

Prevailing Commercial Practices to deal with existing & prospective HT consumers.

Lecture by:

Er. D.K. GANDOTRA
Addl. Superintending Engineer (Rtd.)
On consultancy contract in O/o CMD
(EZ), Jabalpur.

Madhya Pradesh Electricity Supply Code, 2004 (**MPESC**) which become effective from 10th June, 2004 provides procedure to deal with existing and prospective consumers in the State. This lecture note covers mainly commercial practices in case of HT consumers in following two parts:-

- (A) Prospective HT consumers
- (B) Existing HT consumers

The relevant definitions related to commercial procedures, as defined in the MP Electricity Supply Code 2004, are given hereunder for reference.

- **“Connected Load,”** means aggregate of the manufacturer’s rating of all energy consuming devices, in the consumer’s premises, which can be simultaneously used. This shall be expressed in kW, kVA or HP units and shall be determined as per the procedure laid down in clauses 6.37 to 6.42 on ‘Rating of Installations’ in this Code.
- **‘Consumer’** means any person who is supplied with electricity by the licensee and includes any person whose premises are for the time being connected for the purpose of receiving electricity from the licensee, persons who have applied for an electricity connection, persons whose supply is not yet connected even after due notice to avail connection or whose electricity supply has been disconnected. A consumer is –
 - (i) **‘Low Tension Consumer (LT Consumer)’** if he obtains supply from the licensee at low or medium voltage.
 - (ii) **‘High Tension Consumer (HT Consumer)’** if he obtains supply from the licensee at High Voltage.
 - (iii) **‘Extra High Tension Consumer (EHT Consumer)’** if he obtains supply from the licensee at Extra High Voltage.
- **‘Consumer’s installation’** means any composite electrical unit including electric wires, fittings, motors and apparatus, portable and stationary, erected and wired by or on behalf of the consumer at the consumer’s premises.
- **‘Contract demand’** means the maximum Load in kW, kVA or HP, as the case may be, agreed to be supplied by the licensee and contracted by the consumer and mentioned in the agreement.
- **‘Date of commencement of supply’** means the day immediately following the date of expiry of a period of one month for in case of LT consumers and three months in case of HT of EHT consumer from the date of intimation to an intending consumer of the availability of power or the date of actual availing of supply by such consumer, whichever is earlier.
- **‘Demand Charge’** for a billing period means a charge levied on the consumer based on the contract demand or maximum demand and shall be calculated as per the procedure provided in the Tariff Order, approved by the Commission

- **‘High Voltage (HV)’** means the voltage higher than 650 volts but which does not exceed 33,000 volts 50 cycles under normal conditions subject, however, to the percentage variation allowed under the Indian Electricity Rules, 1956
- **Initial period of agreement’** means the period of two years starting from the date of commencement of supply. The initial period of agreement shall continue till the end of the month, on which the end date of the two years period expires.
- **‘Licensed Electrical Contractor’** means a contractor licensed under rule 45 of the Indian Electricity Rules 1956.
- **‘Maximum demand’** for a category of consumer shall be calculated as per the procedure provided in the Tariff Order, approved by the Commission
- **‘Occupier’** means the owner or person in occupation of the premises where electrical energy is used or proposed to be used.
- **‘Premises’** includes any land, building or structure.
- **"Person"** means any person or persons or occupier or possessor of the premises or place and may or may not be the consumer and shall include any company or body corporate or association or body of individuals, whether incorporated or not, or artificial juridical person
- **‘Service-line’** means any electric supply-line through which energy is, or is intended to be, supplied
 - (i) to a single consumer either from a distribution main or immediately from the supplier’s premises, **or**
 - (ii) from a distribution main to a group of consumers on the same premises or on adjoining premises supplied from the same point of the distribution main.
- **‘System’** means an electrical system in which all the conductors and apparatus are electrically connected to a common source of electric supply.

(A) SUPPLY TO PROSPECTIVE CONSUMER AT HIGH VOLTAGE:-

The applicant is required to submit his requisition for supply at HT in the prescribed format annexure-2 of MPESC) indicating following details:-

- (i) Name of the person/organization
- (ii) Full address of the premises where new connection has been sought.
- (iii) Voltage at which supply is required.
- (iv) Type of supply (permanent/temporary).
- (v) Contract demand.
- (vi) Purpose of installation.
- (vii) Production capacity.
- (viii) Status of land acquisition
- (ix) Expected date.
- (x) Status of NOC from MP State Prevention & Control of Water Pollution Board, Bhopal as per statutory requirement.
- (xi) Status of outstanding dues of electricity, if any.

The following documents are also required to be attached with the supply requisition form.

1. Proof of ownership of the premises

2. A map indicating therein the proposed location of the plant/ office and the point where supply is required. The map should normally be of the scale of 1 cm representing 1200 cm.
3. Licence/ NOC from statutory authority, if required or a declaration by the applicant that his connection does not fall under the requirement of NOC under any statute.
4. In case of a proprietary firm, an affidavit to be submitted stating that the applicant is the sole proprietor of the firm.
5. In case of partnership firm, partnership deed.
6. In case of Limited Company, Memorandum and Articles of Association and Certificate of Incorporation.
7. Proof of permanent residential address of the consumer and PAN Number, if any. If there is any change at a later date, the same shall be intimated by the consumer to the Licensee immediately.
8. Letter of intent for production/ enhancement in production may be furnished.
9. List of equipments proposed to be installed along with the expected load.
10. Resolution for authorised signatory.
11. Registration from Industries Department.
12. Extract of project report relevant to power and process requirements (in case of industries).
13. Copy of the relevant section of the current tariff order that provides details of the tariff category opted by the consumer and duly signed by him. This will be appended with the agreement after completion of formalities.

After receipt of requisition, as above, the inspection of the site shall be carried out in presence of applicant/his authorized representative for which due written intimation will be given by the Licensee. The feasibility or otherwise of the supply shall be intimated by the Licensee within 15 days of receipt of requisition. To ascertain the feasibility of the supply, the following points are required to be taken care off –

- (i) **Voltage of supply**: Clause No.3.4 MPESC has prescribed the voltage of supply to consumers based on different contract demands as follows:-

Supply Voltage	Minimum Contract Demand	Maximum Contract Demand
230 volts		3 kW
400 volts	Above 2 kW	100 HP or 75 kW
11 kV	60 kVA	300 kVA
33 kV	300 kVA	10000 kVA
132 kV	2500 kVA	40000kVA

220 kV	40000 kVA	
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The Licensee may release supply at any other voltage depending on system availability or condition.

- (ii) **The voltage regulation**, as specified in Indian Electricity Rules 1956 (Rule 54) should not be vary by more than 6% on higher side or by 9% on the lower side in case of 11 KV & 33 KV. In case of 132 KV supplies, the voltage regulation limit is 10% on higher side and 12.5% on lower side (*reference clause No.3.3 of MPESC*).
- (iii) Possibility of railway crossing, river crossing, road crossing, forest clearance etc. should also be kept in mind for declaring the feasibility as these aspects will have a bearing on the estimate of cost of extension.
- (iv) The supply to HT industrial consumers shall normally give through HT feeder exclusively meant for industries. In case of continuous process industries or load of 3 MVA or more a separate feeder from nearest 33/11 KV sub-station or EHT s/s may preferably be extended.
- (v) Supply to prospective HT consumer (both at 11 KV or 33 KV) shall normally not be extended from rural feeder in case the supply is to be extended from rural feeder due to techno-economic reasons the consumer should be informed about the restrictions imposed on the rural feeder due to grid conditions. The consumer is required to submit a declaration indemnifying the Licensee for the restriction in supply.

In case the supply is found feasible, the licensee shall fix the point of entry of the Licensee line, the position of meter, metering equipment and other equipments of the supplier within 30 days of intimating the feasibility, the Licensee shall intimate the consumer the charges required to be paid for the cost of extension, if any, and the amount of security deposit and other charges alongwith copy of draft HT agreement and the form of required test report. The charges required to be recovered from the consumer are as specified in the Regulation No.G-31 of 2006 of MPERC. The relevant portion of the Regulation is reproduced below:-

5.1 In case of applications where there is a need to erect a new Power Sub-station, HT line/EHT line from the sub station or extend the existing HT/EHT line or undertake improvement/augmentation works in the station or works of strengthening the line in order to extend supply up to the metering point to the applicant, the Distribution Licensee in case of HT, and Distribution Licensee in co-ordination with Transmission Licensee in case of EHT shall prepare an estimate for arranging such power supply corresponding to the applicant's actual requirement and provide the estimate to the applicant for arranging payment to the Licensee.

5.2 The estimate shall be prepared by the distribution licensee based on Schedule of Rates approved by the Commission. In addition to above, new service

connection charges @ Rs. 100 per KVA of contract demand shall also be payable by the consumer limited to a maximum of Rs. 1,00,000 (Rupees one Lakh only).

5.3 The distribution licensee after duly collecting the estimated amount and charges for new service connection from the Applicant and executing agreement may carry out the work. Alternatively the Applicant, if he so desires, shall be permitted to deposit 12 supervision charges at the following rates of material component of the estimated cost of work and on depositing such supervision charges, the work may be got executed by the Applicant through an approved licensed contractor/agency:-

Estimated cost of material Rate of supervision charges

For up to Rs.2 Crores 5% of estimated cost of material

For above Rs.2 Crores but up to Rs. 5 Crores 2.5% of estimated cost of material

For above Rs. 5 Crores 1.5% of estimated cost of material

5.4 Where the provision of supply to an applicant entails works of augmentation of the distribution system, the Distribution Licensee shall be authorized to recover from the applicant such proportion of the expenses reasonably incurred on such works of the incremental capacity that will be created by augmentation of the distribution system.

5.5 Where an applicant requires temporary supply then, notwithstanding anything contained to the contrary in these Regulations, the Distribution Licensee shall be authorized to recover all expenses reasonably incurred for the purpose of giving such temporary supply and for the purpose of discontinuance of such temporary supply; Provided that where the works relating to such temporary supply are carried out by the Distribution Licensee and paid for by the person requiring such temporary supply, then such person shall receive credit for the depreciated value of such works at the time of discontinuance of such temporary supply and return of facilities to the Distribution Licensee.

Clause No.4.64 of MPESC stipulates that the Licensee may insist on use of '**Ariel Bunched Cable**', wherever considered appropriate, for the last span. The difference of cost of the last span on account of laying of '**Ariel Bunched Cable**' with respect to overhead bare conductor shall be borne by the Licensee.

Clause **4.74** of the MPESC provides target period of completion of various activities. According to which

Sl. No.	Activity	Time Limit for Rendering the Service	
		HT conn.	EHT Conn.
1.	a) Informing feasibility after receipt of the application	15 working days	15 working days
	b) Issue of demand note of estimated charges (after issue of notice of feasibility)	30 days	60 days
	c) Serving of power availability notice for commencement of supply/ release of connection after receipt of estimated charges subject to receipt of clearance from Electrical Inspector		180 days (Since it will involve extension of line) (subject to receipt of clearance from Electrical Inspector)
	i. If no extension work is involved	30 days	
	ii. If extension work is involved	90 days	

Application of Tariff

While executing the agreements with the HT consumers and while dealing with the request of HT consumers for change of tariff, it is necessary to ensure that the correct tariff is made applicable to the consumer. The tariff made to the applicant should also be entered in the clause-19 of the HT agreement giving details of tariff schedule and MPERC order. A copy of relevant schedule should be attached with the agreement which shall form part of HT agreement. As per MPERC Tariff order dtd.31st March, 2006, the HT tariffs have been prescribed according to applicability in 7 schedules as follows:-

Sr.No	Consumer's Category	Tariff Schedule
1	Railway Traction	HV - 1
2	Coal Mines	HV - 2
3	Industrial and Non Industrial 3.1 Industrial 3.2 Non Industrial	HV - 3
4	Seasonal	HV - 4
5	HT Irrigation and Public Water works 5.1 Public Water Works 5.2 Group Irrigation and other agricultural users	HV - 5
6	Bulk Residential Users	HV - 6
7	Bulk Supply to Exemptees	HV - 7

Security Deposit

MPERC (Security Deposit) Regulations, 2004 as amended from time to time, stipulates the requirement for collecting the security deposit from consumers. The initial **energy security deposit (ESD)** for new service

connection is to be calculated and charged for consumption on the basis of 190 units per KVA for 45 days at the relevant tariff.

The security deposit shall ordinarily be accepted in the form of cash or draft only if the amount of security deposit is less than Rs. Ten lakh. In cases where the amount of security deposit including the cases of additional security deposit, is more than Rupees Ten lakh, bank guarantee will be accepted for amount in excess of Rs. Ten lakh and interest will be payable by the Licensee only for cash deposit. Cheques may be acceptable subject to the condition that supply will commence only on realization of cheque **(amendment to Regulation 1.6 dtd. 11th May, 2006)**.

For HT consumers the amount of security deposit shall be reviewed half yearly in the first half of Oct. & April every year on the basis of the consumption during the previous 6 months. Based on this review, the Licensee may raise demand on the consumer to pay an additional security deposit, so as to maintain the amount of security deposit equivalent to 45 days consumption. In the event of default in payment of monthly bills for more than once in a financial year, Licensee may recover security deposit to make equivalent to 60 days consumption level on third default, 75 days consumption level on fourth default and 90 days consumption level on fifth default **(amendment in clause 1.18 dtd. 9th June, 2005)**.

Execution of Agreement

The agreement is required to be executed in Format C-9, (draft of which has been approved by MPERC) in duplicate and the duplicate copy may be given to the consumer. Adhesive stamps worth Rs.100/- and a revenue stamp of Rs.1/-, should be affixed separately on each of these forms. In the event of adhesive stamps not being available non-judicial stamp paper worth Rs.100/- shall be used of Rupee one shall have to be affixed on the stamp paper.

Adhesive stamp/non-judicial stamp paper and also revenue stamp mentioned above are not required to be affixed /attached in respect of Agreements executed by Central/State Government Deptts.

- The agreement received from the consumer should be scrutinized for correctness each and every entry by the consumer in blank spaces of the Agreement.
- In case of Department of Central Government the agreement is to be executed in the name of the President of India acting through _____ (authorized person).
- Similarly in case of Department of State Govt., the agreement is to be executed in the name of Governor of Madhya Pradesh acting through - -----.
- **Special clause**:- If there is any special condition agreed to with the consumer, it shall be inserted in the blank space kept under clause-22 or otherwise the word `NIL' is to be inserted.

- In case of public or private Ltd. Company an authorizations in the name of applicant for signing the requisition and Agreement should be attached.

Common seal of the consumer:-

(i) In case of a consumer (like a Private or Public limited company) who has a common seal, the same must be affixed at the place provided in the Agreement. In the space below the common seal so affix the person(s) authorized for affixation of common seal in terms of the resolution passed by the Board of Directors of the Company (which should be in accordance with the provisions in the Articles of Association of the Company) should put his/their signature(s). The witnesses shall also sign at the respective places.

(ii) In case the consumer has no common seal, this fact that the consumer has no seal, should be mentioned in the agreement form at the place where seal was to be fixed.

- **Signature of consumer:** Consumer (authorized person on behalf of the consumer) shall sign at the last page of the Agreement. full name should be mentioned in the bracket. His signature should be witnessed by two persons. Full addresses of the witnesses and person (s) signing the agreement should also be noted in the bracket under their respective signatures.

- **Plan of the Premises:** A plan (Map) of the premises referred to in the second para of the preamble of the agreement, drawn to a scale not less than 1 CM = 1200 CM (1' = 100') should be attached to each copy of the Agreement. The boundary within which supply is required should be clearly marked and distinctly coloured. This plan should be signed by the person (s) executing the agreement and the Divisional Engineer of the area. Point of supply should also be clearly marked in the said plan.

- **General:** It may be noted while executing the agreement that insertions as and where required, should be made neatly without cancellations and/or overwriting. In case an insertion needs correction, the wrong one should be cancelled by drawing a line on it and writing the correct one over/below or in the margin. All insertions, erasures, corrections and additions should be individually attested by the persons) authorized to sign the agreement. He/they should also sign at the bottom of each page of the agreement.

- **Execution of agreement on behalf of Licensee:** While executing the Agreement on behalf of the Licensee, the Regional Chief Engineer (in case of contract demand upto 5,000 KVA) and Chief Engineer (Comml.) of Corporate Office (in case of contract demand above 5,000 KVA) shall execute the agreement by putting his signature on the last page of agreement in the space provided for the purpose and two officers of his office shall also sign as witness. The Chief Engineer

concerned shall also sign at the bottom of each page of agreement and each page of tariff Notification (schedule attached). The maps attached and also fly slips containing special clauses/amendments, if any wherever appearing in Agreement shall also be signed by the C.E.

The original copy of the Agreement shall be retained in the office of Chief Engineer concerned and duplicate copy may be given to the consumer. True copies of finalized agreements should be sent to concern Superintending Engineer, Divisional Engineer & Regional Accounts Officer for their office record. If the consumer signs only one stamped Agreement, the same may be finalized and should be retained and a true copy thereof be given to the consumer.

Commencement of agreement

As per MPESC, the date of commencement of supply in case of HT consumers means the day immediately following the date of expiry of 3 months notice from the date of intimation to an intending consumer of availability of power or the date of actual availing of supply by such consumer whichever is earlier. For example, if a three months notice is issued on 10.01.07, the agreement shall commence from 10.04.07 or any date earlier than 10.04.07 if the consumer begins availing supply from a date earlier than 10.04.07.

The Agreement shall remain in force for a period of **TWO** years from the date of its commencement.

After the initial period of **two** years mentioned above, the Agreement shall unless terminated be deemed to continue upon the same terms and conditions from year to year.

B. EXISTING HT CONSUMERS

(i) Enhancement of contract demand :

As in the case of new connection, the consumer is required to apply for enhancement of contract demand in the prescribed format in duplicate. The feasibility, to cater the additional demand, is to be examined and intimated to the consumer within 30 days of receipt of the requisition-

- (a) Whether the additional power can be supplied at the existing voltage or at a higher voltage.
- (b) Addition or alteration, if any, required to be made to the system and the cost to be borne by the consumer.
- (c) Amount of additional security deposit, cost of additional infrastructure and other charges, if any, to be deposited.
- (d) Change in the classification of consumer, if required.

- ❖ The application for enhancement of contract demand will not be accepted if the consumer is an arrear of payment of the Licensee's due. The application may be accepted in case payment of arrears due from the consumer has been stayed by a Court of Law, or by MPERC or an authority appointed by MPERC.
- ❖ If the supply of enhanced load is feasible the consumer shall furnish work completion certificate, test report from a Licensed Electrical Contractor and pay additional security deposit, cost of addition or alteration and other charges. He is also required to execute a supplementary agreement.
- ❖ If no addition or alteration to the system including new/alternate metering arrangement is required, the enhanced load will be released from the date as stated in new agreement after completion of requisite formalities.
- ❖ If the system needs any alteration or addition, the procedure as given for a new connection shall be followed.
- ❖ In case of railway traction such additional supply in excess of contract demand may be provided as may be agreed between the Licensee and the consumer on receipt of due notice of six weeks in writing from the consumer.

(ii) Reduction in contract demand -

Applications for reduction of load, after the expiry of initial period of agreement of two years, shall be filed in duplicate to the Licensee in the

prescribed form. A test report from a competent Licensed Electrical Contractor shall be submitted by the consumer along with the application where alteration of installation is involved.

The clause No.7.12 of MPESC, 2004 as amended vide Notification dtd. 28th July, 2006 is reproduced below:-

"7.12 After the expiry of the initial period of agreement of two years, a consumer will be entitled to reduce contract demand of his connection and such request when made to licensee shall come into effect after a period of 30 days. The reduction shall be duly reflected by the licensee in the bill for the billing period that commences after 30 days when the application is made. Any subsequent request for reduction in contract demand can also be made to the licensee after expiry of at least one year. Reduction in contract demand is subject to permissible minimum contract demand on relevant voltage level".

When reduction is agreed to, the consumer can execute the supplementary agreement. The Licensee shall recalculate the security deposit and any excess security deposit shall be adjusted in five equal installments in five succeeding bills.

TEMPORARY REDUCTION OF CONTRACT DEMAND

Clause 11.2 of MPESC stipulates :-

If at any time during the continuance of the agreement between the licensee and the consumer, the plant or premises of the consumer is destroyed or damaged due to force majeure conditions mentioned in MPESC (regulation 11.1,) rendering the plant or premises wholly or substantially unfit for occupation or use, the consumer may, on giving 7 days notice in writing to the licensee, about such a situation, take a reduced supply of power as may be necessary and feasible. In all cases where the consumer claims Force Majeure conditions, the licensee's authorised representative shall verify the same. Such a facility shall be available to the consumer only if the period of reduced supply is for a minimum period of 30 days and upto a maximum of six months. The aforesaid **period of reduced supply shall not be counted towards the initial period specified in the agreement** and the period of agreement shall be extended for a further period equal to the period of reduced supply.

Change of name in the case of HT consumers on consumer's request

When any HT consumer who is a public limited company or a private limited company makes a request to the Licensee for incorporating change in the name of consumer in the HT agreement for power supply executed between him and the Licensee, he should be asked to furnish fresh certificate of incorporation indicating the change in the name issued to the Company by the Registrar of Companies to verify that the change in the name of the company has lawfully taken place. He should also be asked to furnish a revised Memorandum and Articles of Association of the Company. On the basis of the aforesaid documents, if it is found that the change in the

name of the company has lawfully taken place, the consumer should be asked to execute supplementary agreement with the Licensee for change in consumer name in the main (original) agreement. Powers for signing the supplementary agreement in this respect (i.e. regarding change in the name of the consumer) will be same as for signing the main agreement.

Termination of Agreement

After the initial period of **two** years the Agreement shall be terminable by either party giving at least 1 months' notice in writing (expiring at the end of any calendar month) before the termination of such period.

The agreement can also be terminated on the following grounds:

- (i) *If power supply to a consumer remains disconnected for a period of sixty days for non-payment of charges or dues or non-compliance of any direction issued under MPESC, the licensee shall issue a show cause notice, to be replied within seven days, to the consumer for termination of the agreement. In case no effective steps are taken by the consumer for removing the cause of disconnection and for restoration of power supply, the agreement of the licensee with the consumer for power supply shall be terminated on expiry of the period of seven days, provided the initial period of the agreement (Two years) is over. During the period of temporary disconnection (where initial period of agreement is not expired) the consumer shall be liable to pay the demand charges or minimum charges.*

- (ii) *On termination of the agreement, the licensee shall be entitled to remove the service line and other equipment of the licensee for supply of power from the premises of the consumer. After permanent disconnection, if the consumer wishes to revive the connection, then it would be treated as an application for new connection and would be entertained only after all outstanding dues have been cleared.*
