

Through e-mail & Hard Copy:

TANGEDCO  
ACCOUNTS BRANCH

144, ANNA SALAI,  
CHENNAI – 600 002.

Circular Memo.No.CFC/REV/FC/REV/DFC/AAO/AS.3/ASD Review /D.186/17,  
dt.10.03.2017.

Sub: - Electricity - Review of adequacy of Security Deposit(SD) for H.T. and LT service (except LTCT & IIIB Industries) during 2016-17 & allowing of interest on MCD for HT services – Instructions – Issued - Reg.

Ref:- 1.TNERC Order No.1 of 2017 , dated 03.03.2017.

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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 and LT consumers with monthly billing; 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, as per Tamil Nadu Electricity Supply Code, the review of adequacy of security deposit for H.T. and L.T. consumers(except LTCT & IIIB Industries, since the last review was made in 2015) are to be made during April/May 2017.

2. In this connection, the following instructions are issued:-

**2.1 Calculation of Interest on SD and crediting the same:**

(i). The TNERC in the reference cited has directed for payment of interest @6.90 % p.a. on the Security Deposit from the consumers for the year 2016-17 and interest on MCD should be 6.90% p.a. Hence, before reviewing the adequacy of SD in respect of HT and LT consumers, the interest due for 2016-17 at 6.90 % p.a. may be arranged to be credited to all the HT/LT consumers' SD account and 6.90% interest on MCD may also be allowed to all HT consumers.

(ii). As per Regulation 46(2) of Tamil Nadu Electricity Distribution Code, interest is payable on the Meter Security Deposit (MCD) at the rate specified by the TNERC from time to time. Therefore the interest @ 6.90% pa may be allowed on MCD in respect of HT services for the period 1.4.2016 to 31.3.2017. The above interest may be paid to the consumer through adjustment in the future month current consumption charges. However no interest on Meter Security Deposit is payable in respect of LT services.

(iii). As per Regulation 35 (4) of the Distribution Code, while allowing the interest on security deposit, full calendar months only should be taken into account for the purpose of interest calculation and the interest to be calculated to the nearest rupee ie. 50 paise and above should be rounded off to the next higher rupee.

(iv). As per Section 5 (5) (iii) of Tamil Nadu Electricity Supply Code, the credit available including the interest shall be informed to each consumer before the end of June 2017. Therefore, necessary intimation to all the consumers about the availability of security deposit including interest as on 1.4.2017 may be arranged to be communicated before 30.6.2017.

## **2.2. Review of Adequacy of SD:**

i). A thorough review of adequacy of security deposit in respect of H.T. services may be commenced during 1<sup>st</sup> week of April 2017 and completed before 20<sup>th</sup> of the same month and in respect of LT (except LTCT & IIIB Industries) consumers, as the review has been automated, arrangements may be started from 1<sup>st</sup> April to issue the demand notices to the consumers for additional security deposit, wherever required, and may be completed before the end of April 2017 for early collection.

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.

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 prior to April.

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 TNERC's Order No.6, dt.31.07.2012, Order No.7, dt.31.07.2012, Order No.8, dt.31.07.2012, Order No.4 of 2014, dated 12.09.2014 in respect of Wind Energy Captive User/third party user, Bagasse based Co-generation plants' captive user/third party and Biomass based power plants' captive/third party user and Solar Power plant's captive/third party user respectively, two times the charges corresponding to maximum net energy supplied by the distribution licensee in any month in the preceding financial year (ie, prior to April 2017) shall be taken as the basis for the payment of Security Deposit.

v). Further, as per the TNERC's Order No.4 dt.15.5.2006 in respect of fossil fuel based Captive Generating Plants' captive/third party user and fossil fuel based Co-generation plants' captive/third party users, the Security Deposit shall be

fixed at two times of the average net consumption during the preceding twelve months prior to April 2017.

vi). Further, while review of adequacy of SD in respect of HT Consumers who have adjustment of inter-state energy (ie, energy from IEX, etc.), the Security Deposit shall be at two times of the average net consumption during the preceding twelve months prior to April 2017.

vii). The Hon'ble TNERC, in its Notification Nos.7-29, dt. 16.12.2011 has stated that:- In the Principal Code, in Clause (5) of Regulation 5, the following sub-clause (vii) shall be added at the end, namely –

“ (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.

viii).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.

ix)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.

x)The Chief Engineer/IT shall make necessary programme in the computer as indicated above for the review of adequacy of SD in HT & LT including the services covered under RAPDRP.

xi). 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 posting of further collection of additional SD/refund of excess SD, if any.

### **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 programme 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 issued to the LT consumers during April, May and June 2017. Further SMS and e-mail may also be arranged 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, wherever available.

iii).The SE/EDCs must 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:**

i). 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. 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 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 leviable 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 with 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 day following the day on

which the installment fell due and shall be payable along with the amount of installment due.

**2.6. Payment of Honorarium :**

i). For attending the work of checking the interest on SD, review of adequacy of SD, compliance of demand notices, etc. in respect of all LT services relating to vacant seats/excess over norms, the honorarium of Rs.2/- per Service may be paid.

ii). In respect of LT services where adequacy of SD is not involved and only the work of checking of interest on SD; Verification of posting in respect of ledger; compilation of intimation on the availability of SD are involved, in such cases an honorarium of Re.1/- per service in respect of vacant seats/excess over norms may be paid.

(iii). Further it is also ordered for payment of a separate honorarium of Re.1/- per service for serving of notice of ASD demand to the consumers duly getting proper acknowledgement.

**2.7. Income Tax:**

i). The Income Tax may be deducted (TDS) for the interest allowed, if the interest payable exceeds Rs.5000/- as per Sec 194A of the IT Act 1961.

ii). The Income tax may be deducted at the following rates:-

a). If PAN is furnished @ 10%

b). If PAN is not furnished @ 20%

iii). **Time Limit to remit to the Government A/c :-** Since the interest relates to the previous financial year, (ie) 2016-17, provision (credit) is made in the books of accounts on 31.3.2017, the time limit is " on or before 30<sup>th</sup> day of April 2017."

**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 Computer, reflect the actual position.

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

Sd xxxx

Director (Finance)/TANGEDCO

To

All the Superintending Engineers/Distribution Circles/TANGEDCO.

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

Copy to:

All the Chief Engineers/Distribution Region/TANGEDCO

The Chief Internal Audit Officer/BOAB/Chennai.

The Chief Engineer/IT/Chennai.  
The Chief Engineer/Commercial/Chennai  
The EA/Chairman's Office.  
The Deputy Chief Internal Audit Officers/Distribution Regions.  
The Deputy Manager/SMSTC/Chennai.  
The Asst. Personnel Officer/Tamil Development for publishing in the Gazette (2 copies).

:: FORWARDED :: BY ORDER ::

Sd xxx (10.03.2017)  
Chief Financial Controller/Revenue