



ASSAM ELECTRICITY REGULATORY COMMISSION

ORDER SHEET

FILE NO. AERC 772/2021

PETITION NO: 01/2021

CORAM: HON'BLE SHRI K.S. KRISHNA, CHAIRPERSON
HON'BLE SHRI S.N. KALITA, MEMBER
HON'BLE SMTI B. BORTHAKUR, MEMBER

In the matter of

Petition regarding amendment in Regulation 4.3.4.3
Mode of Payment of AERC Supply Code 2017 for
inclusion of RBI Letter of Mandate as mode of
payment.

AND

In the matter of

Northeast Frontier Railway, Maligaon.

----- Petitioner

AND

In the matter of

Assam Power Distribution Company Limited (APDCL)

----- Respondent

Present

1. Shri Praween Sanjay Kerketta, CEDE, NF Railway, Guwahati ----- Petitioner
2. Shri Bhaskar Hazarika, Advisor, Rail Vikas Nigam Ltd. ----- Petitioner
3. Shri Nazimuddin Ahmed, GM (TRC), APDCL ----- Respondent
4. Shri Bibhu Medhi, DGM (TRC), APDCL ----- Respondent

ORDER 18.02.2021

1. Northeast Frontier Railway, Maligaon filed a Petition on 06.01.2021 for inclusion of "RBI Letter of Mandate" as a mode of Payment for security deposit.
2. The Petition was registered as Petition No. 01/ 2021 on 18.01.2021 after curing of defects.
3. A copy of the Petition No. 01/2021 was forwarded to the respondent i.e. APDCL for their views and comments within 30.01.2021.
4. The Respondent on 30.01.2021 submitted their reply. The copy of the same was also served on to the Petitioner by the Respondent.
5. The Petition No. 01/2021 was listed for hearing on 18.02.2021 and notices were issued accordingly to the Petitioner and Respondent.
6. The Petitioner and Respondent were heard on 18.02.2021.
7. The submission of the Petitioner and the Respondent during the hearing are as below-

Submission of Petitioner

- (i) The Petitioner submitted that when the Petitioner approached the Respondent i.e. APDCL for approval towards RBI's Letter of Mandate, the Respondent didn't accept the Letter of Mandate as Load Security and advised them to deposit the same in other

modes of payment as per regulation 4.3.4.3 Mode of Payment of AERC Supply Code Regulation 2017.

- (ii) The Petitioner through their submission requested the Commission to amend the Regulation 4.3.4.3 (Mode of Payment) of AERC Supply Code 2017 by inclusion of RBI Letter of Mandate as a mode of Payment.
- (iii) The Petitioner in their submission also state that the decision of the Commission will be accepted by the Petitioner.

Submission of Respondent

- (i) The Respondent submitted that if any amendment to clause 5.3.3 of the Supply Code is considered, the non cash instrument should be 105% of its cash equivalent.
- (ii) No interest shall be payable on such non cash instrument.
- (iii) The non cash amount should not be deducted from the calculation of working capital requirement in tariff determination.

Commission's analysis and observation

The provision of load security and payment thereof as provided in the AERC Supply Code Regulation 2017 as below:

“5.3 Security Deposit : Any person, who wants a supply of electricity, will be required to deposit with the licensee, a security deposit, for recovery of any payment due to the licensee-

a) in respect of consumption of electricity — load security

b) in respect of the electricity meters / metering equipments provided to such persons by the licensee— meter security.”

“4.3.4.3 Mode of Payment: Payments shall be made by way of Cash, Banker's Cheque, Demand Draft or by online payment through bank transfer, debit/credit card and other electronic mode. Cheques and demand drafts shall be payable at a branch of a scheduled commercial bank that is a member of the clearing house for the area where the concerned Sub Divisional Office is located. However, the licensee may fix a limit above which payment is to be made by mode other than cash.”

The Petitioner submitted that Ministry of Railway has taken a policy decision to provide RBI Mandate as Security Deposit in lieu of cash transaction. They also submitted that some of the Regulatory Commission's like DERC, HERC, PSERC and WBERC have already considered the Letter of Mandate from RBI as security deposit.

The Respondent also agrees to include the Letter of Mandate from RBI as security deposit subject to the following terms-

- (i) The non cash instrument should be 105% of its cash equivalent.
- (ii) No interest shall be payable on such non cash instrument.
- (iii) The non cash amount should not be deducted from the calculation of working capital requirement.

The Commission noted that Load Security is required to be deposited by the consumer for recovery of any payment due to licensee, thereby protecting the licensee from financial losses due to non-payment of dues by the consumer.

The Commission also noted that the RBI accepted the letter of Mandate issued by Northeast Frontier Railway to debit their account when any claim by APDCL is raised to RBI.

The Commission is of the view that the Letter of Mandate is sufficient to protect the interest of APDCL in case of default in payment by Northeast Frontier Railway. So, the Letter of Mandate can be accepted as a mode of payment for Load Security.

The Commission is also of the view that 'Letter of Mandate' being a non-cash instrument, the value of such Letter of Mandate is to be maintained at 105 percent of the cash equivalent and no interest is liable to be paid against such non cash instruments as submitted by APDCL.

ORDER

With the above observation, the Commission has decided to consider Letter of Mandate as prayed by the Petitioner as one of the mode of payment for security deposit.

APDCL shall accept the Letter of Mandate of Northeast Frontier Railway to expedite the release of power supply connection in relation to electric traction with the following terms-

- (a) Letter of Mandate being a non-cash instrument, the value of such Letter of Mandate is to be maintained at 105 percent of the cash equivalent.
- (b) No interest on such load security amount shall be payable against such non cash instruments.

Necessary action for amendment of the Supply Code Regulation 2017 is to be taken up subsequently.

Accordingly, the Petition No.01/2021 is disposed off.

s/d

(B. Borthakur)
Member, AERC

s/d

(S. N. Kalita)
Member, AERC

s/d

(K. S. Krishna)
Chairperson, AERC