

UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

Subject: Suo-Moto order regarding appointment of CESS as input based franchisee by MVVNL in its area of license.

Respondents

1. Managing Director, MVVNL, 4 A, Gokhle Marg, Lucknow
2. Administrator, Cooperative Electric Supply Society, 33/11 Sub station, Indralok Colony, Lucknow.

Order

1. Whereas it has come to the knowledge of Commission through news papers and a complaint filed by President, UP Rajya Vidyut Upbhokta Parishad Lucknow, regarding appointment of CESS by MVVNL for distribution of electricity under section 13 of the Electricity Act, 2003 as input based franchisee, for energy received at 33KV Sub-stations Sarojininagar, Kakori, Mall and Malihabad to the domestic, commercial, public institutions, industrial (large & heavy) and other category of consumers.
2. According to the copy of the agreement enclosed, the CESS shall purchase power from MVVNL after due approval by State Government and UPERC within one month of the application by the agreementing parties.
3. The agreement also says that for the year 2005-6, CESS had received 332.455 MU electrical energy, against which Rs.3862.4 lakhs was realized (including Rs.291.12 lakhs received directly from government departments). Therefore, the through rate of realization works out to Rs. 1.16 per unit, and considering 4% increase, a through rate of Rs 1.21 per unit has been estimated, of which, after deduction of Re. 0.19 per unit for expenses in the year 2006-7, the power purchase price works out to Rs. 1.02 per unit in favour of CESS, which has been approved by MVVNL, and shall be applicable as an interim power purchase rate for 2006-7. For subsequent

years, the Bulk Supply Tariff shall be set by UPERC through a separate petition. However, for 2006-7 also UPERC's approval shall be sought.

4. The agreement also envisages that CESS shall realize as per the tariff approved by UPERC fixed for each category of consumers, and on approval of agreement by UPERC, the agreement can be amended if required..
5. CESS shall also be held responsible to ensure conformance to ESC 2005, EA 2003 and other regulations from time to time and MVVNL shall not be held responsible for any such non-conformance by CESS with respect to electricity distribution related work by CESS.
6. Letter dated 4.9.06 from complainant, in reference to above subject, raises specific objections on following points:
 - (i) The agreement puts the responsibility on the franchisee instead of the licensee as to Redressal of grievances of the consumers or the safety standards not adhered to.
 - (ii) No where in the agreement the interest of the consumer has been watched and the franchisee has been held responsible if acting against the interest of the consumers.
7. The Commission examined the issue raised by complainant and observes that the matter requires legal examination before the agreement is actually implemented by the MVVNL and CESS.
8. The Commission directs MD, MVVNL, not to enforce the agreement with CESS until further instructions. As such MVVNL is directed to submit necessary documents for the approval of the Commission.

(R. D. Gupta)
Member

(P. N. Pathak)
Member

(Vijoy Kumar)
Chairman

Lucknow: 5.9.2006