

By Email:

TANGEDCO
ACCOUNTS BRANCH

Circular Memo.No.CFC/Rev/FC/Rev/DFC/AAO/Asst/F. ASD/D.324/23,dt.17.05.2023.

Sub: - Electricity - Review of adequacy of Security Deposit (SD) for H.T and LT service (except LTCT & IIIB Industries) during 2022-23 & allowing of interest on MCD for HT services – Instructions – Issued - Reg.

Ref: - 1. TNERC Order No. 3 of 2023, dt. 21.02.2023.
2. Lr.No. CFC/Rev/FC/Rev/DFC/Rev/AAO/Asst/F.ASD/D.211/2023,
Dt: 01.04.2023.

As per Regulation 5 (5) of Tamil Nadu Electricity Supply Code, the adequacy of security deposit is to be reviewed and re-fixed once in a year in case of High Tension consumers; once in two years in case of Low Tension consumers with Bi-monthly billing, during April/May, taking into account the interest due for credit. Therefore, the review of adequacy of security deposit for H.T. and L.T. consumers (except LTCT & IIIB Industries) is to be made during April/May 2023.

2.0) The TNERC in the reference cited has directed for payment of interest @5.70% p.a. on the Security Deposit held by the consumers for the year 2022-23 and interest on MCD should be 5.70% p.a.

2.1) As per Section 5 (5) (iii) of Tamil Nadu Electricity Supply Code, the credit available including the interest shall be informed to each consumer, immediately.

2.2 Review of Adequacy of SD:

i. Review of Adequacy of Security Deposit in respect of L.T services (except LTCT & IIIB Industries) and HT service connections will be carried out by the Head Quarters and the EDCs respectively in the billing packages.

ii. The review of adequacy of security deposit shall be made as per the provisions of Regulation 5(5) (ii) of Tamil Nadu Electricity Supply Code as follows:

a) *"For the categories of consumer under monthly billing, the Security Deposit is equivalent to two times of the monthly average of the electricity charges for the preceding twelve months prior to April.*

Provided that in the case of open access consumers who have a contracted demand with the distribution licensee and partially draw energy through open access, the security deposit will be equivalent to two times the charges of electricity for the maximum net energy supplied by the Distribution licensee in any month in the preceding twelve months prior to April.

b) *For the categories of consumer under Bi-monthly billing, the Security Deposit is equivalent to three times of the monthly average of the electricity charges for the preceding twelve months."*

iii. After crediting the interest to the SD account, the review of adequacy of

security deposit as per the provisions of Regulation 5 (5) of Tamil Nadu Electricity Supply Code, may be arranged to be made and the Demand notices to be sent to the consumers, wherever required. In case of excess, such excess deposit may be arranged to be adjusted/refunded to the consumers as per Regulation 5(5)(v) of Tamil Nadu Electricity Supply Code.

iv. As per Clause (5) of Regulation 5, of TNE Supply Code,

"(a). For the consumers under monthly billing who are not the owners of the premises and are unable to produce the consent letter in Form 5 of Annexure III to the Distribution Code from the owner of the premises for availing supply, the Security Deposit shall be equivalent to four times of the monthly average of the electricity charges for the preceding twelve months prior to April;

(b). For the consumers under bi-monthly billing who are not the owners of the premises and are unable to produce the consent letter in Form 5 of Annexure III to the Distribution Code from the owner of the premises for availing supply, the Security Deposit shall be equivalent to six times of the monthly average of the Electricity charges for the preceding twelve months prior to April."

Therefore, the above aspects have to be taken into consideration while reviewing the adequacy of SD.

v. The Consumers who own buildings/super-structures in the SIPCOT/Similar Industrial estates under 99 years lease agreement with such institutions, the Regulation 5(5) (ii) (a) of the Supply Code may be applied. If such consumers are captive/third party user, the relevant provision has to be applied.

vi. The security deposit in the above categories shall exclude incidental charges like operation and maintenance of lines/sub-stations of generator charges for the purchase of power from third parties but shall be inclusive of all other charges specified by the Commission from time to time in accordance with Regulation 5(5) (ii) (d) of the Tamil Nadu Electricity Supply Code.

vii. The Chief Engineer/IT shall make necessary programme in the computer as indicated above for the review of adequacy of SD in HT & LT.

viii. In respect of LT services, the review of adequacy of SD may be made through Computer programme. The Rev. Branch AAO/AS shall ensure the correctness of the Opening Balance of SD and modification of SD or posting of further collection of additional SD/refund of excess SD shall be carried out and updated, if any, required through journal entries in the LT software.

ix. After crediting the interest to the SD account, the review of adequacy of security deposit as per the provisions of Regulations 5(5) of TNE Supply Code, may be arranged to be made and the Demand notices sent to the consumers, wherever required. In case of excess, such excess deposit may be arranged to be adjusted/refunded to the consumer as per Regulation 5(5)(V) of TNE Supply Code.

2.3 Serving of ASD Notices:

i). As per Regulation 5(5) (iv) the intimation of the requirement of ASD shall be through a separate notice in the case of HT services & by a distinct entry in the consumer meter card (or) separate notice in the case of LT services. Thirty days notice period shall be allowed for the payment.

ii). The CE/IT is requested to make a computer software updation to print the details such as, availability of SD, rate of interest, Interest accrued, SD required, Additional SD required, last date of payment of ASD, in the bottom of the CC receipt (with appropriate print alignment) issued to the LT consumers. Further SMS and e-mail alerts may also be arranged to be issued to the consumers as "add on facility". The demand intimation notices may be arranged to be printed in Tamil & English. Demand Notice may also be arranged to be sent through e-mail to the HT consumers and also to the LT consumers under review, wherever available.

iii). The SE/EDCs shall make necessary arrangements to educate all the LT Consumers (through display boards in the collection counters, etc.) that the ASD details are printed at the bottom of the CC Receipts and the consumers must remit the ASD amount within the due date so as to avoid levy of BPSC & disconnection of their service connections.

2.4. Collection of ASD:

As per Section 5 (5) (iv) of Tamil Nadu Electricity Supply Code, thirty days notice period shall be allowed for payment. Therefore, necessary demand notice may be arranged to be issued for collection of additional security deposit by indicating the above provision. However, if the consumers request for payment by installments, in such cases, three installments commensurate with the billing cycle may be allowed by the Superintending Engineers of Distribution Circles for HT services and by the Executive Engineers of O&M (Revenue Branch) in respect of LT services (other than LTCT & IIIB Industries). The due date of installment should be watched and collection made according to the schedule of installment. The facility of payment in installments will be made available to the consumer on request. To avail this facility, the consumer shall execute an undertaking in Form (5) in the Appendix to Supply Code. The collection of ASD in respect of HT consumers has to be made in correct mode and in correct Account Code so as to review the exactness of DCB reports. The Chief Engineer/IT is requested to arrange to provide necessary screens in this regard.

2.5. Levy of Belated Payment Surcharge (BPSC):

i. As per Regulation 5(4) (vi) of the TNE Supply Code, in case of sums other than the price of electricity supplied which are outstanding, surcharge shall be levied at a rate not exceeding 1.5% per month.

ii. The Chief Engineer/IT may arrange to indicate that "failure to make payment of the ASD within the due date will attract levy of BPSC" in the demand intimation Notices/CC receipts, as may be applicable.

iii. Where the consumers have been permitted to make payment in installments, then surcharge shall accrue only when there is default in the payment schedule and the surcharge shall be worked out from the following day of due date and the same shall be payable along with the installment due.

2.6. Disconnection of Service:

As per clause 14(5) if the amount of any bill remains unpaid beyond the period specified, the Licensee may also, without prejudice to any of its rights under the agreement entered into by the consumer with the Licensee, order supply of electricity to the consumer to be discontinued forthwith without further notice and keep the

service connection disconnected until full payment for all obligations pending and the charge for the work of disconnection and reconnection has been paid.

Hence, the SEs/EEs are instructed to duly adhere the procedure of issue of demand with thirty days notice period and other provisions of TNE Supply Code with reference to ASD demand. If the consumer fails to make ASD even after thirty days notice period the service connection may be disconnected without further notice.

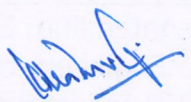
2.7.Income Tax:

Necessary instructions have already been issued to the EDCs vide ref 2 to remit the TDS amount to the Income Tax account on or before 30.04.2023 in order to avoid penal levy from the Income Tax Department. A compliance report in this regard may be sent.

2.8.Report:

i).The fortnightly progress of demand, collection and balance of ASD should be watched without omission and it must be ensured that the figures available in the HT & LT Package reflect the actual position.

ii).Receipt of the Circular Memo., may be acknowledged to Deputy Financial Controller/Revenue.


Chief Financial Controller/Revenue 1/2

To

All the Superintending Engineers/Distribution Circles/TANGEDCO.

[This circular may be referred in all ASD demand notices and related Communications]

Copy to:

All Chief Engineers/Distribution Region/TANGEDCO

Chief Financial Controller/ General; Chief Financial Controller/ Regulatory

Cell Chief Internal Audit Officer/BOAB/Chennai.

Chief Engineer/IT/Chennai.

Chief Engineer/Commercial/Chennai

EA/Chairman's Office.

Deputy Chief Internal Audit Officers/Distribution Regions.

Deputy Manager/SMSTC/Chennai.

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