

TAMIL NADU ELECTRICITY CONSUMERS' ASSOCIATION
Regd. No. 181-8524/1998 – CIN.No. U37102TZ1998GAP008524
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TECA: 2016-2017/SD/097
March 31, 2017

CIRCULAR

Dear Sir,

Members must be aware that TANGEDCO reviews the adequacy of the security deposit during April every year. In case of any short fall, TANGEDCO will raise demand for payment of the same as Additional Security Deposit (ASD) and such a demand once raised should be paid within 30 days from the date of demand.

In this connection we wish to inform our members that according to Regulation 5 (5) of the TN Electricity Supply Code 2004, every normal HT consumer should have a deposit with TANGEDCO equivalent to two times of the monthly average of the Electricity charges paid during the preceding twelve months.

The consumers who are availing windmill captive power or Open Access power, TANGEDCO will collect the Security Deposit as per the TNERC Tariff order no.3 of 2016 dtd 31.03.2016. The relevant portion of the Order is extracted below.

"10.7. Security Deposit

10.7.1 As regards the security deposit to be paid by captive /third party user, the Commission proposes to retain the present arrangements i.e., charges corresponding to two times the maximum net energy supplied by the distribution licensee in any month in the preceding financial year shall be taken as the basis for the payment of security deposit."

According to another order of TNERC, clarifying what components should be considered for calculation of the adequacy of security deposit, the TNERC has clarified that the following charges would constitute to be considered.

- 1. Energy Charges*
- 2. Demand Charges*
- 3. Peak Hour Charges*
- 4. Night hour Rebate*
- 5. Power Factor disincentive*
- 6. Excess Demand Charges when no R & C in force.*
- 7. Excess demand charge and excess energy charge during Restriction and Control of Supply.*
- 8. Meter related charges.*
- 9. Taxes and levies*

However, for the calculation of the adequacy of security deposit, incidental charges if any collected as specified in 5(5)(ii)(d) will not be taken in to account. This includes, any audit shortfall or any other penalties collected which do not relate to the preceding year.

Members may note that TANGEDCO should not consider any Audit objection amounts and other penalties like harmonic compensation charges etc., for review of adequacy of security deposit.

Hence, we request the members to review the TANGEDCO's demand on Additional security deposit whether it is in compliance of the TNERC order dated 16.09.2015 and also as per the guidelines issued by the CFC-Revenue attached herewith.

Also note that usually TANGEDCO will allow 3 installments to pay the Additional Security Deposit. If any members who require additional installments have to approach Hon'ble High Court by filing Writ Petition. The attitude of the Courts has to be wait and seen.

In respect of those who have excess deposits over and above the requirement, TANGEDCO will adjust the excess deposit amount against two future CC bills. Even after the same, if further excess is there, then the same will be refunded by cheque on or before the due date of payment of CC bill for the third month.

Hence, the security deposit, ASD and refund of excess deposit may be regulated as per the above guidelines.

With Warm Regards,

K. Ilango
Secretary