

**UTTARAKHAND ELECTRICITY REGULATORY COMMISSION**

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***DISTRIBUTION AND RETAIL SUPPLY LICENCE***

***ISSUED TO***

***UTTARAKHAND POWER CORPORATION LTD.***

***ON 20<sup>th</sup> June 2003***

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# **UTTARAKHAND ELECTRICITY REGULATORY COMMISSION**

## **DISTRIBUTION & RETAIL SUPPLY LICENCE**

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# Uttarakhand Electricity Regulatory Commission

## PART-1: Terms of the Licence

### 1. Short Title

- 1.1 This licence may be called the "Uttarakhand Distribution and Retail Supply Licence" [Licence No. 2 of 2003].

### 2. Definitions

- 2.1 Words, terms and expressions to which meanings are assigned by the Uttarakhand (Uttar Pradesh Electricity Reforms Act) Adaptation and Modification Order, 2001 shall have the same meanings in this licence.

- 2.2 Words, terms and expressions used in this licence which are not defined in this licence or in the Uttarakhand (Uttar Pradesh Electricity Reforms Act) Adaptation and Modification Order, 2001 shall have the meaning given to them in the Indian Electricity Act, 1910 (9 of 1910) and the Electricity (Supply) Act, 1948 (54 of 1948) and the Rules made thereunder.

- 2.2 *Words, terms and expressions occurring in this licence and not defined in this licence shall bear the same meaning as in the Electricity Act, 2003 (36 of 2003). Words, terms and expressions used in this licence but not defined either in this licence or in the Electricity Act, 2003 (36 of 2003) but defined in the Uttarakhand (Uttar Pradesh Electricity Reforms Act) Adaptation and Modification Order, 2001 shall have the meaning respectively assigned to them in the Uttarakhand (Uttar Pradesh Electricity Reforms Act) Adaptation and Modification Order, 2001.*

- 2.3 In this licence, unless the context otherwise requires, words used shall have the following meanings:

**"Act"** means the Uttarakhand (Uttar Pradesh Electricity Reforms Act) Adaptation and Modification Order, 2001;

**"Central Act"** means the Electricity Act, 2003 (36 of 2003).

**"Accounting Statement"** means for each financial year, accounting statements for the Licensed Business comprising a profit and loss account, a balance sheet and a statement of sources and application of funds,

together with notes thereto and such other particulars and details in the manner as the Commission may prescribe from time to time. Such accounting statements, from such time as the Commission may direct, shall be prepared in the manner mentioned above separately for the distribution Business and the Retail Supply Business forming part of the Licensed Business and separately for any other business licensed by the Commission under any other License. If the Licensee is permitted under paragraph 5.5 of this licence to engage in any Other Business, the accounting statements shall show the amounts of any revenue, cost, asset, liability, reserve or provision which has been either:

- i. charged from the Licensed Business to any Other Business or vice versa together with a description of the basis of that charge; or
- ii. Determined by apportionment or allocation between the Licensed Business and other businesses of the Licensee together with a description of the basis of the apportionment or allocation.

**"Affiliate"** means in relation to the Licensee, any Holding Company or Subsidiary of the Licensee, or any Subsidiary of a Holding Company of the Licensee;

**"Annual Accounts"** means the accounts of the Licensee prepared in accordance with the provisions of the Companies Act, 1956 and/or in such other manner as may be directed by the Commission in terms of the provisions of the Act *provisions of the Central Act or the State Act*;

**"Area of Supply"** means the geographical area referred to in Schedule I of this licence within which any activity authorised by this licence is allowed;

**"Auditors"** means the Licensee's auditors for the time being holding office in accordance with the requirements of Sections 224 to 234A or Section 619 as appropriate of the Companies Act, 1956 (I of 1956);

**"Authorised"** in relation to any person, business or activity means authorised by licence granted under Section 15 or by exemption granted under Section 16 of the Act or otherwise recognized as authorized under section 14 of the Act *under section 14 of the Central Act or deemed to be granted under the first second third and fifth proviso to section 14 of the Central Act or by exemption granted under section 13 of the Central Act and the regulations of the Commission*;

**"Bulk Supplier"** means any person who is authorised to carry out Bulk Supply;

**"Bulk Supply"** means the sale of electricity to any person for resale, excluding the supply to consumer;

**"Bulk Supply Business"** means the Authorised business of Bulk Supply:

**"Bulk Supply Licensee"** means a Person Authorised to engage in the Bulk Supply Business;

**"Central Electricity Regulatory Commission"** means the Commission constituted under the Electricity Regulatory Commissions Act, 1998;

**"Commission"** means the Uttarakhand Electricity Regulatory Commission;

**"Consumer"** means the end or final user of electricity, irrespective of the voltage at which or the system or line from which electricity is supplied and shall include such other Persons purchasing electrical energy from the Licensee, whom the Commission may specify by order to be the Consumer of the Licensee;

**"Distribution"** means the transportation of electricity by means of a Distribution System;

**"Distribution and Retail Supply Business"** means any authorised business of the Licensee to undertake Distribution Business and Retail Supply Business;

**"Distribution Business"** means Authorised business of the Licensee to undertake Distribution including matters incidental or ancillary to Distribution;

**"Distribution Code"** means the code prepared by the Licensee in accordance with Paragraph 18 that is approved by the Commission, as it may be amended, supplemented or replaced from time to time in accordance with Paragraph 18;

**"Distribution System"** means any system consisting mainly of cables, service lines and overhead lines, electrical plant and meters having design voltage of 33 kV and under and shall also include any other system of higher or lower voltage as the Commission may specifically recognise. A Distribution System shall not include any part of the Transmission System

including such part of 33 kV design voltage as the Commission may by order specifically include as a part of the Transmission System;

**"Distribution System Operating Standards"** means the standards related to the Licensee's operation of its Distribution System approved by the Commission pursuant to Paragraph 19;

**"Distribution System Planning and Security Standards"** means the standards related to the adequacy of the Licensee's planning methods and process for its Distribution System approved by the Commission pursuant to Paragraph 19;

*"Force Majeure" means events beyond the reasonable control of the Licensee, including, but not limited to earthquakes, cyclones, floods, war, terrorist attacks, civil commotion or other similar occurrences that leads to any act that would involve a breach of relevant laws or regulations concerned with electrical safety;*

**"Generating Set"** means any plant or apparatus for the production of electricity and shall where appropriate include a generating station comprising of one or more than one generating unit;

**"Generator Interconnection Facilities"** means any transformers, busbars, switcher, plant or apparatus utilised to enable access to a Transmission System/Distribution System by the Generating Set(s);

**"Grid Code"** means the Grid Code *"State Grid Code" means the State Grid Code* to be approved by the Commission pursuant to the licence of the Transmission and Bulk Supply Licensee, covering all material technical aspects relating to, connections to and the operation and use of, a Transmission System or (in so far as relevant to the operation and use of a Transmission System) the operation of electric lines and electrical plant connected to the Transmission System or the Distribution System of any Supplier including the Licensee's Distribution System and shall include the Interim Grid Code;

**"Holding Company"** for the purposes of this Licence, a company shall be deemed to be a holding company of another if and only if the company holds more than half in nominal value of the equity share capital of the other company or based on the control exercised by first mentioned company over the later the Commission declares it to be treated as the deemed holding company;

**"Interim Distribution Code"** means the practices and procedures presently followed by Uttarakhand Power Corporation Limited as successor of Uttar Pradesh Power Corporation Limited for operating the Distribution System as of the date of the Licence;

**"Interim Grid Code"** means practices and procedures presently followed by Uttarakhand Power Corporation Limited as successor of Uttar Pradesh Power Corporation Limited for operating the Transmission System and other things connected thereto as of the date of the Transmission Licence;

**"Licensee"** for this Licence means Uttarakhand Power Corporation Limited;

**"Licensed Business"** means the business of Distribution and Retail Supply of electricity in the Area of Supply as authorised under the Licence;

**"Operational Control"** means possessing the authority to make operational decisions such as commissioning and utilisation of units, service lines and equipment;

**"Overall Performance Standards"** means the standards as may be determined by the Commission pursuant to **Section 31 of the Act** *section 57 of the Central Act*;

**"Person"** shall include any individual, firm, company or association or body of individuals whether incorporated or not;

**"Regulations"** means the regulations issued by the Commission from time to time, under the provision of the Act;

**"Retail Supply"** means the sale of electricity to Consumers;

**"Retail Supplier"** means any Person who is authorised to carry out Retail Supply;

**"Retail Supply Business"** means the authorised business of Retail Supply;

**"Separate Business"** means each of the Distribution Business, Retail Supply Business and other Business of the Licensee taken separately from one another and from any other business of the Licensee or any Affiliate of the Licensee;



**"Standards of Performance"** means such standards of performance relating to Distribution and /or Retail Supply of electricity, as may- be determined by the Commission under the Act;

**"State Act"** means the Uttarakhand (Uttar Pradesh electricity reforms Act) Adaptation and Modification Order, 2001 to the extent the provisions of the said act are not inconsistent with the Central Act;

**"State Government"** means the Government of the State of Uttarakhand;

**"Subsidiary"** For the purposes of this Licence, a company shall be deemed to be a Subsidiary of another if and only if that other holds more than half in nominal value of the equity share capital of the first mentioned company or based on the control exercised by the later Company over the first mentioned company the Commission declares it to be treated as the deemed subsidiary company;

**"Transfer"** shall include the sale, exchange, gift, lease, licence, loan, securitisation, mortgage, charge, pledge or grant of any other encumbrance or otherwise permitting of any encumbrance to subsist or parting with physical possession or any other disposition or dealing;

**"Transmission"** means the transportation of electricity by means of the Transmission System;

**"Transmission Business"** means the Authorized business of a Transmission Licensee in Transmission;

**"Transmission System"** means the system consisting mainly of extra high voltage electric lines having design voltage of 66 KV and higher owned or controlled by the Transmission Licensee and used for the purposes of the transportation of electricity from a Generating Set to a substation or to another or between substations or from one place to another to or from any external interconnection and includes all 66 KV bays/equipment up to the interconnection with the Distribution System, and any plant, apparatus and meters owned or used in connection with the transmission of electricity and shall include any other system which the Commission specifically declare it to be a part of the Transmission System;

- 2.4 References in this licence to Conditions, paragraphs, parts, and Schedules shall, unless the context otherwise requires, be construed as references to conditions, paragraphs and parts of and schedules to this licence.

### **3. Terms of the Licence**

- 3.1 The Commission, in the exercise of the powers conferred on it by **Section 15 of the Act** *first proviso to section 14 of the Central Act read with section 15 of the State Act*, hereby grants to the Licensee a licence for Distribution and Retail Supply of electricity to any premises in the Area of Supply set out in Schedule I of the licence during the period specified in Paragraph 3.3, subject to the conditions set out in Parts II, III, IV, V and VI of this licence.
- 3.2 The terms and conditions as specified in this License are subject to modifications or amendments to be made by the Commission in accordance with the provisions of the **Act** *Central Act* or this Licence.
- 3.3 The licence shall come into force on the date on which the Commission communicates its decision granting this licence and unless revoked earlier shall remain in force for 25 years from that date. The Commission may, at the instance of the Licensee, renew this Licence for such further period or periods and on such terms and conditions, as the Commission may consider appropriate.
- 3.4 If the State Government requires any part of the **Licensee's Distribution Bulk Supply or Retail Supply Business** *Licensee's Distribution or Retail Supply Business* to be vested in another licensee pursuant to a transfer scheme issued under the **Act** *Central Act*, the Commission may by order suitably amend this licence.

## **PART-II General Conditions**

### **4. Directions**

- 4.1 The Licensee shall comply with the regulations, orders and directions issued by the Commission from time to time and shall also act in accordance with the terms of this licence; except where the licensee obtains the approval of the Commission for any deviation of such directions and terms.

### **5. Activities of the Licensee**

- 5.1 The Licensee shall be entitled to:
- (a) Purchase or otherwise acquire electricity from any **Bulk Supply Licensee** on the tariffs and terms and conditions **to be approved by the Commission;**

- (b) Purchase, import or otherwise acquire electricity from any generating company or any other person under Power Purchase Agreements or procurement process **approved by the Commission;**
- (c) **With the approval of the Commission** enter into any agreement or arrangement with others including sub-contract or franchisee, **sub-licencee**, concessionaire to get any part of the Licensed Business undertaken.

Provided that the Licensee shall continue to have the overall responsibility for the due performance of all the obligations by such other person;

- (d) *Appoint Franchisees to distribute and/or supply of electricity for a specified area within the area of distribution of the Licensee without a separate licence to be taken by such franchisee provided that the Licensee shall be responsible for distribution of electricity in his area of supply;*
- (e) *Sell electricity or energy capacity contracted for such period and to the extent of electricity or capacity is not required by the Licensee for the discharge of his obligations to supply electricity in the area of supply;*
- (f) *Provide access to the Distribution System to any person for wheeling of electricity in accordance with regulations made by the Commission for the purpose;*
- (g) *Undertake Trading in electricity without the need for a separate Trading Licence."*

**5.2 The Licensee shall not without the general or special approval of the Commission:**

- (a) purchase or import or otherwise acquire electricity under this Licence from any Person other than a Bulk supplier under the terms of the Bulk Supply Licence issued by the Commission and at the Bulk Supply Tariff approved for such Bulk Supplier or from generating companies or any other person as per the purchase agreements or arrangements **approved by the Commission.**
- (b) sell or otherwise dispose of electricity to any person, other than pursuant to this Licence, or

- (c) acquire any beneficial interest in any Generating Company or Generating Set in or selling electricity into the Area of Supply; or
- (d) undertake any transaction to acquire by purchase or takeover or otherwise, the utility of any other licensee; or acquire any beneficial interest in any other person engaged in Bulk Supply or Retail Supply;

*(d)-A merge his utility with the utility of any other licensee:*

*Provided that nothing contained in the para 5.2(d) and para 5.2(d)-A shall apply if the utility of the licensee is situated in a State other than the State in which the utility referred to in para 5.2(d) and para 5.2(d)-A is situate.*

*(d)-B assign his licence or transfer his utility, or any part thereof, by sale, lease, exchange or otherwise;*

- (e) provide services to third parties for the transportation of electricity through the Licensee's Distribution System; and
- (f) engage any affiliate or a relative as defined under Section 6 of the Companies Act, 1956 to provide any goods or services in connection with the Licensed Business; and
- (g) start any Other Business or any activity connected to such Other Business.

5.3 Save as in the case of the consumers of the Licensee and persons authorised by the Commission, the Licence shall not commence any new provision of services to any Person for the conveyance of electricity through the Licensee's Distribution System, **except with the general or special approval of the Commission.** In circumstances requiring immediate remedial action in the interest of continuity of supply to the Persona other than the consumers, the Licensee may commence the activity referred to in this paragraph 5.3, provided that the Licensee will inform the Commission of such occurrence or circumstances within 5 days thereof.

5.4 (a) The Licensee shall purchase the energy required by the Licensee for Distribution and Retail Supply in an economical manner and under a transparent power purchase or

procurement process and in accordance with the Regulations guidelines, directions made by the Commission from time to time.

- (b) In case of purchases of allocated share of electrical capacity and/or energy from Central Sector generation and inter-utility exchange of electrical capacity and or energy from other Regional Electricity Boards, such processes as are stipulated by the Central Electricity Regulatory Commission shall also be complied with, in addition to the directions and orders of the Commission.
- (c) An authorisation required from the Commission shall be granted when the Licensee has demonstrated to the Commission's satisfaction that:
  - (i) the additional electrical capacity and/or energy is necessary to meet the Licensee's service obligation in accordance with this Paragraph 5; and
  - (ii) the Licensee has examined the economic, technical, system and environmental aspects of commercially viable alternatives to the proposal for purchasing additional electrical capacity and/or energy and such examination has been carried out in a manner approved by the Commission.

The restriction imposed in this paragraph 5.4 shall not be applicable to short term purchases (less than six months in duration), provided that such short term purchases are made in accordance with guidelines, if any, issued by the Commission and the details of such purchases shall be submitted to the Commission in the manner the Commission directs.

5.5 The Licensee shall not engage in any Other Business **without the prior approval of Commission.** The Commission may give any such permission on request of the Licensee provided and only so long as such activity *intimation to the Commission and after such intimation only so long as such activity is in accordance with section 51 of the Central Act and is likely to result in the gainful employment of the assets and infrastructure comprising the Distribution System and further subject to the following conditions:*

- (a) the Licensed Business and the conduct thereof by the Licensee is not prejudiced and/or adversely affected in any manner;

- (b) the Licensee shall prepare and keep, in respect of the Other Business activities, separate activities, separate accounting records as would be required to be kept in respect of such activities as if they were carried on by a separate company, so that the revenues, costs, assets, liabilities, resources and provision of, or reasonably attributable to such Other Business activities are separately identifiable from those of the Licensed Business;
- (c) the Licensee shall comply with such guidelines, terms and conditions that the Commission may specify in regard to
  - i. the Licensee engaging in Other Business activities and
  - ii. payment of fair compensation to the Licensed Business for the assets of the Licensed Business utilised for such Other Business activities; and
- (d). the Licensee shall not Transfer any assets utilised in the Distribution System for the purposes of Other Business activities **without the prior approval of the Commission.**

5.6 The Licensee shall seek **approval of the Commission** before making any loans to, issuing any guarantee for any obligation of any Person, except when made or issued for the purposes for the Licensed Business. Loans to employees pursuant to their terms of service and trade advantage in the ordinary course of business are excluded from the requirement to seek such approval.

5.7. The Licensee shall be entitled to Transfer or assign this Licence to any Person only **with the prior approval of the Commission.** To obtain the approval of the Commission as aforesaid, the Licensee will file a suitable application with the Commission disclosing relevant facts in that behalf and the Commission shall dispose such application expeditiously.

5.8 The Licensee may engage any of its Subsidiaries or Holding Company or a Subsidiary of such Holding Company to provide any goods or services to the Licensee in connection with the Licensed Business, subject to the following conditions:

- (a) that the transaction will be on an arms-length basis and at a value that is fair and reasonable in the circumstances;

- (b) that the transaction will be consistent with any Regulations framed by the Commission relating to the provision of goods and services with respect to Licensed Business; and
- (c) that the Licensee will give 15 days' notice to the Commission prior to commencement of the proposed arrangement and along with the notice provide all relevant details of the arrangement.

In all other cases of engagement of such Subsidiary or Holding Company or a Subsidiary of the Holding Company, prior permission of the Commission will be required. Where such prior permission is required, the Licensee will file a suitable application with the Commission disclosing relevant facts. The Commission may, within 30 days of the filing of the application, seek further information in support of the application. The Commission shall generally within 30 days of such further information being submitted by the Licensee, and where no such further information is sought by the Commission as above, generally within 60 days of the filing of the application, allow the arrangement subject to such terms and conditions or modifications as is considered appropriate or reject the same, for reasons recorded in writing in the order to be issued by the Commission.

- 5.9 Except as provided in paragraph 5.1 above the Licensee shall be entitled to Transfer or assign this Licence or any of the functions under this Licence to any other Person only **with the prior approval of the Commission**. To obtain the approval of the Commission as aforesaid, the Licensee will file a suitable application with the Commission disclosing relevant facts in that behalf and the Commission shall dispose such application expeditiously.

## 6. **Prohibition of Acquisition of Controlling Interest**

- 6.1 Upon acquiring information that any person has acquired or intends to acquire controlling interest in it, the Licensee shall inform the Commission forthwith of the acquisition or proposed acquisition and shall furnish the Commission with all relevant details in its possession.

## 7. **Prohibition of Subsidies**

- 7.1 The Licensee shall not, without **prior permission of the Commission give** any subsidy or subvention to, or receive any subsidy or subvention from, any person or any other business of the Licensee (whether or not authorised by the Commission), except a subsidy granted by the State

Government pursuant to Section 12 (2) of the Act or a subvention pursuant to Section 25 of the Act or in the implementation of any order on tariff passed by the Commission or tariff subsidy ordered by the State Government. *Section 65 of the Central Act.*

## **8. Separate Accounts for Separate Businesses**

8.1 The financial year of the licence shall run from the first of April to the following thirty-first of March or such period that the Commission may otherwise decide or approve.

8.2 The Licensee shall in respect of each Separate Business

a. keep such accounting records as would be required to be kept in respect of each such Separate Business as if it were carried on by a separate company, so that the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, each Separate Business are separately identifiable in the books of the Licensee from those of any other business in which the Licensee is engaged, whether or not authorised by the Commission; and

b. prepare on a consistent basis from such accounting records:

(i) for each financial year, accounting statements comprising a profit and loss account, a balance sheet and a statement of source and application of funds, together with notes thereto, and showing separately in respect of each Separate Business the amounts of any revenue, cost, asset, liability, reserve or provision, which has been either

charged from or to any other business (whether or not a Separate Business) together with a description of the basis of that charge; or

determined by apportionment or allocation between any Separate Business and any other business of the Licensee or its Affiliate (whether or not a Separate Business) together with a description of the basis of the apportionment or allocation cash flow state and balance sheet; and

(ii). in respect of the first six months of the first financial year and of each subsequent financial year, an interim profit and loss account; and



- c. provide, in respect of the accounting statements prepared in accordance with this Paragraph 8, an Auditor's report in respect of each financial year, stating whether in their opinion these statements have been properly prepared in accordance with this Paragraph 8 and give a true and fair view of the revenues, costs, assets, liabilities, reserves and provisions of or reasonably attributable to, the Separate Business to which the statements relate; and
  - d. **deliver to the Commission a copy of each interim profit and loss account not later than three months after the end of the period to which it relates, and copies of the accounting statements and Auditor's report not later than six months after the end of the financial year to which they relate.**
- 8.3 Unless permitted to do so by the Commission, the Licensee shall not change the basis of charge or apportionment or allocation referred to in Paragraph 8.2(b)(i) in relation to the accounting standards in respect of a financial year from those applied in respect of the previous financial year.
- 8.4 Where, in relation to the accounting statements in respect of a financial year, the Licensee has changed such basis of charge or apportionment or allocation from those adopted for the immediately preceding financial year, the Licensee shall, if requested by the Commission, in addition to preparing accounting statements on those basis which it has adopted, prepare such accounting statements on the basis which applied in respect of the immediately preceding financial year.
- 8.5 Accounting statements for each Separate Business prepared under Paragraph 8.2(b)(1) shall, unless otherwise approved or directed by the Commission:
- a) be in the form prescribed by the Indian Companies Act, 1956 (1 of 1956) and the Indian Electricity Rules, 1956:
  - b) be prepared in accordance with generally accepted accounting practices;
  - c) state the accounting policies adopted; and
  - d) be published with the annual accounts of the Licensee, in the manner prescribed in the Regulations.

- 8.6 References in this Paragraph 8 to costs or liabilities of; or reasonably attributable to, any. Separate Business shall be construed as excluding taxation, and capital liabilities which do not relate principally to that Separate Business and interest thereon.
- 8.7 The Licensee shall ensure that the accounting statements in respect of each financial year prepared under Paragraph 8.2(b)(i) and the Auditor's report in respect of each financial year referred to in Paragraph 8 are published in such manner as the Commission may direct and made available to any person requesting them at a price not exceeding the reasonable cost of duplicating them.

## **9. Prohibition of Undue Preference**

### **9.1 Undue Preference**

Subject to Paragraph 25.4 in fixing tariffs and the terms and conditions of Supply, the Licensee shall not show undue preference to any person; provided that the Licensee shall not be deemed to be in breach of its obligations under this licence if any undue preference results from compliance with any directions of the Government under Section 22-A and 22-B of the Indian Electricity Act 1910 and Section 12 (2) of the Act *the Commission under Section 23 or Section 65 of the Central Act* or in implementation of any order passed by the Commission.

## **10. Provision of Information to the Commission**

- 10.1 The Licensee shall furnish to the Commission such information, documents and details as the Commission may require for its own purposes or for the purposes of the Government of India, the Government of Uttarakhand, the Central Electricity Authority or the Central Electricity Regulatory Commission or any other Authority.

*10.1A The Licensee shall duly maintain the information as the Commission may direct under section 128 of the Central Act.*

- 10.2 The Licensee shall notify the Commission as soon as possible of any major incident affecting any part of the Distribution System which has occurred and shall, within two months of the date of such major incident:**

- a) submit a report giving full details of the facts of the incident and its cause. The Commission at its own discretion may require the submission of a report to be prepared by an independent person at the expense of the Licensee; and
- b) In the event the report under sub-paragraph (a) is likely to take more than 15 days from the date of Major Incident, the Licensee shall within 15 days from such date of the incident submit a preliminary report with such details which the Licensee can reasonably furnish and state reasons as to why the Licensee requires more than 15 days for giving full report of such incident.
- c) give copies of the report to the Commission and to all parties involved in the major incident as the Commission may direct.

10.2A The Commission at its discretion may require the submission of a report on the major incident to be prepared by an independent person at the expense of the Licensee.

10.3 In this paragraph 10, major incident means an incident associated with the generation, transmission, distribution, supply or use of electrical energy in the licensee's area of supply which results in a significant interruption of service, substantial damage to equipment, or loss of life or significant injury to a human being or animal, with the technical characteristics of "significant interruption", "substantial damage", "significant injury" specified in the **Grid Code** *State Grid Code*, Distribution Code or Standards of Performance to be approved by the Commission or as otherwise specified by the Commission.

10.4 The decision of the Commission as to what is a major incident shall be final.

10.5 The Commission may at any time require the Licensee to comply with the provision of paragraph 10.2 as to incidents which the Commission may specifically direct and the Licensee shall be obliged to comply with the same notwithstanding that such incidents are not Major Incidents; provided that the time limits specified in paragraph 10.2 shall commence from the date that the Commission notifies Licensee of such requirement.

## **11. Investment**

**11.1 The Licensee shall not make any investment under any scheme or scheme except in an economical and efficient manner and in**

**terms of this licence and in accordance with the Regulations, guidelines, directions and orders the Commission may issue from time to time.**

11.2 The Licensee **shall promptly notify the Commission of any schemes pertaining, to the Distribution system which the Licensee from time to time proposes to implement** together with relevant details, including the estimated cost of such schemes, with requisite break-up and proposed investment plans. The Licensee shall furnish to the Commission such further details and clarification as to the schemes proposed as the Commission may require from time to time. **The schemes proposed may be implemented by Licensee, subject to the following conditions:**

- a) If the scheme does not involve major investment as defined hereunder, without the need for any specific approval from the Commission but subject however to any reasonable direction or condition which the Commission may give or impose during the implementation of the scheme;
- b) If the scheme involves major investment, after taking specific prior approval of the Commission as provided in paragraph 11.3.**

11.3 The Licensee shall make an application to the Commission for obtaining prior approval of the Commission for schemes involving major investments as per the procedure which the Commission may specify from time to time and demonstrate to the satisfaction of the Commission that:

- a) there is a need for the major investments in the Distribution System, which the Licensee proposes to undertake,
- b) the Licensee has examined the economic, technical, system and environmental aspects of all viable alternatives to the proposal for investing in or acquiring new Distribution system assets to meet such need.

11.4 **The Licensee's contracts for major investments shall be awarded only pursuant to a transparent and competitive procurement process acceptable to the Commission.** The Licensee shall follow the Practice Guidelines regarding major investments issued by the Commission from time to time. The Licensee shall invite and finalise tenders for procurement of equipment, material and/ or services relating to such major investment, consistent with the above.

- 11.5 For the purpose of paragraph 11, the term "Major Investment" means any planned investment in or acquisition of distribution facilities, the cost of which, when aggregated with all other investments or acquisitions (if any) forming part of the same overall transaction, equals or exceeds Rs. 250 Lakhs.
- 11.6 **The Licensee shall submit to the Commission along with the "Expected Revenue Calculation" and in terms of paragraph 25.1(b)(ii), the annual investment plan consisting of those schemes approved by the Commission, schemes submitted before the Commission for approval and all schemes not requiring approval of the Commission planned for the ensuring financial year** and shall make investment in the said financial year in accordance with the said investment plan. Provided, is however, if any unforeseen contingencies required reallocation of funds within the schemes listed in the annual investment plan, the Licensee may do so provided further that reallocation in respect of individual project does not exceed Rs. 250 lakhs, after intimating the Commission. If on account of unforeseen circumstances the licensee is required to make investment in a scheme which does not find a place in the annual investment plan, the Licensee may do so up to the Limit of Rs. 250 lakhs after intimating the Commission.

## **12. Transfer of Assets**

- 12.1 The Licensee shall not transfer or relinquish operational control over any land and building of whatever value otherwise than in accordance with this Paragraph.
- 12.2 The Licensee shall not transfer or relinquish operational control over any assets, other than land and building, otherwise than in accordance with following paragraphs of this Paragraph 12, if the cost of the assets being disposed of or whose operational control is being relinquished in a single transaction or a series of related transactions, exceeds Rs. 30 lacs.
- 12.3 The Licensee **shall give to the Commission not less than two months' prior written notice of its intention to transfer or relinquish operational control over any asset-** Notice shall not be deemed to have been given until such time as the Licensee has provided to the Commission all such further information as the Commission may require.
- 12.4 The Licensee may transfer or relinquish operational control over any asset as is specified in any notice given under Paragraph 12.3 if:

- a. the Commission confirms in writing that it consents to such transfer or relinquishment subject to such conditions as the Commission may impose; or
  - b. the Commission does not inform the Licensee in writing, of any objection to such transfer or relinquishment of control within the notice period referred to in Paragraph 12.3.
- 12.5 The Licensee may transfer or relinquish operational control over any asset where:
- a. the Commission has issued directions for the purposes of this Paragraph 12 containing a general consent (whether or not subject to conditions) to:
    - (i) transactions of a specified description; and/or
    - (ii) the transfer or relinquishment of operational control over assets of a specified description; and
    - (iii) the transaction or the assets are of description to which such directions apply and the transfer or relinquishment is in accordance with any conditions to which the consent is subject; or
  - b. the transfer or relinquishment of operational control in question is required by or under any enactment; or
  - c. the asset in question was acquired and used by the Licensee exclusively in connection with a non-core activity that it has been authorised by the Commission to carry on pursuant to Paragraph 5.5 and does not constitute a legal or beneficial interest in land, or form part of the Transmission System or the Distribution System.
- 12.6. Notwithstanding what is stated above, the Licensee will be entitled to utilise the assets as a means of facilitating funding or financing the Licensed Business in the ordinary course of business, subject to the conditions:
- a. that the Licensee **will inform the Commission about such arrangements at least 15 days prior to the effective date of the relevant agreements;**

- b. the Licensee acts in a prudent and reasonable manner in such utilisation of assets; and
- c. the Licensee retains the Operational Control over assets in the Distribution System.

### **13. Payment of Fees**

- 13.1 For as long as this License remains in force, the License shall, by the 10<sup>th</sup> of April of every year, or such further period as the Commission may allow, pay to the Commission an annual licence fee as mentioned herein. The annual fee shall be 0.05 percent of the amount billed during the preceding financial year in the supply area of the Licensee for each of the first three years of this licence. The Commission shall be entitled to review and revise the annual licence fee, after every block of three years and the Licensee shall be liable to pay such revised annual licence fee.
- 13.2. Where the Licensee fails to pay to the Commission any of the fees due under paragraphs 13.1 or 13.2 by the due dates:
- a. without prejudice to other obligations, the Licensee shall be liable to pay interest on the outstanding amount at a simple interest rate of two percent per month, the interest being payable for the period beginning on the day after which the amount became due, and ending on the day on which the payment is made in cleared funds; and
  - b. the Licensee shall be subject to the proceedings for the recovery of such fees as specified in the **Act** *Central Act or the State Act*; and
  - c. the Commission may revoke the licence pursuant to **Section 18 of the Act** *Section 19 of the Central Act* and paragraph 14 of this Licence.
- 13.3. The Licensee shall be entitled to take into account any fee paid by it under this paragraph 13 as an expense in the determination of aggregate revenues made in accordance with paragraph 25.1, but shall not take into account any interest paid pursuant to this Paragraph.

### **14. Terms as to Revocation**

- 14.1 Subject to the provisions of **Section 18** *Section 19* of the Act and the Regulations, the Commission may at any time initiate proceedings against

the Licensee for revocation of this Licence and if satisfied on the grounds for revocation, in such proceedings revoke this licence if the Licensee:

- a. has in the opinion of the Commission, committed a willful or unreasonable default in doing anything required of it by or under the Act, the Indian Electricity Act, 1910 or the Electricity (Supply) Act, 1948 or rules made thereunder to the extent applicable in the State, read with the provisions of the Act *Central Act or the State Act or the rules or regulations made thereunder*;
  - b. has in the opinion of the Commission, committed a material breach of the terms and conditions of this License or of any Regulations, codes and standards that the Commission may specify from time to time and has failed to rectify such breach within the time allowed by the Commission; or
  - c. has in the opinion of the Commission, failed to comply with any order or direction issued by the Commission; or
  - d. fails to pay the licence fee or any other fee or fine or charges within the time allowed by the Commission; or
  - e. fails to show the satisfaction of the Commission within 60 days of being directed by the Commission that the licensee is in a position to fully and effectively discharge the duties and obligations imposed on it by this licence or to make the deposit or furnish the security as may be required by the Commission from the Licensee; or
  - f. has committed an act which renders this Licence revocable on any other grounds specified in the Act *Central Act* or the Regulations.
- 14.2 It is a condition of this Licence that the Licensee shall comply with all the Regulations, codes standards and also orders and directions of the Commission. When the Commission expressly states that an order subjects the Licensee to such compliance, failure to comply with that order will render this Licence liable to revocation in accordance with *Section 18 of the Act Section 19 of the Central Act* (without prejudice to the Commission's right to revoke this Licence on any other applicable grounds).

***14-A Amendment of Licence Conditions***



14.A.1 *These terms and conditions of Licence may be altered or amended by the Commission under section 18 of the Central Act at any time if it is in public interest.*

## **15. Central Act and State Act Application**

15.1 None of the provisions of the Schedule to the Indian Electricity Act, 1910 shall be deemed to be incorporated into this licence except for the provisions made under Paragraph 21 of this Licence.

15.2 In carrying out its function and obligations under this Licence, the Licensee shall comply with the requirements of the *Central Act and the State Act* Indian Electricity Act, 1910 (9 of 1910) and Electricity (Supply) Act, 1948 (54 of 1948) and rules made thereunder, to the extent they are not in contravention with the provisions of the Act *provision of the Central Act.*

15.3 The Commission may publish an order authorising the Licensee to exercise any power or authority which the Commission may confer on the Licence under the Indian Electricity Act, 1910 (9 to 1910) and the Electricity (Supply) Act 1948 (54 of 1948). As per the provisions of the Act, the Commission may, by order, authorise the Licensee to exercise the functions and obligations of the State Electricity Board, under the provisions of the Indian Electricity Act 1910 (9 of 1910) and the Electricity (Supply) Act, 1948 (54 of 1948) *Central Act and the State Act.*

15.4 Pursuant to Section 11 (8) of the Act *Section 164 of the Central Act,* the Licensee shall have all the power for the placing of electric supply lines, appliances and apparatus for the Licensed Business that a telegraph authority possesses under the Indian Telegraph Act, 1885 (13 of 1885).

15.5 The Licensee shall comply with the directions of the *Electrical Inspector Chief Electrical Inspector or Electrical Inspector* issued pursuant to the powers vested in it under the Indian Electricity Act, 1910 or the Electricity (Supply) Act, 1948 *Central Act* or any rules framed thereunder, provided that any order passed by the Electrical Inspector shall be subject to appeal as provided in Section 35 of the Act *subsection (2) of section 162 of the Central Act.*

## **16. Disputes Resolution and Decision on Interpretation of Licence**

16.1 The Commission shall be entitled to act as arbitrator or nominate arbitrator (s) to *adjudicate or to adjudicate* and settle disputes

between the Licensee and any other licensee Licensee and any other licensee or between the Licensee and a generating company in pursuance of clause (f) of subsection (1) of section 86 of the Central Act Section 34 of the Act.

- 16.2 All issues arising in relation to interpretation of this Licence and as to the terms and conditions thereof shall be a matter for the determination of the Commission and the decision of the Commission on such issues shall be final, subject only to the right of appeal under section 36 of the Act section 111 of the Central Act. The Licensee shall refer all disputes arising under the Licence for determination by the Commission, as provided under Clause (c) of sub-Section (5) of Section 15 of the Act section 15 of the State Act.

### **PART-III Technical Conditions**

#### **17. Compliance with the Grid Code State Grid Code**

- 17.1 The Licensee shall comply with the provisions of the Grid Code State Grid Code in so far as applicable to it.
- 17.2 The Commission may on reasonable grounds and after consultation with any affected Generating Companies and Suppliers issue directions relieving the Licensee of its obligation under Paragraph 17.1 in respect of such parts of the Grid Code State Grid Code and to such extent as may be specified in those directions.
- 17.3 Till the Grid Code State Grid Code is approved by the Commission, the Licensee shall comply with the Interim Grid Code.

#### **18. The Electricity Supply code and Distribution Code Distribution Code**

- 18.1 The Licensee shall **within six months of issue of this licence prepare and submit to the Commission a Distribution Code** in consultation with the Bulk Suppliers or Retail Suppliers, the Transmission Licensee, other licensees, the Generating Companies and such other Persons as the Commission may specify. The Distribution Code shall be accompanied by a plan for its implementation. Once the Commission adopts both the Distribution Code and the implementation plan, the Licensee shall (Subject to Paragraph 18.8) implement and comply with such Distribution Code. Where there is an electrical interface between the Licensee and a Supplier engaged in Distribution and Retail Supply, the Licensee shall ensure that

the operation of its Distribution System will not disrupt the efficient operation of the interface.

18.1A *The Licensee shall abide by the Electricity Supply Code and Distribution Code as may have been approved by the Commission.*

18.2 (a) The Distribution Code shall cover all material technical aspects relating to connections to and the operation and use of the Distribution System including the operation of the electrical lines and electrical plant and apparatus connected to the Distribution System in so far as relevant to the operation and use of the Distribution System and shall include, but not be limited to:

i) Distribution planning and connection code containing connection conditions specifying the technical, design and operational criteria to be complied with by any person connected or seeking connection with the Licensee's Distribution System and planning codes specifying the plan required for laying the distribution lines and the services lines in the Area of Supply, the technical and design criteria and procedures to be applied by the Licensee in the planning and development of the Licensee's Distribution System; and

ii) A distribution operating code specifying the conditions under which the Licensee shall operate the Licensee's Distribution System and under which persons shall operate their plant and/or Distribution System in relation to the Licensee's Distribution System, in so far as necessary to protect the security and quality of supply and safe operation of the Licensee's Distribution System under both normal and abnormal operating conditions.

(b) The Distribution Code shall be designed so as to permit the development, maintenance and operation of an efficient, coordinated and economical Distribution System.

18.3 Where no Distribution Code of the form provided in this condition is in force at the effective date of this licence, the Licensee shall not be considered to be in breach of its obligation under this condition provided that:

a) **within two months or such further time as the Commission may allow the Licensee shall submit for approval of the**

**Commission the existing conditions of supply (the Interim Distribution Code);**

- b) the Licensee shall implement and comply with the Interim Distribution Code, subject to such modification as the Commission may order; and
- c) **within six months from the effective date of this Licence, the Licensee shall submit to the Commission for its approval the Distribution Code specified in Paragraph 18.2** after consultation with the other Suppliers, the Transmission Licensee, other licensees, the Generating Companies and such other persons as the Commission may specify.

18.4 The Interim Distribution Code shall continue to remain in effect until the final Distribution Code is approved by the Commission.

18.5 The Licensee shall periodically review (including upon the request of the Commission) the Distribution Code and its implementation in consultation with the Transmission Licensee, other licensees, Generating Companies, other Suppliers and such other persons as the Commission may order. Following any such review, the Licensee shall send to the Commission:

**a report on the outcome of such review;**

- a) any proposed revisions to the Distribution Code from time to time as the Licensee (having regard to the outcome of such review) reasonably thinks fit for the achievement of the objectives of the Distribution Code as mentioned in Paragraph 18.2; and
- b) all written representations or objections from Suppliers (including any proposals by such Suppliers for revisions to the Distribution Code not accepted by the Licensee in the course of the review) arising during the consultation process.

18.6 **All revisions to the Distribution Code shall require approval from the Commission.**

18.7 The Licensee shall make available a copy of the Distribution Code in force at the relevant time to any person requesting it, at a price not exceeding the reasonable cost of duplicating it.

18.8 The Commission may issue directions relieving the Licensee of its obligation under the **Distribution Code** *Electricity Supply Code*

*and the Distribution Code* in respect of such parts of the Licensee's Distribution System and to such extent on reasonable grounds as the Commission may indicate.

**19. Distribution System Planning and Security Standards, Distribution System Operating Standards**

19.1 The Licensee shall plan and operate the Licensee's Distribution System so as to ensure that, subject to the availability of adequate generating capacity, the system is capable of providing Consumers with a safe, reliable and efficient Supply of electricity. In particular, the Licensee shall plan and develop the Licensee's Distribution System in accordance with the Distribution System Planning and Security Standards proposed by the Licensee together with the Distribution Code as approved by the Commission and operate the Licensee's Distribution System in accordance with the Distribution System Operating Standards proposed by the Licensee together with the Distribution Code as approved by the Commission.

19.2 **The Licensee shall, within one month from the date this Licence becomes effective, submit to the Commission the existing planning and security standards and operating standards being followed** by the Licensee in respect of its Distribution System. The Licensee shall comply with such existing planning and security standards and the operating standards, as may be modified by the Commission, until the Distribution System Planning and Security Standards and Distribution System Operating Standards proposed by the Licensee pursuant to Paragraph 19.3 are approved by the Commission.

19.3 (a) The Licensee shall, **within six months after this licence becomes effective**, prepare in consultation with the Suppliers, Generating Companies and such other person as the Commission may specify **and submit to the Commission for approval, the Licensee's proposal for Distribution System Planning and Security Standards** and Distribution System Operating Standards in accordance with Paragraph 19.1 above. The proposal should include a statement setting out criteria by which the Licensee's compliance with the standards may, be measured. Such criteria should include the number and type of supply interruptions and deviations from the power supply quality standards specified.

(b) The document in which the Distribution System Planning and Security Standards are set forth pursuant to Clause (a) of this

Paragraph 19.3 must include a statement by the Licensee as to how it proposes to implement the standards so as to:

- ensure a satisfactory degree of standardisation of plant, apparatus, and equipment within the State of Uttarakhand; and
- develop and observe a policy on spare parts required;

(c) The Distribution System Planning and Security Standards and the Distribution System Operating Standards, with such modifications as the Commission may specify, shall take effect from the date specified by the Commission.

19.4 The Licensee shall, in consultation with the Suppliers, including a Supplier whose Distribution System has an electrical interface with the Licensee and the Transmission Licensee, other licensee, Generating Companies and such other person as the Commission may specify, review the Distribution System Planning and Security Standards and Distribution System Operating Standards together with the review of the Distribution Code pursuant to Paragraph 18.5. Following any such review, the Licensee shall send to the Commission

- a report on the outcome of such review;
- any revision which the Licensee proposes to make to such standards from time to time (having regard to the outcome of such review); and
  - any written representation or objection (including those not accepted by the Licensee from the Suppliers, Generating Companies, or any Consumer or such other person as the Commission may order), arising during the review;

provided that the Commission may, upon application of the Licensee, relieve the Licensee from the obligation to review the Distribution System Planning and Security Standards and Distribution System Operating Standards and their implementation to such an extent as the Commission may, order.

19.5 Having regard to any written representation received by the Commission or upon its own motion, the Commission may require the Licensee to revise the Distribution System Planning and Security Standards and the

Distribution System Operating Standards, and Licensee shall comply with the directions of the Commission

- 19.6 The Licensee shall within 3 months of the end of each financial year submit to the Commission a report indicating the performance of the Licensee's Distribution System during the previous financial year against the criteria referred to in Paragraph 19(3)(a). The Licensee shall, if required by the Commission, publish a summary of the report in a manner approved by the Commission.

## **20. Overall Performance Standards**

- 20.1 The Licensee shall conduct its Distribution and Retail Supply Business in the manner which it reasonably considers to be best calculated to achieve the Overall Performance Standards in connection with providing of electricity Supply services and the promotion of the efficient use of electricity by Consumers, as may be prescribed by the Commission pursuant to **Section 31 of the Act** *section 57 of the Central Act*.
- 20.2 The Standards of Performance may be set by the Commission, or may be proposed by the Licensee for the Commission's approval. The Licensee's compliance with the Standards of Performance may be measured by the Commission, in part, by the Licensee's adherence to the Code of Practice on Payment of Bills, Complaint Handling Procedure, and Consumer Rights Statement set forth in accordance with Paragraph 23 of this licence
- 20.3 The Licensee shall supply, at least annually, information to the Commission as to the means by which it proposes to achieve the Overall Performance Standards and the Standards of Performance.

## **21. Obligation to Connect Consumers and Public Lamps**

- 21.1 Subject to the other provision of this Licence, the Licensee shall have the following obligations.
- a. The Licensee shall on the application of the owner or occupier of any premises within the Area of Supply, give connection of the Licensee's Distribution System for the purposes of providing a Supply of electricity to those premises, including the laying of any required Distribution mains.
  - b. Where the owner or occupier of any premises requires connection under the terms of this paragraph the form of application to be

made and the procedure of responding to that application shall be in accordance with the procedure specified by the Licensee and approved by the Commission.

- c. Nothing in this paragraph 21.1 shall require the Licensee to provide connection in the event of a Force Majeure or circumstances where the Commission by a general or special order considers that the giving of connection is otherwise either beyond the reasonable control of the Licensee or that the Licensee should be relieved of the obligation for reasons to be recorded by the Commission.

21.2 The Licensee shall, before commencing to lay down or place a service-line in any area in which a Distribution main has not already been laid down or placed, serve upon the local authority (if any) falling in the area as lies between the points of origin and termination of the service line to be laid down or placed, a notice stating that the Licensee intends to lay down or place a service line and confirming that if within 21 days from the date of the notice, the local authority require that a Supply shall be given for any public lamps, the necessary Distribution main will be laid down or placed by the Licensee at the same time as the service line. In addition to the above, the Licensee shall also display notices at its offices in the relevant area for information of the public so as to enable any owner or occupier of the premises abutting so much of the area lies between the points of origin and termination of the service line to be laid down or placed and any one or more occupiers may apply to the Licensee for laying down the distribution main and connected works.

21.3 Where, after distribution mains have been laid down and the supply of energy through those mains or any of them has commenced, a requisition is made by the State Government or by a local authority requiring the Licensee to supply for a period of not less than two years, energy for any public lamps within the Area of Supply, the Licensee shall supply, and save in so far as to is prevented from doing so by events of Force Majeure and technical viability/constraints, continue to supply energy for such lamps in such quantities as the State Government or the local authority, as the case may be, may require. The State Government or the relevant local, authority, as the case may be, may require the Licensee:

- a. to provide the mains and other equipment for public lamps; and
- b. to use for that purpose supports, if any, previously erected or set up by it for supply of energy.



- 21.4 The Licensee may levy any reasonable charge/s for carrying out works/release of supply pursuant to paragraphs 21.1 and 22.2, in accordance with any procedures that may be stipulated by the Licensee and approved by the Commission as well as the provision of the **Act** *Central Act* and/or Regulations.
- 21.5 The Licensee shall enter into or make such arrangements for the use of the Distribution System including but not limited to electric lines, electrical plant or plants associated equipment operated by the Licensee as provided in **Clause (a) of sub-section (5) of Section 15 of the Act** *section 42 of the Central Act*, by any Person. On application made by any such Person, the Licensee shall offer to enter into an agreement with that Person for the use of Distribution System:
- a. based on tariff and Use of System charges to be paid by the user, which shall be in accordance with **paragraph 25.2***section 42 of the Central Act*;
  - b. to accept into the Distribution System electricity provided by that Person; and
  - c. to deliver such electricity, adjusted for losses of electricity, to a designated exit point.

## **22. Obligation to Supply and Power Supply Planning Standards**

- 22.1 The Licensee shall take all reasonable steps to ensure that all Consumers connected to the Licensee's Distribution System receive a safe, economical and reliable Supply of electricity except where:
- a) the Licensee discontinues Supply to certain Consumers under **Section 24 of Indian Electricity Act 1910 (9 of 1910)** *section 56 of the Central Act*, or in accordance with the Code of Practice drawn up pursuant to Paragraph 23;
  - b) the Licensee is obliged to regulate the Supply to Consumers as may be directed by the **State Government under Section 22-B of the Indian Electricity Act, 1910 (9 of 1910)***Commission under section 23 of the Central Act*.
- 22.2 The Licensee shall, **on an annual basis or more frequently** if requested by the Commission:

- a) **forecast the demand for power within the Area of Supply in each of the next succeeding 10 years;**
  - b) **prepare and submit such forecasts to the Commission** in accordance with the Practice Guidelines issued by the Commission from time to time; and
  - c) co-operate with the Transmission and Bulk Supply Licensee in the preparation of power demand forecasts for the State of Uttarakhand in such manner as the Transmission and Bulk Supply Licensee reasonably considers appropriate.
- 22.3 Subject to the foregoing paragraphs, the Licensee shall purchase electricity from **any Bulk Supplier** *the Generating Companies, Electricity Traders and others*, in quantities which the Licensee considers sufficient to meet the expected demand of the Licensee's Consumers, or where appropriate, such lesser quantities as **the Bulk Supplier is** *the Generating Companies, Electricity Traders and others are*, able to provide on account of shortage of available sources of electricity production, imports or Supply.

## **23. Consumer Service**

### **23.1 Code of Practice on Payment of Bills**

- a) The Licensee shall, **within six months** after this licence has become effective, prepare and **submit to the Commission for its approval a Code of Practice concerning the payment of electricity bills by Consumers** and including appropriate guidance for the assistance of such Consumers who may have difficulty in paying such bills and procedures for disconnecting Consumers for non-payment. Upon receiving the Code of Practice, the Commission may hold consultations with Electricity Advisory Committee and any body of persons which appears to the Commission to be representative of Consumers. In granting each approval, the Commission may make such modifications as it considers necessary in the public interest.
- b) The Commission may, upon receiving a representation or otherwise; require the Licensee to review the Code of Practice prepared in accordance with Paragraph 23.1 (a) and the manner in which it has been operated, with a view to determining whether any modification should be made to it or to the manner of its operation.

23.2 The Licensee shall, in consultation with such other persons as the Commission may direct, upon review submit any revision to the Code of Practice that it wishes to make to the Commission for its approval, including any representation received by the Licensee and not accepted by it. The Commission may modify the existing Code of Practice concerning payment of bills as it considers necessary.

23.3 The Licensee shall:

- (a) draw to the attention of Consumers the existence of the Code of Practice and each substantive revision of it and how they may inspect or obtain a copy of the Code of Practice in its latest form;
- (b) make a copy of the Code of Practice revised from time to time available for inspection by members of the public during normal working hours; and
- (c) provide free of charge a copy of the Code of Practice revised from time to time to each new Consumer and to any other person who requests it at a price not exceeding the reasonable cost of duplicating it.
- (d) and distribute the code in any other manner that the Commission may specify.

23.4 **Complaint Handling Procedure:**

- a) The Licensee shall **within three months** after this licence has become effective establish with **approval of the Commission a procedure for handling complaints from Consumers about the manner in which the Licensee conducts its Distribution and Retail Supply Business.** The Commission may after holding such consultations with the Electricity Advisory Committee or a person or body of persons appearing to be representative of the interest of the consumers, as the Commission considers necessary, make such modification of the procedure, as it believes necessary in the public interest.
- b) The Commission may, upon receiving a representation or otherwise, require the Licensee to review the complaint handling procedure prepared in accordance with this Paragraph 23.4(a) and the manner in which it has been operated, with a view to

determining whether any modification should be made to it or to the manner of its operation.

- c) Any procedure established pursuant to this Paragraph 23.4 (a), including any revisions to it, shall specify the periods within which it is intended that different descriptions of complaint should be processed and resolved.
- d) The Licensee shall submit any revision proposed to be made to the procedure established in accordance with Paragraph 23.4 (a) to the Commission for its approval.
- e) The Licensee shall:
  - (i) draw to the attention of Consumers, in such manner as the Commission may direct, the existence of the complaint handling procedure and each substantive revision of it and how the Consumers may inspect or obtain copies of such procedure in its latest form.
  - (ii) make a copy of the procedure revised from time to time, available for inspection by members of the public at each of the relevant premises during normal working hours; and
  - (iii) provide free of charge a copy of the procedure revised from time to time to each new Consumer, and to any other person who requests it at a price not exceeding the reasonable cost of duplicating it.
  - (iv) distribute the procedure in any other manner that the Commission may specify.

### **23.5 Consumer Rights Statement**

- a) The Licensee shall, **within three months** after this licence has come into force or such other time as the Commission may allow, prepare and **submit to the Commission for approval a Consumer Rights Statement explaining to Consumers their rights as Consumers of the Licensee** in its capacity as operator of its Distribution and Retail Supply Business. The Commission may, upon holding such consultation with the Electricity Advisory Committee and such other persons or bodies of persons who the Commission considers as representing the interests of Consumers

likely to be affected by it. make such modification of the statement, as it considers necessary in public interest.

- b) The Commission may, upon receiving a representation or otherwise require the Licensee to review the Consumer Rights Statement prepared in accordance with Paragraph 23.5 (a) and the manner in which it has been operated, with a view to determining whether any modification should be made to it or to the manner of its operation.
- c) The Licensee shall submit any revision to the Consumer Rights Statement that it wishes to make to the Commission for its approval, including any representation received by the Licensee and not accepted by it. The Commission may modify the existing Consumer Rights Statement as its considers necessary in public interest.
- d) The Licensee shall:
  - (i) draw to the attention of Consumers, in such manner as the Commission may direct, the existence of its consumer rights statement and each substantive revision of it and how they may inspect or obtain a copy of such consumer rights statement in its latest form.
  - (ii) make a copy, of the Consumer Rights Statement, revised from time to time, available for inspection by members of the public at each of the relevant premises during normal working hours;
  - (iii) provide free of charge a copy of the Consumer Rights Statement, revised from time to time, to all new Consumers, and to any person who requests it at a price not exceeding the reasonable cost of duplicating it; and
  - (iv) distribute the statement in any other manner that the Commission may specify.

### **23.6 Forum for Redressal of Grievance**

*The Licensee shall establish a forum for redressal of grievances of the consumers in accordance with the guidelines issued by the Commission under subsection (5) of section 42 of the Central Act and shall implement any order passed by the Forum in the manner*

*specified by the Commission, unless the same has been appealed against.*

**23.7 Ombudsman**

*The Licensee shall implement any order passed by the Ombudsman in the manner specified by the Commission, unless the same has been appealed against.*

**24. Other Terms and Conditions of Supply**

- 24.1 The Licensee shall, **within sixty days** after this Licence has come into force or such other time as the Commission may allow, prepare and **submit to the Commission for approval, the "The General Terms and Conditions of Supply"** with such proposed modifications as the Licensee considers necessary with reasons for making the modifications.
- 24.2 The Commission may, upon holding such consultation with the Electricity Advisory Committee, and such other Persons or bodies of Persons who the Commission considers as representing the interests of Consumers likely to be affected by it, and may make such modification to the "The General Terms and Conditions of Supply", as it considers necessary in public interest. "The General Terms and Conditions of Supply" as approved by the Commission shall apply from such date as the Commission may notify.
- 24.3 The Commission may, upon receiving a representation or otherwise, require the Licensee to review the "The General Terms and Conditions of Supply". The Commission may also from time to time modify "The General Terms and Conditions of Supply" as it may consider appropriate.

**Part IV: Expected Revenue Calculation and Tariffs**

**25.1 Expected Revenue Calculation**

- (a) The Licensee shall calculate the expected revenue from charges which it is permitted to recover, in accordance with the provisions of **Section 24 of the Act** *section 62 of the Central Act* read with Regulations, these Licence conditions, the orders of the Commission and other requirements specified by the Commission from time to time.
- (b) Expected Revenue Calculation:

**Not later than 31<sup>st</sup> December** 30<sup>th</sup> November **every year**, the Licensee shall prepare and submit to the Commission.

- i. a statement with full details of its expected aggregate **revenues and cost of service** for the ensuing financial year (including financing cost and its proposed return on equity) for its Licensed Business, in accordance with **Section 24 (4) of the Act** *section 62 of the Central Act* and
  - ii. the **annual investment plan** giving specific details of the investment which the Licensee proposes to make in the ensuing financial year and which the Licensee desires to be covered under the revenue requirements in the ensuing financial year with appropriate references to Schemes, if any, already approved by the Commission of which such investments form part.
  - iii. If so required by the Commission, the Licensee shall file such statements separately for the Distribution Business and Retail Supply Business
- (c) If the statement referred to above indicate a difference between its expected aggregate revenues and its expected cost of service, the Licensee shall also submit with the statement an explanation of the **measures it proposed to take, including any proposal for tariff revisions, to eliminate the difference.**

## 25.2 Tariffs

- a. The amount that the Licensee is permitted to recover from tariffs in any financial year shall be the amount that the Commission determines in accordance with the provisions of **Section 24(6) of the Act** *section 62 of the Central Act*, which shall be the approved tariff.
- b. The Licensee shall implement the approved tariff and shall calculate the charges under the approved tariff in accordance with the orders of Commission, the Regulations, the Licence conditions and other requirements specified by the Commission from time to time.
- c. The Licensee shall publish, in the manner specified by the Commission, the tariffs and charges for the Licensed Business as approved under paragraph 25.2 (a)

25.3. The Licensee may apply to the Commission to amend its tariffs in accordance with the *Act Central Act* and applicable Regulations and directions of the Commission.

25.4 The Licensee shall apply to the Commission to amend its tariffs in accordance with the Act if the Commission so requires in order to remove any undue discrimination identified by the Commission or to cause the Licensee's expected revenue to correspond to the amount that it is permitted to recover under this Licence or under the *Act Central Act*.

## **26. Powers of the Licensee for Revenue Realisations, Meter Tampering, etc.**

26.1 The Licensee shall be entitled to exercise any authority that the Commission is capable under the *Act Central Act* of conferring on it to take appropriate action for

- (a) metering points of supply of electricity;
- (b) revenue realisation;
- (c) disconnection of electricity;
- (d) prosecution for theft;
- (e) meter tampering;
- (f) diversion of electricity;
- (g) preventing unauthorised use of electricity; and
- (h) any other similar matters affecting Distribution or Retail Supply.

## **27. Provision of Subsidies to Certain Consumers**

27.1 The Commission may allow the Licensee to set tariffs which do not satisfy Paragraph 25, if the departure is in accordance with the policy of the State Government under Section 12 of the Act, *under section 65 of the Central Act* subject to the State Government compensating to the Licensee for loss of revenue by the Licensee for such departure. Such compensation for a year shall not be less than that estimated by the



Licensee and approved by the Commission of the difference in that financial year between:

- a) the revenue which the Licensee is entitled to recover under the terms of Paragraph 25.2(a) ; and
- b) the revenue received from the tariff consistent with the directions of the State Government under **Section 12 of the Act** *section 65 of the Central Act*.

27.2 In the event the State Government makes any order providing for any subsidy for any class or classes of Consumers in terms of **Section 12(2) of the Act** *section 65 of the Central Act*, **the Commission shall be entitled to issue guidelines or make orders in regard to the following**

- a. **the amounts, terms, conditions and manner and/or mode for the application of the subsidy and the payment of the compensation to the Licensee;**
- b. **the time frame of the payment of the compensation;** and
- c. Non-payment of agreed compensation by the State Government within stipulated time frame and manner.

27.3 The Licensee **shall not without prior permission of the Commission** give any subsidy or subvention to any Person or for the purposes of any of its other Business(es) either by reducing the tariff notified or otherwise by giving any other concession, remission or reduction of any nature.

## **Part V: Competition Conditions**

### **28 Introduction of Competition in Retail Supply**

28.1 The Commission may, after consultation with the Licensee, Bulk suppliers or Retail Suppliers and Generating Companies, formulate arrangements for the introduction of competition in Retail Supply and/ or for open access of the Distribution System in the Area of Supply. These consultations will adhere to the principles of natural justice and will afford a reasonable opportunity to the affected parties to represent their perspectives in the matter.

28.2 Subject to paragraph 28.1, the Commission may, in accordance with the provisions of the *Act Central Act* and for reasons to be recorded in writing, issue such orders modifying or amending the terms or conditions of this Licensee as it shall consider appropriate for the purpose of implementing the arrangements referred to in this paragraph.

## **Part VI : Penalty**

### **29. Penalty for Contravention of Conditions of the Licence**

29.1 The Licensee shall be liable for action under *Sections 28, 37 and 38 and other* applicable provisions of the *Act Central Act* and the Regulations.

### **Schedule 1: Area of Distribution and Retail Supply**

The Area of Distribution and Retail Supply shall comprise the entire State of Uttarakhand. However, for any Cantonment, Aerodrome, fortress, Arsenal, Dockyard or Camp or any building or place in occupation of the Central Government for defense purposes the licence will cease to be effective to that extent if the Central Government has any objection to it at any time during validity of this Licence.