

Bhopal Dated: 27th January 2006

No.283-MPERC-2006. In exercise of powers conferred under section 16 of the Electricity Act 2003 (No. 36 of 2003), the Madhya Pradesh Electricity Regulatory Commission hereby makes the following addendum/amendment to the Conditions of Distribution licence for distribution licensee (including deemed licensee), 2004 notified vide No.1999-MPERC/2004 dated 23rd July, 2004.

ADDENDUM/AMENDMENT TO CONDITIONS OF DISTRIBUTION LICENCE FOR DISTRIBUTION LICENSEE (INCLUDING DEEMED LICENSEE), 2004

1. Short Title and Commencement

- (i) These conditions may be called the “**Conditions of Distribution licence for distribution licensee (including deemed licensee), 2004 (Third Amendment) (No. AG-12 (iii) of 2006)**”.
- (ii) These conditions shall come into force with effect from the date of its publication in the official gazette.
- (iii) These conditions shall extend to the entire State of Madhya Pradesh.

2. Amendment to conditions 5:

In the **Conditions of Distribution licence for distribution licensee (including deemed licensee), 2004** hereinafter called the Principal conditions, **In Sub-clause (a) & (b) of clause 5.1**, the following shall be substituted, namely:

- “5.1 (a) Purchase or import or otherwise acquire electricity or commit itself to do so in compliance with MPERC (Power purchase and procurement), Regulation 2004 & its amendments.
- (b) Sell or otherwise dispose of electricity to any Person, other than pursuant to the Conditions of the Distribution Licence, **Regulations, Orders or directives issued by the Commission.**”

3. Amendment to conditions 9:

In clause 9.9 of the Principal conditions, the following shall be substituted, namely:

- “ 9.9 The Licensee shall submit a 5-year Business Plan (hereinafter referred to as the Plan Period) within three months from the date of effectiveness of the Transfer Scheme in case of existing deemed licensee and within three months of grant of licence to other than deemed licensees. The Business plan should be updated annually and it should cover the following:
- (i) Company’s organisational structure with present status of filled up posts as per Memorandum and Articles of Association of the Company.
 - (ii) Detailed status of electrified and unelectrified households along with the Company’s plan to cover the electrification of unelectrified households as per new definition of rural electrification.
 - (iii) Rural electrification program of the Company along with the investment and source of funding. Any franchisee model with its technical and commercial viability may be mentioned in the program.

- (iv) A policy on planning of Human Resources, Recruitment, Training, Rotation and performance linked incentive mechanisms should be mentioned with reference to efficiency gains in the Company.
- (v) Strategy for ensuring quality and uninterrupted power supply to the consumers along with various other measures to improve the consumer services should be appropriately placed in the plan.
- (vi) Present level of Distribution losses along with the Company's objectives for reduction of losses in forthcoming five years in every territory of the Company's operational area should be mentioned. The loss reduction plan should be properly linked with the investment plan indicating investment on each measure for loss reduction and the source of funding as well as pay back in terms of saving in units and subsequent financial savings in each year.
- (vii) Present level of category wise and voltage wise consumer mix, connected load and sale of units along with the forecasting of all these parameters with clear description and explanation of reasonable assumptions – the drivers for load growth i.e. growth in number of consumers based on pending applications, historical growth rates of consumers and connected load, expected industrialization, etc., feedback from major consumers, captive repatriation, impact of open access, impact of Government policies, etc.
- (viii) Meterisation plan for the balance unmetered consumers to achieve cent percent meterisation and DTR metering for the purpose of energy accounting should be separately mentioned and explained in excel sheets.
- (ix) Present level of collection efficiency and the targets for year wise improvement in forthcoming five years period mentioning effective measures to be taken by the Company in this regard.
- (x) **Investment Plan:** The investment plan should contain the details of each work proposed in the plan with justification of the proposal in terms of its technical requirement like voltage regulation, reduction of overloading on transformers and lines, improvement of power factor and better control of interruptions etc. The investment plan should also indicate the cost benefit analysis of each proposed work in respect of system improvement and financial saving corresponding to loss reduction along with its pay back period. The expenditure proposed to be incurred on individual and group metering should be distinctly provided in the plan. The complete Sub-transmission network in operational area of the Company may be studied to identify the geographical pockets with poor voltage regulations and high technical losses and such identified pockets should be covered in the investment plan on first priority. The investment plan for each year should be detailed with the help of excel sheets.
- (xi) The licensee shall submit full account of the assets created by the licensee through contribution from consumers on account of laying of lines and sub-stations or any other extension work.”

4. Amendment to conditions 18:

Clause 18.3 of the Principal conditions shall be omitted.

5. Amendment to conditions 23:

In Sub-clause 23.3 (a) of the Principal conditions, for the figure “10”, the following figure shall be substituted, namely: “5”

6. Amendment to conditions 30:

At the end of Part VI of clause 30.1 of the Principal conditions, the following Part VII shall be added, namely:

“PART VII

31 SPECIAL CONDITIONS OF LICENCE

31.1 The licensee shall make its best endeavours to meet the targets regarding efficiency improvements, including but not limited to the Road map of loss reduction as specified in the Regulations on “Terms and Conditions of Distribution Tariff” applicable to the licensee. The failure by the licensee to achieve any of the targets specified in the control period would lead to the Commission’s interpretation that the licensee has made a wilful and prolonged default in meeting its specified obligations under the regulations and is not in a position to fully discharge the duties and obligations imposed on him by this licence. However, the licensee shall be given an opportunity to present and explain his part before the Commission in case of default in meeting any specified obligation.

31.2 The licensee shall prepare a policy on planning of Human Resources, Recruitment, Training, Rotation and performance linked incentive mechanisms and inform the Commission of the progress of implementation as and when desired.

31.3 The licensee shall endeavor to achieve the targets for metering and indexing of all consumers substation wise and comply with the requirements as specified in the Commission’s notification No. 2462 dated 18.10.05 as applicable to the licensee.”

By order of the Commission

Ashok Sharma, Deputy Secretary