

**Before**

**UTTARAKHAND ELECTRICITY REGULATORY COMMISSION**

**In the matter of:**

Non-Compliance by UPCL in the matter of directives given to it by the Commission on implementation of Scheme of Prepaid Metering vide Tariff Order dated 11.04.2012 for FY 2012-13.

**AND**

**In the matter of:**

Uttarakhand Power Corporation Limited (UPCL)

...Respondent

**CORAM**

**Shri Jag Mohan Lal    Chairman**

**Shri C.S. Sharma     Member**

**Date of Hearing: October 28 2013**

**Date of Order: October 29, 2013**

This Order relates to the non-Compliance by Uttarakhand Power Corporation Limited (herein after referred to as "UPCL", "Licensee" or "Respondent") of the directives given to it by the Commission on implementation of the Scheme of Prepaid Metering in Tariff Order dated 11.04.2012 for FY 2012-13. Background of matter and the Commission's views & decision on the same are given in the following paragraphs:

**1. Background**

1.1. UPCL filed an ARR Petition for the FY 2012-13 wherein, amongst other proposals, it also proposed to roll out a plan of Prepaid Metering for LT consumers. The Commission vide its Tariff Order dated 11.04.2012 had approved the Scheme and directed UPCL for implementation of the same w.e.f. 01.10.2012. Vide the aforesaid Order, the Commission amongst other approved the following:

- (i) The Commission approved UPCL's proposal to cover LT connections upto 30 kW for pre-paid metering. However, the Commission directed UPCL to cover Temporary LT consumers on priority basis. Infact, Prepaid Metering was made mandatory for new Temporary LT connections upto 30 kW from October 01, 2012 subject to availability of meters and other valid operational constraints.
  - (ii) UPCL was also required to issue an advertisement in the newspapers within 15 days of the issue of the Order, briefly mentioning salient features of the Prepaid Metering Scheme for LT consumers upto 30 kW to provide an option to the consumer to express their interest to opt for the prepaid metering scheme latest by June 15, 2012.
  - (iii) UPCL was also directed to prepare a Salient Features of the Prepaid Metering Scheme (in 1-2 pages) and circulate the same along with the bills of April 2012 to all the eligible consumers, i.e. LT consumers upto 30 kW, to facilitate wide circulation as well as to provide salient features of the proposed mechanism of the Prepaid Metering Scheme.
- 1.2. Against the timeline of 15 days as stipulated in the Tariff Order dated 11.04.2013, UPCL vide its letter dated 15.06.2012 submitted the salient features of the scheme of prepaid metering for approval of the Commission, after a delay of almost 50 days. UPCL in the said letter requested the Commission to allow it to advertise the salient features of the Scheme in the news paper so that consumer would submit their option latest by 31.07.2012 and also allow it to circulate the salient features of the scheme to all the eligible consumers alongwith the bills to be issued in the month of July, 2012. UPCL further requested the Commission to allow it to implement the scheme from 01.04.2013 initially in the 31 towns covered under R-APDRP.
- 1.3. The Commission vide its letter dated 25.06.2012 approved the Scheme with some minor changes. However, with respect to UPCL's request for allowing it to implement the Scheme with effect from. 01.04.2013, the Commission did not consider the same. While disallowing UPCL's request, the Commission was of the view that sufficient time was available with UPCL for completing the formalities for procurement of prepaid meters and meeting the deadline of 01.10.2012 as decided by the Commission in the aforesaid Tariff Order in this regard and accordingly, directed UPCL to comply with the directions pertaining to implementation of pre-paid meter Scheme issued in the Tariff Order.

- 1.4. On non-receipt of any compliance report on the implementation of the prepaid metering scheme in accordance with the directions of the Commission, the Commission vide letter dated 16.01.2013 directed UPCL for submission of the compliance latest by 30.01.2013. UPCL in its reply dated 30.01.2013 submitted that salient features of the scheme of prepaid metering had been submitted by it and the Commission had approved the same vide letter dated 25.06.2012. UPCL also submitted that as the pre-paid metering was a new concept it could not decide as to how to implement the same. However, UPCL submitted that salient features of the scheme would be published in the news paper on 31.01.2013 and would be circulated alongwith the electricity bills of February, 2013 (February, 2013 & March, 2013 for domestic consumers). UPCL further submitted that on the basis of expression of interest of the eligible consumers, the prepaid meters shall be procured and prepaid metering shall be implemented in accordance with the directions of the Commission. UPCL also submitted that it had taken steps to procure 5,000 single phase & 1,000 three phase prepaid meters and it had prepared the specifications for the same and tender would be published on 01.02.2013.
- 1.5. In separate proceedings related to the matter of MoM dated 24.08.2012 and in the matter of Order dated 01.01.2013 on non-compliance by UPCL of the Commission's directions, a hearing was held on 11.01.2013 wherein ED (Commercial), UPCL and Chief Engineer (Commercial), UPCL were heard on this issue also. The Commission issued Order dated 01.02.2013 in the matter wherein the submissions of ED (Commercial), UPCL in the matter were also included. Relevant extract of the Order related to the hearing is reproduced hereunder:

*"12..... The Commission also asked about the status of implementation of directions on pre-paid metering issued in the Tariff Order for FY 2012-13 and since 8 months have elapsed since the issuance of the Tariff Order desired to know as to why no progress is seen on the ground. Taking a serious view with regard to implementation of directions on pre-paid metering, the Commission during the hearing sought timelines on the compliance of the directives in connection with the pre-paid metering issued by the Commission.*

*13. The Respondent Sh. Anil Kumar submitted that the matter of prepaid metering was put up before the Board of Directors (BoD) Meeting and as stated by the Respondent, since BoD having not been able to pass a resolution for implementation of pre-paid metering citing the reasons that it would adversely affect the already strained financial health of UPCL. The*

*Respondent submitted before the Commission during the hearing that the proposal of pre-paid metering will again be put before the Board of Directors in the next meeting."*

- 1.6. The Commission vide its letter dated 05.03.2013 expressed its displeasure on the contradictory submissions of ED (Commercial), UPCL during the hearing dated 11.01.2013 and letter dated 30.01.2013 of UPCL. Relevant part of the aforesaid letter is as under:

*..."However, UPCL has now informed the Commission that they are going ahead to implement the direction of the Commission in this regard. It would also be pertinent to mention that the proposal has not been taken to the BoD for approval by UPCL as was submitted by ED (Commercial), UPCL during the hearing held on 11.01.2013, as no BoD was held during the period 11.01.2013 to 30.01.2013. It emerges that averment made by ED (Commercial) and communication dated 30.01.2013 mentioned above were factually incorrect and purpose of these was to mislead the Commission. It appears that for undisclosed reasons, UPCL has been avoiding compliance of Commission's directions and now only after persistent pursuance has agreed to do the needful. These actions of UPCL are regretfully noted.*

*You are hereby directed to explain the reasons of your actions/inactions which has resulted in abnormal delay in implementation of the Prepaid metering Scheme, for which direction was given to you in Tariff Order dated 11.04.2012 latest by 15.03.2013. Also you are directed by the Commission to submit, by the aforesaid date, a comprehensive report on the operationalisation of the Prepaid metering scheme in the State, status of procurement of prepaid meters and their expected availability, the list of various places/offices/outlets/shops etc. from where consumers can purchase recharge vouchers/coupons, etc."*

- 1.7. On non-receipt of reply from UPCL a reminder letter dated 25.03.2013 was issued by the Commission. The respondent vide its reply dated 28.03.2013 submitted that the Scheme note is being circulated with bills and salient features have been published in the newspaper alongwith the consent slip to be filled by the interested consumers. It also submitted that it is in the process of procurement of 5000 single phase & 1000 three phase meters. UPCL further submitted that Part-I of the tender was to be opened on 06.04.2013 and the tender was expected to be finalised by 30.04.2013. UPCL also submitted that supply through prepaid metering scheme was expected to be initiated by May 2013.

- 1.8. UPCL vide its letter dated 05.04.2013 submitted that matter of prepaid metering was put up before the BoD of UPCL wherein the BOD was of the view that implementation of prepaid metering was not financially viable and would adversely affect the financial health of the company. UPCL submitted that in view of the BoD's deliberation, it stopped actions towards implementation of the prepaid metering. UPCL further submitted that on receipt of the Commission's direction vide letter dated 16.01.2013 the matter was discussed among the MD, UPCL and other working directors of UPCL wherein it was concluded that non-compliance of the Commission's directions would amount to violation of the provisions of the Electricity Act, 2003 and therefore the same should be complied with. UPCL submitted that thereafter it started action for implementation of the Commission's directions with regard to the prepaid metering scheme.
- 1.9. The Commission vide letter dated 11.06.2013 directed UPCL for submission of compliance report in accordance with its submission made vide letter dated 28.03.2013 that prepaid metering was expected to be initiated by May, 2013. The licensee was required to submit its reply by 17.06.2013. However, the respondent vide its letter dated 26.06.2013, in view of natural calamity occurred in the State in June 2013, sought time extension for submission of report till 31.07.2013. The Commission vide letter dated 26.06.2013 allowed time extension till 31.07.2013.
- 1.10. The respondent again failed to submit the reply as stipulated vide the Commission's above mentioned letter. The Commission vide letter dated 07.08.2013 directed it for submission of reply by 13.08.2013. UPCL vide letter dated 08.08.2013 submitted that tender has been floated for supply of 5000 single phase & 1000 three phase meters. UPCL further submitted that a pre-bid meeting was held on 12.07.2013 in which 6 firms had participated. UPCL also submitted that during the meeting it was felt that prepaid metering has not been implemented on large scale in India and most of the firms do not have adequate experience of supply of such meters. UPCL submitted that 4 no. firms requested for revision of pre-qualifying requirement and therefore schedule of opening of Part-I was extended from 30.07.2013 to 13.09.2013. UPCL also submitted that it did not receive any option from the consumers regarding prepaid metering. The respondent submitted that further status would be reported to the Commission by 30.09.2013.

- 1.11. The Commission observed the contradiction in the two submissions made by the respondent vide letter dated 08.08.2013 & letter dated 28.03.2013. UPCL vide its letter dated 28.03.2013 had informed that it was in the process of procuring prepaid meters and Part-1 of the tender would be opened on 06.04.2013 and the tender shall be finalised by 30.04.2013 and supply through prepaid metering would commence by May 2013. However, in its letter dated 08.08.2013, UPCL submitted that a pre-bid meeting held on 12.07.2013 and schedule of opening of Part-I has been extended to 13.09.2013 and no date finalisation of the tender was proposed by UPCL. Hence, a show-cause notice dated 27.08.2013 was issued to the respondent.
- 1.12. UPCL vide letter dated 06.09.2013 submitted its reply to the above mentioned show-cause notice. The respondent submitted that the bidders met UPCL from time to time to discuss the various aspects of the tender and based on the meetings with them, the tender opening dates were revised. UPCL also submitted that no consumer opted for prepaid metering and that it is making efforts to implement the directions of the Commission. However, it did not refer to the mandatory requirement of prepaid metering for temporary LT connections upto 30 kW from 01.10.2012.
- 1.13. A hearing was held in the matter on 28.10.2013 wherein, the Commission heard the respondent and asked it to submit the date by which the licensee would be able to implement the prepaid metering in the State in accordance with the directions of the Commission. MD, UPCL submitted that the prepaid metering shall be implemented w.e.f. 01.02.2014.

## **2. Commission's views and Decision**

- 2.1 Based on the submissions made by UPCL as dealt above, it is apparent that UPCL is dilly-dallying on compliance of the Commission's directions on flimsy pretexts. UPCL's submissions in one of its letter that it could not decide as to how the scheme would be implemented by it since prepaid metering was a new concept, hence, it could not make any progress in the matter is incomprehensible as UPCL itself had proposed the concept of prepaid metering scheme in its ARR and tariff Petition for FY 2012-13. Further, there appears no consistency in the statements made by different officers of UPCL at various Forums and appears to be made to mislead the Commission. The deliberate and unsubstantial delays on the part of UPCL in implementing the directions of the Commission are regrettably noted.

2.2 Based on the commitment made by MD, UPCL during the hearing held on 28.10.2013 to implement prepaid metering in accordance with the directions of the Commission by 01.02.2014 and also considering the fact that the management of UPCL has recently been changed, the Commission at present is taking a lenient view in the matter and is allowing one last opportunity to UPCL to implement the Scheme of prepaid metering in accordance with the directions of the Commission by 01.02.2014 failing which appropriate penalties would be imposed on all concerned under Section 142 of the Electricity Act, 2003.

**(C.S. Sharma)**  
**Member**

**(Jag Mohan Lal)**  
**Chairman**