



## VIDYUT OMBUDSMAN FOR THE STATE OF TELANGANA

First Floor 33/11 kV substation, Hyderabad Boats Club Lane  
Lumbini Park, Hyderabad - 500 063

:: Present:: **R. DAMODAR**

Wednesday, the Twenty Second Day of June 2016

Appeal No. 21 of 2016

Preferred against Order Dt. 20 -01-2016 of CGRF In

CG.No: 102 /2015 of Medak Circle

Between

M/s K.B. Rolling Mills Private Limited, Sy.No.94, Nandadeep, Flat No.313,  
3rd Floor, Petbasheerabad Village, Quthbullapur Mandal,  
RR District - 500 067. Cell No. 9391033606.

... Appellant

**AND**

1. The SAO/OP/Medak/TSSPDCL at Sangareddy.
2. The DE/OP/Toopran/TSSPDCL/Medak Dist.
3. The SE/OP/Medak Circle/TSSPDCL at Sangareddy.

... Respondents

The above appeal filed on 03.03.2016, coming up for hearing before the Vidyut Ombudsman, Telangana State on 10.05.2016 at Hyderabad in the presence of Sri. Ravi - for the Appellant Company and Sri. G. Srinivas - Sr.Assistant on behalf of SAO/OP/Medak, Sri. V. Prabhakar Reddy - AE/Comml./Toopran on behalf of DE/OP/Toopran for the Respondents and having considering the record and submissions of both the parties, the Vidyut Ombudsman passed the following;

**AWARD**

The Appellant is a consumer with HT SC No. SDPT-988 with earlier CMD of 4500 KVA. The Appellant sought deration of CMD from 4500 to 70 KVA due to market conditions. The CMD according to the Appellant was derated to 70 KVA w.e.f. 25.9.2015. The Appellant has Security Deposit of Rs 1,81,47,869/- with the DISCOM. The Respondents sent a bill dt.26.9.2015 for Rs 1,14,67,708/- for September,2015 along with APGPCL(AP Gas Power Corporation Ltd) bill. The Respondents have adjusted the said bill and demanded the Appellant to pay

Rs 1,05,70,105/- out of which, the Appellant paid 48,00,000/- and requested the Respondents to adjust the balance of Rs 57,70,105/- from the Security deposit available with the DISCOM as on 30.11.2015.

2. The Appellant stated that they have to maintain Security Deposit of Rs 70,000/- after deration of load to 70 KVA at Rs 1,000/- per KVA towards initial consumption deposit. The Appellant through a letter dt.3.12.2015 requested the 1st Respondent/SAO that the CC bill for October,2015 for Rs 85,46,296/-, after adjustment of APGPCL bill, be adjusted from the security deposit of Rs 1,81,47,869/-.

3. The Appellant further relied on Clause 5.9.4.2 of GTCS to state that the deration of CMD has to be effected from 23.9.2015 and claimed that the Respondents have disconnected the supply without adjusting the CC charges payable on 29.10.2015. The Respondents issued the CC bill for November,2015 for CMD of 4500 KVA without considering the derated CMD of 70 KVA. The Appellant stated that as per Clause 9 of Regulation 6 of 2014, when the supply agreement is terminated, the Respondents have to refund the excess consumption deposit after adjusting the outstanding amounts within one month and in case of delay, interest at twice the applicable rate has to be paid.

4. The Appellant lodged a complaint with the CGRF and sought:

- a) adjustment of billing amount of Rs 1,43,16,350/- of Sep and Oct,2015 as on 10.10.2015 from the total consumption deposit of Rs 1,81,47,869/-.
- b) issue of revised bill for Nov,2015 as per derated CMD 70 KVA w.e.f 29.10.2015 duly adjusting the APGPCL bill amount.
- c) refund of the balance amount after adjusting the Nov,2015 bill with interest upto the date of refund and
- d) revise the bills at 33 KV tariff rates.

5. The 1st Respondent/SAO submitted a reply dt.11.1.2016 stating that an application for deration from 4500 KVA to 70 KVA was received on 25.8.2015 at the Consumer Service Center and the CGM (commercial) issued orders for deration of CMD w.e.f. 25.9.2015 or from the date of fresh agreement for revised CMD of 70 KVA at 33 KV level whichever is later. The Appellant entered into a new

agreement for revised CMD of 70 KVA on 26.11.2015 and the inspection by the M&P wing was carried out on 1.12.2015. The 1st Respondent stated that thus, the deration of CMD was effected from 1.12.2015 and the test report was also received.

6. The 1st Respondent stated that the service was disconnected on 29.10.2015 for non payment of CC charges of Rs 1,22,01,886/- and 50% additional consumption deposit of Rs 18,05,093/-. The Appellant has Security deposit of Rs 1,81,47,869/- and requested the Respondents to adjust the September and October, 2015 bills against the available Security Deposit. The 1st Respondent stated that in the middle of the year CC bills cannot be adjusted from the security deposit and this fact has been communicated to the Appellant. It is further stated that CC bills can be adjusted only at the time of review of additional consumption deposit every year in the month of April.

7. The 1st Respondent further stated that the original bills for September and Oct,2015 issued for Rs 1,14,67,708/- and Rs 92,74,538/- were revised along with entitled quota of APGPCL and the bills were issued for Rs 1,08,82,592/- and Rs 89,81,263/- and further the difference between the two original and revised bills amounting to Rs 5,85,116/- and Rs 2,93,275/- have already been credited to the Appellant's ledger.

8. The representative of the Appellant pleaded for adjustment of Rs 1,43,16,350/- against CC bills of September and October,2015 and issue of revised bills for 70 KVA CMD from November,2015 onwards and further requested for refund of the balance security deposit duly revising the CC charges bill at 33 KVA tariffs and for immediate restoration of the power

9. The 1st Respondent reiterated what has been stated in the letter dt.11.1.2016.

10. On the basis of the material on record and contentions, the CGRF passed the following order:

**“ as there is much difference between the original CMD of 4500 KVA and derated CMD of 70 KVA and is not likely enhancing the load by the consumer in the near future. It is felt that there is no need for considering the review of ACD requirement in routine i.e. in April, as in case of regular consumer.**

In view of the above observations, the Forum directs the Respondents to immediately adjust the pending bills of the consumer from out of the excess Security Deposit available with the DISCOM. The Respondents are also directed to restore the supply to the consumer's premises immediately and compliance reported to the Forum within 7 days."

through the impugned orders.

11. Aggrieved and not satisfied with the impugned orders, the Appellant preferred the present Appeal seeking :

- a) adjustment of balance amount of Rs 1,43,16,350/- representing bills of September and October,2015 as on 10.10.2015 and 10.12.2015 out of total consumption deposit of Rs 1,81,47,869/-.
- b) revise the bill for November,2015 onwards as per derated CMD of 70 KVA w.e.f. 29.10.2015 duly adjusting APGPCL entitled quota.
- c) return the balance amount after revising the Nov,2015 billing month, with interest as on date of refund.
- d) raise the bills at 33 KV tariff rates.
- e) pay compensation as per Clause 2.56 of Regulation 3 of 2015.
- f) restore power supply immediately.

12. The 1st Respondent through a written submission dt.26.4.2016 stated that the CGM(Comml.) issued orders for deration of CMD from 4500 to 70 KVA w.e.f. 25.9.2015 or from the date of fresh agreement for revised CMD of 70 KVA at 33 KV level whichever is later. A new agreement for revised CMD of 70 KVA was executed on 26.11.2015 with the 2nd Respondent DE and inspection was made by M&P wing on 1.12.2015 and thus deration of CMD was effected from 1.12.2015.

13. The 1st Respondent further stated that the CGM(Comml.) gave approval for adjustment of available security deposit of Rs 1,81,47,869/- against arrears of Rs 2,69,95,031/- as on 02/2016. And amount of Rs 1,05,000/- as security deposit was kept for existing load of 70 KVA and the balance amount of security deposit was adjusted against the arrears.

14. Efforts made for mediation have not been successful, as the parties have no points of agreement on the issues. On the basis of the material on record, the following issues arise for determination:

- 1) Whether the Appellant is entitled for revision of bills for the months of November and December,2015 from 4500 KVA of CMD to derated CMD 70 KVA?
- 2) From what date the derated CMD of 70 KVA came into effect?
- 3) Whether the Appellant is entitled to payment of compensation for delayed or non implementation of the orders of the CGRF within Time?
- 4) Whether the impugned orders are liable to be set aside?

### Issues 1 & 2

15. The Appellant has applied for deration of CMD from 4500 KVA to 70 KVA temporarily at 33 KV level through application dt.21.8.2015 addressed to the ADE/OP/Toopran with acknowledgement on 23.8.2015 and registered in consumer service center on 25.8.2015 vide reference No. HT 60811252. The CGM(Commercial) approved the request through letter No. CGM(Comml.)/SE/SC DE(c)/ADE-III/F.Deration/D.No. 1635/15 dt.30.9.2015 ordering deration of CMD from 4500 KVA to 70 KVA at 33 KV level **w.e.f. 25.9.2015/or from the date of agreement of the revised CMD 70 KVA at 33 Kv level whichever is later** by treating the letter of the Appellant dt.25.8.2015 as one month's notice. Accordingly, an agreement was concluded between the parties on 26.11.2015. The meters and protection wing inspected the service on 1.12.2015 and thus the deration was effected on 1.12.2015. The reasons for not entering into agreement for derated KVA from 30.9.2015 to 26.11.2015 is not explained by the Appellant, when CGM (comml.) specifically intimated the Appellant through letter dt.30.9.2015 that deration would be effective from 25.9.2015 or from the date of Agreement for revised CMD 70 KVA level whichever is later.

16. The Appellant is particular about date of deration and is relying on amended clause 5.9.4.2 of GTCS which is as follows:

**“5.9.4.2:** Deration of CMD or Termination of Agreement in respect of HT Supply: The consumer may seek reduction of contracted maximum demand or termination of the HT Agreement after the expiry of the minimum period of the Agreement by giving not less than **one month notice** in writing expressing his intention to do so. However, if for any reason the

consumer chooses to derate the CMD or terminate the Agreement, before the expiry of the minimum 2 year period of the Agreement, the CMD will be derated or the Agreement will be terminated with effect from the date of expiry of the initial 2 year period of the Agreement or after expiry of one month notice period whichever is later. The Company can also terminate the HT agreement, at any time giving one month notice if the consumer violates the terms of the HT Agreement, or the GTCS or the provision of any law touching the Agreement including the Act and rules made thereunder, and AP Electricity Reforms Act, 1998. On termination of the HT Agreement, the consumer shall pay all sums due under the Agreement as on the date of its termination.”

The Appellant is relying on the above Clause claiming that the deration ought to have commenced from one month after his letter dt.25.08.2015 addressed to ADE/OP/Toopran for deration.

17. The Respondents filed copy of agreement dt.26.11.2015 for derated CMD of 70 KVA at 33 KV level entered between the Appellant and the 2nd Respondent and test report of M&P wing. The Respondents are also relying on copy of the letter dt.30.09.2015 of CGM(Comml.) addressed to the Appellant to state that the derated CMD of 70 KVA would come into effect after execution of a fresh agreement, as indicated in this letter.

18. It is appropriate to repeat the relevant contents of letter dt.30.9.2015 of the CGM(Comml.) addressed to the Appellant. The Appellant was informed that the TSSPDCL accorded approval for deration of CMD from 4500 KVA to 70 KVA AT 33 KV level w.e.f. 25.9.2015 or from the date of agreement for the revised CMD 70 KVA at 33 KV level whichever is later, by treating the letter dt.25.8.2015 of the Appellant as one month notice as per the amendment issued by the APERC vide proceedings No. APERC/Secy/96/2014 dt.31.5.2014 in terms of Clause of 5.9.4.2 of GTCS with suitable metering arrangements subject to certain condtions. When the Appellant was informed in clear terms that deration would be carried out from the date of the fresh agreement, the contention of the Appellant that deration ought to have been affected one month after his application dt.25.8.2015, on the face of it cannot be accepted. Why the Appellant took 49 days till 26.11.2015 to get the agreement executed, is not explained. The Appellant purchased the stamp papers for the agreement on 13.10.2015 and signed the agreement on 23.11.2015. The Appellant addressed a

letter dt.23.11.2015 to R2/DE/Toopran seeking approval 'for entry of HT agreement for the 70 KVA CMD to the M/s K.B. Rolling Mills Pvt Ltd' which makes the Appellant alive to the delay in the matter. The Appellant is more affected by the delay and he is not forthcoming to explain the delay. The Respondents also took 5 days from 26.11.2015 to get the inspection from M&P wing carried out on 1.12.2015. There is no question about the issue of completion of 2 years agreement, as it was already completed. The deration of CMD of 70 KVA has to be enforced only after concluding the revised agreement dt.23.11.2015 and therefore, the claim of the Appellant that the deration ought to have been affected about one month after 25.8.2015 cannot be accepted and such claim is untenable. It is also important to note that till the revised agreement for derated CMD of 70 KVA came into effect , it is natural that the earlier agreement for 4500 KVA would be active till such period and all consequences related to billing would follow till the date of revised agreement dt 26.11.2015. The revised derated CMD would come into effect from 26.11.2015 and the consequences related to billing should be according to the revised CMD of 70 KVA from the date of fresh agreement. Both the issues are answered accordingly.

19. **Issue No.3** The Appellant is seeking billing for CMD of 70 KVA at 33 KV level, which is now being drawn and whereas, the CGM(Comml.) through a letter dt.30.9.2015 directed billing at 11KV level until the CMD is restored to 1501 KVA. The Respondents are insisting on billing of CMD 70 KVA at 11 KV instead of 33 KV level the Appellant has been drawing the energy.

20. The Appellant is claiming tariff at 33 KV level than at 11KV level towards energy charges, because of lower tariff for the power drawn at 33 KV level as shown in the Tariff Order 2015-16.

Clause 5.1.1. HT-1(A) Industry - General of Tariff Order 2015-16 is as follows:

5.1.1 HT - 1(A) INDUSTRY - GENERAL of Tariff Order

Demand Charges and Energy Charges		
Voltage of Supply	RS/KVA/month of Billing Demand	Energy Charges Rs/kVAh*
132 kV and above	370	5.10
33kV	370	5.60
11 kV	370	6.00
* Rs 1.00/kVAh Time of Day Tariff is leviable on energy consumption during the period from 06.00 PM to 10.00PM, in addition to the normal energy charges at respective voltages.		

21. The Clause 6(3) HT supply - General Conditions of the Tariff Order specifies the voltage at which the supply has to be availed:

### **Voltage of supply**

The voltage at which supply has to be availed by:

(i) HT consumers, seeking to avail supply on common feeders shall be: For total contracted demand with the licensee and all other sources.

Upto 1500 KVA	11KV
1501 KVA to 5000KVA	33KV
Above 5000 KVA	132 KV or 220 KV as may be decided by licensee.

(ii) HT consumer seeking to avail supply through independent feeders from the substations where transformation to required voltage takes place shall be:

For total contracted demand with the licensee and all others sources.

Upto 2500 KVA	11KV
2501 KVA to 10,000 KVA	33KV
Above 10000 KVA	132 KV or 220 KV as may be decided by licensee.

The relaxations are subject to the fulfillment of following conditions:

- I. The consumer should have an exclusive dedicated feeder from the substation where transformation to required voltage takes place.
- II. The consumer shall pay full cost of the service line including take off arrangements at substation.
- III. In case of HT-I, HT-II and HT-III consumers categories, for whom the voltage wise tariff is applicable, **the Licensee shall levy the tariff as per the actual supply voltage.**

22. It is clear from the record that the service connection was released for CMD of 4500 KVA under 33 KV level of supply duly erecting 33KV network. On the request of the Appellant, CMD was derated from 4500 KVA to 70 KVA. Still the Appellant has been getting supply from the existing 33 KV network. The revised agreement dt. 26.11.2015 concluded for derated 70 KVA speaks of 33 KV level of supply with no mention of 11KV billing.

23. The Tariff Order 2015-16 under Clause 6(3) of HT General Conditions specifically directs the Tariff rates applicability as per the voltage based tariff, that is the licensee shall levy the tariff as per the **actual supply voltage**. The



appellant is now availing supply (even though the load is derated to 70 KVA at 33 KV level) the billing tariff at 11KV rates is not applicable, in view of the facility given under Clause 6(3) to the Appellant that **the licensee shall levy the tariff as per the actual supply voltage**. Therefore, the Appellant's service shall be billed as per the tariff rates prescribed in the tariff order under the 33 KV level of supply. It is also clear that the letter of CGM(Comml.) dt.20.9.2015 informing the Appellant that the billing shall be done at 11KV level until the CMD reverts to 1501 KVA is totally against the mandate of the Tariff Order. The issue is answered in favour of the Appellant.

24. **Issue No.3:** Compensation: The Appellant is seeking compensation from the Respondents for delay in activating the deration of supply at 70 KVA as per Clause 2.56 of the regulation 3 of 2015. This provision is relating to compensation for non compliance of the orders of the CGRF. The delay in getting the deration regularised is on the part of the Appellant itself. The Appellant has applied for deration of CMD from 4500 KVA to 70 KVA through an application dt.21.8.2015 which was registered in Consumer Service Center on 25.8.2015 and acknowledged by ADE on 23.8.2015. The CGM(Comml.) approved the request through a letter dt.30.9.2015 ordering deration from 25.9.2015 or from the date of agreement of the revised CMD at 70 KVA at 33 KV level whichever is later by treating the letter of the Appellant dt.25.8.2015 as one month's notice. The Appellant purchased the required stamps on 13.10.2015 and got the the agreement executed on 26.11.2015. The delay in getting the agreement executed, it is clear from the documents, is on the part of the Appellant. In spite of the letter of the CGM(Comml) dt.30.9.2015 addressed to the Appellant cautioning about deration coming into effect from 25.9.2015 (by this date there was no agreement) or from the date of agreement for revised CMD 70 KVA at 33 KV level whichever is later, the Appellant kept quite and has not taken any steps to get the agreement entered with the DISCOM for the derated CMD of 70 KVA at 33 KV. If such is the situation, until the fresh agreement is signed/executed, the earlier supply of CMD 4500 KVA at 33 KV level would continue to operate and the billing also would follow. Therefore, the claim of the Appellant that the delay in getting the CMD of 4500 KVA derated to 70KVA at 33 KV level is because of the inaction of the DISCOM, does not stand to scrutiny. Therefore, the Appellant is not entitled to any compensation on this aspect vis-a-vis the order of the CGRF. The issue is answered against the Appellant.

25. **Issue No.4:**The impugned orders are silent on all aspects of this case. There is no proper application of the provisions of the Tariff Order and the order does not disclose application of mind to the facts and therefore, unsustainable.

26. In view of the findings on issues 1 to 4, the Appeal is allowed in part holding that:

- i. the derated CMD of 70 KVA came into effect from the date of fresh agreement i.e. 26.11.2015.
- ii. the billing for the derated CMD of 70 KVA shall be at 33 KV level of supply and not at 11kv supply w.e.f from 26.11.2015.
- iii. there shall be no order as to compensation.
- iv. the impugned orders are set aside.

26. This award shall be implemented within 15 days of its receipt at the risk of penalties as indicated in clauses 3.38, 3.39, and 3.42 of the Regulation No. 3/2015 of TSERC.

Typed by CCO, Corrected, Signed and Pronounced by me on this the 22nd day of June, 2016.

Sd/-

**VIDYUT OMBUDSMAN**

1. M/s K.B. Rolling Mills Private Limited, Sy.No.94, Nandadeep, Flat No.313, 3rd Floor, Petbasheerabad Village, Quthbullapur Mandal, RR District - 500 06 Cell No. 9391033606.
  2. The SAO/OP/Medak/TSSPDCL at Sangareddy.
  3. The DE/OP/Toopran/TSSPDCL/Medak Dist.
  4. The SE/OP/Medak Circle/TSSPDCL at Sangareddy
- Copy to:**
5. The Chairperson, CGRF -1, TSSPDCL, GTS Colony, Vengal Rao Nagar, Erragadda, Hyderabad.
  6. The Secretary, TSERC, 5th Floor, Singareni Bhavan, Red Hills, Hyderabad.