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## **KARNATAKA PROVISIONAL DISTRIBUTION AND RETAIL SUPPLY LICENCE(KPTC), 1999**

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## **KARNATAKA PROVISIONAL DISTRIBUTION AND RETAIL SUPPLY LICENCE(KPTC), 1999**

In exercise of the powers conferred by sub-section (4) of Section 18 of the Karnataka Electricity Reforms Act, 1999 (Karnataka Act 25 of 1999), the Government of Karnataka, hereby grants to the Karnataka Power Transmission Corporation (KPTC), with effect from 30th August, 1999 provisional licences to engage in the business of transmission and supply of Electricity in the State of Karnataka, on the terms and conditions set out in the licences appended to this notification. The provisional licence granted by the Government of Karnataka under sub-section (4) of Section 18 of the Karnataka Electricity Reform Act, 1999 (Karnataka Act 25 of 1999) to the Karnataka Power Transmission Corporation (KPTC) for carrying on the business of Distribution and Retail Supply of Electricity within the State of Karnataka shall be with the powers and upon the terms and conditions specified below:-

### **1. Short title and commencement :-**

This Licence may be called as the Karnataka Provisional Distribution and Retail Supply Licence, 1999.

### **2. Definitions :-**

(1) In this licence unless the context otherwise requires:

(a) "Act" means the Karnataka Electricity Reform Act, 1999;

(b) "Affiliate" means in relation to the licensee, any subsidiary of the Licensee, any company or entity which has any commercial or financial interest in the licensee or in which the licensee has any commercial or financial interest;

(c) "Area of distribution and bulk supply" means the area referred to in the Schedule of this licence as modified from time to time;

(d) "Bulk supplier" means any person who is authorised to provide bulk supply of electricity;

(e) "Bulk supply" means the provision of Electricity to an authorised person for resale;

(f) "Distribution" means the transportations of Electricity by means of a distribution system;

(g) "Distribution and retail supply business" means any authorised business of the licensee (i) in or ancillary to distribution (whether for its own account or that of third parties) through any system owned and/or operated by the licensee and (ii) in the retail supply of electricity to consumers;

(h) "Distribution system" means any system (including the licensee's distribution system) consisting (wholly or mainly) of cables, service lines and overhead lines, electrical plant and metering equipment (excluding generator interconnection facilities) having an operating voltage other than EHV owned or operated by an electricity operator authorised to supply Electricity and used for the transportation of electricity to a EHV consumer.

(i) "Generating plant" means any plant or apparatus for the production of electricity and shall where appropriate include a generating station comprising one or more generating set;

(j) "Generator" means a person owning a generating plant connected to the licensee's transmission or distribution system;

(k) "Generator interconnection facilities" means any elector lines, busbars, switchgear, transformers plant or apparatus owned by generator and utilised for access to the transmission or distribution system;

(l) "Licensee" means the Karnataka Power Transmission Corporation (KFTC), constituted under Section 13 of the Act which is the holder of this licence;

(m) "Licensee's distribution system" means any distribution system owned and/or operated by a distribution and retail supply licensee.

(n) "Licensee's transmission system" means the transmission system owned and/or operated by a transmission and bulk supply licensee;

(o) "Regulations" means the regulations made by the Commission under the Act;

(p) "Retail supply" means sale of electricity for use of the consumers;

(q) "Separate business" means each of the transmission and bulk supply business, distribution and retail supply business taken separately from one another and from any other business of the licensee or any affiliate of the licensee;

(r) "Supplier" means any electricity operator who carries out or provides bulk supply or retail supply;

(s) "Supply" means the bulk supply of the retail supply of electricity;

(t) "Transmission and bulk supply business" means the authorised business of a licensee in transmission and bulk supply;

(u) "Transmission system" means the system consisting of Extra High Voltage Electric lines being operated at EHV (excluding generator interconnection facilities) owned and/or operated by the licensee for the purpose of the transmission of electricity from one power station to a sub-station or to another power station or between sub-stations or to or from any external interconnection equipment upto the interconnection with the distribution system, any plant and apparatus and meters owned or used by the licensee in connection with the transmission of electricity, but shall not include any part of the licensee's distribution system;

(2) The words, terms and expressions used in this licence but not defined shall have the same meaning assigned to them in the Karnataka Electricity Reform Act, 1999 (Ordinance No. 3 of 1999) and rules and regulations made thereunder;

(3) Words, terms and expressions used in this licence but not defined in this licence or in the Karnataka Electricity Reform Act, 1999 shall have the same meaning given to them in the Indian Electricity Act, 1910 (9 of 1910) and the Electricity (Supply) Act, 1948 (54 of 1948), as the case may be;

(4) Any references to any enactment or any section of, or Schedule to, or other provision of any such enactment shall be construed, at any particular time, as including a reference to any modification or re-enactment thereof then in force as the same may have been so modified or re-enacted from time to time.

### **3. Term of licence :-**

This licence shall come into force on the 30th day of August, 1999 and shall cease to be valid and effective on completion of twelve months from the said date of commencement on the date on which the decision of the Commission was communicated under Section 18(4)(b) of the Act whichever is earlier.

### **4. Grant of licence :-**

(1) The licensee shall upon the establishment of the Commission, place this licence before the Commission which shall be deemed to constitute an application by the Licence for grant of Distribution and retail Supply Licence.

(2) After grant of licence by the Commission the licensee shall have power or authority to take appropriate actions for:

(a) revenue realisation;

(b) prosecution for theft;

(c) tampering with meters;

(d) diversion of electricity; and

(e) all such similar matters affecting the distribution and retail supply of electricity.

(3) The State Government or the Commission as the case may be, may add, alter or substitute any of the conditions contained in this licence with prior consultation with the licensee during the term of this licence.

### **5. Prohibited activities :-**

(1) The licensee shall not on its own account:

(a) purchase or import or otherwise acquire from any person, unless that person has a supply licence or its generator with installed capacity of five MW or less or sell or otherwise dispose of electricity to any person other than pursuant to this licence;

(b) own or hold any beneficial interest in, or operate, any generating set or other sources of production of power in the area of supply; except for meeting its emergency power requirements, provided however the above prohibition shall not apply to non-conventional energy sources; or

(c) own or hold any beneficial interest in, or operate, any facilities for the transmission of electricity in the area of supply other than pursuant to the carrying of its transmission business and its distribution business respectively; or

(d) commence any non-core activity.

(2) For the purposes of this paragraph, "non-core activity" means any activity of the licensee or an affiliate of the licensee other than those authorised or licensed under the provisions of the Act.

#### **6. Information to the State Government or Commission :-**

(1) Subject to sub-paragraph (2) the licensee shall supply to the State Government Commission in the manner and at the times specified by the State Government or Commission, such information as the State Government or Commission may consider necessary in respect of the conditions or as it may require for the purpose of performing its functions and duties under the provisions of the Act.

(2) The power of the State Government or Commission to require information under sub-paragraph (1) is in addition to the power of the State Government or Commission to require information under or pursuant to any other condition of this licence or provisions of the Act.

(3) "Information" under this condition shall include any documents, accounts, estimates, returns or reports whether or not prepared specifically at the request of the State Government or Commission of any description specified by the State Government or Commission. This information may be:

(a) for the Commission's own purpose; or

(b) for the purposes of the Government of India; or

(c) for the purposes of the State Government; or

(d) for the purposes of the Central Electricity Authority.

(4) The licence shall notify to the State Government and Commission as soon as possible of any major incident affecting any part of the total system which has occurred and shall within two months of the date of such major incident:

(a) prepare report giving full details of the facts of the incident and its causes, and

(b) furnish copies of the report to the State Government and Commission and to all parties involved in the major incident.

## **7. Disposal of assets :-**

(1) The licensee shall not dispose of or relinquish operational control over any asset unless permitted by the State Government or the Commission as the case may be,

(2) In this condition: "Asset" means any asset with a replacement cost in excess of Rs. 50 lakhs or such other figure as the State Government prior to the constitution of the Commission, and thereafter by the Commission may specify for the time being and from time to time forming part or intended to form part of the distribution and retail supply business or for any use in conjunction therewith and any legal or beneficial right, title or interest in land upon which any of the foregoing is situated; and "Disposal" includes any sale, gift, transfer, lease, licence, the grant of any right of possession or ownership whether immediate or in the future, transfer of ownership, loan, security, mortgage, change or grant or any other encumbrance or the permitting of any encumbrance to subsist or any other disposition to a third party and "dispose" shall be construed accordingly.

## **8. Health and safety :-**

The licensee shall duly comply with all health and safety requirements under the Indian Electricity Rules, 1956 and other applicable laws and regulations in force at the relevant time.

## **9. Application of Indian Electricity Act, 1910 (9 of 1910) and the Electricity (Supply) Act, 1948 (54 of 1948) :-**

(1) The licensee shall comply with the requirements of the Indian Electricity Act, 1910 and Electricity (Supply) Act, 1948 and rules

made thereunder, to the extent they have not been disappplied under the Act, in carrying out its functions and obligations under this licence.

**10. Application of the Indian Telegraph Act, 1885 (13 of 1885) :-**

The licensee shall have all powers for the placing of appliances and apparatus for the transmission of Electricity, that a telegraph authority possesses under the Indian Telegraph Act, 1885 (13 of 1885), with respect to the placing of telegraph lines and posts for the purposes of a telegraph established or maintained by the Government or to be so established or maintained.

**11. Basis of charges :-**

(1) The tariffs notified by the erstwhile KEB vide Board Notification No. KEB/B10/2424/97-98, dated 14-7-1998 or under any other order/s or instrument/s shall continue to apply and the KPTC shall be entitled to recover charges as per the above notification till further orders as provided in paragraph 11(2).

(2) The State Government or the Commission, as the case may be, may issue orders for separate tariffs for distribution, retail supply, or any other activity or services by the KPTC. The KPTC shall be entitled to recover the charges as per the revised orders from the date notified in the said orders.

(3) Except as mentioned above the tariff shall be determined in accordance with the provisions of Section 27 of the Act.

**12. Conditions of supply :-**

The licensee shall prepare its conditions of supply and implement the same after obtaining the approval of the Commission, till then the "Terms and Conditions of Supply and Electricity Supply Regulations" and the procedure being followed /by erstwhile KEB shall apply,