



VIDYUT OMBUDSMAN FOR THE STATE OF TELANGANA
First Floor 33/11 kV substation, Hyderabad Boats Club Lane
Lumbini Park, Hyderabad - 500 063

:: Present:: Smt. UDAYA GOURI

Wednesday the Twentieth Day of March 2019

Appeal No. 55 of 2018

Preferred against Order dt:15.12.2018 of CGRF in
CG No. 533/2018-19 of Mahaboobnagar Circle

Between

M/s. Hari Om Concast Steels Private Limited, represented by Sri. SK. Kaushik,
Sheriguda Village, Peddapalli Grama panchayat, Balanagar Mandal,
Mahaboobnagar Dist. - 509202. Cell: 9553214685, 9441223970.

... Appellant

AND

1. The ADE/OP/Rajapur/TSSPDCL/Mahaboobnagar Dist.
2. The SAO/OP/Mahaboobnagar/TSSPDCL/Mahaboobnagar Dist.
3. The DE/OP/Jadcherla/TSSPDCL/Mahaboobnagar Dist.
4. The SE/OP/Mahaboobnagar Circle/TSSPDCL/Mahaboobnagar Dist.

... Respondents

The above appeal filed on 04.01.2019, coming up for final hearing before the Vidhyut Ombudsman, Telangana State on 13.02.2019 at Hyderabad in the presence of Sri. S.K.Kaushik - Appellant and Smt. G. Sudha Rani -ADE/OP/Rajapur, Sri. B. Sammaiah - SAO/OP/Mahaboobnagar and Sri.M. Suryanarayana - DE/Commercial for the Respondents and having considered the record and submissions of both the parties, the Vidhyut Ombudsman passed the following;

AWARD

This is an Appeal against the orders of CGRF Mahaboobnagar in CG No. 533/2018-19 dt.15.12.2018.

2. The Appellant contended that he filed a complaint before the CGRF/Mahaboobnagar stating that the development charges levied against his service connection No. MBN 816 with CMD of 1800 KVA for which he sought for additional

power of 2200 KVA is illegal, arbitrary and without jurisdiction, but the learned CGRF failed to appreciate his contentions and directed them to pay the surcharges, hence aggrieved by the same the present appeal is filed.

3. The Appellant in this case alleged before this office that the Appellant is a steel industry drawing its required energy from TSSPDCL under HT Category I under service number MBN 816 with a CMD of 1800 KVA. The Appellant stated that in view of the expansion of the industry they were in need of additional power of 2200 KVA and as such made an application for the same under section 43 of the Electricity Act, 2003 for additional load and the Assistant Engineer/Commercial Circle office has estimated the cost for extension of additional load at Rs 67,545.99 ps and Rs 26,40,000/- towards development charges and later the Superintendent Engineer has issued proceedings vide SE/OP MBNR/ADE/Tech/AE-Comml/D.No.169/2018 dt.30.05.2018 in which the net amount is shown as Rs 59,54,253/- which includes the development charges. And as such they raised the objections on levying development charges but there was no response from the Respondents hence he approached the CGRF which did not heed to his pleadings. Hence he filed the present Appeal contending that :-

i. The forum having referred to the contentions raised by the appellant has not answered them.

ii. The forum ought to have seen that the respondents have relied on conditions 5.3.3 of GTCs to sustain their action of levying development charges.

iii. The forum ought to have seen that the respondents having failed to justify their stand based 5.3.3 of GTCS have now relied on regulation 4 of 2013 which has no application to the case of the appellant.

iv. The Forum erred grievously in failing to see that clause 8 of regulation 4 of 2013 relied on by the respondents do not speak of its applicability for sanction of additional load.

v. The forum failed to see that the respondents have not placed any material before the forum to show that the release of additional load to the appellant require upgradation of the D.B or the upstream or downstream strengthening they can't be allowed to mulct the imaginary cost on the consumers.

vi. The forum failed to take note of the provision in clause 4(2)(d) and clause 4(3) of regulation 4 of 2013 which manifestly show that the development charges

are applicable where, for providing addl. Load there is the requirement of erection and commissioning of new EHT substation or enhancement of existing transformer capacity. In the case of the appellant the respondents have not stated such requirement is there.

vii. The rate of development charges of Rs.1200 for KVA is as applicable to clause 5.3.3 of GTCS but not for upstream network cost stated in clause 8 of regulation 4 of 2013.

4. The Respondents through the Respondent No.3 i.e. DE/OP/Jadcherla vide Lr.No.2171 dt.29.01.2018 submitted the following:-

i. M/s Hari om ConCast steels Pvt Ltd, MBN 816 at sheriguda(v) H/o peddapalli G.P in bala nagar (M) has lodged complaint for waiver of development charges. CGRF has delivered order. Consequent to the orders of CGRF M/s Hari Om Concast Steels Pvt Ltd, MBN 816 has approached Vidyut Ombudsman for the State of Telangana.

ii. As per GTCS clause no 5.3.3 of para no 1 the amounts payable by the consumer towards development charges of new connection/additional load under LT and HT category shall be at the rates notified by the company with approval of the electricity regulatory commission from time to time. The consumer shall pay these charges in advance, failing which the works for extension of supply shall not be taken up. These charges are non refundable.

iii. As per tariff order for the FY-2017-18, development charges to be collected are as follows:

Tariff Category	Category of service	Development charges
HT	HT service	11 KV Rs 1200 per KVA or part thereof, of the contracted demand
		33 KV Rs 1200 per KVA or part thereof, of the contracted demand
		Above 33 KV... Rs 1000 per KVA or part thereof, of the contracted demand

LT-I	Domestic services	
	i) up to 500 watts contracted load	Rs 600/-
	ii) 501 watts to 1000 watts	Rs 1200/-per service
	iii) above 1000 watts	Rs 1200/- +1200/- per KW or part thereof, of the contracted demand
LT-II	Non-Domestic services	
	i) up to 500 watts contracted load	Rs 300/-
	ii) 251 watts to 500 watts	Rs 600/-
	iii) 501 watts to 1000 watts	Rs 1200/-
	iv) above 1000 watts	Rs 1200/- +1200/- per KW or part thereof, of the contracted demand
All others LT categories		1200/- per KW or part thereof, of the contracted demand

5. Heard both sides.

6. In the face of the said contentions by both sides, the following issues are framed:-

i. Whether it is mandatory to pay the development charges on the additional load required upon the existing load ? and

ii. To what relief?

Issue No.1

7. The contention of the Appellant is that the Appellant i.e M/s. Hari Om concast steels Pvt. Ltd having HT service connection No. MBN 816 with a contracted demand of 1800 KVA applied for additional CMD of 2200 KVA as per their requirement in the customer service center and the Respondents have responded to the said application vide Memo No. SE/OP/MBNR/ADE Tech/AE Comml/D.No.169/2018 dt.30.05.2018 by according approval by the SE/OP/Mahaboobnagar and the Appellant was requested to pay the following amounts for the additional load:-

A. Service line charges	Rs	14,253.00
B. Development Charges	Rs	26,40,000.00
C. Initial Consumption Deposit	Rs	33,00,000.00
D. Application Fee	Rs	0.00
CGST on Application Fee	Rs	0.00
SGST on Application Fee	Rs	0.00
E. PTR Cost	Rs	0.00
Total Amount	Rs	59,54,253.00

On which the Appellant contended that the Respondents have failed to justify their stand based on Clause 5.3.3 of GTCS and are now relying on Regulation 4 of 2018 which has no application to the present case. They contended that Clause 8 of Regulation 4 of 2013 on which the Respondents relied does not speak of its applicability for sanction of additional load and also pointed out that they have not placed any material to show that the release of additional load requires upgradation of the distribution network, either the upstream or downstream strengthening and hence contended that the same is an imaginary cost levied on the customer.

8. The Appellant further argued that the provisions in Clause 4(2)(d) and Clause 4(3) of Regulation 4 of 2013 show that the Development Charges are applicable where, for providing additional load there is a requirement of erection and commissioning of new EHT Substation or enhancement of existing transformer capacity. In this case the Respondents have not stated that such requirement is there. The rate of Development charges of Rs 1200 per KVA is applicable as per the Clause 5.3.3 of GTCS, but not for the upstream network costs, stated in Clause 8 of Regulation 4 of 2013 and finally pleaded to set aside the demand of Rs 26,40,000/- towards Development Charges.

9. On the other hand the Respondent No.3/DE/OP/Jadcherla relied on the GTCS Clause 5.33, the Tariff Order FY 2017-18 showing the development charges to be collected and the Regulation No. 4 of 2013 - Licensees duty for supply of electricity on request and recovery of expenses for providing electric line or electric plant and claimed that Development Charges levied are as per the provisions stated above.

10. In the said circumstances stated by both sides let us consider the provisions of Clause 5.3.3 of GTCS, Clause 8.1 of Regulation 4 of 2013, Clause 4.(2)(d) of Regulation 4 of 2013 and Clause 4(3) of Regulation 4 of 2013.

A perusal Clause 5.3.3 of GTCS reads *“The amounts payable by the consumer towards development charges of new connection/ additional load under LT and HT categories shall be at the rates notified by the Company with the approval of the Commission from time to time. The consumer shall pay these charges in advance, failing which the works for extension of supply shall not be taken up. These charges are non-refundable”*.

The Appellant claimed that the Respondents failed to justify the stand taken by them, on Clause 5.3.3 of the GTCS. A reading of the said Clause mandates that the consumer has to pay the development charges for new connection and also for the additional loads under LT and HT Categories at the rates approved by the Commission from time to time and that the said charges have to be paid in advance. Hence, since the Appellant placed his request for additional load of 2200 KVA, the Appellant is required to pay the development charges as per the said clause. In spite of the said contents of the said clause the Appellant failed to give any reason as to why the development charges need not be paid and why the contents of the said clause i.e. clause 5.3.3 of GTCS is not applicable to him.

11. Let us now look into Clause 8(1) of Regulation 4 of 2013 which reads that *“The distribution licensee shall collect development charges subject to the provisions of Act and this Regulation and subject to such directions, orders and guidelines, the Commission may issue from time to time. The Distribution Licensee is authorised to recover from an applicant, requiring supply of electricity, expenses on normative basis towards part of upstream network cost that the Distribution Licensee has already incurred or to be incurred in extending power supply to the Applicant”*.

While Clause 4(2)(d) of Regulation 4 of 2013 reads that *“In the case of application for new connection or for additional load, where extension of supply*

requires erection and commissioning of new EHT substation or enhancement of existing transformer capacity, the Distribution Licensee shall take up the issue with the respective Transmission Licensee within 15 days of receipt of application. The Transmission Licensee after receipt of proposal from Distribution Licensee shall submit within 15 days, to the Commission, a detailed proposal mentioning the time frame required for erection/augmentation of EHT substation for approval”.

And Clause 4 (3) of Regulation 4 of 2013 reads that *“The Distribution Licensee shall be responsible to collect all Service Line Charges and Development Charges pertaining to EHT services and remit the same to the respective Transmission Licensee. The Transmission Licensee shall take up the work after receipt of service line charges and development as mentioned in Clause 6, Clause 7 and Clause 8. The Distribution Licensee shall work in coordination with Transmission Licensee, in respect of releasing the service within stipulated time permitted by the Commission”.*

In the face of the said Clauses of Regulation 4 of 2013 referred above the Appellant contended that Clause 8 of Regulation 4 of 2013 on which the Respondents relied upon, does not speak of its applicability for sanction of additional load while Clause 4(2)(d) and 4(3) of Regulation 4 of 2013 is applicable only when there is requirement of erection and commission of new EHT station or enhancement of existing transformer capacity for releasing additional load and pointed out that in the present case there is no such requirement even as per the contentions of the Respondents.

12. But a perusal of Clause 8(1) of Regulation 4 of 2013 clearly shows that it envisages the distribution licensee to collect development charges subject to directions, orders and guidelines of the commission as Clause 5.3.3 of GTCS approved by the commission specifically allows the licensee i.e. the Respondents herein to collect the development charges on additional loads also. The Appellant also contended that the release of additional load of 2200 KVA does not require any distribution of network either upstream or downstream as is specified in Clause 4(2)(d) and Clause 4(3) of Regulation 4 of 2013 and as such claimed that the said clauses manifests that the development charges are applicable for providing additional load when there is requirement of erection and commission of new EHT substation or enhancement of existing transformer capacity but the Ombudsman is of the view that the Appellant failed to appreciate the fact that the said clauses are optionals and reads “in the case of application of new connection or additional load” not for all the

cases. Even otherwise Clause 8(1) of Regulation 4 of 2013 clearly authorises the Respondents/ licensees to recover development charges for the additional distribution network already incurred or to be incurred in extending power supply to the applicant and as such the same goes to show that the development charges are required to be paid whether there is requirement of extension of distribution network or from the existing network. As such concludes that in spite of the Appellant paid development charges initially for taking the contracted demand of 1800 KVA, he is still liable to pay the development charges towards the additional load of 2200 KVA i.e. Rs 26,40,000/- as per the Tariff Order for the year 2017-18 issued by the commission which is clearly specified in this Order. Hence in the said circumstances mentioned above decides this issue against the Appellant.

Issue No.2

13. In the result the Appeal is dismissed.

TYPED BY Office Executive cum Computer Operator, Corrected, Signed and Pronounced by me on this the 20th day of March, 2019.

Sd/-

Vidyut Ombudsman

1. M/s. Hari Om Concast Steels Private Limited, represented by
Sri. SK. Kaushik, Sheriguda Village, Peddapalli Grama panchayat,
Balanagar Mandal, Mahaboobnagar Dist. - 509202. Cell: 9553214685,
9441223970.
2. The ADE/OP/Rajapur/TSSPDCL/Mahaboobnagar Dist.
3. The SAO/OP/Mahaboobnagar/TSSPDCL/Mahaboobnagar Dist.
4. The DE/OP/Jadcherla/TSSPDCL/Mahaboobnagar Dist.
5. The SE/OP/Mahaboobnagar Circle/TSSPDCL/Mahaboobnagar Dist.

Copy to :

6. The Chairperson, CGRF-I, TSSPDCL, GTS Colony, Vengal Rao Nagar, Hyderabad.
7. The Secretary, TSERC, 5th Floor Singareni Bhavan, Red Hills, Lakdikapul, Hyd.