

HIMACHAL PRADESH ELECTRICITY REGULATORY COMMISSION

SHIMLA

F.No.HPERC/381

Dated:Shimla, the 8th June, 2004

NOTIFICATION

The Himachal Pradesh Electricity Regulatory Commission, in exercise of the powers conferred by section 16 read with clause (d) of sub-section (2) of section 181 of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in this behalf, after previous publication, hereby makes the following regulations, namely:-

REGULATIONS

1.Short title and commencement: - (1) These regulations may be called the Himachal Pradesh Electricity Regulatory Commission (General Conditions of Distribution Licence) Regulations, 2004.

(2) These regulations shall come into force from 10th June, 2004.

2.Definitions:- (1) In these regulations, unless the context otherwise require, -

(1)“**Act**” means the Electricity Act, 2003 (Act No. 36 of 2003);

(2)“**accounting statement**” means for each financial year, accounting statements for the licensed business comprising a profit and loss account, a balance sheet and a statement of sources and application of funds, together with notes thereto as detailed under the Companies Act, 1956 (1 of 1956) and such other particulars and details in the manner as the Commission may direct from time to time. If the distribution licensee engages in any business or activity in addition to the licensed business, the accounting statements shall comply with the regulations of the Commission dealing with the treatment of other business of the distribution licensee and show separately the amounts of any revenue, cost, asset, liability, reserve or provision, which has been either -

(a) charged from the licensed business to any other business or vice versa together with a description of the basis of that charge; or

(b) determined by apportionment or allocation between the licensed business and any other business of the distribution licensee together with a description of the basis of the apportionment or allocation;

(3)“**annual accounts**” means the accounts of the distribution licensee prepared in accordance with the provisions of the Companies Act, 1956 (1 of 1956) and/or in such other manner as may be directed by the Commission in terms of the provisions of the Act;

(4)“**area of distribution**” or “**area of supply**” means the area of distribution stated in the distribution licence within which the distribution licensee is authorised to establish, operate and maintain the distribution system and supply electricity;

(5)“**auditors**” means the distribution licensee’s auditors holding office in accordance with the requirements of sections 224 to 234A or section 619 as appropriate, of the Companies Act 1956 (1 of 1956);

(6)“**authorised**”, in relation to any person, business or activity, means authorised by licence granted under section 14 of the Act or deemed to be granted under the first, second, third and fifth provisos to section 14 of the Act or exemption granted under section 13 of the Act and the regulations of the Commission;

(7)“**Commission**” means the Himachal Pradesh Electricity Regulatory Commission;

(8)“**deemed licensee**” means a person authorised under the first, second, third, and fifth provisos to section 14 of the Act;

(9)“**distribution**” means the conveyance or wheeling of electricity by means of a distribution system;

(10)“**distribution business**” means authorised business of a distribution licensee to operate and maintain a distribution system for supplying of electricity to the consumers in an area of supply;

(11)“**distribution code**” means the code governing all material technical aspects relating to connections to and the operation and use of the distribution system as specified by regulations by the Commission;

(12)“**distribution system operating standards**” means the standards related to the distribution licensee’s operation of the distribution system as specified by regulations by the Commission;

(13)“**distribution system planning and security standards**” means the standards related to the adequacy of the distribution licensee’s system planning and security of the distribution system, as specified by regulations by the Commission;

(14)“**existing distribution system operating standards**” means the standards for operating the distribution system existing in the area of distribution as on the date of the grant of licence;

(15)“**existing distribution system planning and security standards**” means the standards for system planning and security of the distribution system existing in the area of distribution as on the date of the grant of licence;

(16)“**force majeure**” means events beyond the reasonable control of the licensee, including, but not limited to earthquakes, cyclones, floods, storms, adverse weather conditions, war, terrorist attacks, civil commotion or other similar occurrences that leads to any act that would involve a breach of relevant laws or regulations concerned with electrical safety;

(17)“**generating set**” means any plant or apparatus for the production of electricity and shall, where appropriate, include a generating station comprising of one or more than one generating unit;

(18)“**generator interconnection facilities**” means electrical lines, transformers, busbars, switch-gear, plant or apparatus utilised to enable access to a transmission system or distribution system by the generating set(s);

(19)“**grid code**” means the grid code specified by the Central Commission under clause (h) of sub-section (1) of section 79 of the Act and includes the State grid code specified by the State Commission under clause (h) of sub-section (1) of section 86 of the Act;

(20)“**holding Company**” shall have the same meaning as in section 4 of the Companies Act 1956 (1 of 1956);

(21)“**interim distribution code**” means the existing practices and procedures in the area of distribution to be followed by the distribution licensee for operating the distribution system as on the date of the grant of the licence till the date, the distribution code of the distribution licensee is specified by regulation under the Act;

(22)“**interim grid code**” means the existing practices and procedures implemented by the State Transmission Utility pending the grid code is specified by regulations under the Act;

(23)“**licensed business**” means the business of distribution and supply of electricity as authorised under the distribution licence;

(24)“**major incident**” means an incident associated with the distribution of electricity, which results in a significant interruption of service, substantial damage to equipment, or loss of life or significant injury to human beings, or as otherwise directed by the Commission and shall also include any other incident which the Commission expressly declares to be a major incident;

(25)“**operational control**” means possessing the authority to make operational decisions such as commissioning and utilisation of units, service lines and equipment;

(26)“**other business**” means business of the distribution licensee other than the licensed business;

(27)“**performance standards**” means the standards as may be determined by the Commission pursuant to section 57 of the Act;

(28)“**specific conditions**” means the conditions in addition or in variation to the general conditions which the Commission may lay down specifically for a distribution licensee;

(29)“**State**” means the State of Himachal Pradesh;

(30)“**State Government**” means the Government of the State of Himachal Pradesh;

(31)“**subsidiary**” shall have the same meaning as in section 4 of the Companies Act 1956 (1 of 1956);

(32)“**trading business**” means the authorised business of an electricity trader in the area of operation allowed under the trading licence granted ;

(33)“**trading licence**” means the licence granted under section 14 of the Act to undertake trading in electricity;

(34)“**trading licensee**” means an electricity trader and shall include deemed licensee who is so authorised under section 14 of the Act;

(35)“**transfer**” shall include the sale, exchange, gift, lease, licence, loan, securitisation, mortgage, charge, pledge or grant of any other encumbrance or otherwise permitting of any encumbrance to subsist or parting with physical possession or any other disposition or dealing;

(36)“**use of system**” means use of the distribution system for the transportation or wheeling of electricity;

(37)“**users**” means anyone who uses the distribution system; and

(38) the other words, terms and expressions used and not defined in these regulations, but defined in the Act, shall have meanings respectively assigned to them in the Act.

3. Term. - The distribution licence shall come into force on the date to be mentioned by the Commission in the order granting the licence and subject to the terms and conditions of the grant of licence, shall remain in force for the period mentioned in the order.

Provided that in respect of deemed licensees, these conditions shall come into force on the 10th June, 2004.

4. Compliance with laws, rules and regulations. - **(1)** The distribution licensee shall comply with the provisions of the Act, rules, regulations, orders and directions issued by the Commission from time to time and the provisions of all other applicable laws.

(2) The distribution licensee shall act in accordance with these general conditions except where the distribution licensee is exempted from any provisions of these general conditions at the time of the grant of licence or otherwise specifically by an approval of the Commission to any deviation therefrom.

(3) The distribution licensee shall duly comply with the order and directions of the National Load Despatch Centre, the Regional Load Despatch Centre and the State Load Despatch Centre and other statutory authorities issued in the discharge of their functions under the Act.

5. Functions of the distribution licensee. - **(1)** The distribution licensee shall develop and maintain an efficient, co-ordinated and economical distribution system in the area of distribution and effect supply of electricity to consumers in such area of supply in accordance with the provisions of the Act, rules, regulations, orders and directions of the Commission.

(2) The distribution licensee shall be entitled to -

(a) purchase, import or otherwise acquire electricity from generating companies, electricity traders and from other persons with whom the distribution licensee has agreements or arrangements of power purchase or procurement of energy in accordance with the terms and conditions of such agreement and arrangement consented to or approved by the Commission or in accordance with the terms and conditions of the tariff specified by the Commission;

(b) purchase or acquire electricity from any person whose generating unit existing as on date of the grant of the licence, is directly connected to and interfaced with the distribution system of the distribution licensee, provided that the distribution licensee shall intimate the Commission of the existing arrangements for such purchase or acquisition of electrical energy and obtain the general or special approval of the Commission;

(c) purchase or otherwise acquire electricity from any person or licensee on the tariffs and terms and conditions as approved by the Commission;

(d) appoint franchisees to distribute and/or supply of electricity for a specified area within the area of distribution of the distribution licensee without a separate licence to be taken by such franchisee provided that the licensee shall be responsible for distribution of electricity in his area of supply;

- (e) undertake trading in electricity without the need for a separate trading licence;
 - (f) provide access to the distribution system to any person for wheeling of electricity in accordance with regulations made by the Commission for the purpose;
 - (g) sell electricity or energy capacity contracted for such period and to the extent of electricity or capacity not required by the distribution licensee for the discharge of his obligations to supply electricity in the area of supply.
- (3) The distribution licensee shall sell, supply or otherwise dispose of electricity to any person, only in accordance with his licence, on the tariffs and terms and conditions as approved by the Commission;
- (4) The distribution licensee shall purchase the energy required by the licensee for meeting obligations under the distribution licence in an economical manner and under a transparent power purchase or procurement process and in accordance with the regulations, guidelines, directions made by the Commission from time to time.
- (5) The distribution licensee shall engage in any other business only consistent with the regulations of the Commission framed under section 51 of the Act;
- (6) The distribution licensee shall seek approval of the Commission before making any loans to, or issuing any guarantee for any obligation of any person, except when made or issued for the purposes of the licensed business. The loans to employees pursuant to their terms of service and trade advances in the ordinary course of business are excluded from the requirement to seek such approval.
- (7) The distribution licensee may engage any of the subsidiaries or holding company or a subsidiary of such holding company of the distribution licensee to provide any goods or services to the licensee in connection with the licensed business, subject to the following conditions:-
- (a) that the transaction will be on an arms-length basis and at a value that is fair and reasonable in the circumstances;
 - (b) that the transaction will be consistent with any regulation framed by the Commission relating to the provision of goods and services with respect to licensed business; and
 - (c) that the licensee will give 15 days' notice with details of such arrangement, to the Commission prior to commencement of such arrangement.

(8)The distribution licensee may establish subsidiaries or associated companies or grant a franchisee or enter into management contracts including appointment of billing agent to conduct or carry out any of the functions, which the distribution licensee is authorised to conduct or carry under the licence; provided that the licensee shall be responsible for all actions of the subsidiaries or associated companies or franchisees or agents or contractors.

(9) Except as provided in sub-regulation (8) the distribution licensee shall not transfer or assign his licence or any of the functions under the licence to any other person without the prior approval of the Commission.

(10) The distribution licensee shall provide open access to the distribution system for use of the licensees, and generating company including the captive generating plant and the consumer subject to the absence of operational constraints in the distribution system and subject to the payment by the user all applicable tariffs and charges as determined or directed to be charged by any general or special order of the Commission.

(11)The distribution licensee shall not, without the prior approval of the Commission:

- (a) undertake any transaction to acquire by purchase or takeover or otherwise, the utility of any other licensee;
- (b) acquire any beneficial interest in any generating company or generating station; or
- (d) (c) transmit, distribute or supply electricity to any person in the State, not under the licence;

(12)The distribution licensee shall provide to the other licensees the intervening distribution facilities to the extent of surplus capacity available, in his distribution system and in the event of any dispute as to the availability of the surplus capacity the same shall be determined by the Commission. The charges, terms and conditions for the use of the intervening facilities may be mutually agreed between the licensees subject to any order made by the Commission for the purpose. In the event of any disagreement the same shall be decided by the Commission.

6.Accounts. - (1) The distribution licensee shall conduct study on its total financial planning, budgeting and restructuring to determine an optimal capital structure, including key financial parameter which the distribution licensee shall follow in order to monitor its financial performance.

(2) Unless otherwise permitted by the Commission the financial year of the distribution licensee for the purposes of these regulations laying the general conditions and matters relating to the licensed business shall run from the first of April to the following thirty-first of March.

(3) The distribution licensee shall, in respect of the licensed business and any other business, -

- (a) keep such accounting records as would be required to be kept in respect of each such business so that the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to the licensed business are separately identifiable in the books of the distribution licensee, from those of other business in which the distribution licensee may be engaged;
- (b) prepare on a consistent basis from such accounting records and deliver to the Commission the accounting statements, namely:-
 - (i) in respect of the first six months of each financial year, a half yearly profit and loss account, cash flow statement and balancesheet together with such supporting documents and information as the Commission may direct from time to time;
 - (ii) in respect of the accounting statements prepared, an auditor's report for each financial year, stating whether in their opinion the statements have been properly prepared and give a true and fair view of the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to such business to which the statements relate; and
 - (iii) a copy of each half yearly profit and loss account not later than three months after the end of the period to which it relates, and copies of the accounting statements and auditor's report not later than six months after the end of the financial year to which they relate.

(4) The distribution licensee shall not normally change the basis of charge or apportionment or allocation of revenues or expenses in relation to the preparation of the accounting statements in respect of a financial year from those applied in respect of the previous financial year, without prior intimation to the Commission. Any change, if proposed, in the basis of charge or apportionment of revenues or expenses shall be consistent with the provisions of the Companies Act, 1956, (1 of 1956) the accounting standards or regulations and further any guidelines issued by the Commission in this regard.

(5) Where, in relation to the accounting statements in respect of a financial year, the distribution licensee has changed the basis of charge or apportionment or allocation from those adopted for the immediately preceding financial year, the distribution licensee shall, if directed by the Commission, prepare and deliver to the Commission such accounting statements on the basis which it applied in respect of the immediately preceding financial year.

(6) The accounting statements under sub-regulation (3) shall, unless otherwise directed by the Commission, -

- (a) be prepared and published with the annual accounts of the distribution licensee, in the manner provided herein;
- (b) state the accounting policies adopted;
- (c) be prepared in accordance with the generally accepted Indian accounting standards; and
- (d) be prepared in the form as the Commission may stipulate from time to time;

(7) The references to costs or liabilities of, or reasonably attributable to the licensed business or other business shall be construed as excluding taxation, and capital liabilities which do not relate principally to such business and interest thereon.

(8) The distribution licensee shall ensure that the accounting statements in respect of each financial year prepared under sub-regulation (3) and the auditor's report in respect of each financial year are publicised in such manner as the Commission may direct and are made available to any person requesting them at a price not exceeding the reasonable cost of duplicating them.

7. Prohibition of undue preference. - (1) The distribution licensee shall not show undue preference to any person in the distribution and supply of electricity or rendering of services in the area of supply:

Provided that the distribution licensee shall not be deemed to have shown any such undue preference if any differentiation of the consumer occurs as a result of the implementation of any order of the Commission or of the order of the State Government in regard to subsidy payment under section 65 of the Act.

8. Provision of information to the commission. - (1) The distribution licensee shall furnish to the Commission without delay such information, documents and details related to the licensed business or any other business of the distribution licensee, as the Commission may require from time to time for its own purposes or for the purposes of the Government of India, the State Government, the Central Commission, the Central Electricity Authority, the State Transmission Utility and the State Load Despatch Centre.

(2) The distribution licensee shall duly maintain the information as the Commission may direct under section 128 of the Act.

(3) The distribution licensee shall notify the Commission as soon as possible the occurrence of any major incident affecting any part of its distribution system and, in any event, by not later than two months from the date of such occurrence, -

- (a) submit a report to the Commission giving full details of the facts within the knowledge of the distribution licensee regarding the incident and its cause;
- (b) in the event the report under clause (a) is likely to take more than two months from the date of such incident, the distribution licensee shall, within one month from such date of the incident, submit a preliminary report with such details which the distribution licensee can reasonably furnish and state reasons as to why the distribution licensee requires more than two months for giving full report of such incident; and
- (c) give copies of the report to all parties concerned with the major incident and to such other persons as the Commission may direct.

(4) The Commission at its discretion may require the submission of a report on the major incident to be prepared by an independent person at the expense of the distribution licensee.

(5) The distribution licensee shall also undertake such studies as the Commission may direct from time to time for the improvement of its distribution system and any other matter concerning the distribution business that the Commission considers necessary to avoid the occurrence of any such major incident.

(6) The distribution licensee shall duly inform the Commission about any incident restricting it from meeting obligations under the licence granted including any act of omission or commission by others and steps taken by the distribution licensee to mitigate the effect of such incident.

(7) The Commission may at any time require the distribution licensee to comply with the provisions of sub-regulations (3) to (6) as to incidents which the Commission may specifically direct and the distribution licensee shall be obliged to comply with the same notwithstanding that such incidents are not major incidents; provided that the time limits specified in sub-regulation (3) shall commence from the date on which the Commission notifies the distribution licensee of such requirement.

(8) The distribution licensee shall submit a business plan within three months of the distribution licence coming in force for such period as the Commission may direct and shall update such plan annually. The business plan shall contain yearwise load growth, yearwise distribution loss reduction proposal alongwith specific action plan, metering plan for metering interface points, investment plan as detailed in regulation 9, treatment of previous losses, debt restructuring plan, cost reduction plan, projected profit and loss account, projected balancesheets, projected cash flow statements and projected important financial parameters.

(10) The Commission may require the distribution licensee to intimate by the end of the first quarter of each financial year the progress made in implementing the business plan of the previous financial year with the comparison of actual implementation vis-à-vis the plan as approved by the Commission.

9. Investments. - (1)The distribution licensee shall duly comply with the regulations, guidelines, directions and orders the Commission may issue from time to time in regard to the investments to be made in the distribution business.

(2) The distribution licensee shall make the investments in a prudent manner being guided by the duty to build, maintain and operate an efficient, co-ordinated and economical distribution system in the State.

(3) The distribution licensee shall submit to the Commission investment plans as a part of the business plan under sub-regulation (8) of regulation 8 giving details of investment schemes to be undertaken during the concerned period for the approval of the Commission. The distribution licensee shall demonstrate to the satisfaction of the Commission that -

- (a) there is a need for such investments in the distribution system contained in the investment plan;
- (b) the distribution licensee has examined the economic, technical, system and environmental aspects of all viable alternatives to the proposal for investing in or acquiring new distribution system assets to meet such need.

(4)The distribution licensee shall intimate, by the end of the first quarter of each financial year, -

- (a) the annual investment plan with details of investment schemes to be carried out during the financial year; and
- (b) the progress made in implementing the annual investment plan of the previous financial year with the comparison of actual implementation vis-à-vis the plan as approved by the Commission for the concerned period.

(5)The distribution licensee shall not undertake schemes involving major investments, not covered under the investment plan approved by the Commission under sub-regulation (3) without the prior approval of the Commission, and for such approval the distribution licensee shall demonstrate to the satisfaction of the Commission the factors mentioned in sub-regulation (3).

(6)The distribution licensee shall invite and finalise tenders for procurement of equipment, material and/or services relating to major investment, in accordance with a transparent tendering procedure as may be directed by the Commission. The distribution licensee shall, in consultation with the Commission, -

- (i) ensure that material management policy and practices including calendar of various actions, approvals, tendering, purchase order, delivery schedule and payments etc. are streamlined so as to provide necessary inputs of right quality at the right time to facilitate faithful implementation and compliance of the approved standards and benchmarks.
- (ii) lay down bench-mark prices and conclude rate contracts for decentralised purchases so as to bring about financial discipline and inventory control for achieving optimal financial ratios in respect of such decentralised purchases.

(7) For the purposes of this regulation, the term "major investment" means any planned investment in or acquisition of distribution facilities, the cost of which, when aggregated with all other investments or acquisitions (if any) forming part of the same overall transaction, equals or exceeds an amount contained in the special conditions applicable to the distribution licensee or otherwise decided by the Commission from time to time by a general or special order.

(8) The distribution licensee shall be entitled to make investment in the distribution business other than those covered under sub-regulations (3) and (5) but for the purposes of considering such investment while determining the tariff, the distribution licensee shall satisfy the Commission that the investment was required for the distribution business and such investment was made in an efficient, co-ordinated and economical manner.

(9)The distribution licensee shall submit to the Commission alongwith the "Expected Revenue Calculations" filed under section 62 of the Act, the highlights of the annual investment plan consisting of the schemes approved by the Commission, schemes submitted before the Commission for approval and all schemes not requiring prior approval of the Commission planned for the ensuing financial year and shall make investment in the said financial year in accordance with the said investment plan:

Provided that if any unforeseen contingencies required reallocation of funds within the schemes listed in the annual investment plan, the distribution licensee may do so to the extent such reallocation in respect of individual projects does not exceed an amount decided by the Commission in the special conditions applicable to the distribution licensee or otherwise by a general or special order. The distribution licensee shall give due intimation of such reallocation to the Commission within 7 days of making the investment:

Provided also that if on account of unforeseen circumstances the distribution licensee is required to make investment in a scheme, which does not find a place in the annual investment plan, the distribution licensee may do so if the same is not a major investment and subject to the conditions contained in sub-regulation (8).

(10) The distribution licensee shall submit to the Commission the relevant load flow studies and details of investment requirement to achieve the planned reduction in losses (both technical and non technical).

10.Transfer of assets. -(1) The distribution licensee shall segregate the utilized assets and unutilised, unproductive and un-remunerative assets and reduce assets inventory of unproductive and un-remunerative assets.

(2) The distribution licensee shall prepare “Fixed Asset Register” and undertake an investigation of amount reflected in the capital works progress account from time to time to ensure that the completed works are transferred to the “Fixed Asset Register” as soon as may be, after they are completed.

(3) The Commission may either require the distribution licensee to carry out physical verification of assets by an independent agency or initiate such verification itself, at the cost of the distribution licensee.

(4) Save as provided in this regulation, the distribution licensee shall not, in a single transaction or a set of related transactions, transfer or relinquish operational control over any asset whose book value at the time of the proposed transfer exceeds the amount decided by Commission in the special conditions applicable to the distribution licensee or otherwise by a general or special order.

(5) The distribution licensee shall give to the Commission prior notice of its intention to transfer or relinquish operational control over any asset whose value exceeds the amount decided by the Commission as per sub-regulation (4) and the distribution licensee shall disclose all relevant facts in the communication to the Commission. The Commission may, within 30 days of the receipt of the notice, seek further information in support of the transaction and shall, generally within 30 days of such further information being submitted by the distribution licensee, and where no such further information is sought by the Commission as aforesaid, within 60 days of the filing of the application, approve the transfer arrangement subject to such terms and conditions or modifications as is considered appropriate or reject the same, for reasons to be contained in the order issued by the Commission.

(6) The distribution licensee may transfer or relinquish operational control over any asset as is detailed in any notice given under sub-regulation (5) where -

- (a) the Commission confirms in writing that it consents to such transfer or relinquishment of operational control subject to such conditions as the Commission may impose; or
- (b) the Commission does not inform the distribution licensee in writing of any objection to such transfer or relinquishment of operational control within the notice period referred to in sub-regulation (5) and the transfer is effected by transparent and competitive bidding procedures.

(7) The distribution licensee may also transfer or relinquish operational control over any asset where -

- (a) the Commission has issued directions for the purposes of this regulation containing a general consent (whether or not subject to conditions) to -
 - (1) the transactions of a specified description, and/or
 - (2) the transfer or relinquishment of operational control over assets of a specified description, and/or
 - (3) the transfer or relinquishment of operational control is in accordance with any conditions to which the consent is subject, or
- (b) (b) the transfer or relinquishment of operational control in question is mandated under any other law; or
- (c) the asset in question was acquired and used by the distribution licensee exclusively or primarily in connection with any other

business and does not constitute a legal or beneficial interest in land, or otherwise form part of the distribution system or is not otherwise an asset required for the licensed business.

(8) The distribution licensee shall be entitled to utilise the assets as a means of facilitating financing its investment requirement or including collateral for debt financing, securitisation of receivables etc. for the licensed business subject to the conditions -

- (a) that the distribution licensee will inform the Commission about such arrangements at least 15 days prior to the effective date of the relevant agreements;
- (b) the distribution licensee acts in a prudent and reasonable manner in such utilisation of assets; and
- (c) the distribution licensee retains the operational control over assets in the distribution system.

(9) Notwithstanding anything contained in this regulation in case of any emergency condition, the distribution licensee may transfer the assets subject to the condition that the distribution licensee shall, immediately after such a transaction, seek post-facto approval of the Commission giving the detailed facts about the emergency and the details of the transaction entered into. It shall be the obligation of the distribution licensee to establish to the satisfaction of the Commission of the presence of emergency condition necessitating the transfer of the assets.

11. Payment of licence fees. - **(1) Within such period as the Commission may direct, the distribution licensee shall pay to the Commission the licence fees, initial and periodic, mentioned in the special condition in such manner as the Commission may direct in the said special condition.**

(2) Where the distribution licensee fails to pay to the Commission any of the fees due under sub-regulation (1) by the due dates,-

- (a) without prejudice to other obligations, the distribution licensee shall be liable to pay interest on the outstanding amount at a simple interest rate of 1.5 percent per month, the interest being payable for the period beginning on the day after which the amount became due, and ending on the day on which the payment is made to the Commission; and
- (b) in the event of continued default by the distribution licensee, the Commission may revoke the distribution licence..

(3) The distribution licensee shall be entitled to take into account any fee paid by it under this regulation excluding however the interest for delayed payment as an expense in the determination of aggregate revenues to be charged to the tariffs.

12. Suspension of distribution licence. - (1) Subject to the provisions of section 24 and the regulations framed thereunder, where the circumstances exist which render it necessary for it in the public interest the Commission may suspend for a period not exceeding one year, the distribution licence, if in the opinion of the Commission the distribution licensee -

- (a) persistently fails to maintain uninterrupted supply of electricity conforming to the standards regarding quality of electricity to the consumers; or
- (b) is unable to discharge the functions or perform the duties imposed on it by or under the provisions of the Act;
- (c) persistently defaults in complying with the directions given by the Commission under the Act, or
- (d) breaches the terms and conditions of the licence.

(2) Before suspending a licence under sub-regulation (1), the Commission shall give the licensee not less than 3 month's notice, in writing, stating the grounds on which it is proposed to revoke the licence, and has considered any cause shown by the licensee within the period of that notice, against the proposed suspension.

(3) While suspending the licence under this regulation, the Commission shall appoint an Administrator to discharge the functions of the distribution licensee in accordance with the terms and conditions of the licence and on such appointment the utilities of the distribution licensee shall vest in the Administrator for a period not exceeding one year or upto the date on which such utility is sold in accordance with the provisions of section 20; or till the licence is revoked under section 19, or the suspension of the licence is revoked, whichever is earlier.

13. 13. Terms of revocation. - **(1)** Subject to the provisions of section 19 of the Act and the regulations framed thereunder, the Commission may, at any time, initiate proceedings against the distribution licensee for revocation of the distribution licence and if satisfied in such proceedings of the grounds for revocation and the public interest, revoke the distribution licence -

- (a) where the distribution licensee in the opinion of the Commission, makes wilful and prolonged default in doing anything required of him by or under this Act or the rules or regulations made thereafter;

- (b) where the distribution licensee violates any of the terms or conditions of his licence the breach of which is expressly declared by such licence to render it liable to revocation;
- (c) where the distribution licensee fails, within the period fixed in this behalf by his licence, or any longer period which the Commission may have granted therefor-
 - (i) to show, to the satisfaction of the Commission, that he is in a position to fully and efficiently discharge the duties and obligations imposed on him by his licence; or
 - (ii) to make deposits or furnish the security, or pay the fees or other charges required by his licence;
- (d) where in the opinion of the Commission the financial position of the distribution licensee is such that he is unable to fully and efficiently discharge the duties and obligations imposed on him; and .
- (e) where the distribution licensee has failed to comply with all the regulations, codes, and standards and also orders and directions of the Commission or otherwise has committed an act which renders the distribution licence revocable on any other grounds specified in the Act or the rules or regulations framed there-under.

(2) Where in its opinion the public interest so requires, the Commission may, on application, or with the consent of the distribution licensee, revoke his licence as to the whole or any part of his area of distribution upon such terms and conditions as it thinks fit.

(3) Before revoking a distribution licence the Commission shall, if in its opinion consider necessary, refer the matter to the State Government and agree on an alternate arrangement to be made for discharging the duties of the distribution licensee.

14. Amendment of licence conditions. - **(1)** These general conditions of licence may, at any time if it is in public interest, be altered or amended by the Commission under Section 18 of the Act, subject to the condition that, -

- (a) where the distribution licensee has made an application under sub-section (1) of Section 18 of the Act proposing any alteration or amendment in the conditions of licence, the distribution licensee shall publish a notice of such application with such particulars and in such manner as may be directed by the Commission;

- (b) in the case of an application proposing alteration or modification in the area of activity comprising the whole or any part of any cantonment, aerodrome, fortress, arsenal, or camp or of any building or place in the occupation of the Government for defence purposes, the alteration or modification shall be made only with the consent of the Central Government;
- (c) where any alteration or amendment in a licence is proposed to be made otherwise than on the application of the distribution licensee, the Commission shall publish the proposed alteration or amendment with such particulars and in such manner as the Commission may consider to be appropriate;
- (d) the Commission shall not make any alteration or amendment unless all suggestions or objections received within thirty days from the date of the first publication of the notice have been considered by the Commission.

15. Dispute resolution. - (1) The Commission shall be entitled to act as arbitrator or nominate person(s) as arbitrator(s) to adjudicate and settle disputes between the distribution licensee and any other licensee or between the distribution licensee and a generating company in pursuance of clause (f) of sub-section (1) of section 86, read with section 158, of the Act and regulations of the Commission.

(2) The arbitration proceedings for disputes under sub-regulation (1) may be commenced and conducted by the Commission or the disputes may be referred to the arbitration of others, as the case may be, in accordance with the Conduct of Business Regulations framed by the Commission.

16. Compliance with the grid code. - (1) The distribution licensee shall comply with the provisions of the grid code in so far as it is applicable to the operation of the distribution system or otherwise to any of the activities of the distribution licensee.

(2) The Commission may, after consultation with any affected generating companies, the transmission licensee, the State Transmission Utility, the State Load Despatch Centre and the electricity traders, issue directions relieving the distribution licensee of obligation under sub-regulation (1) in respect of such parts of the grid code and to such extent as may be ordered by the Commission.

(3) Till such time the grid code is specified by regulations under the Act, the distribution licensee shall comply with the interim grid code.

17. Electricity supply code and distribution code. - (1) The distribution licensee shall abide by the electricity supply code and distribution code as may be directed by the Commission from time to time.

(2) (a) The electricity supply code may amongst others provide for recovery of electricity charges, intervals for billing of electricity charges, disconnection of supply for non-payment thereof, restoration of supply of electricity, tampering, distress or damage to electrical plant, electric lines or meter, entry of the distribution licensee or of any person acting on his behalf for disconnecting supply and removing the meter, entry for replacing, altering or maintaining electric lines or electrical plant or meter.

(b) The Commission may, at the instance of the licensee, issue directions relieving the licensee of its obligations under the electricity supply code in respect of such parts of the licensee's distribution system and to such extent as may be directed by the Commission.

(3) In addition to the electricity supply code the Commission may from time to time approve at the request of the distribution licensee other conditions applicable for supply of electricity by the distribution licensee in the area of distribution.

(4) The distribution code may amongst others, cover all material technical aspects relating to connections, and the operation and use of the distribution system including the operation of the electrical lines and electrical plant and apparatus connected to the distribution system in so far as relevant to the operation and use of the distribution system and shall include, but not be limited to, the distribution planning and connection code containing -

(a) planning code specifying the plan for laying the distribution lines and the service lines in the area of supply, the technical and design criteria and procedures to be applied by the licensee in the planning and development of the licensee's distribution system; and

(b) connection conditions specifying the technical, design and operational criteria to be complied with by any person connected or seeking connection with the licensee's distribution system; and the distribution code specifying the conditions under which the licensee shall operate the licensee's distribution system and under which persons shall operate their plant and/or distribution system in relation to the licensee's distribution system, in so far as it is necessary to ensure the security and quality of supply and safe operation of the licensee's distribution system under both normal and abnormal operating conditions.

(5) The distribution code shall be designed so as to permit the development, maintenance and operation of an efficient, co-ordinated and economical distribution system.

(6) The distribution licensee shall, till the electricity supply code conditions of supply or distribution code comes into force, follow the same practices which have been followed by the supply licensees in the State with such modifications as may be directed or permitted by the Commission.

(7) The distribution licensee shall from time to time, as appropriate, review the distribution code and its implementation in consultation with the transmission licensee, trading licensee, generating companies and such other persons as the Commission may order. The licensee shall also undertake such review as and when directed to do so by the Commission. Following any such review, the licensee shall send to the Commission -

- (a) a report on the outcome of such review;
- (b) any proposed revisions to the distribution code as the licensee (having regard to the outcome of such review) reasonably thinks fit for the achievement of the objectives of the distribution code and his licence; and
- (c) all written representations or objections received during such review.

(8) All revisions to the distribution code electricity supply code and the conditions of supply shall require approval from the Commission.

(9) The licensee shall make available to any person requesting for it, copies of the distribution code, the electricity supply code and conditions of supply and practices thereto in force at the relevant time, at a price not exceeding the reasonable cost of duplicating it.

(10) A compilation of the existing codes and practices relating to construction of the licensee's distribution system and its distribution facilities shall be filed with the Commission by the licensee within 90 days of the grant of his licence. The licensee shall follow the existing codes and practices with such modification as the Commission may direct from time to time. The construction practices shall be reviewed and upgraded by the licensee from time to time, as appropriate, based on relevant technological improvements and changes.

18. Consumer service. - (1) The distribution licensee shall duly comply with the following: -

A. Code of Practice on Payment of Bills

- (a) The licensee shall, within 90 days after grant of licence, prepare and submit to the Commission, for its approval, a Code of practice concerning the payment of electricity bills by the consumers and including appropriate guidance for the

assistance of such consumers who may have difficulty in paying such bills, and procedures for disconnecting in the event of non-payment by the consumer. In granting the approval, the Commission may make such modifications, as it considers necessary to the Code of practice.

- (b) The Commission may, upon receiving a representation or otherwise, require the distribution licensee to review the Code of practice and the manner in which it has been implemented with a view to determine whether any modification should be made to it or to the manner of its implementation.
- (c) The distribution licensee shall, in consultation with such other persons as the Commission may direct, review and submit any revision to the Code of practice that it wishes to make, to the Commission for its approval, including any representation received by the distribution licensee and not accepted by it. The Commission may modify the Code of practice concerning payment of bills, as it considers necessary.
- (d) The distribution licensee shall -
 - (1) draw to the attention of the consumers, in such manner as the Commission may direct, the existence of the Code of practice and each substantive revision of it and how they may inspect or obtain a copy of the Code of practice in its latest form;
 - (2) make a copy of the Code of practice, revised from time to time, available for inspection by members of the public during normal working hours; and
 - (3) provide an updated copy of the Code of practice revised from time to time to each new consumer and to any other person who requests for it at a price not exceeding the reasonable cost of duplicating it.
- (e) The distribution licensee shall comply with the existing practice and procedures with respect to the payment of electricity bills by the consumers with such modifications as the Commission may direct, until the Code of practice on payment of bills by the consumers, as mentioned in this paragraph is adopted with the approval of the Commission.

B. Complaint Handling Procedure:

- (a) The distribution licensee shall establish a forum for redressal of grievances of the consumers in accordance with the guidelines specified by the Commission under section 42 of the Act.
- (b) The distribution licensee shall within reasonable time, as may be directed by the Commission, after the licence becomes effective and with approval of the Commission, notify a procedure for handling complaints from the consumers of the licensee in addition to the forum for redressal of grievances. The Commission may hold consultations with the State Advisory Committee constituted by the Commission under section 87 or a person or body of persons, whom the Commission considers as representing the interest of the consumers likely to be affected and make such modification of the procedure, as it believes necessary before granting approval to the Consumer Complaint Handling Procedure.
- (c) The Commission may, upon receiving a representation, or otherwise, require the distribution licensee to review the complaint handling procedure prepared and the manner in which it has been implemented, with a view to determine whether any modification should be made to it or to the manner of its implementation.
- (d) Any procedure so established, including any revisions to it, shall notify the periods within which it is intended that different kinds of the complaints should be processed and resolved.
- (e) The distribution licensee shall submit to the Commission for its approval any revision proposed to be made to the procedure established.
- (f) The distribution licensee shall -
 - (1) draw to the attention of the consumers, in such manner as the Commission may direct, the existence of the complaint handling procedure and each substantive revision of it and how the consumers may inspect or obtain copies of such procedure in its latest form;
 - (2) make a copy of its complaint handling procedure, revised from time to time, available for inspection by members of the public at the relevant offices of the licensee during normal working hours; and
 - (3) provide a copy of the complaint handling procedure revised from time to time to each new consumer, and to any other

person who requests for it at a price not exceeding the reasonable cost of duplicating it.

C. Consumer Rights Statement:

- (a) The distribution licensee shall develop, submit to the Commission and implement a comprehensive public interaction programme through the Consultative Committees, preparation, publication and advertisement of material helpful to the various consumer interest groups and general public on various activities of the Utility, dispute settlement mechanism, accidents, rights and obligation of the consumers etc. with the approval of the Commission within a reasonable period of time as may be directed by the Commission.
- (b) The distribution licensee shall, within a reasonable period of time as may be directed by the Commission after the licence become effective or such other time as the Commission may allow, prepare and submit to the Commission for approval, a consumer rights statement, explaining to the consumers their rights as consumers serviced by the licensee. The Commission may, upon holding such consultation with the State Advisory Committee constituted under section 87, and such other persons or bodies of persons whom the Commission considers as representing the interests of consumers likely to be affected by it, and make such modification of the statement, as it considers necessary in the public interest.
- (c) The Commission may, upon receiving a representation or otherwise, require the distribution licensee to review the consumer rights statement prepared and the manner in which it has been implemented with a view to determining whether any modification should be made to it or to the manner of its implementation.
- (d) The distribution licensee shall submit any revision to the consumer rights statement that it wishes to make to the Commission for its approval, including any representation received by the distribution licensee and not accepted by it. The Commission may modify the existing consumer rights statement, as it considers necessary.
- (e) The distribution licensee shall:-
 - (1) draw to the attention of consumers, in such manner as the Commission may direct, the existence of its consumer rights statement and each substantive revision of it and how they may

inspect or obtain a copy of such consumer rights statement in its latest form;

- (2) make a copy of its consumer rights statement, revised from time to time, available for inspection by members of the public at its offices during normal working hours; and
- (3) provide a copy of the consumer rights statement, revised from time to time, to all new consumers to be served by it, and to any other person who requests for it at a price not exceeding the reasonable cost of duplicating it.

(2) The distribution licensee shall duly comply with the standards as the Commission may direct from time to time, for the performance of the duties of the distribution licensees under the Act.

19. Distribution system planning and security standards, distribution system operating standards, overall performance standards. - (1) The distribution licensee shall comply with the existing distribution system planning, security standards and the existing distribution system operating standards, with such modifications as the Commission may direct, until the distribution system planning, security standards and distribution system operating standards proposed by the distribution licensee are approved by the Commission.

(2) The distribution licensee shall plan, develop and operate its distribution system in accordance with the distribution system planning and security standards together with the distribution code as approved by the Commission;

(3) (a) The distribution licensee shall, within such time as the Commission may direct in the special conditions or otherwise, submit to the Commission the existing planning and security standards and the operating standards for its distribution system and the existing planning and security standards and operating standards relating to generation capacity connected to its distribution system being followed by the distribution licensee. Such existing standards, with such modification as the Commission may direct, shall continue to remain in effect until the new standards are approved by the Commission.

(b) The distribution licensee shall, within such time as the Commission may direct in the special conditions or otherwise, prepare, in consultation with the suppliers, generating companies, the Central Transmission Utility, the State Transmission Utility, the Regional Electricity Board and such other persons as the Commission may direct, and submit to the Commission for approval the distribution licensee's proposal for distribution planning and security standards and distribution operating standards, and operating standards in accordance with the general conditions contained in these regulations.

(c) The distribution planning and security standards and distribution operating standards, and the operating standards submitted by the distribution licensee pursuant to this regulation, with such modifications as the Commission may require, shall take effect from such dates as the Commission may direct.

(4) The distribution licensee shall not be in breach of its obligations if the failure to meet the distribution planning and security standards or the distribution operating standards is due to force majeure, provided that, the distribution licensee has used its reasonable efforts, to comply with the distribution planning and security standards or the distribution operating standards, as the case may be.

(5) The distribution licensee shall, in consultation with suppliers, the generating companies, the Central Transmission Utility, the State Transmission Utility, the Regional Electricity Board and such other persons as the Commission may order, review the standards and their implementation on

each occasion a review of the grid code is undertaken. Following any such review, the distribution licensee shall send to the Commission -

- (a) a report on the outcome of such review; and
- (b) any revision which the distribution licensee proposes to make to such documents from time to time (having regard to the outcome of such review); and
- (c) any written representations or objections (including those not accepted by the distribution licensee) from suppliers, the generating companies, the Central Transmission Utility, the State Transmission Utility, the Regional Electricity Board and such other persons as the Commission may order arising during the consultation process;

Provided that the Commission may, upon application of the transmission licensee, relieve the distribution licensee from the obligation to review the standards and their implementation, to such extent as shall be given in directions issued to the distribution licensee by the Commission for the purposes of this condition.

(6) The Commission may, having regard to any written representations and objections received and following such further consultation as the Commission may consider appropriate, issue directions requiring the distribution licensee to revise the standards in such manner as may be given in the directions. The distribution licensee shall duly carry out the revisions directed by the Commission.

(7) The distribution licensee shall, within 3 months of the end of each financial year, submit to the Commission a report indicating the performance of the distribution licensee's distribution system during the previous financial year. The distribution licensee's compliance with the standards of performance may be measured, in part, by the licensee's adherence to the distribution code, the supply code, the conditions of supply and other codes and regulations set forth by the Commission. The distribution licensee shall, if required by the Commission, publish a summary of the report in a manner approved by the Commission.

(8) The distribution licensee shall conduct its licensed business in the manner which it reasonably considers to be the best to achieve the performance standards in connection with provision of supply services and the promotion of the efficient use of electricity by the consumers, as may be directed by the Commission by a general or special order.

(9) The distribution licensee shall provide annually, information to the Commission as to the means by which it proposes to achieve the performance standards and other standards applicable to the distribution licensee.

20. Obligation to connect consumers and public lamps. - (1) Subject to the provisions of the Act and conditions contained in these regulations, the distribution licensee shall on the application of the owner or occupier of any premises within the area of supply, connect the distribution licensee's distribution system for the purposes of providing supply of electricity to such premises, in accordance with the applicable regulations, directions and orders of the Commission.

(2) Where, after distribution mains have been laid down under the provisions of sub-regulation (1) and the supply of energy through those mains or any of them has commenced, a requisition is made by the State Government or by a local authority requiring the distribution licensee to supply for a period of not less than two years, energy for any public lamps within the area of supply, the distribution licensee shall supply, and save in so far as it is prevented from doing so by events of force majeure and operational constraints, continue to supply energy for such lamps in such quantities as the State Government or the local authority, as the case may be, may require. The State Government or the relevant local authority, as the case may be, may require the distribution licensee -

- (a) to provide the mains and other equipment for public lamps; and
- (b) to use for that purpose supports, if any, previously erected or set up by it for supply of energy.

(3) The distribution licensee may levy any reasonable charge(s) for carrying out works/release of supply, in accordance with any procedures that may be stipulated by the distribution licensee and approved by the Commission as well as the provisions of the Act and the regulations of the Commission.

21. Obligation to supply/ power supply planning standards: -

(1) The distribution licensee shall take all reasonable steps to ensure that all consumers connected to the distribution licensee's distribution system receive a safe, economical and reliable supply of electricity as provided in the performance standards, and other guidelines issued by the Commission in accordance with the provisions of the Act, rules and regulations framed thereunder.

(2) The distribution licensees shall be entitled to utilise the soil, subsoil and areas pertaining to public rights of way, streets, public squares and other assets in the public domain, as well as to cross rivers, bridges, railways, electrical and communication lines, subject to the provisions of section 67 of the Act.

(3) The distribution licensee shall -

(a) forecast annually the demand for power within the area of supply in each of the next succeeding 10 years;

(b) prepare and submit such forecasts to the Commission in accordance with the guidelines issued by the Commission from time to time;

(c) co-operate with the transmission licensees, the State Transmission Utility and the State Load Despatch Centre and other licensees in the preparation of power demand forecasts for the State; and

(d) undertake load research and prepare maximum and minimum load growth scenarios for the State, taking into account economic growth rates, tariff levels and price elasticity of demand for electricity.

(4) Subject to the foregoing sub-regulations, the distribution licensee shall purchase electricity from the generating companies, electricity traders and others as consented to by the Commission in quantities which the distribution licensee considers sufficient to meet the expected demand of the licensee's consumers.

(5) The distribution licensee shall, within three months after his licence has come into force or such other time as the Commission may allow, prepare and submit to the Commission for approval, a disaster management plan, to address emergencies that may arise in connection with the operation of the distribution licence. For purposes of this sub-regulation, an emergency shall mean any condition and/or situation that materially and adversely -

(a) affects the ability of the licensee to maintain safe, adequate and continuous operation of all or any part of the licensed business; or

(b) endangers the security of any person, plant, or other life, equipment or property.

22. Powers to recover expenditure and require security.- (1) The distribution licensee shall be entitled to recover tariff, charges, fee, etc. and require security deposit to be made for supply of electricity or for provision of services, in accordance with the provision of the Act and the rules and regulations for the purpose framed under the Act.

23. Metering, Billing, Collection, Energy Audit & Losses: - (1) The distribution licensee shall comply with the requirements of the Act and the regulations, directions and orders of the Commission in regard to the supply of electricity through meter.

(2) The distribution licensee may require the consumer to give security for the price of a meter and enter into an agreement for hire thereof, unless the consumer elects to purchase a meter.

(3) The distribution licensee shall replace defective and dead stop meter, by electronic meters within maximum period as stipulated in the guaranteed standards approved by the Commission.

(4) The distribution licensee shall introduce prepaid metering in a phased manner to eliminate credit to the consumers for the energy used by them.

(5) The distribution licensee shall review the process of timely meter reading, billing, collection of revenue and disconnections for streamlining the revenue administration and submit the same to the Commission for its approval.

(6) The distribution licensee shall carry out compulsory Energy Audit.

(7) The distribution licensee shall plan and manage its business with a view to improve quality of service, increase revenue and reduce the T&D losses.

(8) The distribution licensee shall carry out Demand Side Management to achieve optimal supply/demand equilibrium.

24. Connection and use of system. - (1) The distribution licensee shall make such arrangements for open access to the use of his distribution system by the users subject, however, to the availability of the adequate distribution capacity in the system in accordance with open access regulations framed by the Commission and further subject to the user agreeing to pay all permissible charges including the distribution charges and surcharges wherever applicable.

25. Expected revenue calculation and tariffs: -(1) The distribution licensee shall, within such time as may be specified by the Commission, -

(a) build a credible and accurate database of costs and expenditure, between the various customer classes, so that stakeholders can focus on these costs and expenses to have rational basis for the determination of tariffs with some regulatory certainty;

(b) conduct a study on marginal costs of supply, including differentiated marginal costs by voltage levels and consumer classes; and

(c) furnish detailed information on voltage wise assets, costs and sales so that in future the extent of cross subsidy could be measured precisely.

(2) The distribution licensee shall calculate the expected revenue from charges which it is permitted to recover, in accordance with the provisions of the Act, the regulations of the Commission, the tariff terms and conditions and other guidelines, orders and directions issued by the Commission from time to time.

(3) The distribution licensee shall file the expected revenue calculation and the application containing tariff proposals in accordance with the terms and conditions, specified by the Commission for the determination of the tariff.

(4) Unless otherwise provided in the special conditions or in any order or directions issued by the Commission, the distribution licensee shall, every year, not later than 30th November, submit to the Commission –

(a) a statement with full details of its expected aggregate revenues and cost of service for the ensuing financial year (including financing costs and its proposed return on equity) for its licensed business, in accordance with the provisions of the Act and the regulations, guidelines and orders issued by the Commission from time to time; and

(b) the annual investment plan giving specific details of the investment which the distribution licensee proposes to make in the ensuing

financial year and which the distribution licensee desires to be covered under the revenue requirements in the ensuing financial year with appropriate references to schemes, if any, already approved by the Commission of which such investments form a part.

The distribution licensee shall prepare and submit to the Commission the Statement and the investment details referred to hereinbefore separately for each of its licensed businesses and other businesses.

(5) The distribution licensee shall, alongwith the expected revenue calculation or at such other time and periodicity as the Commission may specifically permit, file the application containing tariff proposals and the revision to the existing tariffs approved by the Commission to match the revenue requirements of the distribution licensee.

(6) The amount that the distribution licensee is permitted to recover from its tariffs shall be the amount that the Commission determines and approves in accordance with the provisions of the Act and the regulations of the Commission.

(7)The distribution licensee may apply to the Commission to amend its tariffs in accordance with the Act and the regulations and directions issued by the Commission.

26. Provision of subsidies to certain consumers.- (1) If the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the Commission, the State Government shall, notwithstanding any direction which may be given under section 108 of the Act, pay, in advance and in such manner as may be directed by the Commission, the amount to compensate the person affected by the grant of subsidy in the manner the Commission may direct:

Provided that no such direction of the State Government shall be operative if the payment is not made in accordance with the provisions of the Act and regulations issued by the Commission, and the licensee shall charge to the consumers the tariff fixed by the Commission from the date of issue of orders by the Commission in this regard.

27. Power to enter premises and to remove fittings or other apparatus of licensee.- (1) In accordance to section 163 of the Act, the licensee or any person duly authorised may, at reasonable time, and on informing the occupier of his intent, enter any premises to which supply has been made or over which electric lines and works have been lawfully placed for the purpose of:-

- (a) inspecting, testing, repairing or altering electric supply lines, meters, fittings belonging to the licensee; or
- (b) ascertaining the amount of electricity supplied; or

- (c) removing such lines, fittings, works where electricity supply is not required.

(2) The licensee or its authorised person may on a special order of the Executive Magistrate give a notice of not less than twenty four hours in writing to the occupier for entering any premises for purposes mentioned in sub-regulation (1).

(3) The licensee may, on refusal of entry by the occupier of the premises, cut off power supply till such time the refusal continues but for no longer than that.

28. Disconnections.- (1) The licensee shall give 15 days clear notice in writing prior to disconnection.

(2) The licensee shall not cut off supply if the person deposits under protest -

- (a) the amount equal to the sum claimed from him; or
- (b) the electricity charges due from him calculated on the basis of average charge for electricity supplied to him during the preceding 6 months;

whichever is less pending disposal of the dispute.

(3) The licensee shall have to show such sum as recoverable continuously for a period of two years for the electricity supplied.

(4) Pursuant to sections 126, 127, 135-140 of the Act, the licensee shall have the powers and authority to take appropriate actions for -

- (a) metering at the point of supply of electricity;
- (b) revenue realisation;
- (c) implementing credit control procedure as approved by the Commission;
- (d) prosecution for theft;
- (e) prevention of meter tampering;
- (f) prevention of diversion of electricity,
- (g) prevention of unauthorised use of electricity; and
- (h) all such similar matters affecting distribution or retail supply.

29. Miscellaneous. – (1) The distribution licensee shall rationalize the existing manpower for improvements in efficiency through scientific engineering resources management, improving and updating the organization strategies and systems and skills of human resources for increased productivity

(2) All issues arising in relation to interpretation of these regulations and as to the terms and conditions thereof shall be a matter for the determination of the Commission and the decision of the Commission on such issues shall be final, subject only to the right of appeal under section 111 of the Act.

(3) The Commission may at the time of grant of the distribution licence waive or modify the application of any of the provisions of these regulations either in the order granting the licence or by special conditions made applicable to a specific distribution licensee.

30. Provisions to apply to deemed licensees: - The general conditions contained herein shall apply to all applicants for grant of the distribution licence after the coming into force of the Act and also to all the deemed distribution licensees under the first, second, third and fifth provisos to section 14 of the Act.

31. Removal of difficulties:- (1) Subject to the provisions of the Act, the Commission may, from time to time, issue orders and practice directions in regard to the implementation of these regulations and procedures to be followed on various matters, which the Commission has been empowered by these regulations to direct and matters incidental or ancillary thereto.

(2) If any difficulty arises in giving effect to any of the provisions of these regulations, the Commission may, by general or special order, direct the distribution licensee to do or undertake things, which in the opinion of the Commission are necessary or expedient for removing the difficulties.

(3) No order shall be made under this section after the expiry of the period of one year from the date of the commencement of these regulations and every order made under this regulation shall be subject to the condition of previous publication and shall be laid, as soon as may, after it is made, before the State Legislature Assembly.

32. Repeal & savings. - (1) Save as otherwise provided in these regulations, the general or specific conditions of the distribution licence laid down under the Indian Electricity Act, 1910 or the Electricity Regulatory Commissions Act, 1998 or any other law in force immediately before the commencement of these regulations are hereby repealed.

(2) Notwithstanding such repeal anything done or any action taken or purported to have been done or taken under the repealed general or specific conditions of the distribution licence shall, in so far as it is not inconsistent

with the provisions of these regulations, be deemed to have been done or taken under the corresponding provisions of these regulations.

(3) The specific conditions of the distribution licence and directions issued before the commencement of these regulations, (including those given both at the public hearings and in the tariff order, as contained in chapter 7 of the Tariff Order 2001-02 issued under the Electricity Regulatory Commissions Act,1998), not inconsistent with the provisions of these regulations, shall continue to apply for the period for which such general or specific conditions and directions were issued.

By Order of the Commission

Sd/-
Secretary