Before

UTTARAKHAND ELECTRICITY REGULATORY COMMISSION

Pet. No. 57 of 2026

In the Matter of:

Refund of surplus security deposit amount more than prescribed under the prevailing Regulations and tariff orders applicable lying with Uttarakhand Power Corporation Limited.

And

In the Matter of:

M/s La Opala RG Limited,
Plot No. B-108, ESIP, Sitarganj,
Udham Singh Nagar
Uttarakhand **…Petitioner**

&

In the Matter of:

Managing Director,
Uttarakhand Power Corporation Ltd.,
Victoria Cross Vijeta Gabar Singh Urja Bhawan,
Kanwali Road, Dehradun …**Respondent**

Coram

Shri M. L. Prasad	**Chairman**
Shri Anurag Sharma	**Member (Law)**
Shri Prabhat Kishor Dimri	**Member (Technical)**

Date of Order: November 12, 2026

ORDER

This Order relates to the Petition filed by M/s La Opala RG Limited, Plot No B-108, ESIP, Sitarganj, Udham Singh Nagar- 244713, Uttarakhand (hereinafter referred to as "the Petitioner") vide its application dated 15.02.2026, seeking Refund of surplus security deposit amount more than prescribed under the prevailing Regulations and tariff orders applicable lying with Uttarakhand Power Corporation Limited (hereinafter referred to as "UPCL" or "the licensee").

2. The Petitioner under 'Specific legal provisions' has submitted that:

"1.1 The petition is being filed under Section 94 of the Electricity Act, 2003, (Powers of Appropriate Commission):

(1) 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 in respect of the following matters, namely:

(a) summoning and enforcing the attendance of any person and examining him on oath;

(b) discovery and production of any document or other material object producible as evidence;

(c) receiving evidence on affidavits;

(d) requisitioning of any public record;

(e) issuing commission for the examination of witnesses;

(f) reviewing its decisions, directions and orders; (g) any other matter which may be prescribed.

(2) The Appropriate Commission shall have the powers to pass such interim order in any proceeding, hearing or matter before the Appropriate Commission, as that Commission may consider appropriate.

1.2 Section 114 of the Code of Civil Procedure, 1908 states: Subject as aforesaid, any person considering himself aggrieved –

(a) by a decree or order from which an appeal is allowed by this Code, but from which no appeal has been preferred.

(b) by a decree or order from which no appeal is allowed by this Code, or

(c) by a decision on a reference from a Court of Small Causes, may apply for a review of judgment to the Court which passed the decree or made the order, and the Court may make such order thereon as it thinks fit.

1.3 Order XLVII (1) of the Code of Civil Procedure, 1908 states:

(1) Any person considering himself aggrieved –

(a) by a decree or order from which an appeal is allowed, but from which no appeal has been preferred,

(b) by a decree or order from which no appeal is allowed, or (c) by a decision on a reference from a Court of Small Causes, and who, from the discovery of new and important matter or evidence which, after the exercise of due diligence was not within his knowledge or could not be produced by him at the time when the decree was passed or order made, or on account of some mistake or error apparent on the face of the record or for any other sufficient reason, desires to obtain a review of the decree passed or order made against him, may apply for a review of judgment to the Court which passed the decree or made the order.

1.4 UERC Supply Code 2020 Chapter 8 Savings:

(1) Nothing in these regulations shall, expressly or impliedly bar the Commission dealing with any matter or exercising power under the Act for which no regulations have been framed, and the Commission may deal with such matters, power and functions in manner as it considers just and appropriate.

…

(3) The Commission, for reasons to be recorded in writing, may relax or vary any of the provisions of these regulations on it own motion or an application made before it by an interested person.

1.5 Electricity Act 2003 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 persons; or

(b) where any electric line or electrical plant or electric meter is to be provided for supplying electricity to 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.

1.6 The accompanying petition is being filed under the above provisions of the law."

3. The Petitioner under 'Facts of the case' has submitted that:

"…

3.1 La Opala RG Limited (hereinafter referred as La Opala) is a Public Limited company registered under the Companies Act 1956 and is having its unit situated at Plot No B-108, ESIP, Sitarganj, Udham Singh Nagar-244713, Uttarakhand.

3.2 La Opala is manufacturer of opal ware & crystalware and has subscribed 4500 KVA load connection from Uttarakhand Power Corporation Limited (hereinafter referred as UPCL) bearing connection number 2213.

3.3 That the electricity billing pattern of La Opala from Apr-24 to Mar-25 was as under mentioned:

Month	*Bill Amount (Rs)*
Apr-24	*15,366,387*
May-24	*15,507,881*
Jun-24	*16,297,165*
Jul-24	*16,063,532*
Aug-24	*16,204,284*
Sep-24	*16,431,686*
Oct-24	*15,525,788*
Nov-24	*12,769,334*
Dec-24	*4,775,864*
Jan-25	*6,140,148*
Feb-25	*14,386,542*
Mar-25	*12,431,228*
Total	*161,899,839*

3.4 La Opala as per The Supply Code, Release of New Connections and Related Matters Regulations, 2020 (hereinafter referred Supply Code) is required to deposit security amount with UPCL equivalent to two months of its previous year average bill amount. Whereas as per prevailing tariff order the amount needs to be deposited equivalent to one and half month average annual electricity bill. Since, La Opala connection being more than 3 MVA is being raised electricity bill on 15 days basis and the same is being deposited by it.

3.5 Currently security deposit amount lying with UPCL is of Rs. 2,89,87,638/- which is more than the security amount as specified in the prevailing regulations Supply Code 2020 read with tariff orders. For the twelve months period Apr 24 to Mar 25, the total electricity bill amount comes Rs. 16,18,99,839/-. Average monthly amount comes Rs. 1,34,91,653 and one and half month's amount comes 2,02,37,480/Since Apr 25, the extra amount lying with UPCL is of Rs. 87,50,159/-"

4. The Petitioner under 'Cause of Action' has submitted that:

"4.1 La Opala through its letter dated 20.05.2025 wrote to Ex Eng. Sitar Ganj requesting to refund the surplus amount.

4.2 The Ex Eng. vide its letter dated 29.05.2025 wrote to S E, EDD, Tanakpur, Champawat mentioning the issue of surplus amount of security and its refund request.

4.3 The SE, EDD, Tanakpur vide its letter dated 19.06.2025 wrote to Chief Engineer, EDD, Rudrapur mentioning the issue of surplus amount of security and its refund request.

4.4 The Chief Engineer, EDD Rudrapur vide its letter dated 23.06.2025 wrote to Director Operations, UPCL Dehradun mentioning the issue of surplus amount of security and its refund request.

4.5 The Director Operations vide its letter dated 11.08.2025 replied to Chief Engineer, EDD Rudrapur to adjust the excess amount in upcoming bills of the consumer as per law.

4.6 La Opala not receiving any positive response from UPCL authorities filed its complaint before the Consumer Grievance Redressal Forum (CGRF), Rudrapur established by electricity distribution licensees under Section 42(5) of the Electricity Act, 2003.

The CGRF in its verdict dated 30.01.2026 accepted that the security deposit amount in excess but considering provisions of Electricity Supply Code, Release of Connection and Related Matters) Regulation 2020, Regulation 4.2 Additional Security Deposit is of opinion that the amount currently deposited as security is the amount for next year:

> *(1) Balance of Security Deposit as on 31st of 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.*

It concluded that On the basis of aforesaid formula, the security deposit amount comes Rs. 2,03,78,480/- but the current amount of security deposit is Rs. 2,89,87,638/-. The security amount is in excess in the current scenario but according to Regulation 4.2(1) the security deposit amount for coming year has been determined Rs. 2,89,87,638/- hence no surplus security deposit amount lies in excess."

5. The Petitioner under 'Grounds of relief' has submitted that:

"5.1 The ground of relief of the consumer is based on the various provisions mentioned in the Electricity Act 2003, regulations UERC Supply Code 2020 and prevailing tariff orders.

5.2 ***Electricity Act 2003 Section 47. (Power to require security):***

The Electricity Act specified that a reasonable security amount as may be determined by the regulations is to be deposited with UPCL in respect to the electricity supplied and refund the said amount of security on request of the Consumer.

(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 persons****; or*

(b) where any electric line or electrical plant or electric meter is to be provided for supplying electricity to 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 subsection (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 subsection (1) if the person requiring the supply is prepared to take the supply through a pre-payment meter.

5.3 Supply Code 2020, 4.2 Additional Security Deposit:

The supply code specifies that average consumption of N + 1 month of previous financial year or the existing security deposit whichever is higher as security deposit. This regulation becomes the crux of the issue which is to be read in light of the Electricity Act 2003 which specifies that a reasonable security amount is to be deposited as decided by Regulatory Commission.

(1) *Balance of Security Deposit as on 31st of 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.***

(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.

5.4 ***Tariff Order March 28 2024, 5.1.3.8 Billing Cycle for large Industrial Consumers:***

Some of the stakeholders requested the Commission to approve the Billing Cycle as fortnightly basis instead of monthly basis. The Commission is of the view that this suggestion will help in improving the cashflow of the Petitioner. Considering the requests of stakeholders, ***the Commission approves the fortnightly billing cycle for large industrial consumers having Contracted Demand of 3 MVA and above. The Commission, accordingly, directs UPCL to raise the bills for large consumers having Contracted Demand of 3 MVA and above on fortnightly basis (every 15 days) from the month of April 2024.***

5.5 ***Tariff Order April 11 2025, 2.30.2 Petitioner's Reply:***

As per the provisions of UERC (The Electricity Supply Code, Release of New Connections and Related Matters) Regulations, 2020, all consumers are required to pay security deposits equivalent to the billing of average consumption of billing period plus one month. ***Accordingly, in case of fortnightly billing, the required security deposit should be for 1.5 months.***

5.6 *As per Electricity* ***Act*** *2003 and prevailing regulation Supply Code 2020, the UPCL has right to ask and hold security amount equivalent to estimated average consumption of 'N'+1 months of previous financial year, here 'N' is the number of months in a billing cycle approved in the Tariff Order applicable for preceding year.*

The Hon'ble Commission in tariff order approved the fortnightly billing (15 days) cycle for large industrial consumers having Contracted Demand of 3 MVA and above.

Accordingly, in case of fortnightly billing, the required security deposit should be for 1.5 months.

5.7 *The arrangement of fortnightly billing was introduced by Hon'ble UERC to make a balance between high electricity consumption consumers and the UPCL. The consumers have to pay security equivalent to 1.5 months security whereas UPCL got payment against their bills in advance on 15 days basis. This was mutual benefit to both but the UPCL authorities.*

5.8 *La Opala security deposit lying against supply of electricity with UPCL is of Rs. 2,89,87,638/- which is more than the security amount as specified in the Supply Code 2020 and prevailing tariff orders. For the twelve months period Apr 24 to Mar 25, the total electricity bill amount comes Rs. 16,18,99,839/-. Average monthly amount comes Rs. 1,34,91,653 and one and half month's amount comes 2,02,37,480/Since Apr 25, the extra amount lying with UPCL is of Rs. 87,50,159/- which the consumer is requesting for refund.*

5.9 *The consumer La Opala has to arrange short term finance facilities to run its operation which comes at interest rest of around 11% whereas the UPCL is providing interest on security deposit @ 6.75% which is much less than what the consumer is paying for arranging its financial facilities. It is a direct unwanted loss to the consumer.*

5.10 *The holding of surplus amount of Rs. 87,50,159/- over and above the required security amount is totally unjustified and against the provisions of Electricity Act 2003, Regulations Supply Code 2020 and Tariff Orders passed by Hon'ble Commission.*

5.11 *UPCL cannot unilaterally hold more money for a security deposit than the amount specified in the regulations to be read in light of provisions of Electricity Act 2003."*

6. The Petitioner under 'Relief sought' has submitted that:

"…

(c) *The UPCL may be ordered to retain the security amount of Rs. 2,02,37,480/-, worked out on the prevailing regulations and tariff orders.*

(d) *The UPCL may be ordered to refund surplus amount of Rs. 87,50,159/- over and above the required security amount as specified in the prevailing regulations and tariff orders.*

(e) *The UPCL may be ordered to pay interest @ 11% on the surplus security amount lying with UPCL w.e.f. 01.04.2025.*

(f) *Pass any such order/s and/or direction/s, which the Hon'ble Commission may deem fit and proper in the facts and circumstances of the case."*

7. The Commission vide its letter dated 24.03.2026 issued Notices for hearing on admissibility of the Petition on 17.04.2026 to the Petitioner M/s La Opala RG Limited. and Respondent i.e. UPCL. Further, Respondent was directed to furnish it reply under affidavit by 13.04.2026 before the Commission.

8. UPCL vide its letter No. 1967/UPCL/Comm/SE-II/B-II/Misc. dated 10.04.2026 submitted its reply as follows:

"

1. *At the outset, it is submitted that all the averments, allegations, and contents of the present Petition filed by the petitioner are denied unless specifically admitted. Nothing contained in the Petition shall be deemed to have been admitted merely by reason of non-traverse. It is further clarified that the present objections are being filed strictly on the issue of maintainability on behalf of UPCL, without prejudice to its rights and contentions on merits, which are expressly reserved.*

2. *At the outset, the present Petition is wholly non-maintainable and liable to be dismissed. It is submitted that the Petitioner has already invoked the jurisdiction of the Learned Electricity Ombudsman by filing a representation bearing No. 10 of 2026 dated 02.03.2026, ("Representation") subsequent to approaching this Hon'ble Commission. A copy of the representation is being marked and filed as Annexure No. 1 to the present reply.*

3. *The Petitioner, having elected to pursue an alternate statutory remedy, cannot simultaneously or subsequently agitate the same cause of action before this Hon'ble Commission. Such parallel proceedings are impermissible in law and render the present Petition not maintainable.*

4. *A bare perusal of the reliefs sought in the present Petition and the Representation filed before the Learned Ombudsman would demonstrate that the prayers are identical, overlapping, and arise out of the same cause of action. The Petitioner is thus indulging in forum shopping, which is a practice deprecated by courts and regulatory fora alike.*

5. *The Petitioner is attempting to secure a favourable order by invoking multiple jurisdictions simultaneously, which amounts to abuse of the process of law. On this ground alone, the present Petition deserves outright rejection.*

6. *The Petitioner has invoked Section 94 of the Electricity Act, 2003 ("EA"), which is wholly misconceived and legally untenable. It is submitted that Section 94 of the Electricity Act, 2003 merely confers procedural powers upon the Hon'ble Commission akin to that of a civil court for the purpose of inquiry and proceedings.*

7. *The said provision does not create any substantive right nor does it constitute an independent enabling provision for instituting a Petition before this Hon'ble Commission, particularly by a consumer. The present Petition, being founded on an incorrect invocation of jurisdiction, is liable to be dismissed as not maintainable.*

8. *The Petitioner has further sought to rely upon Chapter 8 of the UERC Supply Code, 2020, which deals with the power of the Commission to relax provisions in appropriate cases. It is submitted that the said provision is discretionary in nature and cannot be invoked as a matter of right by a party to seek substantive relief, especially when the regulatory framework clearly governs the field.*

9. *The power of relaxation is to be exercised sparingly and only in exceptional circumstances, and cannot be used to circumvent or override explicit statutory/regulatory provisions, particularly where no ambiguity exists. The present Petition is, therefore, an attempt to indirectly seek relief contrary to the binding regulations under the guise of relaxation, which is impermissible in law.*

10. *Further, as per Regulation 5 (1) of the Uttaranchal Electricity Regulatory Commission (Appointment & Functioning of Ombudsman) Regulations, 2004. ("Regulation") Which states as under :-*

    Any complainant who is aggrieved by the order of the Forum or non-redressal of his Grievance within the specified time by the Forum may himself or through his authorised representative make a representation to the Ombudsman within thirty days from the date of the receipt of the decision of the Forum or within thirty days from the date of the expiry of the period within which the Forum was required to take decision, whichever is earlier:

11. *The language of the Regulation is clear, mandatory, and leaves no scope for invocation of any alternative forum, including this Hon'ble Commission, once the CGRF has rendered its decision. The statutory scheme thus creates a specific and exclusive appellate mechanism, where the Ombudsman alone is vested with jurisdiction to examine the correctness of the CGRF's order (Annexure No. 7 of the petition).*

12. *In the present case, the Petitioner, being admittedly aggrieved by the CGRF order (Annexure No. 7 of the petition), could have only approached the Hon'ble Ombudsman in accordance with Regulation 5(1). However, by filing the present Petition before this Hon'ble Commission, the Petitioner has sought to circumvent the prescribed statutory remedy and invoke a jurisdiction which is neither contemplated nor permitted under the regulatory framework.*

13. *It is a settled position of law that where a statute provides a specific remedy, the same must be strictly adhered to, and recourse to any parallel or alternate forum is barred. The present Petition, therefore, amounts to an attempt to bypass the statutory hierarchy and is liable to be rejected at the threshold as being without jurisdiction and not maintainable.*

14. *The Petitioner, having already elected to approach the Hon'ble Ombudsman, is now precluded from invoking the jurisdiction of this Hon'ble Commission, as the same would amount to parallel adjudication and forum shopping, which is impermissible in law. The conduct of the Petitioner clearly demonstrates an attempt to seek multiple remedies for the same relief, abusing the process of law.*

15. *It is a settled principle that a party cannot be permitted to pursue parallel remedies before different fora for identical reliefs, particularly when a specific statutory hierarchy has been prescribed. The present Petition, therefore, is liable to be dismissed on this ground alone as being not maintainable and an abuse of process.*

16. *It is further submitted that the Petitioner has failed to disclose a material and relevant fact before this Hon'ble Commission, namely that it has already approached the Hon'ble Electricity Ombudsman in respect of the very same cause of action. Such non-disclosure amounts to concealment of material facts and is a clear attempt to mislead this Hon'ble Commission.*

17. *It is a settled principle of law that a party seeking relief must approach the forum with clean hands, full disclosure, and utmost candour. The conduct of the Petitioner in suppressing the pendency of proceedings before the Hon'ble Ombudsman clearly disentitles it from any equitable relief and renders the present Petition liable to be dismissed on this ground alone.*

In view of the foregoing submissions, it is most respectfully submitted that the present Petition is wholly not maintainable, suffers from jurisdictional infirmities, and constitutes a clear abuse of the process of law, inter alia, on account of the Petitioner pursuing parallel remedies, invoking incorrect provisions, and suppressing material facts. This Hon'ble Commission, therefore, may be pleased to dismiss the present Petition at the threshold, without entering into the merits of the case, in the interest of justice."

9. In response to the UPCL's submission dated 10.04.2026, Petitioner M/s La Opala has submitted its rejoinder via E-mail dated 04.05.2026 as follows:

"

…

2. *That the contents of this para no 2 of reply is wrong and denied.*

The petitioner has adopted the right hierarchical order for filing of its complaint under the Electricity Act 2003. The appeal has been filed before the Ombudsman against the order of CGRF, Rudrapur passed 30.01.2026 against the petitioner. The petitioner following the provisions of the Act has filed an appeal against the said order before the Ombudsman under Section 42 (6) of the Act.

We refer to Section 42 (5) to (8) of the Electricity Act 2013 wherein,

(5) *Every distribution licensee shall, within six months from the appointed date or date of grant of licence, whichever is earlier, establish a forum for redressal of grievances of the consumers in accordance with the guidelines as may be specified by the State Commission.*

(6) *Any consumer, who is aggrieved by non-redressal of his grievances under sub-section (5), may make a representation for the redressal of his grievance to an authority to be known as Ombudsman to be appointed or designated by the State Commission.*

(7) *The Ombudsman shall settle the grievance of the consumer within such time and in such manner as may be specified by the State Commission.*

(8) The provisions of sub-sections (5), (6) and (7) shall be without prejudice to right which the consumer may have apart from the rights conferred upon him by those sub-sections.

The legal provision, mentioned in Section 42(8) of the Act ensures that the Consumer Grievance Redressal Forum (CGRF) and Ombudsman mechanisms do not take away a consumer's right to pursue other legal remedies. It is evident that the consumer can still approach civil courts or other authorities even if they haven't exhausted the internal grievance mechanisms.

It ensures that statutory grievance redressal mechanisms are an additional, not exclusive, option for the consumer.

3. *That the contents of this para no 3 of reply is wrong and denied. The consumer has the right to pursue its case before other Statutory authorities under Section 42 (8) of the Act.*

The complaint of the petitioner pertains to the interpretation of the Statute. It is in relation to prevailing regulation UERC Supply Code 2020 and orders passed by Hon'ble UERC from time to time.

For the interpretation of the regulation and the orders passed, Hon'ble UERC is the right body to approach and the petitioner has filed its petition pursuing the matter before Hon'ble UERC. The contents of the petition may be the same but the outcome of the verdict will be different. The Ombudsman shall decide the complaint in light of prevailing law and regulations framed whereas Hon'ble UERC will interpretate the law and regulations in relation to the issue. Since, the tariff orders, billing cycle and the regulations are framed by Hon'ble UERC. It is the right body to decide on the interpretation of the state pertaining to chargeability of Additional Security Amount.

The issue of charging additional security deposit above the specified amount by law was raised in the Tariff Proceedings for the FY 2026-27 wherein the Hon'ble Commission has replied in the Tariff Order dated 30.03.2026

2.26.3 Commission's 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, hence, cannot be modified through the Tariff Order.

It was necessary in the interest of the consumers of the State along with the petitioner that the issue needs to be raised before Hon'ble Commission separately with an example of the arbitrary attitude of the UPCL so that a clear interpretation is made on the issue lying more than a year to be resolved.

4. *That the contents of this para no 4-5 of reply is wrong and denied. The petitioner has replied the issued in para 2 and 3 above and for sake of brevity the same is not quoted here.*

5. *That the contents of this para no 6 of reply is wrong and denied. The petitioner has exercised the right section. Section 94 of the Electricity Act, 2003, grants the Hon'ble Commission specific powers of a civil court for inquiries or proceedings. These include summoning witnesses, requiring document production, receiving evidence via affidavit, requisitioning public records, issuing commissions for examinations, and reviewing its own orders. It is on wisdom of the Hon'ble Commission to decide whether right provisions have been adhered or not.*

6. *That the contents of this para no 6 of reply is wrong and denied. It is on wisdom of the Hon'ble Commission to decide whether right provisions have been adhered or not.*

7. *That the contents of this para no 7 of reply is wrong and denied. The interpretation, implementation, and modification of regulations under the Electricity Act, 2003, are primary functions of the Appropriate Commission (CERC or SERC). Commissions have powers to remove difficulties in giving effect to regulations, and they exercise legislative, regulatory, and adjudicatory functions, ensuring compliance with the Act.*

8. *That the contents of this para no 8 of reply is wrong and denied. It is on wisdom of the Hon'ble Commission to decide. The petitioner has raised the issue judiciously the UPCL is exercising chargeability of additional security beyond what is specified under the applicable provisions of the Act, Regulations and orders passed from time to time.*

9. *That the contents of this para no 9 being provisions of law require no comments.*

10. *That the contents of this para no 10-14 of reply is wrong and denied. The petitioner has replied the issued in para 2 and 3 above and for sake of brevity the same is not quoted here.*

11. *That the contents of this para no 15 of reply is wrong and denied. The petitioner has not concealed any facts before the Hon'ble Commission, the order of the CGRF was enclosed with the petition and the appeal before the Ombudsman was filed after the filing of petition before Hon'ble Commission.*

12. *That the contents of this para no 14 of reply is wrong and denied.*

We further hereby respectfully submit:

1. *The appeal that was filed before the Ombudsman has been withdrawn by the petitioner on 02.05.2026 (copy of email enclosed) to avoid any conflict. The petition was filed before Hon'ble UERC before filing appeal to the Ombudsman to safeguard time barring provision of 30 days to file appeal before the Ombudsman against order passed by CGRF. The petitioner is confident that justice will be granted by the Hon'ble UERC.*

2. *We draw kind attention of the Hon'ble UERC to the order passed by Hon'ble UERC in petition number 50 of 2024 In the Matter of Kumaun Garhwal Chamber of Commerce and Industry Uttarakhand (KGCCI) vs Uttarakhand Power Corporation Ltd. (UPCL) dated 04.10.2024 wherein the KGCCI has raised issue of charging additional security equivalent to two billing cycles.*

   The Hon'ble Commission passed order:

   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.*

   The billing cycle of the petitioner is 15 days hence the security amount that is required to be maintained with the respondent is equivalent to 45 days which the petitioner is maintaining.

3. *The petitioner has requested the respondent to refund the amount lying more than the 45 days period i.e., 87,50,159/- (evaluated on the basis of FY 202425 bills) which the respondent behaving unlawfully has not refunded the amount and is liable to refund to the petitioner.*

4. *The respondent has acted on its own exercising its authority beyond the Act and applicable regulations in force hence is liable to punished under the provisions of Section 142*

Section 142. (Punishment for non-compliance of directions by Appropriate Commission):

In case any complaint is filed before the Appropriate Commission by any person or if that Commission is satisfied that any person has contravened any of the provisions of this Act or the rules or regulations made thereunder, or any direction issued by the Commission, the Appropriate Commission may after giving such person an opportunity of being heard in the matter, by order in writing, direct that, without prejudice to any other penalty to which he may be liable under this Act, such person shall pay, by way of penalty, which shall not exceed one lakh rupees for each contravention and in case of a continuing failure with an additional penalty which may extend to six thousand rupees for every day during which the failure continues after contravention of the first such direction.

5. The petitioner humbly prays:

(i) That that the surplus amount lying with the UPCL in form of Additional Security amount beyond 45 days period may be refunded to the pe oner,

(ii) That the interest equivalent to amount of LPS @ 15% p.a. that is charged from the consumers in case of default may be allowed on the amount lying with the UPCL above the stipulated security amount since the behaviour of the UPCL is arbitrary and against the applicable statute,

(iii) The behaviour of UPCL authorities attracts provisions of Sec on 142 of the Act hence it is on wisdom of Hon'ble UERC to take further legal action on arbitrary behaviour of the UPCL, intentionally withheld the amount of the pe oner beyond the applicable provisions of the Act and regulations,

(iv) The pe oner needs to be compensated for the mental agony and harassment by the UPCL authorities,

(v) Any other order which the Hon'ble Commission may may deem fit and proper."

10. The petitioner vide its e-mail dated 02.05.2026, withdrew its complaint filed before the Office of the Ombudsman (Electricity).

11. The petitioner vide its e-mail dated 16.04.2026, requested the Commission to adjourn the hearing scheduled on 17.04.2026. The Commission accepted the request and, vide its letter dated 16.04.2026, informed the petitioner and the respondent that the hearing had been rescheduled to 05.05.2026.

12. On the scheduled date, the hearing was held, and the Commission issued its Daily Order dated 05.05.2026, wherein it was recorded that:

> *"The Petitioner is directed to file its detailed reply/comments on merits within two weeks from the date of this Order, with an advance copy to the Petitioner. The Petitioner may file its rejoinder, if any, within two weeks thereafter, with a copy to the Respondent."*

13. Accordingly, UPCL vide its letter No. 2862/UPCL/Com/RMC-Misc/CE dated 22.05.2026 submitted its written submission on merits of the Petition before the Commission as follows:

"

1. *These written submissions are filed on behalf of the Respondent, Uttarakhand Power Corporation Limited ('UPCL'), in reply to the petition filed by La Opala RG Limited ('Petitioner') seeking refund of Rs. 87,50,159/- alleged to be held in excess of the prescribed security deposit, together with interest thereon @ 11% per annum. The petition is misconceived, misreads the applicable regulatory framework, and seeks to create a refund entitlement that does not exist under the governing provisions. UPCL submits as follows.*

THE REGULATORY FRAMEWORK: CORRECT READING OF REGULATION 4.2(1)

2. *It is necessary to state that the Regulation 4.2(1) of the UERC (Electricity Supply Code, Release of New Connections and Related Matters) Regulations, 2020 ('**Supply Code 2020**') prescribes a two-limb test for determination of the Required Security Deposit for any financial year:*

   2.1. *The balance of security deposit as on 31st March of the previous year shall be the 'Existing Security Deposit'; and*

   2.2. *The consumer is required to maintain a sum equivalent to estimated average consumption of 'N' +1 months of the previous financial year, or the existing security deposit with the licensee, whichever is higher, as the Required Security Deposit.*

3. *In the present case:*

Existing Security Deposit as on 31.03.2025	*= Rs. 2,89,87,638/-*
Formula figure (N+1 = 1.5 months' average)	*= Rs. 2,02,37,480/-*
Required Security Deposit for FY 2025-26 (being higher)	***= Rs. 2,89,87,638/-***

4. *The Petitioner's entire case rests on selectively applying only the formula limb (N+1) while entirely ignoring the 'whichever is higher' limb. No canon of statutory or regulatory interpretation permits a party to read a provision in two parts and apply only the part that favours it. Both limbs are conjunctive and must operate simultaneously. The Consumer Grievance Redressal Forum, Rudrapur, in its order dated 30.01.2026, has correctly applied this two-limb test and dismissed the complaint. The present petition is an attempt to re-agitate a settled regulatory question.*

THE 'WHICHEVER IS HIGHER' CLAUSE IS NOT SURPLUS LANGUAGE POLICY RATIONALE

5. *It is a settled principle of statutory interpretation that no word in a legislative or regulatory instrument is surplusage. Every clause must be given full effect. The 'whichever is higher' protection in Regulation 4.2(1) is not accidental, it serves a deliberate policy purpose.*

6. *The security deposit held by a distribution licensee is a risk mitigation instrument. It protects the licensee against non-payment, delayed payment, and the financial exposure that accrues during the billing-to-disconnection cycle. UPCL's own explanation before this Commission in the Tariff Order proceedings for FY 2025-26 (Tariff Order dated 11.04.2025, para 2.30.2) makes this explicit: even with fortnightly billing, the actual exposure window, from bill date to the last date for disconnection, spans approximately 50 days, i.e., more than 1.5 months.*

7. *The 'whichever is higher' clause ensures that once a consumer has built up a security deposit through legitimate operations over prior years, the licensee is not compelled to return a portion of it simply because one year's average consumption was lower. Electricity consumption of a large industrial unit is inherently variable, it fluctuates with production cycles, seasonal demand, market conditions, and plant shutdowns. To mandate a refund every time, the formula figure falls below the existing deposit would be to make the licensee's financial cushion hostage to the consumer's production decisions. The regulation expressly guards against this.*

SECURITY DEPOSIT MECHANISM IS AN ANNUAL REVIEW CYCLE :

NOT A PERPETUAL ADJUSTMENT INSTRUMENT

8. *Regulation 4.2(2) of the Supply Code, 2020 provides that assessment of Additional Security Deposit shall be done once a year, in the month of April, and reflected in the next bill. This architecture is deliberate:*

   8.1 *Annual review prevents constant disruption to UPCL's cash and risk management operations;*

   8.2 *It ensures that security is assessed on a full year's consumption data, not on partial or distorted patterns;*

   8.3 *It protects the licensee from being forced to refund security mid-year only to demand it back if consumption rises in subsequent months.*

9. *Regulation 4.2 of the Supply Code, 2020 contains no provision for a consumer-initiated mid-year downward revision of security deposit. The only prescribed mechanism is the annual April review and that mechanism operates only upward (to demand Additional Security Deposit if the formula figure exceeds the existing deposit). The Petitioner seeks to introduce, by fiat, a downward adjustment mechanism that the regulation conspicuously does not provide. This Commission is not a legislature; it cannot read into a regulation a right that does not exist.*

10. *If the Petitioner's reading were accepted, the security deposit regime would become a live, perpetually fluctuating instrument adjustable at consumer demand at any point in the year. This would be administratively unworkable and contrary to the scheme of Supply Code 2020.*

THE REGULATION CANNOT BE MADE HOSTAGE TO A

CONSUMER'S PRODUCTION VARIATIONS

11. *The Petitioner's billing data reveals that electricity consumption dropped sharply in December 2024 (Rs. 47,75,864/-) and January 2025 (Rs. 61,40,148/) both significantly below the annual average, before recovering to normal levels. The Petitioner now uses this temporary consumption dip to claim that the annual average has fallen and therefore the required security is lower. If this logic were accepted:*

   11.1 *Any large industrial consumer could strategically time a production slowdown before March 31 to reduce the annual average and bigger a security refund demand;*

   11.2 *UPCL would be forced to refund security, only to demand it back the following April when consumption returns to normal;*

   11.3 *The licensee's risk mitigation instrument would become an instrument of gami.ng, adjusted not by regulatory design but by consumer production decisions.*

12. *The 'whichever is higher' clause precisely prevents this outcome. A regulation cannot be so volatile that it bends to the financial convenience of the consumer in any given year while exposing the licensee to compounding risk.*

SUPPLY CODE 2020 IS AN EXHAUSTIVE CODE ON SECURITY DEPOSIT REFUND OF PRINCIPAL PERMISSIBLE ONLY UPON PERMANENT DISCONNECTION

13. *This is the most fundamental ground of UPCL's defence, which the Petitioner has entirely ignored. The Supply Code 2020 contains a complete, self-contained, and exhaustive scheme governing every aspect of security deposit, its computation, upward revision, de minimis treatment, interest, and refund. A holistic reading of Regulation 4.2 (all seven sub-clauses) read with Regulation 6.2 reveals a deliberate and considered legislative architecture that leaves no room for the refund claimed by the Petitioner.*

Regulation 4.2: Complete Scheme

14. ***Regulation 4.2(1):*** *Establishes the two-limb 'whichever is higher' test for Required Security Deposit. Upward or static, never expressly downward.*

15. ***Regulation 4.2(2):*** *Licensee reviews adequacy annually (April to March). Excess of Required Over Existing = Additional Security Deposit demanded from consumer once a year in April. This sub-clause is entirely upward in operation. No refund of any kind.*

16. ***Regulation 4.2(3):*** *Where Additional Security Deposit is up to 10% of Existing Security Deposit, no demand is raised at all. Instead, the interest accrued on the Existing Security Deposit is added to the corpus and becomes the new Existing Security Deposit. The regulation absorbs the minor shortfall through interest accretion. No refund.*

17. ***Regulation 4.2(4):*** *Where Additional Security Deposit is more than 10% of Existing Security Deposit, interest accrued is added and the remaining shortfall is demanded from the consumer. Again entirely upward. No refund.*

18. ***Regulation 4.2(5), THE CRITICAL PROVISION:*** *Where Existing Security Deposit computed under Clause (1) is found to be equal to or greater than the Required Security Deposit, the regulation mandates refund of only the interest accrued on the Existing Security Deposit up to 31st March, adjusted through the electricity bill by 31st July of the current year. This sub-clause is decisive. It addresses precisely the Petitioner's situation, where existing security exceeds the formula requirement. The regulation's response is unequivocal: return only the interest; retain the principal corpus. The legislature and the regulator knew that this situation would arise. They chose, consciously and deliberately, not to mandate refund of the principal. Had the intent been to refund the excess principal, Regulation 4.2(5) would have said so in terms.*

Regulation 6.2: The Only Gateway for Principal Refund

19. *It is necessary to state that the sole provision in the entire Supply Code 2020 that authorises refund of the principal security deposit is Regulation 6.2(4), which applies exclusively upon permanent disconnection on the consumer's request. Upon permanent disconnection, after adjusting the final bill amount, the remaining security deposit (along with interest) is refunded to the consumer within 30 days.*

20. *This is not coincidental. The architectu.re reflects the fundamental nature of security deposit as a long-term risk buffer whose corpus remains with the licensee throughout the subsistence of the connection. The corpus serves its protective purpose for as long*

as the consumer draws electricity on credit. It becomes refundable only when the connection itself terminates and the credit risk extinguishes.

21. *The Petitioner's connection is active. Its fortnightly bills continue. The credit risk for which the security was deposited subsists in full. There is no legal basis, express or implied, under the Supply Code 2020 for refund of principal security during a subsisting connection.*

Exhaustive Refund Matrix: Supply Code 2020

22. *The complete entitlement position under Supply Code 2020 is captured in the following chart:*

Scenario	Regulation	What is Refunded	Timing	Principal Security Refunded?	Remarks
Required SD exceeds Existing SD by 10% or	Reg. 4.2(3)	Nothing: no ASD demand raised. Interest accrued added to corpus.	Annual - April	No	De minimis buffer. Corpus untouched.
Required SD exceeds Existing SD by more than	Reg. 4.2(4)	Nothing refunded: shortfall demanded from consumer as Additional Security Deposit.	Annual:	No	Consumer pays more; nothing flows back.
Existing SD equals or exceeds Required SD (present case)	Reg. 4.2(5)	Only Interest accrued on Existing SD up to 31st March: adjusted in bill by 31st July. Principal corpus NOT refunded.	By 31st July annual	No, only interest returned	Petitioner' s case falls here. Entitlement = interest only, not principal.
Permanent disconnection on consumer' s request	Reg. 6.2(4)	Full remaining security deposit (after adjusting final bill) + interest refunded.	Within 30 days of disconnection	Yes only on permanent disconnect ion	Sole express provision for principal refund. Connection must terminate.
Reconnection months / after permanent disconnection	Reg. 6.3(2)	Fresh security deposit required as for new connection.	reconnection	N/A, fresh deposit paid	Security returned under 6.2(4) but fresh deposit paid again on reconnection.

23. *The chart demonstrates beyond doubt that the Petitioner's claim, refund of principal security during a subsisting active connection, falls outside every provision of the Supply Code 2020. It is a remedy that the regulation does not provide, has not contemplated, and whose absence is not an oversight but a deliberate policy choice.*

Petitioner's Actual Entitlement under Regulation 4.2(5)

24. *Since the Existing Security Deposit (Rs. 2,89,87,638/-) is greater than the Required Security Deposit formula figure (Rs. 2,02,37,480/-), the Petitioner's entitlement under Regulation 4.2(5) is limited to: refund of interest accrued on the Existing Security Deposit up to 31st March 2025, adjusted in the electricity bill by 31st July 2025. UPCL is obliged to comply with this specific provision and is doing so. However, this is the ceiling of the Petitioner's entitlement, not the floor of a larger claim for principal refund.*

SECTION 47(4) OF THE ELECTRICITY ACT, 2003 DOES NOT OVERRIDE THE REGULATORY FRAMEWORK

25. *The Petitioner invokes Section 47(4) of the Electricity Act, 2003, which provides that the distribution licensee shall pay interest on security deposit and 'refund such security on the request of the person who gave such security.'*

26. *This provision must be read contextually and harmoniously with the Supply Code 2020. Section 47(1) of the Act, itself makes the quantum of security subject to what 'may be determined by regulations.' The regulations that determine this quantum are precisely Supply Code 2020, Regulation 4.2. The refund obligation under Section*

47(4) therefore cannot exceed, or operate independently of, the regulatory framework that fixes what security is 'reasonable' and under what circumstances it is refundable.

27. *Since Regulation 4.2(1) of the Supply Code, mandates retention of Rs. 2,89,87,638/- as the Required Security Deposit for FY 2025-26, and since Regulation 4.2(5) of the Supply Code limits the Petitioner's entitle interest refund only, no portion of the principal can be characterised as 'excess' available for refund under Section 47(4) of the Act. The parent Act and subordinate regulation must be read as a harmonious whole.*

28. *The CGRF correctly noted that the refund mechanism under Section 47(4) becomes operative primarily upon disconnection or termination of supply, the context in which security loses its protective function. During a subsisting connection with active billing obligations, the section does not override the regulatory prescription.*

IX. THE INTEREST CLAIM @ 11% IS UNSUSTAINABLE

29. *The Petitioner claims interest at 11% per annum on the alleged surplus w.e.f. 01.04.2025. This claim is wholly without basis:*

    (i) Section 47(4) prescribes interest 'equivalent to the bank rate or more, as may be specified by the concerned State Commission.' I-TERC has specified the applicable rate, which UPCL is paying. The Petitioner has no statutory entitlement to claim interest at its own cost of borrowing.

    (ii) The 11% figure is the Petitioner's own short-term borrowing cost a commercial decision entirely distinct from UPCL's statutory obligations.

    (iii) Since no principal is payable as refund, the question of interest on surplus does not arise at all. The only interest entitlement under Regulation 4.2(5) is on the interest accrued on the existing security deposit, not on any alleged surplus principal.

PREJUDICE TO UPCL IF THE PETITION IS ALLOWED

30. *If this Hon'ble Commission were to allow the petition and direct refund of Rs. 87,50,159/-, the consequences for UPCL's risk management and operational integrity would be significant:*

    30.1. *UPCL supplies power to La Opala on credit, bills raised every 15 days, payment collected post-supply. The security deposit is the only financial protection against default. Reducing it mid-year without any change in La Opala's credit profile directly increases UPCL's exposure.*

    30.2. *La Opala's average fortnightly bill is approximately Rs. 67,45,827/-. A security of Rs. 2,02,37,480/- covers barely three fortnightly bills already at the minimum prescribed level. Any reduction would leave UPCL inadequately protected against even a short payment default.*

    30.3. ***The precedent would invite similar petitions from every large industrial consumer whose formula-based security for a given year falls below their existing deposit. The systemic impact on UPCL's cash flow and risk management capacity would be severe.***

    30.4. *The distribution licensee's financial stability is itself a regulatory interest, a weakened UPCL cannot discharge its universal service obligations. A regulatory order that systematically erodes licensee risk buffers is contrary to the public interest objectives of the Electricity Act, 2003.*

UPCL'S CONDUCT HAS BEEN LAWFUL AND RESPONSIVE

31. *Upon receiving the Petitioner's letter dated 20.05.2025, the matter was duly forwarded through the appropriate administrative hierarchy. The Director Operations, by letter dated 11.08.2025, directed adjustment of the alleged excess in upcoming bills, which is precisely the mechanism contemplated under Regulation 4.2(2). UPCL did not refuse the claim; it directed the lawful mode of adjustment. The Petitioner chose to characterise this as inaction and filed a CGRF complaint.*

32. *UPCL is paying interest on the security deposit at the rate specified by UERC. It is not benefiting unjustly from the security held. The assertion of financial loss to the Petitioner due to the interest differential is a commercial grievance, not a regulatory wrong.*

In light of the foregoing submissions, UPCL respectfully prays that this Hon'ble Commission may be pleased to dismiss the petition filed by the petitioner."

14. In response to UPCL's submission dated 22.05.2026, Petitioner filed its rejoinder before the Commission vide letter dated 06.07.2026, submitting as follows:

"1. PRELIMINARY SUBMISSIONS/OBJECTIONS:

1.1 At the outset, the Plaintiff denies each and every averment, allegation, and contention made by the Defendant in the Written Statement, except those that are matters of record or are specifically admitted herein.

1.2 Nothing contained in the Written Statement shall be deemed to be admitted by the Plaintiff by reason of non-traverse or otherwise, unless expressly admitted.

1.3 The contents of the Plaint are reiterated and reaffirmed as true and correct, and the contents of the Written Statement are denied as false, frivolous, and vexatious.

1.4 In Indian law, regulations and subordinate legislation cannot override or supersede the parent statute (the Electricity Act, 2003) or the Constitution of India. They must always be read consistently with the Constitution and statutory acts. Any subordinate rule that attempts to contradict or supersede the Constitution is unconstitutional and invalid.

1.5 The understanding of the Act and Regulations and the written reply Submitted by the respondent UPCL considering the understanding of regulation Supply Code 2020 is defeating the core principle of statutory interpretation and administrative law. Subordinate legislation (such as rules or regulations) cannot override the parent Act, especially if it is ambiguous or lacks a transparent methodology.

1.6 The law sometimes can be written in such subjective manner that it affects efficiency and transparent function of the government. If the statute provides for point-less discretion to agency, it is in essence demolishing the accountability strand within the administrative process as the agency is not under obligation from an objective norm, which can enforce accountability in decision making process.

This concept was notably highlighted in the landmark Judgement by Hon'ble Supreme Court in Global Energy Ltd. v. CERC. The Court struck down specific regulatory clauses, explaining that laws granting unfettered discretion lack the objective metrics necessary to ensure that bureaucratic actions are fair, transparent, and legally defensible.

Hon'ble Supreme Court in Global energy Ltd. & Anr. Versus Central Electricity Regulatory Commission [Civil Appeal nos. 3457-3458 of 20()9 Judgement Dated May I l, 2009] observed

43. *The law sometimes can be written in such subjective manner that it affects efficiency and transparent function of the government. If the statute provides for point-less discretion to agency, it is in essence demolishing the accountability strand within the administrative process as the agency is not under obligation from an objective norm, which can enforce accountability in decision-making process. All law making, be it in the context of delegated legislation or primary legislation, have to conform to the fundamental tenets of transparency and openness on one hand and responsiveness and accountability on the other. These are fundamental tenets flowing from Due Process requirement under Article 21, Equal Protection clause embodied in Article 14 and Fundamental Freedoms clause ingrained under Article' 19. A modern deliberative democracy cannot function without these attributes. The constitutive understanding of aforementioned guarantees under the Fundamental Rights chapter in the Constitution does not give rise to a mere rhetoric and symbolic value inhered by the polity but has to be reflected in minute functioning of all the three wings of state – executive, legislature and judiciary. When we talk of state action devil lies in the detail. The approach to writing of laws, rules, notifications etc. has to showcase these concerns.*

> *The image of law which flows from this framework is its neutrality and objectivity: the ability of law to put sphere of general decision-making outside the discretionary power of those wielding governmental power. Law has to provide a basic level of "legal security" by assuring that law is knowable, dependable and shielded from excessive manipulation. In the context of rulemaking, delegated legislation should establish the structural conditions within which those processes can function effectively. The question which needs to be asked is whether delegated legislation promotes rational and accountable policy implementation.*

1.7 *The Hon'ble Delhi High Court in National Stock Exchange Member vs Union of India and Ors. Judgement dated 7 November, 2005 applied the principles of statutory interpretation, particularly the literal rule, which dictates that clear and unambiguous statutory language must be adhered to without alteration.*

> 14. *It may be mentioned here that according to the theory of the eminent jurist Kelsen (The Pure Theory of Law) in every legal system there is a hierarchy of laws, and the general principle is that if there is a conflict between a norm in a higher layer of the hierarchy and a norm in a lower level of the hierarchy, then the norm in the higher layer prevails, and the norm in the lower layer becomes ultra vices (see Kelsen's. 'The General Theory of Law and State').*
>
> 15. *In our country this hierarchy is as follows:*
>
> (1) *The Constitution of India.*
>
> (2) *Statutory Law, which may be either Parliamentary Law or law made by the State Legislature.*
>
> (3) *Delegated legislation which may be in the form of rules, regulations etc. made under the Act.*
>
> (4) *Administrative instructions which may be in the form of GOs, Circulars etc.*

1.8 *The Electricity Act is the second layer of this hierarchy and the Rules (Electricity Rules 2005 and others) and Regulations (UERC Supply Code 2020 and others) are in the third layer whereas the Tariff Order (Passed by UERC time to time) is the fourth layer of this order.*

1.9 *The provision "requirement of security" has three integral parts drawn from the Act, Regulations and Tariff Order. The provision has to be read exhaustively taking reference of the provisions mentioned therein in all three.*

Electricity Act 2003 Section 47 (Power to require security)

> *Section 47. (Power to require security): (l) 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 —*

Supply Code 2020, 4.2 Additional Security Deposit

> *(1) Balance of Security Deposit as on 31st of 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.*

Tariff Order March 28 2024, 5.1.3.8 Billing Cycle for large Industrial Consumers:

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

1.10 *Considering the above are the principles to decide the amount of security deposit requirement from the consumer.*

(a) *The Act is specific that the person receiving supply of electricity from distribution licensee* ***shall furnish him reasonable security,***

(b) *The Act specifies that the security* ***shall be determined by the regulations****, which is defined as, "The security deposit shall be sum equivalent to N + I months of previous financial year, The 'N' is number of months in a billing cycle approved in the Tariff Order applicable for preceding year",*

(c) *The tariff order mentions that* ***for large consumers having Contracted Demand of 3 MVA and above bills are to be raised on fortnightly (every 15 days)*** *from the month of April 2024.*

On summarizing, there is not a single doubt when we read the provisions all together that is, security deposit in case of consumer availing load of 3 MW and above will have to furnish equivalent to N + I month where N is 15 days billing cycle, thus the security amount to be realized is of 45 days.

1.11 *In case of the Petitioner the security amount lying with the Respondent is of Rs. 2,89,87,638/- which is 2.14 times more than the required security amount I .5 times as specified.*

For the twelve months period Apr 24 to Mar 25, the total electricity bill amount comes Rs. 16,18,99,839/-. Average monthly amount comes Rs. 1,34,91,653 and one and half month's amount comes 2,02,37,480/-.

Since Apr 25, the extra amount lying with UPCL is of Rs. 87,50,159/-

1.12 *Hon'ble UERC in KGCCI vs UPCL [Petition No. 50 of 2024 order dated 08.05.2025] in its Observations, Views & Directions on the issue raised "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";*

> *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, 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.*

1.13 *In light of the Act, Regulations and Orders passed by UERC, the respondent UCPL can demand a "reasonable security" deposit from the petitioner that is equivalent to 45 days billing period security. Beyond the specified period any amount withheld in the name of security is arbitrary and any regulation which supports such mechanism is ultra vires.*

2. ***PARA-WISE REPLY TO THE WRITTEN STATEMENT:***

2.1 *With reference to Para Number I of the Written Statement, the contents stated therein regarding excess amount of Rs. 87,50,149/- held as security deposit are categorically denied. It is submitted that the true facts are that the respondent is behaving arbitrary and exceeding the powers defined by the statute. It cannot hold amount in the name of security beyond the period of 45 days as required by the prevailing statute.*

2.2 *With reference to Para Number 2 of the Written Statement, no specific reply is required as the Regulations are quoted, but the Plaintiff denies the two-limb test as has been concluded by the respondent. The Plaintiff categorically states that respondent cannot hold amount in the name of security beyond the period of 458 days as required by the prevailing statute.*

2.3 *With reference to Para Number 3 of the Written Statement, the Plaintiff denies the presentation methodology of the calculations.*

For the twelve months period Apr 24 to Mar 25, the total electricity bill amount comes Rs. 16,18,99,839/-. Average monthly amount comes Rs. 1,34,91,653 and one and half month's amount comes 2,02,37,480/-.

Since Apr 25, the extra amount lying with UPCL is of Rs. 87,50,159/-

2.4 *With reference to Para Number 4 of the Written Statement, the security amount lying with the Respondent is of Rs. 2,89,87,638/- which is equivalent 65 days (Rs. 16,18,99,839/- /365 =4,43,561/-) whereas only amount equivalent to 45 days is required. The CGRF has not done justice towards the honest submission of the petitioner hence this petition is filed for justice before the Hon'ble Commission.*

2.5 *With reference to Para Number 5 of the Written Statement, the Plaintiff denies the contents and states that if the respondent has made interpretation keeping its interest prime facie and if has read the provisions of statute with open mind it would have found its action unreasonable and unjustified holding excess amount of the petitioner in the name of security deposit.*

2.6 *With reference to Para Number 6 of the Written Statement, the Plaintiff denies the contents and states that no explanation can cover the wrong methodology of the respondent. It is true that the security deposit is a risk mitigation measure but the respondent cannot hold the amount beyond the required 45 days period which is also confirmed b} the Hon'ble UERC in KGCCI Vs UPCL (supra).*

2.7 *With reference to Para Number 7 of the Written Statement, the Plaintiff denies the contents and states that the petitioner cannot compel the petitioner to maintain security deposit beyond 45 days period.*

2.8 *With reference to Para Number 8 of the Written Statement, the Plaintiff denies the contents and states that the regulation 4.2 termed Additional Security Deposit requires an fair assessment on the part of the respondent and to recover a reasonable amount of security that is equivalent to 45 days from the petitioner, if there is any shortfall the respondent can demand the amount from the petitioner which the petitioner will be liable to pay. But it neither can be demanded more than equivalent to 45 days period and nor the respondent can withhold the amount beyond 45 days arbitrarily. The Law is balanced for both the petitioner and the consumer.*

2.9 *With reference to Para Number 9 of the Written Statement, the petitioner denies the contents and states that regulation 4.2 termed Additional Security Deposit is to be read along with applicable provisions of the Act, Rules, Regulations and orders passed by Hon'ble UERC time to time. In the Indian legal system, a regulation cannot supersede the parent Electricity Act, 2003. The Act is the primary legislation, and all regulations and subordinate laws created by regulatory bodies like UERC must align with its provisions. The regulator has correctly designed the regulation asking the respondent to pay reasonable amount of security deposit and that is equivalent to 45 days period.*

2.10 *With reference to Para Number 10 of the Written Statement, the petitioner denies the contents and states that any statements made by the respondent be considered which are ultra vires to the prevailing statute.*

2.11 *With reference to Para Number Il to Para Number 23 of the Written Statement, the petitioner denies the contents and states that the respondent is defining and making interpretation of the regulations based on its "whims and fancy," and is acting arbitrarily. In legal and regulatory frameworks, this is known as capricious or unfettered discretion. It is a direct violation of the foundational principle that regulations must be interpreted and enforced objectively based on established, documented rules.*

The petitioner has come before the Hon'ble Commission to seek justice and it is on wisdom of the Hon'ble Commission to make fair interpretation of the applicable regulation and pass in its orders the correct methodology to apply the regulations in case of security deposit as applicable on the petitioner.

As per understanding of applicable regulation by the petitioner, it is liable to maintain security amount with the respondent equivalent to 45 days period which is to be assessed on completion every financial year. The respondent in case of any shortfall may recover the amount from the respondent as per the procedure laid in the applicable regulation. It cannot hold the amount beyond the specified period and none of the applicable regulation supports the version of the respondent.

Gurudevdatta VKSSS Maryadit v. State of Maharashtra (AIR 2001 SC 1980) is a landmark Supreme Court of India ruling. that laid down key principles for statutory interpretation

"It is a cardinal principle of interpretation of statute that the words of a statute must be understood in their natural, ordinary or popular sense and construed according to their grammatical meaning, unless such construction leads to some absurdity or unless there is something in the context or in the object of the statute to suggest to the contrary. The golden rule is that the words of a statute must prima facie be given their ordinary meaning. It is yet another rule of construction that when the words of the statute are clear, plain and unambiguous, then the courts are bound to give effect to that meaning, irrespective of the consequences. It is said that the words themselves best declare the intention of the law-giver. The courts have adhered to the principle that efforts should be made to give meaning to each and every word used by the legislature and it is not a sound principle of construction to brush aside words in a statute as being inapposite surpluses, if they can have a proper application in circumstances conceivable within the contemplation of the statute."

The Court firmly established that a statute must be understood in its natural, ordinary, and literal sense. If the words of a law are clear and unambiguous, courts are bound to give effect to that literal meaning, regardless of the consequences or the extrinsic materials.

2.12 *With reference to Para Number 24 of the Written Statement, the petitioner denies the contents and states that the regulation specific that if the security deposit amount is in excess of what is stipulated then interest will be refund otherwise the same will be added to the existing security amount. The regulation seems practical and cannot be twisted by the respondent to cover its existing arbitrary methodology.*

2.13 *With reference to Para Number 25 of the Written Statement, no specific reply is required as they are formal, there is no doubt that the security deposit with the respondent is liable to interest at applicable bank rates.*

2.14 *With reference to Para Number 26 and Para Number 27 of the Written Statement, the petitioner denies the contents and states that the Act is specific that reasonable amount of security be charged as determined by the regulations. There is not a single doubt when we read the provisions all together (Act, Regulation and Tariff Order) that is, security deposit in case of consumer availing load of 3 MW and above will have to furnish equivalent to N + 1 month where N is 15 days billing cycle, thus the security amount to be realized is of45 days.*

The respondent is holding security equivalent to 65 days which is not supported by the applicable provisions of the Law.

2.15 *With reference to Para Number 28 of the Written Statement, the petitioner denies the contents, being unsatisfied with the CGRF verdict the petitioner has filed its petition for justice before Hon'ble Commission. The petitioner does not wish to comment on the understanding and wisdom of the CGRF members.*

2.16 *With reference to Para Number 29 of the Written Statement, the petitioner denies the contents, the bank rate of interest is applicable on the amount of security equivalent to 45 days and not on the amount which is held by the respondent arbitrarily and in violation of the applicable provisions of the applicable statute. The respondent should be charged with the interest similar to LPS rates, it is generosity of the petitioner that it is requesting less rates equivalent to what it is paying on rates at which finance is arranged by it from financial institutions.*

2.17 *With reference to Para Number 30 of the Written Statement, the petitioner denies the contents, in both constitutional and administrative law, any argument, reasoning, or action that is ultra vires to prevailing laws or constitutional provisions is fundamentally invalid and cannot be legally sustained.*

There is not a single doubt when we read the provisions all together (Act, Regulations and UERC orders) that is, security deposit in case of consumer availing load of 3 MW and above will have to furnish equivalent to N + 1 month where N is 15 days billing cycle, thus the security amount to be realized is of 45 days.

The understanding of law by the respondent is void ab initio, that is any action, rule, or decision that exceeds the scope of a legal authority is considered void from the very beginning.

The respondent is liable to pay the excess amount beyond 45 days being unreasonable along with interest.

2.18 With reference to Para Number 31 and Para Number 32 of the Written Statement, the petitioner denies the contents, the conduct of the UPCL is unlawful and arbitrary. The respondent has been running from table to table of the authorities deputed in UPCL including Director Operations who merely completed their responsibility by writing letters to the down line and the down line send the letters to the upper line. The consumer was hanging like "Trishanku" between the authorities of the UPCL.

The interest that is being paid on the deposits is hardly between 5.5% - 6.5% whereas the petitioner is paying interest and charges on the finance arranged at the rate of 10% and above. The UPCL is totally unjustified and unlawful in holding the amount beyond the stipulated required security that is equivalent to 45 days.

It is right and liability of the petitioner to claim and get the refund of excess security deposit that is beyond the stipulated limit of 45 days and liable to pay if there is any shortfall on annual assessment.

2.19 Under Article 14 of the Constitution, actions and reasonings must be just, fair, and reasonable, not arbitrary or oppressive. The behaviour of the respondent UPCL authorities has been the just opposite they have exceeded to what has been stipulated by the Law. When authorities exceed their legal boundaries, their decisions become discriminatory and unconstitutional.

No authority is above the law. Any executive order that goes beyond statutory limits or operates on personal whim is invalid.

Established by Justice P.N. Bhagwati in E.P. Royappa v. State of Tamil Nadu (1974), this doctrine redefined Article 14. It declared that equality and arbitrariness are "sworn enemies" and established that if state action is arbitrary, it automatically violates the right to equality – even without explicit discrimination."

Commission's Observations, Views & Directions: -

15. Based on the submissions of the Petitioner and subsequent submissions made by the Respondents in the matter before the Commission, the observations, views & directions of the Commission are as follows: -

(1) The Petitioner has filed the instant Petition under the provisions of the Electricity Act, 2003, seeking a refund of the surplus Security Deposit held by UPCL, with reference to Regulation 4.2(1) of the UERC (The Electricity Supply Code, Release of New Connections and Related Matters) Regulations, 2020 (hereinafter referred to as the "Supply Code Regulations, 2020") and the applicable Tariff Orders.

The Petitioner has submitted that, against the Security Deposit of Rs. 2,89,87,638 currently held by UPCL, the amount required to be maintained, based on its average electricity consumption and the applicable billing cycle, is Rs. 2,02,37,480. Accordingly, the Petitioner has sought a refund of the surplus amount of Rs. 87,50,159, along with applicable interest and other consequential reliefs.

(2) The Petitioner is engaged in the manufacture of opal ware and crystalware and has an electricity connection with Uttarakhand Power Corporation Limited (UPCL) for a load of 4500 kVA, bearing Connection No. 2213.

(3) In view of the aforesaid surply Security Deposit, the Petitioner approached UPCL seeking a refund of the excess amount. However, UPCL, vide its letter dated 11.08.2025, directed that the excess amount be adjusted against the Petitioner's subsequent electricity bills instead of being refunded. Aggrieved by the said decision, the Petitioner approached CGRF, which issued its Order dated 30.01.2026. In this context, the Petitioner in its Petition has submitted that:

> *"4.6 … The CGRF in its verdict dated 30.01.2026 accepted that the security deposit amount in excess but considering provisions of Electricity Supply Code, Release of Connection and Related Matters) Regulation 2020, Regulation 4.2 Additional Security Deposit is of opinion that the amount currently deposited as security is the amount for next year:*
>
> *(1) Balance of Security Deposit as on 31st of 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.*
>
> *It concluded that on the basis of aforesaid formula, the security deposit amount comes Rs. 2,03,78,480/- but the current amount of security deposit is Rs. 2,89,87,638/-. The security amount is in excess in the current scenario but according to Regulation 4.2(1) the security deposit amount for coming year has been determined Rs. 2,89,87,638/- hence no surplus security deposit amount lies in excess."*

Thereafter, the Petitioner filed a Petition before the Commission on dated 15.02.2026. The Commission scheduled the hearing on admissibility on 17.04.2026, which was later re-scheduled to 05.05.2026. During the hearing, the Petitioner submitted that it has withdrawn its representation filed before the Ombudsman (Electricity). Accordingly, the Commission in its daily Order dated 05.05.2026 held that:

> *"The Commission has considered the submissions of the parties and observes that the issues involved in the present matter pertain to effect, applicability and interpretation of the provisions of UERC (The Electricity Supply Code, Release of New Connections and Related Matters) Regulations, 2020 read with the relevant provisions of the Electricity Act, 2003 and Tariff Orders dated 28.03.2024 & 11.04.2025 issued by the Commission pertaining to 'billing of large industrial consumers having contracted demand of 3 MVA and above on fortnightly basis'. Further,* ***the Petitioner has withdrawn its representation from Ombudsman (Electricity),*** *therefore, the Commission has decided to admit the Petition."* ***[Emphasis Added]***

(4) The Commission has carefully examined the pleadings of the parties, the documents placed on record, the provisions of the Electricity Act, 2003, the Supply Code Regulations, 2020, the relevant Tariff Orders and the submissions made during the proceedings. Upon such examination, the Commission finds that the principal issue arising for consideration is whether, in the facts and circumstances of the present case, the Petitioner is entitled to refund of the surplus Security Deposit of Rs. 87.50 lakh on the ground that the Security Deposit required to be maintained for fortnightly billing is limited to 45 days of average consumption.

(5) Regulation 4.2(1) of the Supply Code Regulations, 2020 stipulates that:-

"

4.2 Additional Security Deposit

(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.

(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.

(3) Where the Additional Security Deposit is upto 10% of the Existing Security Deposit, no claim shall be made for payment of Additional Security Deposit. Interest accrued on the Existing Security Deposit upto 31st March of the previous year shall be added to the Existing Security Deposit and shall become the Existing Security Deposit for the current year.

(4) Where the Additional Security Deposit is more than 10% of the Existing Security Deposit, Interest accrued on the Existing Security Deposit upto 31st March of the previous year shall be added to the Existing Security Deposit and Demand for remaining amount of Additional Security Deposit shall be raised on to the consumer.

(5) Where Existing Security Deposit computed as per Clause (1) above is found to be equal to or greater than the Required Security Deposit, the interest accrued on the Existing Security Deposit upto 31st March of the previous year shall be refunded to the consumer through adjustment in his electricity bill upto 31st July of current year.

(6) The security deposit available with the Licensee in respect of each consumer shall be shown in the bill issued to the consumer.

(7) Additional Security Deposit amount shall be shown as a separate entry in the bill particulars/parameters. Any default in payment of dues on account of Additional Security Deposit shall be treated as non-payment of Licensee's dues and shall be dealt as per Regulation 6.1 of these Regulations. No late payment surcharge/delayed payment surcharge shall be applicable on the unpaid dues of Additional Security Deposit."

It is pertinent to highlight that the Required Security Deposit shall be determined on the basis of the estimated average consumption of 'N'+1 months, or the existing Security Deposit, whichever is higher. In the case of consumers covered under fortnightly billing, the period of billing and the corresponding 'N'+1 requirement are required to be considered while determining the Security Deposit. The regulation, therefore, provides a specific mechanism for determination of the Security Deposit.

(6) The Commission is of the view that the Petitioner's claim for refund of the surplus Security Deposit cannot be examined merely on the basis that its billing cycle is fortnightly and that the 'N'+1 period corresponds to 45 days. The requirement of Security Deposit has to be determined by applying the

complete mechanism prescribed under Regulation 4.2 (1), including the comparison with the existing Security Deposit. Accordingly, the Petitioner's claim is required to be examined with reference to the amount of Security Deposit actually required to be maintained under the aforesaid provision.

(7) The requirement of maintaining an appropriate Security Deposit is intended to safeguard the financial interest of the Distribution Licensee against the risk associated with supply of electricity on credit and the same purpose is achieved in accordance with the Regulation 4.2 of UERC (The Electricity Supply Code, Release of New Connections and Related Matters) Regulations, 2020. The determination of Security Deposit, therefore, is to be considered in accordance with the regulatory mechanism prescribed for the purpose covering the aspects of billing cycle adopted for the consumer. The Petitioner's claim for refund of the alleged surplus Security Deposit is required to be examined with reference to the Security Deposit required to be maintained under the applicable regulatory framework.

(8) The Commission observes that the issue of determination of 'N'+1 period for consumers having a 15-day billing cycle has already been considered by the Commission in the matter of 'Kumaon Garhwal Chamber of Commerce and Industry vs. UPCL', Petition No. 50 of 2024, vide Order dated 08.05.2025. The Commission, therein, held that in case of a 15-day billing cycle, the 'N'+1 requirement corresponds to 15 days plus one month, i.e. 45 days. Accordingly, for consumers covered under fortnightly billing, the Security Deposit requirement is required to be assessed with reference to the said 45-day period.

The Commission has observed that initially UPCL by its letter No. 3869/निदे0(परि0)/उपाकालि/C-16 dated 11.08.2025 had issued direction for the matter for adjusting the surplus security deposit in its subsequent electricity bills. However, the records demonstrate that for some reasons, which has not been clarified, the directions remained uncompiled and subsequently matter also came up before CGRF.

(9) In the present case, the Petitioner is subject to fortnightly billing pursuant to the applicable Tariff Order. The Petitioner has submitted that its total billed amount during FY 2024-25 was Rs. 16,18,99,839, resulting in an average

monthly billing of Rs. 1,34,91,653. Accordingly, the Security Deposit corresponding to 45 days works out to Rs. 2,02,37,480.

(10) From the submission in the Petition, the Commission observes that the Security Deposit available with UPCL as on 31.03.2025 was Rs. 2,89,87,638, whereas the Security Deposit required to be maintained, with reference to the applicable 45-day period, works out to Rs. 2,02,37,480. The Commission further observes that the existing Security Deposit is higher than the amount so required to be maintained. The amount required to be retained as Security Deposit is required to be determined with reference to the applicable billing cycle and the corresponding 'N'+1 requirement in terms of Regulation 4.2(1). Accordingly, the amount held by UPCL in excess of the Security Deposit so determined cannot be retained merely on account of the fact that such amount was deposited earlier by the Petitioner. It is prudent to highlight that the Commission had changed the billing period of large consumers having contracted demand 3 MVA & above on fortnightly basis (every 15 days) from the month of April, 2024. Therefore, the security amount corresponding to the 45 days period had to be maintained by such consumers. This stance was also maintained by the Commission in its Order dated 08.05.2025 as discussed at para 8 above.

However, it is prudent to highlight that the provision of Regulation 4.2 (1) of Supply Code Regulations, 2020 provides that:-

"

4.2 Additional Security Deposit

(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." [****Emphasis Added****]*

From the above, it is explicitly clear that the aforesaid Regulations categorically provides for maintaining higher of the two security deposits i.e. 'Existing Security Deposit' and 'Required Security Deposit.

(11) The Commission is of the view that Regulation 4.2(1) has to be interpreted harmoniously with Section 47(4) of the Electricity Act, 2003. While the Regulation prescribes the manner for determination of the Required Security Deposit, Section 47(4) recognises the consumer's entitlement to refund of Security Deposit on request, subject to the amount required to be retained under the applicable regulatory framework. This becomes more relevant under the circumstances when the billing cycle for the large industrial consumers having contracted demand 3 MVA & above was changed as per Commission's tariff order dated 28.03.2024 and the Commission in its order dated 08.05.2025 has already clarified that security deposit for such consumers shall be assessed with reference to 45 days period.

Therefore, once the reasonable amount required to be maintained is determined with reference to the applicable 45-day requirement, the amount held in excess thereof does not appear to be just and should not be retained without a corresponding regulatory basis.

(12) In the facts of the present case, the Required Security Deposit corresponding to the applicable 45-day period works out to Rs. 2,02,37,480 against the Security Deposit of Rs. 2,89,87,638 available with UPCL as on April, 2025. Thus, an amount of Rs. 87,50,159 is the surplus Security Deposit with reference to the applicable billing cycle. There are neither other reasons for keeping excess amount nor UPCL has put before the Commission any convincing reasoning for the same. The said amount is, therefore, liable to be refunded/adjusted in favour of the Petitioner. Accordingly, the Commission opines that UPCL should recompute the amount of Required Security Deposit corresponding to the applicable 45-day period as on 31.03.2026 and adjust the surplus security deposit withheld with it.

(13) With regard to the Petitioner's prayer for interest on the Security Deposit, the Commission observes that Regulation 4.2(5) of the Supply Code Regulations, 2020 specifically provides that, where the Existing Security Deposit is equal to or greater than the Required Security Deposit, the interest accrued on the Existing Security Deposit upto 31st March of the previous year, shall be refunded to the consumer through adjustment in the electricity bill. It is prudent to highlight that as per provisions of Regulation 4.2 mentioned at

para (5) above, the consumer is entitled for annual interest on the security deposit. Since, in the instant matter, the surplus security deposit withheld with the discom is being determined during the midterm of the FY, therefore, the Commission is of the view that the Petitioner is entitled to gain legitimate interest on the surplus security deposit.

(14) With regard to the Petitioner's prayer for initiation of proceedings under Section 142 of the Electricity Act, 2003, the Commission observes that the issue in the present matter primarily concerns interpretation and application of the applicable regulatory provisions. In view of the directions being issued herein for adjustment of the surplus Security Deposit and interest on the same, no separate direction under Section 142 is considered necessary.

(15) In this context, it is pertinent to highlight the provisions of Regulations 8(1), 8(2) & 8(3) of UERC (The Electricity Supply Code, Release of New Connections and Related Matters) Regulations, 2020 which stipulates that:

"

(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) Powers to Remove Difficulties

If any difficulty arises in giving effect to these regulations, the Commission may, of its own motion or otherwise, by an 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) Powers 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."

From perusal of the aforesaid Regulations, the Commission is fully empowered to provide for the relaxation or variation of any provision of the Regulations or where no regulations has been framed to deal with such matters, as it considers just & appropriate. It may also exercise its powers bestowed under the provisions of powers to remove difficulties that may arise in giving effect to the provisions of the Regulations.

Based on the above discussions, the Commission deems it just and expedient in the present circumstance to exercise its aforesaid powers to allow the Petitioner's claim to the extent of adjustment of the surplus Security Deposit considering the fact that the Petitioner has contracted load of 4.5 MVA and qualifies for the 15 days billing cycle for large industrial consumers having contracted demand 3 MVA & above as per Commission's tariff order dated 28.03.2024.

(16) UPCL is directed to recompute the Required Security Deposit corresponding to the applicable 45 days period for FY 2025-26 and adjust the surplus security deposit by giving due credit/adjustment of the same along with interest @ bank rate accrued upto 30.11.2026 on the surplus security amount in 03 billing cycles. UPCL is required to furnish compliance report before the Commission latest by **25.01.2027** in the matter.

(17) The Commission has observed that the existing provisions of the Regulations needs review considering circumstances as brought before the Commission in the instant matter. Accordingly, the concerned Division of the Commission shall analyze such matters and place before the Commission while drafting the amendment in existing UERC (The Electricity Supply Code, Release of New Connections and Related Matters) Regulations, 2020.

Accordingly, the Petition stands disposed in the above terms.

Ordered accordingly.

(Prabhat Kishor Dimri)	**(Anurag Sharma)**	**(M. L. Prasad)**
Member (Technical)	**Member (Law)**	**Chairman**