

**UP Electricity Regulatory Commission**  
**Notification No. UPERC / Secy.-Supply Code/05-4528**

Lucknow : Dated: February 18, 2005

**Electricity Supply Code - 2005**

**Statement of Objects and Reasons**

1. Under UP Electricity Reforms Act, 1999 (hereinafter referred to as the "Reforms Act"), UP Electricity Regulatory Commission was assigned with functions to regulate the distribution, supply, utilization of electricity, issue licenses to regulate the working of licensees and to set the standards of services for the consumers as well as standards for the electricity industry in the State. While granting licenses to the then three major distribution licensees i.e. UPPCL, KESCO & NPCL, the Commission required that the licensees should prepare distribution codes and submit them to the Commission for approval, as a condition of the supply license. In pursuance to the Commission's directions, Uttar Pradesh Power Corporation Limited (UPPCL) had submitted a draft distribution code which was approved by the Commission and was made applicable in areas served by UPPCL, Kanpur Electricity Supply Company Limited ("KESCO") and the Noida Power Company Limited ("NPCL") with effect from 1<sup>st</sup> July 2002.
2. Electricity Act, 2003 was made applicable on 9<sup>th</sup> June 2003, as a self-contained comprehensive legislation, which replaced the existing legislations while preserving their core feature. Section 14 of the Electricity Act, provided that any supply licensee under Reforms Act shall be deemed to be a licensee under Electricity Act, 2003 for such period as stipulated in the license and the provisions of the Reforms Act in respect of such license shall apply for one year from the date of commencement of Electricity Act, 2003 that is up to 9<sup>th</sup> June 2004 in absence of any earlier period specified by the Commission, which was not done in the present case. Therefore, complete provisions of Supply Code, as a condition of supply license, continued to remain in force till 9<sup>th</sup> June, 2004. Meanwhile, in pursuance of Section 131(4) of the Electricity Act, 2003 and Sub-Section 4(23) of the Reforms Act, the Uttar Pradesh Power Sector Reforms (Transfer Of Distribution Undertakings) Scheme, 2003 was effected on 12<sup>th</sup> August, 2003, wherein UP Power Corporation Limited i.e. one of the aforesaid distribution licensees was broken into four distribution companies viz Paschimanchal Vidyut Vitran Nigam Limited, Poorvanchal Vidyut Vitran Nigam Limited, Dakshinanchal Vidyut Vitran Nigam Limited & Madhyanchal Vidyut Vitran Nigam Limited, which have a deemed licensee status in accordance with fifth proviso of Section 14 of Electricity Act, 2003. Therefore, complete provisions of Supply Code 2002 continued to operate on above four distribution companies also till 9<sup>th</sup> June, 2004, as condition of license. Subsequent to 9<sup>th</sup> June 2004, only those provisions of the Reforms Act and accordingly Electricity Supply Code 2002 applied with respect to above six supply licensees, which were not inconsistent with the provisions of the Electricity Act, 2003, along with general application of Section 6 of the General Clauses Act, 1897 with regard to the effect of repeals.
3. Whereas Electricity Supply Code, 2002 was approved as a condition of supply license in Reforms Act, Section 50 of Electricity Act, 2003 required each State Commission to specify Electricity Supply Code for the purposes provided therein. The Commission, thus, undertook the exercise of specifying a Draft Electricity Supply Code, which was consistent with the Electricity Act, 2003 and was in line with the mandate setout in the aforesaid Section. In order to integrate various issues related to electricity supply business with harmonious construction, the Commission also decided to cover other supply related regulations envisaged under the Electricity Act, 2003 within the ambit of Draft Supply Code, 2004. Therefore, the Draft Supply Code covered issues of Sections

43-48, 50, 55-59 along with following regulations of Section 181(2) of the Electricity Act, 2003.

- The period to be specified by the State Commission under Sub-Section (1) of Section 43 regarding ‘Duty of supply on request’;
  - Reasonable security payable to the distribution Licensee under Sub-Section (1) of Section 47;
  - Payment of interest-on security under Sub-Section (4) of Section 47;
  - Standards of performance of a licensee or a class of licensees under Sub-Section (1) of Section 57;
  - The period within which information is to be furnished with respect to levels of performance by the licensee under Sub-Section (1) of Section 59;
  - The form of preferring the appeal and the manner in which such form shall be verified under Sub-Section (1) of Section 127;
4. The Draft Electricity Supply Code 2004, as a condition of previous publication and otherwise also to ensure extensive participation and transparency in the process, was put through an extensive process of consultation involving all stakeholders. The copies of the draft were sent to UPPCL, all Distribution Licensees, the State Government, Members of the State Advisory Committee and was also placed on the Commission’s website for comments. Comments on the Draft Code were also invited through public notices in newspapers having wide circulation and copies of the Draft Code were made available on request to the public. A public hearing was also conducted on May 13, 2004 to take into account the objections and comments received from stakeholders and public at large. The Draft Supply Code had progressive features and it endeavored to strike the right balance between consumer interest and ground realities of distribution sector.
  5. On the basis of comments/objections/suggestions submitted by the licensees and other stakeholders and having considered the documents available on record and other relevant information, the Commission has prepared the final draft of the Electricity Supply Code 2004. The Code endeavors to capture the operational side of distribution related business clearly specifying form, manner, procedure for carrying out distribution/supply related activity along with competent authorities to deal with them. Electricity Act 2003 provided that some of these notifications/guidelines had to be issued by the Central and State Government in accordance with Sections 176 and 180. Some other guidelines were to be issued by CEA. The Code being a self contained, comprehensive document is now being promulgated as it could not have been issued earlier in absence of some of these major notifications, which have now been issued. Year “2004” is being replaced by “2005” to denote the year of issue. The Electricity Supply Code 2005 will come into force, with effect from the date of its notification in the official gazette, in the areas served by all distribution licensees in the State. The licensees are being directed to take necessary action for printing the Code immediately after the notification and making it available to all field units apart from giving it a wide publicity. The Code shall be available on the website of the Commission and that of licensees.
  6. The Electricity Supply Code 2002 shall stand repealed from the date of notification of the “Electricity Supply Code 2005” in the Official Gazette. However, prior to its notification in Official Gazette, the applicable legal framework shall be in accordance with Para 2 above.