



Explanatory Memorandum

FOR

**Draft Himachal Pradesh Electricity Supply Code
(Second Amendment) Regulations, 2018**

January, 2018

HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION

Vidyut Aayog Bhawan, Block No.-37, SDA Complex, Kasumpti, Shimla-171009

Explanatory Memorandum for the Draft Himachal Pradesh Electricity Supply Code (Second Amendment) Regulations, 2018.

The Himachal Pradesh Electricity Regulatory Commission in exercise of 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 notified the Himachal Pradesh Electricity Supply Code, 2009, published in the Rajpatra, Himachal Pradesh, dated 29th May, 2009. Some of the clauses of the said Code were amended vide notification dated 11th June, 2014.

On the suggestions made by the Distribution Licensee (HPSEBL), the Parwanoo Industries Association and the Divisional Commissioner, Shimla Division, certain amendments to Himachal Pradesh Electricity Supply Code, 2009 were considered by the Supply Code Review Panel and thereafter by the Commission. In this background the following amendments are proposed to be made in the Supply Code.

(I) Insertion of para 3.1.2.-

In relation to insertion of para 3.1.2.1 in the HP Electricity Supply Code, 2009 it is stated that the provisions of universal service obligation; i.e. the obligation of licensee to supply electricity to a consumer on demand, is treated as an important feature of the Electricity Act, 2003. As per section 43 of the Act (ibid), every distribution licensee is required to give supply of electricity within his area of supply within one month after receipt of the application requiring such supply. Where a distribution licensee fails to supply within the stipulated period, he is liable to a penalty, which may extend to one thousand rupees for each day of default. **Moreover, the policy at National level also aims at providing access of electricity to all households in the Country in a time bound manner.** It is very common that the DISCOMS are usually insisting upon the applicants for new connections to produce “No objection Certificates” from various authorities such as Panchayats, Municipalities, or the

Development Authorities and the Town and Country Planning Department etc. The procedure for obtaining NOC's is very cumbersome and time consuming. To overcome this, many malpractices, including the electricity theft, have become very common feature. Many SERCs/States have tackled this problem by doing away with the requirement of the NOCs, by making provision that the electric service connections be released on the production of declaration/undertaking by the applicant to the extent that the licensee may disconnect the service connection, in the event of the legally binding order issued by the statutory authorities for disconnection of the supply owing to any default/non-compliance of the statutory provisions. **In view of above, it is proposed to make a provision that the licensee shall not refuse the electricity connection to an applicant seeking electricity connection for domestic supply, or in case of other non-domestic purposes for the connections with connected load and contract demand not exceeding 20kW and 20kVA respectively.** The above action would be in consonance with the provisions of para 7.1(h) of the Supply Code, and would also simplify the procedures to facilitate the ease of doing business. The complete text of the proposed provisions may be seen in the proposed notification.

(II) Amendment of para 3.9.-

The existing provision under clause 3.9 of the Supply Code, provide for levy of demand charges, subject to certain conditions, in a graded manner if the full sanctioned contract demand is not availed by the consumer within the permissible time limit. The Distribution Licensee i.e. HPSEBL has submitted that they are facing the difficulties to handle situation where the consumer is not ready or delays to receive supply of electricity or does not avail the full contract demand, due to the reasons beyond the control of the consumers. On the basis of their experience, the HPSEBL has given the suggestions that the initial grace period in which the demand charges are levied only upto the maximum demand actual availed, if any, should be enhanced and also wanted that a saving clause should be included in

this provision so as to provide some relaxation in cases where the delay in taking connection is considered to be beyond the reasonable control of the applicant. The Supply Code Review Panel has recommended that both these suggestions be accepted. The Supply Code Review Panel has recommended to enhance the grace period in which the demand charges are levied only upto maximum demand actual availed, if any, from existing six months to twelve months.

The Commission propose to accept both these demands of the Industries to the above stated extent and has accordingly proposed changes in the para 3.9 of the supply code as per the notification.

(III) Amendment of para 3.10.-

The para 3.10 of the Supply Code contains a provision that the consumers covered under two part tariff are entitled to revise their contract demand on temporary basis upto certain limits without loosing their lien on the sanctioned contract demand. In this regard, HPSEBL has requested that it should be mandatory for such consumers to revise their contract demand to the full sanctioned contract demand at least for some part of the year. For remaining period, the consumer shall however be free to reduce his contract demand under these provisions upto the permissible limit. The Supply Code Review Panel, of which the representative of Industrial Association is also a member, recommended that it may be made mandatory for the consumer(s) to avail full sanctioned contract demand at least for 6 months in a year.

In view of above, the para 3.10 of the Supply Code is proposed to be amended as per the notification, so as to give effect the recommendation made by the Supply Code Review Panel.

(IV) Amendment of para 5.7.3.-

The existing clause 5.7.3 of Supply Code contains the provision that the Distribution Licensee is required to pay certain interest to the consumer on the excess recoveries made from the consumers in cases of erroneous billing. The interest rate has been mentioned as

twice the SBI Short Term PLR, prevalent on the first day of the April of the relevant of the year.

M/s Parwanoo Industries Association suggested that since SBI's Short Term Prime Lending is no more in existence and the said clause needs to be amended. Under the RBI guidelines, the interest rates system migrated from Prime Lending Rate to Base Rate few years ago. The Short Term PLR which existed before 2010 was replaced by SBI Advance Base Rate. After detailed discussion in the Supply Code Review Panel meeting, it was recommended that in such cases the Licensee should pay to the concerned consumers a simple interest @15% per annum, or where the rate is fixed by the Commission at the rate so fixed.

In order to implement the suggestions made by the panel, the Commission has proposed the changes in para 5.7.3 of the Supply Code.

(V) Substitution item(iii) of para 6.1.9.-

The Divisional Commissioner, Shimla Division, who is an Appellant Authority for dealing the case(s) of unauthorized use of Electricity covered under section 126 of the Electricity Act 2003, based on his experience in this regard, has suggested that it should be made mandatory under the regulations that the order to be passed should not simply be a summary order by the Assessing Officer, but should be a speaking order containing all relevant details after following the due process.

Based on the suggestion made by Divisional Commissioner, Shimla Division, the Supply Code Review Panel has recommended to rationalize

the relevant clause in the Supply Code as per the proposal given. The Commission has accordingly proposed changes in the para 6.1.9(iii) of the Supply Code as per the notification.

**By order of the Commission
Sd/-**

Secretary