

**THE MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION
(GRANT OF LICENSES FOR DISTRIBUTION OF ELECTRICITY)
REGULATIONS, 2011.**

**NOTIFICATION
(29 August 2011)**

No. MSERC/DIST-LIC/06/2011/06: In exercise of powers conferred under sub-section (1) of section 181 of the Electricity Act, 2003 and all powers enabling it in that behalf, the Meghalaya State Electricity Regulatory Commission hereby makes the following regulations, the same having been previously published in the Gazette of Meghalaya, issue dated February 16, 2011, namely, the Meghalaya State Electricity Regulatory Commission (Grant of Licenses for Distribution of Electricity) Regulations, 2011.

**(J B Poon)
Secretary
Meghalaya State Electricity Regulatory Commission**

**THE MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION
(GRANT OF LICENSES FOR DISTRIBUTION OF ELECTRICITY)
REGULATIONS, 2011**

(3 of 2011)

CHAPTER – 1

GENERAL

1. Short title, extent and commencement

- (i) These regulations may be called the Meghalaya State Electricity Regulatory Commission (Grant of licence for Distribution of electricity) Regulations, 2011.
- (ii) They shall apply to the whole State of Meghalaya
- (iii) They shall come into force on the date of their publication in the Gazette of Meghalaya..

2. Definitions

- (1) In these Regulations, unless the context otherwise requires:
 - (a) ‘Act’ means the Electricity Act, 2003 (Act 36 of 2003);

- (b) **'Applicant'** means any person, including any company or body corporate or association or body of individuals, whether incorporated or not, who makes an application under Section 15 of the Act for grant of licence for distribution of electricity;
- (c) **'Area of Distribution'** or **'Area of Supply'** means area within which a Distribution Licensee is authorized by his license to establish , operate and maintain a distribution system for supply of electricity under the terms and conditions stipulated by the Commission in the licence;
- (d) **'Auditors'** means the Distribution Licensee's auditor, and, if the distribution licensee is a Company, auditors holding office in accordance with the requirement of the companies Act 1956 as amended from time to time.
- (e) **'Authority'** means the Central Electricity Authority referred to in sub-section (1) of section 70;
- (f) **'Bulk Supply'** means the sale of electricity in bulk to any person for resale.
- (g) **'Commission'** means the Meghalaya State Electricity Regulatory Commission (MSERC) constituted under section 82 (1) of the Act by the Meghalaya State Government;
- (h) **'Deemed Licensee'** means a person as defined under first, third and fifth provisos under section 14 of the Act;
- (i) **'Distribution'** means the conveyance or wheeling of electricity by means of a distribution system;
- (j) **'Distribution Supply Code'** means the code governing all material technical aspects relating to service connections and operative use of the distribution system as approved by the Commission;
- (k) **'Distribution Licensee'** means a licensee authorized to operate and maintain a distribution system for supplying electricity to the consumers in his specific area of supply;
- (l) **'Force Majeure'** means any event beyond the reasonable control of a Distribution licensee but not limited to earthquake, cyclone, lightning, riot, flood, storm, war, mutiny, terrorist attack, civil commotion, lock out, fire affecting the Licensee's installations or other similar occurrence that leads to any act which would involve a breach of relevant laws or regulations concerned with supply of electricity;
- (m) **'Licence'** means Distribution licence granted under section 14 of the Act.
- (n) **'Licenced Business'** means the business relating to supply of electricity as authorised under a Distribution licence.

- (o) **‘Major incident’** means an incident associated with the supply of electricity, which results in a significant interruption of service / causing substantial damage to equipment or loss of life or significant injury to human beings or animals, as the case may be, and includes any other incident which the Commission expressly declares to be a major incident;
- (p) **‘Other Business’** means business carried out by a Distribution licensee other than the Licenced Business;
- (q) **‘Performance Standards’** means standards of performance as may be specified by the Commission under section 57 (1) of the Act.
- (r) **‘Specific Conditions’** means the conditions, which the Commission may lay down, in addition to or in variance to those general conditions applicable to a Distribution licensee;
- (s) **‘State’** means State of Meghalaya;
- (t) **‘State Government’** means the Government of Meghalaya.
- (u) **‘Supply’** in relation to electricity, means the sale of electricity to a licensee or consumer;
- (v) **‘Tariff Regulations’** means the Meghalaya Electricity Regulatory Commission (Terms and conditions for determination of Tariff) Regulations,

(2) Words and phrases not defined in these Regulations

The words and expressions used and not defined in these Regulations but defined in the Act or any other law or Regulation applicable to electricity industry shall have the meaning assigned to them in the Act or any other such law or Regulations, as the case may be.

3. Interpretation

In these Regulations, the following shall be interpreted as:

- (a) Words in the singular include the plural and vice versa
- (b) Words in the masculine gender include the feminine gender and vice versa.
- (c) the terms “include” or “including” shall be considered as followed by “without limitation” or “but not limited to” whether they are actually followed by similar expressions or not in these Regulations.
- (d) References to these Regulations shall be construed as references to the Regulations as amended or modified from time to time.
- (e) The headings are inserted for convenience.
- (f) References to various Acts, Laws, Rules, Regulations and guidelines shall be construed as including all amendments notified thereto.

CHAPTER – 2

PROCEDURE FOR GRANT OF DISTRIBUTION LICENCE

4. Application for grant of Distribution Licence

- (1) A person intending to engage in the business of distribution of electricity in the State of Meghalaya, shall make an application to the Commission for grant of licence in the Form I appended to these regulations and accompanied by such fees as may be prescribed from time to time.
- (2) The Commission may, if it considers necessary, invite applications from the public fulfilling such eligibility requirements, as may be specified by the Commission from time to time for grant of licence for distribution of electricity through issue of advertisements in newspapers following the principle of transparency.
- (3) The application shall be signed by the applicant or by an authorized signatory on behalf of the applicant and shall be filed in six (6) sets accompanied by documents and particulars required to be provided as per the application in Form-I.
- (4) The application shall be accompanied by an affidavit authorizing the person to sign or represent on behalf of the applicant.

5. Requirements to be fulfilled by the applicant

The applicant applying for the grant of a distribution license shall fulfill the following criteria, that is -

- (a) Technical capability: Experience / capability in development, design, operation and maintenance of distribution system lines (including substations) at the voltage level at which the assets in respect of which the application for grant of license has been made.

Note: The experience in development, design, operation and maintenance of the distribution system shall be construed as relevant experience at voltage level of 33kV and below.

- (b) Financial capability: The net worth of the applicant shall not be less than the estimated annual distribution charges of the assets in respect of which an application for grant of license has been made.

Note: The applicant may be required to furnish evidence of his capabilities if so required by the Commission.

6. Calling for additional information

The Commission may, upon scrutiny of the application, require the applicant to furnish within a period as it may direct, such additional information or particulars or documents as it may consider necessary for the purpose of considering the application.

7. Publication of notice of application

(1) The applicant shall within seven days from the date of making the application, publish a public notice, in such manner as may be specified by the Commission, in at least two daily newspapers, one in English language and another in local language, having wide circulation in the area of distribution of electricity for which the license is applied and shall within seven days from the date of such publication of the submit to the Commission the details of the notice published along with copies of the relevant newspapers in which the notices have been published.

8. Public Inspection of Application and Documents

(1) The applicant shall make available for public inspection copies of the application (with all enclosures), for grant of licence in his own office and also in the offices of the local authorities located in the proposed area of the distribution licence.

(2) The applicant shall also supply a copy of the application to any person who requisitions for it on payment of the cost which shall not exceed the cost of photocopying.

9. Objections

(1) Any person intending to object to the grant of distribution licence shall file objections within thirty (30) days from the date of issue of publication of the notice referred to in Regulation 7 (1) above annexing thereto proof of having served copy of such objection upon the applicant.

(2) The Commission shall supply copies of all objections received to the applicant for filing his comments within fifteen (15) days of receipt of the copies of the objections to the Commission.

10. Consideration of objections

(1) A licence shall not be granted –

(a) until the objections, if any, received by the Commission in response to publication of the application have been considered by it:

Provided that no objection shall be so considered unless it is received before the expiration of thirty days from the date of the publication of such notice as aforesaid;

(b) In the case of an application for a licence for an area including the whole or any part of any cantonment, aerodrome, fortress, arsenal, dockyard or camp or of any building or place in the occupation of the Government for defence purposes, the Commission has to ascertain that there is no objection for grant of a license to the distribution licensee on the part of the Central Government.

11. Hearing and local inquiry

The Commission, if it considers appropriate, order an inquiry to ascertain the objections received against the applicant. On receipt of the report, the Commission may take a decision to grant a license to the applicant based on merits of the case or not

12. Grant of Distribution Licence

(1) Before granting a licence under section 14 of the Act, the Commission shall publish a notice in two daily newspapers one in English and other in local language having wide circulation in the area for which licence is sought, stating the name and address of the person to whom it proposes to issue the licence;

(2) The Commission may decide to grant or refuse to grant licence and if it decides to grant licence, it may do so specifying the general terms and conditions or such specific conditions, as the Commission may deem necessary.

(3) The Commission in no event shall not reject an application without giving applicant an opportunity of being heard, either by requiring the applicant to file his response or by conducting an oral hearing.

(4) The Commission shall, within 90 days after receipt of application,

(a) issue of a distribution license, subject to the provisions of the Act, as amended from time to time. A draft format of distribution license is in Appendix II.

(b) Reject the application, for the reasons to be recorded in writing, if the application is not in accordance with the procedure stipulated by the Commission.

(5) The Commission shall immediately after issue of a licence, forward a copy of the licence to the Government of Meghalaya, State Transmission Utility, Central Electricity Authority, local authority, and to such other authority as the Commission considers necessary.

13. Date of commencement and duration of Distribution licence

- (1) The licence shall come into force from the date specified by the Commission in the license
- (2) The licence shall be in force for a period of twenty five (25) years, from the date of commencement unless it is revoked by the Commission under section 19 of the Act.

14. Deposit of printed copies of Distribution licence

Every distribution licensee shall supply, free of charge, one copy of the licence and the relevant maps to every local authority within the area of activity or area of supply, as the case may be, and shall also make necessary arrangements for the sale of printed copies of the licence to all persons applying for the same, at a price not exceeding normal photocopying charges thereof.

15. Payment of license fee

- (a) Every licensee, including deemed licensee, shall pay initial or an annual licence fee on or before a specified date as may be fixed by the Commission.
- (b) If the licensee fails to pay the prescribed fee to the Commission on the due date, the licensee shall be liable to pay to the Commission interest on the outstanding amount as may be specified by it. The interest shall be payable for the period from the day on which the amount became due and ending on the day on which the payment is made;
- (c) The licensee shall be entitled to take into account any fee paid by him for determination of aggregate revenue requirement in accordance with sub-clause (a) above but shall not take into account any interest paid in accordance with sub – clause (b) above.

16. Acts which a Distribution Licence has to do

- (1) The licensee shall-

- (a).not directly or indirectly undertake distribution of electricity, trading in electricity or distribution or supply of electricity outside its area of operation but shall restrict it to the relevant approved area;
- (b).furnish such information required for the purposes of review by the Commission, as may be specified from time to time;
- (c).comply with the provisions of the Act, the Regulations of the Commission, technical codes such as Grid Code, Electricity Supply Code, Standards of Performance or any other orders / directions / guidelines issued by the Commission;
- (d).comply with all rules and regulations governing the safety and security of the operation of the distribution system;
- (e).levy the tariff or charges as determined by the Commission from time to time for the various categories of consumers; and
- (f). implement the orders or directions issued by the Commission from time to time in respect of the conditions under the license.

17. Acts which a licensee (s) shall not undertake

- (1) No licensee, except with prior approval of the Commission, shall undertake:
 - (a) any transaction to acquire, through purchase or takeover or otherwise, any utility of any other licensee; or
 - (b) merge his utility with another utility of any other licensee.
- (2) No licensee shall, without prior approval of the Commission, assign or transfer his utility or Licence or part thereof through sale, lease, exchange or otherwise.
- (3) Before obtaining approval of the Commission under sub-regulations (1) and (2) above, a licensee shall give a notice of not less than one (1) month to every other licensee, who distributes electricity in the area of such licensee.
- (4) Any agreement entered into by the licensee in respect of sub-regulations (1) to (3) above shall become void unless the approval of the Commission is obtained thereto.
- (5) Where such permission is required, the licensee shall file an application with the Commission duly furnishing all relevant information. The Commission may, within thirty (30) days of the receipt of such application, accord permission subject to the terms and conditions as it deems necessary or reject the application for reasons to be recorded in writing after giving an opportunity to the licensee to put forth his plea.

18. Furnishing of information to the Commission etc.

Every licensee shall furnish information, as may be required, in respect of the business (es) carried out by him to the Commission, the State Government, the Central Electricity Authority or any other authority, as the case may be.

19. Contravention by Distribution Licensee

The Commission may pass such orders, as it thinks fit, in accordance with the provisions of the Act and these Regulations if there is a contravention of the terms and conditions of licence by the licensee.

20. Suspension of Distribution Licence

(1) The Commission may, at its discretion, suspend temporarily a licence granted to a distribution licensee under section 24 of the Act, if the licensee has -

- (d) continuously failed to maintain uninterrupted power supply to the consumers in accordance with the standards; or
- (e) not discharged the functions or duties imposed on the Licensee either by the Act or the Regulations framed by the Commission; or
- (f) defaulted in complying with any direction of the Commission; or
- (g) deviated from the terms and conditions of the licence;

(2) If it is considered necessary to suspend licence of a distribution licensee in public interest, the Commission may suspend the licence upto a period not exceeding one (1) year.

(3) Before suspending the licence, the Commission shall give a reasonable opportunity to the distribution licensee to represent his case against such suspension and shall consider such representation and pass such orders as it may deem necessary.

(4) (a) When the licence of a distribution licensee is to be suspended, the Commission shall appoint an Administrator under section 24 (1) of the Act to look after the functions and duties of the distribution licensee during the period of suspension of the licence in accordance with the terms and conditions specified in the licence.

(b) The Commission shall also vest the utility or utilities of the distribution licensee in the Administrator during the period of suspension of the licence.

- (5) (i) Based on the merits of the case, the Commission shall decide within the period of one year whether the suspension is to be revoked or not and if so, on what date.
- (ii) In case the suspension is revoked, the Commission shall direct the Administrator to retransfer the utility or utilities to the distribution licensee from the date of revocation of suspension. All the expenses incurred during the period of suspension of the license by the Arbitrator shall be debitable to the licensee.

21. Revocation of the Distribution Licence

- (1) The Commission may revoke a distribution licence on its own or an application by the licensee or on receiving any complaint from any person in accordance with the provisions of the Act, and, these Regulations in any of the following circumstances-
- (a). where the conditions and circumstances under which the licence was granted no longer exist;
 - (b). where the Commission concludes, after enquiry, that the licensee has willfully defaulted in carrying out his duties under the Act or the rules or regulations made thereunder or under the terms and conditions of the licence or has failed to comply with the directives of the Commission;
 - (c). where the circumstances of the licensee, as perceived by the Commission, indicate that the licensee's financial, managerial and technical capabilities are no longer adequate for fulfilling his duties and discharging obligations under the Act and conditions of the licence.
 - (d). where the licensee persistently fails to fulfill his part in maintaining the Standards as specified in Meghalaya State Electricity Regulatory Commission (Standards of Performance of Distribution Licensee) Regulations, Supply Code, Act and other rules and regulations as a result of which the distribution system, the generating units, transmission systems are jeopardized and quality of supply to consumers suffers frequently and the licensee does not take timely corrective action.
- (2) Before a licence is revoked the Commission may order an inquiry under section 128 of the Act, if it considers necessary, by an adjudicating officer appointed by the Commission under section 143 of the Act.
- (3) If the Commission decides to revoke the licence, the Commission shall serve a notice of three months to the licensee and consider any representation made by the licensee before issue of orders revoking the license.
- (4) The Commission shall indicate the effective date from which such revocation shall take effect. The Commission shall also forward a copy of the order of

- revocation to the State Government, STU, CEA, Local Authority and to such other person/body as the Commission considers it necessary.
- (5) The Commission may, instead of revoking the licence, pass an order allowing the license to continue subject to such terms and conditions under which the licensee shall operate his business in order to enable the licensee to improve his performance.
 - (6) When Commission has given notice of revocation of licence and the licensee is willing to relinquish his licence (and does not plan to take remedial and improvement measures and does not request the Commission to drop revocation proposal), the licensee may, after prior approval of the Commission, sell the undertaking of the Licensee to any person / company which is found eligible by the Commission for grant of distribution licence, without prejudice to any proceedings which may be initiated or levy any penalty which it may consider appropriate on the licensee.
 - (7) In case of revocation of the licence of the distribution licensee, the Commission shall initiate action as provided in section 20 of the Act for the sale of utility of distribution licensee and to vest it in the purchaser.

22. Establishment of subsidiaries or associated companies by the distribution licensee

- (a) A licensee may establish any subsidiaries or associated companies or engage any other agencies to conduct or carryout any of its functions specified under the Act and the license subject to the condition that any such subsidiary or associated company or agency shall operate under the overall supervision and control of the licensee and the terms and conditions stipulated in the licence. The licensee shall take full responsibility for any action taken by such subsidiary or associated company or agency and be responsible to the Commission.
- (b) The licensee shall, before entrusting any function to such subsidiary or associated company or agency, obtain permission of the Commission in writing;
- (c) The licensee shall file an application with the Commission for obtaining prior permission under Sub-Regulation (b) above, duly furnishing all relevant information as may be necessary. The Commission shall, within forty five (45) days from the date of receipt of application by it, accord permission for such arrangement, subject to such terms and conditions or modifications, as it may consider appropriate or reject the proposal for the reasons to be recorded by it in writing after giving an opportunity to the licensee to put forth his plea.

23. Incidents Reporting

- (1) The licensee shall intimate to the Commission as soon as possible the occurrence of any major incident in his area of supply affecting supply of electricity, within a week, and also submit a report containing full facts which are within the knowledge relating to such incident (s) and the reasons thereto within a fortnight from the date of occurrence of the incident(s).
- (2) The licensee shall also send copies of the detailed reports to all the concerned parties / authorities who are connected with the incident.
- (3) The Commission may, at its discretion, order an enquiry by an independent authority, if it considers necessary, with a direction to the authority to submit its report on the incident in a specified time. All the expenses connected with such enquiry shall be borne by the licensee.
- (4) The decision of the Commission whether an incident is major or minor shall be final.

24. Powers of Distribution Licensee

The Commission may publish an order authorizing the licensee to exercise any power or authority under the Act if it considers necessary.

25. Enforcement of order passed by the Commission

- (1) When the Commission is satisfied that a licensee has failed to comply with any of the conditions of the licence or provisions of the Act or codes or regulations, it may direct an investigation into the affairs of the licensee by an independent authority in accordance with the provisions of section 128 of the Act.
- (2) On receipt of investigation report from the investigating authority, the Commission may give an opportunity to the licensee to make representation on findings contained in the report. After examining the representation of the licensee, the Commission may direct the licensee to take such action in respect of any matter arising out of the report, as the Commission may think fit, duly following the procedure under section 128 of the Act;

26. Amendment of the Distribution Licence

- (1) The Commission may initiate proceedings for amending the conditions of a distribution licence *suo moto* or on an application from the distribution licensee or on receiving complaint or information from any person.

- (c) The application for an amendment of the licence made by the licensee shall be in such form as may be directed by the Commission. Such application shall be accompanied with a statement of the proposed amendment and shall be supported by an affidavit.
- (d) The licensee shall within seven (7) days from the date of submission of the application for amendment, publish a notice in two daily news papers, one in English language and the other in local language, having wide circulation in area of operation of the distribution licensee, giving the following particulars:
- (1) Brief Details of existing Distribution Licence;
 - (2) Proposed amendments to the existing Distribution Licence; and
 - (3) Brief reasons for seeking the amendment.
 - (4) The names, addresses and other necessary details of the person(s) nominated by the licensee in major cities or towns of area of proposed distribution licence, who can make available for inspection of application and other documents or from whom they can be purchased in person or by post at reasonable charges, not exceeding photocopying charges;
- (e) Where an amendment to a Distribution Licence is proposed by the Commission suo moto, the Commission shall publish a notice in two daily newspapers one in English language and the other in local language having wide circulation in the area of operation of the Distribution Licence sought to be amended, giving the following particulars:
- i. Name of the Distribution Licensee, its address and the area of supply;
 - ii. Description of alteration or amendment proposed to be made by the Commission;
 - iii. Brief reasons for proposed alteration or amendment;
- The Commission shall consider all objections or suggestions to the proposed amendment, received within one month from the date of first publication of notice or rejecting the proposed amendment.
- (5) In case of an application proposing alterations or modifications in respect of area of supply, comprising the whole or any part of any cantonment, aerodrome, forests, dockyard or camp or of any building or place in the occupation of the Government for defence purpose, the Commission shall not make any alterations or modifications except with the consent of the Central Government.

27. Settlement of Disputes and Arbitration

- (i) The Commission shall adjudicate disputes between the licensees or refer any dispute for arbitration on application by any licensee(s).
- (ii) The Commission shall issue notices to all the concerned licensees indicating the details of the dispute(s) and after hearing the parties concerned, the Commission shall pass such order / direction as it may deem necessary.
- (iii) If any licensee is not satisfied with order passed by the Commission, the licensee may make a request to the Commission for appointment of an Arbitrator.
- (iv) On receipt of an application for appointment of an Arbitrator, the Commission shall appoint an Arbitrator under section 86(f) of the Act duly indicating the terms and conditions of such appointment for settlement of the dispute(s).
- (v) The Arbitrator(s), nominated by the Commission, after hearing both the parties shall pass a speaking order giving reasons on all the issues raised in the dispute(s).
- (vi) The Commission, on receipt of the arbitration award shall communicate the award to the concerned parties for filing their views. After considering the views of the concerned parties, the Commission shall pass final orders, as it deems fit.
- (vii) The costs of arbitration shall be borne by the concerned licensees, as may be decided by the Commission.

CHAPTER – 3

DUTIES OF DISTRIBUTION LICENCEE

28. General

- (1) The duties of a distribution licensee shall be :
 - (i) to develop and maintain an effective, coordinated and an economical distribution system in his area of supply;
 - (ii) to supply electricity in accordance with the provisions contained in the Act and code, rules and regulations made thereunder.
- (2) The distribution licensee shall ensure that the officers and staff under his control observe strictly the provisions contained in the Meghalaya State Electricity Supply Code, issued by the Commission, as amended from time to time.
- (3) Every licensee shall adhere to the standards prescribed by the Commission in standards of performance of Distribution Licensee, Regulations as amended from time to time.
- (4) Every distribution licensee shall, on an application by the owner or occupier of any premises, give supply of electricity to the premises of the applicant within one (1) month from the date of receipt of the application.

(5) A distribution licensee shall not show undue preference to any person or class of persons or discriminate against any person or class of persons.

In case a distribution licensee fails to supply within the period specified in Standards of Performance for Distribution Licensee Regulation, the licensee shall be liable to pay compensation to the affected consumer as specified by the Commission.

29. Imposing of restrictions on terms for supply of electricity

A distribution licensee may impose restrictions on the persons requiring supply as in the following cases in order to:

- (i) comply with regulations made in accordance with the section 53 of the Act relating to safety and supply of electricity.
- (ii) reduce to the minimum liability of the licensee from economic loss resulting due to negligence of the person to whom electricity is supplied.

30. Recovery of charges

- (a) A distribution licensee shall charge for supply of electricity to any category of consumers only in accordance with the tariff order issued by the Commission and no charges other than that included in the tariff order shall be recovered from the consumer.
- (b) The distribution licensee shall charge a person, requiring supply of electricity, any expenditure in providing meter or electrical line or plant used for the purpose of giving supply, as specified by the Licensee and approved by the Commission.
- (c) If any licensee recovers a charge in excess of that determined by the Commission, the excess amount shall be recoverable by the person who has paid such charge along with interest equivalent to bank rate without prejudice to any other liability incurred by the licensee.

31. Security deposit

- (a) The distribution licensee may insist on payment by any person, who requires supply of electricity under Regulation 27 (4), a security deposit as may be determined by the Commission from time to time.
 - (i) in respect of electricity supply made to such person, or
 - (ii) for providing any electrical line or plant or meter for supplying electricity to such person
- (b) If the person fails to pay such security, the distribution Licensee, if it thinks fit, may refuse to give supply of electricity or to provide the line or plant or meter until the amount claimed is paid

- (c) If the security furnished has become invalid or is insufficient, the licensee shall give notice to the person for payment of the amount, which became due, within thirty days after receipt of such notice, for providing supply of electricity or for providing of such line or plant or meter.
- (d) If the person, referred to in sub – regulation (c) above, fails to pay such specified amount, the distribution licensee shall discontinue supply of electricity, for the period during which such failure continues.
- (e) The distribution licensee shall pay interest on the security deposits, referred to in sub– regulation (a) above, and also refund such security deposit at the request of the consumer as specified by the Commission in the Electricity Supply Code.
- (f) The distribution Licensee shall not insist on payment of security deposit in accordance with sub – regulation (a) (ii) above if the person requiring supply is prepared to take the supply through a prepaid meter.

32. Open access

- (1) The Distribution Licensee shall arrange for non-discriminatory open access to its distribution system to any person in accordance with the Open Access Regulations issued by the Commission.
- (2) When the Commission accords permission to a consumer / person within the area of a distribution licensee to avail supply through open access from a person other than the licensee, the distribution licensee shall be entitled to collect surcharge in addition to the charges of wheeling, as may be determined by the Commission, to meet his fixed costs, on account of his obligation to provide supply.

33. Other business of a Distribution Licensee

A distribution licensee may, with prior permission of the Commission, engage or carry out any other business in addition to the licenced business for optimum utilisation of its assets subject to the following conditions:

- (a) the licenced business shall not in any way be adversely affected
- (b) a portion of the revenue derived from other business, as may be specified by the Commission, be utilized for reducing its wheeling and other charges to be collected from consumers.
- (c) the licensee shall maintain separate account for each of the businesses undertaken to ensure that the distribution business neither subsidizes in any way to other business nor encumbers its assets in any way to support to such other business;

34. Establishment of Consumer Grievance Redressal Forum and Ombudsman

- (a) A distribution licensee, including deemed licensee, within six months from the date of the commencement of licence or from the date specified by the Commission, whichever is earlier, shall establish a Forum for redressal of grievances of consumers in his area in accordance with the guidelines specified by the Commission.
- (b) Any consumer who is aggrieved due to non – redressal of his grievance by the Forum shall make a representation for redressal of his grievance to Electricity Ombudsman, appointed or designated by the Commission from time to time. This regulation is to comply with the conditions of section 42 (5) and (6) of Act.

35. Conduct of business having adverse effect on competition

Every distribution licensee shall not enter into agreement or abuse its dominant position or enter into any combination which is likely to cause an adverse impact on the competition in the distribution of electricity.

36. Bulk Supply

A licensee may engage or affiliate to provide any goods or services to another licensee in connection with the bulk supply business subject to the following conditions:

- 1. such transaction shall be in accordance with regulations framed by the Commission relating to provision of goods or services or both with respect to bulk supply business
- 2. The bulk supply business shall not in any way affect the business of the licensee.
- 3. the licensee shall give fifteen (15) days notice to the Commission before commencement of the proposed arrangement.
- 4. The licensee shall maintain and keep separate accounts for bulk supply business.

37. Transfer of assets of distribution licensee

- (a) The distribution licensee shall not transfer its utility or any part thereof by sale, lease, exchange or other wise without obtaining approval of the Commission.

- (b) The distribution licensee shall apply to the Commission giving prior notice of its intention to transfer its utility duly disclosing all relevant facts.
- (c) The Commission may seek any information from the licensee, as it may require, to consider the application.
- (d) The Commission may, within 60 days, of filing the application allow such transfer subject to the conditions as it may consider appropriate or reject the application duly recording the reasons thereto after giving notice to the licensee.

CHAPTER – 4

TECHNICAL

38. Procurement of power

- (1) The licensee shall not purchase power from any source without prior approval from the Commission.
- (2) The licensee shall purchase power in an economical and efficient manner under transparent procurement process as approved by the Commission duly following the guidelines issued by the Commission from time to time relating to the power procurement procedure.
- (3) The Commission shall, before issue of approval under sub-regulation (1) above to the licensee, satisfy itself that the power to be procured is in accordance with the plan approved to meet the demand for supply.
- (4) The restriction imposed in Sub-Regulation (1) above shall not be applicable:
 - (a) to short term purchases [less than six (6) months in duration], provided that the process of purchase is made is transparent, economical and in competitive manner. Details of such purchases are intimated to the Commission; and
 - (b) to contracts or agreements entered into by the licensee before the commencement of the licence shall be operative till the expiry of such contract or agreement.

39. Compliance with the State Grid Code & Supply Code

The distribution licensee shall comply with the provisions of the State Grid Code & Supply Code issued by the Commission, as amended from time to time, in extending supply to the consumers.

40. Supply Planning

The licensee shall prepare and submit to the Commission an annual plan, for the succeeding five years as per the guidelines issued by it, on forecast of demand for power within the area of supply under the license.

CHAPTER – 5

INVESTMENTS

41. The licensee shall comply with the guidelines, directions and orders of the Commission, issued from time to time, in regard to investments to be made in the licensed business in a prudent manner in order to build, maintain and operate an efficient, coordinated and economical distribution system.

42. The licensee shall submit investment plans, as a part of the business plan, giving details of the investment schemes to be undertaken during the succeeding five years period for approval of the Commission, duly explaining
 - (i) the need for such investment
 - (ii) the techno economic analysis and environmental aspects of all available alternatives to the proposed investment.
 - (iii) furnish information, documents and other details as required by the Commission

43. The licensee shall not undertake schemes involving major investment not covered under the investment plan approved by the Commission, without its prior approval. The licensee shall, at the end of each quarter of the financial year, furnish to the Commission
 - (i) annual investment plan with details of investment schemes to be carried out during the financial year and
 - (ii) the progress made in implementing annual investment plan during financial year including comparison of actual implementation vis-à-vis the plan as approved by the Commission for the period.

44. The licensee shall be entitled to make investment in the licensed business and for the purpose of determination of tariff; the licensee shall satisfy the Commission that the investment was required for the licensed business and that the investment was made in an efficient, prudent and economical manner.

45. (1) The licensee shall submit to the Commission the following information along with the application for its annual aggregate revenue requirement for determination of tariff under section 62 of the Act;

- (a) the highlights of the annual investment plan consisting of schemes approved by the Commission;
 - (b) schemes submitted to the Commission for approval;
 - (c) schemes not requiring prior approval of the Commission planned for ensuing financial year
 - (d) investments made in the financial year in accordance with the approved investment plans under (b) and (c) above
- (2) The Commission shall take into consideration the approval granted by it to the licensee for investments and the action taken by the licensee
- (3) If any unforeseen contingencies require reallocation of funds within the scheme listed in the annual investment plan, the licensee can do so to the extent of upto 10% of the overall investment plan under each scheme or 20% of the approved amount in respect of each item of work specified in the investment plan. The licensee shall give an intimation of such reallocation to the Commission within seven (7) days of making such reallocation.

CHAPTER – 6

REVENUE REQUIREMENT AND TARIFFS

46. Revenue Requirement and Tariffs

- (1) The licensee shall follow the methodology and procedures specified in the Tariff Regulations and orders / directives issued by the Commission from time to time for filing Aggregate Revenue Requirement and the Tariff Petition in respect of supply of electricity to the consumers for a financial year.
- (2) The amount that the licensee is permitted to recover from its Bulk Supply tariffs in a financial year is the amount that the Commission determines in accordance with the financial principles and guidelines issued from time to time.

47. Power of the licensee for taking action for Revenue Realisation, Meter Tampering etc

The licensee shall be entitled to exercise any power or authority to take appropriate action within the provisions of Act, rules and regulations made thereunder in respect of:

- (a) revenue realisation;
- (b) prosecution for theft;
- (c) determining tampering with meters; and
- (d) preventing diversion of electricity

Any failure / negligence to exercise such authority in a situation, where it is necessary to do so, will be construed as a breach of the conditions of licence.

CHAPTER – 7

ACCOUNTS

- 48.** Every licensee shall maintain its accounts, financial year wise, commencing from 1st April of a calendar year and ending on 31st March of the subsequent calendar year in accordance with the guidelines issued from time to time and as per the Companies Act, 1956 (1 of 1956).
- 49.** The licensee shall maintain separate accounts for each business carried out as follows:
- (a) keep such accounting records, showing the revenues, costs, assets, liabilities, reserves etc separately for the licensed business and each of the other business(es).
 - (b) prepare and submit to the Commission:
 - (i) Accounting statements / Annual Accounts, Balance Sheet, Profit & Loss Account, Revenue and Expenditure Statements etc. duly audited.
 - (ii) Quarterly interim profit and loss account, cash flow statement and balance sheet together with supporting documents and information, as prescribed by the Commission;
 - (iii) Auditor's report, along with a certificate stating whether, in their opinion, the Accounts statements have been prepared in accordance with the directions of the Commission and give a true and fair picture of the revenues, costs, assets, liabilities, reserves etc. relate to the business to which they relate.
- 50.** The licensee shall not change the basis of charge or apportionment or allocation in preparation of the Accounting statements for a financial year from the basis applied for the previous financial year without the permission of the Commission.
- 51.** In case a licensee changes the basis of charge or apportionment or allocation from that adopted for the previous financial year, the licensee shall, if the Commission so desires, in addition to Accounting statements prepared on the changed basis, shall also prepare Accounting statements on the basis which has been applied for the immediate previous financial year.

- 52.** The Licensee shall submit to the Commission copies of the audited accounting statements and the auditor's report by not later than six months after the close of the financial year to which they relate.
- 53.** The licensee shall ensure that the accounting statements in respect of each financial year prepared together with audit report for that financial year are made available to any person requiring them at a price not exceeding reasonable cost of duplicating them.

CHAPTER - 8

MISCELLANEOUS

54. Submission of reports to the Commission

The Licensee shall submit such reports, information, data as required by the Commission from time to time.

55. Research studies

The licensee shall also undertake such studies, as may be specified by the Commission and / or Central Electricity Authority, for improvement of the distribution business.

56. Savings

Nothing contained in these Regulations shall

- (i) affect the rights and privileges of the Consumers under any other law including the Consumer Protection Act, 1986.
- (ii) restrict the powers of the Commission
 - (a) to issue any directives or orders, as it deems fit, in implementing the provisions of the Act or law as amended from time to time.
 - (b) To deal with any matter or exercise any power under the Act for which regulations are yet to be framed.

(c) To adopt any procedure in regard to any of the provisions of these regulations duly recording the reasons thereto in writing.

57. Power to Remove Difficulties

If any difficulty arises in giving effect to any of the provisions of these Regulations, the Commission may, by general or special order, direct the Licensee to do things not inconsistent with the provisions of the Act as may be necessary or expedient for the purpose of removing the difficulties.

58. Power to amend regulations

The Commission may *suo moto* or otherwise at any time add, vary, alter, modify or amend any of the provisions of these Regulations, as it may deem fit, subject to the procedure laid down in Regulation 26.

By order of the Meghalaya State Electricity Regulatory Commission

APPLICATION FORM FOR GRANT OF DISTRIBUTION LICENCE

[See Regulation 4(1)]

PART A: GENERAL INFORMATION OF APPLICANT

1. Details of Applicant

2. Details of Ownership

**PART B: LIST OF DOCUMENTS TO BE SUBMITTED WITH APPLICATION FOR
DISTRIBUTION LICENCE**

1. Documents (attested copies) to be submitted along with the application for licence
 - (a) Information relating to existing licence (if any), with copy of licence
 - (b) Certificate of Incorporation/ Registration.
 - (c) Certificate of commencement of Business.
 - (d) Original Power of Attorney of the Signatory to commit on behalf of the Applicant or its Promoter.
 - (e) Articles of Association, Memorandum of Association and similar constitutional documents.
 - (f) Details of Income Tax PAN/TAN/Income Tax Clearance Certificate.
 - (g) Details of import licence, if any.
2. Data relating to Management and Financial capability
 - (a) Managerial
 - (i) Senior management's curriculum
 - (ii) Cadre strength for different categories (technical and non-technical)
 - (b) Financial
 - (i) Bank references asserting that the Applicant is financially solvent
 - (ii) Annual Audited Reports for the past 5 years of the Applicant
 - (c) Any other documentary evidence to substantiate the financial capabilities, technical competence to handle operation and maintenance of distribution system activities etc of the applicant.
3. Data relating to the Applicant's Proposed Business
 - a. Business Plan (with 5 years projection) for the proposed business for which licence is sought (*this should contain year wise load growth, year wise distribution loss reduction proposal along with specific action plan, metering plan, investment plan, treatment of previous losses, debt restructuring plan, program for rural electrification, cost reduction plan, projected profit and loss account, projected balance sheets, projected cash flow statements and projected important financial parameters*).
 - b. Five year annual forecasts of costs, sales, revenues, project financing and funding arrangements (clearly specifying the assumptions involved)

4. Detailed Map

- (a) Detailed electrical distribution map (including information on substations and configuration of the system) and geographical map for the proposed area of distribution, drawn to scale (scale not less than 10 Cms to one Km or any other scale as may be approved by the Commission).
- (b) The map shall clearly distinguish between the existing system and new facilities that will be required for meeting the obligations under the licence.
- (c) The map shall indicate the streets and roads in the proposed area of distribution in which the electricity is to be distributed.
- (d) A list of all local authorities connected with the administration of the area or any portion of the area of distribution.
- (e) Statement describing any lands, which the Applicant proposes to acquire under the provisions of Land Acquisition Act, 1894 (Act1 of 1894) for the purpose of the licence and the means of such acquisition.

Date

Signature of the Applicant

Part C : FORMAT FOR ASSESSING COMPETENCE OF APPLICANT

(This form to be filled in by the Applicant applying for a distribution licence)

1. Previous Experience (Past 5 years details for Related Business)

[To be filled in by the applicant or by each participant separately in case of JVC/ consortium (As applicable)]

General Information					
Name and Address of the Distribution project(s) developed					
Brief description of project developed					
Cost of the project developed – Rs. Lakhs.					
Name & Address of the Client Company for whom the project was developed					
Name, Designation and Address of Reference person of Client Company					
Details of Distribution managed in last 5 years – Commercial operations	Year 1	Year 2	Year 3	Year 4	Year 5
Assets Transformers (Nos)/Sub-stations/etc					
Lines 220 kV 132 kV 33 kV 11 kV 6.6 kV LT Line (Ckt. Kms) 440 Volts					
Number of Contracts with details Distribution Domestic / State					
Specific details of Projects (Top 5 Projects)	(Name of the Project)	(Name of the Project)	(Name of the Project)	(Name of the Project)	(Name of the Project)
Commencement of Construction –Scheduled Date –Actual Date					

Commissioning –Scheduled Date –Actual Date Commercial Operation –Scheduled Date –Actual Date					
Project Cost –Estimated Cost –Actual Cost on Completion					
Consumer Base (Nos.) –EHT General Purpose –EHT Industrial –HT General Purpose –HT Industrial –LT Industrial –Commercial –Domestic –Agricultural –Street Light –Others					
Quantum of Energy Distributed –Total (Million Units) –Metered Sales (%)					
Quantum of energy billed Total (Million units)					
Revenue Collection –Amount (Rs. Lakhs) –Collection Efficiency (%)					
Financial Information (Rs. lakhs)	Year 1	Year 2	Year 3	Year 4	Year 5
Fixed Assets –Gross Fixed Assets –Accumulated Depreciation –Net Fixed Assets					
Equity –Promoters' –Government/ Financial –Institutions –Public –Others					
Liabilities –Long Term –Short Term					

Income –Sale of Power –Others					
Expenses –Administration and General Expenses –Repairs and Maintenance Expenses –Employee Cost –Depreciation –Interest and Financial Charges –Long Term –Short Term –Others					
Profits and Returns –Net Profits –Dividend Paid					

2. Details of Proposed Project (Business for which licence is sought)

[To be filled in by the applicant or by each participant separately in case of JVC/ consortium (As applicable)]

- (i) Is the applicant acquiring Existing Assets or Creating New Assets?
(ii) Acquiring of Existing Assets / creation of New Assets

Funding	
Proposed means of Finance Equity (Rs. Lakhs) –Applicant –Co-promoters –Others (<i>specify</i>) Debt –Domestic (Rs. Lakhs) –Indian Financial Institutions –Commercial Banks –Others (<i>specify</i>) International (FC Million) –Supplier’s Credit –Direct Borrowing –Others (<i>specify</i>) Equivalent INR (with Exchange rate used) –Others (<i>specify</i>)	
In case of Asset Procurement/ whether Project is proposed to be jointly funded along with External Agency– –Name and Address of the Agency, and contact details of the reference person of the Agency (name, address, telephone/fax numbers, email etc.,)	

–Proposed Equity from the Agency (Rs. Lakhs) –Agency’s equity as a percentage of total equity (%) –Nature of proposed tie-up between Applicant and the other agency.	
Details of debt proposed for the Asset Procurement/ Project –Details of Lenders (name & address). –Details of Loan packages indicating the loan amount, currency, Term of loan, interest rate, up-front fees, Commitment charges etc. –Whether any guarantee is being sought for the loans from any agency. If Yes, provide details	Yes/ No

(iii) For Applicant creating New Assets

EPC: Whether the Applicant is proposing to employ an EPC Contractor. If Yes, Name, Address and contact details of the same. Proposed Contract Value Foreign Currency Equivalent INR (with Exchange rate used)	Yes/ No
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(iv) For Applicant employing other contractors / Agency

Other contracts	
Whether the Applicant is proposing to employ any Contractor for Operation and Maintenance work. If Yes, Name, Address & contact details of the same. –Period of the Contract –Details of the experience of the O&M contractor in similar Business	Yes/ No

Note :

Consent letters of the other Agency and Contractors to associate with the Applicant for the above project to be enclosed.

Necessary approvals and no objection certificates to be obtained at appropriate time and forwarded to the Commission.

3. Qualifications and Expertise (Personnel)

Name of personnel	Qualification	Specialization	Years of experience	Status in the firm

Note : Atleast one full time professional, having experience in each of the disciplines like Power Systems Operation, Finance should be part of the Core team.

4. Revenue Potential (Business for which licence is sought)

General Information	
(1) In case of acquired assets –Quantum energy distributed during previous financial year(MU) –Expected life of assets acquired (in years) In case of creation of new Assets –Quantum energy distributed during previous financial year on parallel network already existing (MU)	
(2) Consumer Base (Nos.) EHT General Purpose EHT Industrial HT General Purpose HT Industrial LT Industrial Commercial Domestic Agricultural Street Light Others (specify)	
(3) Sale of Electricity Expected Quantum (MU) Anticipated growth in demand (%)	
Commercial Information	
(1) Average Tariff (Rs./ Unit) EHT General Purpose EHT Industrial HT General Purpose HT Industrial LT Industrial Commercial Domestic Street Light Agricultural Others (<i>specify</i>)	
(2) Revenue –Realization (Rs. Lakhs) –Collection Efficiency (%)	
Financial Information	
Capital Base (Rs. Lakhs) Annual Expected Turnover (Rs. Lakhs)	

5. Financial Soundness (Other Subsidiary Business Units)

[To be filled in by the applicant or by each participant separately in case of JVC/ consortium (As

applicable)]

General Information					
Names of Subsidiary Business Units			Products Manufactured/ Services		
1.			1.		
2.			2.		
3.			3.		
4.			4.		
5.			5.		
Financial Indicators			Year 1	Year 1	Year 1
–Fixed Assets					
–Gross Fixed Assets					
–Accumulated Depreciation					
–Net Fixed Assets					
Equity					
–Promoters'					
–Government/ Financial Institutions					
–Public					
–Others					
Liabilities					
–Long Term					
–Short Term					
Income					
–Sale of Power					
–Others (<i>specify</i>)					
Expenses					
–Administration and General Expenses					
–Repairs and Maintenance Expenses					
–Employee Cost					
–Depreciation					
–Interest and Financial Charges					
–Long Term					
–Short Term					
–Others (<i>specify</i>)					
Overall Turnover (Rs. Lakhs)					
Profits and Returns (Rs. Lakhs)					
–Net Profits					
–Dividends Paid					
Operating Ratios					
–Return on Equity					
–Return on Capital Employed					
–Return on Net Fixed Assets					
Liquidity Ratio					
–Debt Service Coverage Ratio					
–Current Ratio					

-Quick Ratio	
Capital Adequacy and Credit Worthiness	
-Debt/ Net worth	
-Debt/ Equity	
Turnover Ratio	
-Total Asset Turnover	
-Fixed Asset Turnover	

6. Baseline Information (Business for which licence is sought)

Commercial Information	
Assets	
Transformers (Nos.)	
Lines	
220 kV	
132 kV	
66 kV	
33 kV	
11 kV	
6.6 kV	
LT Line (Ckt. Kms)	
440 Volts	
Commercial Information	
Metering Status	
Metered Consumers (as a percentage of Total Consumers)	
Billing Status	
Billing (as a percentage of Total Input)	
Revenue Realization	
-Revenue Realization per Unit Sale (Rs./ Unit)	
-Collection Efficiency (%)	
Loss	
-Technical Loss (%)	
-Commercial Loss (%)	

Note :

1. Certificates/documents in support of all the credentials detailed above, from the Owner/ Client for whom the projects were promoted should be submitted along with the application.
2. Wherever conversion factor is used (for currency conversion and others), mention the conversion factor used for this purpose.

Place –

Date –

Signature of the Applicant

FORMAT AND CONDITIONS OF DISTRIBUTION LICENCE

Licence granted for Distribution of electricity

[See regulation 12 (5)]

Licence granted by the Meghalaya State Electricity Regulatory Commission under section 14 of the Electricity Act, 2003 (36 of 2003) for carrying on the business of distribution of electrical energy within the area of activity (as specified under 'licensed area of distribution licensee' in the schedule) and shall be subject to the terms and conditions specified herein. The licence shall come into force from

PART - I

DEFINITIONS

1. Words, terms and expressions to which meanings are assigned in the Electricity Act 2003 (36 of 2003) (hereinafter called the 'Act'), shall have the same meaning in these General Conditions.
2. Unless the context otherwise requires, in these General conditions:
 - (1) **"accounting statements"** means accounting statements for the licensed business comprising of a profit and loss account, a balance sheet and a statement of sources and application of funds, together with notes thereto, as specified under the Companies Act, 1956 (Act 1 of 1956) or as the Commission may prescribe from time to time. If the licensee engages in any other business or activity, in addition to the licensed business, the accounting statements shall be separately maintained as per directions of the Commission and show the amounts of any revenue, cost, asset, liability, reserve or provision, which has been either:
 - (i) charged from any other business to licenced business or vice versa together with a description of the basis of that charge; or
 - (ii) determined by apportionment or allocation between the licensed business and any other business of the licensee together with a description of the basis of such apportionment or allocation.
 - (2) **"Act"** means the Electricity Act, 2003 (Act 36 of 2003)
 - (3) **"annual accounts"** means the accounts of the licensee for a financial year prepared in accordance with the provisions of the Companies Act, 1956 (Act 1 of 1956) and/or in such other manner as may be directed by the Commission in terms of the provisions of the Act;
 - (4) **"Area of distribution"** or **"area of supply"** means the area within which a distribution licensee is authorized by his license to supply electricity;

- (5) “**Auditors**” means the licensee's auditors holding office in accordance with the requirements of sections 224 to 234A or section 619, of the Companies Act 1956 (Act 1 of 1956) as the case may be;
- (6) “**authorized**”, in relation to any person, means a licensee who has been granted a licence under section 14 of the Act or a deemed licensee under the first, third and fifth provisos to section 14 of the Act;
- (7) “**Commission**” means the Meghalaya State Electricity Regulatory Commission (MSERC);
- (8) “**distribution**” means the conveyance of electricity by means of a distribution system;
- (9) “**distribution business**” means authorized business of the licensee in the area specified in the license relating to supplying electricity to the consumer;
- (10) “**distribution licensee**” means a licensee authorized to operate and maintain a distribution system for supplying electricity to the consumers in his area of supply;
- (11) “**distribution system**” means the system of wires and associated facilities between the delivery points of the transmission lines or the generating station connection and the point of connection to the installations of the consumers;
- (12) “**distribution system performance standards**” means the standards of performance as specified in the Meghalaya State Electricity Regulatory Commission's Standards of Performance of Distribution Licensee Regulations, and the Meghalaya State Electricity Supply Code.
- (13) “**franchisee**” means a person authorized by a distribution licensee to distribute electricity on its behalf in a particular area within his area of supply;
- (14) “**Force Majeure**” means any event beyond the reasonable control of the licensee, including, but not limited to earthquakes, cyclones, floods, storms, adverse weather conditions, war, terrorist attacks, civil commotion or other similar occurrences that lead to any act that would involve a breach of relevant laws or regulations relating to electricity supply by a licensee;
- (15) “**licence**” means a licence granted under section 14 of the Act;
- (16) “**licensee**” means any person, who has been granted this licence under section 14 of the Act;
- (17) “**licensed business**” means the business of distribution of electricity in the area specified in this licence;
- (18) “**Open Access**” means the non-discriminatory provision for use of transmission lines or distribution system or associated facilities with such lines or system by any licensee or consumer or a person engaged in generation in accordance with the regulations specified by the Commission;

- (19) **“operational control”** means possessing of authority to make operational decisions such as commissioning and utilisation of sub stations, Transformers, service lines and other equipments;
- (20) **“other business”** means any business of the licensee other than the licensed business for optimum utilisation of its assets;
- (21) **“person”** shall include any company or body corporate or association or body of individuals, whether incorporated or not or artificial judicial person;
- (22) **“sub-station”** means a station for transforming or converting electricity for the transmission or distribution thereof and includes transformers, converters, switchgears, capacitors, synchronous condensers, structures, cables and other appurtenant equipment and buildings used for that purpose and the site there of;
- (23) **“supply”** in relation to electricity means the sale of electricity to a licensee or consumer;
- (24) **“Meghalaya State Electricity Supply Code”** means the Code approved by the Commission under section 50 of the Act detailing the procedure for supply of electricity, collection of charges etc;
- (25) **“transfer”** shall include the sale, exchange, gift, lease, licence, 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;
- (26) **“use of system”** means use of the distribution system for the transportation and wheeling of electricity for any person pursuant to a contract entered into with the distribution licensee.
- (27) **“user”** means anyone who uses the distribution system.
- (28) **“wheeling”** means the operation whereby the distribution system and associated facilities of a distribution licensee, are used by another person for the conveyance of electricity on payment of charges to be determined under section 62 of the Act;

PART – II

GENERAL CONDITIONS

3. TERM OF THE LICENCE

The distribution licence shall come into force on a date specified by the Commission in its order granting such licence and shall remain in force for Twenty five (25) years from that date unless revoked earlier in accordance with the provisions of section 19 of the Act,

4. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

- (1) The distribution licensee shall comply with the provisions of the Act, rules, regulations and orders and directions issued by the Commission from time to time.
- (2) The distribution licensee shall act in accordance with the general and / or special conditions specified in the licence except where the licensee is exempted specifically or permitted by the Commission for any deviation from these guidelines through a separate order.
- (3) The distribution licensee shall comply with the orders and directions issued by the State Load Despatch Centre and other statutory authorities in the discharge of their functions.
- (4) The distribution licensee shall adhere to the Standards of Performance Regulations, the Electricity Supply Code, Grid Code etc. approved by the Commission in regard to supply of electricity in his area.

5. DUTIES OF THE DISTRIBUTION LICENSEE

- (1) The distribution licensee shall duly discharge the duties of the distribution licensee as provided under sections 42 and 43 of the Act and specified in these Regulations.
- (2) The distribution licensee shall develop and maintain an efficient, coordinated and economical distribution system in the specified area of distribution and effect supply of electricity to Consumers in such area in accordance with the provisions of the Act, rules, regulations, orders and directions of the Commission.
- (3) The distribution licensee shall be entitled to:
 - (a) purchase, import or otherwise avail electricity from a generating company, trader and from such other sources and persons with whom the distribution licensee has agreements or arrangements in accordance with the terms and conditions as approved by the Commission;

- (b) purchase from renewable sources of energy connected to its distribution system such quantum as may be stipulated by the Commission under section 86 (1) (e) of the Act.
 - (c) supply electricity within its area of supply to consumers requiring supply of electricity either directly or through open access in accordance with regulations made by the Commission. The licensee, with respect to open access supply, shall be a common carrier providing non-discriminatory open access and subject to operational constraints of the distribution system and collect wheeling and other charges as determined by the Commission from time to time.
- (4) The distribution licensee shall not, without the general or special approval of the Commission:
- (a) Sell or supply electricity to any person in accordance with the terms and conditions as specified in this license or by the Commission from time to time approved by the Commission; or
 - (b) provide wheeling services to third parties for transportation of electricity through the licensee's distribution system or permit a consumer or class of consumers to receive electricity supply from a person or another licensee of his area of supply; or
 - (c) The licensee shall not, except with the prior permission of the Commission
 - (i) undertake any transaction to acquire by purchase or takeover or otherwise, the utility of any other licensee within the State; or
 - (ii) merge his utility with the utility of any other licensee or his own elsewhere within the State; or
 - (iii) assign his licence or transfer his utility or part thereof to any person by lease, exchange or otherwise.
- (5) The licensee shall not extend any new provision of services to any other licensee or for the conveyance of electricity through its distribution system, without informing the Commission seven days prior to the commencement of such services. In case immediate remedial action is required in the interest of continuity of supply to the persons other than the consumers, the licensee may commence the activity, provided that the licensee informs the Commission of such occurrence or circumstances within seven days thereof.
- (6) The distribution licensee shall purchase the energy required for meeting its obligations under its licence in an economical manner and under a transparent or procurement process and in accordance with the regulations, guidelines,

directions issued by the Commission from time to time. In case of a shortage of electricity supply, the Commission shall fix the maximum and minimum ceiling of tariff for sale or purchase of electricity for such period of shortage.

- (7) In the event the distribution licensee engages in any other business, the same shall be subject to the following conditions:
- (a) due intimation is to be given to the Commission about the other business which the licensee intends to take-up;
 - (b) the licensed business and the conduct thereof by the licensee shall not be prejudicial and/or adversely affect in any manner the licensed business by reason of such other business;
 - (c) at least 50% of its profits, earned out of such other business, shall be utilized for reducing the charges for wheeling;
 - (d) the licensee shall not utilize its funds in any way for such other business nor create encumbrance on its distribution assets in any way to support such other business; and
 - (e) the distribution licensee shall be entitled to let its equipments/ materials in its possession on hire or lease provided such arrangement results in optimum utilisation and gainful employment of its assets. The licensee shall be entitled to sell or dispose off scrap/ unserviceable/ obsolete materials/ equipments. The earnings from such activities shall be recognized in the annual revenue requirement petition to be filed by the licensee with the Commission.
- (8) The distribution licensee shall seek approval of the Commission before making any loans to, or issuing any guarantee for any obligation of any person, except for the purposes of the licensed business. The loans and advances to employees pursuant to their terms and conditions of services in the ordinary course of business shall be excluded from the requirement to seek such approval.
- (9) The distribution licensee may establish subsidiaries or agents or enter into contracts to conduct or carry out any of the functions, which such licensee is authorized to conduct or carry out under the Act and this licence.
- Provided always that:
- (a) any such subsidiary or agents or contractors or agents shall operate under the overall supervision and control of the licensee and within the scope of the terms and conditions of this licence;
 - (b) the licensee shall , prior to entrusting any function to any such subsidiary or agents or contractor, intimate the Commission for concurrence or approval, subject to such conditions as the Commission may stipulate.

- (c) The distribution licensee shall take full responsibility for all actions of the subsidiaries or agents or contractors and the Commission may require the licensee to terminate the arrangements in case their performance is not to its satisfaction.
- (10) In case where prior approval of the Commission is required, the distribution licensee shall file an application with the Commission disclosing all the relevant facts relating to the matter. The Commission may, within thirty days of the filing of the application, seek further information in support of the application. The Commission shall allow the arrangement subject to such terms and conditions or modifications as it considers appropriate or reject the same, for reasons recorded in writing in the order to be issued by the Commission.

6. ACCOUNTS

- (1) Unless otherwise permitted by the Commission, the financial year of the distribution licensee for the licensed business shall be from the first of April of a calendar year to thirty-first of March of the subsequent calendar year.
- (2) The distribution licensee shall, in respect of the licensed business and / or any other business:
 - (a) keep such accounting records as would be required to be kept in respect of each such business so that the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to the licensed business are separately identifiable in the books of the licensee, from those of other business in which the licensee may be engaged;
 - (b) prepare on a consistent basis from such accounting records and submit to the Commission
 - (i) the accounting statements in accordance with the provisions of the Companies Act, 1956 and accounting standards or regulations or directions issued by the Commission;
 - (ii) in respect of the first six months of each financial year, a half yearly profit and loss account, cash flow statement and balance sheet together with such supporting documents and information as the Commission may prescribe from time to time;
 - (iii) in respect of the accounting statements prepared , an auditor's report shall be enclosed for each financial year, certifying that, the statements have been properly prepared in accordance with this clause (i) and give a true and fair view of the revenues, costs, assets, liabilities, reserves

and provisions of, or reasonably attributable to such businesses to which the statements relate;

(iv) a copy of each half yearly profit and loss account not later than one month after the end of the period to which it relates, and copies of the accounting statements and auditor's report not later than six months after the end of the financial year to which they relate.

- (3) Any person authorized by the Commission shall be entitled to inspect and verify the accounts of the distribution licensee and the licensee shall render all necessary assistance to such person.
- (4) The distribution licensee shall not normally change the basis of charge or apportionment or allocation of revenues or expenses in relation to the preparation of the accounting statements in respect of a financial year from those applied in respect of the previous financial year, without prior intimation to the Commission. The basis of charge or apportionment of revenues or expenses shall be consistent with the provisions of the Companies Act, 1956 (Act1 of 1956) or the respective Acts under which the licensee will be governed, the accounting standards or rules and also any guidelines issued by the Commission in this regard.
- (5) Where, in relation to the accounting statements in respect of a financial year, the Licensee has changed the basis of charge or apportionment or allocation from those adopted for the immediately preceding financial year, the licensee shall, if directed by the Commission, prepare such accounting statements on the basis which it applied in respect of the immediately preceding financial year and in addition prepare the accounting statements on the basis actually applied by it.
- (6) Accounting statements under sub-clause (2) shall, unless otherwise approved or directed by the Commission:
 - (a) be prepared and published with the annual accounts of the distribution licensee as directed by the Commission;
 - (b) state the accounting policies adopted;
 - (c) prepare in the format as the Commission may stipulate from time to time;
- (7) The distribution licensee shall ensure that the accounting statements in respect of each financial year prepared under clause (2) and the auditor's report in respect of each financial year are made available to any person on request at a price not exceeding the reasonable cost of duplicating them.
- (8) In order to meet the requirement of open access, the accounting statements shall be maintained separately for capital expenditure and revenue expenditure to

enable the segregation of common services by suitably allocating the same as per the formula approved by the Commission.

7. FURNISHING OF INFORMATION TO THE COMMISSION

- (1) The distribution licensee shall furnish to the Commission, as directed from time to time, such information, documents and details related to the licensed business or any other business of the licensee engaged for optimum utilisation of the assets of the licensed business for its own purposes or for the purposes of the Government of India, State Government, the Central Commission, and/or the Central Electricity Authority, the State Transmission Utility and State Load Dispatch Centre.
- (2) The distribution licensee shall furnish periodical reports on the implementation of the standards of performance as specified in the Standards of Performance of Distribution Licensee Regulations, notified by the Commission and as amended from time to time, on the dates specified by the Commission.
- (3) The distribution licensee on occurrence of any major incident or accident shall notify the Commission about such occurrence as provided in Electricity Supply Code, and Standards of Performance of Distribution Licensee Regulations notified by the Commission.
- (4) The distribution licensee shall duly inform the Commission about any incident that restricts from meeting its obligations under its licence including any act of omission or commission by others and the steps taken by the licensee to mitigate the effect of such incident.
- (5) The distribution licensee shall submit a business plan, as required under the MSERC (Terms and Conditions for Determination of Tariff) Regulations - 2010, within three months from the date of this licence and shall update such plan annually.
- (6) The Commission may require the licensee to intimate before the end of first quarter of each financial year the progress made in implementing the business plan of the previous financial year with the comparison of actual implementation vis-à-vis the plan as approved by the Commission
- (7) The distribution licensee shall also undertake such studies as the Commission may direct it to undertake from time to time for the improvement of its distribution business and any other matter concerning the distribution business.

8. INVESTMENT

The licensee shall comply with the provisions of Regulations 41 to 45 of these regulations relating to Investment Plan and as directed by the Commission from time to time.

9. PAYMENT OF LICENCE FEES

- (1) Within thirty days or such further period as the Commission may allow after the date of commencement of the licence, the licensee shall pay to the Commission an initial license fee as may be determined by the Commission, on a pro-rata basis for the balance period of the year and for the subsequent financial year(s), as long as this Licence remains in force an annual Licence fee as specified by the Commission by 15th April each year.
- (2) The Commission may, from time to time revise the annual licence fee payable by the licensee. The Commission may publish a notice determining the annual licence fee payable by such licensee in each financial year or revise the relevant Regulations as the case may be.
- (3) Where the distribution licensee fails to pay to the Commission any of the fees due under sub-clauses (1) or (2) by the due dates:
 - (a) without prejudice to other obligations, the distribution licensee shall be liable to pay interest on the outstanding amount at a simple interest rate as specified by the Commission, the interest being payable for the period beginning on the day after which the amount became due, and ending on the day on which the payment is made to the Commission in cleared funds; and
 - (b) in the event of continued default by the distribution licensee, the Commission may revoke this licence pursuant to section 19 of the Act and regulation 21 of these regulations.
- (4) The distribution licensee shall be entitled to take into account any fee paid by it under this clause as an expense in the determination of aggregate revenues to be charged to the tariffs, but shall not take into account any interest paid pursuant to sub-clause (3) above.

10. AMENDMENT OF LICENCE CONDITIONS

The Commission may alter or amend any terms and conditions of at any time in public interest in exercise of powers under section 18 of the Act as under:

- (a) where the licensee has made an application under sub-section (1) of section 18, of the Act proposing any alteration or modifications to the terms and

conditions of licence, the licensee shall publish a notice of such application with such particulars and in such manner as specified in Regulation 26 of these regulations;

(b) in the case of an application proposing alterations or modifications in the area of activity comprising the whole or any part of any cantonment, aerodrome, fortress, arsenal, dockyard or camp or of any building or place in the occupation of the Government for defence purposes, the Commission shall make any alterations or modifications only after obtaining prior approval with the consent of the Central Government;

(c) the Commission shall not make any alterations or modification unless all suggestions or objections received within thirty days from the date of publication of the notice have been considered.

11. SETTLEMENT OF DISPUTES

The provisions contained in Regulation 27 of these regulations shall apply to any dispute between the distribution licensee and any generating company and or between a consumer and a distribution licensee shall be settled in accordance with the provisions contained in the said Regulation.

12. COMPLIANCE WITH THE GRID CODE BY THE DISTRIBUTION LICENSEE

The distribution licensee shall ensure due compliance with the Meghalaya State Electricity Grid Code approved by the Commission under clause (h) sub section (1) of section 86 of the Act.

13. COMPLIANCE WITH THE ELECTRICITY SUPPLY CODE AND DISTRIBUTION CODE BY THE DISTRIBUTION LICENSEE

The distribution licensee shall ensure due compliance with the Meghalaya State Electricity Supply Code in force as amended from time to time.

14. CONSUMER SERVICE

(1) The distribution licensee shall duly comply with the provisions, as amended from time to time, in regard to consumer services in the Meghalaya State Electricity Supply Code and Standards of Performance of Distribution Licensee Regulations.

(2) *Payment of Bills*

The procedures regarding billing and payment of electricity charges outlined in Meghalaya State Electricity Supply code and Standards of Performance of Distribution Licensee Regulations shall be followed both by the licensees and the consumers.

(3) *Complaint Handling Procedure*

The distribution licensee shall establish a forum and ombudsman called Consumer Grievance Redressal Mechanism for redressal of grievances of the consumers in accordance with the Regulation 34 of these regulations, as required under section 42(5) of the Act.

(4) *Consumer Rights Statement*

- (a) The distribution licensee shall, within a reasonable period of time after the commencement of the licence or such other time as the Commission may allow, prepare and submit to the Commission for approval, a consumer rights statement, explaining to consumers their rights as Consumers serviced by such licensee. The Commission may, upon holding such consultation with such other persons or bodies of persons who the Commission considers as representing the interests of consumers likely to be affected by it, make such modifications in the statement, as it considers necessary in public interest.
- (b) The distribution licensee shall submit a proposal for any revision of the consumer rights statement to the Commission for its approval, including any representation received by such licensee and not accepted by it. The Commission may modify the existing consumer rights statement, as it considers necessary.
- (c) The distribution licensee shall:
 - (i) draw the attention of consumers, in such manner as the Commission may direct to the existence of the consumer rights statement and its revision from time to time.
 - (ii) make a copy of its consumer rights statement, as revised from time to time, available for inspection by members of the public at its offices during normal working hours; and
 - (iii) provide to all new consumers to be served by it, and to any other person who requests, a copy of the consumer rights statement, as revised from time to time, at a price not exceeding the reasonable cost of duplicating it.

(5) The distribution licensee shall duly comply with the standards as the Commission may specify from time to time, in performing its duties under the Act.

15. DISTRIBUTION SYSTEM PLANNING AND SECURITY STANDARDS, DISTRIBUTION SYSTEM OPERATING STANDARDS

The Distribution licensee shall comply with the provisions outlined in Meghalaya State Electricity Supply Code.

16. DUTY TO SUPPLY

The Distribution licensee shall comply with the provisions outlined in Regulation 28 of these regulations.

17. POWERS TO RECOVER OF CHARGES, SECURITY etc.

The Distribution licensee shall comply with the provisions outlined in Regulations 30 and 31 of these regulations

18. USE OF METERS

The distribution licensee shall comply with the requirements of the Act and the regulations, directions and orders of the Commission in regard to supply of electricity through meter provided in accordance with the "Installation and Operation of the Meter Regulations notified by the Central Electricity Authority under section 55 of the Act.

19. PROVISION OF SUBSIDIES TO CERTAIN CONSUMERS

The distribution licensee shall be guided by the provisions as per MSERC (Terms and Conditions for Determination of Tariff) Regulations, 2007.

20. POWERS OF THE LICENSEE FOR REVENUE REALISATION, PREVENTION OF METER TAMPERING, Etc.

The distribution licensee shall act as per the provisions Meghalaya State Electricity Supply Code.

21. POWER TO ENTER PREMISES AND TO REMOVE FITTINGS OR OTHER APPARATUS OF LICENSEE

The distribution licensee shall act as per the provisions of the Meghalaya State Electricity Supply Code.

22. THEFT OF ELECTRICITY, LINES, MATERIALS, INTERFERENCE WITH WORKS, etc.

The distribution licensee shall act as per the provisions of Meghalaya State Electricity Supply Code.

24. DISCONNECTIONS AND OTHER ACTIONS

The distribution licensee shall act as per the provisions of Meghalaya State Electricity Supply Code.

25. INTRODUCTION OF COMPETITION IN SUPPLY

(1) In accordance with section 14 of the Act, the Commission may, grant a licence to two or more persons for distribution of within the same area of supply subject to the condition that the applicant meets the eligibility norms as specified under sixth proviso under section 15 of the Act. No applicant who complies with all the requirements for grant of licence shall be refused licence on the ground that there already exists a licensee in the same area for the same purpose.

(2) As and when permitted by the Commission a consumer or a class of consumers can avail electricity from a person other than the licensee of his area of supply. In such a case the duties of the licensee shall be that of a “common carrier” providing non-discriminatory open access and the charges payable will be, determined by the Commission.

(3) The Commission may fix only the maximum ceiling of tariff for retail sale of electricity in an area of supply having two or more distribution licensees.

25. APPLICATION OF THE GENERAL CONDITIONS TO DEEMED LICENSEES

The conditions as set out herein above are applicable to any person or Agency who is a deemed licensee under section 14 of the Act.

By Order of the Commission

Secretary

Place:

Date: