

BEFORE
THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION
LUCKNOW

Present:

1. Shri J.L. Bajaj, Chairman
2. Shri S.C. Dhingra, Member
3. Shri Arun Sarkar, Member

In the matter of:

Enhancement of Security Deposit.

And

In the matter of:

M/s Global Alloys Pvt. Ltd., Fatehpur, Malwa

---Petitioner

and

1. UP Power Corporation through its Managing Director, Shakti Bhawan, 14 Ashok Marg, Lucknow.
2. Executive Engineer, UP Power Corporation Limited, Electricity Distribution, Division, Fatehpur

----Respondents

Order

M/s Global Alloys Private Limited, Fatehpur Vs. UPPCL

M/s Global Alloys Private Limited, Fatehpur Malwa filed this petition on 23rd July, 2002, with the prayer that the demand notice of the respondents – UPPCL – dated 13-5-2002 be set aside and the direction be issued to the respondents that in future no such illegal demand notice be issued to harass the consumers.

2. The demand notice in question dated 13-5-2002 was issued requiring the petitioners to pay Rs. 44.61 Lakhs by way of enhanced security. Substance of the plea of the petitioners to challenge the validity of the demand notice is that the enhancement of security amount is a creation of revenue and revenue cannot be created by the licensee until and unless authorized by this Commission U/s 24 of the U.P. Electricity Reforms Act, 1999 and, as such, the demand notice, being not authorized by the Commission, is unauthorized and illegal. The petitioner also averred that with the implementation of the UP Electricity Reforms Act, 1999, applicable from 14th January, 2000, the provisions of section 49 of the Electricity Supply Act became over and hence the right of imposition of security itself became over in the State of U. P.
3. During the course of hearing, the learned advocate for the petitioners, invited attention to clauses 4.54.1 and 4.54.2 of the Uttar Pradesh Electricity Supply Code, 2002 (called 'Distribution Code'). These clauses of the Distribution Code relate to security deposit and, as per the provisions of these clauses, security deposit is required to cover the estimated power consumption for two months and that in case of enhancement of load, only additional security to cover the additional consumption shall need to be deposited. Further provision authorizes security amount to be revised as per the Tariff order and the licensee is given right to give notice to any consumer for deposit of additional security amount, which is meant to cover the estimated power consumption bill for two months based on the consumer's average monthly consumption for the preceding financial year.
4. The learned advocated for the petitioners had nothing to say about the right of the licensee to raise a demand for enhancement of the security amount, as per the provisions of clauses 4.54.1 and 4.54.2 and the only submission, which was eventually made, was that the Distribution Code came into force on 1st July, 2002 and the demand notice dated 13.5.2002, having been issued prior to the enforcement of the Distribution Code, is not valid according to law.
5. Faced with this situation, the UPPCL raised to revised demand notice dated 19-10-2002 for payment of enhanced security of Rs. 29.61 lakhs. The Correctness of the amount of enhanced security has not been

challenged on behalf of the petitioners and the plea of the demand notice, being not in accordance with the Distribution Code or against the Tariff Order of the Commission, falls to the ground because the demand notice is in accordance with the provisions of the Distribution Code and also within the ambit of Tariff Order of this Commission.

6. Accordingly, the petition merits to be dismissed with the direction, however, that the demand for enhanced security may be enforced as per the demand notice dated 19.10.2002. Order passed accordingly.

(Arun Sarkar)
Member

(S.C.Dhingra)
Member

(J.L.Bajaj)
Chairman

Dated 21st February, 2003

Lucknow.