

**COURT OF THE LOK PAL (OMBUDSMAN),  
ELECTRICITY, PUNJAB,  
PLOT NO. A-2, INDUSTRIAL AREA, PHASE-1,  
S.A.S. NAGAR (MOHALI).**

**(Constituted under Sub Section (6) of Section 42 of  
Electricity Act, 2003)**

**APPEAL No. 64/2022**

**Date of Registration : 21.11.2022**

**Date of Hearing : 05.12.2022**

**Date of Order : 05.12.2022**

**Before:**

**Er. Gurinder Jit Singh,  
Lokpal (Ombudsman), Electricity, Punjab.**

**In the Matter of:**

M/s. J.N. Tayal Steels Pvt. Ltd.,  
Village Bhagwan Pura,  
Dehlon Road Sahnewal,  
Ludhiana.

**Contract Account Number:3003018351(LS)**

...Appellant

Versus

Senior Executive Engineer,  
DS Estate (Spl.) Division, PSPCL,  
Ludhiana.

...Respondent

**Present For:**

Appellant: Sh. Gurcharan Singh Mittal,  
Appellant's Representative.

Respondent : Er. Sukaran Singh Grewal,  
Senior Executive Engineer,  
DS Estate (Spl.) Division, PSPCL,  
Ludhiana.

Before me for consideration is an Appeal preferred by the Appellant against the decision dated 18.10.2022 of the Corporate Consumer Grievances Redressal Forum, Ludhiana (Corporate Forum) in Case No. CF-123/2022 deciding that:

*“Interest be credited as per Regulation 17.1 of Supply Code-2007/2014 amended upto date from time to time and accordingly amount be charged/ refunded to the Petitioner. Further as per Reg. 17.1 of Supply Code 2007, no interest from the date of deposit of initial security is payable. Further, Interest as per Reg. 17.3 & 17.4 of Supply Code 2007/2014, is not allowed.”*

## **2. Registration of the Appeal**

A scrutiny of the Appeal and related documents revealed that the Appeal was received in this Court on 21.11.2022 i.e. within the stipulated period of thirty days of receipt of the decision dated 18.10.2022 of the CCGRF, Ludhiana in Case No.CF-123/2022, received by the Appellant on 21.10.2022. The Appellant was not required to deposit requisite 40% of the disputed amount because it was a refund case. Therefore, the Appeal was registered on 21.11.2022 and copy of the same was sent to the Add. SE/ DS Estate (Spl.) Divn., PSPCL, Ludhiana for sending written reply/ parawise comments with a copy to the office of the CCGRF, Ludhiana under intimation to the

Appellant vide letter nos. 1282-84/OEP/A-64/2022 dated 21.11.2022.

### **3. Proceedings**

With a view to adjudicate the dispute, a hearing was fixed in this Court on 01.12.2022 at 11.30 AM and intimation to this effect was sent to both the parties vide letter nos.1290-91/OEP/A-64/2022 dated 22.11.2022. This hearing was later on deferred to 05.12.2022. As scheduled, the hearing was held in this Court and arguments of both the parties were heard.

### **4. Submissions made by the Appellant and the Respondent**

Before undertaking analysis of the case, it is necessary to go through written submissions made by the Appellant and reply of the Respondent as well as oral deliberations made by the Appellant's Representative and the Respondent alongwith material brought on record by both the parties.

#### **(A) Submissions of the Appellant**

##### **(a) Submissions made in the Appeal**

The Appellant made the following submissions in its Appeal for consideration of this Court:-

- (i) The Appellant was having a LS Category Connection, bearing Account No. 3003018351 with sanctioned load of 3995 kW and CD as 3995 kVA under DS Estate (Spl.) Divn., Ludhiana.
- (ii) The Appellant filed a complaint before the CCGRF for correct updation of security deposited by the Appellant from time to time and also for allowing interest/penal interest from date of deposit of security amount. So far as the updation of security deposited was concerned, the suitable relief had already been allowed by the CCGRF and there was no dispute on the amount of security deposited which had now been updated correctly in SAP System and the Appellant did not want to file any Appeal on the updation of security. But, the Appeal was only related to interest/penal interest which was less credited due to late updation of security and no relief being allowed by the CCGRF on issue of interest from date of deposit.
- (iii) The present Appeal was being filed against the decision of the CCGRF in Case No. CF-123/2022 decided on 18.10.2022 vide which only partial relief was allowed so far as the amount of interest from date of deposit was concerned. The CCGRF had only allowed the partial relief and this decision was partially acceptable. The Appellant wanted to file an Appeal on the pending relief with prayer for justice.

- (iv) The Appellant applied for a new connection with load of 2439 kW/ CD as 2439 kVA in 04/2010 and deposited security and Meter security as under:-

₹ 4,99,340/- ACD as per BA16 No.350/6082 dated 12.04.2010.

₹ 29,48,750/- ACD + ₹ 33,990/- Meter security = Total ₹ 29,82,740/- vide BA 16 No. 520/1529 dated 01.09.2010.

As per above detail, the total amount of ₹ 34,48,090/- + ₹ 33,990/- = ₹ 34,82,080/- was deposited for release of load of 2439kW/ 2439 kVA and the connection was released on 04.05.2011.

- (v) It was also submitted that there was no dispute over the amount of security deposited and date of connection as detailed above as the same had already been admitted by the Respondent in his written reply (para iii page 5 of decision of the Corporate Forum) and the Appellant also agreed to above detail. The only dispute was that the Appellant submitted its claim for interest from date of deposit but the CCGRF had not allowed it on the plea that there was no provision as per Supply Code, 2007 but the CCGRF had not quoted any regulation which showed that interest was payable from date of connection. This Hon'ble Court of Lokpal had already decided similar nature of case in Appeal No. 38/2022 dated 12.07.2022 titled M/s. Kay Jain

Processors Vs DS Sunder Nagar (Spl) Division, PSPCL,  
Ludhiana and decided as under:

*“As a sequel of above discussions, the order dated 09.05.2022 of the CGRF, Ludhiana in case No.CGL 56 of 2022 (T-18/2022) is amended to the extent to allow the interest on Security Amount from the date of deposit i.e. 04.05.2010 instead of date of connection.”*

- (vi) The CCGRF had erred in deciding the issue as already observed by this Hon’ble Court of Lokpal in similar nature of cases, which should have been implemented by the CCGRF in letter and spirit. Had the CCGRF observed the issue of allowing interest from date of deposit keeping in view the observations as per provision of Electricity Supply Act/ PSERC/ Judgment of Hon’ble Lokpal in Case No. 38/2022, the relief would have also been allowed to the Appellant. Therefore, the Appellant prayed for the similar relief on the basis of natural justice also.
- (vii) An amount of ₹ 22,50,000/- was deposited as security at the time of extension of load/ CD from 2495kW/2495kVA to 3995 kW/3995kVA i.e. extension of load/CD of 1500 kW/1500 kVA in 10/2017 (detail given in page 3 para 3 of decision of CCGRF). But this amount was not updated in the SAP upto 10/2021. The Respondent had also admitted in his written reply (at para 5 page 6 of decision of CCGRF) that security was updated in SAP “on the request of the consumer.” Although the

Respondent updated the amount of ₹ 22,50,000/- in SAP System in 10/2021 but while allowing interest, it was less credited in our account. The CCGRF had ordered to release the interest less credited as per Regulation 17.1 of Supply Code, 2007/2014 but disallowed the interest as per Regulation 17.3 & 17.4 of Supply Code, 2007/2014. But, the Appellant represented the Respondent office on 27.02.2021 through registered letter and the CCGRF had also observed at page 11 of its decision as *“Regarding penal interest Forum observed that the petitioner had deposited the ACD/ Security from time to time but never requested the licensee till 27.2.2021 for updation & interest thereupon.”*

Therefore, the Appellant prayed for penal interest as admissible under Regulation 17.3/17.4 of Supply Code, 2007/2014 at least from the date of representation i.e. 27.02.2021 till actual date of realisation. It was also submitted specifically before this Court of Lokpal that the Respondent had also admitted in his written reply that security deposited in year 2017 was updated in SAP in year 2021 “on the request of the consumer”. Therefore, this Court of Lokpal was prayed to allow interest from the date of representation i.e. 27.02.2021 on the amount of security late updated and interest less credited.

(viii) The Respondent had submitted that while rechecking the account, it was traced out that some amount related to old period interest was excess paid to us due to SAP deficiency. This amount, as per the Respondent detail, was approximately ₹ 3,35,136/-. In this respect, it was submitted that the Respondent issued a Notice No. 5123 dated 11.11.2022 showing a recovery of ₹ 1,38,302/- on the basis of taking wrong observation of the decision of the CCGRF, as this amount of ₹ 3,35,136/- was neither demanded from us earlier nor any separate notice was given. The Respondent only mentioned about this excess interest payment in his written reply submitted before the CCGRF. But neither separate notice for affecting this recovery as per laid down procedure was adopted by the Respondent nor any order of the CCGRF had been issued to make recovery without giving any opportunity of hearing as prescribed in Consumer Complaint Handling Procedure. The Appellant was ready to pay if still any amount was recoverable from us, but recovering this amount giving reference of the CCGRF decision was highly objectionable, unlawful and was in violation of procedure as prescribed in Supply Code Regulations. Therefore, this Court of Lokpal was prayed to direct the Respondent to implement the decision of

the CCGRF in true spirit of the orders. However, if any recovery was to be made, the Appellant was ready to pay as per prescribed rules and regulations affording an opportunity to consumer like bill challenge/ to pay the amount in installment or getting relief through dispute committee/civil courts etc.

(ix) Keeping in view the circumstances explained as above, the following reliefs were prayed:

(a) The Lokpal was prayed to allow the interest on deposited security from the date of deposit instead of date of connection as per similar relief already allowed by the Lokpal in Appeal Case No. 38/2022 and as per Electricity Supply Act/PSERC regulations issued from time to time.

(b) The Lokpal was prayed to allow penal interest as admissible under Regulation 17.3.,17.4 of Supply Code, 2007/2014 from the date of representation i.e. 27.02.2021 till date as already observed by the CCGRF and also admitted by the Respondent that security deposited in 10/2017 was updated in 10/2021 on the request of the Consumer.

(c) The Lokpal was also prayed to direct the Respondent that recovery Notice No. 5123 dated 11.11.2022 be revised as no orders of the CCGRF had ever been issued

for recovery of ₹ 1,38,302/- by offsetting the refund amount. However, the Appellant was ready to pay, if still any amount was recoverable as per laid down procedure.

- (d) Any other relief as admissible under rules and deemed fit by the Lokpal be also allowed.

**(b) Submissions in Rejoinder**

The Appellant submitted the following Rejoinder for consideration of this Court:-

- (i) **Issue of interest from date of deposit:** As per reply submitted, the Respondent had denied the interest from date of deposit without quoting any Regulation of Supply Code, 2007 under which interest was payable from date of connection. The CCGRF had also not quoted any Regulation under which the interest from date of deposit was not admissible. The decision was based on the wrong interpretation of the Supply Code provisions.
- (ii) The Hon'ble Ombudsman had already given a good decision in Appeal Case No. A-38/2022 titled M/s. Kay Jain Processors Vs DS Sunder Nagar (Spl) Divn., Ludhiana reproduced as under:-

*“As a sequel of above discussions, the order dated 09.05.2022 of the CGRF, Ludhiana in case No.CGL 56 of*

2022 (T-18/2022) is amended to the extent to allow the interest on Security Amount from the date of deposit i.e.04.05.2010 instead of date of connection.”

Therefore, the Appellant also prayed for a similar relief on being natural justice also and prayed that interest from 12.04.2010 on deposited security of ₹ 4,99,340/- and on ₹ 29,82,740/- deposited on 01.09.2010(total deposited as ₹ 34,48,090/- as already admitted by the Respondent) be allowed from date of deposit to date of connection i.e. 04.05.2011.

(iii) **Delayed period interest as per Supply Code Regulation**

**17.4/17.3 of 2007/2014:** The Respondent had admitted in his reply that an amount of ₹ 22,50,000/- was deposited as security for extension of load from 2495 kW/ 2495 kVA to 3995 kW/3995 kVA (with extn. of 1500 kW/1500 kVA) as under:

-₹ 1,12,500/- as 5% of security on single window Transaction No. 142860 dated 24.05.2017

-₹ 4,50,000/- as 20% of security on single window Transaction No. 144466 dated 27.09.2017

-₹ 16,87,500/- as balance 75% of security on single window Transaction No. 148207 dated 10.05.2018

Total security deposit ₹ 1,12,500/- + ₹ 4,50,000/- + ₹ 16,87,500/- = ₹ 22,50,000/-

(iv) The Respondent had also admitted that this security was not updated in the SAP System till 03.09.2021, thus, there was a

delay of more than 4 years in updating the above security although every amount stood deposited on SINGLE WINDOW ON LINE SYSTEM based on advanced technology and modern infrastructure.

- (v) The Respondent had also admitted that the above security deposited in 09/2017 was updated only in system when we brought it to the notice of the Respondent firstly on 27.02.2021 vide Regd. letter and again on 16.08.2021.
- (vi) The CCGRF, Ludhiana had also recorded in its decision at page 11 (para second) “Regarding penal interest Forum observed that the petitioner had deposited the ACD/security from time to time but never requested the licensee till 27.2.2021”. This means, although we represented on 27.02.2021 and this fact was also brought to the knowledge of the CCGRF, and CCGRF should have allowed the delayed period interest atleast from 27.02.2021 to actual date of release of interest but our claim was disallowed by the CCGRF without giving any reason. Moreover, the Respondent had also admitted that security updated only on the request of the consumer. Therefore, the Lokpal was prayed to allow delayed period interest atleast from the date of representation i.e. 27.02.2021 till actual date of

realization as the Respondent had failed to allow correct interest despite of our written request and this fact had been admitted also by the Respondent.

(vii) **Recovering the old excess payment of ₹ 3,35,136/- on the**

**plea of decision of CCGRF:** The Respondent had explained in para 6 of reply that an amount of ₹ 3,35,136/- was excess paid while migration from Non-SAP to SAP System about 10 years ago. But neither orders of the CCGRF had been given to make this recovery from us, nor we filed a complaint before the CCGRF, as this amount had only been traced out by the Respondent while reviewing our claim of late updation of security and crediting of less interest. If any amount was recoverable, there was a laid down procedure under which the consumer can challenge it through various remedial measures viz filing application to pay it in instalments, or filing complaint under dispute settlement committee/CCGRF or through Courts such as Civil Court, Lok Adalat, but straightway offsetting this recovery with our refund which was now payable to us was unjustified, unlawful and the violation of Supply Code Regulation and also against the natural justice. The Appellant was ready to pay any excess amount if credited to

its account but the procedure adopted by the Respondent to offset it by giving reference of decision of the CCGRF was not in order and the Lokpal was prayed to direct the Respondent to make any recovery by adopting prescribed procedure as per the PSPCL Regulations.

(viii) The Appellant submitted the above for consideration of this Court with prayer for justice.

**(c) Submission during hearing**

During hearing on 05.12.2022, the Appellant's Representative (AR) reiterated the submissions made in the Appeal and prayed to allow the same.

**(B) Submissions of the Respondent**

**(a) Submissions in written reply**

The Respondent submitted the following written reply for consideration of this Court:-

- (i) The Appellant was having a LS Category Connection, bearing Account No. 3003018351 with sanctioned load of 3995 kW and CD as 3995 kVA under DS Estate (Spl.) Divn., Ludhiana.
- (ii) The consumer had no dispute with regard to deposited security but his dispute was related to interest less credited due to late updation of security and we had followed the decision of the CCGRF i.e. "Interest be credited as per Regulation 17.1 of

Supply Code, 2007/2014 amended upto date from time to time and accordingly amount be charged/ refunded to the Petitioner. Further as per Reg. 17.1 of Supply Code, 2007, no interest from the date of deposit of initial security is payable. Further, Interest as per Reg. 17.3 & 17.4 of Supply Code, 2007/2014, is not allowed” and the interest was already given to the consumer and calculated as per ESIM, 2018 Instruction No. 11 whereby interest on security was calculated from the date of deposit and given to the Appellant on the amounts viz. ₹ 1,12,500/- dated 24.05.2017, ₹ 4,50,000/- dated 27.09.2017 and ₹ 16,87,500/- dated 10.05.2018.

- (iii) The Appellant was partially agreed with the decision of the CCGRF in Case no. CF-123/2022 dated 18.10.2022.
- (iv) The Appellant had applied for new LS connection with sanctioned Load 2495 kW/ CD as 2495 kVA in 04/2010. The Appellant had deposited Initial Security Amount of ₹ 4,99,340/- vide BA16 No. 350/6082 dated 12.04.2010. Then the Appellant deposited Meter Security (₹ 33,990/-) and Initial Security (₹ 29,48,750/-) amounting to ₹ 29,82,740/- vide BA16 No. 520/1529 dated 01.09.2010. Hence, the total amount of Initial Security deposited by the Appellant was ₹ 34,48,090/- and for Meter Security was ₹ 33,990/-. The connection of the

Appellant was released on 04.05.2011. The Appellant was satisfied over amount of security but had dispute over interest on security from the date of deposit which was already given to the Appellant and calculated as per ESIM 2018 Instruction no. 11, whereby interest on security was calculated from date of deposit and given to the Appellant on the amounts viz. ₹ 1,12,500/- dated 24.05.2017, ₹ 4,50,000/- dated 27.09.2017 and ₹ 16,87,500/- dated 10.05.2018.

- (v) The Appellant had applied for the extension of Load/ CD from SL 2495 kW/ CD 2495 kVA to SL 3995 kW/ CD 3995 kVA in the month of 10/2017. The extension was released on 11.12.2018. The Appellant had deposited amount of 5% security ₹ 1,12,500/- on Single Window vide transaction no. 142860 dated 24.05.2017. The Appellant deposited amount of 20% security ₹ 4,50,000/- on Single Window vide transaction no. 144466 dated 27.09.2017. Further, the Appellant deposited amount of 75% of security ₹ 16,87,500/- on Single Window vide transaction no. 148207 dated 10.05.2018. In the process of extension, the Appellant deposited total amount of ₹ 22,50,000/-. The Appellant had dispute over interest on security from the date of deposit which was already given to the Appellant and calculated as per ESIM 2018 Instruction No.

11.Regarding penal interest, the decision of the CCGRF in Case No. CF-123/2022 dated 18.10.2022 was followed, where it was mentioned that Interest as per Reg.17.3 & 17.4 of Supply Code, 2007/2014, was not allowed.

- (vi) The Appellant was paid excess amount of interest on security of ₹ 3,35,136/- during migration from Non-SAP to SAP system, whereby ₹ 3,11,707/- as interest and ₹ 77,927/- as TDS were given to the Appellant in SAP system. Alongwith ₹ 7,08,968/- as interest and ₹ 78,774/- as TDS was also credited to the Appellant by Non-SAP system. Thus overall excess amount credited to the Appellant was ₹ 1,38,302/- and was recoverable from the Appellant as per the decision of the CCGRF. So, in this regard Notice No. 5123 dated 11.11.2022 was issued to the Appellant to recover the amount in the light of decision by the CCGRF.
- (vii) The Lokpal was prayed that interest was already given to the Appellant and calculated as per ESIM-2018 Instruction No. 11.
- (viii) The Appellant prayed that the decision of CCGRF in Case no. CF-123/2022 dated 18.10.2022 was implemented whereby interest was not allowed under Regulation 17.3 & 17.4 Supply Code, 2007/2014.

- (ix) The Lokpal was also prayed that recovery Notice No. 5123 dated 11.11.2022 was issued as per the decision of the CCGRF in this case.
- (x) It was requested that in light of the reply as stated above, the Appeal may kindly be dismissed in favor of the PSPCL.

**(b) Submission during hearing**

During hearing on 05.12.2022, the Respondent reiterated the submissions made in the written reply to the Appeal and prayed for the dismissal of the Appeal.

**5. Analysis and Findings**

The issue requiring adjudication is the legitimacy of the claim of the Appellant for payment of interest on Initial Security, Security (Consumption) and Security (Meter) from the date of deposit and payment of Penal interest on the amount of Security (Consumption) of ₹ 22,50,000/- deposited at time of extension of load in 10/2017 as per Regulation 17.3 of Supply Code, 2014 from 27.02.2021 till date.

*My findings on the points emerged, deliberated and analysed are as under:*

- (i) The Corporate Forum in its order dated 18.10.2022 observed as under:-

“Forum observed that Petitioner contended that he had deposited securities (ACD & AACD) from time to time as demanded/required by Respondent but same due to non/late updation of these securities, the AACD charged in the month 09/2019 amounting to Rs. 3696415/- was got deposited without considering the already deposited security of amounting to Rs. 2518840/- which was deposited for extension of load. Thus, excess of AACD deposit due to non/late updation is now refundable alongwith interest. Therefore, Petitioner filed this case for the refund of excess AACD and interest thereon in this Forum.

Forum observed that petitioner in his rejoinder submitted that the interest on security deposited for extension of load be given from the date of deposit. Respondent in this regard submitted that as per clause no. 11 of ESIM-2018, interest on security is calculated from the date of deposit and given to the consumer on the deposited amounts viz. Rs. 1,12,500/- dated 24.05.2017, Rs. 4,50,000/- dated 27.09.2017 and Rs. 16,87,500/- dated 10.05.2018. He submitted the calculation of interest on the above amounts to which Petitioner agreed with the calculations.

Petitioner further pleaded that Respondent be directed to submit the complete record of interest from the date of deposit i.e., 01.09.2010 and also demanded interest on the initial security from the date of deposit from time to time. Respondent in this regard submitted that as per clause no. 11 of ESIM-2011, interest on security is calculated from the date of release of connection and not from the date of deposit. He submitted the calculation of interest to be given, interest already given and difference of interest amount from 12.04.2010 to 31.03.2022. Forum observed that in the instant case **Supply Code-2007** is applicable and clause 17.1 of **Supply Code-2007** is as under:

**“17. Interest on Security (consumption)**

*17.1 The Licensee will pay interest on Security (consumption) at the SBI's Long Term PLR prevalent on first of April of the relevant year, provided that the Commission may at any time by notification in official Gazette of the State specify a higher rate of interest.”*

Forum observed that as per the above regulation, there is no mention of credit the interest from date of deposit. Respondent provided the detailed calculations to the Petitioner during hearing to which petitioner agreed. However, he pleaded that penal interest be given.

Regarding penal interest Forum observed that the Petitioner had deposited the ACD/Security from time to time but never requested the licensee till 27.02.2021 for updation & interest thereupon. Forum observed that the Petitioner, being a LS Category Consumer, ought to be vigilant and prompt in bringing to the notice of the Respondent the fact of non-updation/ non-credit of interest on Securities as per applicable regulations. The Petitioner is an LS Category Consumer and received regularly the energy bills issued by PSPCL from time to time. In all these bills issued by the Respondent, amount of Security (Consumption) and Security (Meter) was invariably depicted. The Petitioner paid these bills regularly on receipt thereof but did not point out or file a claim/representation to the Respondent about not crediting/ adjusting the interest amount on the Security (Consumption) and the Security (Meter) for the disputed period. Delay on the part of the Petitioner to file the representation for correction/ updation of securities should not result in additional income to him at the cost of the Respondent (PSPCL).

Petitioner in his petition also pleaded that during 09/2019 he deposited Rs. 3696415/- as AACD but his previous securities were not updated and the excess amount Rs. 2518840/- was deposited as security which may be refunded to him. In reply to this respondent

submitted that as per regulation 16.5 of Supply Code-2014, security is revised in 05/2022, total amounting to Rs. 2,27,48,777/- and as per record the amount of ACD deposited by the consumer is Rs. 2,15,08,655/-. As such the difference of Rs. 12,40,122/- is recoverable from consumer however, as per proviso to regulation 16.5.1 of Supply Code 2014, as the difference is less than 10% of the existing Security (consumption), so no action is to be taken. Forum observed that as the excess amount, if any, has already been adjusted in the updation of security during 05/2022, as such the claim of the petitioner has been settled accordingly.

Forum have gone through the written submissions made by the Petitioner in the petition, written reply of the Respondent as well as oral arguments made by the Petitioner and the Respondent along with the material brought on the record. From the above discussion, Forum is of the opinion that ACD/AACD deposited by the Petitioner has been correctly updated. Therefore, Interest be credited thereupon as per Regulation 17.1 of Supply Code -2007/2014 amended upto date from time to time and accordingly amount be charged/ refunded to the Petitioner. Further As per regulation 17.1 of Supply Code 2007, no interest from the date of deposit of initial security is payable. Penal interest is also disallowed.”

- (ii) I have gone through the written submissions made by the Appellant in the Appeal, written reply of the Respondent as well as oral arguments of both the parties during the hearing on 05.12.2022. It is observed that the Appellant had applied for new Large Supply (LS) industrial connection for Sanctioned Load/ Contract Demand of 2495 kW/ 2495 kVA and deposited Initial Security of ₹ 4,99,340/- vide BA16 No. 350/6082 dated

12.04.2010 as confirmed by the Respondent. The Respondent issued Demand Notice No. 854 dated 05.08.2010 to the Appellant vide which the Appellant was asked to deposit the remaining Initial Security of ₹ 29,48,750/- and Meter Security of ₹ 33,990/- alongwith the Service Connection for the release of connection. The Appellant deposited both the remaining Initial Security & Meter Security vide BA16 No. 520/1529 dated 01.09.2010. The Appellant contended that now all the Securities deposited by it had been updated in its account by the Respondent. The only grievances left are that the Corporate Forum disallowed interest on Securities deposited at the time of applying connection in year 2010 from the date of deposit and secondly disallowed the Penal interest on the amount of Security (Consumption) of ₹ 22,50,000/- deposited at time of extension of load in 10/2017 as per Regulation 17.3 of Supply Code, 2014 from 27.02.2021 till date of actual payment/ credit in the account.

- (iii) As regards the first issue regarding interest on various securities deposited by the Appellant in year 2010 from the date of deposit instead of date of release of connection is concerned, I am of the view that interest on Initial Security of ₹ 4,99,340/- & ₹ 29,48,750/- is not allowable from the date of deposit as per

the decision dated 19.05.2020 of the Appellate Tribunal for Electricity (APTEL) in Appeal No. 298 of 2014, Appeal No. 86 of 2016 & IA No. 204 of 2016, Appeal No. 87 of 2016 & IA No. 205 of 2016, Appeal No. 89 of 2016 & IA No. 217 of 2016 & Appeal No. 105 of 2016 & IA No. 253 of 2016. Relevant part of the decision in this regard, i.e. Para Nos. 11.11 & 11.12 of the decision are reproduced as under:

*“11.11 After critical analysis of the submissions of both the parties and after considering the rulings under the various judgments of the Apex Court as well as this Tribunal, what thus transpires is that the interest is a substantive right and can be granted only in cases where there is specific provision in law or under a contract or otherwise if the conditions for grant of interest in equity are justified. In other words, grant of interest in equity arises only if there is a default by one party, such as breach of contract, wrongful detention of money etc. In the instant case, the initial security deposit is not covered under any Regulations of the State Commission and is all along separate and distinct security meant for specific purpose before the release of connection. After release of connection, the applicable two securities, namely, security (consumption) and security for line/plant/meter are entitled for interest and so the same is being paid by the distribution licensee. Further, in the present case, even the State Commission has itself maintained that there is no provision in the supply code for payment of interest on initial security as per Regulation 14. Moreover, Regulation 18 provides for interest payable on the initial security in case it is to be refunded, subject to certain conditions to be fulfilled and admittedly, this regulation is not applicable to the present case as there is no refund of initial security.*

*11.12 In view of the above facts, we are of the opinion that the State Commission ought not to have granted interest on the initial security to the consumers merely because it is a security. Moreover, the Commission is bound to comply with its own Regulations in this regard as held under various Authorities.”*

From the perusal of the above decision of the APTEL, it is very clear that interest on Initial Security is not allowable from the date of deposit, but it is allowable from the date of release of connection which was 04.05.2011 in the present case.

- (iv) In my opinion, this Initial Security of ₹ 4,99,340/- & ₹ 29,48,750/- became Security (Consumption) from the date of release of connection i.e. 04.05.2011 as per Regulation 14.2 of Supply Code, 2007, reproduced as under:-

*“14.2 The initial security will after release of connection be adjusted against Security (consumption) required to be deposited in accordance with Regulation 15.1”.*

- (v) So interest on these amounts of Initial Security of ₹ 4,99,340/- & ₹ 29,48,750/- are payable from the release of connection i.e. 04.05.2011. There is no ambiguity in the decision of the Corporate Forum. However, interest on Meter Security of ₹ 33,990/- shall be payable from the date of deposit which is not a part of Initial Security. The interest shall be payable as per Supply Code Regulations, 2007.
- (vi) The second claim of the Appellant regarding payment of penal interest as per Regulation 17.4 of Supply Code, 2007 and Regulation 17.3 of Supply Code, 2014 is not tenable and maintainable as the Appellant was a LS Category consumer and it had not made any representation to the Respondent for refund of interest on Security (Consumption) and Security (Meter) at an appropriate time. The Appellant could not produce any concrete documentary evidence which shows that it had represented its grievance to the Respondent at an appropriate

time. The copy of request letter, claimed to be sent to the Respondent on 27.02.2021 by the Appellant through Registered Post, attached with the Appeal did not contain anything which shows that it was received in the office of the Respondent. Also, this letter did not specifically mention about security of ₹ 22,50,000/- not being updated in the SAP system. The Appellant failed to prove that this letter was ever delivered to the Respondent. The Appellant being a LS consumer, should be vigilant about its rights and ignorance of the same on the part of the Appellant is no excuse. The Appellant itself failed to approach the Respondent at an appropriate time for redressal of its grievances and as such, the Appellant cannot take benefit of its own wrongs/ delays. The Security amounts are invariably shown on the monthly electricity bills served to the Appellant but he had never represented in the office of the Respondent for updation/ correction of Security amounts and payment of interest. The bills were not challenged for rectification of errors by the Appellant at an appropriate time. Delay on the part of the Appellant to file the representation for correction/ updation of securities should not result in additional income to the Appellant at the cost of the Respondent (PSPCL). Therefore, this Court is of the view that the Appellant did not take

appropriate remedy at an appropriate time. As such, the claim of the Appellant for allowing penal interest on the Security (Consumption) of ₹ 22,50,000/- for the period from 27.02.2021 to the date when actually interest was credited to the account of the Appellant is decided against the Appellant after due consideration.

- (vii) It is also observed by this Court that the Respondent had not implemented the decision of the Corporate Forum in true sense as claimed by the Appellant. The Respondent is directed to issue separate notice of ₹ 3,35,136/- to the Appellant for the recovery of excess interest credited, if any, with details and not combine it with the amount refundable to the Appellant due to implementation of the decision of Corporate Forum/this Court.
- (viii) No other relief is allowable to the Appellant.
- (ix) In view of the above, I am not inclined to interfere in the decision dated 18.10.2022 of the Corporate Forum in case of CF-123/2022.

## **6. Decision**

- (x) As a sequel of above discussions, the order dated 18.10.2022 of the CCGRF, Ludhiana in Case No. CF-123 of 2022 is hereby upheld. However, interest on Meter (Security) of ₹ 33,990/- shall be payable from the date of deposit which is not a part of

Initial Security. The interest shall be payable as per Supply Code Regulations, 2007.

8. The Appeal is disposed of accordingly.
9. As per provisions contained in Regulation 3.26 of Punjab State Electricity Regulatory Commission (Forum and Ombudsman) Regulations-2016, the Licensee will comply with the award/order within 21 days of the date of its receipt.
10. In case, the Appellant or the Respondent is not satisfied with the above decision, it is at liberty to seek appropriate remedy against this order from the Appropriate Bodies in accordance with Regulation 3.28 of the Punjab State Electricity Regulatory Commission (Forum and Ombudsman) Regulations, 2016.

December 05, 2022  
S.A.S. Nagar (Mohali)

(GURINDER JIT SINGH)  
Lokpal (Ombudsman)  
Electricity, Punjab.