

Before
UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Petition No. 49 of 2024

In the Matter of:

Additional security deposit amount levied 3 times of fortnightly bill by Uttarakhand Power Corporation Limited from April 2024 onwards in monthly electricity bills being issued.

And

In the Matter of:

Kashi Vishwanath Textile Mill (P) Limited,
5th Km Stone,
Ram Nagar Road,
Kashipur, Udham Singh Nagar.

...Petitioner

And

In the Matter of:

Uttarakhand Power Corporation Ltd. (UPCL),
Victoria Cross Vijeta Gabar Singh Urja Bhawan,
Kanwali Road, Dehradun

...Respondent

Coram

Shri M. L. Prasad	Chairman
Shri Anurag Sharma	Member (Law)

Date of Hearing: October 4, 2024

Date of Order: May 08, 2025

ORDER

This Order relates to the Petition filed by Kashi Vishwanath Textile Mill (P) Limited (hereinafter referred to as “KVTMPL” or “the Petitioner”) on Additional security deposit amount levied 3 times of fortnightly bill by Uttarakhand Power Corporation Limited from April, 2024 onwards in monthly electricity bills being issued.

Background

2. The Petitioner is a Private Limited Company, situated at 5th Km Stone, Ram Nagar Road, Kashipur, US Nagar, Uttarakhand and is a manufacturer of textile products and has subscribed 6.5 MW connection from UPCL. The Petitioner filed the instant Petition on **31.05.2024** in the matter of erroneous calculation of Additional Security Deposit amount reflected on UPCL's Portal and amount being asked for the monthly bill of April 2024. The Petitioner in its Petition has also submitted that the security amount is to be calculated on 15 days x 2 and not 15 days x 3, since 'N' stands for billing cycle and when billing cycle is reduced to 15 days then 'N' becomes 15 days bill and + 1 also becomes 15 days accordingly.

3. The Petitioner has filed its Petition under following legal Provisions:

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1. ***Specific Legal Provision under which Petition is being filed:***

- (i) *The petition is being filed under Section 94 of the Electricity Act, 2003, which states, “The Appropriate Commission shall, for the purposes of any inquiry or proceedings under this Act, have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908.”*
- (ii) *Under Section 7 (2) of the Uttarakhand Electricity Regulatory Commission (Conduct of Business) Regulations, 2014, “All matters, which the Commission is required, under the Central Act and the State Act, to undertake and discharge through hearing of the affected parties and such other matters as the Commission may consider appropriate, shall be done through such proceedings and in the manner specified under the said Acts and in regulations.”*
- (iii) *Under Chapter 8 of the UERC (The Electricity Supply Code, Release of New Connections and Related Matters) Regulations, 2020*
 - (1) *Nothing in these Regulations shall, expressly or impliedly, bar the Commission dealing with any matter or exercising any power under the Act for which no regulations have been framed, and the*

Commission may deal with such matters, powers and functions in a manner, as it considers just and appropriate.

- (2) *Power to Remove Difficulties: If any difficulty arises in giving effect to these regulations, the Commission may, of its own motion or otherwise, by any order and after giving reasonable opportunity to those likely to be affected by such order, make such provisions, not inconsistent with these regulations, as may appear to be necessary for removing the difficulty.*
- (3) *Power to Relax: The Commission, for reasons to be recorded in writing, may relax or vary any of the provisions of these regulations on its own motion or on an application made before it by an interested person."*

4. The Petitioner under the facts of the case has submitted that:

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- (i) *Kashi Vishwanath Textile Mill (P) Limited (hereinafter referred as KVTMPL) is a Private Limited company registered under the Companies Act 1956 and is having its unit situated at 5th Km Stone, Ram Nagar Road, Kashipur, U S Nagar, Uttarakhand.*
- (ii) *KVTMPL is manufacturer of textile products and has subscribed 6.5 MW load connection from Uttarakhand Power Corporation Limited (hereinafter referred as UPCL) bearing connection number 3377.*
- (iii) *KVTMPL has received electricity bill for the month of April 2024 wherein, UPCL has demanded additional security amount instalment of Rs. 32,89,731.08.*
- (iv) *In the monthly bill of April 2024 bill security deposited amount is shown as Rs. 2,02,19,000.08 and additional security required is shown as Rs. 1,97,38,386.52.*
- (v) *On going through the UPCL portal, calculation of security amount has been shown as under...*
- (vi) *The calculation on portal of UPCL is erroneous and it has started raising installment according to the erroneous calculation which will result in non-payment and then disconnection of electric supply, since as per UPCL Office Memorandum 390/UPCL/RM/F-4 dated 25.01.2024, the payment of billed amount exclusive of*

EMI security deposits shall not be accepted from the consumer". Hence, in such situation non-payment of electricity bill shall lead to disconnection of electricity supply.

- (vii) *As per prevailing practice and applicable Regulations, the additional security amount should have been calculated from April to March of previous year and where provisional bills for 15 days have been allowed the additional security amount should have been calculated for a period of 30 days i.e., 15 x 2, but the calculation has been done 15 x 3 by UPCL taking average of months from Mar to Feb which is erroneous in eyes of law.*

...

- (viii) *The actual shortfall of security amount is of Rs. 67,22,426 whereas reflected on UPCL portal is Rs. 1,97,38,386.52, an extra amount of Rs. 1,30,15,961 has been asked for in the monthly bills considering its recovery in 12 monthly instalments of Rs. 16,44,865.54 each. In April 2024 bill received amount of 32,89,731.08 has been asked for considering two instalments due.*

5. Further, the Petitioner under 'Ground of Relief' has submitted that:

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- (i) *As per UERC Supply Code Regulations 2020, 4.2 (1), "Balance of Security Deposit as on 31st March of the previous year shall be 'Existing Security Deposit'. Consumer is required to maintain a sum equivalent of estimated average consumption of N + 1 months of previous financial year or the existing security deposit with the Licensee, whichever is higher, as security deposit (Required Security Deposit) towards any delay or default in payment. Here 'N' is the number of months in a Billing Cycle approved in the Tariff Order applicable for preceding year".*
- (ii) *As per UERC Supply Code Regulations 2020, 1.2(l), "Billing cycle" or "Billing period" means the period as approved by the Commission for which regular electricity bills are to be prepared by the Licensee for different categories of consumers,*
- (iii) *As per UERC Supply Code Regulations 2020, 5.2.1(3), "The billing cycles for various categories of consumers shall be as per prevailing Tariff Order".*

- (iv) *That the regulation "Supply Code" was framed keeping in mind monthly bills issued by UPCL that is why 'N' is the number of months in a Billing Cycle. Further, + 1 months denotes as month again since the regulation has adopted month at its base and not fortnightly bill as is being permitted by Hon'ble UERC in tariff order FY 2024-25. Therefore, it is wrong to consider N = 15 days and +1 = 1 month, since, after permission of 15 days (fortnightly billing) the equation shall become 15 days (N) add (+1) 15 days.*
- (v) *As per UERC Supply Code Regulations 2020, 4.2 (2) "The Licensee shall review the consumption pattern of the consumer for the adequacy of the security deposit from April to March of the previous year".*
- (vi) *The security calculation displayed on the portal of UPCL shows that it is considering Mar to Feb for calculating average per annum whereas the Supply Code regulation specifies average calculation to be considered from Apr to Mar of the previous year.*
- (vii) *In the tariff proceedings held for the FY 2024-25, the submissions made by the stake holders summarized in Tariff Order 2.17.1 on consumer security deposit and billing cycle: the consumers have requested the Hon'ble Commission to:*
 - (a) *Restore/continue the condition of billing cycle for PIU as per tariff order of 2005,*
 - (b) *Allow bank guarantee against security deposit and refund the cash security deposited,*
 - (c) *Security amount chargeability equivalent to one month bill as is in Himachal Pradesh and Delhi,*
 - (d) *Allow installation of pre-paid meters,*
- (viii) *The Hon'ble UERC considering the requests of stakeholders and looking into interest of both consumer and UPCL in Tariff Order FY 2024-25, 5.1.3.8 approved fortnightly billing cycle for large industrial consumers having contracted demand of 3MVA and above from the month of April 2024 **but regarding security deposit remained silent, as it was specific in tariff order for FY 2005-06.***
- (ix) *Here we will like to mention the tariff order for FY 2005-06, wherein in 7.4.7.2 under Power intensive industrial units (Load above 100 BHP and supplied at HT), The consumers in PIU category, **because of their high billed amount are required to***

deposit large amounts by way of security resulting in liquidity problems. To remedy this, it has been suggested that either pre-paid meters be installed for such consumers or their billing cycle be reduced to 15 days or facility of furnishing bank guarantee in lieu of Security Deposit be allowed. The Commission, after consulting the licensee, allows a billing cycle of 15 days for such consumers with corresponding adjustment in Security Deposits of these consumers.

- (x) *Section 47 of the Electricity Act 2003 (Power to recover security): Subject to the provisions 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 in regulations.*
- (xi) *The Electricity Act 2003 mentions reasonable security, security two times of bill being issued is more than reasonable. Hence, it is not practical that the below 3 MVA load connection will give security equal to two times of their billing cycle and above 3 MVA load connection shall give 3 times of their billing cycle.*
- (xii) *The intent of stake holders request to Hon'ble UERC for continuity of 15 days provisional billing for power intensive units was to reduce the burden of additional security amount being asked for by UPCL. The Hon'ble Commission in its tariff order for the FY 2005-06, has well understood, thereby allowing provisional billing of 15 days and corresponding adjustment in security deposits i.e., 50%. Since then, the practice continued 31.03.2024.*

6. Furthermore, the Petitioner under 'Relief sought' has requested the Commission that:

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- (i) *We hereby humbly submit that the industry is not passing through a healthy phase and we are unable to arrange such hefty amount of additional security deposit to be paid to UPCL. If paid, it will squeeze our cash flows and we will be unable to meet our current liabilities. Hence in interest of the industry we request bank guarantee in place of cash security deposit.*
- (ii) *The relief sought in form of 15 days provisional billing by the power intensive industrial consumers was to safeguard from deposit of hefty additional security deposit amount which remains unresolved, since UPCL has issued OM asking for*

45 days security amount. In this regard we would request the Hon'ble UERC to go through the order passed in FY 2005-06 on similar subject. The security amount may be allowed to be equivalent to 30 days (15 x 2) which is supported by the Regulations too.

- (iii) The intent of 15 days provisional billing in the FY 2005-06 tariff order was well understood by Hon'ble UERC, "because of their high billed amount are required to deposit large amounts by way of security resulting in liquidity problems. To remedy this.. The Commission, after consulting the licensee, allowed a billing cycle of 15 days for such consumers with corresponding adjustment in Security Deposits of these consumers. The security amount may be allowed to be equivalent to 30 days (15 x 2).*
- (iv) The Hon'ble UERC in Tariff order FY 2024-25, 2.17.3, Commission Views, "The Commission is of the view that the issues raised regarding mode of payment of Security Deposit are governed by the provisions of the Supply Code Regulations and, are hence, not dealt herein". The regulation Supply Code give powers to Hon'ble UERC to remove difficulties and relax or vary any of the provisions of Supply Code, hence, may resolve by providing clarity to N + 1month as N = 15 days and + 1 as fifteen days where fortnightly billing has been permitted. Further, allow furnishing of bank guarantee in place of cash security."*

7. The Commission vide its letter dated 18.09.2024 issued Notice for Hearing to UPCL & M/s KVTMPL on admissibility of the Petition to be held on 04.10.2024. Further, the Commission vide its aforesaid letter had directed UPCL to furnish its reply in the matter by 27.09.2024. Accordingly, UPCL vide its letter dated 01.10.2024 has furnished its reply as mentioned below:

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- 1. That the relief sought in all three petitions is common; therefore, we, the respondents, submit the following common response for consideration by the Hon'ble Commission.*
- 2. That the first relief sought by the petitioners regarding the substitution of cash security deposits with bank guarantees has already been adjudicated by the Hon'ble Commission in its tariff order for the financial year 2024-25. The petitioners had previously raised this issue during the tariff determination process and were afforded*

an opportunity to express their views. The Hon'ble Commission, in its Order dated March 28, 2024, has adequately and judiciously addressed this matter and rejected the petitioners' submissions on the alternative security deposit mechanism.

3. *That it is pertinent to note that the principle of res judicata applies in this case, as the issue at hand has been conclusively decided by the Hon'ble Commission. The relevant excerpt from the Hon'ble Commission's order states:*

"2.17.3 Commission's views:

The Commission is of the view that the issues raised regarding the mode of payment of Security Deposit are governed by the provisions of the Supply Code Regulations and, are hence, not dealt herein"

4. *Thus, the relief sought by the petitioners in the present petition is not maintainable as it is barred by the principle of res judicata. The petitioners, under the guise of the current petition, are essentially seeking a review of the earlier order.*
5. *Furthermore, the petition filed by the petitioners invokes Section 94 of the Electricity Act, 2003. However, the petitioners have not specified the particular sub-clauses within section 94 that form the basis of their petition. It is crucial to establish how their claims align with the specific clauses of this section to determine their claim.*

This lack of clarity is unacceptable and undermines the validity of the petition. The procedural integrity of the petition necessitates that such specifics be provided.

6. *That regarding the petitioners' claim of ambiguity/difficulty in the regulations, we assert that the provisions are clear and unambiguous. The assertion of difficulty in the application of the Regulations must be substantiated with evidence of such difficulty. The fundamental question is "whether a genuine difficulty exists that necessitates the exercise of the Hon'ble Commission's power to remove such difficulties".*
7. *That the petitioners have made reference to provisional billing from FY 2005- 06, which allowed a billing cycle of 15 days. However, it is crucial to note that the Electricity Supply Code of 2007 subsequently mandated consumers to maintain a security deposit equivalent to estimated average consumption for two billing cycles. With the enactment of the Electricity Supply Code, 2020, the earlier code was*

repealed, and the current regulations clearly require consumers to maintain a sum equivalent to the estimated average consumption for 'N'+ 1 months, where 'N' is the number of months in a billing cycle approved in the Tariff Order applicable for preceding year.

8. *Therefore, any petition seeking clarification on this matter is futile, as the methodology has been made abundantly clear by the Hon'ble Commission.*
 9. *Moreover, the entertainment of such petitions by the Courts would set a concerning precedent that could disrupt judicial discipline. The reiteration of settled issues before the Hon'ble Commission constitutes a derogation of judicial norms and should not be permitted.*
 10. *In light of the above submissions, we respectfully submit 'that the petition filed by the petitioners is not maintainable due to lack of specificity and is founded on already adjudicated matters. We therefore, request the Hon'ble Commission to dismiss the petition accordingly.'*
8. On the stipulated date of hearing, the parties advanced complete arguments upon merits of the case, hence, the Commission heard the matter on merits and the Petition was admitted and judgement was reserved vide daily Order dated 04.10.2024.

Commission's Observations, Views & Directions:-

9. Upon a careful perusal of the Petition and the submissions made by the Petitioner during the course of hearing held on 04.10.2024, it is noticeable that the Petitioner has basically raised the following two issues for its consideration:
 - (i) Calculation of Additional Security Deposit required under Regulation 4.2(i) of the UERC (The Electricity Supply Code, Release of New Connections and Related Matters) Regulations, 2020, specifically with reference to the interpretation of 'N'+1 months";
 - (ii) Permission to furnish the Security amount by way of a Bank Guarantee instead of a cash deposit.

The observations, analysis, and decision of the Commission on the aforementioned issues are detailed hereunder:

10. With respect to the relief sought regarding computation of the Security amount based on a consumption period of $2x'N'$ (where ' N ' is billing cycle) instead of ' N ' + 1 months, and acceptance of Bank Guarantee in lieu of cash Security for the credit sale of electricity by UPCL, it is pertinent to note that both these issues have already been previously decided by the Commission in its Order dated 31.10.2023. The relevant extracts of the said Order are reproduced hereinbelow for ease of reference:

"16. The Commission view on the issues/aspects associated with the instant Petition of the Petitioner mentioned at Para 15 (2) above are detailed below:-

- (3) With regard to 'Inclusion of Bank guarantee as mode of payment of security deposit', the prevailing Regulation 4.2.2 of the UERC (The Electricity Supply Code, Release of New connections and related matters) Regulations, 2020 categorically provides that:-*

"4.2 Additional Security Deposit ... 2. The Licensee shall review the consumption pattern of the consumer for the adequacy of the security deposit from April to March of the previous year. Excess of Required Security Deposit over Existing Security Deposit shall be Additional Security Deposit. Assessment of Additional Security Deposit shall be done once a year in the month of April and the same shall be reflected in the next bill. Such reflected amount shall be deposited by the consumer through Cash/DD/RTGS/NEFT or any other electronic mode accepted by distribution Licensee." [Emphasis Added] Hence, as per provisions of the above statute, the provision of Bank Guarantee cannot be extended for payment of additional security amount through the Order. Moreover, this is an Order dealing with the request of the distribution licensee to allow it to take security deposit in Equated Monthly Installments. Therefore, it would not be prudent to incorporate the provision of Bank Guarantee for payment of additional security through an Order, the same shall be considered after following consultative process with all the Stakeholders as and when other requirement of amendment in Regulations would arise.

(4) *With regard to 'Security amount may be computed for 30 days or 45 days consumption period instead of 'N+1' months', the Commission while issuing the UERC (The Electricity Supply Code, Release of New connections and related matters) Regulations, 2020 had carefully thought on this issue as it is very crucial to safeguard the financial interests of the distribution licensee against the credit sale of one billing cycle of the consumer plus 15 days for payment of dues from the bill date and subsequent to the due date, further 15 days for disconnection as per Section 56 of the Act i.e. one additional month is allowed over and above the billing cycle period. Therefore, the concept of 'N+1' has been arrived where N is the number of months in a billing cycle approved in the Tariff Order. Further, the Commission would like to highlight that the revenue of the distribution licensee acts like lifeblood for the entire power sector and it is in the interest of the entire power sector to safeguard the distribution licensee against the defaulting consumers. The Commission does not find any good reason for deviating from its stance of security amount computation as set in Regulation 4.2 (1) of the aforesaid Regulations."*

11. Furthermore, to alleviate the burden of security deposits on High Tension (HT) consumers with Contract Demand exceeding 3 MVA, the Commission has already undertaken remedial action by reducing the billing cycle to 15 days. This is evident from Para 5.1.3.8 of the Tariff Order issued by the Commission on 28.03.2024, which is extracted hereinbelow:

"5.1.3.8 Billing Cycle for large Industrial Consumers

... The Commission, accordingly, directs UPCL to raise the bills for large consumers having Contracted Demand of 3 MVA and above on a fortnightly basis (every 15 days) from the month of April 2024."

This directive has been reiterated and continued by the Commission in its subsequent Tariff Order dated 11.04.2025.

12. In view of the foregoing, the Commission reiterates its position that the computation of the Security amount shall continue to be governed by Regulation 4.2(1) of the UERC (The Electricity Supply Code, Release of New Connections and

Related Matters) Regulations, 2020, as earlier already held in its Order dated 31.10.2023.

13. Since the billing period applicable to the Petitioner stands at 15 days, in accordance with Regulation 4.2(1), the Petitioner is mandated to maintain a security deposit equivalent to the estimated average consumption of 'N'+1 months, which for such cases translates to a period of 15 days + 1 month, i.e., 45 days.
14. As regards the Petitioner's request for furnishing a Bank Guarantee in lieu of cash security, the Commission reiterates its earlier view, as pronounced in its Order dated 31.10.2023 and for the reasons mentioned therein it would not be prudent to incorporate such a provision by way of an order. The same shall be duly considered in accordance with law, through an appropriate consultative process with all stakeholders, as and when any requirement of amendment in the Regulation will arise.

Ordered accordingly.

(Anurag Sharma)
Member (Law)

(M.L. Prasad)
Chairman