

**COURT OF THE LOK PAL (OMBUDSMAN),  
ELECTRICITY, PUNJAB,  
PLOT NO. A-2, INDUSTRIAL AREA, PHASE-1,  
S.A.S. NAGAR (MOHALI).**

**(Constituted under Sub Section (6) of Section 42 of  
Electricity Act, 2003)**

**APPEAL No. 01/2023**

**Date of Registration : 04.01.2023  
Date of Hearing : 16.01.2023, 24.01.2023  
Date of Order : 24.01.2023**

**Before:**

**Er. Gurinder Jit Singh,  
Lokpal (Ombudsman), Electricity, Punjab.**

**In the Matter of:**

**M/s. Bhawani Shankar Casting Pvt. Ltd.,  
V&PO Raowali,  
Pathankot Road Jalandhar.  
Contract Account Number: 3000855572 (LS)**

**...Appellant**

**Versus**

**Addl. Superintending Engineer,  
DS East Division, PSPCL,  
Jalandhar.**

**...Respondent**

**Present For:**

**Appellant: Sh. Arun Kumar Gosain,  
Appellant's Representative.**

**Respondent :** 1. Er. Jaspal Singh,  
Addl. Superintending Engineer,  
DS East Division, PSPCL, Jalandhar.  
2. Sh. Raj Kumar Bassi,  
AAO

Before me for consideration is an Appeal preferred by the Appellant against the decision dated 02.11.2022 of the Corporate Consumer Grievances Redressal Forum, Ludhiana (Corporate Forum) in Case No. CF-122/2022 deciding that:

*“Plea of the petitioner to give him interest on two installments of ACD deposited by him is not justified and dismissed accordingly. However, the amount of Security (Consumption) of Rs. 434062/- lying credited in the account of M/s K.J. Steel Rolling Mills be updated and interest be provided as per Reg. 17.1 of Supply Code 2014 amended from time to time. Interest on AACD be charged as per CC 34/2015 dated 24.08.2015 and notice issued vide Memo no. 953 dated 05.07.2022 be revised accordingly.”*

## **2. Registration of the Appeal**

A scrutiny of the Appeal and related documents revealed that the Appeal was received in this Court on 03.01.2023 i.e. beyond the stipulated period of thirty days of receipt of the decision dated 02.11.2022 of the CCGRF, Ludhiana in Case No. CF-122/2022. The Appellant deposited the requisite 40% of the disputed amount. The Appellant was asked vide Memo No. 13/OEP/M/s Bhawani Shankar dated 03.01.2023 to send the copy of the Board Resolution of the Appellant Company authorizing Sh. Ramanpreet Singh Chawla to file the present Appeal in this Court. The Appellant sent the same through email on 04.01.2023. Therefore, the Appeal was registered on 04.01.2023 and copy of the same was sent to the

Addl. Superintending Engineer/ DS East Divn., PSPCL, Jalandhar for sending written reply/ para wise comments with a copy to the office of the CCGRF, Ludhiana under intimation to the Appellant vide letter nos. 24-26/OEP/A-01/2023 dated 04.01.2023.

### **3. Proceedings**

With a view to adjudicate the dispute, a hearing was fixed in this Court on 16.01.2023 at 12.30 PM and intimation to this effect was sent to both the parties vide letter nos. 45-46/OEP/A-01/2023 dated 10.01.2023. As scheduled, the hearing was held in this Court on 16.01.2023 and arguments of both the parties were heard. A copy of proceedings dated 16.01.2023 was sent to both the parties vide letter nos. 67-68/OEP/A-01/2023 dated 16.01.2023. The next date of hearing was fixed on 24.01.2023 at 12.00 Noon. As scheduled, the hearing was held in this Court again on 24.01.2023 and final arguments of both the parties were heard.

### **4. Condonation of Delay**

At the start of hearing on 16.01.2023, the issue of condoning of delay in filing the Appeal in this Court was taken up. The Appellant submitted that the CCGRF sent decision dated 02.11.2022 vide Memo No. 2146 dated 10.11.2022 to the Appellant. The same was received by the Appellant on 12.11.2022. The Respondent, AEE/Commercial, Unit-II, PSPCL, East Division, Jalandhar, sent

fresh notice vide Memo No. 1339 dated 02.12.2022 in compliance of the CCGRF decision dated 02.11.2022 through email received on 05.12.2022. The Appellant, based on the contents of the fresh notice, decided to file Appeal on 03.01.2023. Therefore, the Appellant's Representative requested that the delay may kindly be condoned and the Appeal be adjudicated on merits in the interest of justice. The Respondent did not object to it.

In this connection, I have gone through Regulation 3.18 of PSERC (Forum and Ombudsman) Regulations, 2016 which reads as under:

*“No representation to the Ombudsman shall lie unless:*

*(ii) The representation is made within 30 days from the date of receipt of the order of the Forum.*

*Provided that the Ombudsman may entertain a representation beyond 30 days on sufficient cause being shown by the complainant that he/she had reasons for not filing the representation within the aforesaid period of 30 days.”*

It is observed that refusal to condone the delay in filing the Appeal would deprive the Appellant of the opportunity required to be afforded to defend the case on merits. Therefore, with a view to meet the ends of ultimate justice, the delay in filing the Appeal in



this Court beyond the stipulated period was condoned and the Appellant's Representative was allowed to present the case.

## **5. Submissions made by the Appellant and the Respondent**

Before undertaking analysis of the case, it is necessary to go through written submissions made by the Appellant and reply of the Respondent as well as oral deliberations made by the Appellant's Representative and the Respondent along with material brought on record by both the parties.

### **(A) Submissions of the Appellant**

#### **(a) Submissions made in the Appeal**

The Appellant made the following submissions in its Appeal for consideration of this Court:-

- (i) The Appellant was having a LS Category Connection, bearing Account No. 3000855572 with sanctioned load of 3835.953 kW/3791 kVA in the name of M/s. Bhawani Shankar Casting Pvt. Ltd. under AEE/Commercial, Unit-II, DS East Divn., PSPCL, Jalandhar.
- (ii) The Appellant was served with Notice No. 167 dated 04.02.2016 to deposit ₹ 49,77,718/- towards Revised Consumption Security (AACD) as per Regulation 16.4 of Supply Code, 2014 detailed as under:-

- a) AACD which become due = ₹ 1,16,59,588.00  
 b) ACD already deposited = ₹ 66,81,870.00  
 c) Difference of AACD to be deposited = ₹ 49,77,718.00

(iii) Notice No. 167 dated 04.02.2016 was in utter ignorance and violation of Regulation 16.5.3 of Supply Code, 2014, reproduced as under:-

*“Where the consumer is required to pay the additional Security (Consumption), the distribution licensee shall issue to the consumer a separate notice cum bill specifying the amount payable along with supporting calculations.”*

(iv) Although there was no provision in Supply Code, anywhere, even then the Appellant in support of its claim represented to the Respondent vide letter dt: 09.02.2016 informing that ₹ 75,10,120/- stood deposited instead of ₹ 66,81,870/- which was neither rebutted nor agreed meaning no reliance. The Appellant was definite that this demanded AACD was not correct, even then the Appellant did not refuse the receipt of notice issued by the Respondent, but humbly requested to the AEE to adhere to the spirit of this Regulation and supply the detailed calculations of AACD demanded i.e. ₹ 49,77,718/- in the instant case vide letter dated 15.02.2016.

(v) The Respondent kept a deaf ear and the Appellant was neither heard nor replied. Ultimately, the Appellant met the Respondent on 17.02.2016 and discussed the issue. During the discussion, the

Respondent asked to deposit instantly at least one installment and assured simultaneously that the Appellant, by all means, would be supplied by the Respondent the detailed calculation. Attaching due cognizance to the assurance given by the Senior Officer, the Appellant relied upon & deposited ₹ 8,29,620/- vide Cheque No. 995635 dated 15.02.2016 vide BA 16 No. 38/48748 dated 17.02.2016 as part payment.

(vi) After 17.02.2016, the Appellant started facing daily sheer harassment whenever he visited the office of the Respondent. The Appellant was never attended even once, what to talk of being heard. Rather, he was threatened of disconnection if the balance amount of AACD was not deposited. The Respondent totally upset the peace of mind and caused huge tension, puzzlement & oppression that the Appellant had to fall in prey to the Respondent and with mercy representation of dated 24.10.2016, approached the Respondent and requested again for calculation of AACD as the amount of AACD was wrong. The Appellant deposited ₹ 8,29,620/- on 24.10.2016 vide Receipt No. 243/48998 dated 24.10.2016.

(vii) It would be in the fitness of the things to mention here that in the subsequent representation of 24.10.2016, the Appellant clearly mentioned that “We will not deposit the next installment unless our difference in deposit is not found by you.”

- (viii) It would be pertinent to mention that the Appellant was also having one more connection running under the name & style of M/s. K.J. Steel Rolling Mill bearing A/c No. 3000855596 under the same the Respondent. The firm was also sent similar notice by the Respondent vide Memo No. 1549 dated 26.11.2019 for depositing ₹ 4,34,062/- towards AACD again violating the Regulation 16.5.3 of Supply Code, 2014, without any calculation sheet. The Appellant again asked for calculation sheet vide letter dated 09.02.2016. But even after no reply from the Respondent, the Appellant deposited the said amount of ₹ 4,34,062/- in three installments.
- (ix) This connection of M/s K.J. Steel Rolling Mill A/c No. 3000855596 was clubbed into M/s. Bhawani Shanker Casting Pvt. Ltd, A/c No. 3000855572 in the year 2020. The AACD deposited ₹ 4,34,062/- was updated in its original name of the Firm i.e. M/s K.J. Steel Rolling Mill but not transferred to M/s. Bhawani Shanker Casting Pvt. Ltd. after clubbing nor its penal interest was given till date.
- (x) The Respondent did not end his attitude of reaching pain to the Appellant. In continuation, the Appellant was stunned to receive Memo No. 953 dated 05.07.2022 wherein he was asked to deposit ₹ 21,86,145/- towards AACD for the year 2021-22 by intentionally



ignoring attaching of the Calculation Sheet as per Regulation 16.5.3 of Supply Code, 2014 again.

- (xi) Again against this notice, the Appellant approached in person and asked for calculation sheet which was mandatory but in vain.
- (xii) In nutshell, it would be pertinent to mention that no calculation sheets, which were mandatory to be supplied by the Respondent (AEE) alongwith the notices for demand of AACD, were supplied up to 05.09.2022 and even no updation was done of AACD deposited of ₹ 8,29,620/- dated 15.02.2016 and of ₹ 8,29,620/- dated 24.10.2016 & not shown in the bills issued till date.
- (xiii) Sensing the adamant behavior of the Respondent as discussed above, the Appellant filed petition in Corporate Forum, PSPCL, Ludhiana on 08.09.2022 which was registered vide Case No. CF-122/2022 & the same was closed on 20.10.2022.
- (xiv) During the pendency of the case from 08.09.2022 to 20.10.2022 with the Corporate Forum, various proceedings on 12.09.2022, 27.09.2022, 04.10.2022, 11.10.2022 & 20.10.2022 took place, which were explained in the said case. The Hon'ble Corporate Forum with decision at Para No. 8 had brought out the rejoinder of Appellant dated 04.10.2022 and written reply of which speak the Respondent did not supply the Calculation Sheet while demanding AACD till 10/2016 and also agreed in Para 9 of decision of

Corporate Forum that the Appellant had deposited AACD of ₹ 16,59,240/- and ₹ 4,34,062/-.

(xv) Now, it would be seen that the Respondent did not at all bother to attend the genuine legal demand of the Appellant for providing supporting calculations as per Regulation 16.5.3 of Supply Code, 2014 while demanding the AACD of ₹ 49,77,718/-. The Respondent brazenly ignored the specific section of Electricity Act, 2003 and Supply Code, 2014 framed by Hon'ble PSERC which bound legally the Respondent, who intentionally went on ignoring the following written representations of the aggrieved helpless Appellant:-

- a) Representation dated 09.02.2016
- b) Representation dated 15.02.2016
- c) Representation dated 24.10.2016

Rather, continued his illegal action by way of raising AACD of ₹ 21,86,145/- vide Notice No. 953 dated 05.07.2022 and this notice too was without any Calculation Sheet.

(xvi) The Consumer had to approach the Corporate Forum for letting know the above stated high handedness of the Respondent which had reached harassment to the Appellant for 6 years by demanding illegal demand of AACD and not supplying detailed calculations thereof, but regret to inform that all arguments of the Appellant brought on record of the Petition and even confession of the

Respondent in his written reply, the Hon'ble Corporate Forum gave unexpected, unjust & unviable decision.

(xvii) NOW REGARDING DECISION OF CORPORATE FORUM

which divulged that Corporate Forum had not paid any attention to the high handed attitude of the Respondent for not supplying the supporting calculations alongwith the notices (3 no) discussed above as per Regulation 16.5.3 of Supply Code, 2014 which indirectly showed that the action of the Respondent (PSPCL) was correct and the Appellant's action was wrong.

Whereas had the Consumer been supplied the desired calculations sheets, there was no reason for not depositing the correct AACD amount.

(xviii) In nutshell, the Appellant had filed petition against Memo No. 953 dated 05.07.2022 in which the Respondent had raised demand of ₹ 21,86,145/- towards AACD detailed as under:

- |   |                   |
|---|-------------------|
| a) AACD Amount as per 1.5 times bill amount last Year (2021-22) | = ₹ 1,99,03,090/- |
| b) ACD already deposited as per record                          | = ₹ 1,77,16,945/- |
| c) Balance  | = ₹ 21,86,145/-   |

(xix) The Appellant during the course of proceeding submitted before the Corporate Forum that the calculation sheet as per Regulation 16.5.3 of Supply Code, 2014 had not been supplied and further stated that the already deposited AACD sum of ₹ 16,59,240/- plus ₹ 4,34,062/-

= ₹ 20,93,302/- had been deposited which stood confirmed by Corporate Forum on 11.10.2022 in its decision in Para 1 page 12 and also submitted that no interest (although it became penal interest as per Regulation 17.3 of Supply Code, 2014) had been given retrospectively.

(xx) Despite above observation brought on record, the Corporate Forum while giving decision became quite silent, which led to the Respondent No. 1 to issue another Notice vide Memo No. 1339 dated 02.12.2022 received by e-mail on 05.12.2022 with illegal demand as under:

“ਲੇਟ ਜਮਾਂ ਕਰਵਾਇਆ AACD ਦੀਆਂ ਕਿਸ਼ਤਾਂ ਤੇ ਜਮਾਂ ਕਰਵਾਉਣ ਯੋਗ ਵਿਆਜ-	ਰੁ: 12,30,125.00
434062 (AACD) ਖਾਤਾ ਨੰ. 3000855596 M/s. K.J. Steel ਤੇ ਦੇਣ ਯੋਗ ਵਿਆਜ-	ਰੁ: 43153.00
	ਰੁ: 11,86,972.00
ਪਹਿਲਾ ਜਮਾਂ ਕਰਵਾਈ ਰਕਮ	ਰੁ: 4,37,230.00
	ਰੁ: 7,49,742.00

It would be seen that no detailed calculation sheet had been supplied which could show the mode of calculation of charges of levied interest amount of ₹ 12,30,125/- which was a serious violation of Regulation 30.1.2 of Supply Code, 2014.

(xxi) Therefore, the Appellant, in view of facts brought above, would humbly request that the Respondent be directed to adjust the already deposited AACD on 15.09.2020 & 24.10.2020 of ₹ 16,59,240/- & ₹ 4,34,062/- and pay due interest on it against



demand raised by the Respondent vide Notice No. 1339 dated 02.12.2022.

**(b) Submission in the Rejoinder**

The Appellant submitted a Rejoinder dated 24.01.2023 during hearing on 24.01.2023 which was taken on record. He reiterated the points already raised in the main Appeal. He pleaded that instructions contained in CC No. 34/2015 should not be followed because this circular was not approved by PSERC. The case should be decided as per Supply Code, 2014 and the Electricity Act, 2003.

**(c) Submission during hearing**

During hearings on 16.01.2023 & 24.01.2023, the Appellant's Representative (AR) reiterated the submissions made in the Appeal/ Rejoinder and prayed to allow the same. He argued that the Commercial Circular No. 34/2015 had been issued by the PSPCL without the approval of the PSERC and should not be relied upon.

**(B) Submissions of the Respondent**

**(a) Submissions in written reply**

The Respondent submitted the following written reply for consideration of this Court:-

- (i) The Appellant was having LS connection with sanctioned load of 3835.953 kW and sanctioned contract demand of 3791 kVA under DS Sub- division Commercial Unit No. 2, under DS East Division,

PSPCL, Jalandhar bearing account no. 3000855572. In compliance of Regulation 16 of Supply Code-2014 and as per list provided by CBC Jalandhar, Sub Division office issued Notice No. 953 dated 05.07.2022 to the Appellant to deposit ₹ 21,86,145/- as AACD. The Appellant did not deposit the same and the amount was charged in its energy bill issued in the month of 08/2022. The Appellant did not deposit the amount and approached the Corporate Forum, Ludhiana. The Corporate Forum, Ludhiana after hearing both the parties and taking into consideration the documentary evidences as well as submissions made by both the parties gave its decision as under:-

“Plea of the petitioner to give him interest on two installments of ACD deposited by him is not justified and dismissed accordingly. However, the amount of Security (Consumption) of Rs. 434062/- lying credited in the account of M/s K.J. Steel Rolling Mills be updated and interest be provided as per Reg. 17.1 of Supply Code 2014 amended from time to time. Interest on AACD be charged as per CC 34/2015 dated 24.08.2015 and notice issued vide Memo no. 953 dated 05.07.2022 be revised accordingly.”

- (ii) In compliance of the decision of CCGRF, Respondent’s office issued Memo No. 1339 dated 02.12.2022 to the Appellant to deposit ₹ 7,49,742/-, but the Appellant did not deposit the same and filed Appeal against the decision of CCGRF, Ludhiana. The Appellant deposited the requisite 40% of the disputed amount.
- (iii) In compliance of Regulation 16 of Supply Code-2014, the Respondent’s office issued notice no. 167 dated 04.02.2016 to the

Appellant to deposit the ₹ 49,77,718/- as AACD. The Appellant gave request in the office of ASE/East Division, Jalandhar to deposit the above amount in installments and 6 monthly installments were allowed by ASE/East Division, Jalandhar on 17.02.2016. The Appellant deposited the first installment of ₹ 8,29,620/- on 17.02.2016. As per instructions, second installment was to be deposited within month (before 17.03.2016) whereas the Appellant deposited the second installment on 25.10.2016. As the Appellant did not deposit the installments timely, therefore it was liable to be charged the interest and no interest was required to be paid on the installments paid being less amount deposited as per condition of CC No. 34/2015, reproduced as under:-

- “1)The consumers shall be required to pay the interest as per the SBI's base rate plus 2% prevalent on 1 April 2015 on the amount of reducing balance of Security(consumption).
- 2) In case of failure to deposit any installment, the consumer shall for the actual period of default pay interest thereon at twice the SBI's base rate plus 2% without prejudice to the licensee's right to disconnect supply of electricity under Regulation 16.5.5.
- 3) Interest on Security (consumption) shall be payable by the PSPCL as per provisions of Reg-17 of the Supply Code-2014 from the date of deposit of last installment by the consumer with up to date interest.”

- (iv) It was submitted that in compliance of Regulation 16 of Supply Code-2014, the Sub division office issued notice no. 167 dated 04.02.2016 to the Appellant to deposit the difference of AACD amounting to ₹ 49,77,118/-. On the request of the Appellant, 6 installments were allowed by the Competent Authority. The

Appellant deposited its first installment of ₹ 8,29,620/- on 17.02.2016 and second installment on 25.10.2016. It was correct that the Appellant vide letter dated 09.02.2016 informed that security already deposited was ₹ 75,10,120/-, but the detail given in letter was wrong and incorrect because amount of ₹ 3,64,500/- which related to service connection charges was shown as ACD by the Appellant deliberately and amount of ₹ 4,56,400/- had already been refunded to the Appellant vide SCA No. 2/page 27/Reg LS dated 14.11.2011. It was pertinent to mention here that in Notice No. 167 dated 04.02.2016, security already deposited was shown as ₹ 66,81,870/- which was correct. As per record, this amount had been in bills before September, 2014. Moreover, in Notice No. 1119 issued on 03.10.2019, the security already deposited was also shown as ₹ 66,81,870/- and the Appellant deposited the difference of AACD amounting to ₹ 94,90,526/- in installments. It was also submitted that the Appellant never challenged the Notice No. 167 dated 04.02.2016 in any Court or Dispute Settlement Committee.

- (v) It was also stated that correspondence related to reply of Appellant's representation was not available in the office of the Respondent.
- (vi) Sub division office never threatened the Appellant to disconnect the connection. The notice issued to the Appellant was correct.



- (vii) As per record, ₹ 4,34,062/- on account of AACD was charged in the bill of 01/2020 and the consumer, M/s K.J. Steel Rolling Mill deposited the same.
- (viii) It was submitted that connection of M/s K. J. Steel Rolling Mills was clubbed into M/s Bhawani Shankar Casting Pvt. Ltd., the Appellant, in the year 2020 and security amount of ₹ 4,34,072/- will be released and transferred /refunded.
- (ix) It was submitted that as per list provided by CBC, Jalandhar in compliance of Regulation 16 of Supply Code-2014, Sub division office issued notice no. 953 dated 05.07.2022 to the Appellant to deposit the ₹ 21,86,145/- as AACD. The detail of AACD charged was shown to the Appellant's representative and was also sent by e-mail. The Appellant did not deposit the same and the amount was charged in its energy bill issued in the month of 08/2022. The Appellant did not deposit the amount and filed a petition in CCGRF, Ludhiana vide Case No. CF-122/2022. The Hon'ble CCGRF, Ludhiana after hearing both the parties and taking into consideration the documentary evidences as well as submissions made by both the parties gave its decision on 20.10.2022.
- (x) It was submitted that CC No. 34/2015 dated 24.08.2015 clearly prescribed that the interest on security shall be payable by the PSPCL as per Regulation 17 of Supply Code-2014 from the date of

payment of last installment by the consumer with up to date interest. That's why AACD partially deposited was not updated.

- (xi) The CCGRF, Ludhiana had passed a well reasoned and speaking order and there was no infirmity in the order passed by the CCGRF, Ludhiana. In compliance of the decision of the CCGRF, Ludhiana, Sub Division office issued fresh notice vide Memo No. 1339 dated 02.12.2022 to the Appellant to deposit ₹ 7,49,742/- which was legal and correct.
- (xii) The grounds taken in the grounds of Appeal were not tenable. The grounds mentioned in the written arguments submitted by the Appellant had already been taken into consideration by the CCGRF, Ludhiana. Thus, the grounds of Appeal and the written arguments submitted by the Appellant were totally incorrect and the decision of the CCGRF, Ludhiana was correct and based upon the documentary evidences. It was a well reasoned and speaking order.
- (xiii) It was therefore prayed that the Appeal filed by the Appellant may kindly be dismissed with costs.

**(b) Submission during hearing**

During hearings on 16.01.2023 & 24.01.2023, the Respondent reiterated the submissions made in the written reply to the Appeal and prayed for the dismissal of the Appeal with costs. During

hearing on 16.01.2023, the Respondent could not give any reply regarding the issue that whether Commercial Circular No. 34/2015 was issued by the PSPCL with the approval of the PSERC or not. He requested this Court for time of one week for the same. So the case was deferred to 24.01.2023 by this Court. The Respondent admitted on 24.01.2023 that CC No. 34/2015 was issued without the approval/ concurrence of PSERC. He submitted the reply of the office of CE/ Commercial in this regard which was taken on record.

#### **6. Analysis and Findings**

The issue requiring adjudication is the legitimacy of the claim of the Appellant regarding non-updation of two instalments of AACD of ₹ 8,29,620/- each deposited on 17.02.2016 & 24.10.2016 and ₹ 4,34,062/-, on account of security of connection of M/s K J Steel Rolling Mill clubbed with the connection of the Appellant in year 2020, along with interest on these amounts.

*My findings on the points emerged, deliberated and analysed are as under:*

- (i) The Corporate Forum in its order dated 02.11.2022 observed as under:-

“Forum observed that Petitioner was issued notice no. 953 dated 05.07.2022 to deposit Rs. 2186145/-, as AACD for the year 2022-23. Petitioner did not deposit the same and the

amount was charged in his energy bill issued on dated 26.08.2022. Petitioner stated that in the year 2016, he was charged Rs. 4977718/- vide notice no. 167 dated 04.02.2016 as AACD and he had deposited two installments 1<sup>st</sup> of Rs. 829620/- on dated 17.02.2016 & 2<sup>nd</sup> of Rs. 829620/- on dated 25.10.2016, with the request to provide the details of AACD charged to him but Respondent failed to provide any detailed calculations of security consumption. He further pleaded that another connection of M/s K J Steel Rolling Mills was clubbed into M/S Bhawani Shanker Castings Pvt. Ltd., in the year 2020. The amount of Security Consumption of Rs. 434062/- of this account was also not transferred to his account. As per petitioner the above two instalments and security of M/s K J Steel Rolling Mills, were neither updated nor any interest thereupon, was given to him. Aggrieved with this, Petitioner filed his case in the Forum.

Forum further observed as under:

1. Petitioner in his petition submitted that he had deposited Rs. 1659240/- in two Installments against demand of Rs. 4977718/- and rest of the installments were not paid as Respondent failed to supply the detailed calculations which was necessary as Reg. 16.5.3 of Supply Code 2014. It is pertinent to mention that this amount Rs. 1659240/ was neither updated in consumer security and no interest was given till date. Respondent in this regard submitted that Petitioner was issued notice no. 167 dated 04.02.2016 to deposit the difference of AACD amounting to Rs. 4977718/- . Petitioner gave request in the office of ASE/ East Divn. Jalandhar to deposit the amount in installments and 6 installments were allowed by ASE/ East Divn. Jalandhar on dated 17.02.2016. Petitioner deposited his first installment of Rs. 829620/- on dated 17.02.2016 and second installment was deposited on dated 25.10.2016. As the Petitioner did not deposit the installment timely therefore, he was liable to be charged the interest and no interest is required to be paid on the instalments paid being less



amount deposited as per the conditions of CC 34/2015, reproduced as under:

1. *The consumers shall be required to pay the interest as per the SBI's base rate plus 2% prevalent on 1 April 2015 on the amount of reducing balance of Security (consumption)*
2. *In case of failure to deposit any installment, the consumer shall for the actual period of default pay interest thereon at twice the SBI's base rate plus 2% without prejudice to the licensee's right to disconnect supply of electricity under Regulation '16.5.5.*
3. *Interest on Security (consumption) shall be payable by the PSPCL as per provisions of Reg-17 of the Supply Code-2014 from the date of deposit of last installment by the consumer with up to date interest.*

Forum observed that in pursuance of the provisions of CC 34/2015 dated 24.08.2015 and on the request of the petitioner, he was allowed to deposit AACD by Respondent in six no. of installments on dated 17.02.2016. In compliance to the above approval accorded to deposit AACD in six no. installments, Petitioner deposited first installment of Rs. 829620/- on dated 17.02.2016 and 2<sup>nd</sup> installment of same amount on 25.10.2016. Petitioner failed to deposit the balance/ remaining installments till date. It is further observed that there is no provision for deposit of AACD in installments and consequences of failure to deposit the installments fully/ partly in Relevant Regulation 16 of Supply Code -2014.

2. Further petitioner submitted that the connection of M/S KJ Steel Rolling Mills was clubbed into M/S Bhawani Shanker Castings Pvt. Ltd. in the year 2020. It is pertinent to mention here that the amount of Security Consumption of Rs. 434062/- lying credited in the account of M/s K.J. Steel Rolling Mills was not updated in consumer security amount nor the Interest was given till date by the PSPCL. Respondent In this regard submitted that the connection of M/S KJ Steel Rolling Mills was clubbed into M/s Bhawani Shanker Castings Pvt. Ltd. in the year 2020 and security amount of Rs. 434072/- released in SAP system outstanding in the account no. 3000855596 of M/s K.J. Steel Rolling Mill was refunded into the new account. Forum observed that the Respondent himself agreed to

transfer/release the security amount lying in the account of K.J. Steels Rolling Mills to New account.

**However, Independent Member did not agree to the above conclusion and expressed his opinion as under:**

Installments of AACD were allowed to large supply consumers vide CC 34/2015 dated 24.08.2015, with following conditions:-

1. *The consumers shall be required to pay the interest as per the SBI's base rate plus 2% prevalent on 1 April 2015 on the amount of reducing balance of Security (consumption)*
2. *In case of failure to deposit any installment, the consumer shall for the actual period of default pay interest thereon at twice the SBI's base rate plus 2% without prejudice to the licensee's right to disconnect supply of electricity under Regulation '16.5.5.*
3. *Interest on Security (consumption) shall be payable by the PSPCL as per provisions of Reg-17 of the Supply Code-2014 from the date of deposit of last installment by the consumer with up to date interest.*

I am of the opinion that although as per the above circular, the interest is payable by the PSPCL from the date of deposit of last installment by the consumer, but nothing has been mentioned in Regulation 17 of Supply Code-2014, as quoted in the above instructions. Regulation 17 of Supply Code-2014 is reproduced under: -

**17. INTEREST ON SECURITY (CONSUMPTION) AND SECURITY (METER)**

17.1 *The distribution licensee shall pay interest on Security (consumption) and Security (meter) at the SBI's Base Rate prevalent on first of April of the relevant year plus 2%, from the date of deposit of such amount.*

17.2 *The interest on Security (consumption) and Security (meter) shall be credited to the account of a consumer annually on first day of April each year and shall be adjusted/paid in first bill raised after first April every year against the outstanding dues and/or any amount becoming due to the distribution licensee thereafter.*

17.3 *In the event of delay in effecting adjustments due to the consumer as per regulation 17.2, the distribution licensee shall for the actual period of delay pay interest at twice the SBI's Base Rate prevalent on first of April of the relevant year plus 2%.*

From the above, it is evident that the condition no. 3 of CC 34/2015 is not in line with Regulation 17 of Supply Code-

2014, therefore, petitioner cannot be denied interest on two installments of AACD deposited by him.

Further, in the 'Short Title' of the ESIM, the following provisions have been stipulated: -

*"In the event of inconsistency in the Instructions contained in "ELECTRICITY SUPPLY INSTRUCTION MANUAL", the provisions of PSERC (Electricity Supply Code & Related Matters) Regulations, 2014 (as amended from time to time) and Electricity Act-2003 will prevail in that order."*

As this is a case of the Instructions (issued vide CC No. 34/2015 dated 24.08.2015) being inconsistent with the provision of PSERC Supply Code, hence, instructions of Supply Code prevail.

In this regard, the other members of the Forum, opined that the CC no. 34/2015 dated 24.08.2015 has been issued by PSPCL, with the approval of competent authority, therefore the conditions mentioned in the circular cannot be ignored. Further, the 'Short Title' of ESIM as mentioned above is not relevant as there is no inconsistency in the instructions of ESIM & PSERC Regulation. Moreover, the petitioner has never challenged the instruction of CC 34/2015, in his petition.

Forum have gone through the written submissions made by the Petitioner in the petition, written reply of the Respondent as well as oral arguments made by the Petitioner and the Respondent along with the material brought on the record. From the above discussion, Forum, with majority, is of the opinion that CC 34/2015 dated 24.08.2015 clearly prescribed that interest on Security shall be payable by the PSPCL as per Reg. 17 of Supply Code-2014 from the date of last installment by the consumer with upto date interest. This circular has been issued with approval of the competent authority. Further, Supply Code-2014 is silent about the issue; hence, the case is to be decided as per CC 34/2015. Hence, plea of the petitioner to give him interest on two installments of ACD deposited by him is not acceptable and is liable to be dismissed. However, the amount of Security (Consumption) of Rs. 434062/- lying credited in the account of M/s K.J. Steel Rolling Mills is required to be updated and interest is to be provided as per



Reg. 17.1 of Supply Code 2014 amended from time to time. Interest on AACD be charged as per CC 34/2015 dated 24.08.2015 and notice issued vide Memo no. 953 dated 05.07.2022 be revised accordingly.

Keeping in view of the above, Forum, with majority, came to the unanimous conclusion that plea of the petitioner to give him interest on two installments of ACD deposited by him is not justified and dismissed accordingly. However, the amount of Security (Consumption) of Rs. 434062/- lying credited in the account of M/s K.J. Steel Rolling Mills be updated and interest be provided as per Reg. 17.1 of Supply Code 2014 amended from time to time. Interest on AACD be charged as per CC 34/2015 dated 24.08.2015 and notice issued vide Memo no. 953 dated 05.07.2022 be revised accordingly.”

- (ii) I have gone through the written submissions made by the Appellant in the Appeal/ Rejoinder, written reply of the Respondent as well as oral arguments of both the parties during the hearings on 16.01.2023 & 24.01.2023. It is observed that the Respondent issued Notice No. 167 dated 04.02.2016 to the Appellant for the deposit of ₹ 49,77,718/- as Additional Security (Consumption) as per Regulation 16.5.3 of the Supply Code-2014. The Appellant requested in the office of ASE/East Division, Jalandhar to deposit the above amount in installments and 6 monthly installments were allowed by ASE/East Division, Jalandhar on 17.02.2016. The Appellant deposited the first installment of ₹ 8,29,620/- on 17.02.2016. Thereafter, the Appellant deposited the second installment of ₹ 8,29,620/- on 24.10.2016 and did not pay the balance installments. Then again in year 2019, Notice No. 1119



dated 03.10.2019 was issued to the Appellant by the Respondent for the payment of Additional Security (Consumption) of ₹ 94,90,526/- as per Regulation 16.5.3 of the Supply Code-2014, which was paid by the Appellant in the installments. Thereafter in year 2022, the Respondent issued Notice No. 953 dated 05.07.2022 to deposit ₹ 21,86,145/- as Additional Security (Consumption) as per Regulation 16.5.3 of the Supply Code-2014. This amount was not deposited by the Appellant. The Appellant challenged it before the Corporate Forum, Ludhiana vide Case No. CF-122 of 2022 requesting that the Respondent had neither up-dated its Security (Consumption) with amounts of two installments of Additional Security (Consumption) of ₹ 8,29,620/- each deposited by it in the year 2016 and Additional Security (Consumption) of ₹ 4,34,062/- of M/s K J Steel Rolling Mill whose electricity connection was clubbed with the connection of the Appellant in year 2020, nor paid interest on these amounts. The Corporate Forum, Ludhiana in its decision dated 02.11.2022, with majority, dismissed the plea of the Appellant regarding the interest on two installments of ₹ 8,29,620/- each quoting CC No. 34/2015 of the PSPCL, but allowed the up-dation of Additional Security (Consumption) of ₹ 4,34,062/- of M/s K J Steel Rolling Mill in the Security (Consumption) of the Appellant alongwith refund of the interest on this amount as per

Regulation 17.1 of the Supply Code-2014. Further, the Corporate Forum decided that the Respondent can charge interest on Additional Security (Consumption) as per CC No. 34/2015 & Notice No. 953 dated 05.07.2022 be revised accordingly.

- (iii) The Appellant filed the present Appeal against the order dated 02.11.2022 of the Corporate Forum pleading that the amounts of two installments of Additional Security (Consumption) of ₹ 8,29,620/- each deposited by it in the year 2016 and Additional Security (Consumption) of ₹ 4,34,062/- of M/s K J Steel Rolling Mill whose electricity connection was clubbed with the connection of the Appellant in year 2020 be updated in the Security (Consumption) of the Appellant and interest be given on these amounts.
- (iv) During the hearing on 16.01.2023, the Appellant's Representative (AR) argued that the Commercial Circular No. 34/2015 had been issued by the PSPCL without the approval of the PSERC. The Respondent could not give any reply and requested this Court for time of one week to produce the evidence in this regard. So the case was deferred to 24.01.2023 by this Court. The Respondent admitted during hearing on 24.01.2023 that CC No. 34/2015 was issued without the approval of PSERC. He submitted the reply received from the office of CE/ Commercial in this regard. CC No. 34/2015

was issued without the approval of the PSERC. The instructions contained in this Commercial Circular are not consistent with the Supply Code, 2014 to be read with amendments and The Electricity Act, 2003 and hence these instructions are not enforceable as per Law.

- (v) Independent Member of the Corporate Forum, Ludhiana didn't agree with the conclusion arrived at by the other members of the Corporate Forum in Case No. CF-122/2022 of the Appellant & expressed his opinion as under:

"Installments of AACD were allowed to large supply consumers vide CC 34/2015 dated 24.08.2015, with following conditions: -

4. *The consumers shall be required to pay the interest as per the SBI's base rate plus 2% prevalent on 1 April 2015 on the amount of reducing balance of Security (consumption)*
5. *In case of failure to deposit any installment, the consumer shall for the actual period of default pay interest thereon at twice the SBI's base rate plus 2% without prejudice to the licensee's right to disconnect supply of electricity under Regulation '16.5.5.*
6. *Interest on Security (consumption) shall be payable by the PSPCL as per provisions of Reg-17 of the Supply Code-2014 from the date of deposit of last installment by the consumer with up to date interest.*

I am of the opinion that although as per the above circular, the interest is payable by the PSPCL from the date of deposit of last installment by the consumer, but nothing has been mentioned in Regulation 17 of Supply Code-2014, as quoted in the above instructions. Regulation 17 of Supply Code-2014 is reproduced under: -

**17. INTEREST ON SECURITY (CONSUMPTION) AND SECURITY (METER)**

*17.1 The distribution licensee shall pay interest on Security (consumption) and Security (meter) at the SBI's Base Rate*

*prevalent on first of April of the relevant year plus 2%, from the date of deposit of such amount.*

17.2 *The interest on Security (consumption) and Security (meter) shall be credited to the account of a consumer annually on first day of April each year and shall be adjusted/paid in first bill raised after first April every year against the outstanding dues and/or any amount becoming due to the distribution licensee thereafter.*

17.3 *In the event of delay in effecting adjustments due to the consumer as per regulation 17.2, the distribution licensee shall for the actual period of delay pay interest at twice the SBI's Base Rate prevalent on first of April of the relevant year plus 2%.*

From the above, it is evident that the condition no. 3 of CC 34/2015 is not in line with Regulation 17 of Supply Code-2014, therefore, petitioner cannot be denied interest on two installments of AACD deposited by him.

Further, in the 'Short Title' of the ESIM, the following provisions have been stipulated: -

*"In the event of inconsistency in the Instructions contained in "ELECTRICITY SUPPLY INSTRUCTION MANUAL", the provisions of PSERC (Electricity Supply Code & Related Matters) Regulations, 2014 (as amended from time to time) and Electricity Act-2003 will prevail in that order."*

As this is a case of the Instructions (issued vide CC No. 34/2015 dated 24.08.2015) being inconsistent with the provision of PSERC Supply Code, hence, instructions of Supply Code prevail."

- (vi) I observed that the decision of the Corporate Forum in regard to not allowing interest on two installments of Additional Security (Consumption) of ₹ 8,29,620/- each deposited by the Appellant in the year 2016 is not correct as this was based on reliance by the majority members of the Corporate Forum on CC No. 34/2015. PSPCL had issued CC No. 34/2015 without the approval of the PSERC and hence is not enforceable as per Law. The Distribution Licensee was required to pay interest on Security Amounts as per



Section 47 of The Electricity Act, 2003. The Distribution Licensee had failed to pay interest to the Appellant on the two Security amounts of ₹ 8,29,620/- each deposited by it in the year 2016 as per the Act and Supply Code regulations, 2014 of the PSERC. The Respondent is directed to update these two Security amounts of ₹ 8,29,620/- each in the Security (Consumption) amount of the Appellant and interest on these two amounts be refunded in the account of the Appellant from the date of deposit as per Regulation 17.1 of Supply Code, 2014 as amended from time to time.

(vii) As regards the Additional Security (Consumption) amount of ₹ 4,34,062/- of M/s K.J.Steel Rolling Mill, I agree with the decision of the Corporate Forum taken in this regard. This amount be updated in the Security (Consumption) amount of the Appellant and interest on this amount be refunded in the account of the Appellant as per Regulation 17.1 of the Supply Code-2014 as amended from time to time.

(viii) Regarding the decision of the Corporate Forum that the interest on Additional Security (Consumption) be charged to the Appellant as per CC No. 34/2015 is concerned, I do not agree with it. The charging Regulations in this regard are Regulation 16.5.4 & 16.5.5 of Supply Code, 2014 as amended from time to time. So, Notice No. 1339 dated 02.12.2022 is quashed. The Respondent is directed

to calculate & recover the interest chargeable to the Appellant for the non-compliance of Notice No. 167 dated 04.02.2016 as per Regulation 16.5.4 & 16.5.5 of Supply Code, 2014.

## 7. Decision

As a sequel of above discussions, the order dated 02.11.2022 of the Corporate Forum in Case No. CF-122 of 2022 is hereby quashed.

This Court decides as below:-

- (i) The Respondent is directed to update the two Security amounts of ₹ 8,29,620/- each deposited by the Appellant on 17.02.2016 & 24.10.2016 in the Security (Consumption) amount of the Appellant and interest on these two amounts be refunded in the account of the Appellant from the date of deposit as per Regulation 17.1 of Supply Code, 2014 as amended from time to time.
- (ii) The Additional Security (Consumption) amount of ₹ 4,34,062/- of M/s K.J.Steel Rolling Mill be updated in the Security (Consumption) amount of the Appellant and interest on this amount be refunded in the account of the Appellant as per Regulation 17.1 of the Supply Code-2014 as amended from time to time.
- (iii) The Respondent is directed to calculate & recover the interest chargeable to the Appellant for the non-compliance

of Notice No. 167 dated 04.02.2016 as per Regulation 16.5.4 & 16.5.5 of Supply Code, 2014 as amended from time to time.

- (iv) All the amounts deposited by the Appellant under the headings of Security (Consumption) and Security (Meter) should be updated and interest be paid as per Supply Code, 2014 to be read with amendments. Words ACD (Advance Consumption Deposit) and AACD (Additional Advance Consumption Deposit) are not available in the Supply Code, 2014 and these words should not be used in the official correspondence to avoid any legal complications. CE/ Commercial, PSPCL, Patiala may issue instructions in this regard.

8. The Appeal is disposed of accordingly.
9. As per provisions contained in Regulation 3.26 of Punjab State Electricity Regulatory Commission (Forum and Ombudsman) Regulations-2016, the Licensee will comply with the award/ order within 21 days of the date of its receipt.
10. In case, the Appellant or the Respondent is not satisfied with the above decision, it is at liberty to seek appropriate remedy against this order from the Appropriate Bodies in accordance with

Regulation 3.28 of the Punjab State Electricity Regulatory  
Commission (Forum and Ombudsman) Regulations, 2016.

January 24, 2023  
S.A.S. Nagar (Mohali)

(GURINDER JIT SINGH)  
Lokpal (Ombudsman)  
Electricity, Punjab.

