

**JOINT ELECTRICITY REGULATORY COMMISSION FOR
THE STATE OF GOA AND UNION TERRITORIES
GURGAON**

Coram
Dr. V.K. Garg, Chairperson
Shri S.K.Chaturvedi, Member
Petition No. 95/2013

In the matter of

Petition under section 94 (f) of the Electricity Act, 2003 and Regulation 74 of the Joint Electricity Regulatory Commission (Conduct of Business) Regulations, 2009 for review of Electricity Department, Goa- Tariff Order for FY 2012-13 dated 27th June, 2012 issued by Hon'ble Commission.

And in the matter of

Review Petition u/s 94(1) of the Electricity Act, 2003 for review of order dated 27th June, 2012 passed by JERC for the State of Goa and UTs.

Order

30.01.2013

Joint Electricity Regulatory Commission passed the order on determination of Aggregate Revenue Requirement & Retail Tariff for FY 2012-13 (Petition no. 70/2012) & ARR for FY 2011-12 (Petition No. 40/2011) for Electricity Department, Goa on 27th June, 2012.

Aggrieved with Commission's order dated 27th June, 2012. ED- Goa petitioner filed review petition no. 95/2013 for approval of Annual Revenue Requirement for the year 2011-12 and 2012-13.

The following issues have been brought before the Commission by ED- Goa for review:-

1. DETERMINATION OF SCHEDULE OF GENERAL & MISCELLANEOUS CHARGES

The petitioner in the submission of Tariff Proposal dated 5th April 2012 had also proposed Schedule of General and Miscellaneous Charges for approval of Hon'ble Commission.

The petitioner in clause 4.6 of the said submission dated 5th April 2012 has provided below:

ED-Goa submits the present Schedule of General and Miscellaneous charges as per old conditions of Supply Document of 1990 and Tariff Notification of 2002. ED- Goa proposes herewith the Schedule of General and Miscellaneous Charges as per provisions of JERC (Electricity Supply Code) Regulations 2010 for the approval of Hon'ble Commission.

The schedule of charges is re-produced in the Annexure-1 for approval of Hon'ble Commission, with minor corrections.

In view of the above the petitioner prays the Hon'ble Commission to approved the schedule of General and Miscellaneous charges for the State of Goa.

COMMISSION'S ORDER

'The existing General & Miscellaneous charges as mentioned in Annexure 1 of ED-Goa shall remain in force until further order.'

2. CLARIFICATION REGARDING SECURITY DEPOSIT

Hon'ble Commission has under Para 7 entitled ' Directives' at point No. 7 in regard to Interest on Security Deposit, directed the Petitioner to pay interest on consumer security deposit at the applicable bank rate (presently at 9.5 % per annum) for FY 2012-13 and at the bank rate 6% for FY 2011-12 effective 1st April, 2012.

ED- Goa would like to humbly submit that as already brought to the notice of the Hon'ble JERC during the Technical Validation Session on 31st May, 2012 and 1st June, 2012, all bulk consumers and all categories of HT consumers had provided a initial Security Deposit in the form of Bank Guarantee in lieu of security. In all such cases, payment of interest on security deposit would not arise.

ED- Goa therefore humbly request this aspect be taken into consideration.

COMMISSION'S ORDER

The provisions of section 47 of the Electricity Act, 2003 and Regulation 6.10 JERC (Electricity Supply Code) Regulations, 2010 provides, for interest at bank rate on the amount of security deposit.

The Regulation 6.10 of JERC (Electricity Supply Code) Regulations, 2010 deals with the security deposit which runs as under:-

“(1) The licensee may take security deposit from the consumers for consumption equivalent to the estimated consumption for a specific period as indicated in the table below or as otherwise provided in Terms and Conditions of Supply in force.

S. No.	Nature of Consumer	No. of months	Remarks
1.	Agricultural	Three	Annual average to be estimated / considered
2.	Seasonal	Two	Consumption during the season of operation to be estimated considered
3.	Other consumers	Two	Annual average to be estimated / considered

- (2) Consumer shall have the option to make advance payment and in such an event security amount shall be proportionately fixed. The procedure for determination of security deposit, for different categories of consumers, shall be determined by the licensee and approved by the Commission. The deposit shall be accepted in the form of cash, Cheque or draft in case of LT consumers and in the form of draft or banker’s Cheque in case of HT/EHT consumers. The Licensee shall maintain separate head of account of such security deposits. On termination of the agreement, the security deposit will be refunded to the consumer after adjustment of the amount, if any, remaining payable by him.
- (3) The amount of the security deposit obtained from the consumer will be reviewed by the licensee, annually on the basis of consumption during the previous 12 months for LT consumers, and half-yearly on the basis of consumption during the previous six months for HT/EHT consumers. The consumer shall be required to pay an additional security deposit / shall be refunded based on his average consumption during the period concerned and the tariff applicable etc. if it exceeds / is lower than the amount of the security deposit held by the licensee, by 20%.
- (4) In the case of consumers who were sanctioned additional load, the additional security deposit shall be calculated for the additional load treating it as a new service.

- (5) On the consumer's request, the licensee may allow the consumer to pay additional security deposit in maximum three installments.
- (6) The licensee shall serve a notice of at least one month to deposit the additional security deposit. If the consumer fails to pay the additional security deposit as per the notice, the licensee is entitled to refuse or discontinue the supply of electricity so long as such failure continue. The consumer will be liable to pay delayed payment surcharge on reducing balance in case of installment system if he delays payment of security deposit.
- (7) The distribution licensee shall pay interest, at the bank rate notified by the Reserve Bank of India from time to time on such security deposits taken from the consumer. In this regard it shall be the responsibility of the licensee to keep a watch on the bank rate from time to time. The interest amount of previous financial year shall be adjusted in the energy bill issued in May / June of each financial year depending on billing cycle.
- (8) The security deposit along with interest thereon, if any, shall be returned to the consumer, upon termination of the agreement and after adjustment of all dues, within 60 days of completion of formalities by the consumer. In case of delay beyond 60 days period, additional interest at the rate mentioned in regulation 6.10(7) above shall be payable to the consumer as approved by the Commission.
- (9) The distribution licensee shall not take security deposit if the person requiring the supply is prepared to take the supply through a pre-paid meter".

"The Commission directs that the ED- Goa should follow the provisions of Regulation 6.10 of JERC (Electricity Supply Code) Regulations, 2010. Wherever existing mode of deposit i.e. bank guarantee, fixed deposit etc. is different from those provided in the Regulation, the same be replaced by those as specified therein, as per section 47(1) of Electricity Act, 2003 and pay interest as per section 47(4) of Electricity Act, 2003".

Before proceeding further it is worthwhile to reproduce provision of section 47 of Electricity Act, 2003 which read as under:-

Section 47. Power to require security:-

"(1) Subject to the provisions of this section, a distribution licensee may require any person, who requires a supply of electricity in pursuance of section 43, to give him

reasonable security, as may be determined by regulations, for the payment to him of all monies which may become due to him-

(a) in respect of the electricity supplied to such person; or

(b) where any electric line or electrical plant or electric meter is to be provided for supplying electricity to such person, in respect of the provision of such line or plant or meter, and if that person fails to give such security, the distribution licensee may, if he thinks fit, refuse to give the supply of electricity or to provide the line or plant or meter for the period during which the failure continues.

(2) Where any person has not given such security as is mentioned in sub-section (1) or the security given by any person has become invalid or insufficient, the distribution licensee may, by notice, require that person, within thirty days after the service of the notice, to give him reasonable security for the payment of all monies which may become due to him in respect of the supply of electricity or provision of such line or plant or meter.

(3) If the person referred to in sub-section (2) fails to give such security, the distribution licensee may, if he thinks fit, discontinue the supply of electricity for the period during which the failure continues.

(4) The distribution licensee shall pay interest equivalent to the bank rate or more, as may be specified by the concerned State Commission, on the security referred to in sub-section (1) and refund such security on the request of the person who gave such security.

(5) A distribution licensee shall not be entitled to require security in pursuance of clause (a) of sub-section (1) if the person requiring the supply is prepared to take the supply through a pre-payment meter”.

The provisions of section 47 of Electricity Act, 2003 and Regulation 11.7 of JERC (Electricity Supply Code) Regulations, 2010 make it clear that the licensee may require reasonable security as may be determined by regulation for continuation of electricity supply on an existing electricity connection and for releasing electricity on a new connection according to the regulations. The Commission in compliance of section 47 of the Electricity Act, 2003 has notified JERC (Electricity Supply Code) Regulations, 2010 and as per regulation 6.10 of JERC (Electricity Supply Code) Regulations, 2010 “The

security deposit shall be accepted in form of cash, cheque or draft in case of LT consumers and in form of draft or banker's cheque in case of HT/EHT consumers". The Commission, however, approves fixed deposit in favour of the licensee as a valid instrument also for existing and new electric connections.

ED-Goa has accepted Security Deposit in the form of Bank Guarantee in violation of the clause 6.10 (2) of Supply Code Regulation. As a result, the licensee will not earn any interest on such Bank Guarantee and consequently shall not pay interest at prevailing bank rate to the consumers.

The Petitioner is in addition, directed to ensure that all the Security Deposits paid by consumers in the form of Bank Guarantee must be replaced either in cash or Banker's Cheque or Demand Draft or fixed deposit in favour of the utility.

Sd/-
(S.K.Chaturvedi)
Member

Sd/-
(Dr. V.K. Garg)
Chairperson