Karnataka Electricity Regulatory Commission, Bangalore.

DRAFT

Preamble:
Prior to the enactment of the Electricity Act 2003, the Consumers in the State of Karnataka were required to pay 3 MMD as Security Deposit as per KERC (ES &D) Code, 2000-01. On the petition No. D/07/2002 of the Consumers, KERC vide its Order dated 20th May 2004, revised the 3 MMD to 2 MMD. KPTCL & others challenged this order before the Hon’ble Appellate Tribunal for Electricity. The Appellate Tribunal for Electricity vide its Order dated 23.1.2007 in Appeal No.69 of 2006, has directed that the Security Deposit must be paid in accordance with the Regulations. Further, ATE has held that keeping in view the practicalities and realities of the situation, the security amount covering power supply charges corresponding to two months power supply bills is not adequate and has to be more than that which shall be determined by the Commission for the future. The Appellate Tribunal for Electricity has also noted that the total number of days between consumption and payment including 15 days’ notice for disconnection in the event of default would work out to 72 days.

As stipulated under Clause 30.02 (Initial Security Deposit-ISD) and 30.03 (Additional Security Deposit-ASD) of Conditions of Supply of Electricity of the Distribution Licensees in the State of Karnataka, the ISD & ASD shall be as determined by the Commission.

In exercise of the powers conferred under section 181 read with section 47 of the Electricity Act 2003 (Central Act 36 of 2003) and all powers enabling it in that behalf, the Karnataka Electricity Regulatory Commission hereby makes the following Regulations, namely: -

1. Short title, commencement and interpretation

   b. These Regulations shall come into force from the date of notification in the official Gazette of the State of Karnataka.
   c. These Regulations shall extend to the whole State of Karnataka.

2 Definitions

   In these Regulations, unless the context otherwise requires: -

   b) “ASD” means Additional Security Deposit as specified under Clause 6 of this Regulation.
   c) “Bank Rate” means the Bank Rate as notified by Reserve Bank of India.
d) "Commission" means the Karnataka Electricity Regulatory Commission.

e) "Consumer" means any person who is supplied with electricity for his own use by a licensee or the Government or by any other person engaged in the business of supplying electricity to the public under this Act or any other law for the time being in force and includes any person whose premises are for the time being connected for the purpose of receiving electricity with the works of a licensee, the Government or such other person, as the case may be.

f) "Consumption charges" means the consumption of electrical energy in Kwhrs multiplied by appropriate tariff rates and also includes Demand/Fixed charges, Fuel surcharge etc., wherever applicable.

g) "Demand Charge" means a charge levied to a Consumer based on the Contracted Demand or Maximum Demand recorded.

h) "Energy Charge" means a charge levied to a Consumer for the consumption of electricity.

i) "Fixed Charge" means a charge levied to a Consumer as per Tariff in force from time to time based on the sanctioned load or maximum demand recorded / Contract demand.

j) "Installation" means the whole of the electric wires, fittings, motors and apparatus installed and wired by or on behalf of a Consumer on one and the same premises starting from the point of commencement of supply.

k) "ISD" means Initial Security Deposit as specified under Clause 5 of this Regulation.

l) "KER. Act" means the Karnataka Electricity Reform Act, 1999 (Karnataka Act No. 25 of 1999.)

m) "Licensee" means a person who is a distribution licensee or deemed licensee under section 14 of Electricity Act 2003.

n) "Month" means the calendar month. The period of about 30 days between the two consecutive meter readings shall also be regarded as a month for purpose of billing.

o) "R.R. No." or 'Revenue Register Number' means the number assigned to the Consumer’s installation.

p) "Supply" in relation to electricity, means the sale of electricity to a licensee or consumer.

q) "Tariff" means a schedule of standard prices or charges for specified services, which are applicable to all such specified services provided to the type of Consumers specified in the Tariff published.

The words and expressions used and not defined in these regulations but defined in the Act/KER Act shall have the meanings as assigned to them in the Acts. In case of inconsistency in the words and expressions used between the Act and KER Act, 1999, the provisions in the Act shall always prevail.
3. **Power to require security**

3.1 The distribution licensee may require from any person, who requires a supply of electricity to his premises in pursuance of section 43 of the Act, to give security as provided in clause 4 of these Regulations, for the payment of all monies, which may become due to the licensee.

a. In respect of the electricity supplied to such person; or

b. Where any electric line or electrical plant or electric meter is to be provided for supplying electricity to such person, in respect of the provision of such line or plant or meter.

3.2 If such person fails to give such security under clause 3.1, the distribution licensee may, if he thinks fit, refuse to give supply of electricity or to provide the line or plant or meter for the period during which failure continues.

4. **Security deposit for the electricity supplied / to be supplied**

4.1 All the consumers shall at all times maintain with the licensee an amount equivalent to fixed charges/demand charges plus energy charges corresponding to consumption for 75 days as Initial security towards the electricity supplied / to be supplied to him against any default in payment during the period the Agreement for supply of energy is in force.

4.2 If any person requiring supply opts to take the supply through a pre-payment meter, the distribution licensee shall not be entitled to collect the security deposit from such person and the existing security deposit, if any, shall be refunded.

5. **Initial Security Deposit (ISD)**

5.1 All applicants for electricity shall pay security deposit to cover estimated power consumption charges for 75 days. The estimated power supply charges shall include fixed charges for LT installations and demand charges on 100% contract demand for HT installations. The fixed charges / demand charges shall be as per the Tariff schedule in force from time to time. The energy charges shall be on the basis of estimated consumption as per the table given below by applying the tariff schedule in force from time to time. The distribution licensee shall publish a ready reckoner regarding the ISD to be paid for the new connections based on the above as per Tariff schedule.
in force from time to time and shall be provided to each applicant at the time of issuing the application.

<table>
<thead>
<tr>
<th>Type of installation</th>
<th>Estimated consumption per month (30) days</th>
<th>Estimated consumption For 75 days</th>
</tr>
</thead>
<tbody>
<tr>
<td>LT INSTALLATION</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) (i) Domestic / Non-Domestic, Non Commercial lighting (ii) Non-commercial combined lighting, heating and power</td>
<td>If the sanctioned load is up to and inclusive of 1 KW. 10 Units for every 250 Watts or part thereof of sanctioned load.</td>
<td>If the sanctioned load is up to and inclusive of 1 KW. 25 Units for every 250 Watts or part thereof of sanctioned load.</td>
</tr>
<tr>
<td>b) Commercial Lighting</td>
<td>20 units for every 250 watts or part thereof of sanctioned load.</td>
<td>50 units for every 250 watts or part thereof of sanctioned load.</td>
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<tr>
<td>c) Commercial heating and/or Motive power</td>
<td>135 units for every KW or part thereof of sanctioned load.</td>
<td>338 units for every KW or part thereof of sanctioned load.</td>
</tr>
<tr>
<td>d) Irrigation Pump sets under LT category</td>
<td>100 Units per HP or part thereof of sanctioned load.</td>
<td>250 Units per HP or part thereof of sanctioned load.</td>
</tr>
<tr>
<td>e) Public lighting</td>
<td>360 units for every KW or part thereof of sanctioned load.</td>
<td>900 units for every KW or part thereof of sanctioned load.</td>
</tr>
<tr>
<td>f) Others such as water supply &amp; Sewerage installations, etc which are not covered above.</td>
<td>135 units for every KW or part thereof of sanctioned load per shift.</td>
<td>338 units for every KW or part thereof of sanctioned load per shift.</td>
</tr>
<tr>
<td>HT INSTALLATION</td>
<td></td>
<td></td>
</tr>
<tr>
<td>g) All HT installations</td>
<td>100 units for every KVA of contract demand.</td>
<td>250 units for every KVA of contract demand.</td>
</tr>
</tbody>
</table>

Note: The following types of installations are exempted from payment of ISD:
   i. Water supply & Sewerage installations and Public lighting of Village Panchayats and Town Panchayat/ Municipalities.
   ii. Bhagya Jyothi / Kuteer Jyothi installations
5.2 In the case of consumers who seek sanction of additional demand / load, the ISD shall be collected only for additional demand / load.

6. **Additional Security Deposit for the electricity supplied (ASD)**

6.1 **General Review**

The adequacy of the amount of security deposit in respect of consumers shall be reviewed by the licensee in the first quarter of every financial year based on the average consumption for the preceding financial year.

6.2 **Demand notice for Additional Security Deposit**

Based on such review, demand for shortfall or refund of excess shall be made by the licensee.

a) In case of existing Consumers other than I.P. set consumers, from whom 3 MMD had been collected by the Licensee:

(i) Additional security deposit shall be demanded when the deposit held falls short of the average bill amount corresponding to 75 days’ consumption calculated based on the consumption in the preceding financial year.

(ii) Additional security deposit shall not be collected till deposit held falls short of the average bill amount corresponding to 75 days’ consumption calculated based on the consumption in the preceding financial year.

(iii) If the deposit held is more than the average bill amount corresponding to 75 days’ consumption of the preceding financial year, Licensee shall refund excess deposit held, in monthly installments, not exceeding six through adjustments in monthly bills of the same financial year.

b) In the case of consumers under I.P. Set category from whom power consumption charges to cover one year’s average bill of the preceding year has been collected by the Licensee, if the existing Security Deposit is found to be in excess of the required security deposit, refund of the excess security deposit shall be made by the Licensee, in quarterly installments, not exceeding two quarters, through adjustments in quarterly bills of the same financial year.
c) In case the Licensee fails to refund the excess deposit, interest at 1% per month shall be payable to the consumer for the delay beyond the first quarter.

d) The bill amount for the above purpose shall exclude arrears, audit short claim, interest, back billing charges, penal charges for excess consumption / demand.

e) Where the consumer is required to pay Additional Security Deposit, the Licensee shall serve a 30 days' notice containing necessary particulars. The consumer shall pay the amount in 30 days from the date of the bill.

f) The refund / recovery amount shall be rounded off to nearest Rs.10/-.

6.3 Disconnection for non-payment of security deposit for the electricity supplied.

If a Consumer fails to pay the Security Deposit demanded by the licensee in terms of clause 6.2, the licensee shall disconnect the power supply to the installation without further notice. Any arrears due on this account shall be deemed to be arrears of electricity charges.

7. Meter Security Deposit (MSD)

7.1 In respect of new installations, Meter security deposit is payable after communication of sanction of power supply and before servicing of the installation towards the meter / metering equipment at the rates as per schedule of rates prescribed by the Licensee from time to time except in respect of BJ/KJ installations and I.P. Set installations up to and inclusive of 10 H.P. under LT 4(a) category.

7.2 In respect of existing installations where MSD is not collected, MSD shall be collected at the schedule of rate prescribed by the Licensee, whenever the meter is replaced.

7.3 In case where MSD is already collected, no difference in cost of the meter shall be collected subsequently when the meter is replaced for the reasons of high technology, meter being faulty, meter not working, etc.

7.4 In case the Consumer provides the meter at his cost as per the specification of the Licensee, MSD shall not be collected.

8. Mode of Payment of Security Deposit

ISD, ASD and MSD shall be paid in the form of cash / demand draft (DD) drawn in favour of the licensee.
9. **Interest on Security Deposit**

   The Licensee shall pay interest on security deposit (ISD, ASD & MSD) of the consumer as specified under K.E.R.C. (Interest on security deposit) Regulations, 2005

10. **Refund of Security Deposit**

   The Licensee, on termination of the agreement by either party shall refund ISD, ASD & MSD on application by the Consumer after adjustment of dues, if any, within two months failing which interest at 1% per month shall be payable for the delay.

11. **Miscellaneous**

    **Power to remove difficulties**

    (a) In case of any difficulty in giving effect to any of the provisions of these Regulations, the Commission may by general or special order, direct the Licensee to take suitable action, not being inconsistent with the provisions of Electricity Act, 2003, which appears to it to be necessary or expedient for the purpose of removing the difficulty.

    (b) The licensee may make an application to the Commission and seek suitable orders to remove any difficulties that may arise in implementation of these regulations.

   By Order of the Commission

   Secretary,

   Karnataka Electricity Regulatory Commission.