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**JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION,  
RANCHI**

**NOTIFICATION**

**(DISTRIBUTION LICENSE CONDITIONS) REGULATIONS, 2005**

**No. JSERC/Regulation/2005/209**

**Dated 5th July, 2005**

In exercise of the powers conferred by Section 15&16 read with Section 181 and other enabling Sections of the Electricity Act, 2003 (36 of 2003), the Jharkhand State Electricity Regulatory Commission hereby makes the following Regulations, namely:-

**Chapter I: General**

**1. Short Title, Extent and Commencement**

- (1) These Regulations may be called the Jharkhand State Electricity Regulatory Commission (Distribution License Conditions) Regulations, 2005.
- (2) These Regulations shall extend to the whole of the State of Jharkhand.
- (3) These Regulations shall come into force from the date of their publication in the Official Gazette of Government of Jharkhand.

**2. Applicability**

These Regulations shall apply to all distribution licensees including deemed licensees under the Act. It shall also apply in respect of all applications for distribution license, including applications pending before the Commission on the date of publication of these Regulations.

### 3. Definitions

In these Regulations unless the context otherwise requires:

(a) **“Accounting Statement”** means for each financial year, accounting statements separately in respect of the Licensed Business and the Other Business, comprising-

- (i) Balance sheet, prepared in accordance with the form contained in Part I of Schedule VI to the Companies Act, 1956;
- (ii) Profit and loss account, complying with the requirements contained in Part II of Schedule VI to the Companies Act, 1956;
- (iii) Cash flow statement, prepared in accordance with the Accounting Standard on Cash Flow Statement (AS-3) of the Institute of Chartered Accountants of India;
- (iv) Report of the statutory auditors’ of the Distribution Licensee;
- (v) Cost records prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, together with notes thereto, and such other supporting statements and information as the Commission may direct from time to time;

(b) **“Allocation Statement”** means for each financial year, a statement in respect of each of the separate businesses of the Distribution Licensee, showing the amounts of any revenue, cost, asset, liability, reserve or provision, which has been either:

- (i) Charged from or to any Other Business together with a description of the basis of that charge; or
- (ii) Determined by apportionment or allocation between the Distribution Business and any Other Business of the Distribution Licensee, together with a description of the basis of the apportionment or allocation;

(c) **“Act”** means the Electricity Act, 2003 (36 of 2003);

(d) **“Applicant”** means the person who has made an application for grant of license to distribute electricity under the Act and in accordance with these Regulations;

(e) **“Board”** means the Jharkhand State Electricity Board and companies formed on account of unbundling of State Electricity Board.

(f) **“Commission”** means the Jharkhand State Electricity Regulatory Commission;

(g) **“Conduct of Business Regulations”** means such regulations as may be specified under clause (zl) of sub-section (2) of Section 181 read with sub-section (1) of Section 92 of the Act;

(h) **“Licensed”** means license granted under Section 14 of the Act to operate and maintain a distribution system to discharge functions and duties assigned vide Section 42 to 51 of the Act for supplying electricity to the consumers in the area of the supply of the distribution Licensee;

- (i) **“Licensed Business”** means the business of operating and maintaining a distribution system for supplying electricity to the consumers in the area of the supply of the Distribution Licensee;
- (j) **“Network Rollout Plan”** means a plan describing the rollout of the distribution system of the Distribution Licensee or of the proposed distribution system of the applicant, as the case may be, including geographical coverage of such distribution system, phasing of the rollout and such other details as may be required by the Commission;
- (k) **“Officer”** means an officer of the Commission;
- (l) **“Other Business”** means such other business as is referred to in Section 51 of the Act;
- (m) **“Promoter”** means, with regard to an applicant under these Regulations,-
- (i) In case the applicant is a partnership firm, any partner of the firm;
  - (ii) In case the applicant is a company or a body corporate, any person who holds not less than ten (10) per cent of the paid up equity share capital in such company or body corporate;
  - (iii) In case the applicant is an association or body of individuals, any individual who is a member thereof.
- (n) **“Secretary”** means Secretary of the Commission;

Words or expressions used herein and not defined shall have the meanings assigned to them in the Act.

## **Chapter II: Procedure for Grant of License**

### **4. Application for grant of license**

**4.1** Any person desirous to distribute electricity in the state of Jharkhand shall make an application for grant of Distribution License in such form and accompanied by such documents and information's as specified in Schedule 1 of these Regulations.

**4.2** The application under Regulation 4.1 shall be accompanied by such application fees as may be prescribed by the Commission under sub-section (1) of Section 15 of the Act.

**4.3** The application under Regulation 4.1 shall be signed by the applicant and addressed to the Secretary of the Commission and shall be submitted in the manner set out in the JSERC (Conduct of Business) Regulations for filing of petitions.

### **5. Scrutiny of application**

**5.1** The Commission or the Secretary or any Officer designated for the purpose by the Commission may, upon scrutiny of the application, and, as far as practicable, within a period of thirty (30) days from the date of receipt of application, require the applicant to furnish such additional information or particulars or documents as considered necessary for the purpose of considering the application.

**5.2** After the application is received, the Secretary or the Officer designated for the purpose by the Commission shall intimate to the applicant that the application is ready for being considered for grant of license in accordance with the procedure provided in the Act and the applicable Regulations.

## **6. Notice of application for grant of license**

**6.1** The applicant within seven days of making an application for grant of license publish a notice of his application for grant of license in two successive issues of not less than two (2) daily English language newspapers and two (2) daily vernacular languages newspapers having wide circulation in the proposed area of supply. The applicant shall send a copy of each such publication to the secretary of the Commission within 7 days of the second publication.

**6.2** The notice of application under sub-section 6.1 of this regulation shall contain the following particulars:

(a) Following heading in bold capital letters - "PUBLIC NOTICE OF APPLICATION FOR GRANT OF LICENSE FOR DISTRIBUTION AND SUPPLY OF ELECTRICITY."

(b) The applicant's name and address of registered office;

(c) Nature of license applied for and other salient features of the application;

(d) Legal status of the applicant, shareholding pattern, management profile, summary of activities and past experience in similar activities;

(e) The proposed area of supply;

(f) The name, addresses and other necessary details of the person(s) under the control of the applicant at the respective main city/ town who shall maintain copies of the application and other documents referred to in Sub-Section 4.1 above for public inspection or for purchase in person or by post at prices not exceeding reasonable duplicating charges;

(g) Address of the website of the applicant from where the application along with necessary documents can be down loaded free of cost.

(h) In respect of a license for cases falling under the sixth proviso to section 14 of the Act, a statement that the applicant has complied with the additional requirements as prescribed by the Central Government under the said provision of the Act;

(i) A statement that any person, desirous of making any objection with reference to the application may do so by way of a written submission (six copies) addressed to the Secretary of the Commission to be received in the commission within 30 days of this notice (the time frame specified in the proviso to clause (i) of sub-section (2) of Section 15 of the Act).

Provided that the Commission may, within a period of four (4) days from the receipt of application, require such additional particulars to be included in the notice, as it may deem appropriate having regard to the specific circumstances of the case.

## **7. Objection:**

**7.1** Any person, company or local authority intending to object to the grant of the license shall file objection within thirty days from the date of publication of the notice.

**7.2** The applicant shall apply for and obtain the “no objection certificate” required from the Central Government under the provisions of section 15(ii) of the Act before the application is placed for hearing by the Commission for grant of the license.

## **8. Processing of application**

The Commission shall follow the procedure set out in the Conduct of Business Regulations while processing applications under these Regulations.

## **9. Hearings and Local Enquiries:**

**9.1** If the applicant has duly arranged for the publication of the notice of the application and the time for filing of the objection is over and after the applicant has furnished to the Commission the no objection certificate, if any, required from the Central Government or if it is permitted by the Commission to be furnished later, the Commission will proceed with the hearing of the application.

**9.2** The Commission shall give the notice of inquiry or hearing to the applicant, the persons who had filed objections, the Central Government, the State Government and such other authority, person or body as the Commission considers appropriate.

**9.3** In case of a local inquiry to consider the objection of a person a memorandum of the results of the local inquiry shall be prepared and shall be signed by the applicant, the Officer or person designated for the purpose and such other person as the Commission may direct.

**9.4** If after due consideration, hearing and enquiry if any, Commission decides to grant a license to the applicant; Commission shall before the issue of such license:-

(a) Publish a notice in two such daily newspapers, as the Commission may consider necessary, stating the name and address of the person to whom it proposes to issue the license.

(b) Consider any objection, suggestion or recommendation made by the State Transmission Utility with respect to the grant of license and for this purpose the Commission may cause a local enquiry to be held in such manner as the Commission may direct.

## **10. Approval of License**

**10.1** The Commission shall as far as practicable within 90 days of the filing of the application, grant or refuse the license and Secretary or such officer as the Commission may designate in that behalf shall inform the applicant in writing of such refusal or approval enclosing in case of approval the proposed draft for grant of license as specified in Schedule 2 of these Regulations and 3 sets of maps of the area of supply showing the relevant details.

Provided that the Commission may modify or amend the form specified in Schedule 2 of these Regulations for grant of the license as it may deem necessary.

**10.2.** On receiving intimation from the applicant in writing that he/ they are willing to accept a license in the form and subject to terms and conditions approved by the Commission, enclosing and returning back the three (3) sets of map of the Area of Supply duly signed with seal by the applicant for acceptance; the Commission shall issue the license along with the approved map of the Area of Supply which shall be signed with seal by the Secretary of the Commission or such other officer as the Commission may designate in this behalf.

**10.3** A person who has been granted a license shall, within thirty (30) days of the grant of such license, publish the license or such part or gist thereof as this Commission considers appropriate and shall make available a copy of such license, together with a map or maps delineating the area of supply for public inspection during working hours at this office located within the area of supply and shall make available for sale, printed copies of the license, together with relevant map or maps, to any person applying for the same, at a reasonable price, not exceeding Rs.100/-.

## **Chapter III: TERMS AND CONDITIONS OF LICENSE**

### **11. General**

**11.1** Every Distribution Licensee shall be subject to the general and specific terms and conditions of license specified in Schedule 2 of these Regulations.

**11.2** The Commission may specify any other specific conditions to apply either to a licensee or class of licensees and such conditions shall be deemed to be conditions of such license.

Provided that the Commission may specify such additional conditions of license, as it may consider appropriate, for the purpose of encouraging competition for distribution of electricity through their own distribution system within the same area.

Provided further that the Commission shall, before specifying such additional conditions, give reasonable opportunity to make representations to affected persons with regard to such additional conditions.

## **12. Area of supply**

**12.1** The area of supply of the Distribution Licensee shall be the area as specified in the license and subject to such requirements and conditions as laid down by the Commission.

## **13. Commencement and Term of License**

A license issued under the Act and in accordance with these Regulations shall come into force with effect from the date specified therein and, unless revoked earlier by the Commission in accordance with the provisions of Section 19 of the Act, shall remain in force for the period twenty five years as specified under sub-section (8) of Section 15 of the Act.

## **14. DUTIES**

**14.1** The Distribution Licensee shall develop and maintain an efficient, coordinated and economical distribution system in the area of supply and supply electricity in accordance with the provisions of the Act and the regulations and guide lines of the Commission.

### **14.2** Obligation to Provide Electricity Supply Service

Subject to the other provisions of this License, the Licensee shall have the following obligations:

(a) The Licensee shall on the application of the owner or occupier of any premises within the Area of Supply, give electricity supply service connection from the Licensee's Distribution System for the purposes of providing supply of electricity including the laying and installation of any required distribution lines and/or plants as per the Electricity Supply Code Regulations.

(b) Where the owner or occupier of any premises requires connection under this clause 5.2, the form of application to be made and the procedure for processing the application and providing electricity supply service shall be in accordance with the procedure and subject to the fees and payments as specified by the Licensee and approved by the Commission as per the Electricity Supply Code.

(c) The licensee shall always endeavor to ensure stable and adequate power supply of appropriate quality to consumers.

(d) Nothing in this clause 5.2 shall require the Licensee to provide electricity supply service connection if he is prevented from so doing by the Force Majeure circumstances beyond the control of the Licensee.

**14.3** The Distribution Licensee shall comply with all the applicable provisions of the Act, the rules prescribed there under and all regulations, orders and directions issued by the Commission from time to time.

**14.4** The Distribution Licensee shall as soon as practicable report to the Commission:

(a) Any significant change in his circumstances which may affect the Distribution Licensee's ability to meet his obligations under the Act, the rules and the regulations there under, directions and orders issued by the Commission, agreements or the License;

(b) Any material breach, or likelihood thereof, of the provisions of the Act, the rules and the regulations there under, directions and orders issued by the Commission, agreement or the License, which was reasonably within his knowledge, along with the reasons therefore, as soon as practicable; and

(c) Any change in management control or major change in the shareholding pattern of the Distribution Licensee.

(d) Commission would conduct/get conducted any enquiry into the technical, commercial and financial management of licensed business as and when the Commission decides necessary and appropriate.

**Explanation I** – for the purpose of this clause, “management control” shall include the right to appoint majority of the directors or to control the management or policy decisions of the Distribution Licensee, including by virtue of shareholding or management rights or shareholders' agreement or partnership agreement or trust deed or voting agreement or in any other manner;

**Explanation II** – for the purpose of this clause, “major change in shareholding pattern” shall mean the acquisition, by such person as specified in Regulation 7 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as in force from time to time, of such per cent of shares or voting rights in the Distribution Licensee as would entail a disclosure under sub-regulation (1) of that Regulation.

**14.5** The Distribution Licensee shall ensure that his licensed business (electricity distribution business) neither subsidises in any way any other business undertaking of the licensee nor encumbers its distribution assets in any way to support such other business.

**14.6** The Distribution Licensee may engage any of its subsidiaries or holding company or a subsidiary of such holding company to provide any goods or services to the Distribution Licensee in connection with the Licensed Business, subject to the following conditions:

(a) That the transaction shall be undertaken on an “arms-length basis” and at a value that is fair and reasonable in the circumstances, which for the purposes of this clause, shall mean with respect to any specific transaction, substantially on terms that would be obtained



between the Distribution Licensee and a third party unrelated to and unconnected with the Distribution Licensee;

**(b)** That the Distribution Licensee shall report to the Commission, for each financial year, the details of all transactions of the nature referred to in clause 5.6 (a) of this Regulations entered into during the financial year;

**(c)** That the Distribution Licensee shall submit to the Commission, for each financial year, a certificate from a Chartered Accountant as regards compliance with the requirement of clause (a) above.

**Explanation** - for the purpose of this clause, the terms “subsidiary” and “holding company” shall have the same meaning as under Section 4 of the Companies Act, 1956.

**14.7** The Distribution Licensee may undertake the distribution of electricity for a specified area within the area of supply through another person and such person shall not be required to obtain any separate license from the Commission.

Provided that the Distribution Licensee shall be responsible for all his obligations under the Act, rules and regulations made there under notwithstanding the Distribution Licensee authorizing such other person to so undertake the distribution of electricity.

Provided further that the Distribution Licensee shall report, for each financial year, the details of any such arrangements entered into with any person under these Regulations, in such format as may be provided by the Commission.

**14.8** The Distribution Licensee shall:

**(a)** Prepare and submit to the Commission a detailed forecast of the demand for electricity in the area of supply in such manner and for such period(s) as may be specified by the Commission;

**(b)** Purchase electrical generation capacity and energy in an efficient and economical manner under a transparent procurement process as approved by the Commission and in accordance with the guidelines issued by the Commission from time to time.

**(c)** The licensee shall submit its Capital Expenditure Plan to the Commission on grant of the License.

## **15. Network rollout**

The Distribution Licensee shall adhere to the network rollout plan as approved by the Commission. The distribution licensee shall submit to the commission Annual Capital Expenditure plan three months before the commencement of the financial year.

## **16. Accounts**

**16.1** The Distribution Licensee shall adhere to the capital and investment plan approved by the Commission.

**16.2** The financial year of the Distribution Licensee shall run from the first of April to the following thirty-first of March.

**16.3** The Distribution Licensee shall in respect of the Licensed Business and the Other Business:

(a) Keep such Allocation Statement as would be required, so that the revenues, costs, assets, liabilities, reserves and provisions for, reasonably attributable to the Licensed Business are separately identifiable in the books of the Distribution Licensee.

(b) Adopt a fair and transparent cost allocation mechanism for the reasonable allocation of joint and common costs between the Licensed Business and the Other Business;

(c) Prepare on a consistent basis, the financial statements and Accounting Statements in accordance with the provisions of the Companies Act, 1956 and/or the standards or guidelines of the Institute of Chartered Accountants of India or the Commission and submit this same to the Commission with Auditor's report not later than six months after the end of financial year.

Provided that an interim Financial Statement / Accounting Statements shall be submitted by the licensee to the Commission not later than 90 days after expiry of each financial year.

**Explanation** – References in this clause 8.2 of schedule II of these Regulations to costs or liabilities or reasonably attributable to Licensed Business or Other Business shall be construed as excluding taxation, and capital liabilities which do not relate principally to such Business and interest thereon.

**16.4** The Distribution Licensee shall maintain appropriate accounting records and undertake such studies as the Commission may direct to enable the Commission to determine or estimate, as the case may be, the Distribution Licensee's cost of supply to various tariff categories and cross-subsidy surcharge under sub-section (2) of Section 42 of the Act.

**16.5** The licenses shall maintain Asset Register for the asset in use, update them from time to time as may be necessary and provide the information on the same as may be required by the Commission.

**16.6** The Distribution Licensee shall upon request by any person make available a copy of its Accounting Statements at a reasonable price not to exceed the photocopying charges.

## **17. Provision of Information to the Commission**

**17.1** The Distribution Licensee shall furnish to the Commission such information, documents and details related to the Licensed Business and/or the Other Business of the Distribution Licensee as the Commission may require.

**17.2** The Licensee shall submit a five (5) year Business Plan within three months from the date of grant of licensee or the effective date of the Transfer Scheme in case of restructuring of State Electricity Board under Section 131 of the Act and update the same annually. This should contain year wise load growth, year wise distribution loss reduction target along with specific action plan, metering plan, investment plan (including investment in Generating stations or a Trading Company), treatment of previous losses, debt restructuring plan, program for rural electrification, cost reduction plan, projected profit and loss account, projected balance sheet, projected cash flow statement and projected important financial parameters.

**17.3** The Commission may require the Licensee to intimate by 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 for a block of 5 years.

**17.4** The Licensee shall also undertake such studies as the Commission may direct it to undertake from time to time for the improvement of the Distribution Business and any other matter concerning the Distribution Business that the Commission considers necessary in the public interest. Such expenses shall be included in determination of aggregate revenue requirement.

## **18. Technical Conditions**

**18.1** The distribution licensee shall develop and maintain an efficient, co-coordinated and economical distribution system in his area of supply and supply electricity in accordance with the provisions of the Act.

**18.2** The licensee shall comply with the provisions of the grid code in so far as is applicable to it

**18.3** At the request of the Commission, the Licensee is required to participate and assist the Commission to the extent required by the Commission in the development, issue and review of any standards, codes, procedures proposed or notified by the Commission. The licensee shall implement all the Standards and Procedures approved by the Commission.

**18.4** The licensee shall install plants, equipments and meters and construct, maintain and operate electrical plants and electrical lines as per the technical safety and energy efficiency standards specified by the Authority under the Act and / or specified under any Act for the time being in force.

**18.5** The licensee shall comply with the provisions of JSERC (Distribution Licensees' Standard of Performance ) Regulations, 2005 and Electric Supply Code.

## **19. Annual License Fees**

During the period that the License is in force, the Distribution Licensee shall by the 10th of April of every year, or such further period as the Commission may allow, pay to the Commission the annual license fees of Rupees One lakh only.

## **20. Tariff and Calculation of Revenue Requirements**

**20.1** The licensee shall charge consumer for the supply of electricity by him in accordance with the Tariff Order issued by the Commission from time to time.

**20.2** The licensee shall file application for determination of Tariff by the Commission as per the regulations issued by the Commission.

**20.3** The licensee shall follow the methodology and calculate the Revenue Requirements including the charges / expenses which it is allowed to recover in accordance with part VII of the Act, and Regulations and guidelines issued by the Commission and terms conditions of his license.

## **21. Consumer Rights Statement**

**21.1** The Distribution Licensee shall, within three (3) months from the date of commencement of the license or within three (3) months from the date of notification of these Regulations, whichever is later, prepare and submit to the Commission for approval, a consumer rights statement, explaining to consumers their rights as consumers served by the Distribution Licensee.

**21.2** The Commission may, upon holding such consultation with such persons or bodies of persons who the Commission considers as representing the interests of consumers likely to be affected by it, make such modification to such consumer rights statement, as it considers necessary in public interest.

**21.3** The Distribution Licensee shall provide a copy of the consumer rights statement, as approved by the Commission, free of charge, to all consumers to be served by it.

**21.4** The Distribution Licensee shall put up a copy of the consumer rights statement on its internet website.

## **Chapter IV: Deemed Licensees**

### **22. Terms & Condition of License**

**22.1** Upon the expiry of one year from the date of commencement of the Act (“herein after in this part referred to as effective date”), the provisions of the Act and the rules and regulations made there under shall be applicable to a deemed licensee under Section 14 of the Act and accordingly the terms and conditions of license specified in Chapter III of these Regulations shall be the terms and conditions of license for such deemed licensee from the effective date.

Provided also that the conditions or stipulations contained in the license, clearance or approval granted to such deemed licensee under the repealed respective laws and the rules and regulations made there under which are not specified in Chapter III of these Regulations and are not inconsistent with the provisions of the Act, and terms and conditions of license specified in chapter III of these regulations shall be deemed to be the specific conditions of license for such deemed licensee from the effective date.

Provided however that the period of license of such deemed licensee shall be such period as may be stipulated in the license, clearance or approval granted to such deemed licensee under the repealed laws and where no such period has been so stipulated, the period of license of such deemed licensee shall be a period of twenty five (25) years from the date of commencement of the Act.

Provided that so long as the license of a deemed licensee referred to in the first proviso to Section 14 of the Act is sub-judice before the Commission or any court of law/ tribunal or arbitrator or any other authority from the effective date onwards wherein the deemed licensee is a party, such deemed licensee shall maintain status quo in terms of any order or direction given to such licensee by the Commission or any court of law/ tribunal or arbitrator or any other authority until under law any final order or direction is passed by the Commission or any court of law/ tribunal or arbitrator or any other authority under law.

Provided that in case the State Government distributes electricity whether before of after the commencement of the Act shall be deemed to be licensee under the Act but shall not be required to obtain license under the Act.

Provided that Damodar Valley Corporation established under DVC Act 1948 shall be deemed to be licensee for the area (of Jharkhand State) and voltage level defined under DVC Act and shall not be required to obtain license under this Act.

Provided further that Jharkhand State Electricity Board and its successor companies created under Section 131 of the Act shall be deemed Licensee for the areas and voltage levels as applicable prior to the effect of the Electricity Act 2003.

## **Chapter V: Miscellaneous**

### **23. Amendment of License**

**23.1** The Commission may amend or alter the terms and conditions of the licensee at any time it deems fit in the public interest or on the application of the licensee or otherwise.

Provided however that no such alterations or amendments shall be made except with the consent of the licensee unless such consent has, in the opinion of the Appropriate Commission, been unreasonably withheld.

Before any amendment or alterations are made in the terms and conditions the license under these regulations, the following provisions shall have effect, namely:-

Where the licensee has made an application under sub-section (1) proposing any alteration or modifications in his license, the licensee shall publish a notice of such application with such particulars and in such manner as specified in clause 23.2 of these Regulations.

**23.2** A notice pursuant to clause 23.1 above of these regulations shall be published by the licensee in two successive publications in not less than two (2) daily English language newspapers and two (2) daily vernacular language newspapers having wide coverage in the area of supply within a period of seven (7) days from the date of application for alterations or amendments and shall contain the following particulars:-

(a) Following heading in bold capital letters- “PUBLIC NOTICE OF APPLICATION FOR AMENDMENT IN LICENSE FOR ELECTRICITY DISTRIBUTION AND SUPPLY.”

(b) Name of the Distribution Licensee and address of main office in the area of supply;

(c) Description of alteration or amendment for which application has been made to the Commission;

(d) Rationale for the proposed alteration or amendment and persons likely to be affected thereby;

(e) The name, addresses and other necessary details of the person(s) under the control of the Distribution Licensee at the respective main city/ town with whom the application can be inspected or from whom it can be purchased in person or by post at reasonable charges, not exceeding Rs. 100/-, and the website of the Distribution Licensee from where the application along with necessary documents can be downloaded free of cost;

(f) A statement that any person, desirous of making any suggestion or objection with reference to the application or alteration for amendment, may do so by way of a written intimation (six copies) addressed to the Secretary of the Commission to be received within 30 days of the first publication.

Provided that the Commission may, within a period of four (4) days from receipt of the application, require such additional particulars to be contained in the notice, as it may deem appropriate having regard to the specific circumstances of the case.

**23.3** Where any alterations or modification in the license is to be made otherwise than on the application of the licensee the Commission shall publish the proposed alteration or modification with such particulars and in such manner as specified below.

**23.4** A notice under clause 23.3 of these Regulations as above shall be published by the Commission in not less than two (2) daily English language newspaper and two (2) daily vernacular language newspaper having wide coverage in the area of supply. The notice shall contain the following particulars: -

(a) Following heading in bold capital letters “PUBLIC NOTICE OF PROPOSED AMMENDMENT IN LICENSE FOR ELECTRICITY DISTRIBUTION AND SUPPLY.”

(b) Name of the Distribution Licensee and address of main office in the area of supply;

(c) Description of alteration or amendment proposed to be made by the Commission;

(d) Rationale for proposed alteration or amendment and persons likely to be affected thereby;

(e) A statement that any person, desirous of making any suggestion or objection with reference to the proposal for amendment may do so by way of written intimation (six copies) addressed to the Secretary of the Commission to be received within 30 days of the first publication of the notice.

**23.5** In case the modification or alteration proposed in the area of supply comprising the whole or any part of any cantonment, aerodrome fortress, arsenal, dockyard or camp or any building or place in the occupation of the Government for defense purposes, the Appropriate Commission shall not make any alterations or modifications except with the consent of the Central Government.

**23.6** The Commission shall not make any modification or alteration unless all suggestions or objections received within thirty days from the date of the first publication of the notice have been considered.

## **Chapter VI Interpretation and Amendment**

### **24. Decision on Interpretation of License**

In case of dispute with respect to the interpretation of the license and the terms and conditions thereof the decision of the Commission, shall be final and binding on the licensee.

### **25. Power to amend**

The Commission may, at anytime, vary, alter, modify or amend any provisions of these Regulations.

### **26. Power to remove difficulties**

If any difficulty arises in giving effect to the provisions of these Regulations, the Commission may, by general or specific order, make such provisions not inconsistent with the provisions of the Act, as may appear to be necessary for removing the difficulty.

**By the order of the Commission**  
**Secretary**  
**Jharkhand State Electricity Regulatory Commission**  
**Ranchi**

Ranchi, 5<sup>th</sup> of July 2005

**SCHEDULE 1**

**FORM OF APPLICATION FOR LICENSE**

An application shall be made in the format given herein, accompanied by the information and documents as listed.

**1.0 Application Format**

[To be addressed to the Secretary, Jharkhand State Electricity Regulatory Commission]

I/We hereby apply for a Distribution License under the “Jharkhand State Electricity Regulatory Commission (Distribution License Conditions) Regulations, 2004”. We set out hereunder the relevant particulars in connection with our application and shall provide any other information as required by the Commission.

**2.0 INFORMATION ABOUT THE APPLICANT**

- (i) Full legal name of the Company (in Block letters)
- (ii) Registration number under applicable statute
- (iii) Date of incorporation and registration
- (iv) Registered office address with phone Number, Fax Number and E – mail Address
- (v) Names of promoters, along with their respective ownership percentages.
- (vi) Share Capital ----- Rs. In Lakhs
- (vii) Number of Subscriber -----
- (viii) Name of CMD -----
- (ix) Name of all Directors -----
- (x) Name of secretary -----

**3.0 ENCLOSURES**

The following information/documents are duly attached:

**3.1 Incorporation details:**

- (i) The following incorporation documents, as applicable:



- (ii) Where the applicant is a company, the Memorandum and Articles of Association;
- (iii) Where the applicant is a partnership, the deed of partnership;
- (iv) In any other case, applicable deed or charter of incorporation, if any.

**3.2. Forecast of category wise No. of Consumers and load for 5 years.**

**3.3 Technical Information**

(i) Management information (in respect of operation and maintenance, projects, commercial, finance, IT and HR functions): with details of key persons in the following format:

- a. Name of person
- b. Position in the applicant organization
- c. Qualification
- d. Area of expertise
- e. Experience

(ii) Description of the Area of supply in the following format .

**Description of this Area of supply**

	<b>Item</b>	<b>Unit</b>	<b>Data</b>	<b>Source of Data</b>
1.	(a) Area	Sq KM	—	—
	(b) Gross Cropped Area	Sq Km	—	—
	(c) Forest Area	Sq Km	—	—
2.	(a) No. of Commissionaires – No.			
	(b) No. of Districts – No.			
	(c) No. sub-divisions – No.			
	(d) No of Blocks – No.			
	(e) No. of Villages – No.			
	(Note: Please provide names of Commissionaires, Districts, sub-divisions and Blocks)			
3.	(a) Population – No.			
	(b) Schedule Cast / Schedule Tribe Population – No.			
	(c) Population BPL – No.			
4.	(a) No. of Household – No.			
	(b) No. of Urban Household – No.			
	(c) No. of Rural Household – No.			

(d) No. of Urban Households Electrified – No.

(e) No. of Rural Households Electrified – No.

(iii) Location of the Area of supply along with detailed map of the proposed area of supply, on a scale of not less than 10 centimeters to a kilometer, or if no such maps are available, of not less than that of the largest scale of ordnance maps available in six copies.

(iv) Power procurement plan with details of Generating and Trading Companies, from which purchase has been planned along with PPA or MOU if any, and details of points of power injection and power withdrawal on the transmission system and availability of transmission capacity for the same.

(v) A statement describing any land or assets, which the applicant proposes to acquire for the purpose of license and the means of such acquisition.

(vi) List of the whole or any part of any cantonment, aerodrome, fortress, arsenal, dockyard or camp or any building or place in the occupation of the Government for defense purposes located within the proposed area of supply.

(vii) List of streets or parts of streets which are repairable by agency other than the Central Government, State Government or local authority and of railways, tramways, canals and waterways for which the applicant has obtained authorization to undertake works.

### **3.4 Financial Information**

Most recent three years of Accounting Statements together with Auditors' Reports; if any.

(i) Investment plan and Network rollout plan for the next five years, detailing year-wise and area-wise rollout plan of the distribution system with the resultant efficiency improvement targets year wise.

### **3.5 Other Enclosures**

(i) Copy of the Receipt for deposit of the license application fee.

(ii) Certificates and information's on compliance of the additional requirements prescribed by the Central Government, as may be applicable.

I/We certify that the particulars submitted herewith are true, complete and correct, to the best of my/our knowledge and belief and does not omit any material fact which makes the statement/particulars contained herein misleading and that I / we have not been found guilty of or have not been disqualified under any of the following provisions within the last three years –

(a) Section 203, Section 274, Section 288 B or Section 397 of the Companies Act 1956.

(b) Section 276, Section 276B, Section 276BB, Section 276C, Section 277 or Section 278 of the Income tax Act, 1961;

(c) Section 15C, Section 15G, Section 15H, or Section 15HA of the Securities and Exchange Board of India Act 1992.

(d) Clause (b), (bb), (bbb), (bbbb), or (c) or (d) of sub-section (1) of Section 9 of the Excise Act 1944;

(e) Section 132 or Section 135 of the Customs Act 1962,

And that no license granted to us under Section 14 of Electricity Act. 2003 was suspended under Section 24 or revoked under Section 19 of the Act within the last three years.

And that (provided that where the applicant is a Company) no petition for the winding of the Company or any other Company of the same promoter has been admitted under Section 43 (e) of the Companies Act 1956 on the ground of its being unable to pay its debts.

And that I / We shall abide by the general terms and conditions of license as per these Regulations of the Commission and shall also abide by the specific terms and conditions if any prescribed by the Commission for the license applied for.

Place:

Signature

Date: Name and Designation:

Seal:

**SCHEDULE 2**  
**Jharkhand State Electricity Regulatory Commission**  
**Ranchi**  
**DISTRIBUTION LICENSE**  
**Seal**

License is granted by the Jharkhand State Electricity Regulatory Commission under Section 14 of the Electricity Act, 2003 (36 of 2003) on Consideration of the Application. Ref.No.....Dated.... to M/S ....., having its registered office at ..... to distribute and supply electricity within the area of supply (as defined in this License) in accordance with the provisions of the Act and upon the terms and conditions specified herein under.

**Part I: General**

**1. Short title**

This License may be called the Electricity Distribution License (License No ..... of .....).

**2. Definitions**

In this License unless the context otherwise requires:

(a) **“Accounting Statement”** means for each financial year, accounting statements separately in respect of the Licensed Business and the Other Business, comprising-

(i) A balance sheet, prepared in accordance with the form contained in Part I of Schedule VI to the Companies Act, 1956;

(ii) A profit and loss account, complying with the requirements contained in Part II of Schedule VI to the Companies Act, 1956;

(iii) A cash flow statement, prepared in accordance with the Accounting Standard on Cash Flow Statement (AS-3) of the Institute of Chartered Accountants of India;

(iv) A report of the statutory auditors’ of the Distribution Licensee;

(v) Cost records as prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, Together with notes thereto, and such other supporting statements and information as the Commission may direct from time to time;

(b) **“Allocation Statement”** means for each financial year a statement in respect of each of the separate businesses of the Distribution Licensee showing the amounts of any revenue, cost, asset, liability, reserve or provision, which has been either:

(i) Charged from or to any Other Business together with a description of the basis of that charge; or

(ii) Determined by apportionment or allocation between the Distribution Business and any Other Business of the Distribution Licensee, together with a description of the basis of the apportionment or allocation;

(c) “**Act**” means the Electricity Act, 2003 (36 of 2003);

(d) “**Commission**” means the Jharkhand Electricity Regulatory Commission;

(e) “**Distribution Licensee**” means ..... in its capacity as operator of the Licensed Business;

(f) “**License**” means this license under which the Distribution Licensee is authorized to conduct the Licensed Business;

(g) “**Licensed Business**” means the business of operating and maintaining a distribution system for supplying electricity to the consumers in the area of the supply of the Distribution Licensee;

(h) “**Network Rollout Plan**” means a plan describing the rollout of the distribution system of the Distribution Licensee or of the proposed distribution system of the applicant, as the case may be, including geographical coverage of such distribution system, phasing of the rollout and such other details as may be required by the Commission

(i) “**Other Business**” means such other business as is referred to in Section 51 of the Act;

Words or expressions used herein and not defined shall have the meanings assigned to them in the Act.

## **Part II: General Terms and Conditions**

### **3. Area of supply**

The area of supply shall be as shown in the map appended as Schedule. The area of supply shall be the whole of the area bounded as follows:

North – By

East – By

South – By

West – By

### **4. Commencement and term of license**

The License shall come into force from the .... day of ....., ..... and, unless revoked earlier by the Commission in accordance with the provisions of Section 19 of the Act, shall remain in force for the period of twenty five years as specified under sub-section (8) of Section 15 of the Act.

### **5. DUTIES**

**5.1** The Distribution Licensee shall develop and maintain an efficient, coordinated and economical distribution system in the area of supply and supply electricity in accordance with the provisions of the Act and the regulations and guide lines of the Commission.

**5.2** Obligation to Provide Electricity Supply Service

Subject to the other provisions of this License, the Licensee shall have the following obligations:

(a) The Licensee shall on the application of the owner or occupier of any premises within the Area of Supply, give electricity supply service connection from the Licensee's Distribution System for the purposes of providing supply of electricity including the laying and installation of any required distribution lines and/or plants as per the Electricity Supply Code Regulations.

(b) Where the owner or occupier of any premises requires connection under this clause 5.2, the form of application to be made and the procedure for processing the application and providing electricity supply service shall be in accordance with the procedure and subject to the fees and payments as specified by the Licensee and approved by the Commission as per the Electricity Supply Code Regulations.

(c) The licensee shall always endeavor to ensure stable and adequate power supply of appropriate quality to consumers.

(d) Nothing in this clause 5.2 shall require the Licensee to provide electricity supply service connection if he is prevented from so doing by the Force Majeure circumstances beyond the control of the Licensee.

**5.3** The Distribution Licensee shall comply with all the applicable provisions of the Act, the rules prescribed there under and all regulations, orders and directions issued by the Commission from time to time.

**5.4** The Distribution Licensee shall as soon as practicable report to the Commission:

(a) Any significant change in his circumstances which may affect the Distribution Licensee's ability to meet his obligations under the Act, the rules and the regulations there under, directions and orders issued by the Commission, agreements or the License;

(b) Any material breach, or likelihood thereof, of the provisions of the Act, the rules and the regulations there under, directions and orders issued by the Commission, agreement or the License, which was reasonably within his knowledge, along with the reasons therefore, as soon as practicable; and

(c) Any change in management control or major change in the shareholding pattern of the Distribution Licensee.

(d) Commission would conduct/get conducted any enquiry into the technical, commercial and financial management of licensed business as and when the Commission decides necessary and appropriate.

**Explanation I** – for the purpose of this clause, “management control” shall include the right to appoint majority of the directors or to control the management or policy decisions of the Distribution Licensee, including by virtue of shareholding or management rights or shareholders’ agreement or partnership agreement or trust deed or voting agreement or in any other manner;

**Explanation II** – for the purpose of this clause, “major change in shareholding pattern” shall mean the acquisition, by such person as specified in Regulation 7 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as in force from time to time, of such per cent of shares or voting rights in the Distribution Licensee as would entail a disclosure under sub-regulation (1) of that Regulation.

**5.5** The Distribution Licensee shall ensure that his licensed business (electricity distribution business) neither subsidises in any way any other business undertaking of the licensee nor encumbers its distribution assets in any way to support such other business.

**5.6** The Distribution Licensee may engage any of its subsidiaries or holding company or a subsidiary of such holding company to provide any goods or services to the Distribution Licensee in connection with the Licensed Business, subject to the following conditions:

(a) That the transaction shall be undertaken on an “arms-length basis” and at a value that is fair and reasonable in the circumstances, which for the purposes of this clause, shall mean with respect to any specific transaction, substantially on terms that would be obtained between the Distribution Licensee and a third party unrelated to and unconnected with the Distribution Licensee;

(b) That the Distribution Licensee shall report to the Commission, for each financial year, the details of all transactions of the nature referred to in clause 5.6 (a) of this Regulations entered into during the financial year;

(c) That the Distribution Licensee shall submit to the Commission, for each financial year, a certificate from a Chartered Accountant as regards compliance with the requirement of clause (a) above .

**Explanation** – For the purpose of this clause, the terms “subsidiary” and “holding company” shall have the same meaning as under Section 4 of the Companies Act, 1956.

**5.7** The Distribution Licensee may undertake the distribution of electricity for a specified area within the area of supply through another person and such person shall not be required to obtain any separate license from the Commission.

Provided that the Distribution Licensee shall be responsible for all his obligations under the Act, rules and regulations made there under notwithstanding the Distribution Licensee authorizing such other person to so undertake the distribution of electricity.

Provided further that the Distribution Licensee shall report, for each financial year, the details of any such arrangements entered into with any person under these Regulations, in such format as may be provided by the Commission.

**5.8** The Distribution Licensee shall:

(a) Prepare and submit to the Commission a detailed forecast of the demand for electricity in the area of supply in such manner and for such period(s) as may be specified by the Commission;

(b) Purchase electrical generation capacity and energy in an efficient and economical manner under a transparent procurement process as approved by the Commission and in accordance with the guidelines issued by the Commission from time to time.

(c) The licensee shall submit its Capital Expenditure Plan to the Commission on grant of the License.

## **6. Street works**

The Distribution Licensee is authorized to carry out works or upon the following railways, tramways, sewer, drain or tunnel/canals, and waterways or parts thereof within his area of supply and with prior permission of the Commission outside his area of supply if it is necessary to do so for the sake of maintenance of efficient, co-coordinated, and economized distribution of electricity within his area of supply subject to the provisions of Section 67 of the Act.

## **7. Network rollout**

The Distribution Licensee shall adhere to the network rollout plan as approved by the Commission. The Distribution licensee shall submit to the Commission, Annual capital Expenditure plan every year three months before the commencement of the financial year.

## **8. Accounts**

**8.1** The Distribution Licensee shall adhere to the capital and investment plan approved by the Commission.



**8.2** The financial year of the Distribution Licensee shall run from the first of April to the following thirty-first of March.

**8.3** The Distribution Licensee shall in respect of the Licensed Business and the Other Business:

(a) Keep such Allocation Statement as would be required, so that the revenues, costs, assets, liabilities, reserves and provisions for, reasonably attributable to the Licensed Business are separately identifiable in the books of the Distribution Licensee.

(b) Adopt a fair and transparent cost allocation mechanism for the reasonable allocation of joint and common costs between the Licensed Business and the Other Business;

(c) Prepare on a consistent basis, the financial statements and Accounting Statements in accordance with the provisions of the Companies Act, 1956 and/or the standards or guidelines of the Institute of Chartered Accountants of India or the Commission and submit this same to the Commission with Auditor's report not later than six months after the end of financial year.

Provided that an interim Financial Statement / Accounting Statements shall be submitted by the licensee to the Commission not later than 90 days after expiry of each financial year.

**Explanation** – References in this clause 8.2 of schedule II of these Regulations to costs or liabilities or reasonably attributable to Licensed Business or Other Business shall be construed as excluding taxation, and capital liabilities which do not relate principally to such Business and interest thereon.

**8.4** The Distribution Licensee shall maintain appropriate accounting records and undertake such studies as the Commission may direct to enable the Commission to determine or estimate, as the case may be, the Distribution Licensee's cost of supply to various tariff categories and cross-subsidy surcharge under sub-section (2) of Section 42 of the Act.

**8.5** The licensee shall maintain Asset Register for the asset in use, update them from time to time as may be necessary and provide the information on the same as may be required by the Commission.

**8.6** The Distribution Licensee shall upon request by any person make available a copy of its Accounting Statements at a reasonable price not to exceed the photocopying charges.

## **9. Provision of Information to the Commission**

**9.1** The Distribution Licensee shall furnish to the Commission such information, documents and details related to the Licensed Business and/or the Other Business of the Distribution Licensee as the Commission may require.

**9.2** The Licensee shall submit a five (5) year Business Plan within three months from the date of grant of licensee or the effective date of the Transfer Scheme in case of restructuring of State

Electricity Board under Section 131 of the Act and update the same annually. This should contain year wise load growth, year wise distribution loss reduction target along with specific action plan, metering plan, investment plan (including investment in Generating stations or a Trading Company), treatment of previous losses, debt restructuring plan, program for rural electrification, cost reduction plan, projected profit and loss account, projected balance sheet, projected cash flow statement and projected important financial parameters.

**9.3** The Commission may require the Licensee to intimate by 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 for a block of 5 years.

**9.4** The Licensee shall also undertake such studies as the Commission may direct it to undertake from time to time for the improvement of the Distribution Business and any other matter concerning the Distribution Business that the Commission considers necessary in the public interest. Such expenses shall be included in determination of aggregate revenue requirement.

## **10. Technical Conditions**

**10.1** The distribution licensee shall develop and maintain an efficient, co-coordinated and economical distribution system in his area of supply and supply electricity in accordance with the provisions of the Act.

**10.2** The licensee shall comply with the provisions of the grid code in so far as is applicable to it .

**10.3** At the request of the Commission, the Licensee is required to participate and assist the Commission to the extent required by the Commission in the development, issue and review of any standards, codes, procedures proposed or notified by the Commission. The licensee shall implement all the Standards and Procedures approved by the Commission.

**10.4** The licensee shall install plants, equipments and meters and construct, maintain and operate electrical plants and electrical lines as per the technical safety and energy efficiency standards specified by the Authority under the Act and / or specified under any Act for the time being in force.

**10.5** The licensee shall comply with the provisions of JSERC (Distribution Licensees' Standard of Performance) Regulations, 2005 and Electric Supply Code.

## **11. Annual License Fees**

During the period that the License is in force, the Distribution Licensee shall, by the 10<sup>th</sup> of April of every year, or such further period as the Commission may allow, pay to the Commission the annual license fees of Rupees One lakh only.

## **12. Tariff and Calculation of Revenue Requirements**

**12.1** The licensee shall charge consumer for the supply of electricity by him in accordance with the Tariff Order issued by the Commission from time to time.

**12.2** The licensee shall file application for determination of Tariff by the Commission as per the regulations issued by the Commission.

**12.3** The licensee shall follow the methodology and calculate the Revenue Requirements including the charges / expenses which it is allowed to recover in accordance with part VII of the Act, and Regulations and guidelines issued by the Commission and terms conditions of his license.

**13. Consumer Rights Statement**

**13.1** The Distribution Licensee shall, within three (3) months from the date of commencement of the license, prepare and submit to the Commission for approval, a consumer rights statement, explaining to consumers their rights as consumers served by the Distribution Licensee.

**13.2** The Commission may, upon holding such consultation with such persons or bodies of persons who the Commission considers as representing the interests of consumers likely to be affected by it, make such modification to such consumer rights statement, as it considers necessary in public interest.

**13.3** The Distribution Licensee shall provide a copy of the consumer rights statement, as approved by the Commission, free of charge, to all consumers to be served by it.

**13.4** The Distribution Licensee shall put up a copy of the consumer rights statement on its internet website.

**14. Decision on Interpretation of License**

The interpretation of the license and the terms and conditions thereof shall be as determined by the Commission.

**Part III: Specific Terms and Conditions:**

**15.** The Commission may specify specific terms and conditions for the license.

Place:

Date:

Sd.....

Stamp

**SCHEDULE (DISTRIBUTION LICENSE)**

**16.** Specification of Area of supply:-.....

.....

**17. Annexure: - Annexure (Map of the area of supply duly signed with seal by the applicant and approved by the Commission).**

Place:

Date:

Sd.....

(.....)

Stamp