

THE TELANGANA STATE ELECTRICITY REGULATORY COMMISSION

Distribution Licence Regulations

Regulation No. of 2016

The Commission being vested with the powers to grant a Licence under the Electricity Act, 2003 (Act No.36 of 2003) in the state of Telangana is required to make regulations, in particular, providing for the following matters, namely: (a) period to be specified under the first proviso to section 14; (b) the form and the manner of application under sub-section (1) of section 15; (c) the manner and particulars of application for licence to be published under subsection (2) of section 15; (d) the conditions of licence including deemed licence under section 16; (e) the manner and particulars of notice under clause (a) of sub-section (2) of section 18; and (f) publication of the alterations or amendments to be made in the licence under clause (c) of sub-section (2) of section 18.

In exercise of the powers conferred under Section 181(2) read with Sections 15, 16 and 18 of the Electricity Act, 2003 (36 of 2003) and all powers enabling it in that behalf, the Telangana State Electricity Regulatory Commission hereby makes the following Regulation, namely:

CHAPTER-1

Preliminary

1. Short Title, Extent and Commencement

i) This Regulation shall be called the Telangana State Electricity Regulatory Commission (Distribution Licence) Regulation, 2016.

ii) This Regulation shall apply to a Distribution Licensee including a deemed Licensee in the State and in respect of all applications for Distribution Licence, including applications pending before the Commission at the date of publication of this Regulation.

iii) This Regulation shall also be applicable to a Distribution Licensee who was granted a Licence under the AP Electricity Reform Act, 1998.

iv) This Regulation shall come into force with effect from the date of its publication in the Telangana State Gazette.

CHAPTER-2

General

2. Definitions, Interpretation and Review

2.1. Definitions:

In this Regulation, unless the context otherwise requires: -

(1) “Accounting Statement” means for each financial year, accounting statements for the Licenced Business comprising of:

(i) Balance sheet, prepared in accordance with the form contained in Part I of Schedule III of the Companies Act, 2013;

(ii) Profit and Loss account, complying with the requirements contained in Part II of Schedule III to the Companies Act, 2013;

(iii) Cash flow statement, prepared in accordance with the Accounting Standard on Cash Flow Statement (AS-3) of the Institute of Chartered Accountants of India from time to time;

(iv) Report of the statutory Auditor of the Distribution Licensee;

(v) Cost records prescribed by the Central Government under Section 148 of the Companies Act, 2013, together with notes thereto and a statement of sources and application of funds, and such other supporting statements and information as the Commission may direct from time to time.

Provided that any local authority engaged in the business of electricity, the Accounting Statement shall mean the items at (i) to (v) prepared and maintained

in accordance with the relevant Acts or Statutes as applicable to such a local authority.

- (2) “Act” means the Electricity Act, 2003 (36 of 2003);
- (3) “Annual Accounts” means the accounts / Books of Account of the Distribution Licensee / Deemed Licensee prepared in accordance with the provisions of the Companies Act, 2013 and/or in such other manner as may be directed by the Commission from time to time;
- (4) “Applicant” means a person who has made an application to the Commission for grant of a Distribution Licence or a Deemed Licence;
- (5) “Area of Distribution” or “Area of Supply” means the area stated in the Distribution Licence within which a Distribution Licensee is authorized to operate and maintain a Distribution System for supplying electricity to the consumers in its/his area of supply;

Provided that area of supply in respect of a deemed licensee shall be the whole area of supply within which the deemed licensee is authorised to supply electricity in the Special Economic Zones (SEZ) notifications issued by the Ministry of Commerce & Industry, Government of India under sub-Section (1) of Section (4) of the Special Economic Zones, Act, 2005.
- (6) “Auditor” means the distribution licensees’ auditor(s) holding office in accordance with requirements of Sections 139 to 147 of the Companies Act, 2013 or the distribution licensee is not a limited company, the Auditor as may be directed by the Commission.
- (7) “Authorised” in relation to any Person, business or activity, means authorised by licence granted under Section 14 of the Act or deemed to be granted under the first, second, third and fifth provisos to Section 14 of the Act or exemption granted under Section 13 of the Act and the regulations of the Commission;
- (8) “Bulk Supply” means the supply of electricity by a Licensee to an Authorised Person for Distribution and/or Retail Supply;

- (9) “Commission” means the Telangana State Electricity Regulatory Commission;
- (10) “Deemed Licensee” means a person authorised under the first, second, third and fifth provisos to section 14 of the Act to operate and maintain a distribution system for supply of electricity to the consumers in his / its area of supply and shall also include a developer who has been authorised under clause (b) of Section 14 of the Act by virtue of the notification No.S.O.528(E) Dated 03-03-2010 issued by the Government of India under Section 49 of the Special Economic Zones Act, 2005 as a Licensee to operate and maintain a distribution system for supplying electricity to the consumers in its / his area of supply as specified in the SEZ Notification;
- (11) “Distribution” means the conveyance or wheeling of electricity by means of a Distribution System;
- (12) “Distribution Business” means Authorised business of a Distribution Licensee to operate and maintain a Distribution System for supplying electricity to the consumers in the Area of Supply;
- (13) “Distribution Licensee” means a person authorised by a “Distribution Licence” to operate and maintain a distribution system for supply or conveyance or wheeling of electricity to the consumers in his / its area of supply and shall include a Deemed Licensee;
- (14) “General Conditions” means General Conditions of a Distribution Licence as specified in this Regulation;
- (15) “Licence” means a licence granted under Section 14 of the Act;
- (16) “Licensed Business” means the business of Distribution or Retail Supply of electricity as authorised under a Distribution Licence;
- (17) “Major Incident” means an incident associated with the Distribution of electricity which results in a significant interruption of service or substantial damage to equipment or loss of life or significant injury to human beings or

as otherwise specified by the Commission and shall also include any other incident which the Commission declares to be a major incident;

- (18) “Operational Control” means possessing the authority to make operational decisions such as commissioning and utilisation of service lines and equipment;
- (19) “Other Business” means any business of a Distribution Licensee other than the Licensed Business which is undertaken for optimum utilization of its assets with prior intimation to the Commission;
- (20) “Performance Standards” means the standards of performance of a Distribution licensee specified by the Commission in accordance with the Act or Regulation made thereunder;
- (21) “Reform Act” means the Andhra Pradesh Electricity Reform Act, 1998.
- (22) “Regulation” means the regulation made by the Commission under the provisions of the Act;
- (23) “Retail Supply” means the supply of electricity to any consumer by a Distribution Licensee including a Deemed Licensee within its area of supply and the words “Retail Supplier” and “Retail Supply Business” shall be construed accordingly in that context;
- (24) “Specific Conditions” means the conditions, which are in addition to the General Conditions and not in derogation thereof, which the Commission may lay down specifically for a Distribution Licensee or class of Licensees or a Deemed Licensee or class of Deemed Licensees;
- (25) “State” means the State of Telangana;
- (26) “State Grid Code” means the grid code specified by the Commission, covering all material technical aspects relating to connections to and the operation of the Grid, and use of a Distribution System, or (in so far as relevant to the operation and use of a Distribution System) the operation of electric lines and

electrical plant connected to the Distribution System, the Distribution Systems, or the system of any Supplier;

- (27) “Secretary” means the Secretary of the Commission;
- (28) “Transfer” means the imposition or creation of any lien, charge or encumbrance on, or security interest in, any part thereof pursuant to the provisions of any contract, undertaking or agreement or grant of any encumbrance or otherwise permitting of any encumbrance to subsist or parting with physical possession or any other disposition or dealing;
- (29) “User” means any person who uses the Distribution System.
- (30) “Year” means a period of twelve months from 1st April of a calendar year to 31st March of the following calendar year;

2.2 Interpretations

a) The Words and expressions used and not defined in this Regulation but defined in the Act shall have the meanings assigned to them in the Act. Expressions used herein but not specifically defined in this Regulation or in the Act but defined under any law passed by a competent legislature and applicable to the electricity industry in the state shall have the meaning assigned to them in such law.

b) In the interpretation of this Regulation, unless the context otherwise requires:

(1) words in the singular or plural term, as the case may be, shall also be deemed to include the plural or the singular term, respectively;

(2) references herein to the Regulation shall be construed as a reference to this Regulation as amended or modified by the Commission from time to time in accordance with the applicable laws in force;

c) the headings are inserted for convenience and may not be taken into account for the purpose of interpretation of this Regulation;

d) references to the statutes, regulations or guidelines shall be construed as including all statutory provisions consolidating, amending or replacing such statutes, regulations or guidelines, referred to.

2.3 Review

This Regulation may be reviewed by the Commission from time to time, inter alia, for securing harmonization with the regulation of open access and/or to cater to the needs of developing power markets, in accordance with Section 66 of the Act.

CHAPTER-3

Procedure for Grant of Distribution Licence

3. All proceedings under this regulation shall be governed by the Telangana State Electricity Regulatory Commission (Conduct of Business) Regulation, as amended from time to time.

4. Eligibility Conditions or Disqualifications:

4.1 The Commission may specify eligibility conditions and disqualifications for being entitled to grant of a licence.

4.2 Notwithstanding the generality of the foregoing, no applicant shall be qualified for grant of a licence under this Regulation, where, the Commission is of the opinion that conditions or circumstances exist that cast a doubt on the ability of the Applicant to perform its duties and obligations under the Act.

Explanation - For the purposes of this Regulation, “conditions or circumstances” shall mean and include cases of conviction of the applicant or any of its group concerns or its partners, directors or promoters by a Court of Law or indictment or adverse order by a regulatory authority or which relates to a grave offence of such a nature that it outrages the moral sense of the community; insolvency and bankruptcy of the applicant or any of its group concerns or its partners, directors or promoters; pending legal proceedings; conviction of an offence involving moral turpitude, or any economic offence; fraudulent and unfair trade practices or market manipulation; financial integrity; competence; reputation and character, and any other sufficient reasons.

Provided that the Commission may direct an applicant to furnish with its application, an undertaking in such form and accompanied by documents and information, as may be stipulated by the Commission from time to time.

Provided further that no application for grant of a licence shall be rejected unless such applicant has been given an opportunity of being heard.”

5. Procedure for grant of Licence

5.1 Application for Grant of Distribution Licence

5.1.1 The application for grant of a Distribution Licence shall be submitted to the Commission in the form specified in Schedule - I of this Regulation, and shall be accompanied by an application fee as prescribed by the State Government. Such a fee shall be payable by way of a Bank Draft or a Pay Order drawn in favour of the Secretary, Telangana State Electricity Regulatory Commission.

5.1.2 The application for grant of Licence shall be signed by the applicant and addressed to the Secretary and shall be submitted in the same manner for filing of a petition and as set out in the Conduct of Business Regulations of the Commission as in force from time to time.

5.1.3 The every application for grant of a Distribution Licence shall be filed in Five (5) sets along with the enclosures there-to and shall also submit the application in digital form as recognised by the Information Technology Act, 2000.

5.1.4 The Applicant shall post the complete application along with enclosures on its own website or where it does not have such website; on any other website and provide access to the application through the Internet.

5.2 Receipt and Acknowledgement of Application

Upon receipt of the application for grant of a Distribution Licence, the Secretary of the Commission shall enter the particulars thereof in a register to be maintained for this purpose and allot a reference number to the application. The Secretary shall send an acknowledgement to the Applicant at the address stated in the application including the date of receipt and the reference number.

5.3 Scrutiny of Application and calling for additional information

5.3.1 The Commission or the Secretary or any Officer designated for the purpose by the Commission may, upon scrutiny of the application, and, as far as practicable, within a period of thirty (30) working days from the date of receipt of application, require the applicant to furnish such additional information or particulars or documents as considered necessary for the purpose of considering the application.

5.3.2 On being satisfied that the application is complete and accompanied with all the requisite information, particulars and documents and is in compliance with all requirements, the Commission or the Secretary or the Officer designated for the purpose by the Commission, shall intimate the applicant, to initiate the process of publishing a notice of the application for grant of a licence in accordance with the procedure under the Act and this Regulation.

6. Public Notice of Application

6.1 An Applicant shall, within seven days after the date of intimation under Rule 5.3.2, publish a notice in one English and two Telugu daily newspapers having a wide circulation in the area of Distribution for which the Licence is sought, with the following particulars, namely: -

a) Name of the Applicant in bold at the top clearly bringing out whether the Applicant is an individual, or a partnership firm registered under the Indian Partnership Act, 1932 (9 of 1932), or a private limited company or a public limited company, incorporated under the Companies Act, 2013, or any other incorporated or unincorporated body giving full particulars of its office address and also the registered office address, if any;

b) A statement that the Applicant has submitted an application to the Commission for grant of a Distribution Licence under Section 15 of the Act;

c) Proposed Area of Distribution Licence;

d) Legal status of the Applicant, shareholding pattern (in case of a company), Management profile, Financial and technical strength, summary of activities and past experience in similar activities;

e) A statement to the effect that the application and other documents filed before the Commission from time to time, are available with the Applicant for inspection by any person;

f) The names, addresses and other necessary details of the person(s) nominated by the applicant in major cities or towns of area of proposed distribution licence, who can make available for inspection, the application and other documents or from whom they can be purchased in person, or by post at a reasonable charges, not exceeding photocopying charges;

g) Brief particulars of the proposed Distribution Licence;

h) In respect of a licence for cases falling under the sixth proviso to section 14 of the Act, the applicant shall submit a statement along with necessary particulars which corroborate that the applicant has complied with the requirements as may be prescribed by the Central Government under the said provision of the Act;

i) A statement to the effect that the completed application is available on the website of the Applicant and can be downloaded free of cost; and

j) A statement of objections, if any, may be filed before the Secretary, Telangana State Electricity Regulatory Commission within 30 days of publication of the notice giving the address of office of the Commission.

Provided that the Applicant may request the Commission to permit it to refrain from publishing any of the above information in order to protect its business interests or rights in intellectual property with sufficient and reasonable grounds and the Commission may grant or reject such a request after due consideration.

Provided further that the Applicant may be required to publish, in the manner specified, a non-confidential summary of the above information.

6.2. In addition, the Commission may direct that a notice of the application be served on any designated representative of the Central Government, the State

Government, any local authority or any other authority or person or body as the Commission may deem it appropriate.

6.3 The Applicant shall, within seven (7) days from the date of publication of the notice submit to the Commission an affidavit, the details of the notice published, and shall also file relevant copies of the newspapers in which the notices were published.

7. Public Inspection of Application and Documents

7.1 From the date of publication of notice in accordance with the Rule 6 of this Regulation, the Applicant shall make available at its own office and the office/s of its agents (if any) and shall also with every local authority as may be specified by the Commission from time to time, copies of the application and all the documents submitted therewith.

7.2 The Applicant shall furnish, to all persons, printed copies of its application, together with the attachments thereto, at a reasonable cost of photocopying such material.

8. Objections and Suggestions

8.1 Any person intending to object or suggest to the grant of the Distribution Licence shall file objections or suggestions within 30 days from the date of issue of the first advertisement referred to in Rule 6. The objections or suggestions shall be addressed to the Secretary of the Commission, with a copy to the Applicant.

8.2 Where an objection is received from any local authority concerned, the Commission shall, if in its opinion the objection is untenable, record the opinion in writing and communicate it to such a local authority along with reasons therefor.

8.3 Upon receipt of such objections or suggestions, the Secretary or the designated officer shall imprint the reference number of the concerned application for grant of Distribution Licence on the same and shall place such objections in the file relating to the concerned application, and also post the same on the Commission's website.

8.4 The Applicant shall submit comments on the objections or suggestions received in response to the notice under Rule 6 within fifteen (15) days of expiry of 30 days' notice mentioned in clause 8.1.

8.6 Where an application is for a Distribution Licence for an area including the whole or any part of any cantonment, aerodrome, fortress, arsenal, dockyard or camp or of any building or place in the occupation of the Central Government for defence purposes, before granting Distribution Licence, the Commission shall ascertain that there is no objection, on the part of the Central Government, for grant of such Distribution Licence.

Provided that in case there is no response from the Central Government in this regard, the Commission may, at its discretion, proceed further in accordance with Law.

9. Local Inquiry

9.1 The Commission may, if it considers necessary upon a perusal of the objections and/or comments thereon, or at any time during the course of proceedings for the grant of a Distribution Licence, cause a local inquiry to be held, of which a notice in writing shall be given to the Applicant and the objector.

9.2 Where a local inquiry is ordered and held under clause 9.1, the Commission shall, in its order requiring the local inquiry, or by further order in writing, specify the time within which the local inquiry is to be completed.

Provided that the Commission may for the reasons to be recorded in writing, extend the time fixed by it for the local inquiry.

9.3 Where a local inquiry is ordered and conducted under clause 9.1, a memorandum of the results of the said local inquiry shall be prepared and shall be signed by the Applicant, the officer or person designated for the purpose of carrying out the inquiry and such other person as the Commission may direct.

9.4 The results of the local inquiry shall be considered by the Commission while hearing the application for the grant of Distribution Licence.

10. Hearing of Application and Grant of Distribution Licence/Refusal

10.1 After compliance by the Applicant of all the conditions pertaining to the submission of documents, obtaining of permissions and publication of notices and after the expiry of the time for receiving objections, the Commission may proceed further to consider the objections and replies of the Applicant there to.

10.2 After inquiry, if any, and hearing of the applicant, if conducted, the Commission may decide to grant or to refuse a Distribution Licence.

10.3 Refusal of Distribution Licence:

Where the Commission is not inclined to grant a Distribution Licence, it shall record in writing, the reasons for rejection, if such application does not conform to the provisions of the Act, Reform Act, Rules or Regulations made thereunder, or the provisions of any other law for the time being in force.

Provided that no application shall be rejected unless the applicant has been given an opportunity of being heard.

The Secretary of the Commission shall inform the applicant of the refusal of Distribution Licence along with the reasoned Order of the Commission.

10.4 Grant of Distribution Licence

Where the Commission is inclined to grant a Distribution Licence, the Commission shall publish a notice of its proposal to grant the Distribution Licence in two such daily newspapers, as the Commission may consider it appropriate, stating the name and address of the person to whom it proposes to issue the Distribution Licence, with such other details as the Commission considers appropriate. The Commission shall consider all suggestions or objections received before granting the Distribution Licence.

10.5 When the Commission has approved a licence, the Secretary shall inform the Applicant, within fourteen (14) days of the date of grant of approval, of such approval in the form specified in schedule 3 or in such other form as the Commission

may direct from time to time with the conditions to be satisfied by the Applicant, including the fees to be paid for the grant of the Distribution Licence.

10.6 The Commission shall, as far as practicable, grant the Distribution Licence or reject the application seeking grant of a Distribution Licence, within ninety days from the date of receipt of the application.

11. The deemed licensee shall make an application in the form specified in Schedule-2 to the Commission to get identified as the deemed Licensee.

Provided that nothing in Rules 4 to 11 shall apply to a deemed licensee.

12. Application for grant of a Distribution Licence in the area of supply of an existing Distribution Licensee

A person applying for grant of a licence for distribution of electricity through his own distribution system within the same area of supply of an existing Distribution Licensee shall, in addition to the provisions of Rules 4 to 11 of this Regulation, comply with “Distribution of Electricity Licence (additional requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005” (known as Capital Adequacy Rules) issued by the Central Government.

13. Deemed Licensee and application of Capital Adequacy Rules

A person who makes an application to get identified as a deemed licensee in the form specified in Schedule-2 under sub-section (b) of Section 14 shall also comply with the “Distribution of Electricity Licence (additional requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005” issued by the Central Government other than the ‘explanation’ to Rule 3 of such Rules.

14. Commencement and Duration of the Distribution Licence

The Distribution Licence including a deemed licence shall commence from such date as the Commission may specify and shall be valid for a period of twenty-five (25) years from the date of its commencement, unless it is duly suspended or revoked by the Commission.

15. Deposit of Maps

When a Distribution Licence including a deemed licence has been granted, three sets of maps of the proposed Area of Licence on a scale of not less than 10 cm to a km or such other scale as may be approved by the Commission in a specific case, shall be signed by the Secretary and dated to correspond with the date of the notification of the grant of the Distribution Licence. One set of the maps shall be deposited with the Commission and the other two sets shall be given to the Distribution Licensee.

16. Deposit of Copies of Distribution Licence

16.1 Every person who is granted a Distribution Licence / a deemed licence shall within thirty days of the grant thereof:

- a) have adequate number of copies of the Distribution Licence printed;
- b) have adequate number of maps prepared showing the Area of Licence;
- c) arrange to exhibit a copy of such Distribution Licence / Deemed Licence and maps for public inspection during work hours at its head office, its local office/s (if any) and at the office of every local authority within the Area of Licence.

16.2 Every Distribution Licensee including a deemed licensee shall, within the aforesaid period of thirty days, supply free of charge, one copy of the Distribution Licence and the relevant maps to every local authority, as may be specified by the Commission in this regard within the Area of Licence and shall also make necessary arrangements for the sale of printed copies of the Distribution Licence to all persons applying for the same, at a price not exceeding normal and reasonable photocopying charges per copy.

17. Amendment or Modification of a Distribution Licence / Deemed Licence

17.1 Where in its opinion the public interest so requires, the Commission may, on the application of the Distribution Licensee including Deemed Licensee or of a local authority concerned or otherwise, make such amendments or modifications in the

terms and conditions of a Distribution Licence as it thinks fit, having regard to the object and purposes of the Act:

Provided that no such amendments or modifications shall be made, except with the consent of the Distribution Licensee including Deemed Licensee, unless such consent has, in the opinion of the Commission, been unreasonably withheld.

17.2 Where a Distribution Licensee or a Deemed Licensee has made an application for amendment or modification of its Distribution Licence, the Distribution Licensee/ Deemed Licensee shall, within seven (7) days of making such application, publish a notice in one English and two Telugu daily newspapers having a wide circulation in the area of operation of Distribution Licence sought to be amended or modified giving the following particulars:

- a) Brief details of existing Distribution Licence/ Deemed Licence;
- b) Proposed amendments or modifications to the existing Distribution Licence/Deemed Licence; and
- c) Reasons for the amendment or modification.
- d) The names, addresses and other necessary details of the person(s) nominated by the applicant in major cities or towns of area of proposed distribution licence, who can make available for inspection the application and other documents or from whom they can be purchased in person or by post at reasonable charges, not exceeding photocopying charges;
- e) A statement that any person, desirous of making any suggestion or objection with reference to the application to the Commission, may do so by way of written intimation (six copies) addressed to the Secretary within thirty (30) days from the date of the first publication of the notice.
- f) Summary of details of persons likely to be affected thereby.

17.3 All objections to an application for amendment or modification pursuant to publication of notice under clause 17.2 shall be considered by the Commission if received within thirty (30) days from the date of first publication of the notice.

17.4 Where an amendment or modification to a Distribution Licence / Deemed Licence is proposed by the Commission suo-motu, the Commission shall publish a notice in one issue each of a daily newspaper in English language and two daily newspapers in Telugu language having a wide circulation in the area of operation of distribution licence sought to be amended or modified giving the following particulars:

- a) Name of the Distribution Licensee / Deemed Licensee and address of main office in the area of supply;
- b) Description of modification or amendment proposed to be made by the Commission;
- c) Brief Reasons for proposed modification or amendment;
- d) A statement that any person, desirous of making any suggestion or objection with reference to application to the Commission, may do so by way of written intimation (five copies) addressed to the Secretary within thirty days from the date of the first publication of the notice.
- e) Summary of details of persons likely to be affected thereby.

All objections to the proposed amendment or modification, received within one month from the date of first publication of notice, shall be considered by the Commission before effecting or rejecting the proposed amendment or modification.

17.5 The provisions of this Regulation relating to grant of a Distribution Licence shall, as far as may be practicable and necessary, apply to consideration and disposal of an application for amendment or modification of a Distribution Licence.

17.6 Where an application is proposing for an amendment or modification in an Area of Licence comprising the whole or any part of the cantonment, aerodrome, fortress, arsenal, dockyard or camp or of any building or place in the occupation of the Central Government for defence purposes, the Commission shall not make the amendment or modification except with the consent of the Central Government.

18. Revocation of the Distribution Licence or Deemed Licence

18.1 The Commission may revoke a Distribution Licence in accordance with the applicable provisions of the Act and the Reform Act, in any of the following circumstances, namely:-

a) where the Distribution Licensee in the opinion of the Commission, makes wilful and prolonged default in doing anything required of it by or under the Act or the Reform Act or the rules or regulations made thereunder;

b) where the Distribution Licensee has breached any of the terms or conditions of its Distribution Licence, the breach of which is expressly declared by such Distribution Licence to render it liable to revocation;

c) where the Distribution Licensee fails, within the period fixed in this behalf by its Distribution Licence, or any longer period which the Commission may have granted therefor -

(1) to show, to the satisfaction of the Commission, that it is in a position fully and efficiently to discharge the duties and obligations imposed on it by its Distribution Licence; or

(2) to make the deposit or furnish the security, or pay the fees or other charges required by its Distribution Licence;

d) where in the opinion of the Commission, the financial position of the Distribution Licensee is such that it is unable fully and efficiently to discharge the duties and obligations imposed on it by its Distribution Licence.

e) where the Distribution Licensee, in the opinion of the Commission, has made default in complying with a direction given by the Commission.

Provided that the Licence shall not be revoked except after an enquiry by the adjudicating officer appointed by the Commission under Section 143 of the Act in the manner prescribed by the State Government.

18.2 Where in its opinion the public interest so requires, the Commission may, on application, or with the consent of the Distribution Licensee, revoke its Distribution Licence as to the whole or any part of its Area of Licence upon such terms and conditions as it thinks fit.

18.3 No Distribution Licence shall be revoked under clauses 18.1 & 18.2 , unless the Commission has given to the concerned Distribution Licensee, not less than three months' notice, in writing, stating the grounds on which it proposes to revoke the Distribution Licence, and has considered any cause shown by the concerned Distribution Licensee within the period of that notice, against the proposed revocation.

The Commission may, instead of revoking a Distribution Licence under clause 18.1, permit it to remain in force subject to such further terms and conditions as it thinks fit to impose, and any further terms or conditions so imposed shall be binding upon and be observed by the Distribution Licensee and shall be of like force and effect as if they were contained in the Distribution Licence.

18.4 Where the Commission revokes a Distribution Licence, it shall serve a notice of revocation upon the Distribution Licensee and fix a date on which the revocation shall take effect.

18.5 Where the Commission has given a notice for revocation of a Distribution Licence under clause 18.4, without prejudice to any penalty which may be imposed, or prosecution proceeding which may be initiated, under the Act and/or the Reform Act, the Distribution Licensee may, after prior approval of the Commission, sell its utility/business to any person who is found eligible by the Commission for grant of a Distribution Licence.

18.6 The provisions contained in this Rule from Clause 18.1 to 18.5 are applicable to a Deemed Licensee *mutatis mutandis*.

19. Suspension of Distribution Licence and sale of utility

19.1 If at any time the Commission is of the opinion that the Distribution Licensee including the Deemed Licensee.

- a) has persistently failed to maintain uninterrupted supply of electricity conforming to standards regarding quality of electricity to the consumers; or

b) is unable to discharge the functions or perform the duties imposed on it by or under the provisions of the Act or the Reform Act; or

c) has persistently defaulted in complying with any direction given by the Commission under the Act or the Reform Act; or

d) has breached any of the terms and conditions of the Distribution Licence, and circumstances exist which render it necessary for the Commission in public interest so to do, the Commission may, for reasons to be recorded in writing, suspend, for a period not exceeding one year, the Distribution Licence of the Distribution Licensee and appoint an Administrator to discharge the functions of the Distribution Licensee in accordance with the terms and conditions of the Distribution Licence.

Provided that before suspending a Distribution Licence under this Rule, the Commission shall give a reasonable opportunity to the Distribution Licensee / Deemed Licensee to make representations against the proposed suspension of the Distribution Licence and shall consider the representations, if any, of the Distribution Licensee.

19.2 Upon suspension of the Distribution Licence / Deemed Licence, the provisions of sub-sections (2), (3) and (4) of Section 24 of the Act shall apply.

20. Payment of Licence Fees

20.1 Within 30 days, or such other period as the Commission may allow after the commencement of the Licence, the Licensee including a Deemed Licensee shall pay an initial Licence fee as may be specified.

20.2 For each subsequent Year that the Licence remains in force, the Licensee including a Deemed Licensee shall, by 15th April of every year or such further period as the Commission may allow, pay to the Commission an annual licence fee (rounded to nearest thousands) as per the Regulation issued under Section 86(1)(g) of the Act. The Commission shall be entitled to review and revise the annual licence fee, if required, after every block of three years for the next block of three years and the Licensee shall be liable to pay such revised annual licence fee.

20.3 Where the Distribution Licensee including a Deemed Licensee fails to pay any of the fees due under sub-clauses 20.1, or 20.2 by the dates specified:

a) The Distribution Licensee shall be liable to pay interest on the outstanding amount at the prevailing bank rate, the interest being payable for the period beginning on the day after which the amount becomes due, and ending on the day on which the payment is made; and

b) The Distribution Licensee shall be subject to proceedings for the recovery of the fees; and

c) The Commission may revoke the Distribution Licence pursuant to the relevant provisions of the Act and the Reform Act.

Provided that nothing contained in this clause shall be deemed to discharge any liability that the Distribution Licensee may be subject to under the Act and/or the Reform Act or any other law for the time being in force.

d) The Distribution Licensee shall be entitled to take into account any fee paid by it under this Rule excluding the interest for delayed payment, as an expense in the determination of aggregate revenues to be charged to the Tariffs.

CHAPTER-4

General Conditions of Distribution Licence

21. Compliance with Laws, Rules and Regulations

21.1 The Distribution Licensee shall comply with the provisions of the Act, Rules, Codes (State Grid, Distribution and Supply Codes), Guidelines, Regulations, Orders and Directions issued by the Commission from time to time and the provisions of all other applicable laws.

21.2 The Distribution Licensee shall duly comply with the regulations, orders and directions of the Central and State Transmission Utilities, National Load Despatch Centre, Regional Load Despatch Centre and the State Load Despatch Centre, Central Electricity Authority and other statutory authorities under the Act.

21.3 The Distribution Licensee shall adhere to the network rollout plan as approved by the Commission.

21.4 The Distribution Licensee shall monitor its compliance with the terms of the Distribution Licence and any order, code, guideline or regulations it is required to comply with, and if the Distribution Licensee becomes aware of a material breach, on its part, of the Distribution Licence or any order, code, guideline or regulations, the Distribution Licensee shall notify the Commission of the material breach as soon as possible.

22. Development and Maintenance of Distribution System

The Distribution Licensee shall have the duty to develop and maintain an efficient, coordinated and economical distribution system in its Area of distribution and to supply electricity in accordance with the provisions of the Act.

23. Obligation to supply on demand

23.1 Subject to the provisions of the Act, the Distribution Licensee shall, on the application of the owner or occupier of any premises within the Area of Licence, give supply of electricity to such premises within one month of the receipt of such application or within such period as may be specified by the Commission if such supply requires extension of distribution mains or new substations.

23.2 Where the owner or occupier of any premises requires supply of electricity under the terms of clause 23.1, the application shall be made in a form prescribed by the Commission and the procedure for responding to that application shall be in accordance with the procedure approved by the Commission.

23.3 It shall be the duty of the Distribution Licensee to provide, if required, any electric plant or electric line for providing the electric supply to the premises in terms of clause 23.1.

Provided that no person shall be entitled to demand, or to continue to receive, from a Licensee (including a Distribution Licensee) a supply of electricity for any premises having a separate supply unless he has agreed with the Licensee (including the Distribution Licensee) to pay to it such price as determined by the Commission.

Provided further that the Distribution Licensee shall be bound by the Regulations made by the Commission under Sections 43, 44, 46 and 48 of the Act, in respect of the duty to supply and the matters related there to.

24. Open Access

The Distribution Licensee including a Deemed Licensee shall arrange for the provision of non-discriminatory open access to its distribution system to any persons in accordance with the Open Access Regulations issued by the Commission under Section 42 of the Act.

25. Prohibition of subsidies

The Distribution Licensee shall not give any subsidy or subvention to any person or any Other Business of the Distribution Licensee, except a subsidy granted by the State Government pursuant to Section 65 of the Act.

26. Prohibition of Undue Preference

26.1 The Distribution Licensee shall not, in providing services required of it under the Distribution Licence and in general conduct of the Licensed Business, show undue preference to any person or class of persons and shall not unreasonably discriminate against any person or class of persons or Licensee or generating company or its consumers or other Licensee's consumers.

Provided that the Distribution Licensee shall not be deemed to be in breach of its obligations under the Distribution Licence if any undue preference results from compliance with any in the implementation of any order passed by the Commission, pursuant to any directions of the State Government under the Act or otherwise in accordance with the provisions of the Act.

26.2 Any question as to the meaning of undue preference or unreasonable discrimination shall be decided by the Commission, whose decision in this regard shall be final.

27. Acts Requiring Prior Consent

27.1 The Distribution Licensee shall not do the following acts without the prior written approval of the Commission -

- a) undertake any transaction to acquire, by purchase or takeover or otherwise, the utility of any other Licensee;
- b) merge its utility with the utility of any other Licensee; or
- c) assign the Distribution Licence or transfer its utility or any part thereof, by sale, lease, exchange or otherwise

Provided that approval shall not be required if the utility referred to in sub-clause (a) or sub-clause (b) above is situated in a State other than the State of Telangana.

27.2 Any agreement relating to any transaction specified under clause 27.1, unless made with the prior approval of the Commission, shall be void.

27.3 The Distribution Licensee shall, before filing application for approval under clause 27.1, give not less than one month's notice to every other Licensee who transmits or distributes electricity in its Area of Licence.

27.4 Where such a prior approval is required, the Distribution Licensee shall file a suitable application with the Commission disclosing relevant facts in that behalf. The Commission may before 3 months of the application being filed, approve the arrangement subject to such terms and conditions or modifications as is considered appropriate or reject the same for reasons to be recorded in writing.

Provided that no such application shall be rejected unless the applicant has been given an opportunity of being heard.

28. Other Business of the Distribution Licensee

28.1 The Distribution Licensee, with prior intimation to the Commission, may engage in any Other Business, only so long as such activity is likely to result in the

optimum utilisation of the assets and infrastructure comprising of the distribution system and subject to the following conditions:

- a) that the Licensed Business and the conduct thereof by the Distribution Licensee is not prejudicial and/or adversely affected in any manner;
- b) that a proportion of the revenues derived from such Other Business, as may be specified by the Commission, shall be utilized for reducing the wheeling charges of the Distribution Licensee;
- c) that the Distribution Licensee shall maintain separate accounts / books of account for each of such Other Business to ensure that the Licensed Business neither subsidises such Other Business undertaking in any way nor encumbers its distribution assets in any way to support such business;
- d) the Distribution Licensee shall always comply with such guidelines as the Commission may specify in this regard.

28.2 The Distribution Licensee shall seek approval of the Commission before contracting any loans to, or issuing any guarantee for any obligation of any person, where the same is either beyond the permissible limits imposed by the Companies Act, 2013, or cannot be construed as being an exception and/or exemption under the Companies Act, 2013. Loans to employees pursuant to their terms of service and advances to suppliers in the ordinary course of business are excluded from the requirement to seek such approval.

28.3 Nothing contained in this Rule shall apply to a local authority engaged, before the commencement of the Act, in the business of distribution of electricity.

29. Franchisee

29.1 If a Distribution Licensee proposes to undertake distribution of electricity for a specified area within its Area of Supply through another person, such person shall not be required to take a separate Licence from the Commission.

Provided always that:

i) such person shall perform the distribution functions under the overall supervision and control of the Distribution Licensee and in accordance with the terms and conditions of the Distribution Licence;

ii) the Distribution Licensee shall, prior to delegating any function, inform the Commission of such action and obtain its written approval; and

iii) the Distribution Licensee shall be responsible for all actions of such person in relation to the delegated functions.

29.2 The Distribution Licensee shall be entitled to undertake trading in electricity within the area of supply without obtaining a licence to undertake trading in electricity

Provided that the Distribution Licensee shall, on seeking prior approval of the Commission, sell, to others outside the Area of Supply but within the State, electricity or energy capacity contracted for such period and to the extent that such electricity or capacity is not required by the Distribution Licensee for the discharge of his obligations to supply electricity in the area of supply.

Provided further that trading of electricity shall be undertaken within the trading margin as may be fixed by the Commission for the intra-State trading of electricity.

Provided further that the revenues derived from the trading of electricity shall be treated as the revenue of the Distribution Licensee while calculating its expected revenue from charges and determination of tariff under Section 62 of the Act.

30 Anti-competitive practices

The Commission may issue such directions as it considers appropriate to a Distribution Licensee if such Distribution Licensee enters into any agreement or abuses its dominant position or enters into a combination which is likely to cause or causes an adverse effect on the competition in electricity industry.

31 Standards of Performance

31.1 When a Distribution Licensee fails to meet the standards specified by the Commission in the “Licensees Standards Of Performance” regulation issued under Section 57 of the Act, as applicable to the Distribution Licensee, then, without prejudice to any penalty that may be imposed or prosecution that may be initiated, such Distribution Licensee shall be liable to pay such compensation to the person affected as may be determined by the Commission, by Regulations or otherwise.

Provided that before determination of compensation, the concerned Distribution Licensee shall be given a reasonable opportunity of being heard.

31.2 The compensation determined under clause 31.1 shall be paid by the concerned Distribution Licensee within ninety (90) days of such determination.

31.3 The Distribution Licensee shall, within the period specified by the Commission, furnish to the Commission the following information, namely:-

- a) the level of performance achieved under clause 31.1;
- b) the number of cases in which compensation was paid under clause 31.2 and the aggregate amount of the compensation.

31.4 The Commission shall at least once every year publish, in such form and manner as it considers appropriate, such of the information furnished to it under clause 31.3.

31.5 The Distribution Licensee shall provide to other licensees the intervening distribution facilities to the extent of surplus capacity available, in his Distribution System in accordance with the Regulations made by the Commission for the purpose or as directed by the Commission and in the event of any dispute as to the availability of the surplus capacity the same shall be determined by the Commission. The charges, terms and conditions for the use of the intervening facilities may be mutually agreed between the Licensees subject to any order made by the Commission for the purpose.

Provided that any dispute or difference, regarding the extent of surplus capacity available with the licensee, shall be adjudicated by the Commission.

32 Co-operation with State Transmission Utility, State Load Despatch Centre and other Licensees

32.1 The Distribution Licensee shall provide to the State Load Despatch Centre and State Transmission Utility and/or other Licensees, such information as may reasonably be required by them to perform their functions and exercise their powers under the Act and/or the Reform Act.

32.2 The Distribution Licensee shall always comply with the directions of the State Load Despatch Centre, the Regional Load Despatch Centre and the State Transmission Utility issued under the Act and/or the Reform Act.

32.3 The Distribution Licensee shall co-operate with generating companies, other Licensees and the State Load Despatch Centre for the efficient and coordinated operation of the power system.

33 Metering

33.1 The Distribution Licensee shall follow the Regulations of Installation and Operation of Meters issued by the Central Electricity Authority under Section 55 of the Act

33.2 For proper accounting and audit in the generation, transmission and distribution or trading of electricity, the Central Electricity Authority may direct the installation of meters by a Distribution Licensee at such stages of distribution or trading of electricity and at such location of distribution or trading of electricity, as it may deem necessary.

34 Load Forecast Power Procurement Plan

34.1 The Distribution Licensee shall prepare and submit to the Commission year wise demand forecast derived from the load forecast within its Area of Supply for two control periods in accordance with the guidelines/regulations issued by the Commission from time to time;

34.2 The Licensee shall co-operate with the Transmission and other Distribution licensees of the State and the Telangana State Load Dispatch Centre (SLDC) in the preparation of power demand forecast for the state of Telangana;

34.3 The Licensee shall submit prospective power procurement plan in Coordination with other Distribution Licensees and SLDC based on demand forecast projected. It shall also submit a Distribution Plan based on the demand forecast and power procurement plan as per the guidelines of the Commission.

35 Power Procurement Procedure:

35.1 The Licensee shall purchase electricity from generators, traders and others as consented to by the Commission (except in cases of emergency purchases as per the relevant guidelines) in quantities which the Licensee considers sufficient to meet the expected demand of the Licensee's Consumers, or where appropriate, such lesser quantities generators, traders and others are able to provide on account of shortage of available sources of electricity generation, imports or supply.

35.2 The licensee shall not purchase electrical capacity and / or energy without an authorization granted by the Commission. The power procurement of licensee shall be consistent with the detailed power procurement plan submitted to the Commission as a part of resource plan.

35.3 The licensee shall purchase electrical capacity and / or energy in an economical and efficient manner and under a transparent power purchase or procurement process and in accordance with the Regulations, directions, guidelines and orders made for the purpose by the Commission from time to time. In case of purchase of additional power over and above the power procured through the Power Purchase Agreements (PPA) consented to by the Commission, the licensees shall adopt competitive bidding method as per the competitive bidding guidelines issued by the Ministry of Power, Government of India under section 63 of the Act, and seek approval of the Commission for such procurement.

35.4 In case of purchases of allocated share of electrical capacity and /or energy from the Central Sector generation and inter-utility exchanges 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.

35.5 An authorization required under clause 35.1 shall be granted when the Licensee has demonstrated to the Commission's satisfaction that

(a) the additional electrical capacity and/or energy is necessary to meet the Licensee's service obligation in accordance with Rule 24 of this Regulation; and

(b) The licensee has examined the economic, technical, system and environmental aspects of commercially viable alternatives to the proposals for purchasing additional electrical capacity and / or energy and such examination has been carried out in a manner approved by the Commission.

35.6 The restriction imposed in clauses 35.1 and 35.2 of this Rule shall not be applicable for short term purchases (less than one year in duration), provided that such short term purchases are to be made in accordance with guidelines, if any, issued by the Commission.

Provided that the Commission may fix with in the maximum and minimum prices for such purchase in terms of section 62 (1) of the Act.

Provided further that the details of such purchases shall be submitted to the Commission in the manner the Commission directs.

35.7 Where the licensee proposes to procure power by a process different from that specified by the competitive bidding guidelines, it shall in its filing seek the consent of the Commission.

36 Capital Investments

36.1 The Licensees shall submit long term investment plan for ten (10) years in which, the Licensees shall furnish detailed investment plan for five (5) years, year by year in accordance with Load Forecast and Demand Forecast.

For the purposes of the Load and Demand Forecasts and investment plan, the year shall begin on April 1st and end on 31st March. Each Licensee shall submit its Load and Demand Forecasts along with a detailed investment plan to the Commission in the month of April of each year, and/or at such other times as the Commission may require.

The Licensee shall make any investment under any scheme or schemes except in an economical and efficient manner and in terms of this Regulation and in accordance with the Regulations, guidelines, directions and orders the Commission may issue from time to time.

36.2 The Licensee shall promptly notify the Commission of all the Investments by 31st March of every year pertaining to the Distribution System which the Licensee proposes to implement for subsequent Financial Year together with relevant details in brief, including the estimated cost of such investment schemes, which are in line with the investment plan. The Licensee shall furnish to the Commission such further details and clarifications as to the investments proposed, as the Commission may require from time to time.

37 Transfer of Assets

37.1 Save as provided in this Regulation, the Distribution Licensee shall not, in a single transaction or a set of related transactions, transfer or relinquish Operational Control over any asset whose book value at the time of the proposed Transfer exceeds the amount decided by the Commission by directions or by a general or special order.

37.2 The Distribution Licensee shall give to the Commission a prior written notice of its intention to transfer or relinquish Operational Control over any asset whose value exceeds the amount decided by the Commission and the Distribution Licensee

shall disclose to the Commission full details of the assets, the reasons for disposal and all other relevant facts to the Commission.

Provided that the Commission may, within thirty (30) working days of the receipt of the notice, seek further information in support of the transaction and shall, generally within thirty (30) working days of such further information being submitted by the Distribution Licensee, and where no such further information is sought by the Commission, within sixty (60) days of the filing of the application, approve the Transfer arrangement subject to such terms and conditions or modifications as is considered appropriate or reject the same, for reasons recorded in writing.

37.3 The Distribution Licensee may Transfer or relinquish Operational Control over any asset referred to in this Rule, where:

a) the Commission confirms in writing that it consents to such Transfer or relinquishment of Operational Control subject to such conditions or restrictions as the Commission may impose; or

b) the Commission does not inform the Distribution Licensee in writing of any objection to such Transfer or relinquishment of Operational Control within the period referred to in this Rule and the transfer is effected by adopting the transparent process specified by the Commission in other applicable Regulations.

Provided that the Distribution Licensee shall provide full details of such transactions to the Commission as part of his / its application to the Commission, for calculation of the aggregate revenue requirement and expected revenue from tariffs and charges in accordance with the Regulations of the Commission specifying the terms and conditions for the determination of tariff.

37.4 The Distribution Licensee may also Transfer or relinquish Operational Control over any asset where:

- a) the Commission has issued directions for the purposes of this Regulation containing a general consent to:
- (i) the transactions of a specified description, and/or
 - (ii) the Transfer or relinquishment of Operational Control over assets of a specified description, and/or
 - (iii) the Transfer or relinquishment of Operational Control 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 as mandated under any other law for the time being in force; or
- c) the asset in question was acquired and used by the Distribution Licensee exclusively in connection with any Other Business and does not constitute a legal or beneficial interest in land, or otherwise form part of the Distribution System or is not otherwise an asset related to or required for the Licensed Business.

37.5 The Distribution Licensee shall be entitled to utilise the assets for facilitating financing its investment requirement subject to the conditions:

- a) that the Distribution Licensee will inform the Commission about such arrangements at least fifteen (15) working days prior to the effective date of the relevant agreements.
- b) that the financing arrangement is for a period not exceeding seven (7) years or such other period as the Commission may specifically direct;
- c) the Distribution Licensee acts in a prudent and reasonable manner in such utilisation of assets; and
- d) the Distribution Licensee retains the Operational Control over assets in the Distribution System.

38 Business Plan

38.1 Subject to other regulations notified by the Commission, the Distribution Licensee shall submit a Business Plan within three (3) months of the Distribution Licence coming in force for such period as the Commission may direct and shall update such plan annually. The Business Plan shall, inter-alia, contain (i) year wise load growth, (ii) year wise Distribution loss reduction proposal along with specific action plan, (iii) metering plan for metering interface points, (iv) treatment of

previous losses, (v) cost reduction plan, and (vii) other important financial analysis or parameters.

Provided that the existing licensees shall submit such Business Plans within three (3) months from date of notification of this Regulation.

38.2 The Distribution Licensee shall submit full details to the Commission, by the end of first quarter of each financial year, regarding the progress made in implementing the Business Plan of the previous financial year with the comparison of actual implementation vis-à-vis the Plan as approved by the Commission.

39 Protection of Railways, Highways, Telephone Lines etc.

39.1 The Distribution Licensee shall not, in the course of distribution, supply or use of electricity, in any way injure any railway, highway, airport, tramway, canal or water-way or any dock, wharf or piers vested in or controlled by a local authority, or obstruct or interfere with the traffic on any railway, airway, tramway, canal or water-way.

39.2 The Distribution Licensee shall take all reasonable precautions in constructing, laying down and placing its electric lines, electrical plant and other works and in working its system, so as not to injuriously affect, whether by induction or otherwise, the working of any wire or line used for the purpose of telephone or electric signalling communication, or the currents in such wire or line.

39.3 Where any difference or dispute arises between the Distribution Licensee and the telephone companies as to whether the Distribution Licensee has constructed, laid down or placed its electric lines, electrical plant or other works, or worked its system, in contravention of clause 39.2 or as to whether the working of any wire, line or current is or is not injuriously affected thereby, the matter shall be referred to the Central Government.

39.4 The Central Government, unless it is of the opinion that the wire or line has been placed in unreasonable proximity to the electric lines, electrical plant or works of the Distribution Licensee after the construction of such lines, plant or works, may direct the Distribution Licensee to make such alterations in, or additions to, its

system as may be necessary in order to comply with the provisions of this Rule, and the Distribution Licensee shall make such alterations or additions accordingly:

Provided that nothing in clause 39.3 and this clause shall apply to the repair, renewal or amendment of any electric line or electrical plant so long as the course of the electric line or electrical plant and the amount and nature of the electricity transmitted thereby are not altered.

39.5 Where the Distribution Licensee makes default in complying with the requirements of this Rule, it shall pay full compensation for any loss or damage incurred by reason thereof, and, where any difference or dispute arises as to the amount of such compensation, the matter shall be determined by arbitration conducted in accordance with Section 158 of the Act.

Explanation - For the purposes of this Rule, a telephone line or electric line shall be deemed to be injuriously affected if telephonic or electric signaling communication by means of such line is, whether through induction or otherwise, prejudicially interfered with by an electric line, electrical plant or other work or by any use made thereof.

40 Information to the Commission

40.1 The Distribution Licensee shall furnish to the Commission, without delay, such information, documents and details related to the Licensed Business or any Other Business of the Distribution Licensee, as the Commission may require from time to time, for its own purposes or for the purposes of the Central Government, the State Government, the Central Electricity Regulatory Commission, the Central Electricity Authority, the Regional Load Dispatch Centre, the State Load Dispatch Centre, the Central Transmission Utility and the State Transmission Utility. The information shall be furnished in such form as may be specified by the Commission.

40.2 The Distribution Licensee shall notify the Commission as soon as possible and in no case later than one week after the occurrence of any Major Incident affecting any part of the distribution system and shall, within one month of the date of such Major Incident:

a) Submit a report giving full details of the facts within the knowledge of the Distribution Licensee regarding the Major Incident and its cause. The Commission in its own discretion may require the submission of a report to be prepared by an independent person at the expense of the Distribution Licensee; and

b) give copies of the report to the Commission and to all parties involved in the Major Incident as the Commission may direct.

40.3 The Commission may by order direct the Distribution Licensee to provide such amount of compensation or ex-gratia as the Commission may specify by a general order to any person who suffers substantial injury or to the legal heirs of a person who lost his life, where a Major Incident has been caused by any act of commission, omission or negligence on the part of any of the employees or agents of the Distribution Licensee.

Provided that for the payment of ex-gratia, electrocution should be the cause of the death of a person or animal, as the case may be.

40.4 The decision of the Commission as to what constitutes a “Major Incident” shall be final.

Provided that a major incident involving death of person(s) shall be intimated to the police having jurisdiction over the place where the incident took place.

40.5 The Commission by a general order shall determine the quantum of ex-gratia payable to a person who lost his life, as the case may be, or death of a specified animal, owing to electrocution and shall specify the documents to be produced, mode and manner of payment of ex-gratia to the legal heirs or owners of the animal from time to time. The expenditure incurred on ex-gratia payment by a Distribution Licensee including a Deemed Licensee shall be treated as expenditure incurred on safety measures and shall be included in the annual filings before the Commission.

40.6 The Distribution Licensee shall, as soon as practicable, report the following to the Commission:

- a) Any significant change in circumstances which may affect the Distribution Licensee's ability to meet its obligations;
- b) Any material breach of the provisions of the Act, the Reform Act, the rules, regulations and codes made thereunder, directives and orders issued by the Commission and the terms of agreements/arrangements entered into by the Distribution Licensee with other Licensees or generating companies or consumers; and/or
- c) Any major change in the shareholding pattern or in the ownership, control or management of the Distribution Licensee.

41 Other obligations of the Distribution Licensee

The Commission may additionally require the Distribution Licensee to:

- i) enter into an agreement with another person permitting such person to use electric lines, electrical plants and associated equipment operated by the Distribution Licensee;
- ii) furnish information and documents which the Commission may require for its purpose;
- iii) refer a dispute arising under the Distribution Licence for determination by the Commission or by an arbitrator appointed by the Commission; iv) supply electricity in bulk to other Licensees or exemption holders in the State.
- v) comply with any direction given by the Commission; and
- vi) act in accordance with the terms and conditions of the Distribution Licence.

42 Accounts of the Distribution Licensee or Deemed Licensee:

42.1 Unless otherwise permitted by the Commission, the financial year shall be the accounting year of a Distribution Licensee including Deemed Licensee, and it shall run from the first of April in a year to thirty first of March in the succeeding calendar year.

42.2 The Distribution Licensee shall, in respect of the Licensed Business and in respect of any Other Business engaged in by the Distribution Licensee:

- (a) keep such accounting records / books of account as would be required to be kept in respect of each such business so that the revenues, costs, assets,

liabilities, reserves and provisions of, or reasonably attributable to the Licensed Business are separately identifiable in the books of Account of the Distribution Licensee, from that of Other Business in which the Distribution Licensee may be engaged;

(b) prepare on a consistent basis from such accounting records / books of account and deliver to the Commission periodic Accounting Statements supported by an Auditor's Report, which shall, unless otherwise directed by the Commission, show separately the amounts of any revenue, cost, asset, liability, reserve or provision, which have been either charged from the Licensed Business to any Other Business or from any Other Business to the Licensed Business, as the case may be, together with a description of the basis of that charge; or determined by apportionment or allocation between the Licensed Business and any Other Business of the Distribution Licensee together with a description of the basis of the apportionment or allocation.

42.3 The Distribution Licensee shall not change the basis of charge or apportionment or allocation of revenues or expenses in relation to the preparation of the Accounting Statements in respect of a financial year from those applied in respect of the previous financial year, without prior intimation to the Commission. Any change, if proposed, in the basis of charge or apportionment of revenues or expenses shall be consistent with the provisions of the Companies Act, 2013, rules and regulations there under, the Accounting Standards or Rules and any guidelines issued by the Commission in this regard.

42.4 Where, in relation to the Accounting Statements in respect of a financial year, the Distribution Licensee has changed the basis of charge or apportionment or allocation from those adopted for the immediately preceding financial year, the Distribution Licensee shall if directed by the Commission, (in addition to preparing Accounting Statements on those basis which it has adopted), prepare and deliver to the Commission such additional Accounting Statements as the Commission may direct for correlating the same to the accounts of the immediately preceding financial year.

42.5 The Accounting Statements and the Auditor's report, unless otherwise approved or directed by the Commission:

(a) be prepared and published with the Annual Accounts of the Distribution Licensee, in the manner provided in these General Conditions or in the Specific Conditions;

Provided that any Person requesting such Accounting Statements and Auditor's report shall be provided with a copy at a price not exceeding the cost of photocopying the same.

(b) state the accounting policies adopted;

(c) be prepared in accordance with the generally accepted Indian accounting standards; and

(d) be prepared in the form as the Commission may stipulate from time to time.

42.6 Any person authorised by the Commission shall be entitled to inspect and verify the accounts of the Distribution Licensee and the Distribution Licensee shall render all necessary assistance to such person.

43 Certain powers of the Commission

Punishment for non-compliance of directions by the Commission:

The Licensee shall be liable for action under Section 142 of the Act, for contravening any provisions of the Act or the rules or Regulations made thereunder including the conditions stipulated in this Regulation.

44 Regulating supply, distribution, consumption and use of electricity

Where the Commission is of the opinion that it is necessary or expedient so to do for maintaining the efficient supply, securing the equitable distribution of electricity and promoting competition, it may, by an order, provide for regulating the supply, distribution, consumption or use thereof.

Provided that if the Distribution Licensee (s) needs any Restriction and Control (R&C) measures to be imposed by the Commission under this Regulation, it shall send necessary proposals along with details of forecast, availability and short fall of Demand and Energy, at least 45 days prior to the proposed period of R&C measures, and also publish a public notice in the manner as the commission may direct.

Provided further that the Commission shall consider all the suggestions and objections received from the public before the issue of Order under this Rule.

45 Investigation and Inspection

45.1 The Commission may, on being satisfied that the Distribution Licensee has failed to comply with any of the conditions of Distribution Licence or has failed to comply with any of the provisions of the Act or the Reform Act or rules or regulations made thereunder, at any time, by an order in writing, direct any person (hereinafter referred to as - Investigating Authority) specified in the order to investigate the affairs of the Distribution Licensee and to report to the Commission on any investigation made by such Investigating Authority.

45.2 The Investigating Authority shall conduct the investigation in accordance with the provisions of the Act.

45.3 On receipt of investigation report from the Investigating Authority, the Commission may, in accordance with the provisions of the Act and after giving an opportunity to the Distribution Licensee to make a representation in connection with the report as in the opinion of the Commission seems reasonable, by an order in writing

- a) require the Distribution Licensee to take such action in respect of any matter arising out of the report as the Commission may think fit; or
- b) cancel the Distribution Licence.

The Commission may also take any other action in accordance with the provisions of the Act

45.4 The Commission may specify the minimum information to be maintained by the Distribution Licensee in its books of Account, the manner in which such information shall be maintained, the checks and other verifications to be adopted by the Distribution Licensee in that connection and all other matters incidental thereto, as are, in its opinion, necessary to enable the Investigating Authority to discharge satisfactorily its functions under this Rule.

45.5 For the purposes of this Rule, the expression - Distribution Licensee shall include, in the case of a Distribution Licensee incorporated in India -

- a) the subsidiaries of such Distribution Licensee formed for the purpose of carrying on the business of distribution of electricity exclusively outside India; and
- b) all its branches whether situated in India or outside India.

45.6 All expenses of, and incidental to, any investigation made under this Rule shall be defrayed by the Distribution Licensee and shall have priority over other debts due from the Distribution Licensee and shall be recoverable as arrears of land revenue.

45.7 For the purposes of preventing the contravention of any of the terms of the Distribution Licence or provisions of the Act or the Reform Act or rules or regulations made thereunder, the Commission may, in accordance with Sections 28 and 29 of the Reform Act, or Section 142 of the Act, pass an interim order or a final order or convert an interim order into a final order.

46 Introduction of Competition

46.1 Subject to the provisions of the Act, the Commission may grant a Distribution Licence to any person(s) in the same Area of Licence as that of the existing Distribution Licensee and may also accord and identify a Deemed Licensee for the same area under Section 14 (b) of the Act;

46.2 For the purposes of introducing competition, and in order to ensure cooperation and co-ordination between the different Distribution Licensees including Deemed Licensees in the same Area of Licence, the Commission may issues

such appropriate orders modifying or amending the Distribution Licence as it may deem fit;

Provided that no such order shall be passed unless the Commission provides a reasonable opportunity to the Distribution Licensee of being heard on the proposed modification or amendment.

47 Expected Revenue Calculation and Tariffs

47.1 The Distribution Licensee including Deemed Licensee shall follow the methodology, procedures and directions included in the Tariff Regulations and in other orders of the Commission as may be issued from time to time, while filing the statement of Aggregate Revenue Requirement (ARR) from charges and for proposing or amending any or all of its tariffs.

47.2 The amount that the Distribution Licensee is permitted to recover in the form of its tariffs in any financial year is the amount that the Commission determines in accordance with Section 62 of the Act.

48 Dispute Resolution

The Commission shall be entitled to adjudicate the disputes or in its discretion nominate person(s) as arbitrator(s) to adjudicate and settle disputes between the Distribution Licensee and any other Licensee or between the Distribution Licensee and a Generating Company in pursuance of clause (f) of sub-section (1) of section 86 read with Section 158 of the Act and the regulations made thereunder.

49 Provisions applicable to Deemed Licensees

The General conditions of Chapter IV and other provisions of this Regulation, other than specifically excluded Rules, shall apply to a Deemed Licensee under sub-Section (b) of Section 14 and also under the first, third and fifth proviso of Section 14 of the Act.

50 Deemed Licensee future SEZ Notification

In the event of future Special Economic Zones Notifications or de-Notifications for the Deemed Distribution Licensee by the Ministry of Commerce and Industry, Government of India, resulting into change in the Special Economic Zone (SEZ) area, the Deemed Distribution Licensee, within 15 days of such Notifications or de-Notifications shall approach the Commission for seeking amendment of the conditions of Deemed Licence if any.

Provided that the Deemed Distribution Licensee shall continue to supply the customers within the SEZ area till alternative arrangement of supply is made available to the consumers in the de-notified area.

CHAPTER-5

Miscellaneous

51 All issues arising in relation to interpretation of these General Conditions 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.

52 The Commission in addition to the General Conditions under Chapter-4, may specify, Specific Conditions applicable to a specific Distribution Licensee or class of licensees and such conditions shall be deemed to be conditions of licence of such Licensee or class of Licensees or a Deemed Licensee or Class of Deemed Licensees.

53 Savings

53.1 The Regulation No.10 of 2013, adopted by this Commission in Regulation No.1 of 2015 of the erstwhile A.P. Electricity Regulatory Commission shall stand repealed from the date of coming into force of this Regulation to the extent of Distribution Licences issued by the Commission.

53.2 Notwithstanding the repeal, anything done or any action taken or purported to have been done or taken under the repealed regulations, in so far as it is not inconsistent with the provisions of the Act or rules and regulations made thereunder, be deemed to have been taken under this Regulation.

53.3 Nothing in this Regulation shall be deemed to limit or otherwise affect the power of the Commission to make such orders as may be necessary to meet the ends of justice or to prevent abuse of process of the Commission.

53.4 Nothing in this Regulation shall bar the Commission from adopting a procedure at variance with any of the provisions of this Regulation, if the Commission, in view of the special circumstances of a matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient in order to deal with such a matter or class of matters.

54 Power to remove difficulties

If any difficulties arise in giving effect to any provisions of this Regulation, the Commission may, by general or specific order, make such provisions not inconsistent with the provisions of the Act, or the Reform Act or the rules, regulations or codes made thereunder, which appears to it to be necessary or expedient for the purpose of removing the difficulties.

(BY ORDER OF THE COMMISSION)

Commission Secretary

SCHEDULE-1

Application form for grant of Distribution Licence

Particulars of the Applicant

1. Name of the Applicant :
2. Form of Incorporation, if any :
3. Address :
4. Name, Designation & Address :
of the contact person:
5. Contact Tel. Nos. :
6. Fax No. :
7. E-mail ID :
8. Place of Incorporation/Registration :
9. Year of Incorporation/Registration :
10. Geographical Area within which :

Applicant proposes to undertake distribution:

11. Following documents are to be enclosed
 - a) Certificate of registration/incorporation.
 - b) Certificate for commencement of business.
 - c) Memorandum of Association and Articles of Association.
 - d) Original power of attorney of the signatory to commit the Applicant or its promoter.
 - e) Details of permanent Account Number (PAN) of Income tax Registration.

Details of Financial Data of Applicant

12. Net worth (in equivalent Indian Rupees-conversion to be done at the rate of exchange prevailing at the end of each Year) for immediate past 5 (five) financial years. (Specify financial year as applicable)

(DD/MM/YY) to (DD/MM/YY)	In Home Currency	Exchange Rate used	In equivalent Indian Rupees

Copies of Annual Reports or certified audited results to be enclosed in support of above.

13. Annual turnover (in equivalent Indian Rupees - conversion to be done at the rate of exchange prevailing at the end of each year) for immediate past 5 (five) financial years. (Specify financial year as applicable)

(DD/MM/YY) to (DD/MM/YY)	In Home Currency	Exchange Rate used	In equivalent Indian Rupees

Copies of Annual Reports or certified audited results to be enclosed in support of above.

14. Certificate of Credit Rating

15. Certificate of Standard 'borrowal account'

16. Certificate stating that RBI or a Nationalised bank has not classified the Applicant as a wilful defaulter.

17. List of documents enclosed in support of Sl. Nos. (10) and (11) above:

Name of the documents:

(a)

(b)

(c)

(d)

18. (a) Whether Applicant himself shall be financing the proposed distribution of electricity fully on its own balance sheet

(b) If, yes, proposed equity from the Applicant

(i) Amount :

(ii) Percentage :

19. In case the Applicant proposes to tie up with some other Agency for equity, then name & address of such agency:

(a) Name, designation & Address of :

reference person of the other Agency.

(b) Contact Tel. No. :

(c) Fax No. :

(d) E-mail ID :

(e) Proposed equity from the other Agency

(i) Amount :

(ii) Percentage of total equity :

(iii) Currency in which the equity is proposed:

(f) Consent letter of the other agency to associate with the Applicant for equity participation to be enclosed.

(g) Nature of proposed tie-up between the Applicant and the other agency.

20. Details of debt proposed for the distribution activity:

(a) Details of lenders:

(b) Amount to be sourced from various lenders:

(c) Letters from the lenders in support of the above to be enclosed.

21. Organisational & Managerial Capability of the Applicant:

22. Approach & Methodology:

(The Applicant is required to describe approach & methodology for setting up its distribution system and conduct of the business of distribution of electricity as proposed by it. This should contain a statement of the Applicant's plan on conduct of the business of distribution of electricity during the first year after the grant of licence and future plans for the said business during the next five years.)

23. Data relating to the applicant's future business

(i) Five year Business Plan for transmission or distribution of electricity for which the application is being made and funding arrangements for meeting its obligations under proposed licence for maintenance, operation, improvement and expansion for future load growth.

(ii) Five year annual forecasts of costs, sales, revenues and project financing stating the assumptions underlying the figures provided.

(Signature of the Applicant)

Date:

List of Documents to Accompany or information to be furnished:

(a) To mention whether the Applicant is an individual, or a partnership firm registered under the Indian Partnership Act 1932 (9 of 1932), or a private limited company or a public limited company, incorporated under the Companies Act, 2013 or any other incorporated or unincorporated body giving full particulars of its office address and also the registered office address, if any.

- (b) A map of the proposed Area of Licence on a scale of not less than 10 cm to a km or, if no such maps are available, of not less than that of the largest scale ordinance maps available or such other scale as may be approved by the Commission in a specific case.
- (c) A list of all the local authorities vested with the administration of any portion of the Area of License.
- (d) A statement approximately describing any lands which the Applicant proposes to acquire for the purpose of the Distribution Licence and the means of such acquisition.
- (e) A statement of the capital proposed to be expended in carrying on the Licensed Business in the Area of Licence and such other particulars as the Commission may require.
- (f) A copy of the Memorandum and Articles of Association of the company, where the Applicant is a body corporate and similar applicable documents of incorporation, registration or agreement in case of other business entities.
- (g) Annual accounts of the Applicant for the previous three years or other similar documents as may be required.
- (h) An affidavit by the Applicant verifying the correctness of the information disclosed in the application.
- (i) Where the Applicant is a body corporate, details of any group company(ies) engaged in the business of generation, distribution, transmission or trading of electricity, whether within the State of Telangana or in any other State.
- (j) Where the Applicant is not a body corporate, details of any business of generation, distribution, transmission or trading of electricity, whether within the State of Telangana or in any other State, in which the Applicant is directly or indirectly interested.
- (k) Details of any financial holdings of the Applicant in the power sector.
- (l) Brief history of the promoters in case the Applicant is a body corporate.
- (m) Technical qualification and past experience of the Applicant, which shall be considered by the Commission in order to decide as to whether or not the Applicant can successfully discharge its obligations under the Distribution Licence and is, therefore, fit for granting of the Distribution Licence.
- (n) Such other documents or information as the Commission may seek.

SCHEDULE-2

Application form for deemed licence

1. Details of Applicant

(a) Full name of Applicant :

(b) Address of Applicant :

(c) Application fee (DD details) :

(d) Registered Office Address :

(e) Local Office Address / :

Administrative Office Address

(f) Contact Tel. Nos. :

(g) Fax No. :

(h) E-mail ID :

(i) Details of Authorized Signatory :

(j) # Form of Incorporation, if any :

(k) # Place of Incorporation/Registration :

(l) # Year of Incorporation/Registration :

(m) # Following documents are to be enclosed

(i). Certificate of registration/incorporation

(ii). Certificate for commencement of business

(iii). Memorandum of Association and Articles of Association

(Duly mentioning Power Distribution is one of the Business Activity)

(iv). Original power of attorney of the signatory to commit the Applicant or its promoter

(v). Details of permanent Account Number (PAN) of Income tax:

2. Names and addresses of Directors / :

Competent Officers

(Furnish details, if applicable)

3. # Principal shareholders/Partners/ :

Members.

4. # Principal Business Activity :

5. Geographical Area within which Applicant proposes to undertake distribution (to mention boundaries referring to the attached

map when necessary)

6. Power Details

(a) Sourcing of Power

(i) Voltage(s) :

(ii) Source of supply :

(Own generation/Purchase
from Others/Discom)

(iii) Quantum of electricity handled in last 12 months

a. Demand (MW) :

b. Energy (MU) :

(iv) Do you have any power supply agreement with any
Discom/generator/ Trader, if so, mention brief details power
purchase:

(b) Supply of Power

(i) Voltages of supply :

(ii) Persons to whom electricity is intended to be distributed
with full details of categories of persons
(members/employees' colonies/ other concerns/general
public, etc.) :

(c) Funding arrangements for maintenance, operation, improvements
and expansion to meet future load growth, supply obligations, etc.:

(d) Whether Applicant himself will be financing the proposed
distribution of electricity fully on its own balance sheet

If, yes, proposed equity from the Applicant

(i) Amount :

(ii) Percentage :

7. Organizational and Managerial Capability of the applicant:

(The applicant is required to enclose proof of its Organizational &
Managerial Capability, proposed organizational structure and curriculumvitae
of various executives, proposed office etc.)

(i) Management Capability :

(ii) Financial Strength :

(iii) Ability to discharge supply function in a sustainable manner:

8. (a) Date from which Deemed License is sought:

(b) Period for which Deemed License is sought:

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9. Detailed justification for seeking License:

10. Other Information

(a) Whether the applicant or any of his partners or promoters or Directors or Associates has been declared insolvent and has not been discharged. If so, the details thereof.

(b) Details of cases resulting in conviction of fraud or economic offences of the applicant, any of his partners, promoters or Directors or Associates during the three years preceding the year of making application.

(c) Details of all pending cases involving the applicant, any of his partners or promoters or Directors or Associates, which shall include nature of the dispute, whether civil or criminal, name of the other party or parties, the court before whom pending and the latest status.

(d) Whether the applicant or any of his partners, or promoters or Directors or Associates were ever refused license. If so, give the details of date of making application, date of refusal and reasons for refusal.

11. List of Documents enclosed:

(i)

(ii)

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Place:

Date :

(Signature of the authorized person)

Note: '#' Not applicable for Government of India and Government of Telangana Departments /Ministries

List of Documents to Accompany:

- (1) Certificate of Incorporation from Registrar of Companies.
- (2) Copies of Company's Memorandum/Articles of Association/Partnership deed etc.
- (3) Proof of Authorization to sign the application form.
- (4) Data relating to management and Financial Capability
 - (a) Managerial:
 - (i) Senior management's curriculum vitae
 - (ii) Cadre strength for different categories, technical and nontechnical
 - (b) Financial:
 - (i) Bank references asserting that the Applicant is financially solvent.
 - (ii) Most recent Balance Sheet.
 - (iii) Audited accounts for the Applicant and any Holding Company, Subsidiary or affiliated company for each of the three most recent financial years.
 - (iv) Any accompanying notes and certifications on the above statements from a reputed chartered accountant.
- (5) Data relating to the Applicant's future Business
 - (i) Five year Business Plan for the business for which the application relates
 - (ii) Five year annual forecasts of costs, sales, revenues and project financing stating the assumptions underlying the figures provided.
- (6) Detailed Map(s) of the proposed area of supply
Detailed map(s) showing the area supplied and the configuration of the Transmission/Sub-transmission and Distribution System, including information on Substations. The map shall clearly distinguish between the existing System and any new facilities that are or will be required for the purposes of providing Supply.
The map shall indicate the streets and roads in which the power is distributed and distinguish between public and private.
- (7) Proof of Service of the Copy of Application on incumbent Distribution / State Transmission Utility (STU).

(8) Reasons for not furnishing any of the above documents thereof.

(9) Details of Income tax Registration:

(10) Any other relevant information.

SCHEDULE-3

TELANGANA STATE ELECTRICITY REGULATORY COMMISSION

Distribution Licence

1. The Telangana State Electricity Regulatory Commission (hereinafter referred to as the Commission), in exercise of the powers conferred under Section 14 of the Electricity Act, 2003, hereby grants this licence to M/s..... (hereinafter referred to as the licensee) to distribute electricity in the area of distribution as specified below, subject to the provisions made in the Acts, the rules, general conditions of Distribution Licence specified under the Telangana State Electricity Regulatory Commission (Distribution Licence) Regulation, and other Regulations specified by the Commission, including statutory amendments, alterations, modifications, re-enactments thereof, which shall be read as part and parcel of this licence.

2. Area of Distribution

The area of Distribution shall be the whole of the area bounded as follows:

North - By

East - By

South - By

West - By

3. This licence is not transferable, except in accordance with the provisions of the Acts, the Rules and the Regulations.

4. (1) The licensee shall not without prior approval of the Commission -

(a) undertake any transaction to acquire by purchase or take over or otherwise, the utility of any other licensee; or

(b) merge its utility with utility of any other licensee;

(2) The licensee shall not at any time assign its licence, or transfer its utility, or any part thereof, by sale, lease, exchange or otherwise without the prior approval of the Commission

(3) Any agreement relating to any transaction referred to in sub- clause (1) and sub- clause (2) unless made with the approval of the Commission, shall be void.

5. The grant of this licence to the licensee shall not in any way hinder or restrict the right of the Commission to grant a licence to any other person within the same area for Distribution of electricity. The licensee shall not claim any exclusivity.

6. This licence shall commence on the date of its issue and unless revoked earlier, shall continue to be in force for a period of 25 (twenty five) years.

7. The licensee may with prior intimation to the Commission, engage in any business for optimum utilisation of its assets.

Provided that the licensee shall not engage in the business of transmission of electricity.

8. The licensee shall pay license fee as specified by the Commission.

9. The provisions contained in the Acts shall apply to the licensee with regard to revocation of licence and sale of his utility.

SECRETARY