

MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION, BHOPAL

Sub : In the matter of taking over of business of distribution of Gramin Vidyut Sahkari Samitis Ltd. Laundi by MP Poorv Kshetra Vidyut Vitaran Co. Ltd.

Petition No. 16/2010

ORDER

(Date of hearing - 16th June, 2010)

(Date of order - 1st July, 2010)

Gramin Vidyut Sahkari Samitis Ltd. (GVSS),
Laundi District Chatarpur (M.P.)

V/s

MP Poorv Kshetra Vidyut Vitaran Co. Ltd. (MPPKVVC) - Respondent No.1
Jabalpur (M.P.)

Energy Department, - Respondent No.2
Government of M.P., Vallabh Bhawan,
Bhopal

Shri R.P.Agnihotri, Managing Director appeared on behalf of GVSS, Laundi.

Shri S.K. Baghel, Executive Engineer appeared on behalf of Respondent No.1.

Shri S.S.Agrawal, Addl. SE appeared on behalf of Respondent No. 2.

2. The Petitioner has filed this petition for merging of Gramin Vidyut Sahkari Samitis Ltd. (GVSS), Laundi in MP Poorv Kshetra Vidyut Vitaran Co. Ltd. The case was listed for hearing on 06.05.2010.

3. During the hearing on 6.5.2010, the Commission had enquired from the representative of the Petitioner whether the Petitioner has made a request to merge the Gramin Vidyut Sahkari Samitis (GVSS) in East Discom or to hand over the business of distribution of Electricity to the East Discom. The representative of the Petitioner submitted that the petition may be considered for handing over the business of distribution of Electricity to the East Discom. The representative has also submitted that at present there is no stay from any court of law regarding the above matter.

4. During the hearing, the representative of the Respondent No.1 had submitted that the Board of Directors of the East Discom had principally agreed to take over the business of distribution of Electricity with consideration of following issues by the Commission :

(i) The normative loss level of East Discom will increase by 2.35% in case the four

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Socities (Laundi, Sidhi, Nowgong and Amarpatan) are taken over by East Discom and if only Laundi Society is taken over then the normative loss will increase by 0.3%.

- (ii) Writing off of the liabilities of GVSS in excess of their assets and permit the East Discom to amortize over a period of not more 5 years. The Employees of GVSS shall be initially taken over on deputation for 1 year and shall be absorbed or otherwise on the terms and conditions decided by the MPSEB.

5. During the hearing, the Commission had enquired from the Respondent No.1 as to what action has been taken by the them for recovery of arrears of Rs. 111.52 Crore as of March, 2010 and for disconnection of supply to the Petitioner in terms of the provisions of Section 56 of the Electricity Act, 2003 and Clause 10.17 and 10.18 of the Electricity Supply Code, 2004. The representative of the Respondent No.1 could not reply satisfactorily. It was also observed by the Commission that tariff orders do not provide any tariff for such consumers and hence basis of billing to Petitioner by Respondent No. 1 need be explained.

6. On hearing the representative of the Petitioner and the Respondent No.1, the Commission had directed the Petitioner to make the Energy Department, Government of Madhya Pradesh also a Respondent in this petition. The case was listed on 16.06.2010.

7. During the hearing on 16.06.2010, the Petitioner has filed rejoinder to the petition making the Energy Department, GoMP as the Respondent No.2 in compliance with the Order issued by the Commission on 19.05.2010. The State Government has submitted written reply on 16.06.2010.

8. During the hearing on 16.06.2010, the Respondent No.1 in its written submission stated that RE Cooperative Societies are getting supply at HT and then they are supplying power to LT connections in their jurisdiction. The Respondent No. 1 has not submitted reply to the query regarding basis of billing to petitioner since tariff orders do not provide any tariff for such persons. Regarding disconnection of supply to the petitioner in terms of the provisions of Section 56 of the Act for recovery of arrears, he has submitted that supply could not be disconnected due to creation of Law and Order problem if disconnection would have been done but notices for disconnections were issued from time to time. It was also mentioned in the reply that the revenue earned by Society from their consumers was much less than amount of the HT bills sent to them. The Commission

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was of the view that the reply was neither specific to the issues raised by the Commission nor satisfactory. The Respondent prima-facie, did not take required measures to recover dues and cannot be absolved of its responsibilities in this regard. Merely sending the notice of disconnection without subsequent follow-up actions is just meaningless.

9. During the hearing on 16.06.2010, the representative of Respondent No. 2 informed the Commission that the State Government had taken following decisions on 18.04.2005 in respect of all the Rural Cooperative Societies :

- (i) As all the six societies have MPSEB arrears outstanding against them towards the cost of energy supplied to them. It was decided not to recommend their cases regarding exemption under Section 13 of Electricity Act, 2003 and as under Section 14 for operating as deemed Licensee.
- (ii) It was also agreed that Registrar Cooperative Societies will issue orders for liquidation of 6 Societies after revocation of their licenses.
- (iii) MPSEB shall take over the supply of electricity to consumers of the areas serviced by these societies immediately after revocation of their licenses so that no inconvenience is caused to consumers.
- (iv) As regards employees of these societies, it was decided to take over their services in MPSEB as was done earlier in case of the 8 societies already taken over as per the terms and conditions adopted in the past.

10. The Commission enquired from the representative of Respondent No. 2 regarding implementation of the aforesaid decision of the State Government by MPSEB/Distribution Licensee. The representative of Respondent No. 2 informed that there had been certain difficulties due to which the above decision could not be implemented in respect of all RECs so far. He, however, informed that the Government stands by the above decision.

11. The Commission is of the view that the Society should not have been and cannot be allowed to function without having proper license for distribution of electricity as the State Government has not recommended exemption from Licensee under Section 13 of the Electricity Act, 2003 and for operating the Society as deemed Licensee under Section 14 of the Electricity Act, 2003. Onus of ensuring that distribution business is carried out with valid license is on the State Government.

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12. On hearing the Petitioner and the Respondents, the Commission has directed the Respondent No.2 to ensure that the decision taken by the State Government in the meeting held on 18.04.2005 in respect of the Rural Co-operative Societies which interalia includes Gramin Vidyut Sahkari Samiti, Laundi is implemented at the earliest and compliance be reported to the Commission within two months.

13. With the above directions, the Petition No. 16/2010 stands disposed off.

Ordered accordingly,

(C.S.Sharma)
Member (Eco.)

(K.K.Garg)
Member (Engg.)