factor deterioration immediately upon replacement of the meter and thereafter stand corrected once the check metering process was concluded. The sequence of events clearly indicates that the abnormal billing arose due to improper connection and/or configuration of the smart meter and non-adherence to prescribed procedures by the Respondents, rather than any fault in the Appellant's installation.
10. That the contents of para 7(vi) of the Respondents' reply are strongly objected to and denied. The Respondents' assertion that the earlier electronic meter was incapable of capturing correct power factor is untenable and contrary to regulatory practice. The earlier meter was installed by the Respondents themselves and was necessarily compliant with applicable CEA standards prevailing at the relevant time. When the tariff framework mandates recording and maintenance of power factor, it cannot be presumed that the meters deployed by the licensee were incapable of measuring the same.

The statement made on affidavit by the Respondent officer to this effect raises serious regulatory and technical concerns and merits examination. This Hon'ble Ombudsman may kindly direct the Respondents to place on record the technical specifications of the earlier meter installed at the Appellant's premises and clarify whether similar meters were installed for other comparable consumers. Such examination is essential to assess the correctness of the Respondents' stand and to rule out inconsistencies in metering practices.

Further, the reliance placed by the Respondents on the CEA Regulations, 2022 (**Annexure-1**) is misplaced. The said Regulations primarily deal with smart meters and advanced metering infrastructure, including communication and system integration aspects. They do not introduce any new Indian Standards for power factor measurement, nor do they suggest that earlier compliant electronic meters were incapable of recording power factor. The Respondents' attempt to portray smart meters as having fundamentally superior power factor recording capability, as compared to earlier meters, is misleading and unsupported by the regulatory framework.

11. That the contents of para 7(vii) of the Respondents' reply are wrong, misconceived and therefore denied. The Respondents' assertion that the CEA Regulations, 2022 (**Annexure-1**) mandate installation of *only* a smart meter as a check meter is incorrect and unsupported by the text of the said Regulations. The Respondents have failed to cite any specific provision which prohibits use of an existing non-smart meter for check metering, particularly where the dispute itself relates to abnormal billing and alleged excess readings after installation of the smart meter.



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HIMACHAL PRADESH ELECTRICITY OMBUDSMAN
SHARMA SADAN, BEHIND KEONTHAL COMPLEX, SHIMLA-171002
 Phone: 0177-2624525, email: ombudsmanelectricity.2014@gmail.com

Further, the Ministry of Power, Government of India, vide Circular dated **16.09.2023** titled **"Ensuring consumer satisfaction and experience in respect of smart meters and installation of check meters"** (Annexure: 2), has issued clear directions to strengthen consumer confidence in smart metering. The said Circular, inter alia, provides that:

- a) check meters shall be installed for a minimum of 5% of smart meters deployed.
- b) where complaints are received relating to excess reading/billing, installation of check meters is compulsory.
- c) existing non-smart meters already functioning correctly at consumers' premises may be used for check metering; and
- d) check meters shall be installed for a continuous period of **not less than three months**, and readings reviewed for each billing cycle against the smart meter for the same period.

In the present case, the Respondents installed the check meter only for about **10–11 days**, which is not a meaningful duration for verification and is contrary to the spirit and intent of the above MoP directions. The Respondents have also not clarified whether compliance reporting, including the results of such check metering, was submitted to the Ministry through Nodal Agencies i.e. **REC/PFC**, as contemplated in the Circular.

In view of the above, the Appellant respectfully prays that this Hon'ble Ombudsman may be pleased to:

- i. call upon the Respondents to place on record the relevant statutory provision, if any, supporting their assertion regarding restriction of check metering to smart meters only;
- ii. direct the Respondents to place on record their compliance with the MoP Circular dated 16.09.2023, including duration of check metering and reporting through REC/PFC; and
- iii. draw appropriate inference in the event the Respondents fail to justify the deviation from the prescribed consumer confidence measures.

12. That the contents of the para 7 (viii) wrongly written as 7(vii) are wrong and denied.

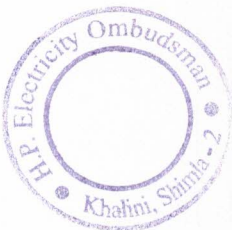
13. That the contents of the para 7 (ix) requires no reply.

14. That the contents of para 7(X)(i) of the Respondents' reply are misleading and are therefore denied. The reference made by the Appellant to *seasonal parity* was for the limited purpose of comparing electricity consumption for the **same months across different years**, and not for comparison between different months within the same year, as has been incorrectly suggested by the Respondents.

The Appellant is fully conscious of its obligation to maintain a healthy power factor and, for this purpose, has installed a suitable capacitor system, which has been functioning satisfactorily for a long period. It is an admitted and undisputed fact that prior to August 2025, the Appellant's power factor was consistently recorded as **1.00** over several years. However, immediately after installation of the smart meter in August 2025, the power factor abruptly fell to **0.149** for August 2025, **0.094** for September 2025 and **0.161** for October 2025 without any change in connected load, electrical equipment, or operational pattern of the hotel.

The Respondents have failed to place on record any inspection report, capacitor malfunction report, or load variation analysis to justify such a drastic and unprecedented deviation. The mere assertion that such low power factor values are "technically possible" does not constitute a valid explanation, particularly when the anomaly surfaced only after replacement of the meter.

Significantly, the power factor again stood corrected in subsequent bills after the conclusion of the check metering exercise. This clearly establishes that the abnormal power factor readings were confined to the period following installation of the smart meter and prior to finalization of check metering, which resulted in exceptionally inflated bills for the said period.



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15. That the contents of para 7(X)(ii) of the Respondents' reply are misleading and are therefore denied. The Respondents have not categorically clarified whether the low power factor values reflected in the impugned bills were treated as *lagging* or *leading*. However, reference to the presence of a capacitor system in their reply indicates that the Respondents are attempting to attribute the readings to an alleged leading power factor condition.

Such an approach amounts to misinterpretation and misapplication of the HPERC Tariff Order dated **28.03.2025**. The said Tariff Order mandates maintenance of a minimum **0.9 lagging power factor** and provides a billing mechanism only in relation to lagging power factor conditions. **It does not prescribe any penalty, surcharge, or kVAh-based billing methodology for leading power factor.** In the absence of an express tariff provision, regulatory approval, or corresponding amendment to the Supply Code, any attempt to bill the Appellant by equating leading power factor with lagging power factor is arbitrary, without authority of law, and contrary to consumer interest.

The judgments relied upon by the Respondents pertain to cases where low power factor was admitted, undisputed, and attributable to the consumer's installation. The present case is clearly distinguishable, as it concerns the correctness of metering logic and the impact of alleged installation or configuration defects arising immediately after replacement of the meter. The Appellant does not dispute the general sanctity of meters but specifically challenges the correctness of the readings recorded during the disputed period due to unexplained technical anomalies following installation of the smart meter.

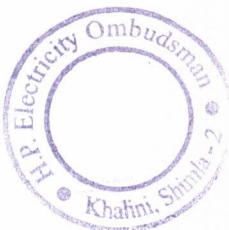
16. That the contents of para 7(X)(iii) of the Respondents' reply are misleading and are therefore denied. The instantaneous MRI data dated **10.09.2025**, supplied by the Respondents themselves, clearly depicts overlapping of **Vy and Vb voltage vectors**, a condition which is technically impermissible in a healthy and correctly connected three-phase electrical system.

The explanation offered by the Respondents, attributing such overlapping to harmonics, is vague, speculative, and unsupported by any contemporaneous **harmonic distortion report or Total Harmonic Distortion (THD) analysis**. No material has been placed on record to establish that the Appellant's internal electrical installation was the source of any such distortion.

Significantly, subsequent MRI data recorded after the completion of the check metering process shows normal and correctly separated voltage vectors, which were absent in the MRI dated 10.09.2025. This sequence of events lends strong support to the Appellant's contention that the earlier abnormal phasor depiction arose due to improper connection or configuration of the smart meter during the disputed period, and not due to any defect in the Appellant's installation.

17. With reference to para 7(X)(iv) of the Respondents' reply, it is clarified that the Appellant has not sought any relief on the ground of personal technical expertise or lack thereof. The Appellant has, throughout, emphasized the statutory and regulatory responsibility of the Respondents, as the distribution licensee, to ensure due compliance with the directions and guidelines issued by the Ministry of Power, under whose policy framework the smart metering programme is being implemented.

The Appellant reiterates that he has consistently maintained a healthy power factor over the past several years. The abnormal billing and financial loss suffered during the disputed period arose not due to any act or omission on the part of the Appellant, but due to improper metering connections and lack of due diligence on the part of the Respondents during installation and configuration of the smart meter. The Appellant respectfully reserves his right to place the matter before the appropriate authorities, including the Ministry of Power, if so advised, while seeking redressal before this Hon'ble Ombudsman in accordance with law.



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HIMACHAL PRADESH ELECTRICITY OMBUDSMAN
SHARMA SADAN, BEHIND KEONTHAL COMPLEX, SHIMLA-171002
Phone: 0177-2624525, email: ombudsmanelectricity.2014@gmail.com

18. That the contents of para 7(v) of the Respondents' reply are incorrect and are therefore denied. The Appellant reiterates that the **CEA Regulations, 2022 do not mandate that a smart meter must necessarily be used as a check meter for verification of another smart meter**. On the contrary, the Ministry of Power has issued specific directions permitting and encouraging the use of **existing non-smart meters as check meters**, particularly in cases where consumers raise grievances relating to excess billing after installation of smart meters and has further stipulated that such check meters should ordinarily be installed for a **minimum continuous period of three months**.

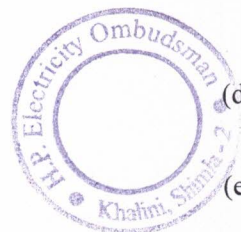
In the present case, the Respondents have neither adhered to the above directions regarding the nature of the check meter nor complied with the prescribed duration of check metering. The stand taken by the Respondents in this regard is unsupported by the applicable regulatory framework and warrants careful examination by this Hon'ble Ombudsman to assess compliance with statutory and policy directives governing smart metering and consumer grievance redressal.

19. That the contents of para 7(vi) of the Respondents' reply are incorrect and are therefore denied. The Appellant, in his submissions before the Forum and in the present proceedings, had suggested a reasonable and practical method for revision of the impugned bills, keeping in view the abnormal readings arising during the disputed period. The said proposal was made solely to facilitate fair resolution of the grievance in a situation where the metering and billing were rendered unreliable due to defects in installation and configuration attributable to the Respondents' actions during replacement of the meter.
20. That the contents of para 7(vii) of the Respondents' reply are denied. In the facts and circumstances of the present case, the readings of the smart meter during the disputed period, as well as the short-duration check meter readings, cannot be treated as conclusive or reliable for the purpose of billing. This is particularly so in view of the admitted abnormal power factor readings, the phasor anomalies reflected in the MRI data, and the non-compliance with prescribed procedures and duration for check metering. Accordingly, the impugned bills based on such readings are liable to be reviewed and revised in a fair and reasonable manner.
21. That the contents of paras 7(viii) to 7(xiii) and paras 8 to 10 of the Respondents' reply are formal, general, or self-explanatory in nature and, to the extent they do not specifically traverse the factual and technical issues raised by the Appellant, do not call for any separate reply. Any averments contained therein which are inconsistent with or contrary to the submissions made herein are denied.

PRAYER

In view of the facts and circumstances stated above, it is most respectfully prayed that this Hon'ble Ombudsman may be pleased to:

- (a) Reject the reply filed by the Respondents as being unsustainable in law and on facts;
- (b) Set aside the order dated 27.09.2025 passed by the CGRF, Solan;
- (c) **Direct revision of the electricity bills** for the concerned three months by treating the power factor as **1.00**, or in such other manner as this Hon'ble Ombudsman may deem just and appropriate;
- (d) **Direct refund or adjustment of the excess amount recovered**, together with applicable interest, in accordance with law;
- (e) **Award suitable compensation** to the Appellant for hardship, inconvenience, and deficiency in service on the part of the Respondents; and



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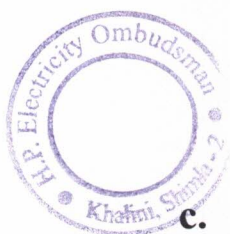
- (f) Pass such other or further order(s) as this Hon'ble Ombudsman may deem fit and proper in the facts and circumstances of the case, in the interest of justice and equity.

10. The counsel for Respondents and concerned Assistant Engineer appeared in the Court room along with the relevant record on dt.22/12/2025 and with the mutual Conesus of both the parties, the final arguments were conducted as under. Both the parties were given due opportunity to argue their contentions to the brim.

a. At the very outset, the Authorised representative for Complainant addressed contentions as stands reiterated above under para-3 of this order and confined arguments to the extent that after the installation of smart meter, the power factor declined drastically and resulted in abnormal hike in the electricity bill. He also mentioned about the check meter installed by the Respondents.

b. He further strengthened his arguments by placing on record that during 08/2025, the subsequent bill raised was found exorbitantly high to the extent of Rs. 59,933.34 with kVAh consumption of 6548.796 units and kWh consumption of 1205.914 units, resulting in an average power factor of 0.149. Similarly, for September 2025, a bill of Rs. 55,495.00 was raised against 6181.581 kVAh and 1068.879 kWh consumption, showing an average power factor of 0.094 and for October 2025, a bill of Rs. 43569.00 was raised against 5531.460 kVAh and 889.797 kWh consumption, showing an average power factor of 0.161.

c. He further extended his arguments that with the same smart meter, now for the month of 11/2025 & 12/2025 the bill again appeared



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well within the limits amounting to Rs. 12,222/- & Rs. 8900/- with power factor 0.829 & 0.92 respectively.

- d. The Assistant Engineer appeared as Respondent at the very outset supported his arguments by placing on record, the test result report of HT meters & CT connections conducted on dated 19.12.2025 by M&T Division, HPSEBL Solan in the presence of the Authorized Representative for the Complainant and asserted that the same connections had been continued since installation of smart meter and even the check meter installed on dt.16/09/2025 in confirmation of the accuracy of connections, provided same results/consumption.
- e. The said report ensured the accuracy status of connections of the newly installed smart meter which was also agreed by the Authorised representative for Complainant present in the court room whose signatures were appended in the said M&T report, established accuracy of connections which was very important to pursue further in the interest of justice.
- f. After getting nourished with the averments made during Arguments, both the parties were asked to submit status report of Instantaneous Energy and Active Power Energy for the period w.e.f. 08/2025 to 12/2025 to further ascertain the trend of bills raised by the Respondent and cause of decline of Power Factor under such circumstances when everything appeared in order including connections. Accordingly, the same was prepared in the court room and was submitted duly signed by the Assistant



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Executive Engineer Solan, the Id. Counsel for Respondents and the authorized representative for the complainant which was taken on record for further analysis.

- g. The deliberations made by the Assistant Engineer representing Respondent Board and participation in discussions were appreciable. Both Id. Counsel for Respondent Board & the Authorized Representative for Complainant advanced their arguments to the brim. After hearing both the parties at length, the arguments were concluded and the order was kept reserved for examining the contentions and averments made by both the parties during final arguments, to the depth before issuance of final order.
11. The documents annexed and placed on record, Arguments advanced by both the parties have gone through in depth.
12. The appropriate Acts, Supply Codes, MYT Regulation, relevant Tariff Orders as well as the judgements of Hon'ble Courts cited in the Representation/Reply have been referred to for clarity.
13. The case file bearing Complaint No. 1234/09/1 and orders passed on dated 27.09.2025 by the Additional Consumer Grievance Redressal Forum Solan have been requisitioned and gone through in conjunction with above submissions & documents placed on record by both the parties, to have a comprehensive view of the case to arrive at judicious platform. The relevant extract from para 1 to para 15 of the said order also reiterated under the “**para-4**” above to arrive at legitimate conclusion.



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14. The contentions of the Complainant detailed under **para-‘3’**, reply of Respondent Board detailed under **para-‘9(A)’**, Rejoinder submitted by the Complainant placed under **para-9(B)**, Arguments conducted at length & placed under **para-‘10’**, have not been reiterated for the sake of brevity and may be referred to as cited above, however, where required have been reproduced only on specific contentions while doing analysis.

15. While scrutinizing the reply submitted by the Respondents, it has been observed that the Respondents at the very outset under **‘Preliminary Submissions’** have opined as under:

- a. That the present complaint is not maintainable in the eyes of law, being devoid of merit, factually incorrect, and legally untenable. The Complainant has failed to establish any valid grievance against the Respondents that warrants intervention by this Ld. Ombudsman.
- b. That the action of the Respondents, including the installation of smart meters and the subsequent billing, are in strict conformity with the provisions of the Electricity Act, 2003, the Central Electricity Authority (Installation and Operation of Meters) (Amendment) Regulations, 2022, the Himachal Pradesh Electricity Regulatory Commission (HPERC) (CGRF) and Ombudsman Regulations, 2013, the HPERC Electricity Supply Code, 2009 and the prevailing Tariff Orders issued by the Hon’ble HPERC.
- c. That the order passed by the Ld. Addl. CGRF, Solan, is a well-reasoned, comprehensive, and legally sound decision, based on a meticulous appreciation of the facts, the applicable law, and the regulatory framework.
- d. That the Complainant has suppressed material facts before this Ld. Ombudsman, including but not limited to, the technical feasibility of low power factor under distorted load conditions, the binding nature of the check meter results, and their own statutory obligation to maintain the prescribed power factor.

16. Whereas the Complainant through Rejoinder on these specific averments contends as under:

- a. That the reply filed by the Respondents is misleading, evasive, and based on generalized statutory assertions, without addressing the specific technical anomalies, factual inconsistencies, and billing irregularities raised by the Appellant in the original representation.
- b. That the core grievance of the Appellant, namely, the sudden and abnormal collapse of the Power Factor immediately after installation of the smart meter in August 2025, resulting in exorbitant and unjustified kVAh-based billing, has not been satisfactorily explained by the Respondents.

17. After referring to the documents placed on record and arguments advanced, this authority observes that the decisive averments made by



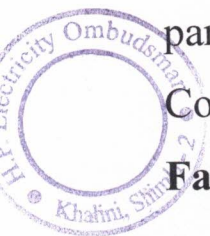
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the Respondent on maintainability appeared to be quite vague and unless heard, the abrupt conclusion may create precarious situation in the interest of justice.

18. In view of above and exercising the provisions in terms of regulation 33(2,3) read with 36(2) of Himachal Pradesh Electricity Regulatory Commission (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2013 where the Ombudsman is guided by the principle of natural law of justice, this authority feels judicious to give an opportunity in terms of Regulation 33(3), the relevant extract of which is read as “*Provided further that no representation shall be rejected in respect of sub-clauses (a),(b),(c) unless the Complainant has been given an opportunity of being heard*”, warrants contentions to be heard which cannot be judged unless an opportunity of being heard is given in terms of said provisions and might carry reasonable arguments in the interest of justice. So, in due cognizance to the above provisions and subject to the outcome of the proceedings, **the Complaint is held maintainable** only for initiation of proceedings /adjudications of grievances subject to final outcome of the pleadings and paves the way for further delving the **issues on merit**.

19. After examining the documents placed on record, submissions made by the Complainant, the reply submitted by the Respondent, the Rejoinder submitted by the Complainant and Arguments advanced by both the parties, this authority at the very outset gathers opinion that as per Complainant, the key issue in the instant case is decline in the **Power Factor** after the installation of smart meter in the month of August, 2025



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resulted in increase in the bill amount against earlier bills issued prior to the installation of smart meter.

20. This authority opines that **power factor** being **vital & pivot** of all contentions in the instant case needs to be examined in depth and draws attention of this authority first on conceptual exploration as to which components govern the power factor that ultimately reduces the power factor and enhances the bill's amount and how it is related to the instant situation under present circumstances as contended.
21. Here, let us draw inference on the following technical support which may add force in the interest of justice:
- a. That when we talk about say 0.9 Power Factor (0.9 PF), it means that the electrical system or equipment is using its supplied power with 90% efficiency i.e. the equipment is drawing 90% useful power in KW (**Active Power**) from the system and only 10% lagging **Reactive Power (KVAR)** from the system.
 - b. That here in an AC (Alternating Current) electricity system, power factor is a measure of how effectively the electrical power is being converted into useful work. In fact, it is the ratio of real power (KW) to apparent power (KVA) which is further augmented as under:
 - i. **Real Power (KW):** This is the actual power that performs useful work like running motors, heating elements or lighting etc. It is also called "working power".
 - ii. **Reactive Power (KVAR):** This is the power required to create and maintain magnetic fields in inductive loads (like motors, transformers, and fluorescent lighting). It does not do any



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useful work but is necessary for these devices to operate. If some alternative arrangement like **installation of capacitor bank** is not done or the Capacitor bank is not functioning then this requirement of lagging Reactive Power is met through the system resulting in decline of power factor which is catastrophic to system.

iii. Apparent Power: (KVA): This is the **total power** supplied to the circuit, which is the vector sum of **real power and reactive power**.

c. That the above analysis gives explicit understanding that 0.9 PF means that for every KVA of apparent power supplied, only 0.9 KW (or 900 watts) is actually converted into useful work. The remaining 0.1KVAR (20%) is reactive power that isn't doing productive work.

d. That after acquiring the meaning of Power Factor, it becomes legitimate to further understand as to how it affects the system when $PF < 1$.

i. Increased Current: A low power factor means more current is drawn from the source to deliver the same amount of power. This is because the apparent power (what the utility has to supply) is higher than the real power.

ii. Higher Energy Losses:

Increased current leads to higher losses due to resistive heating.

iii. Instability in the Electrical System:

Sometimes when the external source of supply of lagging reactive power functions inconsistently, it overburdens the



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electrical system of utility and meets the lagging reactive power requirements of the devices/equipment by drawing lagging reactive power from the system and in many instances, if external arrangement is not done, the voltage reduces drastically and sometimes even distorts the voltage vectors also for the moment till the system attains its stability.

iv. Utility Penalties:

Electricity providers charge penalties to industrial and commercial consumers with low power factor because it puts a greater strain on their infrastructure, hence reduces the overall capacity of the electrical system. That is why in terms of prevalent provisions it is mandatory for the consumer to maintain Power Factor 0.9

22. After having glance on the **inherent parameters** of the system, the PF is either leading or lagging depending on the load as under:

- a. In case of capacitive loads, the current leads the supply voltage & absorbs leading reactive power and supplies lagging reactive power and hence, meets the requirements of lagging reactive power in the system.
- b. Similarly, in case of inductive loads, the current lags the supply voltage & absorbs lagging reactive power and delivers leading reactive power, hence the cycle continues i.e. the Capacitor Bank quenches the thirst of inductive load in the system by supplying lagging reactive power which is essential to produce magnetic field in the system to run the devices or otherwise **if this**



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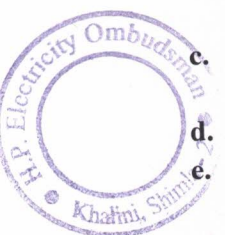


arrangement is defective or not provided, the requirement of lagging reactive power is met from the distribution system which results into decline in power factor, reduce in voltage and increase in bills.

23. The above analysis if linked with instant case, establishes that the inductive load in the system requires lagging reactive power and to run the system prudently away from above hazards (ref. i to iv above), there should be some **source to deliver lagging reactive power** so that the consumer may not meet the requirements of reactive power from the utility system.
24. This authority feels it pertinent to mention that it is only **the capacitor Bank** if installed in the system, delivers lagging reactive power (in KVAR) and compensates the **lagging reactive power requirements** to the maximum extent so as to reduce the burden on the electrical system of the licensee and maintain the power factor near **unity**.
25. This authority, after nourishing with sufficient technical support feels it comfortable to examine the instant case in legitimate manners on the following very specific contentions of Complainant which needs to be examined in depth to arrive at judicious platform.

The Complainant contends:

- a. That the Appellant had duly paid the electricity bill for the month of June 2025, which was issued in July 2025.
- b. That thereafter, the electricity bill **for July 2025 was received**, and the Appellant was **shocked** to find that the bill **amount was excessively high**.
- c. That subsequently, in August 2025, HPSEBL replaced the existing energy meter and installed a **Smart Meter** at the Appellant's premises.
- d. That the check meter was installed on 16/09/2025
- e. that the Appellant has a **5kVAR capacitor system** already installed, such low readings are technically unjustifiable.



Rupshah



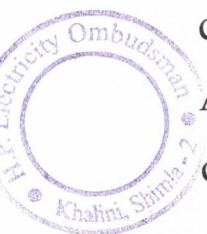
26. The Respondent's Contention:

The Respondent under para-7(vii) of “**Reply to Ground of Representation**” asserts which is also reiterated for the sake of reference as below:

“The check meter installed on 16.09.2025 at the Complainant's premises, in the presence of the Complainant, recorded **identical consumption and Power Factor**, values as the primary smart meter, thereby conclusively confirming the correctness and accuracy of the primary smart meter.”

27. This authority feels it legitimate to recall the assertions appended by the Assistant Engineer appeared as Respondent during arguments on the test result report of HT meters & CT connections conducted on dated 19.12.2025 by M&T Division, HPSEBL Solan in the presence of the Authorized Representative for the Complainant and emphasized during final arguments that **the same connections had been continued since installation of smart meter and even the check meter installed on dt.16/09/2025 in confirmation to the accuracy of connections, provided same results/consumption.** The same facts were not denied by the Authorized Representative for Complainant. The said report has been taken on record and is placed in the case file for record and reference.

28. This authority after referring to above relevant extracts of both Complainant's and Respondent's contentions deduces that the issues related to correctness of functioning of Smart meter as well as the connections stand certified by the M&T Division, HPSEBL Solan, the competent authority appointed for the purpose, in the presence of Authorized Representative for Complainant (**duly signed**) and hence considered as settled.



Ruphal



29. The above findings warrant further scrutiny of the following **status report of Instantaneous load (Apparent Energy KVAh and Active load consumption KWh)** which was duly prepared, signed, and submitted by both the parties during final arguments on dt. 22/12/2025 in the court room and is placed in the case file in complainant No. 41/2025. The same is also reproduced as below:

STATUS OF INSTANTANEOUS ENERGY & ACTIVE ENERGY

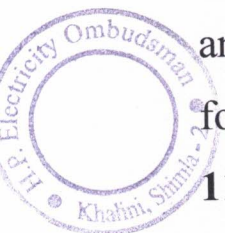
Month	KVAh	KWh	Amount in Rs.
08/2025	2386.78	194.96	59,159/-
09/2025	2416.820	226.186	55495/-
10/2025	1843.820	296.599	43003/-
11/2025	431.944	400.245	12222/-
12/2025	279.552	231.871	8900/-

Sd/-
(Virender Gupta)

Sd/-
(Er. Dinesh Thakur)
AEE, ESD, Subathu

Sd/-
(Sh. Rajesh Kashyap)
Standing Counsel
HPSEBI

30. While examining the above status report in line with above technical findings, it has been observed that the **Active load (KWh)** consumption almost remained same but the Instantaneous load consumption (**Apparent Power**) showed abnormal hike for the months **08/2025 to 10/2025** as against the months from **11/2025 to 12/2025** and further subsequently, the bill amount appeared exorbitantly high for the months **08/2025 to 10/2025** as compared to for the months **11/2025 to 12/2025**. The above distorted proposition draws attention



Ruppal



towards **Power Factor status** which remained extremely less for the months from 08/2025 to 10/2025 and remained quite nearest to 0.9 for the months from 11/2025 to 12/2025.

31. In due cognizance to the austerity of power factor in the electrical system, it is quite legitimate to examine the effectiveness of power factor in line with findings under above **para-21** of this order, during above period in the instant case and after referring to the respective bills placed on record, it has been observed as under:

- a. That the power factor for the month 08/2025 has been recorded as **0.149**, it means that the electrical system or equipment in the instant case used its supplied power with 14.9% efficiency and in addition drew 85.1% lagging **Reactive Power (KVAR)** direct from the system.
- b. That the power factor for the month 09/2025 has been recorded as 0.094, it means that the electrical system or equipment in the said duration used its supplied power with 9.4% efficiency and in addition drew 90.6% lagging **Reactive Power (KVAR)** direct from the system.
- c. That the power factor for the month 10/2025 has been recorded as 0.161, it means that the electrical system or equipment in the said period used its supplied power with 16.1% efficiency and in addition drew 83.9% lagging **Reactive Power (KVAR)** direct from the system.
- d. That the power factor for the month 11/2025 has been recorded as 0.927, it means that the electrical system or equipment in the



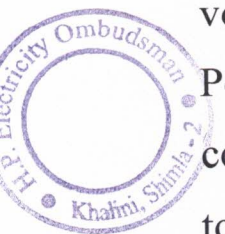
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instant period used its supplied power with 92.7% efficiency and in addition drew only 7.3% lagging **Reactive Power (KVAR)** direct from the system, rest from the Capacitor Bank, which appears functional. Hence, in this case the electrical system of the utility has not undergone through abnormal stress and power factor remained maintained as per provisions as well as the bill amount also fall within the desired limit.

- e. That the power factor for the month 12/2025 has been recorded as 0.829, it means that the electrical system or equipment in the instant case used its supplied power with 82.9% efficiency and in addition drew 17.3% lagging **Reactive Power (KVAR)** direct from the system, rest from the Capacitor Bank, appears functional.

32. The above analysis further draws attention towards the hazards anticipated from **Reactive Power drawl (KVAR)** if not compensated by external means which remains hidden being not utilized in doing useful work but essential for operating the system, plays vital role in making the system unstable by **reducing Power Factor enormously, reducing voltage drastically which sometimes appears as overlapping of the Voltage components**, till the system attains its stability. It is pertinent to mention here that system stability in Electrical system plays utmost important role to curb distortion of voltage vectors. Under these circumstances the load avails the Reactive Power compensation from the electrical system of licensee if not compensated by the external source such as **capacitor bank** as appears to be happened from 08/2025 to 10/2025 in the instant case as per



Pushpal

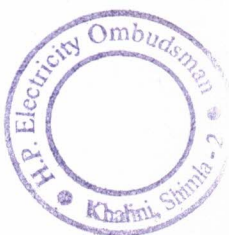


analysis under **para-31** above and falls within the prey of reduced Power Factor as well as deviates from the mandatory obligation as per provisions for maintaining PF at 0.9.

33. In view of above essence of findings under **para-32**, the above analysis is clearly indicative that for the months from 08/2025 to 10/2025, the Reactive Power requirement was met direct from the system and no compensation could be provided by external source i.e. Capacitor Bank installed, resulted in drastically declined in the average power factor to the range from 0.149 to 0.094 whereas almost against the **same load (KWh)**, Apparent power remained well within the limits from 11/2025 to 12/2025, appears that the Capacitor Bank remained operative and requisite compensation was provided by the capacitor bank installed for the purpose. This clearly shows that in the instant case the Capacitor bank remained inoperative from 08/2025 to 10/2025 and again started functioning from 11/2025 to 12/2025.

34. After resorting to above detailed exhaustive findings, this authority agrees with the conclusive findings appended by the Id. Addl. CGRF, concluded diligently with assertions that the bill raised by the Respondent is correct, the relevant extract of the findings under **para-13** of the said order dt. 27/09/2025 is recapitulated below for reference and record:

“The instant complaint citing that incorrect calculation of bill due to wrong consideration of Power factor by the complainant discussed in detail and however Forum observes that Electricity Bill for the month of 8/2025 bearing No.160001114043 amounting to Rs.59,159/- and 9/2025 bearing No.140001589123 amounting to Rs.55,495/- has been generated as per rules and regulation and tariff order. Therefore, it can be safely concluded that the Electricity bill raised by the Respondent is correct as per provisions of HPSEBL and respondent cannot be termed as bad in the eyes of law, and thus the contention of the complainant is set aside.”



Rupnar



35. In view of foregoing findings, this authority does not find any reasonable substance in the said representation which could be considered sustainable in the interest of justice and hence, the contentions of the Complainant in the instant case are held untenable and the order is appended as under:

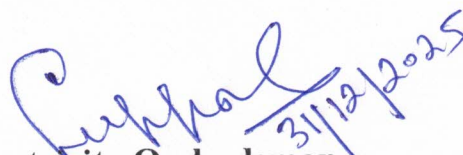
- a. The order dt. 27/09/2025 passed by the Additional Consumer Grievance Redressal Forum Sloan in Complaint No. 1234/09/2025/1 is upheld.**
- b. The Electricity Bills raised by the Respondent Board in terms of findings under para-19 to 34 are maintained.**
- c. Apart from payment made under protest, in case any payment is left on this account, the Complainant is directed to pay to avoid further aggravation of amount thereof.**
- d. No cost to litigation.**
- e. In terms of above findings, the Complaint filed by M/s Hotel Shyam Regency, Near Petrol Pump, Radiana, Subathu, District Solan-173212 is hereby disposed of.**
- f. The case file is consigned to record room and order is also placed at site as well as conveyed telephonically for the convenience of reference.**



Given under my hand and seal of this office.

Dated: 31/12/2025

Shimla


Electricity Ombudsman