

Bhopal, Dated: 23rd July, 2004

No.1999/MPERC/2004.In exercise of powers under Section 16 of the Electricity Act 2003 (36 of 2003), MPERC specifies Condition of Licence applicable to the distribution licensee (including deemed licensee) in the state of Madhya Pradesh for carrying on the business of Distribution of electricity within the Area of Supply and with the powers and upon the conditions specified herein.

The Conditions of distribution license for distribution licensee (including deemed licensee), 2004

PART I: DEFINITION

1 SHORT TITLE

- 1.1 This document may be called "The Conditions of distribution license for distribution licensee (including deemed licensee)" engaged in the business of distribution of electricity.

2 DEFINITIONS

- 2.1 Words, terms and expressions to which meanings are assigned by The Electricity Act 2003 (36 of 2003) (hereinafter called the Central Act), shall have the same meaning in this document.
- 2.2 Words, terms and expressions used in this document which are not defined in the Electricity Act, 2003 shall have the meaning assigned to them in the Madhya Pradesh Vidyut Sudhar Adhiniyam, 2000 (4 of 2001) (hereinafter called the MP Act)
- 2.3 In these Conditions of distribution licence, unless the context otherwise requires the words shall have the meaning set out below, such that the same will not be contrary to the provisions of the Central Act or MP Act:

"Financial Statement" means for each financial year, Financial Statements for the Licensed Business comprising a profit and loss account, a balance sheet and a statement of sources and application of funds, together with notes thereto and such other particulars and details in the manner as the Commission may prescribe from time to time. Such Financial Statements, from such time as the Commission may direct, shall be prepared in the manner mentioned above. If it is permitted under clause 5.5 of this 'Terms & Condition of Licence' to engage in any Other Business, the Financial Statements shall show the amounts of any revenue, cost, asset, liability, reserve or provision, which has been either:

- (i) charged from the Licensed Business to any Other Business or vice versa together with a description of the basis of that charge; or
- (ii) determined by apportionment or allocation between the Licensed Business and any Other Business of the Licensee together with a description of the basis of the apportionment or allocation.

"Amount Billed" is the total of revenue billed to the consumers excluding Electricity Duty, Cess miscellaneous revenue and surcharge

“Annual Accounts” means the accounts of the Licensee prepared in accordance with the provisions of the Companies Act, 1956 and/or in such other manner as may be directed by the Commission in terms of the provisions of the Central Act or State Act;

“Area of Supply” means the geographic area referred to in **Schedule 1** of this ‘Conditions of licence’ within which any activity authorised by the conditions stated herein is allowed;

“Auditors” means the Licensee’s auditors holding office in accordance with the requirements of Sections 224 or Section 619 as appropriate, of the Companies Act 1956 (1 of 1956);

“Authorised”, in relation to any Person, business or activity, means authorised by licence granted under Section 14 of the Central Act or deemed to be granted under fifth proviso of Section 14 of the Central Act or exemption granted under Section 13 of the Central Act;

“Central Act” means the Electricity Act, 2003 (36 of 2003)

“Central Commission” means the Central Electricity Regulatory Commission referred to in sub-section (1) of section 76 of Central Act;

“Commission” means the Madhya Pradesh Electricity Regulatory Commission;

“Consumer” means any person who is supplied with electricity for his own use by a licensee or the Government or by any other person engaged in the business of supplying electricity to the public under this Act or any other law for the time being in force and includes any person whose premises are for the time being connected for the purpose of receiving electricity with the works of a licensee, the Government or such other person, as the case may be. Any person who has applied for availing electricity supply or a person whose electricity connection has been disconnected shall also be regarded as consumer;;

“Distribution” means the conveyance of electricity by means of a Distribution System;

“Distribution Business” means Authorised business of the licensee in Distribution of electricity in the Area of Supply’

“Distribution Code” means the code prepared by the Licensee in accordance with clause 20 hereof and approved by the Commission, and as may be amended, supplemented or replaced from time to time in accordance with the clause 20 hereof;

“Distribution System” means the system of wires and associated facilities between the delivery points on the transmission lines or the generating station connection and the point of connection to the installation of the consumers ;

“Distribution System Operating Standards” means the standards related to the Licensee’s operation of its Distribution System approved by the Commission pursuant to clause 21;

“Distribution System Planning and Security Standards” means the standards related to the adequacy of the Licensee’s system planning and security of its Distribution System, as approved by the Commission pursuant to clause 21;

“Existing Distribution System Planning and Security Standards” means the Licensee’s standards for system planning and security of the Distribution System as of the date of this document ;

“Existing Distribution System Operating Standards” means the Licensee’s standards for operating the Distribution System as of the date of this document;

“Force Majeure” means failure of supply, either directly or indirectly, due to war, mutiny, civil commotion, riot, terrorist attack, flood, fire, strike, lockout, cyclone, tempest, lightning, earthquake or act of God that leads to any act that would involve a breach of relevant laws or regulations concerned with electrical safety;

“Generating Set” means any plant or apparatus for the production of electricity and shall, where appropriate, include a generating station comprising of one or more than one generating unit;

“Generator Interconnection Facilities” means electrical lines, transformers, bus-bars, switch-gear, plant or apparatus utilised to enable access to a Transmission System or

Distribution System by the Generating Set(s);

“Grid Code” means the grid code approved by the Commission under clause (h) of sub-section (1) of section 86. **“Holding Company”** For the purposes of these Conditions of licence, a company shall be deemed to be a holding company of another if and only if the company holds more than half in nominal value of the equity share capital of the other company;

“Interim Grid Code” means the existing practices and procedures followed by MPSEB or MPPTCL, as the case may be for operating the Transmission System as of the date of issue of the Conditions of Transmission Licence;

“Interim Distribution Code” means the existing practices and procedures followed by licensee (including deemed licensee) for operating the Distribution System as of the date of the issue of Conditions of Distribution Licence;

“Licence” means the licence under section 14 of the Central Act under which the licensee or deemed licensee is authorised to conduct the Licensed Business;

“Licensee” means the entity, which has been granted a license or is a deemed licensee under the first or fifth proviso of Section 14 of the Central Act;

“Licensed Business” means the business of Distribution of electricity in the Area of Supply as authorised under the licence;

“Major Incident” means an incident associated with the Distribution of electricity in the Licensee’s Area of Supply which results in a significant interruption of service (over 7 days in rural areas and over 3 days in urban areas), substantial damage to equipment, or loss of life or significant injury to human beings, with the technical characteristics of “significant interruption”, “substantial damage”, “significant injury” specified in the Grid Code, Distribution Code or Standards of Performance to be approved by the Commission or as otherwise specified by the Commission and shall also include any other incident which the Commission expressly declares to be a major incident ;(For the purpose of this definition rural areas shall be considered as the areas

notified by the State Government as rural area under section 14 proviso 8 of the Central Act.

‘MP Act’ means the Madhya Pradesh Vidyut Sudhar Adhiniyam, 2000 (No. 4 of 2001)

“MP_KVVCL” or “the Company” means the Madhya Pradesh ___ Kshetra Vidyut Vitaran Company Limited, a company incorporated under the Companies Act, 1956, and having its registered office at ___;

“MPPTCL” means the Madhya Pradesh Power Transmission Company Limited, a company incorporated under the Companies Act, 1956, and having its registered office at Jabalpur;

MPSEB means the Madhya Pradesh State Electricity Board, a Board constituted under section 5 of the Electricity (Supply) Act, 1948 for the State of Madhya Pradesh having its head office at Shakti Bhavan, Rampur, Jabalpur (hereinafter referred to as the MPSEB)

“Operational Control” means possessing the authority to make operational decisions such as commissioning and utilisation of units, service lines and equipment;

“Other Business” means business of the Licensee other than the Licensed Business;

“Overall Performance Standards” means the standards as may be determined by the Commission pursuant to Section 34 of the MP Act and section 57 of the Central Act;

“Person” shall include any company or body corporate or association or body of individuals, whether incorporated or not, or artificial juridical person;

“Regulations” means the regulations made by the Commission, under the provisions of the Central Act or section 55 of the MP Act

“Standards of Performance” means such standards of performance relating to Distribution of electricity, as may be determined by the Commission under section 34 of the MP Act and section 57 and 86 (1) (i) of the Central Act;

“State Government” means the Government of the state of Madhya Pradesh;

“Subsidiary” shall have the same meaning as in section 4 of the Companies Act 1956;

“Supply” in relation to electricity means the sale of electricity to a licensee or consumer

“Conditions of Distribution licence” means this document containing the Conditions of distribution licence;

“Trader” means the entity holding the Trading license granted under section 14 of the Central Act;

“Trading” means purchase of electricity for resale thereof and the expression “trade” shall be construed accordingly;

“Trading Business” means the Authorised business of the Trading licensee in the Area of Supply;

“Transfer” shall include the sale, exchange, gift, lease, licence, loan, securitisation, mortgage, charge, pledge or grant of any other encumbrance or otherwise permitting of any encumbrance to subsist or parting with physical possession or any other disposition or dealing;

“Transmission” means the conveyance of electricity by means of the Transmission System;

“Transmission Business” means the Authorised business of a Transmission Licensee in Transmission, whether for its own account or for that of any other Person, through any system owned and/ or operated by such licensee;

“Transmission Licensee” means a Person Authorised to engage in Transmission Business;

“Transmission System” means the system consisting mainly of extra high voltage electric lines having design voltage of 66 kV and higher, owned or controlled by the Transmission Licensee, and used for the purposes of the conveyance of electricity between the switchyards of two Generating Sets or from the Switchyard of a Generating Set to a substation, or between substations, or to or from any external interconnection and includes all bays/equipment upto the interconnection with the Distribution System, and any plant, apparatus and meters owned or used in connection with the transmission of electricity, but shall not include any part of a Distribution System;

“Unlawful User” refers to persons who have not taken lawful connection and are drawing electricity without authority, including committing theft, unauthorized use.

“Use of System” means use of the Distribution System for the conveyance of electricity by a Person, in accordance with clause 22.4.

- 2.4 References in these Conditions of distribution licence to clauses, parts, and schedules shall, unless the context otherwise requires, be construed as references to clauses, parts of and schedules to this Conditions of distribution licence.

3 TERM OF THE LICENCE

- 3.1 The Conditions as specified herein are subject to modifications or amendments to be made by the Commission in accordance with the provisions of the Central Act, the MP Act or regulations specified by the Commission..

- 3.2 These Conditions shall come into force from the date of issue and, unless revoked earlier by the Commission in accordance with the provisions of these Conditions or the provisions of the Central Act or the MP Act, shall remain in force for 25 years from that date, provided at the expiry of the term, the Commission may at its discretion and considering the interest of the public and after giving any member of the public an opportunity to file his objections, if any, continue with the same Conditions for a further period as the Commission may deem fit.

PART II: GENERAL CONDITIONS

4 DIRECTIONS

- 4.1 The Licensee shall comply with the Regulations, orders and directions issued by the Commission from time to time and shall also act in accordance with the Conditions of this Distribution Licence, except where the Licensee obtains the approval of the Commission for any deviation there from.

5 ACTIVITIES OF THE LICENSEE

- 5.1 The Licensee shall not, without the prior general or special approval of the Commission:
- (a) purchase or import or otherwise acquire electricity or commit itself to do so.
 - (b) sell or otherwise dispose of electricity to any Person, other than pursuant to the Conditions of the Distribution Licence; or
 - (c) own or hold any beneficial interest in any Trader, other than
 - (i) a person who supplies electricity pursuant to a general exemption granted by the Commission; or
 - (ii) in any facilities used for trading in the Area of Supply other than for the purpose of its distribution Business; or
 - (d) undertake any transaction to acquire by purchase or takeover or otherwise, the utility of any other licensee; or
 - (e) merge his utility with the utility of any other licensee:
- 5.2 Notwithstanding the prohibition contained in clause 5.1 above, the Licensee shall be entitled to purchase or acquire electricity from any Person whose generating unit existing as on date of this conditions of this Licence is directly connected to and interfaced with the Licensee's Distribution System, provided that the Licensee shall intimate the Commission of the existing arrangements for such purchase or acquisition of electrical energy and obtain the general or special approval for any new arrangements proposed to be executed after the date of issue of this license.
- 5.3 Save as in the case of the consumers of the Licensee and persons Authorised by the Commission, the Licensee shall not commence any new provision of services to any other licensee or Person not authorised by the Commission for the conveyance of electricity through the Licensee's Distribution System, without informing the Commission 7 days prior to the commencement of the proposed arrangement. In circumstances requiring immediate remedial action in the interest of continuity of supply to the Persons other than the Consumers, the Licensee may commence the activity referred to in this clause 5.3, provided that the Licensee will inform the Commission of such occurrence or circumstances within 7 days thereof.

- 5.4 The Licensee shall purchase the energy required by the Licensee for distribution and supply in an economical manner and under a transparent power purchase or procurement process and in accordance with the Regulations, guidelines, directions made by the Commission from time to time.
- 5.5 The Licensee shall not engage in any Other Business without the prior approval of the Commission. The Commission will give any such permission on request of the Licensee provided and only so long as such activity is likely to result in the gainful employment of the assets and infrastructure comprising the Distribution System and further subject to the following conditions:
- (a) the Licensed Business and the conduct thereof by the Licensee is not prejudiced and/or adversely affected in any manner;
 - (b) the Licensee shall prepare and keep, in respect of the Other Business activities, separate accounting records as would be required to be kept in respect of such activities as if they were carried on by a separate company, so that the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to such Other Business activities are separately identifiable from those of the Licensed Business;
 - (c) the Licensee shall comply with such guidelines, conditions that the Commission may specify in regard to
 - (i) the Licensee engaging in Other Business activities and
 - (ii) payment of fair compensation to the Licensed Business for the assets of the Licensed Business utilised for such Other Business activities; and
 - (d) the Licensee shall not transfer any assets utilised in the Distribution System for the purposes of Other Business activities without the prior approval of the Commission.
 - (e) The licensee shall be entitled to give equipment/ materials in its possession on hire. The licensee shall also be entitled to permit laying of cables for TV channels or other communication channels by laying cables on electric poles in possession of the licensee. The licensee shall also be entitled to permit affixing of advertisement kiosks on electric poles/ properties in possession of licensee. The licensee shall be entitled to sell or dispose off scrap/ unserviceable/ obsolete materials/ equipments. The earnings from such activities shall be included in the Annual Revenue Requirement petition to be filed by the licensee to the Commission.
- 5.6 The Licensee shall seek approval of the Commission before making any loans to, or issuing any guarantee for any obligation of any Person, except when made or issued for the purposes of the Licensed Business. Loans to employees pursuant to their terms of service and trade advances in the ordinary course of business are excluded from the requirement to seek such approval.
- 5.7 The Licensee may engage any of its Subsidiaries or Holding Company or a Subsidiary of such Holding Company to provide any goods or services to the Licensee in connection with the Licensed Business, subject to the following conditions:

- (a) that the transaction will be on an arms-length basis and at a value that is fair and reasonable in the circumstances;
 - (b) that the transaction will be consistent with any Regulations framed by the Commission relating to the provision of goods and services with respect to Licensed Business; and
 - (c) that the Licensee will give 15 days' notice to the Commission prior to commencement of the proposed arrangement and along with the notice provide all relevant details of the arrangement.
- 5.8 The licensee may establish subsidiaries or establish associated companies or grant a franchise or enter into management contracts including appointment of billing agent to conduct or carry out any of the functions, which the licensee is authorised to conduct or carry out under the Acts and this License. Provided always that:
- (a) any such Subsidiary or associated company or franchisees or contractors or agents shall operate under the overall supervision and control of the Licensee and upon the conditions of this licence; and
 - (b) the Licensee shall have, prior to delegating any function to any such Subsidiary or associated company or franchisees or contractor, intimate the Commission for transactions of value of greater than Rs 100 lacs per annum, subject to such conditions as the Commission may stipulate.
 - (c) The Licensee shall also be responsible for all actions of the subsidiaries or associated companies or franchisees or agents or contractors and may terminate the arrangements in case their performance is not to the satisfaction of the licensee.
- 5.9 Where such prior permission is required, the Licensee will file a suitable application with the Commission disclosing relevant facts. The Commission may, within 30 days of the filing of the application, seek further information in support of the application. The Commission shall generally within 30 days of such further information being submitted by the Licensee, and where no such further information is sought by the Commission as above, generally within 60 days of the filing of the application, allow the arrangement subject to such conditions or modifications as is considered appropriate or reject the same, for reasons recorded in writing in the order to be issued by the Commission.
- 5.10 The Licensee shall be entitled to Transfer or assign this Licence or any of the functions under this Licence to any other Person only with the prior approval of the Commission. To obtain the approval of the Commission as aforesaid, the Licensee will file a suitable application with the Commission disclosing relevant facts in that behalf and the Commission shall dispose such application expeditiously.

6 PROHIBITION OF SUBSIDIES

- 6.1 The Licensee shall not, without prior permission of the Commission, give any subsidy or subvention to, or receive any subsidy or subvention from any person or any other business of the Licensee (whether or not authorized by the Commission), except a subsidy granted by the State Government pursuant to section 65 of the Central Act. .

7 ACCOUNTS

- 7.1 The financial year of the Licensee shall run from the first of April to the following thirty-first of March.
- 7.2 The Licensee shall, in respect of the Licensed Business and any Other Business:
- (a) keep such accounting records 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 the Licensee, from those of Other Business in which the Licensee may be engaged;
 - (b) prepare on a consistent basis from such accounting records and deliver to the Commission
 - (i) the Financial Statements;
 - (ii) in respect of the first six months of each financial year, an interim profit and loss account, cash flow statement and balance sheet together with such supporting documents and information as the Commission may prescribe from time to time such statements and documents to be published in the manner prescribed by the Commission;
 - (iii) in respect of the Financial Statements prepared in accordance with this clause 7, an Auditor's report for each financial year, stating whether in their opinion, these statements have been properly prepared in accordance with this clause 7 and give a true and fair view of
 - a) in case of Balance Sheet, of the state of Company Affairs;
 - b) in case of the profit and loss account, of the profit or loss for its financial year.
 - (iv) a copy of each interim profit and loss account not later than ninety days after the end of the period to which it relates, and copies of the Financial Statements and Auditor's report not later than six months after the end of the financial year to which they relate.
- 7.3 The Licensee shall not normally change the basis of charge or apportionment or allocation of revenues or expenses in relation to the preparation of the Financial 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 basis of charge or apportionment of revenues or expenses shall be consistent with the provisions of the Companies Act, 1956, the Accounting Standards issued by Institute of Chartered Accountants of India (ICAI) or Rules and any guidelines issued by the Commission in this regard.

- 7.4 Where, in relation to the Financial Statements in respect of a financial year, the Licensee has changed the basis of charge or apportionment or allocation from those adopted for the immediately preceding financial year, the Licensee shall, if requested by the Commission, (in addition to preparing Financial Statements on those bases which it has adopted), prepare such Financial Statements on the basis which applied in respect of the immediately preceding financial year.
- 7.5 Financial Statements under clause 7.2 shall, unless otherwise approved or directed by the Commission:
- (a) be prepared and published with the Annual Accounts of the Licensee, in the manner prescribed in the Regulations;
 - (b) state the accounting policies adopted;
 - (c) be prepared in accordance with Accounting Standards issued by ICAI; and
- 7.6 References in this clause 7 to costs or liabilities of, or reasonably attributable to Licensed Business or Other Business shall be construed as excluding taxation, and capital liabilities which do not relate principally to such Business and interest thereon.
- 7.7 The Licensee shall ensure that the Financial Statements in respect of each financial year prepared under clause 7.2 and the Auditor's report in respect of each financial year referred to in clause 7.2(b)(iii) are publicised in such manner as the Commission may direct and are made available to any Person requesting them at a price not exceeding the reasonable cost of duplicating them.
- 7.8 The Commission may, from such time it considers appropriate, require the Licensee to comply with the provisions of clause 7.1 to 7.7 above treating the Distribution Business and the Supply Business of the Licensee as separate and distinct businesses and the licensee shall comply with any guidelines issued by the Commission in this regard. In order to meet the requirement of Open Access, the Financial Statements should be maintained separately for the Distribution business and Supply business respectively while for the purposes of revenue expenditure, the segregation of common services may be done by suitably allocating the same under intimation to the Commission.
- 7.9 The licensee shall not make payments to any Person in excess of amounts, which are due to them under the conditions of any commercial agreement between the two.
- 7.10 The licensee shall maintain Asset registers for the assets in use, update them from time to time as may be necessary and provide the information on the same as may be required by the Commission.

8 PROHIBITION OF UNDUE PREFERENCE

- 8.1 The Licensee shall not show undue preference to any Person; provided that the Licensee shall not be deemed to be in breach of its obligations under this Licence if any undue preference results from compliance with any directions of the Commission under the Central Act or the MP Act. Ordinarily, providing supply to a consumer without recovering charges due for a prolonged period of over six months shall be deemed to be undue preference. All information of such category wise cases of undue preference shall be reported to the Commission.

9 PROVISION OF INFORMATION TO THE COMMISSION

- 9.1 The licensee shall provide all information as applicable to the licensee in the formats enclosed within sixty days from coming into force of these Conditions of License. Subsequently all the formats shall be filled up and submitted by the licensees, annually, within a month after the completion of every financial year.
- 9.2 The Licensee shall furnish to the Commission without undue delay such information, documents and details related to the Licensed Business or any Other Business of the Licensee, as the Commission may require for its own purposes or for the purposes of the Government of India, State Government, the Central Commission and/or the Central Electricity Authority.
- 9.3 The Licensee shall notify the Commission as soon as possible of any Major Incident affecting any part of the Distribution System which has occurred and shall at the earliest possible and in any event, by not later than two months from the date of such Major Incident :
- (a) submit a report to the Commission giving full details of the facts within the knowledge of the Licensee regarding the incident and its cause.
 - (b) In the event the report under sub-clause (a) is likely to take more than 2 months from the date of the Major Incident, the Licensee shall within 2 months from such date of the incident submit a preliminary report with such details which the Licensee can reasonably furnish and state reasons as to why the Licensee requires more than 2 months for giving full report of such incident.
 - (c) give copies of the report to all parties concerned with the Major Incident and to such other Persons as the Commission may direct.
- 9.4 The decision of the Commission as to what is a Major Incident shall be final. The Commission may by order, after providing an opportunity of hearing the Licensee direct the Licensee to provide such amount of compensation as the Commission may specify to persons' who suffer substantial injury or to the heirs of those who lose their lives 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 Licensee. The licensee shall also implement a procedure for recording the details of any fatal electrical accident resulting in cattle deaths and reporting it to senior officials of the licensee
- 9.5 The Commission at its own discretion may require the submission of a report on any incident or incidents to be prepared by an independent Person at its own expenses.
- 9.6 The Licensee shall also undertake such studies as the Commission may direct it to undertake from time to time for the improvement of the Distribution Business and any other matter concerning the Distribution Business that the Commission considers necessary in the public interest. Such expenses shall be included in determination of aggregate revenue in accordance with clause 26.
- 9.7 Licensee shall inform the Commission about any incident of the utility or Trader not meeting its obligation under an approved contract, or a force majeure situation restricting it from meeting its obligation under this licence.

- 9.8 The Commission may at any time require the Licensee to comply with the provisions of clauses 9.3 to 9.7 as to incidents which the Commission may specifically direct and the Licensee shall be obliged to comply with the same notwithstanding that such incidents are not Major Incidents; provided that the time limits specified in clause 9.2 shall commence from the date that the Commission notifies Licensee of such requirement.
- 9.9 The Licensee shall submit a 5-year Business Plan within three months from the date of effectiveness of the Transfer Scheme and updated annually which should contain year wise load growth, year wise distribution loss reduction proposal along with specific action plan, metering plan, investment plan (including investment in Generating Sets or a Trading Company), treatment of previous losses, debt restructuring plan, program for rural electrification, cost reduction plan, projected profit and loss account, projected balance sheets, projected cash flow statements and projected important financial parameters
- 9.10 The Commission may require the Licensee to intimate by the end of first quarter of each financial year 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 for a block of 5 years.

10 INVESTMENTS

- 10.1 The Licensee shall not make any investment, including investment in Generating Sets or a Trading Company, except in an economical and efficient manner and in terms of this License and in accordance with the Regulations, guidelines, directions and orders the Commission may issue from time to time.
- 10.2 Commission may require the Licensee to submit a 5-year Investment Plan (to be submitted as a part of the business plan) with details of investment schemes to be undertaken during the period for the approval of the Commission. In such case, the Licensee shall intimate, by the end of the first quarter of each financial year
- (a) the annual investment plan with details of investment schemes to be carried out during the financial year and
 - (b) the progress made in implementing the annual investment plan of the previous financial year with the comparison of actual implementation vis-à-vis the plan as approved by the Commission for a block of 5 years.
- 10.3 The Licensee shall make an application to the Commission for obtaining prior approval of the Commission for schemes involving investments as per the procedure which the Commission may specify from time to time and demonstrate to the satisfaction of the Commission that:
- (a) there is a need for the investment in the Distribution System, which the Licensee proposes to undertake, and
 - (b) the Licensee has examined the economic, technical, system and environmental aspects of all viable alternatives to the proposal for investing in or acquiring new Distribution System assets to meet such needs.

- 10.4 The Licensee shall invite and finalise tenders for procurement of equipment, material and/or services relating to such investment and repairs and maintenance in accordance with a transparent tendering procedure as may be specified by the Commission.
- 10.5 The Licensee shall submit to the Commission along with the “Expected Revenue Calculation” filed in terms of clause 26, the highlights of the annual investment plan consisting of those schemes already approved by the Commission as also schemes submitted before the Commission for approval of the Commission planned for the ensuing financial year and shall make investment in the said financial year in accordance with the said investment plan. However, if any unforeseen contingencies require reallocation of funds within the schemes listed in the annual investment plan, the Licensee may do so after approval of the Commission. If on account of unforeseen circumstances the Licensee is required to make investment in a scheme, which does not find a place in the annual investment plan, the Licensee may do so after approval of the Commission.

11 TRANSFER OF ASSETS

- 11.1 The Licensee shall not, in a single transaction or a set of related transactions, Transfer or relinquish Operational Control over any land or building of any value, or other asset whose book value at the time of the proposed Transfer exceeds Rs 100 lakh, other than declared scrap or surplus without complying with the conditions stipulated in this clause 11. The Licensee shall not divide, partition or split the asset or the cost thereof in order that the provision of this order is circumvented.
- 11.2 The Licensee shall give to the Commission prior written notice of its intention to Transfer or relinquish Operational Control over any asset whose value exceeds Rs 100 Lakh and disclose all relevant facts. The Commission may, within 30 days of the receipt of the notice, seek further information in support of the transaction and shall, generally within 30 days of such further information being submitted by the Licensee, and where no such further information is sought by the Commission as above, within 60 days of the filing of the application, approve the Transfer arrangement subject to such conditions or modifications as is considered appropriate or reject the same, for reasons recorded in writing in the order to be issued by the Commission.
- 11.3 The Licensee may Transfer or relinquish Operational Control over any asset as is specified in any notice given under clause 11.2 where:
- (a) the Commission confirms in writing that it consents to such Transfer or relinquishment of Operational Control subject to such conditions as the Commission may impose; or
 - (b) the Commission does not inform the Licensee in writing of any objection to such Transfer or relinquishment of Operational Control within the notice period referred to in clause 11.2 and the transfer is effected by transparent and competitive bidding Procedures.
- 11.4 The Licensee may also Transfer or relinquish Operational Control over any asset where:
- (a) the Commission has issued directions for the purposes of this clause 11 containing a general consent (whether or not subject to conditions) to:

- (i) 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 under the mandate of any other Act; or
 - (c) the asset in question was acquired and used by the Licensee exclusively or primarily in connection with any Other Business that has been Authorised to carry on pursuant to clause 5.5 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 required for the Licensed Business.

11.5 Notwithstanding what is stated above, the Licensee will be entitled to utilise the assets as a means of facilitating financing its investment requirement or including collateral for debt financing, sale and lease back, securitisation of receivables subject to the conditions:

- (a) that the Licensee will inform the Commission about such arrangements at least 15 days prior to the effective date of the relevant agreements;
- (b) the Licensee acts in a prudent and reasonable manner in such utilisation of assets; and
- (c) the Licensee retains the Operational Control over assets in the Distribution System.

12 PAYMENT OF FEES

12.1 The licensee shall be required to make an application for determination of tariff under section 62 of the Central Act in accordance with the manner and accompanied by such fees as shall be determined by the Commission by regulations notified by it. The Commission may require the licensee to pay the fee for such periods and duration as may be notified through such regulations.

12.2 Where the Licensee fails to pay to the Commission any of the fees due under clause 12.1 by the due date(s):

- (a) without prejudice to other obligations, the Licensee shall be liable to pay interest on the outstanding amount at a simple interest rate of two percent per month, the interest being payable for the period beginning on the day after which the amount became due, and ending on the day on which the payment is made to the Commission in cleared funds; and
- (b) the Licensee shall be subject to the proceedings for the recovery of such fees as specified in the M.P. Act; and
- (c) the Commission may revoke this Licence pursuant to section 19 of the Central Act and clause 14 of this conditions of Licence.

12.3 The Licensee shall be entitled to take into account any fee paid by it under this clause 12 as an expense in the determination of aggregate revenues made in accordance with clause 26, but shall not take into account any interest paid pursuant to this clause.

13 AMENDMENT OF LICENSE CONDITIONS

13.1 These Conditions of License can be modified by the Commission at any time it deems fit if it is in public interest as per Section 18 of the Central Act.

14 TERMS OF REVOCATION

14.1 Subject to the provisions of section 19 of the Central Act and the Regulations framed thereunder, the Commission may, at any time initiate proceedings against the Licensee for revocation of this Licence and if satisfied in such proceedings on the grounds for revocation duly considering the public interest, may revoke this Licence in any one of the following cases, namely

- (a) where the licensee in the opinion of the Commission , makes wilful and prolonged default in doing anything required of him by or under the Acts or the regulations made thereunder;
- (b) where the licensee violates any of the terms or conditions of his licence the breach of which is expressly declared by such licence to render it liable to revocation;
- (c) where the licensee fails, within the period fixed in this behalf by his licence, or any longer period which the Commission may have granted therefore-
 - (i) to show, to the satisfaction of the Commission, that he is in a position to fully and efficiently discharge the duties and obligations imposed on him by his licence; or
 - (ii) to make deposits or furnish the security, or pay the fees or other charges required by his licence;
- (d) where in the opinion of the Commission the financial position of the licensee is such that he is unable to fully and efficiently discharge the duties and obligations imposed on him .
- (e) has committed an act, which renders this Licence revocable on any other grounds specified in the Acts or the Regulations.

14.2 Where in its opinion the public interest so requires, the Commission may, on application, or with the consent of the licensee, revoke his licence as to the whole or any part of his area of distribution or trading upon such conditions as it thinks fit.

14.3 It is a condition of this Licence that the Licensee shall comply with all the Regulations, codes, standards and also orders and directions of the Commission. When the Commission expressly states that an order subjects the Licensee to such compliance, failure to comply with that order will render this Licence liable to revocation in accordance with Section 19 of the Central Act (without prejudice to the Commission's right to revoke this Licence on any other applicable grounds).

15 MISCELLANEOUS GENERAL CONDITIONS

- 15.1 The licensee shall adhere to all the Codes and Regulations approved by the Commission including but not limited to the Electricity Supply Code, Guidelines for Redressal of Consumer Grievance, Distribution Code and Performance Standards as may be specified by the Commission.
- 15.2 In carrying out its function and obligations under this Licence, the Licensee shall comply with the requirements of the Central Act, the MP Act, the rules and regulations made thereunder.
- 15.3 The Commission may publish an order authorising the Licensee to exercise any power or authority, which the Commission may confer on the Licensee under the Central Act or the MP Act.
- 15.4 The Licensee shall comply with the directions of the Electrical Inspector appointed by the State Government under section 162 of the Central Act , provided that any order passed by the Electrical Inspector shall be subject to appeal as provided in section 162 of the Central Act.

16 DISPUTE RESOLUTION AND DECISION ON INTERPRETATION OF LICENCE

- 16.1 The Commission shall be entitled to act as arbitrator or nominate arbitrator(s) to adjudicate and settle disputes between the Licensee and any other licensee in pursuance of section 86 (1) (f) of the Central Act or section 39(1)(b) of the MP Act.
- 16.2 All issues arising in relation to interpretation of this Licence and as to the conditions thereof shall be a matter for the determination of the Commission and the decision of the Commission on such issues shall be final, subject only to the right of appeal under section 110 of the Central Act.

PART III: TECHNICAL CONDITIONS

17 POWER PROCUREMENT PROCEDURE

- 17.1 Licensee shall not purchase electrical capacity and/or energy without an authorization granted by the Commission under the terms of clauses 17.2 and 17.3.
- 17.2 The Licensee shall purchase electrical capacity and/or energy in an economical and efficient manner under a transparent procurement process as approved by the Commission after following the guidelines issued by the Commission from time to time relating to preparation of load forecasts, power procurement plan and power procurement procedure.
- 17.3 An authorization required under clause 17.1 shall be granted when the Licensee has demonstrated to the Commission's satisfaction that:
- (a) The existing electricity supplier(s) to the licensee is (are) unable to economically supply the additional electrical capacity and that the additional

electrical capacity and/or energy is necessary to meet the Licensee's service obligation in accordance with clause 21; 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 (including arrangements for reducing the level of demand) and such examination has been carried out in a manner approved by the Commission.
- (c) The Commission may within 180 days grant authorization or may reject the application of the Licensee recording its reasons in writing. If the Commission does not grant or reject the application in writing within 180 days, then such permission shall be deemed to have been granted.
- (d) However the licensee may deviate from clause 5.1(a) and purchase electricity for a period of six months or less if the purchases are made within a price band approved by the Commission. In such cases the licensee shall inform the Commission, the particulars of the arrangement, within a period of 30 days from the date of entering into such arrangement. If any purchase is made above the higher limit of the price band approved by the Commission, the licensee shall not seek to charge, the financial loss it makes from such purchases, in the retail tariff.

17.4 In all circumstances the Licensee shall purchase electrical capacity and/or energy in a manner

- (a) which requires its generator/supplier, apart from the energy supplier(s) to the licensee, to be compliant with the Grid Code
- (b) the details of capacity/energy purchases along with the demand requirements are intimated to the Commission in a reasonable time

18 COMPLIANCE WITH THE GRID CODE

18.1 The Licensee shall comply with the provisions of the Grid Code in so far as applicable to it.

18.2 The Commission may, on reasonable grounds and after consultation with any affected Generating Companies, the Transmission Licensee, the State Transmission Utility, the State Load Despatch Centre and Electricity Traders, issue directions relieving the Licensee of its obligation under clause 18.1 in respect of such parts of the Grid Code and to such extent as may be specified by the Commission.

18.3 Till the Grid Code is approved by the Commission, the Licensee shall comply with the Interim Grid Code.

19 STANDARDS AND PROCEDURES

19.1 At the request of the Commission, the Licensee is required to participate and assist the Commission to the extent required by the Commission in the development, issue and review of any standards, codes, procedures proposed or notified by the Commission. The licensee shall implement all the Standards and Procedures approved by the Commission.

20 DISTRIBUTION CODE AND CONSTRUCTION PRACTICES

- 20.1 The Licensee shall till the Distribution Code comes into force, follow the Interim Distribution Code.
- 20.2 The Licensee shall from time to time, as appropriate, review the Distribution Code and its implementation in consultation with other Licensees , Generating Companies, the State Transmission Unit, the State Load Despatch Centre and such other Persons as the Commission may order. The Licensee shall also undertake such review as and when directed to do by the Commission. Following any such review, the Licensee shall send to the Commission:
- (a) a report on the outcome of such review;
 - (b) any proposed revisions to the Distribution Code as the Licensee (having regard to the outcome of such review) reasonably thinks fit for the achievement of the objectives of the Distribution Code and this Licence; and
 - (c) all written representations or objections received during such review.
- 20.3 All revisions to the Distribution Code shall require approval from the Commission.
- 20.4 The Licensee shall make available to any Person requesting for it, copies of the Distribution Code and practices thereto in force at the relevant time, at a price not exceeding the reasonable cost of duplicating it.
- 20.5 A compilation of the existing codes and practices relating to construction of the Licensee's Distribution System and its Distribution facilities shall be filed with the Commission by the Licensee within 60 days of the grant of this Licence. The Licensee shall follow the existing codes and practices with such modification as the Commission may direct from time to time. The construction practices shall be reviewed and upgraded by the Licensee from time to time, as appropriate, based on relevant technological improvements and changes.

21 DISTRIBUTION SYSTEM PLANNING AND SECURITY STANDARDS, DISTRIBUTION SYSTEM OPERATING STANDARDS, OVERALL PERFORMANCE STANDARDS

- 21.1 The Licensee shall comply with the existing Distribution System Planning, Security Standards and the Existing Distribution System Operating Standards, with such modifications as the Commission may direct, until the Distribution System Planning and Security Standards and Distribution System Operating Standards proposed by the Licensee pursuant to clause 20.3 are approved by the Commission.
- 21.2 The Licensee shall plan and operate its Distribution System to ensure that, subject to the availability of adequate power of appropriate quality, the system is capable of providing consumers with a safe, reliable and efficient supply of electricity. In particular, the Licensee shall:
- (a) plan and develop its Distribution System in accordance with the Distribution System Planning and Security Standards together with the Distribution Code as approved by the Commission; and

- (b) operate the Licensee's Distribution System in accordance with the Distribution System Operating Standards together with the Distribution Code as may be approved by the Commission.
- 21.3 The Licensee shall, within 3 months of the end of each financial year, submit to the Commission a report indicating the performance of the Licensee's Distribution System during the previous financial year. The Licensee's compliance with the Standards of Performance may be measured by the Commission, in part, by the Licensee's adherence to the Electricity Supply Code, Guidelines for Redressal of Consumer Grievance, and Consumer Rights Statement set forth in accordance with clause 24 of this licence. The Licensee shall, if required by the Commission, publish a summary of the report in a manner approved by the Commission.
- 21.4 The Licensee shall conduct its Licensed Business in the manner which it reasonably considers to be the best to achieve the Overall Performance Standards in connection with provision of Supply services and the promotion of the efficient use of electricity by Consumers, as may be prescribed by the Commission pursuant to section 57 of the Central Act and section 34 of the MP Act.
- 21.5 The Licensee shall supply annually, information to the Commission as to the means by which it proposes to achieve the Overall Performance Standards and other standards referred to in this clause 21.

22 OBLIGATION TO CONNECT CONSUMERS AND PUBLIC LAMPS

- 22.1 Subject to the other provisions of this Licence, the Licensee shall have the following obligations:
- (a) The Licensee shall on the application of the owner or occupier of any premises within the Area of Supply, give connection from the Licensee's Distribution System for the purposes of providing a Supply of electricity to those premises, including the laying of any required Distribution mains as per the conditions provided in the Electricity Supply Code.
 - (b) Where the owner or occupier of any premises requires connection under the terms of this clause 22.1, the form of application to be made and the procedure for responding to that application shall be in accordance with the procedure (including the Electricity Supply Code) and fee structures specified by the Licensee and approved by the Commission.
 - (c) The Licensee shall always endeavour to procure adequate power of appropriate quality for Supply to Consumers.
 - (d) Nothing in this clause 22.1 shall require the Licensee to provide connection in the event of a Force Majeure or circumstances where the Commission by a general or special order considers that the giving of connection is otherwise either beyond the reasonable control of the Licensee or that the Licensee should be relieved of the obligations for reasons to be recorded by the Commission.
 - (e) The Licensee shall, before commencing to lay down or place a service line in any area in which a Distribution main has not already been laid down or

placed, act according to the provisions of sections 67 and 164 of the Central Act.

- (f) The licensee shall be entitled to refuse any request of local authority to provide connections for street light and/ or other purpose, in case there are arrears against local authority.

22.2 Where, after Distribution mains have been laid down under the provisions of clause 22.1 and the supply of energy through those mains or any of them has commenced, a requisition is made by the State Government or by a local authority requiring the Licensee to supply for a period of not less than two years, energy for any public lamps within the Area of Supply, the Licensee shall supply, and save in so far as it is prevented from doing so by events of Force Majeure and technical viability/constraints, continue to supply energy for such lamps in such quantities as the State Government or the local authority, as the case may be, may require. The State Government or the relevant local authority, as the case may be, may require the Licensee:

- (a) to provide the mains and other equipment for public lamps; and
- (b) to use for that purpose supports, if any, previously erected or set up by it for supply of energy.

22.3 The Licensee may levy any reasonable charge/s for carrying out works/release of supply pursuant to clauses 22.1 and 22.2, in accordance with any procedures that may be stipulated by the Licensee and approved by the Commission as well as the provisions of the Acts and/or Regulations.

22.4 By virtue of this License, the Licensee is entitled to undertake all activities necessary, related or incidental to the conduct of the Licensed Business. This would include laying and operating appropriate communication network to implement information technology based solutions like remote metering etc. for the Licensed Business.

22.5 The Licensee shall enter into or make such arrangements for the use of the Distribution System including but not limited to electric lines, electrical plant or plants and associated equipment operated by the Licensee as provided in Clause (i) of sub-Section (4)(b) of Section 15 of the MP Act, by any Person as the Commission may authorize. On application made by any such Person, the Licensee shall offer to enter into an agreement with that Person for the use of the Distribution System:

- (a) based on tariff and Use of System charges to be paid by the user, which shall be in accordance with clause 25;
- (b) to accept into the Distribution System electricity provided by that Person; and
- (c) to deliver such electricity, adjusted for losses of electricity and Time of Day energy supply and drawal to/ from the Distribution System, to a designated exit point.

23 OBLIGATION TO SUPPLY AND POWER SUPPLY PLANNING STANDARDS

- 23.1 The Licensee shall take all reasonable steps to ensure that all Consumers connected to the Licensee's Distribution System receive a safe, economical and reliable Supply of electricity as provided in the Overall Performance Standards referred to in clause 21, the Distribution Code, Distribution Metering Code, the Guidelines for Redressal of Consumer Grievance referred to in clause 24, except where the Licensee discontinues supply to certain Consumers under section 56 of The Electricity Act 2003 (36 of 2003) or in accordance with the code of practice drawn up pursuant to clause 24;
- 23.2 The provisions to open up streets, railways etc as mentioned in section 67 of the Central Act should be complied with by the licensee.
- 23.3 The Licensee shall:
- (a) forecast annually the demand for power within the Area of Supply in each of the next succeeding 10 years;
 - (b) prepare and submit such forecasts to the Commission in accordance with the guidelines issued by the Commission from time to time; and
 - (c) co-operate with the Transmission licensees, the State Transmission Units and the State Load Despatch Centre in the preparation of power demand forecasts for the state of Madhya Pradesh.
- 23.4 Subject to the foregoing clauses, the Licensee shall purchase electricity from the Generating Companies or Traders and others as consented to by the Commission in quantities which the Licensee considers sufficient to meet the expected demand of the Licensee's Consumers, or where appropriate, such lesser quantities as the Generating Companies or Traders and others are able to provide on account of shortage of available sources of electricity generation, imports or supply.
- 23.5 The Licensee shall purchase electricity in the manner specified in clause 5.4.
- 23.6 The Licensee shall provide information in the manner prescribed by STU.

24 CONSUMER SERVICE

- 24.1 The Licensee shall:
- (a) draw to the attention of Consumers, in such manner as the Commission may direct, the existence of the various Codes and Regulations including the Electricity Supply Code, Guidelines for Redressal of Consumer Grievance, Distribution Code and each substantive revision of it and how they may inspect or obtain a copy of the Code in its latest form;
 - (b) make a copy of the Code , revised from time to time, available for inspection by members of the public during normal working hours; and
 - (c) provide at reasonable cost to any Person who requests for it at a price not exceeding the reasonable cost of duplicating it.

- (d) The Licensee shall comply with the existing commercial practice and procedures, with such modifications as the Commission may direct, until the Code , as mentioned in this clause is adopted with the approval of the Commission.

24.2 The Standards of Performance may be set by the Commission, or may be proposed by the Licensee for the Commission's approval. The Commission may evaluate the Licensee's compliance with the Standards of Performance and adherence to the Electricity Supply Code, Guidelines for Redressal of Consumer Grievance and consumer rights statement set forth in accordance with this clause 24 and the Licensee shall provide to the Commission such information as it may require to enable it to do so.

24.3 Without prejudice to the other requirements under this Licence, the Commission may prescribe the types of grievances and complaints of the Consumers which shall be attended to by the Licensee within the time specified by the Commission and the Commission shall be entitled to prescribe an appropriate level of compensation, which the Licensee shall pay to the Consumers in the event of any default or failure on the part of the Licensee to attend timely to such grievance or complaint. The Commission may also require the Licensee to pay directly to Consumers concerned the compensation amount and file a statement thereof with the Commission. The Commission may make Regulations and pass orders to give effect to the above.

24.4 Security and Safety of Supplies

- (a) The Licensee shall establish and operate an Assistance Centre for use by any person for the purpose of receiving reports and offering information, guidance, advice about any matter or incident that
 - (i) Causes danger or requires urgent attention or is likely to cause danger or require urgent attention, in relation to the supply or distribution of electricity in the Licensee's Area of Supply;
 - (ii) Affects or is likely to affect the maintenance of the security, availability and quality of service of the Licensee's Distribution System
- (b) The service established by the Licensee in accordance with clause (a) above shall
 - (i) be provided without charge by the Licensee to the Consumer
 - (ii) ensure that all reports and enquiries are processed in a prompt and efficient manner whether made by telephone, in writing or in person
 - (iii) be available to receive and process telephone reports and enquiries at all times on every day of the year and
 - (iv) be operational not later than six months from the date of issue of this Conditions of License order.

25 OTHER CONDITIONS OF SUPPLY

25.1 Subject to the provisions of the Central Act, the MP Act, Regulations, these Conditions of license and other orders which the Commission may issue, the existing “The General Condition of Supply”, circulars, orders, notifications and instructions having statutory force of law with regard to transmission, distribution and supply of electricity including actions for metering points of supply of electricity, revenue realisation, disconnection of electricity, assessment of quantum of theft, constitution of various committees i.e. dues settlement committee, review committee and other committees constituted to decide the disputes/ problems arising between the consumers and licensee or concerned with the employment of the employees, prosecution for theft or unauthorised use of energy, and all such similar matters affecting the transmission, sub transmission and distribution of electricity shall apply mutates mutandis to all concerned and the licensee shall have power and authority to take action in accordance therewith till they are modified by new Regulations or Codes.

PART IV: EXPECTED REVENUE CALCULATION AND TARIFFS

26 EXPECTED REVENUE CALCULATION AND TARIFFS

26.1 The Licensee shall follow the methodology and calculate the expected revenue from charges which it is permitted to recover, in accordance with the provisions of Part VII of the Central Act, regulations notified under section 181 (2) (zf), these Conditions of Licence, the orders of the Commission and other requirements specified by the Commission from time to time.

27 POWERS OF THE LICENSEE FOR REVENUE REALISATION, PREVENTION OF METER TAMPERING, ETC

27.1 The licensee shall take appropriate steps to prevent unauthorised use of energy and improve revenue realization in terms of Part VI, Part XII and Part XIV of the Central Act.

28 PROVISION OF SUBSIDIES TO CERTAIN CONSUMERS

28.1 In the event the State Government makes any order providing for any subsidy for any consumer or class of Consumers in terms of section 65 of the Central Act the licensee shall implement the same after complying with the provisions of the Central Act.

28.2 The Licensee shall not without prior permission of the Commission give any subsidy or subvention to any Person or for the purposes of any of its Other Business(es) either by reducing the tariff notified or otherwise by giving any other concession, remission or reduction of any nature.

PART V: COMPETITION CONDITIONS

29 INTRODUCTION OF COMPETITION IN RETAIL SUPPLY

29.1 The Licensee shall arrange for the non-discriminatory open access in its Distribution System to any persons as specified under Regulation. On application made by any such person, subject to the condition of availability, the Licensee shall offer to enter into an agreement with that person for the use of the Distribution System:

- (a) to accept into the Distribution System electricity provided by that person,
 - (b) to deliver such electricity, adjusted for losses of electricity to a designated exit point as per agreed conditions.
 - (c) receive payment for the Use of System charges / wheeling charges and/or a surcharge/ additional charges specified by the Commission.
- 29.2 The Commission may grant licence to any person (s) to distribute in the same area of supply of the Licensee subject to the proviso to section 14 of the Central Act.
- 29.3 The Commission may in consultation with the Licensees and Generating Companies, formulate arrangements for the introduction of open access in distribution and promote the development of a market (including trading of power) in the State of Madhya Pradesh. These consultations will adhere to the principles of natural justice, financial viability of the sector and will afford a reasonable opportunity to the affected parties to represent their perspectives in the matter.
- 29.4 The Commission may, with reasons recorded in writing, and after providing reasonable opportunity to the Licensee, issue such appropriate orders modifying or amending the conditions of this licence, as it shall consider appropriate for the purpose of implementing the arrangements referred to in this clause 29.
- 29.5 The Licensee shall arrange systems and other resources necessary for complying with clause 29.
- 29.6 The Licensee in any circumstances shall not enter into any agreement or abuse its dominant position or enter into a combination, which may cause an adverse effect on competition in the electricity industry.
- 29.7 If the Licensee anticipates that it will be unable to meet any of the obligations under clause 29, it shall as soon as possible notify the Commission and give sufficient reasons for the same.

PART VI: PENALTY

30 PENALTY FOR CONTRAVENTION OF CONDITIONS OF THE LICENCE

- 30.1 Violation or persistent non-compliance of directions under this conditions of license by the licensee shall attract action under section 142 of the Central Act and sections 31, 45 and 46 and other applicable provisions of the MP Act, and any regulations specified thereunder.

SCHEDULE 1 AREA OF DISTRIBUTION AND RETAIL SUPPLY

1. The following circles/districts in the state of Madhya Pradesh:
2. The condition imposed by section 15 (2) (ii) of Electricity Act 2003 shall have to be fulfilled by the licensee

By order of the Commission

ASHOK SHARMA, Dy Secy.,