

HARYANA ELECTRICITY REGULAORY COMMISSION
PANCHKULA, HARYANA.

Case No. HERC/PRO-2/99, HERC/PRO-3/99, HERC/PRO-4/99

Date of Order : 04.11.2004

Present :

Lt. Col. (Retd.) Raghbir Singh,	Chairman.
Sh. S.C. Katyal,	Member
Sh. T.R. Dhaka,	Member

In the matter of the application filed by Haryana Vidyut Prasaran Nigam Limited (HVPNL) having its registered office at Shakti Bhawan, Sector-6, Panchkula for surrender of Distribution & Retail Supply Licence of HVPNL and grant of separate Distribution & Retail Supply Licence to Uttar Haryana Bijli Vitran Nigam Ltd. (UHBVNL) and Dakshin Haryana Bijli Vitran Nigam Ltd. (DHBVNL) in the state of Haryana.

On behalf of HVPNL

1. Smt. Jyoti Arora, M.D., UHBVNL.
2. Sh. R.K. Jain, Director (C&A), HVPNL
3. Sh. S.K. Dewan, Director (Operation) UHBVNL
4. Sh. Mohinder Singh, Director (Finance) UHBVNL
5. Sh. S.S. Pannu, Director (Operation) DHBVNL
6. Sh. S. R. Singla, CE (Comm.), HVPNL

On behalf of Public

1. Sh. Parmesh Bindal

On behalf of Staff

1. Sh. Sanjay Varma, Jt. Director
2. Sh. Ashu Mathur, Jt. Director

ORDER

This order withdraws the licence granted to HVPNL for Distribution and Retail Supply Business (Licence no.- 2 of 1999).

This order further issues separate licences for Distribution & Retail Supply to DHBVNL and UHBVNL for operation in their respective area of supply in the State of Haryana.

1. Procedural History:

The Commission vide order dated 4th February 1999 issued two licences to HVPNL for operation in the State of Haryana: a licence for Transmission and Bulk Supply business (Licence no.- 1 of 1999) and a licence for Distribution and Retail Supply business (Licence no.- 2 of 1999).

Further, vide order dated 21st April, 1999, the Commission granted permission to HVPNL for holding the Distribution undertakings and to carry on the distribution and retail supply business pertaining to the North Area comprising operation Circles of Ambala, Kurukshetra, Yamunanagar, Karnal, Sonapat, Rohtak and Jind through and in the name of Uttar Haryana Bijli Vitran Nigam Ltd. and pertaining to the South Area comprising operation circles of Faridabad, Gurgaon, Narnaul, Bhiwani, Hisar and Sirsa through and in the name of Dakshin Haryana Bijli Vitran Nigam Ltd.; the said two companies being subsidiaries of HVPNL. The Commission also directed that the subsidiary companies should submit their applications for separate Distribution and Retail Supply Licence within a period of 3 months from the issue of said order.

Pursuant to the direction of the Commission, UHBVNL and DHBVNL filed separate application for grant of Distribution and Retail Supply Licence on 20th July 1999. The first public hearing on their application were held on 10.1.2000. The second and concluding Public hearing was held on 27th March 2000. During the course of hearing it was established that the interface metering between HVPNL and two Discoms - UHBVNL and DHBVNL was not complete. In the absence of complete & proper metering arrangements, the Commission opined that two applicant companies cannot account in absolute terms for drawl of energy from the HVPNL's system and, hence, directed the licensee to complete the interface metering before the independent licence could be granted to them.

Subsequently Vide letter No. CH-27/SE/RAU/F-5/Vol- X dated 22.10.2002, HVPNL submitted that the interface metering has now been completed and, hence, the application for grant of independent licences to UHBVNL & DHBVNL and for surrender of D&RS licence of HVPNL may be considered by the Commission.

The issue was once again reviewed particularly in the light of the changes due to enactment of Electricity Act, 2003. Resultantly two applicant Companies were asked to update their application for grant of independent D& RS licence.

The Notice for holding public hearing on the updated applications was published in two newspapers Hindustan Times and Dainik Bhaskar on 22.04.2004. The public objections/comments to the grant of independent licence were invited by 13th May 2004. The public hearing was held on 18th May 2004 at Panchkula.

The Commission vide Memo No. HERC/PRO-2/99/147-49 dated 23.4.2004, directed the Managing Directors of UHBVNL, DHBVNL & HVPNL to submit the details of those inter-utility interface metering points where Special Energy Meters (SEMs) are not installed and their status. How is the billing taking place at these locations in the absence of SEMs? What is the status of preparedness for the introduction of billing based on ABT principles between HVPNL and DHBVNL & UHBVNL? What is the status of software, which was to be installed for this purpose? In the absence of any area controllers in the respective areas of Discoms, how Discoms plan to carry on the operational requirements of Daily/ Monthly /Yearly scheduling and monitoring of power supply based on ABT principles?

In reply HVPNL, vide its Memo No. CH-126/SE/RAU/F-5/ Vol. XII dated 13.05.04, submitted that there are 76 such interface metering points where SEMs are not installed as on 31.03.2004. However, the conventional energy meters installed at these interface points are used to record energy flow for billing purpose. The software required for billing based on ABT principles, is reported to be under advance stage of finalisation.

Objections & Hearing:

In response to the public notice, no written objection was received by the Commission by any objector. However Mr Parmesh Bindal was present during the hearing on 18th May 2004.

The Commission once again raised the issue of installation of special energy meters at the interface points for accurate accounting of energy drawn by UHBVNL & DHBVNL and establishment of Area Controllers in the respective areas of supply of Discoms to fulfil

the operational requirement of daily/monthly/yearly scheduling and monitoring of power supply based on the ABT principles.

The representatives of HVPNL assured the Commission that the same would be implemented at the earliest and hence independent Distribution & Retail Supply licence may be granted to UHBVNL and DHBVNL.

ORDER OF THE COMMISSION

1. In view of the facts placed before the Commission, the Commission directs that
 - (a) the HVPNL shall complete the installation of special energy meters at 76 points by 31st July 2005.
 - (b) the HVPNL shall ensure to provide special energy meters and its associated metering CTs/PTs right at the time of commissioning of a grid substation to avoid the present spectre.
 - (c) UHBVNL & DHBVNL shall establish a computerised, state-of-the-art Area Load Despatch Centre by 30th June 2006 so that operational activities can be carried out effectively. However, during the transition period for one year HVPNL would continue to provide all logistical and operational support to the Distribution licensee i.e. DHBVNL and UHBVNL.
2. The Commission accepts the surrender of Distribution and Retail Supply Licence granted to HVPNL.
3. In light of the above, the Commission grants the following two enclosed licences on the terms and conditions contained therein:
 - (a) Distribution and Retail Supply Licence to Utter Haryana Bijli Vitran Nigam Limited (UHBVNL) (Licence No. DRS -1 of 2004).
 - (b) Distribution and Retail Supply Licence to Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL) (Licence No. DRS-2 of 2004).
4. This order is signed dated and issued by Haryana Electricity Regulatory Commission on 4th November 2004.

Place: Panchkula

Dated: 04.11.2004

(T. R. Dhaka)
Member

(S.C. Katyal)
Member

(Lt. Col.(Retd) Raghbir Singh)
Chairman.

DISTRIBUTION & RETAIL SUPPLY LICENCE

Licence granted by the Haryana Electricity Regulatory Commission under Section 14 of the Electricity Act – 2003 (Act 36 of 2003) to Uttar Haryana Bijli Vitran Nigam Limited (hereinafter referred to as “UHBVNL”) – a company incorporated under the Companies Act 1956 (1 of 1956) & having its registered office at Shakti Bhawan, Sector-6, Panchkula for carrying on the business of Distribution and Retail Supply of electrical energy within the Area of Supply (as defined in Schedule – 1 of the Licence) and with the powers and upon the terms & conditions specified below:

PART I

TERMS OF THE LICENCE

1 Short Title

This licence may be called “The Distribution and Retail Supply Licence in Uttar Haryana [Licence No. DRS-1 of 2004].”

2 Definitions

In this licence unless the context otherwise requires:

- (a) “**Act**” means the Electricity Act 2003 (36 of 2003);
- (b) “**Annual Accounts**” means the accounts of the Licensee prepared in accordance with the provisions of the Companies Act, 1956 and / or in such other manner as may be directed by the Commission in terms of the provisions of the Act;
- (c) “**Affiliate**” means in relation to the Licensee, any Holding Company or Subsidiary of the Licensee, or any Subsidiary of a Holding Company of the Licensee;
- (d) “**Area of Supply**” means the geographic area referred to in Schedule-1 of this licence within which any activity authorised by this licence is allowed;
- (e) “**Auditors**” means the Licensee’s Auditors for the time being holding office in accordance with the requirements of Sections 224 to 234A or Section 619 as appropriate of the Companies Act 1956 (1 of 1956);
- (f) “**Authorised**”, in relation to any person, business or activity, means authorised by licence granted under Section 14 of the Act or exemption granted under Section 13 of the Act and the regulations framed by the Commission;
- (g) “**Commission**” means the Haryana Electricity Regulatory Commission;
- (h) “**Controlling Interest**” means the ownership of ten percent or more of the paid up share capital of a company (including holding company) or the ability to control ten percent or more of the voting rights at a general meeting of the

company or the ability otherwise to influence materially the management of the company by contract or otherwise;

- (i) **“Distribution”** means the transportation of electricity by means of a Distribution System;
- (j) **“Distribution and Retail Supply Business”** means any authorised business of the Licensee (i) in or ancillary to Distribution through any system owned and/or operated by the Licensee and (ii) in Retail Supply;
- (k) **“Distribution Business”** means the authorised business of the Licensee for distribution of electricity to any consumer or any class of consumers in the Area of Supply or an area other than the Area of Supply, if so authorised by the Commission by special or general permission;
- (l) **“Distribution System Operating Standards”** means the standards related to the Licensee’s operation of its Distribution System approved by the Commission;
- (m) **“Distribution System Planning and Security Standards”** means the standards related to the adequacy of the Licensee’s System planning methods and process for its Distribution System Security, as approved by the Commission;
- (n) **“Electricity Ombudsman”** means an authority to be appointed or designated by the Commission, under sub-section (6) of Section 42 of the Act, with whom a representation may be made by any consumer, who is aggrieved by non-redressal of his grievances by the Forum;
- (o) **“Expected Revenue Requirement Calculation”** means the ensuing year’s calculation of costs and revenue by the Licensee, as described under the Condition 27 of the Licence;
- (p) **“Forum”** means ‘Forum for redressal of grievances of the consumers’ to be constituted by each distribution Licensee;
- (q) **“Franchisee”** means a person authorised by a distribution licensee to distribute electricity on its behalf in a particular area within his area of supply;
- (r) **“Holding Company”** shall have the same meaning as in Section 4 of the Companies Act of 1956 (as amended);
- (s) **“Licence”** means a licence granted under section 14 of the Act;
- (t) **“Licensee”** means Uttar Haryana Bijli Vitran Nigam Ltd. in its capacity as operator of the licensed Business in the specified area of supply;
- (u) **“Licensed Business”** means the business of Distribution and Retail Supply of electricity in the Area of Supply as authorised under this Licence;

- (v) **“Person”** shall include any company or body corporate or association or body of individuals, whether incorporated or not, or artificial juridical person;
- (w) **“Related Person”** means any person (i) who holds a Controlling Interest in the Licensee or (ii) in whom the Licensee holds Controlling Interest and includes a person who holds Controlling Interest in persons mentioned in Clauses (i) and (ii) above;
- (x) **“Retail Supply”** means the sale of electricity to Consumers for his own use;
- (y) **“Retail Supply Business”** means authorised business of the Licensee in Retail Supply of electricity in the Area of Supply;
- (z) **“Separate Business”** means each of the Distribution Business and Retail Supply Business taken separately from one another and from any other business of the Licensee or any affiliate of the Licensee;
- (aa) **“Standards of Performance”** means such standards of performance relating to Distribution and / or Retail Supply of electricity, as approved by the Commission pursuant to Section 57,58 and 59 of the Act;
- (bb) **“State Grid Code”** means the state grid code specified under clause (h) of subsection (1) of section 86 of the Act;
- (cc) **“State Government”** means the Government of Haryana;
- (dd) **“Subsidiary”** shall have the same meaning as in Section 4 of the Companies Act, 1956;
- (ee) **“Transfer”** shall include the sale, exchange, gift, lease, loan, securitisation, mortgage, charge, pledge or grant of any other encumbrance or otherwise permitting of any encumbrance to subsist or parting with physical possession or any other disposition or dealing;
- (ff) **“Utility”** means the electric lines or electrical plant, and includes all lands, buildings, works and materials attached thereto, belonging to any person acting as a generation company or licensee under the provisions of the Act;
- (gg) All other expressions used herein but not specifically defined herein but defined in the Act shall have the meaning assigned to them in the Act. The other expressions used herein but not specifically defined in these regulations or in the Act but defined under the Haryana Electricity Reform Act, 1997 shall have the meaning assigned to them under the said Act, provided that such definitions in the Haryana Electricity Reform Act, 1997 are not inconsistent with the provisions of the Electricity Act, 2003.

3 Terms of the Licence

- 3.1 The Commission, in exercise of powers conferred on it by Section 14 of the Act, hereby grants to the Licensee a licence for Distribution and Retail Supply of electricity to any premises in the Area of Supply set out in Schedule -1 of the licence during the period specified in Condition 3.3, subject to the conditions set out in Parts II, III, IV and V of this licence.
- 3.2 The Conditions are subject to modification or amendment in accordance with their terms, the provisions of Condition 31 or with the provisions of the Act.
- 3.3 The licence shall come into force on the date on which the Commission communicates its decision granting this licence and unless revoked earlier shall remain in force for a period of 25 years from that date.

Part II

General Conditions

4 Compliance with Regulations, Codes, Orders, guidelines and Directions

- 4.1 The Licensee shall comply with the regulations/ codes/ orders/ guidelines/ directions issued by the Commission from time to time and shall act in accordance with the terms of this licence, except where the licensee obtains the approval of the Commission for any deviation of such regulations/ codes/ orders/ guidelines/ directions and terms.
- 4.2 The Licensee shall comply with the Orders or Directions issued by the Forum and Electricity Ombudsman.
- 4.3 The Licensee shall refer all disputes arising under the purview of the licence for settlement by the Commission.

5 Acts Requiring Prior Consent

- 5.1 The Licensee shall not do the following activities without the prior approval of the Commission: -
 - a) purchase or import or otherwise acquire electricity under this Licence from any Person other than from a Bulk Supplier or generator under the terms of the Licence/ consent issued by the Commission to the Bulk Supplier or in terms of the power purchase agreement with the generator approved by the Commission and at the tariff approved by the appropriate Commission for such Bulk Supplier or generator.
 - b) sell or otherwise dispose of electricity to any Person, other than pursuant to this Licence; or

- c) Undertake any transaction to acquire by way of purchase or takeover or otherwise, the utility of any other licensee, or
- d) Merge his utility with the utility of any other licensee,

Provided that nothing contained in condition (c) & (d) above shall apply if the utility referred to in condition (c) or condition (d) is situated in a State other than the State of Haryana.

- 5.2 The Licensee shall, before obtaining the approval under condition 5.1(c) & (d), give not less than one month's notice to every other licensee who transmits or distributes electricity in the area of the licensee as per Schedule-1.
- 5.3 The Licensee shall not, at any time, assign his licence or transfer his utility, or any part thereof, by sale, lease, exchange or otherwise without the prior approval of the Commission.
- 5.4 The Licensee may engage any Affiliate or Related Person to provide any goods or services in connection with its Distribution and Retail Supply Business provided that:
 - (a) the transaction will be structured consistent with any regulations framed by the Commission;
 - (b) the licensee shall intimate to the Commission of the proposed arrangement at least two weeks prior to its commencement.
- 5.5 The Licensee shall seek prior approval of the Commission before making any loans to, or issue any guarantee for any obligation of any person, where the same is beyond the permissible limits imposed by the Companies Act, 1956. Loans to employees pursuant to their terms of service and advances to suppliers in the ordinary course of business are excluded from the requirement to seek such approval.
- 5.6 Any agreement relating to any transaction specified in condition(s) above, unless made with the prior approval of the Commission, shall be void.
- 5.7 For cases, which require prior permission of the Commission, the Licensee will file a suitable application with the Commission disclosing relevant facts on that behalf. The commission may within 90 days of the application being filed complete in all respects, allow the arrangement subject to such terms and conditions or modifications as is considered appropriate or reject the same, for reasons recorded in writing in support of the order passed.

6 Notice for Acquisition of Controlling Interest

Upon acquiring information that any person has acquired or intends to acquire a Controlling Interest in the Licensee business, the Licensee shall inform the Commission forthwith of the acquisition or proposed acquisition and shall furnish the Commission with all relevant details in its possession.

7 Duties of the Licensee

- 7.1 It shall be the duty of the Licensee to plan, develop and maintain an efficient, co-ordinated and economical distribution system in his authorised area and supply electricity in accordance with the provisions of the Act.
- 7.2 The Licensee shall provide open access to its Distribution System to any person as required under Section 42(2) of the Act and receive wheeling charges and / or surcharge, additional surcharge as specified by the Commission from time to time. The licensee shall maintain separate account of such surcharge(s) and utilise the same in the manner specified by the Commission.
- 7.3 The Licensee shall perform the duty to supply on request as required under section 43 of the Act and the related regulations framed by the Commission.
- 7.4 Subject to applicable regulations, directions and Force Majeure conditions, the licensee shall always endeavour to supply adequate power of appropriate quality to consumers.

8 Other Activities of the Licensee

- 8.1 The Licensee, with prior intimation to the Commission, may engage in any other Business for the optimum utilisation of the assets and infrastructure comprising the Distribution System as provided under Section 51 of the Act, subject to the following conditions:
- (a) that the Licensed Business and the conduct thereof by the Licensee is not prejudiced and / or adversely affected in any manner;
 - (b) that a proportion of the revenues derived from such business shall, as may be specified by the Commission, be utilised for reducing the wheeling charges of the Licensee;
 - (c) that the Licensee shall maintain separate accounts for each such Business undertaking and ensure that licensed business neither subsidies in any way such business undertaking nor encumbers its assets in any way to support such business.
 - (d) that the Licensee shall always comply with the guidelines that the Commission may specify in this regard.
- 8.2 The Licensee may authorise any other person to carry out any of the functions that the Licensee is authorized to conduct or carry out under the Act provided that;
- (a) any such agreement or arrangement shall be subject to the terms and conditions of the licence including such other terms and conditions the Commission may impose.

- (b) the Licensee shall continue to have the overall responsibility for due performance of all the obligations under this licence by such other person and a breach of any of the terms and conditions of this Licence by such other person shall be deemed to be a breach by the Licensee.
- (c) any such other person shall not be required to obtain any separate licence from the Commission and he shall operate under the overall supervision and control of the Licensee and;
- (d) the Licensee shall have, prior to delegating any function, informed the Commission of such action.

9 Prohibition of Subsidies

The Licensee shall not, without prior permission of the Commission, give any subsidy or subvention to, or receive any subsidy or subvention from any person or any other business of the Licensee (whether or not Authorised by the Commission), except a subsidy granted by the State Government pursuant to Section 65 of the Act or a subvention pursuant to Section 27(3) of the HER Act.

10 Accounts

- 10.1 The financial year of the licensee shall run from the first of April to the following thirty-first of March.
- 10.2 The Licensee shall in respect of each separate business for each Financial Year:
 - (a) keep such accounting records as would be required to be kept in respect of each Separate Business as if it were carried on by a separate company, so that the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, each Separate Business are separately identifiable in the books of the Licensee from those of any other business in which the Licensee is engaged, whether or not authorised by the Commission; and
 - (b) prepare on a consistent basis from such accounting records:
 - (i) for each financial year, accounting statements comprising a profit and loss account, a balance sheet and a statement of source and application of funds, together with notes thereto, and showing separately in respect of each Separate Business the amounts of any revenue, cost, asset, liability, reserve or provision, which has been either:
 - 1) charged from or to any other business (whether or not a Separate Business) together with a description of the basis of that charge; or
 - 2) determined by apportionment or allocation between any Separate Business and any other business of the Licensee or its affiliate

(whether or not a Separate Business) together with a description of the basis of the apportionment or allocation; and

(ii) in respect of the first six months of the first financial year and of each subsequent financial year, an interim profit and loss account and a Balance Sheet; a statement of source and application of funds and a cash flow statement together with such supporting documents and information and in such form as the Commission may prescribe from time to time; and

(c) provide, in respect of the accounting statements prepared in accordance with the Condition 10, an Auditor's report in respect of each financial year, stating whether in their opinion these statements have been properly prepared in accordance with Condition 10 and give a true and fair view of the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, the Separate Business to which the statements relate; and

(d) deliver to the Commission a copy of statements referred to in condition 10.2(b)(ii) not later than three months after the end of the period to which it relates, and copies of the statements referred to in condition 10.2(b)(i) and Auditor's report not later than six months after the end of the financial year to which they relate.

10.3 The licensee shall not change the basis of charge or apportionment or allocation in relation to the preparation of accounting statements in respect of a financial year from those applied in respect of the previous financial year, without prior approval of the Commission.

10.4 Where, in relation to the accounting statements in respect of a financial year, the Licensee has changed such basis of charge or apportionment or allocation from those adopted for the immediately preceding financial year, the Licensee shall in addition to preparing accounting statements on the basis which it has adopted, prepare such accounting statements on the basis which were applied in respect of the immediate preceding financial year.

10.5 The licensee shall maintain such cost accounting records as prescribed under the Cost Accounting Records (Electricity Industry) Rules, 2001 and prepare from such cost accounting records such statements as prescribed. The cost audit report along with audited cost records (statements) shall be submitted to the Commission not later than six months from the close of the financial year to which they relate.

10.6 Accounting statements prepared under Condition 10.2 shall, unless otherwise approved or directed by the Commission;

(a) be prepared in the manner and form prescribed under the Companies Act, 1956 (Act 1 of 1956)

- (b) be published with the annual accounts of the Licensee;
 - (c) be prepared in accordance with generally accepted accounting practise; and
 - (d) state the accounting policies adopted.
- 10.7 References in Condition 10 to costs or liabilities of, or reasonably attributable to, any Separate Business shall be construed as excluding taxation and capital liabilities which do not relate principally to that Separate Business and interest thereon.
- 10.8 The Licensee shall ensure that the accounting statements in respect of each financial year prepared under Condition 10.2 (b) (i) and the Auditor's report in respect of each financial year referred to in Condition 10 are made available to any person requesting them at a price not exceeding the reasonable cost of duplicating them.

11 Prohibition of Undue Preference

Subject to Section 62 of the Act, in fixing tariffs and the terms and conditions of Supply, the Licensee shall not show undue preference to any person; provided that the Licensee shall not be deemed to be in breach of its obligations under this licence if any undue preference results from compliance with any directions of the Government under Section 65 of the Act.

12 Provision of Information to the Commission

- 12.1 The Licensee shall furnish to the Commission such information, documents and details related to the business of the Licensee in the manner in which the Commission may require for its purpose.
- 12.2 The licensee shall undertake such studies as the Commission may direct it to undertake from time to time for the improvement of the Licenced business.
- 12.3 The Licensee shall notify the Commission within one week of the occurrence of any major incident affecting any part of the Distribution System except in the matters covered under Section 161 of the Act and shall, within two months of the date of such major incident:
- (a) submit a report giving full details of the facts within the knowledge of the Licensee regarding the incident and its cause. The Commission at its own discretion may require the submission of a report to be prepared by an independent person at the expense of the Licensee; and
 - (b) give copies of the report to the Commission and to all parties involved in the major incident as the Commission may direct.
- 12.4 The decision of the Commission as to what is a major incident shall be final.
- 12.5 In Condition 12, "major incident" means an incident associated with the generation, transmission, distribution, supply or use of electrical energy in the licensee's area of

supply, which results in a significant interruption of service or substantial damage to equipment.

13 Disposal of Assets

- 13.1 The Licensee shall not dispose of or relinquish operational control over any land and building of whatever value otherwise than in accordance with Condition 13.
- 13.2 The Licensee shall not dispose of or relinquish operational control over any assets, other than land and building, otherwise than in accordance with following paragraphs of Condition 13, if the cost of the assets being disposed of or whose operational control is being relinquished in a single transaction or a series of related transactions, exceeds Rs. 30 lacs or such other amount as may be specified by the Commission from time to time.
- 13.3 The Licensee shall give to the Commission not less than two months' prior written notice of its intention to dispose of or relinquish operational control over any asset. Notice shall not be deemed to have been given until such time as the Licensee has provided to the Commission all such further information as the Commission may require.
- 13.4 The Licensee may dispose of or relinquish operational control over any asset as is specified in any notice given under Condition 13.3 if:
- (a) the Commission confirms in writing that it consents to such disposal or relinquishment subject to such conditions as the Commission may impose; or
 - (b) the Commission does not inform the Licensee in writing of any objection to such disposal or relinquishment of control within the notice period referred to in Condition 13.3 and the transfer is effected by transparent and competitive bidding.
- 13.5 The Licensee may dispose of or relinquish operational control over any asset where:
- (a) the Commission has issued directions for the purposes of this Condition 13 containing a general consent (whether or not subject to conditions) to:
 - (i) transactions of a specified description; and/or
 - (ii) the disposal of or relinquishment of operational control over assets of a specified description; and
 - (iii) the transaction or the assets are of description to which such directions apply and the disposal of or relinquishment is in accordance with any conditions to which the consent is subject; or

- (b) the disposal or relinquishment of operational control in question is required pursuant to the term of a contract or agreement, executed before the commencement of this licence or
 - (c) the disposal or relinquishment of operational control in question is required by or under any enactment or subordinate legislation; or
 - (d) the asset in question was acquired and used by the Licensee exclusively in connection with a non-core activity that it has been authorised by the Commission to carry on pursuant to Condition 8 and does not constitute a legal or beneficial interest in land, or form part of the Transmission System or the Distribution System.
- 13.6 In Condition 13, disposal includes any sale, gift, lease, licence, loan, security, mortgage, charge or the grant of any other encumbrance or the permitting of any encumbrance to subsist or any other disposition to a third party.
- 13.7 Notwithstanding what is stated above, the Licensee will be entitled to utilise the assets as a means of facilitating financing its investment requirements, including collateral for debt financing, sale and lease back, securitisation of receivables, subject to the condition that the Licensee will inform the Commission about such arrangement/s immediately upon execution of the relevant agreement/s.

14 Investments

- 14.1 The Licensee shall make investments in an economical and efficient manner and in accordance with the approved investment plan.
- 14.2 The Licensee shall submit a 5-year rolling Plan with details of investment schemes to be undertaken during the period for the approval of the Commission. In such case, the Licensee shall intimate
- (a) the annual investment plan with details of investment schemes, stating the justification including the cost – benefit analysis, to be carried out during the financial year and
 - (b) the progress made in implementing the annual investment plan of the previous financial year with the comparison of actual implementation vis-à-vis the plan as approved by the Commission.
- 14.3 If the Commission does not require the Licensee to abide by condition 14.2, the Licensee shall submit the annual investment plan for each financial year with details of investment schemes to be undertaken along with Annual Revenue Requirement (ARR) filing.
- 14.4 The Licensee shall comply with the directions regarding approval for investments and capital expenditure that may be issued by the Commission from time to time.

14.5 To meet any unforeseen investments required in the interests of the electricity sector or the Licensee's Authorised business, the Licensee will be entitled to reallocate and adjust the investment plans up to a limit of 10% of the overall investment plan and 25% of the approved amount in respect of each item/work of the investment plan. In case of circumstances requiring unforeseen investments/ commitments exceeding the approved investment plans for the financial year, the Licensee will be entitled to make such additional investments/commitments only with the prior approval of the Commission.

15 Payment of Fees

15.1 During the tenure of the licence, the Licensee shall be liable to pay to the Commission an annual licence fee as specified under the Haryana Electricity Regulatory Commission (Fee) Regulation, 2004.

15.2 Where the Licensee fails to pay any fee under condition 15.1, the Commission may revoke this licence pursuant to Section 19 of the Act.

15.3 The Licensee shall be entitled to take into account any fee paid by it under this Condition 15 in the determination of aggregate revenue requirement made in accordance with Condition 27, but shall not take into account any interest paid on account of delay in payment as provided in the Haryana Electricity Regulatory Commission (Fee) Regulation, 2004.

16 Dispute Resolution

The Commission shall adjudicate upon the disputes between the Licensees and Generating companies and may refer any dispute for arbitration as per the HERC (Conduct of Business) regulation 2004 (Regulation No. HERC/06/2004).

17 Standards and procedures

The Licensee is required to participate and assist the Commission to the extent required by the Commission in the development, issue and review of any standards, codes, procedures proposed or notified by the Commission.

18 Penalty for Contravention of Conditions of the Licence

The Licensee shall be liable for action under Sections 142 and 146 of the Act in appropriate cases for contravening any one or more of the provisions of these conditions of licence.

19 Terms of Revocation

The Commission may, at any time, after complying with the requirements of Section 19 of the Act, revoke the licence by giving not less than 3 months notice in writing to the Licensee. For the purpose of clause (b) of Subsection (1) of Section 19 of the Act, the breach of any of the Conditions 4 to 9, 11 to 15, 20 to 24, 26.1, 27, 28, 30 and 31.2 of this licence are hereby declared to render the licence liable to revocation.

PART - III
Technical Conditions

20 Load Forecast

The Licensee shall on an annual basis:

- (a) forecast the demand for electricity within the Area of Supply in each of the next succeeding 10 years;
- (b) prepare and submit such forecasts to the Commission in accordance with the guidelines issued by the Commission from time to time; and
- (c) co-operate with the State Transmission Utility in the preparation of electricity demand forecasts for the state of Haryana in such manner as the State Transmission Utility reasonably considers appropriate.

21 Power Procurement Procedure

- 21.1 The Licensee shall in all circumstances purchase electrical capacity and/or energy in an efficient and economical manner under a transparent procurement process as approved by the Commission and following the guidelines issued by the Commission from time to time relating to preparation of load forecasts, power procurement plan and power procurement procedure.
- 21.2 The Licensee shall not purchase electrical capacity and/or energy without approval of the Commission under the terms of condition 21.1 except in the case of short term purchases for less than 6 months at a rate not more than the bulk supply rates approved by the Commission.
- 21.3 An approval required under condition 21.2 shall be granted when the Licensee has demonstrated to the Commission's satisfaction that:
 - (a) electrical capacity and/or energy is necessary to meet the Licensee's service obligation in accordance with the Act and is consistent with the approved load forecast and power purchase plan
 - (b) the Licensee has examined the economic, technical, system and environmental aspects of commercially viable alternatives to the proposals for purchasing electrical capacity and/or energy (including arrangements for reducing the level of demand) and such examination has been carried out- in a manner approved by the Commission.
- 21.4 The Commission shall dispose of the application within 90 days from the date of receipt of such application.
- 21.5 In all circumstances the Licensee shall purchase electrical capacity and/or energy in a manner

- (a) which is in compliance with the State Grid Code
- (b) the details of contracts entered into for capacity/energy purchases are furnished to the Commission within one month from the conclusion of such contracts.

22 Compliance with the State Grid Code

- 22.1 The Licensee shall comply with the provisions of the State Grid Code, in so far as applicable to it.
- 22.2 The Commission may, on reasonable grounds and after consultation with any affected Generating Companies, traders and Licensees, issue orders relieving the Licensee of its obligation under condition 22.1 in respect of such parts of the Grid Code and to such extent as may be laid down in those directions.

23 Compliance with the Distribution Code

The Licensee shall implement and comply with the Distribution Code specified by the Commission; provided that the Commission may issue an order either on an application or *suo-motu* relieving the Licensee of its obligations under the Distribution Code in respect of such parts of the Licensee's Distribution System and to such extent as the Commission may lay down.

24 Compliance with Standards

- 24.1 The Licensee shall take all reasonable steps to ensure that all Consumers connected to the Licensee's Distribution System receive a safe, economical and reliable supply of electricity as defined in the Standards specified by the Commission, except where the Licensee is obliged to regulate the Supply as may be directed by the Commission under Section 23 of the Act.
- 24.2 The Licensee shall plan and operate its Distribution System to ensure that, subject to the availability of adequate power of appropriate quality, the Distribution System is capable of providing Consumers with a safe, reliable and efficient Supply of electricity. In particular, the Licensee shall:
 - (a) plan and develop its Distribution System in accordance with the Distribution System Planning and Security Standards together with the Distribution Code as approved by the Commission; and
 - (b) operate the Licensee's Distribution System in accordance with the Distribution System Operating Standards together with the Distribution Code as approved by the Commission.
- 24.3 The Licensee shall conduct its Distribution Business in the manner which it reasonably considers to be the best to achieve the Standards of Performance specified by the Commission pursuant to Section 57 of the Act.

- 24.4 The Standards of Performance as approved by the Commission shall be complied with by the Licensee.
- 24.5 If the Licensee does not comply with all or any of the standards of performance under condition 24.4, the Licensee shall pay compensation specified by the Commission in accordance with the Haryana Electricity Regulatory Commission (Standards of Performance) Regulations 2004 (Regulation No. HERC/04/2004).
- 24.6 The Licensee shall not include any compensation /penalty/fine paid due to deficient service in the ARR / tariff to be recovered from the consumers.
- 24.7 The Licensee shall, within three months of the end of each financial year, furnish to the Commission information on the level of performance achieved against the performance standards specified by the Commission and the number of cases in which compensation was made and the aggregate amount of compensation paid. The Licensee shall, if required by the Commission, publish a summary of the report in a manner approved by the Commission.

25 Co-operation with STU, SLDC and other Licensees

- 25.1 The Licensee shall provide to SLDC, STU and/or to other Licensees such information that may reasonably be required to perform its functions and exercise its powers under the Act.
- 25.2 The Licensee shall comply with the directions of SLDC and STU issued under the Act.
- 25.3 The Licensee shall co-operate with the generating companies, other Licensees and with the SLDC for the efficient and co-ordinated operation of the power system

26 Consumer Service

26.1 Electricity Supply Code

The Licensee shall

- (a) comply with the Electricity Supply Code (regulation no HERC/05/2004) approved by the Commission;
- (b) bring to the notice of the Consumers the existence of the Supply Code (and conditions of supply), including its substantive revision and their right to inspect or obtain a copy in its latest form;
- (c) make available a copy of the Code (and conditions of supply) revised from time to time, for inspection by the public during normal working hours; and
- (d) provide free of charge a copy of the Code (and conditions of supply) as revised from time to time to each new Consumer and to any other person who requests it at a price not exceeding the cost of duplicating it.

26.2 Customer Charter

The Licensee shall prepare, publicise and adhere to a Customer Charter detailing all the rights, entitlements and responsibilities of the consumers and obligations of the Licensee relating to supply of electricity including the Licensee's guaranteed service levels and other aspects of their relationship under the Act and other applicable laws and regulations. The Customer Charter shall include among other things approved consumer complaint handling procedure, consumer right statement and consumer right to information.

26.3 Consumer Complaint Handling Procedure

The Licensee shall comply with the Complaint Handling Procedure approved by the Commission. The Licensee shall:

- (a) make available a copy of the Complaint Handling Procedure, revised from time to time, for inspection by the public at each of the relevant premises during normal working hours; and
- (b) provide free of charge a copy of the Procedure revised from time to time to each new Consumer, and to any other person who requests for it at a price not exceeding the cost of duplicating it and make it available on its website.

26.4 Every distribution licensee shall, establish a forum for redressal of grievances of the consumers in accordance with the Haryana Electricity Regulatory Commission (Guidelines for Establishment of Forum for Redressal of Grievances of the Consumers) and (Electricity Ombudsman) Regulation, 2004 (Regulation No. - HERC/02/2004). Any consumer, who is aggrieved by non-redressal of his grievances under the "Complaint Handling Procedure relating to Distribution & Retail Supply" as specified by the Commission may make a representation for the redressal of his grievance to an authority to be known as Ombudsman to be appointed or designated by the Commission.

26.5 Consumer's Right to Information

A licensee on request of the consumer, to the extent that is reasonably available to the Licensee provide:

- (a) information on all services provided by the Licensee including information on the charges or alternative tariff schemes which may be available to the consumers
- (b) information on meter readings for the electricity services provided to the consumer premises by the Licensee ; and
- (c) information on the status of the consumer's account with the Licensee;

Licensee may charge a reasonable amount for providing information under this section unless the information requested is of general nature.

- 26.6 The Licensee shall make available the latest/updated version of the Supply Code and Conditions of Supply and other rules, circulars and regulations related to supply of electricity and charges recoverable from the consumers on its website at all times.

PART IV

Tariff and Expected Revenue Requirement Calculation

27 Tariff and Expected Revenue Requirement Calculation

27.1 Tariff

- (a) The Licensee shall establish a tariff acceptable to the Commission for each of its Distribution Business and Retail Supply Business and shall calculate its charges only in accordance with this licence and the other requirements/guidelines as prescribed by the Commission.
- (b) The Licensee shall follow the methodology, procedures and other directions included in the Tariff Regulations and in other orders of the Commission as may be issued from time to time, while filing the Statement of Expected Revenue requirement from Charges and for proposing or amending any or all of its tariffs.

27.2 Expected Revenue Requirement Calculation

- (a) Each year not later than 30th November the Licensee shall prepare and submit to the Commission a report of its expected aggregate revenues and cost of service (including financing costs and its proposed return on equity) for its Distribution Business and Retail Supply Business for the succeeding financial year in the manner and form prescribed by the Commission from time to time.
- (b) If the report referred to in Paragraph 27.2(a) indicates a significant difference between its expected aggregate revenues and its expected cost of service, the Licensee shall submit with its report an explanation of the measures it proposes to take, including any proposed tariff amendments, to eliminate the difference.
- (c) If the licensee fails to submit the ARR within the period specified above or any extension thereof granted by the Commission, the Commission may impose fine up to an extent of 0.05% of the aggregate Revenue Requirement which would be disallowed from the ensuing year aggregate revenue requirement.

28 Amendments of Tariffs and Charges

- 28.1 The Licensee shall apply to the Commission to amend its tariffs in accordance with the Act if the Commission so requires, in order to remove any undue discrimination identified by the Commission or to cause the Licensee's expected revenue to correspond to the amount that it is permitted to recover under this licence.
- 28.2 The amount that the Licensee is permitted to recover from its tariffs in any financial year is the amount that the Commission determines in accordance with Section 62 of the Act.
- 28.3 The Licensee may at any time pursuant to the direction of the State Government to provide any subsidy in accordance with Section 65 of the Act submit to the Commission for its approval an amendment to the tariff approved by the Commission for the relevant period to take into account the subsidy directed by the Government. Such amendment shall also indicate the anticipated difference between revenue earnings in accordance with the tariff established under Condition 28.2 and in accordance with the tariff proposed by the Licensee under this Condition 28.3.

29 Provision of Subsidy to Certain Consumers

- 29.1 If the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the Commission under section 62 of the Act, the State Government shall, notwithstanding any direction which may be given under section 108 of the Act, pay, in advance and in such manner as may be specified by the Commission, the amount to compensate the Licensee in the manner the Commission may direct, as a condition for the licence or any other person concerned to implement the subsidy provided for by the State Government:

Provided that no such direction of the State Government shall be operative if the payment is not made in accordance with the provisions contained in this condition and the tariff fixed by the Commission shall be applicable from the date of issue of orders by the Commission in this regard.

- 29.2 Within one month of the end of each financial year, the Licensee shall provide details of subsidy paid by the state government along with the details of subsidy calculations on actual sales to such consumers or class of consumers in the manner as specified by the Commission.

PART - V
Other Conditions

30 Powers of the Licensee

Failure to exercise any power granted to the Licensee under the provisions of the Act, the Regulations and/or this conditions of licence in a situation where it is warranted shall be construed as a breach of the conditions of licence.

31 Introduction of competition

31.1 The Commission may grant licence to any person (s) to distribute electricity in the same area of supply as that of the Licensee subject to the proviso to Section 14 of the Act.

31.2 The Licensee shall not enter into any agreement or abuse its dominant position or enter into a combination that is likely to cause or causes an adverse effect on competition in the electricity industry. The Commission shall have power to decide whether any agreement or act of the licensee is likely to cause or causes an adverse effect on competition in the electric industry in the state. The decision of the Commission shall be final in this regard

Schedule 1

Uttar Haryana Bijili Vitran Nigam Limited Area of Distribution and Retail Supply

The Uttar Haryana Bijili Vitran Nigam Limited, area of Distribution and Retail Supply shall comprise the Circles of Ambala, Yamunanagar, Kurukshetra, Karnal, Jind, Sonapat and Rohtak - all in the State of Haryana. However, for cantonment, aerodrome, fortress, arsenal, dockyard or camp or any building or place in occupation of the Central Government for defence purpose, the licence will be effective only upon production of a no objection certificate from the Central Government.

DISTRIBUTION & RETAIL SUPPLY LICENCE

Licence granted by the Haryana Electricity Regulatory Commission under Section 14 of the Electricity Act – 2003 (Act 36 of 2003) to Dakshin Haryana Bijli Vitran Nigam Limited (hereinafter referred to as “**DHBVNL**”) – a company incorporated under the Companies Act 1956 (1 of 1956) & having its registered office at Vidyut Sadan, Vidyut Nagar, Hisar for carrying on the business of Distribution and Retail Supply of electrical energy within the Area of Supply (as defined in Schedule – 1 of the Licence) and with the powers and upon the terms & conditions specified below:

PART I

TERMS OF THE LICENCE

1 Short Title

This licence may be called “The Distribution and Retail Supply Licence in Dakshin Haryana [Licence No. DRS-2 of 2004].”

2 Definitions

In this licence unless the context otherwise requires:

- (a) “**Act**” means the Electricity Act 2003 (36 of 2003);
- (b) “**Annual Accounts**” means the accounts of the Licensee prepared in accordance with the provisions of the Companies Act, 1956 and / or in such other manner as may be directed by the Commission in terms of the provisions of the Act;
- (c) “**Affiliate**” means in relation to the Licensee, any Holding Company or Subsidiary of the Licensee, or any Subsidiary of a Holding Company of the Licensee;
- (d) “**Area of Supply**” means the geographic area referred to in Schedule-1 of this licence within which any activity authorised by this licence is allowed;
- (e) “**Auditors**” means the Licensee’s Auditors for the time being holding office in accordance with the requirements of Sections 224 to 234A or Section 619 as appropriate of the Companies Act 1956 (1 of 1956);
- (f) “**Authorised**”, in relation to any person, business or activity, means authorised by licence granted under Section 14 of the Act or exemption granted under Section 13 of the Act and the regulations framed by the Commission;
- (g) “**Commission**” means the Haryana Electricity Regulatory Commission;
- (h) “**Controlling Interest**” means the ownership of ten percent or more of the paid up share capital of a company (including holding company) or the ability to control ten percent or more of the voting rights at a general meeting of the

company or the ability otherwise to influence materially the management of the company by contract or otherwise;

- (i) **“Distribution”** means the transportation of electricity by means of a Distribution System;
- (j) **“Distribution and Retail Supply Business”** means any authorised business of the Licensee (i) in or ancillary to Distribution through any system owned and/or operated by the Licensee and (ii) in Retail Supply;
- (k) **“Distribution Business”** means the authorised business of the Licensee for distribution of electricity to any consumer or any class of consumers in the Area of Supply or an area other than the Area of Supply, if so authorised by the Commission by special or general permission;
- (l) **“Distribution System Operating Standards”** means the standards related to the Licensee’s operation of its Distribution System approved by the Commission;
- (m) **“Distribution System Planning and Security Standards”** means the standards related to the adequacy of the Licensee’s System planning methods and process for its Distribution System Security, as approved by the Commission;
- (n) **“Electricity Ombudsman”** means an authority to be appointed or designated by the Commission, under sub-section (6) of Section 42 of the Act, with whom a representation may be made by any consumer, who is aggrieved by non-redressal of his grievances by the Forum;
- (o) **“Expected Revenue Requirement Calculation”** means the ensuing year’s calculation of costs and revenue by the Licensee, as described under the Condition 27 of the Licence;
- (p) **“Forum”** means ‘Forum for redressal of grievances of the consumers’ to be constituted by each distribution Licensee;
- (q) **“Franchisee”** means a person authorised by a distribution licensee to distribute electricity on its behalf in a particular area within his area of supply;
- (r) **“Holding Company”** shall have the same meaning as in Section 4 of the Companies Act of 1956 (as amended);
- (s) **“Licence”** means a licence granted under section 14 of the Act;
- (t) **“Licensee”** means Dakshin Haryana Bijli Vitran Nigam Ltd. in its capacity as operator of the licensed Business in the specified area of supply;
- (u) **“Licensed Business”** means the business of Distribution and Retail Supply of electricity in the Area of Supply as authorised under this Licence;

- (v) **“Person”** shall include any company or body corporate or association or body of individuals, whether incorporated or not, or artificial juridical person;
- (w) **“Related Person”** means any person (i) who holds a Controlling Interest in the Licensee or (ii) in whom the Licensee holds Controlling Interest and includes a person who holds Controlling Interest in persons mentioned in Clauses (i) and (ii) above;
- (x) **“Retail Supply”** means the sale of electricity to Consumers for his own use;
- (y) **“Retail Supply Business”** means authorised business of the Licensee in Retail Supply of electricity in the Area of Supply;
- (z) **“Separate Business”** means each of the Distribution Business and Retail Supply Business taken separately from one another and from any other business of the Licensee or any affiliate of the Licensee;
- (aa) **“Standards of Performance”** means such standards of performance relating to Distribution and / or Retail Supply of electricity, as approved by the Commission pursuant to Section 57,58 and 59 of the Act;
- (bb) **“State Grid Code”** means the state grid code specified under clause (h) of subsection (1) of section 86 of the Act;
- (cc) **“State Government”** means the Government of Haryana;
- (dd) **“Subsidiary”** shall have the same meaning as in Section 4 of the Companies Act, 1956;
- (ee) **“Transfer”** shall include the sale, exchange, gift, lease, loan, securitisation, mortgage, charge, pledge or grant of any other encumbrance or otherwise permitting of any encumbrance to subsist or parting with physical possession or any other disposition or dealing;
- (ff) **“Utility”** means the electric lines or electrical plant, and includes all lands, buildings, works and materials attached thereto, belonging to any person acting as a generation company or licensee under the provisions of the Act;
- (gg) All other expressions used herein but not specifically defined herein but defined in the Act shall have the meaning assigned to them in the Act. The other expressions used herein but not specifically defined in these regulations or in the Act but defined under the Haryana Electricity Reform Act, 1997 shall have the meaning assigned to them under the said Act, provided that such definitions in the Haryana Electricity Reform Act, 1997 are not inconsistent with the provisions of the Electricity Act, 2003.

3 Terms of the Licence

- 3.1 The Commission, in exercise of powers conferred on it by Section 14 of the Act, hereby grants to the Licensee a licence for Distribution and Retail Supply of electricity to any premises in the Area of Supply set out in Schedule -1 of the licence during the period specified in Condition 3.3, subject to the conditions set out in Parts II, III, IV and V of this licence.
- 3.2 The Conditions are subject to modification or amendment in accordance with their terms, the provisions of Condition 31 or with the provisions of the Act.
- 3.3 The licence shall come into force on the date on which the Commission communicates its decision granting this licence and unless revoked earlier shall remain in force for a period of 25 years from that date.

Part II

General Conditions

4 Compliance with Regulations, Codes, Orders, guidelines and Directions

- 4.1 The Licensee shall comply with the regulations/ codes/ orders/ guidelines/ directions issued by the Commission from time to time and shall act in accordance with the terms of this licence, except where the licensee obtains the approval of the Commission for any deviation of such regulations/ codes/ orders/ guidelines/ directions and terms.
- 4.2 The Licensee shall comply with the Orders or Directions issued by the Forum and Electricity Ombudsman.
- 4.3 The Licensee shall refer all disputes arising under the purview of the licence for settlement by the Commission.

5 Acts Requiring Prior Consent

- 5.1 The Licensee shall not do the following activities without the prior approval of the Commission: -
 - a) purchase or import or otherwise acquire electricity under this Licence from any Person other than from a Bulk Supplier or generator under the terms of the Licence/ consent issued by the Commission to the Bulk Supplier or in terms of the power purchase agreement with the generator approved by the Commission and at the tariff approved by the appropriate Commission for such Bulk Supplier or generator.
 - b) sell or otherwise dispose of electricity to any Person, other than pursuant to this Licence; or

- c) Undertake any transaction to acquire by way of purchase or takeover or otherwise, the utility of any other licensee, or
- d) Merge his utility with the utility of any other licensee,

Provided that nothing contained in condition (c) & (d) above shall apply if the utility referred to in condition (c) or condition (d) is situated in a State other than the State of Haryana.

- 5.2 The Licensee shall, before obtaining the approval under condition 5.1(c) & (d), give not less than one month's notice to every other licensee who transmits or distributes electricity in the area of the licensee as per Schedule-1.
- 5.3 The Licensee shall not, at any time, assign his licence or transfer his utility, or any part thereof, by sale, lease, exchange or otherwise without the prior approval of the Commission.
- 5.4 The Licensee may engage any Affiliate or Related Person to provide any goods or services in connection with its Distribution and Retail Supply Business provided that:
 - (a) the transaction will be structured consistent with any regulations framed by the Commission;
 - (b) the licensee shall intimate to the Commission of the proposed arrangement at least two weeks prior to its commencement.
- 5.5 The Licensee shall seek prior approval of the Commission before making any loans to, or issue any guarantee for any obligation of any person, where the same is beyond the permissible limits imposed by the Companies Act, 1956. Loans to employees pursuant to their terms of service and advances to suppliers in the ordinary course of business are excluded from the requirement to seek such approval.
- 5.6 Any agreement relating to any transaction specified in condition(s) above, unless made with the prior approval of the Commission, shall be void.
- 5.7 For cases, which require prior permission of the Commission, the Licensee will file a suitable application with the Commission disclosing relevant facts on that behalf. The commission may within 90 days of the application being filed complete in all respects, allow the arrangement subject to such terms and conditions or modifications as is considered appropriate or reject the same, for reasons recorded in writing in support of the order passed.

6 Notice for Acquisition of Controlling Interest

Upon acquiring information that any person has acquired or intends to acquire a Controlling Interest in the Licensee business, the Licensee shall inform the Commission forthwith of the acquisition or proposed acquisition and shall furnish the Commission with all relevant details in its possession.

7 Duties of the Licensee

- 7.1 It shall be the duty of the Licensee to plan, develop and maintain an efficient, co-ordinated and economical distribution system in his authorised area and supply electricity in accordance with the provisions of the Act.
- 7.2 The Licensee shall provide open access to its Distribution System to any person as required under Section 42(2) of the Act and receive wheeling charges and / or surcharge, additional surcharge as specified by the Commission from time to time. The licensee shall maintain separate account of such surcharge(s) and utilise the same in the manner specified by the Commission.
- 7.3 The Licensee shall perform the duty to supply on request as required under section 43 of the Act and the related regulations framed by the Commission.
- 7.4 Subject to applicable regulations, directions and Force Majeure conditions, the licensee shall always endeavour to supply adequate power of appropriate quality to consumers.

8 Other Activities of the Licensee

- 8.1 The Licensee, with prior intimation to the Commission, may engage in any other Business for the optimum utilisation of the assets and infrastructure comprising the Distribution System as provided under Section 51 of the Act, subject to the following conditions:
 - (a) that the Licensed Business and the conduct thereof by the Licensee is not prejudiced and / or adversely affected in any manner;
 - (b) that a proportion of the revenues derived from such business shall, as may be specified by the Commission, be utilised for reducing the wheeling charges of the Licensee;
 - (c) that the Licensee shall maintain separate accounts for each such Business undertaking and ensure that licensed business neither subsidies in any way such business undertaking nor encumbers its assets in any way to support such business.
 - (d) that the Licensee shall always comply with the guidelines that the Commission may specify in this regard.
- 8.2 The Licensee may authorise any other person to carry out any of the functions that the Licensee is authorized to conduct or carry out under the Act provided that;
 - (a) any such agreement or arrangement shall be subject to the terms and conditions of the licence including such other terms and conditions the Commission may impose.

- (b) the Licensee shall continue to have the overall responsibility for due performance of all the obligations under this licence by such other person and a breach of any of the terms and conditions of this Licence by such other person shall be deemed to be a breach by the Licensee.
- (c) any such other person shall not be required to obtain any separate licence from the Commission and he shall operate under the overall supervision and control of the Licensee and;
- (d) the Licensee shall have, prior to delegating any function, informed the Commission of such action.

9 Prohibition of Subsidies

The Licensee shall not, without prior permission of the Commission, give any subsidy or subvention to, or receive any subsidy or subvention from any person or any other business of the Licensee (whether or not Authorised by the Commission), except a subsidy granted by the State Government pursuant to Section 65 of the Act or a subvention pursuant to Section 27(3) of the HER Act.

10 Accounts

- 10.1 The financial year of the licensee shall run from the first of April to the following thirty-first of March.
- 10.2 The Licensee shall in respect of each separate business for each Financial Year:
 - (a) keep such accounting records as would be required to be kept in respect of each Separate Business as if it were carried on by a separate company, so that the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, each Separate Business are separately identifiable in the books of the Licensee from those of any other business in which the Licensee is engaged, whether or not authorised by the Commission; and
 - (b) prepare on a consistent basis from such accounting records:
 - (i) for each financial year, accounting statements comprising a profit and loss account, a balance sheet and a statement of source and application of funds, together with notes thereto, and showing separately in respect of each Separate Business the amounts of any revenue, cost, asset, liability, reserve or provision, which has been either:
 - 1) charged from or to any other business (whether or not a Separate Business) together with a description of the basis of that charge; or
 - 2) determined by apportionment or allocation between any Separate Business and any other business of the Licensee or its affiliate

(whether or not a Separate Business) together with a description of the basis of the apportionment or allocation; and

(ii) in respect of the first six months of the first financial year and of each subsequent financial year, an interim profit and loss account and a Balance Sheet; a statement of source and application of funds and a cash flow statement together with such supporting documents and information and in such form as the Commission may prescribe from time to time; and

(c) provide, in respect of the accounting statements prepared in accordance with the Condition 10, an Auditor's report in respect of each financial year, stating whether in their opinion these statements have been properly prepared in accordance with Condition 10 and give a true and fair view of the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, the Separate Business to which the statements relate; and

(d) deliver to the Commission a copy of statements referred to in condition 10.2(b)(ii) not later than three months after the end of the period to which it relates, and copies of the statements referred to in condition 10.2(b)(i) and Auditor's report not later than six months after the end of the financial year to which they relate.

10.3 The licensee shall not change the basis of charge or apportionment or allocation in relation to the preparation of accounting statements in respect of a financial year from those applied in respect of the previous financial year, without prior approval of the Commission.

10.4 Where, in relation to the accounting statements in respect of a financial year, the Licensee has changed such basis of charge or apportionment or allocation from those adopted for the immediately preceding financial year, the Licensee shall in addition to preparing accounting statements on the basis which it has adopted, prepare such accounting statements on the basis which were applied in respect of the immediate preceding financial year.

10.5 The licensee shall maintain such cost accounting records as prescribed under the Cost Accounting Records (Electricity Industry) Rules, 2001 and prepare from such cost accounting records such statements as prescribed. The cost audit report along with audited cost records (statements) shall be submitted to the Commission not later than six months from the close of the financial year to which they relate.

10.6 Accounting statements prepared under Condition 10.2 shall, unless otherwise approved or directed by the Commission;

(a) be prepared in the manner and form prescribed under the Companies Act, 1956 (Act 1 of 1956)

- (b) be published with the annual accounts of the Licensee;
 - (c) be prepared in accordance with generally accepted accounting practise; and
 - (d) state the accounting policies adopted.
- 10.7 References in Condition 10 to costs or liabilities of, or reasonably attributable to, any Separate Business shall be construed as excluding taxation and capital liabilities which do not relate principally to that Separate Business and interest thereon.
- 10.8 The Licensee shall ensure that the accounting statements in respect of each financial year prepared under Condition 10.2 (b) (i) and the Auditor's report in respect of each financial year referred to in Condition 10 are made available to any person requesting them at a price not exceeding the reasonable cost of duplicating them.

11 Prohibition of Undue Preference

Subject to Section 62 of the Act, in fixing tariffs and the terms and conditions of Supply, the Licensee shall not show undue preference to any person; provided that the Licensee shall not be deemed to be in breach of its obligations under this licence if any undue preference results from compliance with any directions of the Government under Section 65 of the Act.

12 Provision of Information to the Commission

- 12.1 The Licensee shall furnish to the Commission such information, documents and details related to the business of the Licensee in the manner in which the Commission may require for its purpose.
- 12.2 The licensee shall undertake such studies as the Commission may direct it to undertake from time to time for the improvement of the Licenced business.
- 12.3 The Licensee shall notify the Commission within one week of the occurrence of any major incident affecting any part of the Distribution System except in the matters covered under Section 161 of the Act and shall, within two months of the date of such major incident:
- (a) submit a report giving full details of the facts within the knowledge of the Licensee regarding the incident and its cause. The Commission at its own discretion may require the submission of a report to be prepared by an independent person at the expense of the Licensee; and
 - (b) give copies of the report to the Commission and to all parties involved in the major incident as the Commission may direct.
- 12.4 The decision of the Commission as to what is a major incident shall be final.
- 12.5 In Condition 12, "major incident" means an incident associated with the generation, transmission, distribution, supply or use of electrical energy in the licensee's area of

supply, which results in a significant interruption of service or substantial damage to equipment.

13 Disposal of Assets

- 13.1 The Licensee shall not dispose of or relinquish operational control over any land and building of whatever value otherwise than in accordance with Condition 13.
- 13.2 The Licensee shall not dispose of or relinquish operational control over any assets, other than land and building, otherwise than in accordance with following paragraphs of Condition 13, if the cost of the assets being disposed of or whose operational control is being relinquished in a single transaction or a series of related transactions, exceeds Rs. 30 lacs or such other amount as may be specified by the Commission from time to time.
- 13.3 The Licensee shall give to the Commission not less than two months' prior written notice of its intention to dispose of or relinquish operational control over any asset. Notice shall not be deemed to have been given until such time as the Licensee has provided to the Commission all such further information as the Commission may require.
- 13.4 The Licensee may dispose of or relinquish operational control over any asset as is specified in any notice given under Condition 13.3 if:
- (a) the Commission confirms in writing that it consents to such disposal or relinquishment subject to such conditions as the Commission may impose; or
 - (b) the Commission does not inform the Licensee in writing of any objection to such disposal or relinquishment of control within the notice period referred to in Condition 13.3 and the transfer is effected by transparent and competitive bidding.
- 13.5 The Licensee may dispose of or relinquish operational control over any asset where:
- (a) the Commission has issued directions for the purposes of this Condition 13 containing a general consent (whether or not subject to conditions) to:
 - (i) transactions of a specified description; and/or
 - (ii) the disposal of or relinquishment of operational control over assets of a specified description; and
 - (iii) the transaction or the assets are of description to which such directions apply and the disposal of or relinquishment is in accordance with any conditions to which the consent is subject; or

- (b) the disposal or relinquishment of operational control in question is required pursuant to the term of a contract or agreement, executed before the commencement of this licence or
 - (c) the disposal or relinquishment of operational control in question is required by or under any enactment or subordinate legislation; or
 - (d) the asset in question was acquired and used by the Licensee exclusively in connection with a non-core activity that it has been authorised by the Commission to carry on pursuant to Condition 8 and does not constitute a legal or beneficial interest in land, or form part of the Transmission System or the Distribution System.
- 13.6 In Condition 13, disposal includes any sale, gift, lease, licence, loan, security, mortgage, charge or the grant of any other encumbrance or the permitting of any encumbrance to subsist or any other disposition to a third party.
- 13.7 Notwithstanding what is stated above, the Licensee will be entitled to utilise the assets as a means of facilitating financing its investment requirements, including collateral for debt financing, sale and lease back, securitisation of receivables, subject to the condition that the Licensee will inform the Commission about such arrangement/s immediately upon execution of the relevant agreement/s.

14 Investments

- 14.1 The Licensee shall make investments in an economical and efficient manner and in accordance with the approved investment plan.
- 14.2 The Licensee shall submit a 5-year rolling Plan with details of investment schemes to be undertaken during the period for the approval of the Commission. In such case, the Licensee shall intimate
- (a) the annual investment plan with details of investment schemes, stating the justification including the cost – benefit analysis, to be carried out during the financial year and
 - (b) the progress made in implementing the annual investment plan of the previous financial year with the comparison of actual implementation vis-à-vis the plan as approved by the Commission.
- 14.3 If the Commission does not require the Licensee to abide by condition 14.2, the Licensee shall submit the annual investment plan for each financial year with details of investment schemes to be undertaken along with Annual Revenue Requirement (ARR) filing.
- 14.4 The Licensee shall comply with the directions regarding approval for investments and capital expenditure that may be issued by the Commission from time to time.

14.5 To meet any unforeseen investments required in the interests of the electricity sector or the Licensee's Authorised business, the Licensee will be entitled to reallocate and adjust the investment plans up to a limit of 10% of the overall investment plan and 25% of the approved amount in respect of each item/work of the investment plan. In case of circumstances requiring unforeseen investments/ commitments exceeding the approved investment plans for the financial year, the Licensee will be entitled to make such additional investments/commitments only with the prior approval of the Commission.

15 Payment of Fees

15.1 During the tenure of the licence, the Licensee shall be liable to pay to the Commission an annual licence fee as specified under the Haryana Electricity Regulatory Commission (Fee) Regulation, 2004.

15.2 Where the Licensee fails to pay any fee under condition 15.1, the Commission may revoke this licence pursuant to Section 19 of the Act.

15.3 The Licensee shall be entitled to take into account any fee paid by it under this Condition 15 in the determination of aggregate revenue requirement made in accordance with Condition 27, but shall not take into account any interest paid on account of delay in payment as provided in the Haryana Electricity Regulatory Commission (Fee) Regulation, 2004.

16 Dispute Resolution

The Commission shall adjudicate upon the disputes between the Licensees and Generating companies and may refer any dispute for arbitration as per the HERC (Conduct of Business) regulation 2004 (Regulation No. HERC/06/2004).

17 Standards and procedures

The Licensee is required to participate and assist the Commission to the extent required by the Commission in the development, issue and review of any standards, codes, procedures proposed or notified by the Commission.

18 Penalty for Contravention of Conditions of the Licence

The Licensee shall be liable for action under Sections 142 and 146 of the Act in appropriate cases for contravening any one or more of the provisions of these conditions of licence.

19 Terms of Revocation

The Commission may, at any time, after complying with the requirements of Section 19 of the Act, revoke the licence by giving not less than 3 months notice in writing to the Licensee. For the purpose of clause (b) of Subsection (1) of Section 19 of the Act, the breach of any of the Conditions 4 to 9, 11 to 15, 20 to 24, 26.1, 27, 28, 30 and 31.2 of this licence are hereby declared to render the licence liable to revocation.

PART - III
Technical Conditions

20 Load Forecast

The Licensee shall on an annual basis:

- (a) forecast the demand for electricity within the Area of Supply in each of the next succeeding 10 years;
- (b) prepare and submit such forecasts to the Commission in accordance with the guidelines issued by the Commission from time to time; and
- (c) co-operate with the State Transmission Utility in the preparation of electricity demand forecasts for the state of Haryana in such manner as the State Transmission Utility reasonably considers appropriate.

21 Power Procurement Procedure

- 21.1 The Licensee shall in all circumstances purchase electrical capacity and/or energy in an efficient and economical manner under a transparent procurement process as approved by the Commission and following the guidelines issued by the Commission from time to time relating to preparation of load forecasts, power procurement plan and power procurement procedure.
- 21.2 The Licensee shall not purchase electrical capacity and/or energy without approval of the Commission under the terms of condition 21.1 except in the case of short term purchases for less than 6 months at a rate not more than the bulk supply rates approved by the Commission.
- 21.3 An approval required under condition 21.2 shall be granted when the Licensee has demonstrated to the Commission's satisfaction that:
 - (a) electrical capacity and/or energy is necessary to meet the Licensee's service obligation in accordance with the Act and is consistent with the approved load forecast and power purchase plan
 - (b) the Licensee has examined the economic, technical, system and environmental aspects of commercially viable alternatives to the proposals for purchasing electrical capacity and/or energy (including arrangements for reducing the level of demand) and such examination has been carried out- in a manner approved by the Commission.
- 21.4 The Commission shall dispose of the application within 90 days from the date of receipt of such application.
- 21.5 In all circumstances the Licensee shall purchase electrical capacity and/or energy in a manner

- (a) which is in compliance with the State Grid Code
- (b) the details of contracts entered into for capacity/energy purchases are furnished to the Commission within one month from the conclusion of such contracts.

22 Compliance with the State Grid Code

- 22.1 The Licensee shall comply with the provisions of the State Grid Code, in so far as applicable to it.
- 22.2 The Commission may, on reasonable grounds and after consultation with any affected Generating Companies, traders and Licensees, issue orders relieving the Licensee of its obligation under condition 22.1 in respect of such parts of the Grid Code and to such extent as may be laid down in those directions.

23 Compliance with the Distribution Code

The Licensee shall implement and comply with the Distribution Code specified by the Commission; provided that the Commission may issue an order either on an application or *suo-motu* relieving the Licensee of its obligations under the Distribution Code in respect of such parts of the Licensee's Distribution System and to such extent as the Commission may lay down.

24 Compliance with Standards

- 24.1 The Licensee shall take all reasonable steps to ensure that all Consumers connected to the Licensee's Distribution System receive a safe, economical and reliable supply of electricity as defined in the Standards specified by the Commission, except where the Licensee is obliged to regulate the Supply as may be directed by the Commission under Section 23 of the Act.
- 24.2 The Licensee shall plan and operate its Distribution System to ensure that, subject to the availability of adequate power of appropriate quality, the Distribution System is capable of providing Consumers with a safe, reliable and efficient Supply of electricity. In particular, the Licensee shall:
 - (a) plan and develop its Distribution System in accordance with the Distribution System Planning and Security Standards together with the Distribution Code as approved by the Commission; and
 - (b) operate the Licensee's Distribution System in accordance with the Distribution System Operating Standards together with the Distribution Code as approved by the Commission.
- 24.3 The Licensee shall conduct its Distribution Business in the manner which it reasonably considers to be the best to achieve the Standards of Performance specified by the Commission pursuant to Section 57 of the Act.

- 24.4 The Standards of Performance as approved by the Commission shall be complied with by the Licensee.
- 24.5 If the Licensee does not comply with all or any of the standards of performance under condition 24.4, the Licensee shall pay compensation specified by the Commission in accordance with the Haryana Electricity Regulatory Commission (Standards of Performance) Regulations 2004 (Regulation No. HERC/04/2004).
- 24.6 The Licensee shall not include any compensation /penalty/fine paid due to deficient service in the ARR / tariff to be recovered from the consumers.
- 24.7 The Licensee shall, within three months of the end of each financial year, furnish to the Commission information on the level of performance achieved against the performance standards specified by the Commission and the number of cases in which compensation was made and the aggregate amount of compensation paid. The Licensee shall, if required by the Commission, publish a summary of the report in a manner approved by the Commission.

25 Co-operation with STU, SLDC and other Licensees

- 25.1 The Licensee shall provide to SLDC, STU and/or to other Licensees such information that may reasonably be required to perform its functions and exercise its powers under the Act.
- 25.2 The Licensee shall comply with the directions of SLDC and STU issued under the Act.
- 25.3 The Licensee shall co-operate with the generating companies, other Licensees and with the SLDC for the efficient and co-ordinated operation of the power system

26 Consumer Service

26.1 Electricity Supply Code

The Licensee shall

- (a) comply with the Electricity Supply Code (regulation no HERC/05/2004) approved by the Commission;
- (b) bring to the notice of the Consumers the existence of the Supply Code (and conditions of supply), including its substantive revision and their right to inspect or obtain a copy in its latest form;
- (c) make available a copy of the Code (and conditions of supply) revised from time to time, for inspection by the public during normal working hours; and
- (d) provide free of charge a copy of the Code (and conditions of supply) as revised from time to time to each new Consumer and to any other person who requests it at a price not exceeding the cost of duplicating it.

26.2 Customer Charter

The Licensee shall prepare, publicise and adhere to a Customer Charter detailing all the rights, entitlements and responsibilities of the consumers and obligations of the Licensee relating to supply of electricity including the Licensee's guaranteed service levels and other aspects of their relationship under the Act and other applicable laws and regulations. The Customer Charter shall include among other things approved consumer complaint handling procedure, consumer right statement and consumer right to information.

26.3 Consumer Complaint Handling Procedure

The Licensee shall comply with the Complaint Handling Procedure approved by the Commission. The Licensee shall:

- (a) make available a copy of the Complaint Handling Procedure, revised from time to time, for inspection by the public at each of the relevant premises during normal working hours; and
- (b) provide free of charge a copy of the Procedure revised from time to time to each new Consumer, and to any other person who requests for it at a price not exceeding the cost of duplicating it and make it available on its website.

26.4 Every distribution licensee shall, establish a forum for redressal of grievances of the consumers in accordance with the Haryana Electricity Regulatory Commission (Guidelines for Establishment of Forum for Redressal of Grievances of the Consumers) and (Electricity Ombudsman) Regulation, 2004 (Regulation No. - HERC/02/2004). Any consumer, who is aggrieved by non-redressal of his grievances under the "Complaint Handling Procedure relating to Distribution & Retail Supply" as specified by the Commission may make a representation for the redressal of his grievance to an authority to be known as Ombudsman to be appointed or designated by the Commission.

26.5 Consumer's Right to Information

A licensee on request of the consumer, to the extent that is reasonably available to the Licensee provide:

- (a) information on all services provided by the Licensee including information on the charges or alternative tariff schemes which may be available to the consumers
- (b) information on meter readings for the electricity services provided to the consumer premises by the Licensee ; and
- (c) information on the status of the consumer's account with the Licensee;

Licensee may charge a reasonable amount for providing information under this section unless the information requested is of general nature.

- 26.6 The Licensee shall make available the latest/updated version of the Supply Code and Conditions of Supply and other rules, circulars and regulations related to supply of electricity and charges recoverable from the consumers on its website at all times.

PART IV

Tariff and Expected Revenue Requirement Calculation

27 Tariff and Expected Revenue Requirement Calculation

27.1 Tariff

- (a) The Licensee shall establish a tariff acceptable to the Commission for each of its Distribution Business and Retail Supply Business and shall calculate its charges only in accordance with this licence and the other requirements/guidelines as prescribed by the Commission.
- (b) The Licensee shall follow the methodology, procedures and other directions included in the Tariff Regulations and in other orders of the Commission as may be issued from time to time, while filing the Statement of Expected Revenue requirement from Charges and for proposing or amending any or all of its tariffs.

27.2 Expected Revenue Requirement Calculation

- (a) Each year not later than 30th November the Licensee shall prepare and submit to the Commission a report of its expected aggregate revenues and cost of service (including financing costs and its proposed return on equity) for its Distribution Business and Retail Supply Business for the succeeding financial year in the manner and form prescribed by the Commission from time to time.
- (b) If the report referred to in Paragraph 27.2(a) indicates a significant difference between its expected aggregate revenues and its expected cost of service, the Licensee shall submit with its report an explanation of the measures it proposes to take, including any proposed tariff amendments, to eliminate the difference.
- (c) If the licensee fails to submit the ARR within the period specified above or any extension thereof granted by the Commission, the Commission may impose fine up to an extent of 0.05% of the aggregate Revenue Requirement which would be disallowed from the ensuing year aggregate revenue requirement.

28 Amendments of Tariffs and Charges

- 28.1 The Licensee shall apply to the Commission to amend its tariffs in accordance with the Act if the Commission so requires, in order to remove any undue discrimination identified by the Commission or to cause the Licensee's expected revenue to correspond to the amount that it is permitted to recover under this licence.
- 28.2 The amount that the Licensee is permitted to recover from its tariffs in any financial year is the amount that the Commission determines in accordance with Section 62 of the Act.
- 28.3 The Licensee may at any time pursuant to the direction of the State Government to provide any subsidy in accordance with Section 65 of the Act submit to the Commission for its approval an amendment to the tariff approved by the Commission for the relevant period to take into account the subsidy directed by the Government. Such amendment shall also indicate the anticipated difference between revenue earnings in accordance with the tariff established under Condition 28.2 and in accordance with the tariff proposed by the Licensee under this Condition 28.3.

29 Provision of Subsidy to Certain Consumers

- 29.1 If the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the Commission under section 62 of the Act, the State Government shall, notwithstanding any direction which may be given under section 108 of the Act, pay, in advance and in such manner as may be specified by the Commission, the amount to compensate the Licensee in the manner the Commission may direct, as a condition for the licence or any other person concerned to implement the subsidy provided for by the State Government:

Provided that no such direction of the State Government shall be operative if the payment is not made in accordance with the provisions contained in this condition and the tariff fixed by the Commission shall be applicable from the date of issue of orders by the Commission in this regard.

- 29.2 Within one month of the end of each financial year, the Licensee shall provide details of subsidy paid by the state government along with the details of subsidy calculations on actual sales to such consumers or class of consumers in the manner as specified by the Commission.

PART - V
Other Conditions

30 Powers of the Licensee

Failure to exercise any power granted to the Licensee under the provisions of the Act, the Regulations and/or this conditions of licence in a situation where it is warranted shall be construed as a breach of the conditions of licence.

31 Introduction of competition

31.1 The Commission may grant licence to any person (s) to distribute electricity in the same area of supply as that of the Licensee subject to the proviso to Section 14 of the Act.

31.2 The Licensee shall not enter into any agreement or abuse its dominant position or enter into a combination that is likely to cause or causes an adverse effect on competition in the electricity industry. The Commission shall have power to decide whether any agreement or act of the licensee is likely to cause or causes an adverse effect on competition in the electric industry in the state. The decision of the Commission shall be final in this regard

Schedule 1

Dakshin Haryana Bijili Vitran Nigam Limited Area of Distribution and Retail Supply.

The Dakshin Haryana Bijili Vitran Nigam Limited, area of Distribution and Retail Supply shall comprise the Circles of Hisar, Sirsa, Bhiwani, Narnaul, Faridabad and Gurgaon – all in the State of Haryana. However, for cantonment, aerodrome, fortress, arsenal, dockyard or camp or any building or place in occupation of the Central Government for defence purpose, the licence will be effective only upon production of a no objection certificate from the Central Government.