

**BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION
GANDHINAGAR**

In the matter of:

GERC (Security Deposit) (Third Amendment) Regulations, 2023.

CORAM:

Anil Mukim, Chairman

Mehul M. Gandhi, Member

S.R. Pandey, Member

STATEMENT OF REASONS

1. BACKGROUND:

In exercise of powers conferred by sub-section (1) read with clause (z) of sub-section (2) of section 176 of the Electricity Act, 2003, the Ministry of Power, Government of India, has notified the Electricity (Rights of Consumers) Rules, 2020 (referred onwards as the GoI Rules) vide Notification dated 31.12.2020. Subsequent Amendment in these Rules has also been notified vide Notification dated 28.06.2021.

It is mandated upon the State Electricity Regulators, vide Ministry of Power letter dated 18.01.2021 to either make new Regulations or amend existing Regulations to align the Regulations with the said Rules notified by the Ministry of Power, Government of India. The Commission decided to make amendments in the Gujarat Electricity Regulatory Commission (Security Deposit) Regulations, 2005 (referred onwards as the Principal Regulations).

Accordingly, Draft GERC (Security Deposit) (Third Amendment) Regulations, 2022 were published inviting comments/ suggestions from Stakeholders. Public Notices in this regard were given on 21.02.2022 in two Gujarati Newspapers i.e. Sandesh and Gujarat Samachar in Gujarati language and one English Newspaper i.e. Mint in English Language. Also Members of State Advisory Committee and Co-ordination Forum were informed in this regard through a letter. With an intention to give time limit of one month to the Stakeholders, last date of submission of comments/ suggestions was kept at 25.03.2022. Further, a few entities requested for time limit extension, and they were asked to submit their comments/ suggestions at the earliest. Thus, enough opportunities have been given to the Stakeholders to provide their comments/ suggestions on the Draft Regulations.

In response to the above, the Commission received objections/suggestions from 6 stakeholders. The list of the objectors, who submitted their objections/suggestions on this draft Regulations is stated at **Annexure – 1**.

The Commission conducted public hearing for the aforesaid GERC (Licensee's Power to Recover Expenditure incurred in providing Supply and other Miscellaneous Charges) (Third Amendment) Regulations, 2022 (Draft Regulations) on 04/05/2022. The list of the Objectors who were present and participated in the hearing is stated at **Annexure – 2**.

2. VIEWS OF THE STAKEHOLDERS, ANALYSIS AND FINDINGS OF THE COMMISSION THEREON:

The Commission has considered the comments/suggestions received from the stakeholders and the submissions made by the stakeholders who had participated in the public hearing conducted on 04/05/2022 on the Draft Regulations, 2022 only. The Regulations have been finalised after detailed analysis and with due consideration of various issues raised by the stakeholders on the Draft Regulations

3. OBJECTIONS TO THE DRAFT REGULATIONS AND FINDINGS OF THE COMMISSION THERETO:

I. Clause 2.1 (xvii) of the Draft Regulations reads as under;

“Temporary Service” means supply of electricity will be given initially for a period not exceeding twelve months subject to review for further extension in accordance with the classifications of installation for purpose of permanent supply.

Comments/ Suggestions from the Stakeholders:

Some of the Stakeholders have suggested to include words ‘who cannot enter/ execute the agreement’ at the end of the definition of the Temporary Service.

Some of the Stakeholders have suggested replace the words ‘classifications of installation for purpose of permanent supply’ with the words provisions of the Supply Code with justification that as the Commission has tried to align the definition of Temporary Service with the definition provided in the Supply Code Regulations, there is also a need to align the definition with the categorization of Temporary Supply in the Tariff Order. In Tariff Order, there is no further classification based on purpose of permanent supply. Moreover, extension for Temporary Supply is governed in terms of Clause 4.57 of the Supply Code 2015. The same is

also required to be clarified to ensure that there is no conflict in case of extension in temporary service.

Some of the Stakeholders have suggested to reduce initial period of Temporary Service from 12 months to 6 months.

Commission's decision:

In regard to suggestion to insert words 'who cannot enter/ execute the agreement' at the end of the definition of the Temporary Service to align with the narration of corresponding category in the retail Tariff Orders, it is to mention that as per Supply Code, 2015, a consumer is liable to sign an agreement with Distribution Licensee. It is also stipulated in the Clause 4.100 (6) that validity of the agreement shall be two years. Thus, it is amply clear that a consumer who do not execute a proper agreement shall be granted supply initially for the twelve months, which is lesser than the agreement period of two years, and thereafter temporary supply period may be extended in accordance with the provisions of Supply Code even though the total period, after availing temporary supply, exceeds two years using the facility of extensions. Accordingly, the words 'electricity will be given initially for a period not exceeding twelve months' in the definition makes it clear that a temporary consumer is not required to execute an agreement.

In regard to suggestion to replace words 'provisions of the Supply Code' in place of 'classifications of installation for purpose of permanent supply' in the definition of Temporary Supply, it is to clarify that meaning of the words 'classifications of installation' in the said definition is classification of installation based on system of supply as narrated in Clause 3.1 and 3.2 of the GERC (Supply code and related matters) Regulations, 2015 and does not mean to be classification of temporary consumer based on purpose of usage of electricity.

In regard to suggestion for reduction in initial time period of granting temporary supply, it is viewed that it will increase the administrative burden on the utilities for no reason.

In view of the above, it is decided to keep the definition of Temporary Service as per the Draft Regulations.

II. Clause 4.11 of the Draft Regulations reads as under;

The licensee shall pay interest on Security Deposit of consumer other than Security Deposit received from Temporary Consumer for the electricity supplied, at the Bank Rate (as on 1st April of every year) notified by Reserve Bank of India or such higher rate as may be fixed by the Commission from time to time. The interest accrued to the credit of the consumer during the previous year shall be adjusted in electricity bills of May of every year for consumers covered under the monthly billing cycle and in electricity bill of May or June for those covered under bi monthly billing cycles.

Comments/ Suggestions from the Stakeholders:

Some Stakeholders have suggested to replace Bank Rate with prime lending rate of State Bank of India justifying that Bank Rate system of RBI is time barred and at present not in the existence. At present, RBI declares only Cash Reserve Ratio, Repo Rate, Reserve Repo Rate. Its main function is to control the inflation and balance the monetary system of the Country. It shall be linked with PLR of SBI, or the bank from which the distribution licensee borrows the finances as per the advances.

Commission's decision:

Reserve Bank of India declares Bank Rate regularly. Also, Section 47 (4) of the Electricity Act, 2003 stipulates payment of interest on security deposit equivalent to Bank Rate or more, as may be specified by the Commission. The commission has not proposed any change in the stipulation of rate of interest payable on the security deposit.

In view of the above, it is decided to not make any change in Draft Regulation Clause 4.11

III. Clause 4.14 of the Draft Regulations reads as under;

The Licensee, on termination of the agreement by either party shall refund Security Deposit after adjustment of dues, if any within 7 days.

Comments/ Suggestions from the Stakeholders:

Some of the Stakeholders suggested to increase time limit of refund of Security Deposit from 7 days to 30 days with a reason that certain approvals of authorities from different levels are required to refund the amount which consumes certain time..

Some Stakeholders have suggested to increase time limit for refund of Security Deposit from 7 days to 15 days from the date of the final bill which shall be prepared after adjusting the Security Deposit within 15 days from the date of receipt/ confirmation of necessary details for processing refund of Security Deposit.

Some Stakeholders have suggested to replace the word ‘Security Deposit’ with the word ‘amount of Security Deposit’.

Commission’s decision:

In regard to suggestion about enhancing the time limit for refund of balance security deposit on account of time taken for approval of such refund, it is viewed that the stated amendment is proposed to align the existing Clause with GoI Rule 9 (1) (b). Further, Utilities should arrange their internal mechanism of seeking and granting approvals in such a way that the stipulated time line for refund is complied with. Also, as per Clause 8.8 and 8.10 of Supply Code, 2015, sufficient time is given to utilities to carry out various activities such as final reading, preparation of final bill, permanent disconnection etc. The time line specified in the Draft Cl. 4.14 is applicable only after termination of agreement i.e., after completion of all the formalities by utilities.

In regard to adding word ‘amount’ before the word ‘security deposit’ does not serve any purpose since, security deposit is collected in the form of amount only.

In view of the above, it is decided to not make any change in Draft Regulation Clause 4.1.

Sd/-
(S. R. PANDEY)
MEMBER

Sd/-
(MEHUL M. GANDHI)
MEMBER

Sd/-
(ANIL MUKIM)
CHAIRMAN

Place: Gandhinagar

Date: 05/12/2023

Annexure 1

List of the Objectors, who submitted their objections/suggestions on draft Regulations

Sr. No.	Name of Entity
1	Gujarat Krushi Vij Grahak Suraksha Sangh
2	Gujarat Chamber of Commerce & Industry
3	Centre for Energy Regulations
4	Shri Jayram Marathe
5	MGVCL
6	PGVCL
7	UGVCL
8	TPL

Annexure 2

List of the Objectors who were present and participated in the hearing

Sr. No.	Name of Entity
1	Gujarat Chamber of Commerce & Industry
2	MGVCL
3	PGVCL
4	UGVCL
5	TPL

