21A 218

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & IA No. 368 of 2012

thereunder, at any time, by order in writing, direct any person (hereafter in this section referred to as "Investigating Authority") specified in the order to investigate the affairs of any generating company or licensee and to report to that Commission on any investigation made by such Investigating Authority:

(6) On receipt of any report under sub-section (1) or sub-section (5), the Appropriate Commission may, after giving such opportunity to the licensee or generating company, as the case may be, to make a representation in connection with the report as in the opinion of the Appropriate Commission seems reasonable, by order in writing—

- (a) require the licensee or the generating company to take such action in respect of any matter arising out of the report as the Appropriate Commission may think fit; or
- (b) cancel the licence; or....".

Page 66 of 144

Appeal no. 229 of 2012 & IA No. 368 of 2012

30. The ratio of the above mentioned judgment of the Hon'ble Supreme Court squarely applies in to the facts of the present case. Here, if the Commission had received complaints about refusal of Tata Power to changeover from low end consumers, it should have conducted an investigation under Section 128 of the Act and upon receipt of the investigation report, it could have taken corrective action or action against Tata Power, after following the procedure laid down under Section 128.

31. In the light of above discussions this issue is decided in favor of Tata Power. However, Tata Power is directed to keep record of the category wise applications received for changeover (0-300 Units residential may be a separate category), applications rejected with reason for rejection (category-wise),

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & IA No. 368 of 2012

category wise changeover allowed and post the same on its website quarterly. Tata Power is also directed to give a public notice regarding documents required for changeover application clearly indicating that PAN no. is not mandatory.

- 32. The second Issue is whether Tata Power has laid down network selectively to serve high end subsidizing consumers ignoring low end consumers in the proximity?
- 33. The findings of the State Commission on this issue are as under:
 - "73.The Commission is of the view that if TPC-D has given supply to new consumers in the Licence area common to TPC-D and RInfra-D through its own network, and such consumers have not approached RInfra-D for receiving supply, then this cannot be considered as either

Appeal no. 229 of 2012 & IA No. 368 of 2012

changeover or switchover, and hence, cannot be attributed with the so-called practice of cherry-picking. However, from the documents submitted by the Parties and analysed by the Commission under Para 81 of the Order, it is seen that though TPC-D has rightfully laid the network for supplying electricity to these new consumers, it has not laid the network for supplying electricity to the consumers in the areas adjoining the new connections and has preferred to rely on RInfra-D network for supplying to such consumers. Seen in this light, even this activity compromises with the level-playing field.

"a) TPC-D has admitted that as a Distribution Licensee it is free to roll out its network in the manner that suits its business. TPC-D has contended that it is not required to put up its distribution network in every nook and corner of the licensed area even before there is a demand for connection from a consumer. If this rationale were to be accepted, then TPC-D can continue to lay its

Page 69 of 144

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & IA No. 368 of 2012

network in a selective manner, and continue to provide supply to consumers using RInfra-D's network, and lay its own network only where it finds expedient to do so. While no one expects TPC-D to set up the distribution network in the entire Licence area overnight, the time-frame for the same cannot be expected to be several years, depending on TPC-D's business interests. It is already over four years since the Hon'ble Supreme Court upheld the Distribution Licence of TPC-D, and the Commission notified the MERC (Specific Conditions of Distribution License for The Tata Power Company Limited) Regulations, 2008. However, TPC D is yet to lay down its network in the Licence area.

76. TPC-D has contended that TPC-D has always been ready and willing to connect and supply to all and any consumer who wishes to receive supply from it, and that TPC-D is duty bound to release new connections and supply to any consumer who seeks connection and supply from TPC-D. TPC-D

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & 1A No. 368 of 2012

has further submitted that the Changeover Scheme and interim Order dated October 15, 2009 does not impede TPC-D's obligation to lay down its network for releasing such new connections to consumers in its licensed area, and it is up to the consumer situated in the Common Area of Supply to decide as to whether he wants to receive supply from TPC-D or RInfra-D, and through whose Wires, because the cost implications are different in both cases. TPC-D has further added that the changeover consumer can be on existing Distribution Licensee's wires till the time he wishes to stay.

77. In this regard, the Commission does not find merit in TPC-D's contentions, for the following reasons:

a) The consumer merely applies for supply to the Distribution Licensee of his area of supply, and is not expected to indicate that he wants the supply through a certain distribution network. Since, TPC-D does not have the distribution network, it is making use of the existing distribution network of

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND.

Appeal no. 229 of 2012 & IA No. 368 of 2012

RInfra-D for providing the supply, under the Changeover Protocol approved by the Commission in its interim Order dated October 15, 2009 in Case No. 50 of 2009.

b) TPC-D's premise that the changeover consumer can continue on existing Distribution Licensee's network till the time he wishes to stay are contrary to the Commission's decision in the Order dated 15th October 2009. As a matter of fact, the Order dated 15th October 2009 being interim in nature, which is pale without doubt in terms of the express language contained therein, and having received the request for supply from so many changeover consumers, TPC D was required to lay the distribution network accordingly, in accordance with its own submission that TPC-D has always been ready to connect and supply to all consumers who seek connection and supply from TPC-D.

78. The Commission is of the view that if TPC-D lays the distribution network for giving supply to all the consumers in its Licence area,

Page 72 of 144

Appeal no. 229 of 2012 & 1A No. 368 of 2012

which is one of the mandates of a Distribution Licensee under the EA 2003 and incidentally, also one of the prayers of RInfra-D, then the utilisation of RInfra-D's network, especially the last mile connectivity part, is likely to be significantly reduced. However, under no circumstances should the network creation be allowed on a selective basis.

80. TPC-D was also asked to furnish details of new consumers taking supply from TPC-D through TPC-D's distribution network in the Licence Area common to TPC-D and RInfra-D subsequent to the interim Order dated October 15, 2009 (Ward-wise, Zone-wise, consumer category-wise). In response, TPC-D provided the number of consumers added to its network subsequent to the interim Order dated October 15, 2009 for five Zones covering its suburban Licence area.

81. It is clarified that for analysis purposes, the Commission has considered details submitted by

12 22h

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & IA No. 368 of 2012

the Parties only the period after October 15, 2009. Though, there was asymmetry of information provided by both the Licensees, the Commission has perused through the details of consumers and projects on the maps and tried to reconcile the same with the details of capital expenditure scheme available with it. Ward-wise details of following consumers are tabulated below:

A- Temporary supply by RInfra-D and permanent supply taken from TPC-D

B- Existing REL/RInfra-D consumer connected by TPC (Network Duplication)

C- Consumers directly connected on TPC-D network without approaching RInfra-D"

Thus, from the above analysis, the following conclusions can be drawn:

- Ward-wise cherry picking by TPC-D is evident, especially for single consumers
- Such single consumers are primarily from categories other than residential category

Page 74 of 144



Appeal no. 229 of 2012 & IA No. 368 of 2012

- Though there are changeover consumers in the surrounding area, TPC-D has laid its network only for the single consume without laying the network for remaining changeover consumers in the surrounding area
- Selective network laying is evident from the following cluster maps: Malad BMC Lagoon, BMC Pumping station.
- 82. Hence, appropriate directions need to be given to TPC-D to ensure that TPC-D is unable to indulge in such cherry-picking under the switchover process. The Commission has given such directions in this Order, while discussing a subsequent issue".
- 34. The State Commission has held that Tata Power has selectively laid down its network to some consumers and has indulged in cherry picking in the switchover process and hence, appropriate directions

Appeal No. 246 of 2012 & 1A Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & 1A No. 139 of 2014 AND

Appeal no. 229 of 2012 & IA No. 368 of 2012

need to be given so that Tata Power is unable to indulge in cherry picking in the switchover process. The State Commission has held that while Tata Power has laid down its network for single consumers it has not laid down the network to supply to several changeover consumers in the surrounding area.

35. According to the learned Senior counsel for Tata Power, the premise for drawing an adverse inference with regard to the selective network laying and switchover is flawed. The State Commission has erroneously relied upon Table A, B & C of the Impugned Order to observe that Tata Power has selectively laid down its network to 'cherry pick' high end consumers. The aforesaid finding of the State Commission is factually incorrect for the following reasons:-

Appeal no. 229 of 2012 & IA No. 368 of 2012

- were availing supply from R-Infra and subsequently taken permanent connection from Tata Power. It is submitted that reliance placed by The State Commission on the said data is irrelevant since temporary connection cannot be compared with permanent connection and therefore this cannot be a case of switchover. In fact the same was also the understanding of The State Commission at Para 73 of the Impugned Order wherein the The State Commission observed, as under:
 - "73....The Commission is of the view that if TPC-D has given supply to new consumers in the Licence area common to TPC-D and RInfra-D through its own network, and such consumers have not approached RInfra-D for receiving supply, then this cannot be considered as either changeover or

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & 1A No. 368 of 2012

switchover, and hence, cannot be attributed with the so-called practice of cherry-picking...."

(b) Table B relied upon by the State Commission is entirely incorrect. Except for MIAL, none of the other consumers shown in the table is a case of switchover which is evident from the chart below:-

#	Name of Consumer	Tata Power's Submissions	
1.	MSSES Enterprises	MSSES Enterprises continues to be connected to Rinfra, and it is not a case of switchover at all.	
2.	Karina Synthetics and Litchika International	These are cases where connection was given by Tata Power based on applications made prior to 15.10.2009.	
3.	Aegis Logistics	Existing consumer of R-Infra, who receives supply from R-Infra through the network of R-Infra as a switchover consumer.	
4.	HDFC, Chandivali	HDFC was a temporary consumer of Rhifia. When Tata Power provides permanent supply to a temporary consumer of R-Infra, it is not a case of switchover.	
5.	Universal Oil Seals Mfg.	As held by The Maharashtra Commission, direct supply to new consumers is neither changeover nor switchover	

36. Learned Senior Counsel for Tata Power further submitted that some of the bulk consumers of Tata Power such as Hindustan Petroleum Corporation Ltd. and Rashtriya Chemicals & Fertilizers Ltd. have recently been exploring other options to procure

Appeal No. 246 of 2012 & 1A Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013

Appeal no. 229 of 2012 & IA No. 368 of 2012

supply of electricity from sources other than Tata Power. This clearly indicates that the consumers will choose the supplier based on the tariffs of the distribution licensee and not by any such 'cherry picking by a distribution licensee.

37. According to Tata Power, it is only when the consumer gets a real commercial benefit, in terms of significant lower monthly power bills, that the consumer would switchover to Tata Power. The fact that Tata Power has set up a network that "snakes through" the area of supply without connecting to changeover consumers in the surrounding areas is not attributable to cherry picking by Tata Power, but the fact that only those consumers chose to switchover to Tata Power for whom the benefit accruing from switchover was commensurate to the additional costs

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & IA No. 368 of 2012

and practical difficulties in obtaining the physical connection from Tata Power.

38. Tata Power has submitted that the State Commission has relied upon the various cluster maps submitted by them particularly the cluster maps for Malad BMC Lagoon and BMC Pumping Station to contend that the network of Tata Power in the said clusters has been laid down to cater to only about 4 to 6 high end consumers, without connecting to the changeover consumers in the surrounding area. In this regard, it is submitted as follows:

(a) The arguments made on behalf of the State Commission are completely erroneous inasmuch as Tata Power caters to a total of 45 consumers in the BMC pumping station cluster, 19 of which are residential consumers. Again in the Malad BMC

Page 80 of 144

Appeal no. 229 of 2012 & 1A No. 368 of 2012

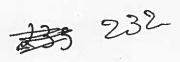
Lagoon area, the network laid down by Tata Power caters to 1065 consumers out of which 998 are residential. The relevant details are tabulated below:

6

Cluster Name	Total no. of consumers	No. of Residential Consumers
BMC Pumping	45	19
Bandra West Malad BMC Lagoon	1,065	998

(b) The names contained in the map that have been referred to by the State Commission as being the consumers of Tata Power are in fact, the names of the substations which have been set up by Tata Power. This shows that the State Commission has completely misread the maps provided by Tata Power as a part of the proceedings in case 151 of 2011, while drawing a conclusion on an important aspect of the case.

Page 81 of 144



Appeal no. 229 of 2012 & IA No. 368 of 2012

(c) Further, during the period October 2009 to June 2012, the load added to Tata Power's network is nearly 0.03 MVA in the BMC pumping station area and 1.49 MVA in the Malad BMC Lagoon. The relevant details in this regard are as follows:

Cluster Name	Number of consumers	Load Addition (MVA)
BMC Pumping Bandra West	7	0.03
Malad BMC Lagoon	8	1.49

39. According to Tata Power, the State Commission has wrongly relied on maps without seeking for the above explanations. The State Commission never sought any explanation on the map from Tata Power and presumed wrongly which has resulted in passing an incorrect order. Such additional load on the network of Tata Power is very small to arrive at a conclusion that Tata Power has engaged in selective network laying. This is especially so, because if Tata Power had an intention to selectively lay down

Appeal no. 229 of 2012 & IA No. 368 of 2012

network, it would have switched over several commercial and industrial consumers in these clusters, who are presently changeover consumers to whom Tata Power is already supplying electricity through the distribution network of RInfra. There are number of such high-end commercial and industrial changeover consumers within a 250 m radius of each of the sub-stations of Tata Power in the two clusters The fact that despite there being several high-end changeover consumers within a 250 m radius of the network laid down by Tata Power, Tata Power has only connected about 7 to 8 consumers in the abovementioned clusters from October, 2009 to June, 2012 clearly shows that Tata Power has not indulged in cherry picking in the network laying process.

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & IA No. 368 of 2012

- 40. As per Tata Power, the low end consumers did not want to get converted from Changeover to Switchover primarily due to following two reasons:
 - Connection Charge in addition to Application
 Charges and Security Deposit. Presently, the
 Service Connection Charges are in the range
 of Rs. 2,000 to Rs. 9,000 depending on the
 load applied. In comparison Application
 charges are only Rs 50 for single phase and
 Rs 70 for three phase connection. Security
 Charges are Rs 70/ kVA of load. For
 Residential Consumers the payback period to
 compensate for additional service line
 charges considering the charges applicable
 then was up to 43 months. Therefore, many

Appeal no. 229 of 2012 & 1A No. 368 of 2012

consumers did not prefer to pay this upfront charge to switchover to Tata Power's network more so in absence of any guarantee that the tariff of the Tata Power would remain lower than that of RInfra in future. In order to avoid paying Service line charges again and again, the low end consumers with large payback period would prefer to changeover from RInfra to Tata Power rather than switchover so that they may changeover again to RInfra in future if the tariff of RInfra becomes more attractive than Tata Power.

(ii) Switchover Consumers are also required to provide space for meter and related infrastructure which is not required for changeover consumers. In Mumbai, space for

Page 85 of 144

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & 1A No. 368 of 2012

meter is provided by the consumer in his premises. Further, in certain cases Consumer Sub-Station may be required to be installed in consumers' premises. This space is also provided by the consumer. Provision of space for meter and sub-station has been found to be a deterrent in several cases for following reasons:

- Unavailability of space for separate metering panel in case of slums. In case of societies, where installation of Consumer Sub-station may be required, the existing space is already occupied by the existing licensee. Therefore, Tata Power does not get space for sub-station.
- In some residential premises, there is a mix of 0-300 and above 300 residential consumers. In

Page 86 of 144

Appeal no. 229 of 2012 & IA No. 368 of 2012

these cases, the consumers in 0-300 slab are unable to convince the society to allot additional space for fixing of meters within the society premises.

- In many cases, it was also noted that the consumers do not wish to get into the hassle of providing space for meter and prefer to be changeover consumers.
- 41. Shri Buddy Ranganadhan, learned counsel for the State Commission has submitted as under:
 - a) The Commission on the basis of material placed before it including the cluster maps of the network found that Tata Power was laying lines to high end consumers whilst retaining low end consumers on the changeover basis.

 This is apparent from the cluster map placed

到 238

Appeal No. 246 of 2012 & 1A Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & 1A No. 139 of 2014 AND

Appeal no. 229 of 2012 & 1A No. 368 of 2012

before this Tribunal which would clearly show while Tata Power laid lines to individual high end consumers, it did not extend the network to cover hundreds of changeover consumers adjoining such lines.

laid lines only to new consumers and not to switchover consumers, even then it is apparent that while laying lines selectively for the new consumers Tata Power has not used the same lines for existing changeover consumers adjoining and abutting the lines laid for the high end consumers. Hence in either view of the matter Tata Power has been selectively laying its network and indulging in cherry picking.

Appeal no. 229 of 2012 & IA No. 368 of 2012

- the consumers to choose as to whether to receive supply on the wires of RInfra or Tata Power. It is submitted that such contention is contrary to the scheme of the Section 43 (1) and 43(2) of the Electricity Act where it is an obligation of the licensee to provide electrical line and electrical plant in order to give supply to the premises.
- 42. Learned Senior Counsel for RInfra made the following submissions on this issue:
- a) The contention of Tata Power that it is upto consumer to opt to receive supply from Tata Power, either through network of Tata Power or RInfra, is completely contrary to the provisions of Act, Rules and Regulations made there under and

Page 89 of 144

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & IA No. 368 of 2012

obligations of the licensee. It is well settled law and as held by this Tribunal in Appeal No 132 and Batch that Tata Power has to meet its USO by supplying through its own distribution network.

b) It is further contended by Tata Power that residential consumers have not been keen to Switchover as compared to commercial or industrial category consumers, payback period for residential consumers to Switchover is very long. This is the perception of Tata Power and not of the consumers. As per the provisions of the Act, Tata Power has no option but to supply to any consumer in its area of supply through its own network. There are already residential consumers across the entire area who have changed over to Tata Power supply on the network of RInfra. Tata

Page 90 of 144

Appeal no. 229 of 2012 & IA No. 368 of 2012

Power is obligated to connect to all these consumers on its own network without any discussion on economics of switchover as these consumers have already opted for Tata Power supply and are duty bound to pay connection charges independent of their economics.

c) Tata Power has purportedly placed reliance on paragraph 73 of the impugned Order which, in the submission of RInfra, holds that it can give supply to new consumers through its own network when such consumers have not approached RInfra for receiving supply, since they cannot be considered either as changeover or switch over consumers. It is submitted that the said observation was only in respect of new consumers and not temporary connections. In the

Atts 242

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & IA No. 368 of 2012

submission of RInfra, the purported belated reliance is only to justify its actions in selectively supplying to high end consumers, when to the knowledge of Tata Power, Tata Power has understood and has challenged the said Order with regard to State Commission's finding that it has indulged in cherry picking by selectively laying down the network, inter alia, in respect of temporary consumers of RInfra before this Tribunal.

Power are selectively laying network to single consumers and not laying network to low end residential consumers. Tata Power during the course of hearing sought to contend that they have supplied to 12,200 residential consumers.

Page 92 of 144



Appeal no. 229 of 2012 & IA No. 368 of 2012

These are high end residential consumers to whom network was laid by Tata Power as a new project. While doing so, Tata Power has conveniently ignored laying the network to existing changeover consumer in and around such projects to which network was selectively laid. Tata Power's submission that it is not possible to find too many single residential houses in a city like Mumbai is clearly fallacious as there are more than 3 lac residential consumers who have changed over to Tata Power supply on wires of RInfra all over suburban Mumbai.

e) About 50% of the area of Mumbai is covered by unorganized developments commonly known as slums who are essentially low end residential

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & IA No. 368 of 2012

consumers and even after more than 100 years of being a licensee in the area, the Tata Power doesn't have even a single slum area on its network.

f) It is denied that RInfra is adopting an obstructive approach despite proactive steps taken by Tata Power to switchover low-end residential consumers on its network. It is submitted that proactive steps suggested by Tata Power are illegal. Tata Power has gone as far as to ask, as a matter of right that instead of developing its own network in compliance with law and terms of its license, RInfra should be directed to transfer its network at book value for slum area to itself thereby making the Tata Power compliant with Universal Service Obligation and RInfra instantly

Appeal no. 229 of 2012 & IA No. 368 of 2012

in breach thereof.

100

43. We find that while arriving at the conclusion that Tata Power had been indulged in "Cherry Picking" the State Commission has relied on the cluster maps showing HT and EHT network laid down by the Tata Power. The State Commission has also observed that while laying such network selectively for the high end subsidizing consumers, Tata Power has not used the existing changeover lines for adjoining and abutting the lines laid for the high end consumers. On Tata Power's contention that it is the choice of the Consumers whether to switchover or changeover, the Commission has referred to the provisions of Section 43(1) and 43(2), which states that it is the duty of the licensee to provide electric line and plant, and has observed that the consumer has no say

Page 95 of 144

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & IA No. 368 of 2012

However, the Commission did not respond to the Tata Power's submission that switchover is not beneficial to low end consumers due to payment of Service Line Charges, the payback period of which could be as high as 43 months. The Commission also did not respond to the practical difficulty in providing space for meter and transformer by the Consumers opting for switchover, in its reply. There is practical problem in switching over in respect of residential consumers having 0-300 units consumption who are located in flats in multi storied building where there are other flats where the consumption is more than 300 Units.

44. We find some force in the Tata Power's contention that low end consumers did not opt to switchover as it involved payment of service line charges and high

Appeal no. 229 of 2012 & IA No. 368 of 2012

payback period thereof and also due to uncertainty in economics of future tariff of Tata Power vs. RInfra. Low end consumers may apprehend that in case they switchover to Tata Power's network by paying service line charges and in near future the tariff of Tata Power becomes higher than RInfra's tariff before the payback, switching over would not be beneficial to them. If they wish to go back to RInfra's network, they will have to pay Service line Charges to RInfra again for switching over from TPC to RInfra. However, if they opt for changeover, they do not have to pay service line charges. Low end subsidized consumers do not pay cross subsidy surcharge and, therefore, they do not have any appreciable advantage to switch over from RInfra to Tata's network. The difference in wheeling charges, if any, may also be balanced by increase in wheeling charges of Tata Power due to high cost of the

Page 97 of 144

248

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

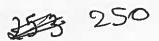
Appeal no. 229 of 2012 & IA No. 368 of 2012

new network being laid in the common licensed area. The changeover gives low end consumers flexibility to choose supplier depending on the tariff decided by the State Commission from time to time without going into the hassle of change of service line.

45. The Commission has ruled that Tata Power has indulged in "Cherry Picking" in laying down network selectively on the basis of cluster maps submitted by Tata Power showing large number of changeover consumers around the network laid down by the Tata Power. Tata Power has submitted that the locations shown in the Maps are not names of any Single Consumers but are the names of Distribution Substations and the Tata Power has extended supply from such substations to many residential consumers with in 250 Mts. from these substations and the

Appeal no. 229 of 2012 & IA No. 368 of 2012

Commission did not ask for any explanation on this. In its reply the Commission has submitted that the Tata Power has for the first time mentioned that names shown in the cluster maps were not single consumers but were the names of substations. On a specific query it was informed that the cluster maps have shown only HT/EHT network laid down by the Tata Power. It may not, therefore, be correct to presume that the Tata Power had not laid any LT network emanating from the substations shown in the maps without examining the actual information in details. It is true that the maps shows large number of changeover consumers around these substations, but it would not be correct to conclude on that basis alone that the Tata Power had not laid network to supply to LT consumers around the substations it had established.



Appeal no. 229 of 2012 & IA No. 368 of 2012

46. Learned Counsel for the Commission has argued that Section 43(2) requires the licensee to provide for electric line and plant to give supply to the consumers under section 43(1). The Tata Power is, therefore, duty bound to provide supply through its own network to the changeover consumers. The Act did not envisage that it is for the consumers to opt for the wires of the Tata Power or of the RInfra.

47. While relying on Section 43 of the Act, the Commission has not considered the provision of Section 46 of the Act which authorizes the licensee to recover the expenditure incurred in providing such line or plant. Let us quote Section 43 and Section 46 of the Act:

"43. Duty to supply on request.—(1) Save as otherwise provided in this Act, every distribution licensee, shall, on an application by the owner or

Page 100 of 144

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & IA No. 368 of 2012

occupier of any premises, give supply of electricity to such premises, within one month after receipt of the application requiring such supply:

Provided ...:

Provided

Explanation.—For the purposes of this subsection, "application" means the application complete in all respects in the appropriate form, as required by the distribution licensee, along with documents showing payment of necessary charges and other compliances:

- (2) It shall be the duty of every distribution licensee to provide, if required, electric plant or electric line for giving electric supply to the premises specified in sub-section (1):
- (3) If a distribution licensee fails to supply the electricity within the period specified in subsection (1), he shall be liable to a penalty which

Page 101 of 144

Appeal no. 229 of 2012 & IA No. 368 of 2012

may extend to one thousand rupees for each day of default".

"46. Power to recover expenditure.—The State Commission may, by regulations, authorise a distribution licensee to charge from a person requiring a supply of electricity in pursuance of section 43 any expenses reasonably incurred in providing any electric line or electrical plant used for the purpose of giving that supply".

48. Conjoint reading of the above two sections would reveal that the applicant has to deposit the required charges along with the application itself. Charges required to be deposit along with the application include the service line charges. Therefore, if a consumer desires to switchover, he would be required to deposit service line charges, only then his application would be considered to be complete for switch over. If a consumer submits application without

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & 1A No. 368 of 2012

required service line charges then it could be presumed that the consumer has opted for changeover only. Moreover, the Commission has itself devised a changeover protocol to enable consumers connected to the network of one licensee to changeover to another licensee by paying wheeling charges and other compensatory charges including cross surcharge. If a consumer is satisfied with the changeover arrangement, we feel the consumer cannot be forced to switchover.

49. Merely because Tata Power has not switched over the subsidized residential changeover consumers in the vicinity of its network, does not establish that Tata Power is selectively laying its LT network as these consumers have not chosen to switch over to Tata Power's system.

Page 103 of 144

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014

Appeal no. 229 of 2012 & IA No. 368 of 2012

50. In the light of above discussions we feel that it is not established conclusively that Tata Power in laying selectively for high end subsidizing network consumers. However, such possibility is also not completely ruled out. Tata Power has made submissions regarding difficulties in laying down the distribution network due to space constraints and problem in getting permission from the Municipal Authorities for digging for laying cables. Difficulties in laying service line, installing transformers in the premises of the consumers and space constraints for metering arrangements are also brought to our notice.

51. While directing Tata Power to lay down duplicate network in the licensed area where RInfra's network is existing and changeover consumers are availing supply through RInfra's network, it would be

Page 104 of 144



Appeal no. 229 of 2012 & IA No. 368 of 2012

necessary to examine the practical difficulties in a city where reliable a congested metropolitan distribution system of RInfra is already existing. In the congested areas there are problems in laying down distribution network and installing switch gear, transformers and metering arrangement at consumers premises where the switchgear, transformer and metering arrangement of one licensee are already existing. In Multi storied buildings, there may be different types of consumers and mix of consumers (commercial and residential) having high or low energy consumption. Some of the consumers may find it beneficial to take supply from the other licensee. However, it may not be practically possible to switch over the selective consumers due to non-availability of space for putting a second transformer, associated cables, switches and meters by the other licensee.

Page 105 of 144

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND.

Appeal no. 229 of 2012 & IA No. 368 of 2012

52. Laying down of parallel network in a congested metropolitan city like Mumbai poses many physical constrains. Even if it is to be done by using entire underground cables/sub-stations digging of areas will pose numerous difficulties including getting approvals from the municipal authorities. Even if the parallel distribution network is laid in and around a cluster, it will be at an extremely high cost, which will be ultimately borne by the consumers. The cost of laying a distribution network in a congested metropolitan city will be much more than the normal cost. In view of the difficulties in laying the LT network, there will always issues regarding selective laying down of network by Tata Power and cherry picking the subsidizing consumers and not providing connectivity to the low end consumers. Laying down of network in

Appeal no. 229 of 2012 & IA No. 368 of 2012

the slums will extremely difficult. It may not be possible to lay down network and service line, etc. for the second licensee in certain areas. Therefore, some consumers particularly the low end consumers, even if they want to switch over to Tata Power will not be able to do so due to physical constraints.

53. We notice that the State Commission vide order dated 15.6.2009 in case No. 113 of 2008 itself did not approve the investment proposal of Network Rollout Plan and suggested to Tata Power for "exploring" the use of wires of other distribution licensees.

54. The relevant extract of the Tariff order dated 15.06.2009 is extracted herein below:

"Moreover, incurring heavy capital expenditure for the network roll-out is not the only option available to TPC-D in its efforts to supply

Appeal no. 229 of 2012 & IA No. 368 of 2012

electricity to different consumers in its licence area, and the provisions of the EA 2003 relating to Open Access and the provisions of the MERC (General Conditions of Distribution Licence) Regulations, 2006 relating to use of the distribution network of another distribution licensee, need to be explored by TPC-D, so that the cost is optimised. The Honourable Supreme Court also, in its Judgment on the matter of TPC's distribution licence, observed that TPC could supply to consumers in its licence area, by utilising the distribution network of the other distribution licensee already present in the area.

Hence, incurrence of capex cannot be a condition for meeting the Licensee's obligations to all the consumers. In fact, the capital costs should be incurred only when there is no better optimal solution."

Appeal no. 229 of 2012 & IA No. 368 of 2012

55. Let us examine a situation where the parallel network is laid by Tata Power also in all the cluster including, where a reliable system of RInfra is already existing. In that case, 50% of the total network of RInfra and Tata Power will remain redundant, the cost of stranded distribution system will be borne by the consumers of Mumbai. If some of the consumers who have migrated to Tata Power using the RInfra's network (changeover consumers), switch over to Tata Power, the RInfra's network will become redundant for which it was earlier getting wheeling charges from the changeover consumer. The fixed charges of the redundant system of RInfra which was earlier earning revenue will then be borne by the consumers of RInfra.

56. Therefore, in the circumstances of the present case where a reliable distribution system of RInfra is

Page 109 of 144

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & IA No. 368 of 2012

already existing and physical constraints in laying down of network by Tata Power and very high cost involved in the same, it is in the overall interest of consumers of Tata Power and RInfra that the changeover consumers continue to get supply from Tata Power on the RInfra's network. It will also be convenient and economical for the consumer to changeover back to RInfra in case RInfra's tariff becomes more attractive in future.

57. Consumer interest is one of the main features of the Electricity Act, 2003. It is also to be ensured that no undue commercial advantage is gained by Tata Power by selectively laying down network to cater to only high end consumers. The interest of RInfra has to be safeguarded to avert any cherry picking by Tata Power for switchover consumers.

Appeal no. 229 of 2012 & 1A No. 368 of 2012

58. Laying down of parallel network in a congested metropolitan city like Mumbai where a reliable distribution network is already existing is to be viewed differently from situation in other areas in the country where there are deficiencies in the existing distribution network resulting in constraints in maintaining a reliable supply to the existing consumers and extending supply to new consumers. difficulties in laying down the network and extending the 11/0.4 kV network all around the congested areas in multi-storeyed buildings and narrow lanes of slums and the extremely high cost involved in making an unnecessary expenditure has to be considered. In some areas it may be practically impossible to lay down the parallel network by Tata Power due to space Tata Power itself has stated that it is constraints.

\$ 262

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & IA No. 368 of 2012

facing practical difficulties to lay down the distribution Tata Power at the same time cannot network. maintain its right to lay down distribution network selectively even in areas where a reliable network of RInfra is existing. Tata Power should therefore, be restricted to lay down its network only in areas where laying down of parallel network would improve the reliability of supply and benefit the consumer and also for extending supply to new consumers who seek connection from Tata Power. Tata Power's Rollout Plan should therefore, be restricted to only such areas. This may also require amendment in the licence condition of Tata Power, after following due process as per law. The Rollout Plan shall be approved by the State Commission only after hearing RInfra and the consumers. In the meantime, Tata Power should be

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & IA No. 368 of 2012

restrained to lay down distribution network in the distribution area common to RInfra.

59. However, where Tata Power has already made considerable investment in constructing the distribution system in pursuance of the directions of the State Commission, it should be allowed to be commissioned and capitalized, to feed the consumers as decided by the State Commission. Tata Power may submit a proposal to State Commission in this regard which the State Commission shall consider and decide after hearing the concerned parties including RInfra. .

60. Where Tata Power has already laid down its network and some consumers have switched over from RInfra to Tata Power, these consumers can remain with Tata Power. However, they can choose to switch over to RInfra in future on RInfra's existing network as

Page 113 of 144

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & 1A No. 368 of 2012

per the switch over protocol to be decided by the State Commission.

61. In view of above, Tata Power is directed to submit its Roll Out Plan as indicated above for approval of the State Commission. In the meantime, Tata Power is restrained to lay down its distribution network in the area common to RInfra till further orders of the State Commission on its Rollout Plan as per the directions given in this judgment. However, Tata Power can supply power to the existing consumers of RInfra irrespective of category of consumer on the request of the consumers only through RInfra's network by paying the necessary wheeling charges as well as the other compensatory charges including the cross subsidy charges to RInfra. However, there shall be no restriction on Tata Power or RInfra to lay network



Appeal no. 229 of 2012 & IA No. 368 of 2012

for supply to new connections. The State Commission shall consider to give approval for laying down of network by Tata Power only in areas where there are distribution constraints and laying down of a parallel network by Tata Power will improve reliability of supply and benefit the consumers, only after hearing RInfra and the consumers. Similarly, RInfra shall not lay network in any area where only Tata Power's network is existing and use Tata Power network for changeover of consumers, if any, till further orders by the State Commission, except for extending supply to new connections. The State Commission is directed to devise a suitable protocol in this regard after following due procedure. This may require change in licence condition of the licensees which the State Commission shall decide after following due procedure as per law.

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & IA No. 368 of 2012

62. The third issue is whether the Respondent Commission had power to issue the impugned directions to the Appellant under Section 23 of the Act?

63. We find that the State Commission's order is completely silent of the issue. In fact the State Commission in its order did not refer to any of the section of the Act which conferred it the powers to issue the impugned directions. The Commission has referred to Section 23 of the Act only in its counter affidavit. The learned Counsel for the State Commission vehemently, with the support of large number of authorities, contended that if the Statute has given powers to an Authority, such Authority can exercise the powers even without mentioning the

Page 116 of 144

Appeal no. 229 of 2012 & IA No. 368 of 2012

Section under which the Authority has gathered powers in the order. He also very forcefully argued that the Commission has plenary powers, including powers to issue the impugned directions under this section. The learned Senior Counsel for the RInfra supported the contentions of the Commission and submitted that the Commission has powers under Section 23 of the Act to issue the impugned directions.

opposed the contentions of the Respondents and submitted that the provisions of section 23 of the 2003 Act are similar to the Provisions of Section 22B of the 1910 Act which was used only for the purpose of load shedding in the event of shortages. He also argued that the directions given by the Commission in fact amounts to amendment of licence conditions which

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014

Appeal no. 229 of 2012 & IA No. 368 of 2012

can only be done under Section 18 of the Act after following due process prescribed in the Section itself. The Commission did not follow the procedure for amendment of licence conditions laid down in Section 18 of the Act and the directions issued by the Commission are, therefore, illegal and ultra virus. The Commission in its written submissions did not address this important issue raised by the Tata Power. RInfra in its written submission has tried to address this issue by submitting that if the contention of the Tata Power is accepted then even the load shedding protocol would amount to amendment to license conditions.

65. In order to determine the issue in detail let us examine the impugned directions issued by the Commission as given below:

Appeal no. 229 of 2012 & IA No. 368 of 2012

"96. Based on all the analysis of all the above issues, the Commission has come to the conclusion that there is a need to intervene in the manner of changeover and switchover of consumers, as being undertaken by the Parties, and there is a need to calibrate the migration of consumers from one Licensee to another, in order to ensure a level playing field and also to protect the interests of low-end consumers being supplied electricity in the Common Area of and TPC-D. RInfra-D between supply Accordingly, the Commission hereby modifies the interim Order in Case No. 50 of 2009, under Section 94(2) of the EA 2003, as under:

a) Prospectively, from the date of this Order, consumer changeover will be allowed from RInfra-D to TPC-D only for the residential category of consumers and that too only for the consumers who consume electricity upto 300 units a month.

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & 1A No. 368 of 2012

b) For the purpose of identifying the target segment for consumer changeover, only those residential category consumers whose 'average' monthly consumption over the previous 12 months (as on date of submitting the application and as captured in the last paid monthly bill of RInfra-D) is upto and including 300 units per month, shall be eligible to changeover from RInfra-D to TPC-D.

i) Switchover of consumers from RInfra-D to TPC-D network is allowed for existing changeover consumers and all consumers who have already applied and are eligible for changeover, for all consumer categories, from the date of laying distribution network in the Common Licence Area. This has been explained in greater detail in the subsequent paragraphs.

种

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & 1A No. 368 of 2012

98. Accordingly, the Commission hereby issues the following directions to TPC-D regarding the network roll out plan and capital expenditure to be undertaken over the next one year from the date of this Order:

a) TPC-D will have to focus all its energies and capital expenditure and ensure that by the end of one year from the date of this Order, TPC-D has rolled out its entire distribution network in the 11 Clusters identified above (to be redrawn into a Municipal Ward-wise Plan by TPC-D) in such a manner that it is in a position to provide supply through its own distribution network to existing and prospective consumers located anywhere within these Clusters, within the minimum time period of one month specified under the MERC SOP Regulations.

Appeal no. 229 of 2012 & IA No. 368 of 2012

b) TPC-D has to ensure that all capital expenditure schemes submitted to the Commission for approval are part of the overall Network Rollout Plan prepared in such a manner that the above objective is achieved. The Commission clarifies that it shall not accord its in-principle approval for any capital expenditure scheme proposed by TPC-D to be undertaken over the next one year, unless it complies with this overarching direction. Further, TPC-D should ensure that the necessary space for substation/Distribution Transformer, etc., is obtained by relying on the help of the State Government and other appropriate Authorities, since, TPC-D cannot link the compliance to conditions such as space availability, etc.

c) Further, the Commission has already granted in-principle approval to capital expenditure schemes to be undertaken over

Page 122 of 144

A#6

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & IA No. 368 of 2012

the next 2-3 years. In view of the above direction to redraw the Cluster based Plan into a Ward-wise Plan, such that the 11 Clusters identified by the Commission are covered in the first Phase, TPC-D has to rearrange the Plan such that the schemes covering the 6 Clusters overlapping between TPC-D's proposed Plan and those identified by the Commission (Mira Road, Dahisar, Saki, Mindspace, Trombay, Kurla LBS, Vrindavan, Chembur, Mankhurd Arogyanidhi, Vasantotsav, and Malad BMC Lagoon) are covered, and the balance schemes are designed for the remaining Clusters.

d) Further, TPC-D should ensure that wide publicity is given to reach the consumers in these identified 11 Clusters, to the effect that TPC-D is in a position to provide supply using its own network to all consumers interested in taking power supply from TPC-

Page 123 of 144

Appeal no. 229 of 2012 & IA No. 368 of 2012

D, within the timelines specified in the MERC SOP Regulations".

- 66. The directions given by the Commission are summarized below:
- (a) Not to commence supply to any existing consumer of R-Infra with an average monthly consumption in excess of 300 units of electricity either on its own network (i.e., by "switchover") or on R-Infra's network (i.e., by "changeover") whether in the 11 clusters or elsewhere in Tata Power's distribution area.
- (b) To roll out its distribution network for a period of one year only in 11 clusters selected on the basis that these clusters consisted primarily of low-end residential consumers while restricting Tata Power

. Page 124 of 144

Appeal no. 229 of 2012 & 1A No. 368 of 2012

from laying its network in any other areas and while doing so the TPC-D should ensure that the necessary space for sub-station/Distribution Transformer, etc., is obtained by relying on the help of the State Government and other appropriate Authorities, since, TPC-D cannot link the compliance to conditions such as space availability, etc.;

(c) To roll out its network within its entire distribution area in the medium term within a time frame of two to three years so that Tata Power would be in a position to supply any consumer in its area within a minimum period of one month allegedly as required under Section 43(1) of the Electricity Act.

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & IA No. 368 of 2012

67. Let us now examine as to whether these directions infringe upon the license conditions of Tata Power. The Commission under Section 16 of the Act has notified Regulations specifying specific conditions of license. Under Regulation 4.2 the Distribution licensee is authorized to supply electricity to the public for all purposes in accordance with the provisions of the Act. The above conditions imposed by the State Commission impose restrictions on geographical area and category of consumers to which Tata Power is entitled to supply power within its area of supply. This direction in our considered opinion, amounts to amendment of licence condition of Tata Power.

Appeal no. 229 of 2012 & IA No. 368 of 2012

68. The relevant portion of Section 18 regarding amendment of licence is reproduced below:

"18. Amendment of licence.—(1) Where in its opinion the public interest so permits, the Appropriate Commission, may, on the application of the licensee or otherwise, make such alterations and amendments in the terms and conditions of his licence as it thinks fit:

Provided that no such alterations or amendments shall be made except with the consent of the licensee unless such consent has, in the opinion of the Appropriate Commission, been unreasonably withheld.

- (2) Before any alterations or amendments in the licence are made under this section, the following provisions shall have effect, namely:—
- (a) where the licensee has made an application under sub-section (1) proposing any alteration or modifications in his licence, the licensee shall publish a notice of such application

Page 127 of 144

J# 278

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND AND

Appeal no. 229 of 2012 & 1A No. 368 of 2012

with such particulars and in such manner as may be specified;

- (b) in the case of an application proposing alterations or modifications in the area of supply comprising the whole or any part of any cantonment, aerodrome, fortress, arsenal, dockyard or camp or any building or place in the occupation of the Government for defence purposes, the Appropriate Commission shall not make any alterations or modifications except with the consent of the Central Government;
- (c) where any alterations or modifications in a licence are proposed to be made otherwise than on the application of the licensee, the Appropriate Commission shall publish the proposed alterations or modifications with such particulars and in such manner as may be specified;
- (d) the Appropriate Commission shall not make any alterations or modifications unless all suggestions or objections received within thirty

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & IA No. 368 of 2012

days from the date of the first publication of the notice have been considered".

194

69. Section 128 of the Electricity Act, 2003 provides Under this for investigation of certain matters. Section, the Appropriate Commission may, on being satisfied that a licensee has failed to comply with any of the conditions of licence or a licensee has failed to comply with any of the provisions of this Act, or the rules or regulations made thereunder, then it can by order direct a person ("Investigating Authority") to investigate the affairs of the licensee and to report to investigation made. The Commission on the Investigating Authority can also be directed to make inspection. Based on the report of the Investigation after giving Commission State Authority, the opportunity to the licensee to make representation on



Appeal no. 229 of 2012 & IA No. 368 of 2012

the report can pass an order as laid down under subsection (6) of Section 128. No such investigations have been made by the State Commission u/s 128.

70. Section 23 provides as under:

"23. Directions to Iteensees.—If the Appropriate Commission is of the opinion that it is necessary or expedient so to do for maintaining the efficient supply, securing the equitable distribution of electricity and promoting competition, it may, by order, provide for regulating supply, distribution, consumption or use thereof".

71. At this moment we are not inclined to examine as to whether the Commission has powers to issue specific directions under Section 23 or not. However, we do not propose to observe that the Commission did not have powers to issue such directions. If Tata Power indulges in laying down the network selectively to

Page 130 of 144

::

Appeal no. 229 of 2012 & IA No. 368 of 2012

switchover the high end consumers ignoring the low end consumers to the detriment of RInfra, the State Commission has powers to issue such directions after following the procedure laid down in law. Section 18 of the Act is specific provision dealing with the amendment to license. Similarly, Section 128 is a specific provision for investigation if the licensee has failed to comply with any condition of license. Section 23 is general provision giving powers to Commission to issue directions to licensee to do or not to do certain things under certain conditions. It is established law that specific provision of the statute shall prevail over general provision. Accordingly, we hold that the Commission could have issued the impugned directions under Section 18 or Section 128 of the Act only after following the procedure laid down in these Sections.

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & IA No. 368 of 2012

72. The contention of the Respondents that if the argument of the Tata Power is accepted that the impugned directions amount to amendment to license conditions, then even the load shedding would amount to amendment in license conditions and should be dealt accordingly. The contention is misplaced and is liable to be rejected for the reason that load shedding is purely a temporary phenomenon carried out for few hours only during emergent conditions of power shortages and under these conditions it may be necessary to secure equitable distribution of electricity. It is not a restriction imposed by the Commission on the licensee but the Commission only approves the load shedding protocol proposed by the licensee to meet the emergent conditions due to gap between demand and availability of power. On the other hand the restrictions imposed the

Page 132 of 144

Appeal no. 229 of 2012 & IA No. 368 of 2012

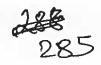
Commission in the impugned order are restrictions on the licensee on not to supply electricity to all category of consumers, who wish to take supply from the Tata Power other than residential consumers having monthly consumption of less than 300 units.

73. In fact, such a restriction has denied other consumers from exercising their choice of supplier guaranteed by the Act. One of such consumer viz., Mumbai International Airport Limited (MIAL) has filed I.A. No. 395 and 396 of 2014 seeking impleadment and directions in the present Appeal and has submitted that the directions given by the State Commission takes away the choice given to MIAL as a consumer under Section 43 of the Electricity Act to take supply from either of the licensees.

Appeal no. 229 of 2012 & IA No. 368 of 2012

74. The Act has mandated the State Commission to protect the interests of the consumers. The State Commission, while giving any direction to the licensee is bound to ensure that such direction is in the interests of the consumer. Tata Power has expressed difficulties in laying down parallel network in the common licence area with RInfra. Laying of parallel network in every nook and corner of the city irrespective of the requirement and cost and where a reliable distribution system of RInfra is already existing would not be in the interest of the consumers of both Tata Power and RInfra as the existing network can be used for changeover. Wheeling charges of the Tata Power would increase due to un-necessary CAPEX and wheeling charges of RInfra would also increase due depletion of the consumer base. In changeover, RInfra recovers wheeling charges from

Page 134 of 144



Appeal no. 229 of 2012 & 1A No. 368 of 2012

changed over consumers and its consumer base, for evaluating wheeling charges, would remain intact.

75. In this regard we are of the view that the approach adopted by the State Commission in case number 113 of 2008 dated 15.6.2009, ruling that incurring heavy capital expenditure for the network roll-out is not the only option available to Tata Power in its efforts to supply electricity to different consumers in its licence area, and the provisions of the EA 2003 relating to Open Access and the provisions of the MERC (General Conditions of Distribution Licence) Regulations, 2006 relating to use of the distribution network of another distribution licensee, need to be explored by Tata Power, so that the cost is optimised, was the correct approach.

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & IA No. 368 of 2012

76. The Commission should have continued to follow the same approach in its subsequent orders too. We have already given directions in regard to laying down of network by Tata Power in the preceding paragraphs while deciding the second issue.

77. As regards the fourth issue raised by RInfra in Appeal No. 229 of 2012, we feel it is perfectly legal for the consumers to changeover from one licensee to another using the network of one of the licensees and, therefore, there is no illegality in continuation of the directions of the State Commission in the order dated 15.9.2009 regarding changeover to Tata Power using RInfra's network. However, RInfra is entitled to charge from changeover consumers wheeling charges and other compensatory charges including the cross subsidy charges as decided by the State Commission

Appeal no. 229 of 2012 & IA No. 368 of 2012

from time to time as per law. The State Commission is also directed to lay down a detailed changeover protocol after hearing the concerned parties.

78. Before parting, we wish to state that we have given the above findings in view of the circumstances of the case where difficulties are being experienced in laying distribution network by the parallel licensee namely, Tata Power, to provide connectivity to all consumers in the licensed area common to RInfra and in the ultimate interest of the consumers.

79. As regards IA 395 and 396 of 2014 filed by Mumbai International Airport, we do not want to give any specific finding and we direct Mumbai International Airport to file a petition before the State Commission and the State Commission will decide the

JA 288

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & IA No. 368 of 2012

issue as per law, keeping in view the findings given in this order.

80. Summary of our findings

(i) It is not established conclusively that Tata
Power was intentionally trying to crate a road
block to avert changeover of certain categories of
consumers and indulging in cherry picking of
changeover consumers. If the State Commission
had received complaints about refusal of the Tata
Power to changeover from low end consumers, it
should have conducted an investigation under
Section 128 of the Act and upon receipt of the
investigation report, it could have taken corrective
action or action against Tata Power after following
the procedure laid down under Section 128. Tata
Power has since revised its application form for

Appeal no. 229 of 2012 & 1A No. 368 of 2012

changeover/new connection. Tata Power is directed to keep record of the category wise applications received for changeover (0-300 Units residential may be a separate category) applications rejected with reason for rejection (category-wise), category wise changeover allowed and post the same on its website quarterly. Tata Power is also directed to give a public notice regarding documents required for changeover application clearly indicating that PAN no. is not mandatory.

(ii) It is correct that the Tata Power has not laid down LT network to switch over the residential consumers who were availing supply from Tata Power on the network of RInfra and who were in the vicinity of the network laid down by Tata

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & IA No. 368 of 2012

Power. This in our opinion cannot be cherry picking as it has been done in the interest of the consumers and is also in line with the decision of the State Commission in its order dated 15.6.2009 in case No. 113 of 2008. Therefore, it is in the interest of consumers of Tata Power and RInfra that the changeover consumers of Tata Power continue to get supply from Tata Power on the RInfra, even if a 33/22 kV sub-station of Tata Power is available in the vicinity. It will also be convenient and economical for the consumer to changeover back to RInfra in case RInfra's tariff becomes more attractive in future.

(iii) In view of the practical difficulties in laying down parallel network in Mumbai as pointed out by Tata Power we have given some directions

Appeal no. 229 of 2012 & 1A No. 368 of 2012

under paragraphs 58 to 61 regarding restricting the Roll out Plan of the Tata Power only to the areas where laying down of parallel network will improve the reliability of supply and benefit the consumers and directions for continuation of changeover arrangement irrespective of category consumption of consumers, commissioning of network where a substantial expenditure has been incurred by Tata Power in laying down new network on the directions the of Commission, consumers who had already switched over to Tata Power, laying down network for providing new connection, changeover and switch over protocol, change in licence conditions of the licensees, etc. However, there shall be no restriction on any licensee to lay network for supply to new connections. The State Commission

#5292

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & IA No. 368 of 2012

is also directed to decide the detailed protocol for switchover and changeover after hearing all concerned.

- (iv) The State Commission has powers to give directions if it comes to its notice that a licensee is laying down network selectively to connect the high end consumers ignoring the low end consumers and violating the terms and conditions of the licence. However, such directions have to be given after following the procedures as per law.
- (v) Directions given to Tata Power by the State Commission in the impugned order are set aside.
- (vi) It is perfectly legal for the consumers to changeover from one licensee to another using the network of one of the licensees and, therefore,

Page 142 of 144

Appeal no. 229 of 2012 & IA No. 368 of 2012

there is no illegality in continuation of the directions of the State Commission in the order dated 15.9.2009 regarding changeover to Tata Power using RInfra's network. However, RInfra is entitled to charge from changeover consumers wheeling charges and other compensatory charges including the cross subsidy charges as decided by the State Commission from time to time as per law. The State Commission is also directed to lay down a detailed changeover protocol after hearing the concerned parties.

(vii) We have given the above findings in view of the circumstances of the case where difficulties are being experienced in laying distribution network by the parallel licensee namely, Tata Power to provide connectivity to all consumers in

Appeal No. 246 of 2012 & IA Nos. 401 & 402 of 2012 and 71, 245, 439 & 442 of 2013 & IA No. 139 of 2014 AND

Appeal no. 229 of 2012 & IA No. 368 of 2012

the licensed area common to RInfra and in the ultimate interest of the consumers.

81. In view of above, Appeal No. 246 of 2012 is allowed with certain directions. Appeal No. 229 of 2012 is disposed of but with certain directions to the State Commission for formation of procedure for changeover of consumers. No order as to costs.

82. Pronounced in the open court on this **28**th day of November, 2014.

(Rakesh Nath) Technical Member (Justice M. Karpaga Vinayagam) Chairperson

REPORTABLE/NUN-REPORTABLE

Indicators	Jharkhand		D	Jharkhand Districts in DVC Area	icts in DVC A	rea	2
		Dhanbad	Bokaro	Hazaribagh	Koderma	Giridih	Chhatra
Population (Rural)*	75.95	41.87	52.30	84.13%	80.28	91.49	93.96
Population							
(Urban)*	24.05	58.13	47.70	15.87	19.72	8.51	6.04
Literacy (%)							
	66.41	74.52	72.01	69.75	66.84	63.14	60.18
Population							
BPL **	37	26.8	29.5	32.7	32.9	40	46.2

(** Source: District Level poverty compiled by Indicus Micro Analytics as per Tendulkar poverty line methodology (2011-12)) (* Source: Jharkhand Statistics Planning and Development Department: Archives- "District Profile" census 2011)





DAMODAR VALLEY CORPORATION COMMERCIAL DEPARTMENT D.V.C. TOWERS, V. I. P. ROAD, KOLKATA-700054.

Tel. No: 033-2355-7041/6041 FAX: 033-2355-2129

TO WHOM IT MAY CONCERN

Shri Rajib Goswami, Dy. C.E(E), Damodar Valley Corporation, posted at Commercial Department. DVC Head Quarters, VIP Road, Kolkata -700 054, is hereby authorized on behalf of Damodar Valley Corporation, having its Corporate Office at DVC Towers. VIP Road, Kolkata - 700 054, to sign Joint Petition of DVC & JBVNL before the JSERC to provide a roadmap to create a level playing field between DVC in order to promote free and fair competition in distribution of electricity in their common area of supply, before the Hon ble Jaarkhand Electricity Regulatory Commission.

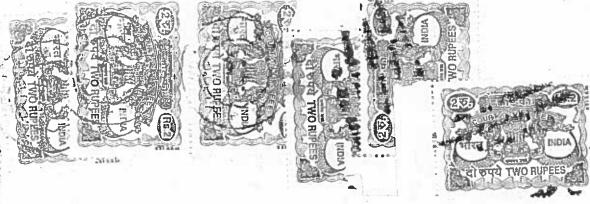
That for the purpose of tiling the petition and conducting the matter before the Hon'ble Ibarkhand Electricity Regulatory Commission, M/S Hemant Sahai Associates(HSA), Advocates, have been appointed as the Advocate and Advocate on Record on behalf of DVC.

Signature

Executive Director (Commercial)

कार्यपालक निदेशक (वाणिजियक) Executive Director (Comml.) दामोदर पाटी निगम / D.V.C. कोलकाता - 54 / Kolkata - 54





IN THE HIGH COURT OF JHARKHAND

AT RANCHI VKALATNAMA FOR THE

No.

of

20

Appellant/Petitioner

Versus

Respondent/Opposite Party

Know all men by these present that by this Vakalatnama I/wet That thousand Bijali Viftan Nigamudd Engineers Building
Therwa Ranchi

(2)

Do hereby

Appoint the advocates noted below in the marine or any of them as my/our lawful Advocate to the above mentioned case for appearing in conducting these with for putting in papers, petitions to on my/our behalf for filing or taking back any document, or withdrawing suit or an appearl with permission to Institute fresh suit etc. and for doing all act that be necessary to be done in connection with the said case. I/We further any that my act done by me/our said advocate or any one of them after accepting this Vakalatnama shall be considered as my/our true and lawful act.

1. Solye Singha Chaudhur

2. AVIJEET LALA

3. SHREYA MUKERTEE

4. KANIKA CHUGH 5) ALOK KUMAR

To be above effect we execute this Vakalatnama.

Date

date

20

第2回回回 100mm (1) 100mm (1