

Bhopal, Dated 12<sup>th</sup> August 2025

No.1642/MPERC/2025-In exercise of powers vested under Sections 14,15,16,17,18 & 19 read with Section 181 of the Electricity Act 2003 (36 of 2003) and all powers enabling it in that regard, the Madhya Pradesh Electricity Regulatory Commission hereby makes the following Regulations providing for the eligibility criteria for grant of distribution Licence, procedure to be followed to obtain distribution Licence, procedure for application, duties and the terms and conditions of the Distribution Licensee, namely:

**MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION {PROCEDURE,  
TERMS AND CONDITIONS FOR GRANT OF DISTRIBUTION LICENSE AND OTHER  
MATTERS OF DISTRIBUTION LICENSEE (INCLUDING DEEMED LICENSEE)}  
REGULATIONS, 2025 (REVISION-I) (RG-12(I) OF 2025)**

**CHAPTER 1 : PRELIMINARY**

**1. Short title and commencement:**

- 1.1 These Regulations shall be called “**Madhya Pradesh Electricity Regulatory Commission [Procedure, Terms and Conditions for Grant of Distribution Licence and Other Matters of Distribution Licensee (Including Deemed Licensee)] Regulations, 2025 (Revision-I) {RG-12(I) of 2025}**”.
- 1.2 These Regulations shall be applicable to the Distribution Licensees (including deemed Licensees) operating in Madhya Pradesh.
- 1.3 These Regulations shall come into force on the date of their publication in the official Gazette of Government of Madhya Pradesh.

**2. Definitions:**

In these Regulations, unless the context otherwise requires, the words, terms and expressions, if not defined in these Regulations, shall have the same meaning as assigned in the Act:

- (a) “**Act**” means The Electricity Act, 2003 (36 of 2003);
- (b) “**Agreement**” means and includes an agreement, contract, or any other covenant on any aspect relating to the distribution of electricity, entered into between the Distribution Licensee and the Generating Company or the Transmission Company or Consumers of Licensee, as the case may be;
- (c) “**Annual Accounts**” means the accounts of the Distribution Licensee prepared in accordance with the provisions of the Companies Act 2013 (18 of 2013) as amended from time to time, and/or in such other manner as may

be directed by the Commission from time to time in terms of the provisions of the Act or MP Act;

- (d) **“Applicant”** means a person who has made an application or petition for grant of a Licence for distribution of electricity;
- (e) **“Application”** means the application or petition made for grant or amendment or renewal or revocation of Licence for distribution of electricity, as the case may be, and includes annexures, enclosures to such application or petition;
- (f) **“Area of Supply”** means the geographic area referred to in **Annexure-2** of these Regulations within which any activity authorised by the Regulations stated herein is allowed;

**Explanation:** - For the purposes of this Regulation, it is hereby clarified that for grant of a license for distribution of electricity within the same area in terms of sixth proviso to Section 14 of the Act, the entire area covering either a Municipal Corporation as defined in Article 243Q of the Constitution or three adjoining revenue districts, or a smaller area as may be notified by the Appropriate Government shall be the minimum area of supply.

- (g) **“Auditors”** means the Distribution Licensee’s auditors, and if the Distribution Licensee is a company, auditors holding office in accordance with the requirements of the Companies Act, 2013 (18 of 2013), as amended from time to time, or any other law for the time being in force;
- (h) **“Authorised”**, in relation to any Person, business or activity, means authorized by Licence, granted under Section 14 of the Act or deemed to be granted under third, fifth, seventh and eighth proviso of Section 14 of the Act or granted exemption under Section 13 of the Act;
- (i) **“Central Commission” or “CERC”** means the Central Electricity Regulatory Commission referred to in Section 76(1) of the Act;
- (j) **“Commission”** means the Madhya Pradesh Electricity Regulatory Commission;
- (k) **“Conduct of Business Regulations”** means the applicable Madhya Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, 2016, as revised and amended from time to time;

- (l) **“Consumer”** shall have the same meaning as defined in Section 2 (15) of the Act;
- (m) **“Deemed Licensee”** means a person, who is deemed to be a Licensee for distribution of electricity under any of the provisos of Section 14 of the Act;
- (n) **“Distribution”** means the conveyance or wheeling of electricity by means of a Distribution System;
- (o) **“Distribution Business”** means authorised business of the Licensee to operate and maintain a distribution system for supplying electricity to the consumers in the Area of Supply;
- (p) **“Distribution Code”** means the Madhya Pradesh Electricity Distribution Code 2024 as revised and amended from time to time;
- (q) **“Distribution Licensee”** shall have the same meaning as defined in Section 2(17) of the Act;
- (r) **“Distribution System”** shall have the same meaning as defined in Section 2 (19) of the Act;
- (s) **“Distribution System Operating Standards”** means the standards related to the Licensee’s operation of its Distribution System as per provisions under Madhya Pradesh Electricity Distribution Code, 2024 as amended from time to time which shall be applicable in a manner consistent with the provisions of all applicable regulations and in particular CERC (Indian Electricity Grid Code) Regulations 2023, Madhya Pradesh Electricity Grid Code 2024, Madhya Pradesh Electricity Supply Code 2021 and Madhya Pradesh Electricity Regulatory Commission ( Framework for Resource Adequacy ) Regulations 2024 as amended from time to time;
- (t) **“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 per the provisions of Madhya Pradesh Electricity Distribution Code, 2024 which shall be applicable in a manner consistent with the provisions of all applicable regulations and in particular CERC (Indian Electricity Grid Code) Regulations 2023, Madhya Pradesh Electricity Grid Code 2024, Madhya Pradesh Electricity Supply Code 2021 and MPERC ( Framework for Resource Adequacy ) Regulations 2024 as amended from time to time;
- (u) **“Financial Statement”** means Financial Statements comprising a profit and loss account, a balance sheet, a statement of sources and application of funds

and accounts and additional disclosure as required under Electricity Distribution (Accounts & Additional Disclosure) Rules, 2024, as amended from time to time, together with notes thereto and such other particulars and details in the manner as the Commission may specify from time to time and showing the amounts of any revenue, cost, asset, liability, reserve or provision which has been either charged from the Licenced Business to any other Business or vice versa together with a description of the basis of that charge; or determined by apportionment or allocation between the Licenced Business and any other business of the Licensee together with a description of the basis of the apportionment or allocation for each financial year.

The Financial Statement shall show separately the requirements mentioned above for the Licenced Business and Other Business (es) in which the Licensee may be engaged with the approval of the Commission;

- (v) **“Financial Year” or “year”** means a period of twelve months commencing on 1st April of a year and terminating on 31st March of the following year;
- (w) **“Force Majeure”** means the events or circumstances or combination of events or circumstances, including those stated below, that leads to any act which would involve a breach of relevant laws or regulations concerned with supply of electricity and only if such events or circumstances are not within the control of the Distribution Licensee and could not have been avoided, had the Distribution Licensee taken reasonable care or complied with prudent utility practices:
- i. Act of God including lightning, drought, fire and explosion, earthquake, volcanic eruption, landslide, flood, cyclone, typhoon, tornado, geological surprises, or exceptionally adverse weather conditions which are in excess of the statistical measures for the last hundred years; or
  - ii. Any act of war, invasion, armed conflict or act of foreign enemy, blockade, embargo, revolution, riot, insurrection, terrorist or military action; or
  - iii. Industry wide strikes and labour disturbances having a nationwide impact in India;
- (x) **“General Conditions”** mean General Conditions of Distribution of electricity specified in these Regulations;

- (y) **“Grid Code”** means the Madhya Pradesh Electricity Grid Code (MPEGC) specified by the Commission under Section 86(1)(h) of the Act and includes the Indian Electricity Grid Code (IEGC) as amended from time to time;
- (z) **“Holding Company”** For the purpose of these Regulations a Company shall be deemed to be a Holding Company of another if and only if that other Company is a subsidiary as defined herein / shall have the same meaning as in Section 2(46) of the Companies Act, 2013.
- (aa) **“Licensed Business”** means the business of distribution and supply of electricity as authorized under the Distribution Licence;
- (bb) **“MP Act”** means the Madhya Pradesh Vidyut Sudhar Adhiniyam, 2000 (4 of 2001)
- (cc) **“Officer”** means an officer of the Commission;
- (dd) **“Open Access”** shall have the same meaning as defined in Section 2 (47) of the Act;
- (ee) **“Operational Control”** means possessing the authority to make operational decisions such as commissioning and utilisation of units, service lines and equipments;
- (ff) **“Other Business”** means business of the Distribution Licensee other than the Licensed Business;
- (gg) **“Overall Performance Standards”** means the overall performance standards as may be specified by the Commission in MPERC (Distribution Performance Standards) Regulations 2012 as amended from time to time;
- (hh) **“Person”** shall include any company or body corporate or association or body of individuals, whether incorporated or not, or artificial juridical person;
- (ii) **“Retail Supply”** means the supply of electricity to any consumer by a Distribution Licensee within its area of supply and the words "Retail Supplier" and "Retail Supply Business" shall be construed accordingly in that context;
- (jj) **“Receiving officer”** means an officer designated by the Commission for the purpose of receiving the petitions;

- (kk) **“Standards of Performance”** means such standards of performance relating to Distribution of electricity, as may be specified by the Commission under MPERC (Distribution Performance Standards) Regulations 2012 as amended from time to time;
- (ll) **“State Government”** means the Government of Madhya Pradesh;
- (mm) **“Subsidiary”** shall have the same meaning as in Section 2(87) of the Companies Act 2013;
- (nn) **“Supply”**, in relation to electricity, means the sale of electricity to a licensee or consumer and the word supplier is construed accordingly;
- (oo) **“Transfer”** shall include the sale, exchange, gift, lease, Licence, loan, securitization, 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;
- (pp) **“Use of System”** means use of the Distribution System for the conveyance of electricity by a Person, in accordance with Regulation 27.5 of these Regulations; and
- (qq) **“User”** means anyone who uses the assets of the Distribution Business including the Generators, Traders, Transmission Licensees, Open Access Customers and Consumers;

## CHAPTER 2: PROCEDURE FOR GRANT OF LICENCE

### 3. Proceedings before the Commission:

All proceedings before the Commission under these Regulations shall be governed by the Conduct of Business Regulations as amended from time to time.

### 4. Eligibility for Grant of Licence:

4.1 Any person intending to apply for Licence shall require to fulfill the Capital Adequacy, Credit worthiness and other conditions laid down by Ministry of Power, Government of India through “the distribution of electricity Licence (Additional requirement of Capital Adequacy, Creditworthiness and Code of Conduct) Rules 2005” as amended from time to time.

#### 4.2 Requirements of capital adequacy and creditworthiness:

- i. The Commission shall, upon receipt of an application for grant of Licence for distribution of electricity under Section 15 (1) of the Act, decide the

requirement of capital investment for distribution network after hearing the applicant and keeping in view the size of the area of supply and the supply obligation within that area in terms of Section 43 of the Act.

- ii. The applicant for grant of Licence shall be required to satisfy the Commission that on a norm of 30% equity on cost of investment as determined under Regulation 4.2(i) above, he would be in a position to make available resources for such equity of the project on the basis of net worth and generation of internal resources of his business in the preceding three years after excluding his other committed investments.

## 5. Procedure for Grant of Licence:

5.1. Any person desirous of engaging in the business of distribution of electricity, in Madhya Pradesh, shall apply to the Commission for the grant of Distribution Licence in Annexure-1 in accordance with the provision of the Act and these Regulations and accompanied by documentary evidence of having paid such fees as specified under Schedule-1 of Madhya Pradesh Electricity Regulatory Commission (Fees, Fines and Charges) Regulations, 2024 as amended from time to time.

5.2. Every application or petition for Distribution Licence and the supporting documents, in such number of copies as the Commission may specify in MPERC (Conduct of Business) Regulations, 2016 as amended from time to time, shall be signed by the applicant or petitioner and addressed to Secretary or such Officer as the Commission may designate in this behalf and shall be accompanied by:

- i. Six copies of maps, plans and sections of the proposed area of supply duly signed by the applicant on such scale as may be specified by the Commission;
- ii. a statement describing any lands or assets which the applicant proposes to acquire for the purpose of the Licence and the means of such acquisition;
- iii. a statement of business plan, with the capital proposed to be expended in carrying on the Licensed Business, the means of financing for such capital expenditure, the resultant efficiency improvements and such other particulars as the Commission may require;
- iv. a copy of the Memorandum of Association and Articles of Association of the company, where the Applicant is a body corporate, and similar

- applicable documents of incorporation, registration or agreement in case of other business entities;
- v. a copy of Annual Accounts and other similar documents as may be required;
  - vi. an affidavit by the Applicant verifying the information disclosed in the application;
  - vii. where the Applicant is a body corporate, details of any group company(ies) engaged in the business of generation, distribution, transmission or trading of electricity, whether within the State of Madhya Pradesh or in any other State;
  - viii. where the Applicant is not a body corporate, details of any business of generation, distribution, transmission or trading of electricity, whether within the State of Madhya Pradesh or in any other State, in which the Applicant is directly or indirectly interested;
  - ix. A receipt in acknowledgement of payment of the fee; and
  - x. Such other documents or information as the Commission may seek.

### 5.3. Contents of application:

The application referred to in Regulation 5.1 above shall contain the following particular:

- i. A short title descriptive of the proposed Licence together with the address and description of the applicant, and if the applicant is a Company, the names of all of the directors of the Company;
- ii. Location of the proposed area of operation;
- iii. A description of the proposed area of operation;
- iv. Details of area including the whole or any part of any cantonment, aerodrome, fortress, arsenal, dockyard or camp or of any building or place in the occupation of the Government for defense purpose, under the proposed area of operation. A certificate of no objection to grant the licence, on part of the Central Government, shall be submitted if the proposed area of operation has any or all of these.
- v. The general conditions and the specific conditions, if any, which the Commission has specified and any deviation sought from the general or specific conditions, with justification; and
- vi. Such other particulars as the Commission may require.

**5.4. Acknowledgment of application:**

On receipt of the application, the Receiving Officer shall note thereon the date of its receipt and shall send to the applicant an acknowledgment stating the date of receipt.

**5.5. Copies of supporting documents for public inspection:**

The applicant shall maintain at his own office and at such other places as may be specified by the Commission, the copies of the complete set of documents referred to in Regulation 5.2 for public inspection and furnish to persons applying for them at a price not exceeding reasonable photocopying charges. The applicant shall also upload the complete application along with annexures including the supporting documents referred to in Regulation 5.2 on its website. The application shall be kept posted on the website of the applicant till such time the application is disposed of by the Commission.

**5.6. Calling for additional information: -**

The Secretary or any other officer designated for the purpose by the Commission may upon scrutiny of the application require the applicant to furnish within a period to be specified, such additional information or particulars or documents as considered necessary for the purpose of dealing with the application.

**5.7. Notifying the due filing of the application: -**

On confirmation of the receipt of the requisite and necessary information, particulars and documents, the Secretary or any other officer designated for the purpose by the Commission shall certify that the application is ready for being considered for grant of Licence in accordance with the procedure provided in the Act and in these Regulations and communicate the same to the applicant.

**5.8. Advertisement of application and contents thereof: -**

**5.8.1.** The applicant shall, within seven days after making such application to the Commission, publish notice of his application by public advertisement in at least two leading daily newspapers having wide circulation, one in English language and another in the Hindi language inviting comments from the general public. The advertisement shall contain such particulars as the

Commission may direct. The notice shall also be kept posted on the website of the applicant.

**5.8.2.**The application published in the newspapers and uploaded on applicant's website should clearly mention that the suggestions and objections to the application, if any, may be filed by any person within 21 days of publication of the notice to the Applicant with a copy to Secretary, MPERC at the address as specified in Conduct of Business Regulations, 2016 through an order made in that behalf.

**5.8.3.**The Commission may direct that notice of the application be served on the Central Government, the State Government and such other authority, person or body in the manner as the Commission may considers appropriate.

#### **5.9. Objections:**

- (a) Any person intending to object to the grant of the Licence shall file objections within 21 days from the date of publication of the notice or extended period as may be specified by the Commission.
- (b) Any person who desires to have any amendment made in the conditions of Licence shall deliver a statement of the amendment to the applicant and to such officer as the Commission may designate in this behalf within the time allowed by the Commission.

#### **5.10 Hearings and Local Inquires: -**

- (a) If the applicant has duly arranged for the publication of the notice of the application and the time for filing the objection is over, the Commission shall proceed with the hearing of the application.
- (b) The Commission shall give the notice of inquiry or hearing to the applicant, the persons who had filed objections, the Central Government, the State Government and such other authority, person or body as the Commission considers appropriate.

- (c) If any person objects to the grant of Licence applied for, the Commission may cause a local enquiry to be held in such manner as the Commission may direct.
- (d) In case of such local enquiry, a memorandum of the findings of the local enquiry shall be prepared and shall be signed by the applicant, the officer or person designated for the purpose and such other person as the Commission may direct.

#### **6. Grant of the Licence:**

- 6.1.** The Commission after considering the comments, suggestions and objections received in response to the public notice, may either propose to grant the Licence to the applicant or for reasons to be recorded in writing, reject the application.
- 6.2.** Before granting a Licence, the Commission shall also publish a notice of its proposal on the Commission's website and in two daily newspapers, having wide circulation, as the Commission may consider appropriate, stating the name and address of the person to whom it proposes to grant the Licence and any other details that the Commission may consider appropriate, to invite further suggestions and objections on its proposal within 21 days of the publication of the notice.
- 6.3.** The Commission may, after consideration of the further suggestions and objections, if any, received in response to the public notice in terms of Regulation 6.2 of these Regulations, grant Licence to the applicant, or for reasons to be recorded in writing, reject the application.
- 6.4.** The Commission shall before granting the Licence or rejecting the application under the provisions of these Regulations provide an opportunity of hearing to the applicant and the person who has filed comments/ objections/ suggestions, or any other interested person.
- 6.5.** The Commission shall, within 7 days of making the order to grant the Licence to an applicant send a copy of the Licence to Energy Department, Govt of MP, the

Central Electricity Authority, the State Transmission Utility, the State Load Despatch Center and the applicant.

**6.6. Commencement of the Distribution Licence:**

The Distribution Licence shall commence from such date as the Commission shall notify.

**6.7. Validity of the Distribution Licence:**

The Distribution Licence shall be valid for a period of twenty-five (25) years from the date of its commencement unless it is revoked by the Commission.

**6.8. Deposit of Maps:**

Upon grant of the Distribution Licence, three (3) sets of maps showing the route of the distribution line along with locations and with such details as the Commission may direct, shall be signed and dated to correspond with the date of notification of the grant of the Licence by the Secretary or any other officer designated by the Commission. One set of such maps shall be retained by the Commission and the other (2) two sets shall be returned to the Licensee.

**6.9. Deposit of Copies of Licence:**

**6.9.1.** Every person who is granted a Distribution Licence shall, within thirty (30) days of the grant thereof:

- a. have adequate number of copies of the Licence printed;
- b. have adequate number of maps prepared showing the area of supply specified in the Distribution Licence; and
- c. Arrange to exhibit a copy of such Distribution Licence and maps for public inspection during working hours at his head office, at his local offices (if any) and at the office of every local authority within the area of supply.

**6.9.2.** Every Distribution Licensee shall, within the aforesaid period of thirty (30) days, supply, free of charge, one copy of the Licence and the relevant maps to

every local authority as may be specified by the Commission in this regard and shall also make necessary arrangements for the sale of printed copies of the Distribution Licence to all persons applying for the same, at a price not exceeding normal photocopying charges.

### CHAPTER 3: GENERAL CONDITIONS / OBLIGATIONS OF LICENSEE

#### 7. Functions and Duties of the Licensee:

7.1. The Licensee shall not, without the prior general or special approval of the Commission:

- i. Purchase or import or otherwise acquire electricity or commit itself to do so.
- ii. sell or otherwise dispose of electricity to any Person, other than pursuant to the Conditions of the Distribution Licence, Regulations, orders or directions issued by the Commission.
- iii. Own or hold any beneficial interest in any trading , other than:-
  - (a) A person who supplies electricity pursuant to a general exemption granted by the Commission; or
  - (b) In any facilities used for trading in the Area of Supply other than for the purpose of its Distribution Business;
- iv. undertake any transaction to acquire by purchase or takeover or otherwise, the utility of any other Licensee; or
- v. merge his utility with the utility of any other Licensee.

7.2. Notwithstanding the prohibition contained in Regulation 7.1 above, the Licensee shall be entitled to purchase or acquire electricity from any Person whose generating unit existing as on date of notification of these Regulations, 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 Licence.

7.3. 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 seven (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 these Regulation, provided that the Licensee will inform the Commission of such occurrence or circumstances within seven (7) days thereafter.

7.4. The Licensee shall purchase the energy required 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.

7.5. The Licensee shall fully comply with the provisions of Act and Rules and Regulations framed thereunder, Energy Conservation Act, 2001 and Rules made thereunder, Regulations issued by CEA and in particular CEA (Measures Related to Safety and Electric Supply) Regulations, 2023 and CEA (Technical Standards for Connectivity to the Grid) Regulations, 2007 as amended from time to time.

#### 8. **Limitations On the Distribution Licensee:**

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 Act and subvention by the State Government pursuant to Section 27 of MP Act:

Provided that prior permission of the Commission shall not be required for the financial support or grant from Central/State Government.

#### 9. **Special Conditions of Licence:**

9.1 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 MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 as amended from time to time and shall comply with Renewable Power Purchase Obligation as specified in Madhya Pradesh Electricity Regulatory Commission (Cogeneration and Generation of Electricity from Renewable Sources of Energy) Regulations, 2021 as amended from time to time . 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 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 his 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.

9.2 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.

9.3 The Licensee shall adhere to the metering provisions as may be specified by the Commission in Madhya Pradesh Electricity Supply Code 2021 as amended from time to time and orders issued by the Commission from time to time.

#### **10. Other Business of Licensee:**

10.1 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 the:
- i. Licensee engaging in other business activities; and
  - ii. payment of fair compensation to the licensed business for the assets of the licensed business utilized for such other business activities.
- d. The Licensee shall not transfer any assets utilized 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/lease. The Licensee shall also be entitled to permit laying of cables/equipment 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 of scrap/ unserviceable/ obsolete materials/ equipment. The earnings from such activities shall be included in the Annual Revenue Requirement petition to be filed by the Licensee to the Commission.
- 10.2 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 purpose of 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.
- 10.3 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 shall be undertaken 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 the licensed business;
- c. that the Licensee will give fifteen (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; and
- d. that the Commission may require the Licensee to submit a certificate from a chartered accountant as regards compliance with the requirement of Regulation 10.3 (a) above.

10.4 The Licensee may establish subsidiaries or establish associated companies or grant franchise or enter into management contracts to conduct or carry out any of the functions, which the Licensee is authorised to conduct or carry out under the Acts and these Regulations:

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 his Licence;
- b. the Licensee shall have, prior to delegating any function to any such Subsidiary or associated company or franchisee or contractor, intimate the Commission for transactions of value of greater than Rs one (1) crores per annum, subject to such conditions as the Commission may stipulate; and
- 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.

10.5 Where such prior permission as specified in Regulations 10.1 to 10.4 above is required, the Licensee shall file a petition with the Commission disclosing

relevant facts. The Commission may, within thirty (30) days of the filing of the petition, seek further information in support of the petition. The Commission shall generally within thirty (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 sixty (60) days of the filing of the petition, 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.

#### **11. Obligations of Licensee:**

**11.1.** The Licensee shall, during the validity of the Licence, maintain sufficient insurance in accordance with prudent utility practices or as may be necessary under:

- i. any of the agreements; and
- ii. the laws in force in India:

Provided that the Licensee may opt for self-insurance.

**11.2.** The Licensee shall build the distribution system in a time-bound, efficient, coordinated and economical manner;

**11.3.** The Licensee shall establish, operate and maintain the distribution system in accordance with the prudent utility practices and the agreements;

**11.4.** The Licensee shall strictly comply with all laws in force in India and, in particular, the Act, MP Act, Energy Conservation act 2001 and the Rules such as, the intimation of accidents (From and time of service of notice) Rules, 2005, The distribution of electricity licence (Additional requirement of capital adequacy, creditworthiness and code of conduct) Rule, 2005, the works of licensee Rules 2006 etc., and Regulations framed pursuant to the Act, the grid code, the relevant Regulations such as CEA (Technical standards for construction of electrical plants and electric lines) Regulations, 2022, CEA ( Measures relating to safety and electric supply) Regulations, 2023, CEA ( Safety requirements for constructions, operations and maintenance of electrical plants and electric lines ) Regulations, 2011 etc. and Standards issued by the central electricity authority .

**11.5.** The Licensee shall provide non-discriminatory open access to its distribution system for use by a Distribution Licensee, an electricity trader, a generating

company, or any other person in accordance with the MPERC (Terms and Conditions for Intra-State Open Access in Madhya Pradesh) Regulations, 2021 as amended from time to time; and

**11.6.** Wherever prior approval of the Commission is required, the Licensee shall make an appropriate application before the Commission in accordance with Conduct of Business Regulations as amended and revised from time to time.

**12. Subsidy Mechanism:**

**12.1.** 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 Act, the Licensee shall implement the same after complying with the provisions of the Act, Rules made by the Central Government and MPERC (Manner of payment of subsidy by State Government) Regulations, 2024 as amended from time to time.

**12.2.** 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) by reducing the tariff order passed by the Commission.

**13. Renewal of Licence:**

The Distribution Licence shall, on completion of twenty-five (25) years from the date of issue of Licence, stand automatically renewed for another period of twenty-five (25) years at a time, unless revoked earlier:

Provided that the Distribution Licensee on completion of 25 years of Licence may seek renewal of the Licence for a period less than twenty-five (25) years by making an application in accordance with Regulation 5 of these Regulations two years before the expiry of the initial period of Licence:

Provided further that the Commission may renew the Licence for a period less than 25 years after considering the merits of the case.

**14. Distribution Tariff:**

**14.1.** The Licensee shall be required to file a petition for determination of tariff under Section 62 of the Act in accordance with the applicable Tariff Regulations of the Commission and such petition shall be 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 specified through such Regulations:

Provided that in case of distribution of electricity in the same area by two or more distribution licensees, the Commission may, for promoting competition among distribution licensees, fix only maximum ceiling of tariff for retail sell of electricity.

**14.2.** The Licensee shall be entitled to take into account any fee paid by it under these Regulations as an expense in the determination of Aggregate Revenue Requirement made in accordance with Regulation 14.3.

**14.3.** The Licensee shall follow the methodology to calculate the expected revenue from charges which it is permitted to recover, annual revenue requirement and proposed tariff in accordance with the provisions of Part VII of the Act, MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 notified under Section 181 (2) (zf), the orders of the Commission and other requirements specified by the Commission from time to time.

**14.4.** The Licensee shall take appropriate steps to prevent un-authorized use of electricity and improve revenue realization in terms of Part VI, Part XII and Part XIV of the Act.

**15. Prohibition of Undue Preference:**

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 his Licence if any undue preference results from compliance with any directions of the Commission under the Act or the MP Act or a competent Court. Ordinarily, providing supply to a consumer without recovering charges due for a prolonged period 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.

**16. Transfer of Assets:**

**16.1** 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 one (1)

crore, other than declared scrap or surplus without complying with the conditions stipulated in Regulation 16.2 to 16.4. The Licensee shall not divide, partition or split the asset or the cost thereof in order that the provision of these Regulations is circumvented.

16.2 The Licensee shall give advance written notice to the Commission of its intention to Transfer or relinquish Operational Control over any asset whose value exceeds Rs. one (1) crore and disclose all relevant facts. The Commission may, within thirty (30) days of the receipt of the notice, seek further information in support of the transaction and shall, generally within thirty (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 sixty (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.

16.3 The Licensee may Transfer or relinquish Operational Control over any asset as specified under Regulation 16.2, if:

- 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 Regulation 16.2 only through transparent and competitive bidding Procedures.

16.4 The Licensee may also transfer or relinquish operational control over any asset where:

- a. The Commission has issued directions containing a general consent (whether or not subject to conditions) to:
- b. transactions of a specified description, and/or
- c. the transfer or relinquishment of operational control over assets of a specified description and/or

- d. the transfer of or relinquishment of operational control is in accordance with any conditions to which the consent is subject;
- e. the transfer or relinquishment of operational control in question is required by or under the mandate of any other Act; and
- f. the asset in question was acquired and used by the Licensee exclusively or primarily in connection with any other business that it has been authorized to carry on pursuant to Regulation 10 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.

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

- a) that the Licensee will inform the Commission about such arrangements at least fifteen (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.

16.6 The Licensee shall be entitled to sell or dispose of the scrap / unserviceable material / unserviceable equipment.

#### **17 Provisions applicable to Deemed Licensees:**

The general conditions of Distribution Licence specified in these Regulations shall also be applicable to a Deemed Licensee under any of the proviso to Section 14 of the Act.

### **CHAPTER 4: ACCOUNTS**

**18.1.** The Licensee shall, in respect to 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 as if it were carried on by a separate company, 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 any Other Business in which the Licensee is engaged; and

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 with such supporting documents and other information, if any, as the Commission may require from time to time;

iii. in respect of the Financial Statements prepared in accordance with Regulation 18.1 (b) (i) and (ii), an Auditor's report in respect of each Financial Year, stating whether in their opinion, these statements have been properly prepared 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 forty-five (45) 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 (6) months after the end of the Financial Year to which they relate.

c. The Licensee shall comply with the provisions of Electricity Distribution (Accounts and Additional Disclosure) Rules, 2024 as amended from time to time.

**18.2.** 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, 2013, the Accounting

Standards issued by Institute of Chartered Accountants of India (ICAI) or Rules and any guidelines issued by the Commission in this regard.

- 18.3.** 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.
- 18.4.** Financial Statements under Regulation 18.1 shall, unless otherwise approved or directed by the Commission:
- i. be prepared and published with the Annual Accounts of the Licensee, in the manner specified in the Regulations;
  - ii. State the accounting policies adopted; and
  - iii. be prepared in accordance with Accounting Standards issued by ICAI.
- 18.5** References in this Chapter 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.
- 18.6** The Licensee shall ensure that the Financial Statements in respect of each Financial Year prepared under Regulation 18.1 and the Auditor's report in respect of each financial year referred to in Regulation 18.1(b)(iii) are published 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 photocopying them.
- 18.7** The Commission may, from such time it considers appropriate, require the Licensee to comply with the provisions of Regulation 18.1 to 18.6 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.

- 18.8** 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:

Provided that such commercial agreement shall be executed as per the provisions of applicable Regulations of the Commission and in case of any inconsistency between the commercial agreement so executed and the provisions of applicable Regulations, the provisions of applicable Regulations shall prevail.

- 18.9** The Licensee shall maintain Asset Registers for the assets in use as specified in MPERC (Terms and Conditions for Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 as amended from time to time, and update them from time to time as may be necessary and provide the information on the same as may be required by the Commission.

#### **CHAPTER 5 : PROVISION OF INFORMATION TO THE COMMISSION**

- 19.1** The Licensees shall provide all the information as applicable to the Licensee as specified in the relevant Regulations/ SOPs/ Protocols of the Commission in particular MPERC (Monitoring performance of Distribution Licensees and State owned Generating Company), Regulations 2022 and MPERC (Guidelines for Reporting of Regulatory Compliances) Regulations, 2024 as amended from time to time, in the manner and formats specified in the said Regulations/ SOPs/ Protocols.
- 19.2** The Licensee shall furnish to the Commission without undue delay such information, documents and details related to the Licensed Distribution Business or any Other Business and within the timelines as the Commission may require.
- 19.3** The licensee shall be required to comply with the incident reporting mechanism specified in Chapter 6 of the MP Electricity Distribution Code, 2024 as amended from time to time.
- 19.4** The Commission at its own discretion may require the submission of a report on any incident(s) to be prepared by an independent Person at the expense of the Licensee. Such expenses shall be included in the determination of aggregate revenue made in accordance with MPERC (Terms and Conditions for Determination

of Tariff for Supply and Wheeling of Electricity and Methods and Principles for Fixation of Charges) Regulations, 2021 as amended and revised from time to time.

- 19.5 The Licensee shall also undertake such studies as the Commission may direct it to undertake from time to time for the improvement of the Licensed Distribution Business and/or any other matter concerning the Licensed Distribution Business and/or any technical or commercial or consumer related matter to encourage efficiency, redesign tariff, enhance consumer services, the renewable integration, etc. that the Commission considers necessary in public interest or in the interest of the electricity industry.
- 19.6 The Licensee shall inform the Commission about any incident of a user not meeting its obligation under an approved contract, or a force majeure situation restricting it from meeting its obligation under these Regulations.
- 19.7 The Licensee shall submit a 5-year Business Plan (hereinafter referred to as the Plan Period) by 1<sup>st</sup> October of each year and update it annually on a rolling basis. The Business plan shall cover the following:
- a) Company's/Licensee's organizational structure with present status of filled up posts as per Memorandum and Articles of Association of the Company.
  - b) 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.
  - c) 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.
  - d) 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.

- e) 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.
- f) Meterisation plan to achieve cent percent meterisation and DTR metering for the purpose of energy accounting should be separately mentioned and explained in excel sheets.
- g) 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.
- h) Capital Expenditure Plan (CAPEX): The Licensee shall submit a 5-year CAPEX in line with the “Guidelines for Capital Expenditure by Licensees in Madhya Pradesh, 2025” as amended from time to time read with the provisions specified under MPERC (Terms and Conditions of Determination of Tariff for Supply and Wheeling of Electricity and Methods and Principles of Fixation of Charges) Regulations 2021 as amended from time to time.
- i) The Commission may require the Licensee to intimate during the first quarter of each financial year the progress made in implementing the Capex Plan of the previous financial year with the comparison of actual implementation vis-à-vis the Plan as approved by the Commission. Based on this, the subsequent plan may be modified subject to approval by the Commission.

19.8. The Licensee shall submit to the Commission by 30<sup>th</sup> June every year, a certificate in respect of compliance with the provisions of the Act, MP Act and Energy Conservation Act 2001 for the previous financial year, ended on 31<sup>st</sup> March duly signed by the Managing Director and the Reporter of Compliance.

## CHAPTER 6 : PAYMENT OF ANNUAL LICENCE FEE

- 20.1.** The Licensee shall pay an initial Licence fee on prorated basis on number of days as may be specified in “Madhya Pradesh Electricity Regulatory Commission (Fees, Fines and Charges) Regulations, 2024” as amended from time to time within a period of one week from the date of grant of Licence.
- 20.2.** For each subsequent year that the Licence remains in force, the Licensee shall, pay to the Commission Annual Licence Fee as may be specified in Schedule of Fees and Fine of MPERC (Fees, Fines and Charges) Regulations, 2024 as amended from time to time in advance by 31<sup>st</sup> March of each year
- 20.3.** Where the Distribution Licensee fails to pay any of the fee due under Regulation 20.1 and/or 20.2 above by the dates specified:
- i. The Licensee shall be liable to pay interest on the outstanding amount at the prevailing bank rate, the interest being payable for the period beginning on the day after which the amount becomes due, and ending on the day on which the payment is made;
  - ii. The Licensee shall be subject to proceedings for the recovery of the fees; and
  - iii. The Commission may revoke the Licence pursuant to the provisions of the Acts.

## CHAPTER 7 : REVOCATION OF LICENCE

- 21.1.** Subject to the provisions of Section 19 of the Act and these Regulations, the Commission may, at any time initiate proceedings against the Licensee for revocation of his Licence and if satisfied in such proceedings on the grounds for revocation duly considering the public interest, may revoke his Licence in any one of the following cases, namely: -
- a. where the Licensee in the opinion of the Commission, makes willful and prolonged default in doing anything required of him by or under the Act or the MP Act, or the Regulations made thereunder or failed to comply with any order or direction issued by the Commission;
  - 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 thereof:

- (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 fee 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.
- 21.2.** 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 upon such conditions as it thinks fit.
- 21.3.** 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 its compliance, failure to comply with that order will render his Licence liable to revocation in accordance with Section 19 of the Act (without prejudice to the Commission's right to revoke his Licence on any other applicable grounds).
- 21.4.** The Licence shall not be revoked except after an enquiry by the Commission in accordance with principles of natural justice, and unless the Licensee has been given not less than three months' notice in writing stating the grounds for revocation of Licence and considering the cause shown by the Licensee within the period of that notice against the proposed revocation.
- 21.5.** Pursuant to Section 19 (4) of the Electricity Act, the Commission may also direct that the Licence may not be entirely revoked, but operations under Licence may be allowed to continue with additional terms and conditions that the Commission deems fit. Any such further terms and conditions shall be binding on the Licensee and shall be observed by the Licensee and shall be of like force and effect as if it were contained in the terms and conditions of License.
- 21.6.** When the Licensee makes an application for revocation of the Licence and the Commission is satisfied that public interest requires it, the Commission may revoke the Licence, on such terms and conditions as it thinks fit.

21.7. The Commission shall serve a notice of revocation upon the Licensee and fix a date on which the revocation shall take effect and shall simultaneously specify how and by whom the obligations under the Licence are to be discharged after such revocation.

#### **CHAPTER 8 : AMENDMENT OF LICENCE CONDITIONS**

22.1. The Commission may on its own motion or on an application made by the Licensee (other than deemed Licensee) or otherwise make such alterations and amendments in the terms and conditions of Licence, if the Commission is of the opinion that the public interest so requires as follows:

Where the Commission orders any alterations and amendments otherwise than on the application of the Licensee, the Commission shall publish a notice in two such daily newspapers as it considers necessary with the following particulars, namely:

- i. name and address of the Licensee;
- ii. alterations and modifications proposed to be made in the Licence;
- iii. grounds for such alterations and modifications; and
- iv. statement inviting suggestions and objections, if any, on the proposal for consideration of the Commission within the time specified in the notice.

22.2. The procedure specified in Regulation 5 of these Regulations shall mutatis mutandis be applicable in case the Licensee makes an application for any amendment to the Licence.

22.3. The Commission shall also upload petition submitted by the applicant for amendment of Licensee condition on the website of the Commission, inviting suggestions and objections on the proposal for amendment of the Licence.

22.4. The Commission shall carry out such amendment to the Licence as may be considered necessary after consideration of the suggestions and objections received from stakeholders.

#### **CHAPTER 9: POWER PROCUREMENT AND TECHNICAL CONDITIONS OF DISTRIBUTION LICENCE**

##### **23. Power Procurement:**

23.2. Licensee shall not purchase electrical capacity and/or energy without an authorization granted by the Commission under the terms of Regulations 23.2 and 23.3.

23.3. 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 provision of MPERC (Framework of Resource Adequacy) Regulations 2024 as amended from time to time.

23.4. An authorization required under Regulation 23.1 shall be granted in accordance with MPERC (Framework of Resource Adequacy) Regulations 2024 as amended from time to time.

**24. Compliance With Grid Code:**

24.2. Licensee shall comply with the provisions of the Grid Code as amended from time to time.

24.3. 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 Regulation 11 in respect of such parts of the State Grid Code and to such extent as may be decided by the Commission.

**25. Standards And Procedures:**

The Licensee shall be 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.

**26. Distribution Planning and Distribution Operating Standards, Overall Performance Standards:**

26.2. The Licensee shall adhere to the provisions specified under Madhya Pradesh Electricity Distribution Code, 2024 as amended from time to time while planning, development, operation, maintenance and use of system of the Licensee in its area of supply.

26.3. The Licensee shall adhere to standards of service quality and shall ensure compliance with the provisions under Madhya Pradesh Electricity Distribution Code, 2024 together with provisions of Madhya Pradesh Electricity Grid Code 2024 and Madhya Pradesh Electricity Supply Code, 2021 as amended from time to

time. The Licensee shall ensure that the system is capable of providing consumers with a safe, reliable and efficient supply of electricity as per provisions under MPERC (Distribution Performance Standards) Regulations 2012 as amended from time to time.

**26.4.** The Licensee shall submit to the Commission a report indicating the performance of the Licensee's Distribution System during the previous financial year within the time period as specified in MPERC (Distribution Performance Standard) Regulations, 2012 as amended from time to time. The Licensee's compliance with the Standards of Performance may be assessed 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 Regulation 29 of these Regulations. The Licensee shall, if required by the Commission, publish a summary of the report in a manner approved by the Commission.

**26.5.** The Licensee shall conduct its Licensed Business in the manner which it reasonably considers to be the best to achieve the Overall Performance Standards and the promotion of the efficient use of electricity by Consumers, as may be specified by the Commission pursuant to Section 57 of the Act and Section 34 of the MP Act.

**26.6.** The Licensee shall supply annually with information to the Commission as to the means by which it proposes to achieve the Overall Performance Standards and other standards referred to in Regulation 26.2 to 26.4 of these Regulations.

**27. Obligation To Connect Consumers and Public Lamps:**

**27.1.** Subject to the other provisions of his Licence, the Licensee shall have the following obligations:

- i. 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 2021 and MPERC (Recovery of Expenses and other Charges for providing Electric Line or Plant used for the purpose of giving Supply) Regulations, 2022 as amended from time to time.

- ii. Where the owner or occupier of any premises requires connection under the terms of Regulation 27.1(i), the form of application to be made and the procedure for responding to that application shall be in accordance with the procedure in Electricity Supply Code 2021 and MPERC (Recovery of Expenses and other Charges for providing Electric Line or Plant used for the purpose of giving Supply) Regulations, 2022 as amended from time to time as specified by the Commission.
  - iii. The Licensee shall always endeavour to procure adequate power for Supply to Consumers.
  - iv. Nothing in this Regulation 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 providing 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.
  - v. 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 Act.
- 27.2.** Where, after Distribution mains have been laid down under the provisions of Regulation 27.1 and the supply of electricity through those mains 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, electricity 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 electricity for such lamps in such quantities as the State Government or the local authority, as the case may be, may require.
- 27.3.** The Licensee may levy only such charge(s) for carrying out works/release of supply pursuant to Regulations 27.1 and 27.2 which are in accordance with MPERC (Recovery of Expenses and other Charges for providing Electric Line or Plant used for the purpose of giving Supply) Regulations, 2022 as amended from time to time as well as the provisions of the Act and/or other applicable Regulations.

**27.4.** By virtue of his Licence, the Licensee is entitled to undertake all necessary activities, 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.

**27.5.** The Licensee shall enter into or make such arrangements for the use of System including but not limited to electric lines, electrical plants and associated equipment operated by the Licensee as provided in Section 15(4)(b) (i) of the MP Act and Section 49 of the Act, by any person as the Commission may authorize. On application made by any such Person, the Licensee shall enter into an agreement with that Person for the use of System:

- i. based on tariff and System charges to be paid by the user, which shall be in accordance with Regulation 14 and 27 of these Regulations;
- ii. to accept into the Distribution System electricity provided by that Person; and
- iii. to deliver such electricity, adjusted for losses of electricity and Time of Day electricity supply and drawl to / from the Distribution System to a designated exit point.

**28. Obligation To Supply and Power Supply Planning Standards:**

**28.1.** 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 Regulation 26, the Madhya Pradesh Electricity Distribution Code, 2024 as amended from time to time, except where the Licensee discontinues supply to certain consumers under Section 56 of the Act or in accordance with the MP Electricity Supply Code, 2021 as amended from time to time;

**28.2.** The Licensee shall:

- i. forecast annually the demand for power within the Area of Supply as specified in MPERC (Framework for Resource Adequacy) Regulations 2024 as amended from time to time;

- ii. prepare and submit such forecasts to the Commission as specified in MPERC (Framework for Resource Adequacy) Regulations 2024 as amended from time to time; and
- iii. co-ordinate with the Transmission Licensees, the State Transmission Utility, Madhya Pradesh Power Management Company Ltd., and the State Load Despatch Centre in the preparation of power demand forecasts for the state of Madhya Pradesh.

**28.3.** Subject to the foregoing Regulations, the Licensee shall purchase electricity as approved by the Commission in quantities which the Licensee considers sufficient to meet the expected demand of the Licensee's Consumers.

**28.4.** The Licensee shall comply with the Renewable Purchase Obligations as specified by the Commission from time to time while purchase of electricity as specified in Regulation 28.3 of these Regulations.

**29. Consumer Service:**

**29.1.** The Licensee shall:

- i. draw to the attention of Consumers, in such manner as the Commission may direct, the existence of the various Codes and Regulations including but not limited to the Madhya Pradesh Electricity Supply Code 2021, MPERC (Recovery of Expenses and other Charges for providing Electric Line or Plant used for the purpose of giving Supply) Regulations, 2022, MPERC (Establishment of Forum and Electricity Ombudsman for redressal of grievances of the consumers) Regulations, 2021 as amended from time to time, Madhya Pradesh Electricity Distribution Code 2024, MPERC (Distribution Performance Standard) Regulations 2012 and each substantive revisions of these and how they may inspect or obtain a copy of the Code/ Regulations in their latest form;
- ii. make a copy of the Code/Regulations, revised from time to time, available for inspection by any person during normal working hours; and
- iii. provide at reasonable cost to any person who requests for these Code/ Regulations at a price not exceeding the photocopying charges.

**29.2.** Without prejudice to the other requirements under the Licence, the Commission may specify 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 specify 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.

#### CHAPTER 10. COMPETITION CONDITIONS

##### 30. Introduction of Competition in Retail Supply:

- 30.1** 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 provision of Madhya Pradesh Electricity Regulatory Commission (Terms and Conditions for Intra-State Open Access in Madhya Pradesh) Regulations, 2021 as amended from time to time, the Licensee shall allow that person for the use of System.
- 30.2** The Commission may grant Licence to any person (s) to distribute in the same area of supply of the Licensee subject to the 6<sup>th</sup> proviso to Section 14 of the Act and in case of distribution of electricity in the same area by two or more Distribution Licensees, the Commission may consider fixing only maximum ceiling of tariff for retail sale of electricity.
- 30.3** 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 the Licence, as it shall consider appropriate for the purpose of introduction of competition.
- 30.4** The Licensee shall arrange systems and other resources necessary for complying with Regulations 30.1 to 30.3 of these Regulations.
- 30.5** 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.

#### CHAPTER 11: PENALTY

Violation or persistent non-compliance under these Regulations by the Licensee shall attract action under Section 142 of the Electricity Act and Sections 31, 45, and 46 of MP Act and

other applicable provisions of the Act and the Regulations. The Penalty shall not be allowed to be claimed in the Annual Revenue Requirement of the Licensee.

## CHAPTER 12: MISCELLANEOUS

### 31. Procedure for Securing Compliance of Terms and Conditions of Licence:

- 31.1.** Where the Commission, on the basis of material in its possession is satisfied that the Licensee is contravening or is likely to contravene the terms and conditions of the Licence, it shall serve a notice to the Licensee narrating the terms and conditions of Licence contravened or likely to be contravened by him to seek its explanation.
- 31.2.** The notice may be served on him by delivering the same electronically, including through the e-portal of the Commission and at the registered office or at its usual or last known place of residence or business, either through registered post or speed post or by hand delivery through a messenger. Where the Commission is satisfied that it is not reasonably practicable to serve the notice on the Licensee in the manner as mentioned, the Commission may direct for service of notice by publication in the newspaper in such manner as considered appropriate by the Commission.
- 31.3.** The Commission, if it considers that it is necessary to bring the matters to the attention of persons affected or likely to be affected by such contravention, shall publish a notice in one or more newspapers specifying the terms and conditions contravened or likely to be contravened by the Licensee to invite suggestions from such persons.
- 31.4.** The Licensee or the persons affected or likely to be affected by the contravention of the terms and conditions of the Licence by the Licensee may file their objections or suggestions within 30 days from the date of receipt under Regulation 31.2 or publication of notice in the newspapers under Regulation 31.3, as the case may be.
- 31.5.** The Commission shall, on consideration of the objections and suggestions received as aforesaid, pass such order or give such directions as may be necessary to secure compliance with the terms and conditions of the Licence.

**32. Dispute Resolution:**

- 32.1** All disputes or differences arising out of or connected with the interpretation of the Licence or the terms and conditions thereof, shall, as far as possible, be resolved by mutual consultation and reconciliation in accordance with the agreements.
- 32.2** The Commission shall be entitled to act as arbitrator or to appoint arbitrator(s) to adjudicate and settle disputes between the Distribution Licensee and any other Licensee and generating companies in pursuance of section 86 (1)(f) of the Act.
- 32.3** All issues arising in relation to the interpretation of these Terms and Conditions of Licence 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 111 of the Act.
- 32.4** The arbitration proceedings for disputes under Regulation 32.2 above may be commenced and conducted by the Commission or the disputes may be referred to the appointed arbitrators under Regulation 32.2 of these Regulations, as the case may be, in accordance with the MPERC (Conduct of Business) Regulations, 2016 as revised and amended from time to time, specified by the Commission.
- 32.5** The Commission may by order, after providing an opportunity of hearing, direct the Distribution Licensee to provide such amount of compensation as the Commission may direct to persons' who are affected or prejudiced by any act of commission, omission or negligence on the part of any of the employees or agents of the Distribution Licensee.

**33. Communication:**

- 33.1.** All communications under these Regulations shall be in writing and shall be delivered either in person to the addressee or its authorised agent or sent by registered post or speed post at the registered office or at the usual or last known place of residence or business of the addressee.
- 33.2.** All communications shall be deemed to have been given by the sender and received by the addressee :
- a. When delivered in person to the addressee or to its authorized agent; or
  - b. On expiry of fifteen (15) days from the date of sending the communication by registered or speed post at the address of the addressee.

**34. Power To Relax:**

The Commission, may by general or special order for reasons to be recorded in writing and after giving an opportunity for hearing to the parties likely to be affected by grant of relaxation, may relax any of the provisions of these Regulations on its own motion or on an application made before it by an interested person.

**35. Power To Remove Difficulty:**

If any difficulty arises in giving effect to the provisions of these Regulations, the Commission may, on its own motion or on an application made before it by an affected person, by order, make such provisions not inconsistent with the provisions of the Act or provisions of other Regulations specified by the Commission, as may appear to be necessary for removing the difficulty in giving effect to the objectives of these Regulations.

**36. Repeal And Savings:**

**37.1** Save as otherwise provided in these Regulations, the Regulations namely MPERC, (Conditions of Distribution Licence for Distribution Licensee (including deemed Licensee)) Regulations, 2004, and MPERC (Procedure of Application for License) Regulations, 2004 as applicable to the subject matter of this regulation as amended from time to time, are hereby repealed.

**37.2** Notwithstanding such repeal, anything done or any action taken or notice made or issued or any Licence, permission, authorization or exemption granted under the repealed Regulations in so far as it is not inconsistent with the provisions of these Regulations, shall be deemed to have been done under the corresponding provisions of these Regulations.

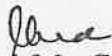
**37.3** Nothing in these Regulations shall be deemed to limit or otherwise affect the inherent power of the Commission to make such orders as may be necessary for ends of justice to meet or to prevent abuses of the process of the Commission.

**37.4** Nothing in these Regulations shall bar the Commission from adopting, in conformity with the provisions of the Act, a procedure, which is at variance with any of the provisions of this Regulation, if the Commission, in view of the special circumstances of a matter or class of matters and for reasons to be recorded in

writing, deems it necessary or expedient for dealing with such a matter or class of matters.

**37.5** Nothing in these Regulations shall, expressly or impliedly, bar the Commission dealing with any matter or exercising any power under the Act for which no Regulations have been framed, and the Commission may deal with such matters, powers and functions in a manner it thinks fit.

**37.6** The Distribution Licence issued by the Commission prior to commencement of these Regulations shall be deemed to have been issued under these Regulations and shall continue to be valid for the balance period of such Licence and these Regulations shall apply to such Licence from the date of commencement of these Regulations.

  
By Order of the Commission  
(Dr. Umakanta Panda)  
Secretary

**Annexure – 1( Refer Regulation 5.1)****APPLICATION FORM FOR GRANT OF DISTRIBUTION LICENCE**

Application No.....

Case No(To be filled in by Commission 's office)

IN THE MATTER OF:

Grant of Licence for Distribution of Electricity under Section 14 of the Electricity Act 2003 to:

**Particulars of the Applicant**

1. Name of the Applicant:
2. Form of Incorporation, if any:
3. Address:
4. Name, Designation & Address of the contact person:
5. Contact Tel. Nos.:
6. Fax No.:
7. E-mail ID:
8. Place of Incorporation/Registration:
9. Year of Incorporation/Registration:
10. Geographical Area within which Applicant proposes to undertake Distribution of Electricity: (Copy of State Government order may be enclosed, if the area notified is less than a revenue district)
  - a) Certificate of registration/incorporation;
  - b) Certificate for commencement of business;
  - c) Memorandum of Association and Articles of Association;
  - d) Original power of attorney of the signatory to commit the Applicant or its promoter;
  - e) Details of Income tax Registration;
  - f) Draft Licence;
  - g) Copy of brief description along with supporting documents as required in sr. no. 11 of application;  
and
  - h) All the documents mentioned in Regulation 5.2 and 5.3 of these Regulations.

**Details of Financial Data of Applicant**

11. Net worth (in equivalent Indian Rupees-conversion to be done at the rate of exchange prevailing at the end of each Year) for immediate past 5 (five) financial years. (Specify financial year as applicable)

(DD/MM/YY) (DD/MM/YY)	to	In Home Currency	Exchange Rate Used	In equivalent Indian Rupees

Copies of Annual Reports or certified audited results to be enclosed in support of above.

12. Annual turnover (in equivalent Indian Rupees - conversion to be done at the rate of exchange prevailing at the end of each year) for immediate past 5 (five) financial years. (Specify financial year as applicable)

(DD/MM/YY) (DD/MM/YY)	to	In Home Currency	Exchange Rate Used	In equivalent Indian Rupees

Copies of Annual Reports or certified audited results to be enclosed in support of above.

13. Certificate of Credit Rating

14. Certificate of 'Standard' borrowal account

15. Certificate stating that RBI has not classified the Applicant as a 'wilful defaulter'.

16. A) Whether Applicant himself shall be financing the proposed Distribution of Electricity fully on its own balance sheet

B) If, yes, proposed equity from the Applicant

i. Amount:

ii. Percentage:

17. In case the Applicant proposes to tie up with some other Agency for equity, then name & address of such agency:

a) Name, designation & Address of reference person of the other Agency:

- b) Contact Tel. No.:
- c) Fax No.:
- d) E-mail ID:
- e) Proposed equity from the other Agency
  - i. Amount:
  - ii. Percentage of total equity:
  - iii. Currency in which the equity is proposed:
- f) Consent letter of the other agency to associate with the Applicant for equity participation to be enclosed.
- g) Nature of proposed tie-up between the Applicant and the other agency.

18. Details of debt proposed for the Distribution activity:

- a) Details of lenders:
- b) Amount to be sourced from various lenders:
- c) Letters from the lenders in support of the above to be enclosed.

19. Competence of the Applicant

(The Applicant is required to describe its Core Business Activities and previous experience in electricity sector in general and in particular to the Distribution of Electricity)

20. Organisational & Managerial Capability of the Applicant:

(The Applicant is required to enclose proof of their Organisational & Managerial Capability, in terms of the Regulations, in form of proposed organisational structure & curriculum vitae of various executives, proposed office and communication facilities, etc.)

21. Approach & Methodology:

(The Applicant is required to describe approach & methodology for setting up its Distribution system and conduct of the business of Distribution of Electricity as proposed by it. This should contain a statement of the Applicant's plan on conduct of the business of Distribution of Electricity during the first year after the grant of Licence and future plans for the said business during the next five years.)

22. Data relating to the applicants future business

- a) Five year Business Plan for Distribution of electricity for which the application is being made and funding arrangements for meeting its obligations under proposed Licence for maintenance, operation, improvement and expansion for future load growth.
- b) Five year annual forecasts of costs, sales, revenues and project financing stating the assumptions underlying the figures provided.

(Signature of the Applicant)

Place:.....

Dated:.....

**Annexure-2 (Refer Regulation 2(f))**

**AREA OF DISTRIBUTION AND RETAIL SUPPLY**

1. The [ ] circles/districts in the State of Madhya Pradesh or a lower area comprising of \_\_\_\_\_ land area as may be notified by the State Government as per enclosed Notification of Government and Map:
2. The conditions imposed by Section 15 (2) (ii) of the Act shall have to be fulfilled by the Licensee.