



**Maharashtra State Electricity Distribution Co. Ltd.**

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No.PR-3/COS/35937

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**COMMERCIAL CIRCULAR NO. 64**

**Sub:** Recovery of Security Deposit from all the consumers including Government Departments, Municipalities, Local Authorities including Zilla Parishads and Licensees, etc.

Presently the Government Departments, Local Authorities including Zilla Parishad and licensees are exempted from payment of Security Deposit as per the erstwhile MSEB's Departmental Circular (Commercial) No.92 dtd.27.5.1966.

However, after constitution of M.E.R.C and after unbundling of erstwhile MSEB, The Competent Authority has again considered the issue as to whether the Government Departments and other public bodies as referred above and the Central Government Authorities such as M/s. Bharat Sanchar Nigam Ltd, Railways, etc; shall be exempted from paying such Security Deposit.

As per Clause 11 of the Maharashtra Electricity Regulatory Commission (Electricity Supply Code and Other Conditions of Supply) Regulations, 2005 (hereinafter referred to as Supply Code) the Distribution Licensee is entitled to recover Security Deposit, from a person to whom electricity supply is sanctioned/ released. Such security amount shall be an equivalent of the average of three months of billing or the billing cycle period, whichever is less, in case of existing consumers to whom supply has already been released.

For the purpose of determining the average billing, the average of the billing to the consumer for the last twelve months, or in cases where supply has been provided for a shorter period, the average of the billing of such shorter period shall be considered.

Clause 11.3 states that where the Distribution Licensee requires Security from a consumer at the time of commencement of service, the amount of such security shall be estimated based on tariff category and contract demand/sanctioned load, load factor, diversity factor and number of working shifts of the consumer. The amount of security shall be recalculated on the actual billing of the consumer once in each financial year.

As per clause 11.6, where the amount of security recalculated is higher than the Security Deposit of the consumer, the Distribution Licensee shall be entitled to raise a demand for additional security from the consumer.

On considering the pros and cons of the subject and the legal provision there of, the Competent Authority has decided that there are no provisions in Electricity Act 2003, which explicitly exempt Government Departments, Municipalities, Local Authorities including Zilla Parishads and Licensees and Central Government Undertaking such as BSNL, Railways etc from payment of Security Deposit.

The Competent authority has thus directed to recover the Security Deposit from all such authorities as per the provisions of Reg. 11 of the Supply Code. In case of shortfall / non payment of security deposit as per MERC's Regulation, Additional Security / Total Security Deposit payable as per the regulations, which was not taken earlier because of the Departmental Circular (Commercial) No. 92 dt. 27.05.1966 shall be recovered from such authorities by giving 30 days time to deposit required Security, if any. However, in any case, the security amount should be as mandated by the Regulations.

All the field Officers are directed to take necessary action and follow the instructions scrupulously.

**Director (Operations), MSEDCL**

Copy to:

- 1) The Chief Engineers of All O&M Zones, MSEDCL.
- 2) The Superintending Engineers of All O&M Circles, MSEDCL.
- 3) The Executive Engineers of All O&M Divisions, MSEDCL.
- 4) The Dy. Executive Engineers of All O&M Sub-Divisions, MSEDCL.
- 5) The Assistant Engineers of All O&M Sub-Divisions, MSEDCL.