

**TAMIL NADU ELECTRICITY REGULATORY COMMISSION
CHENNAI**

Order no TNERC / TC/ ACT2003/ SD/ 13 / dated 11-2-2004

Sub: Electricity Act 2003- Payment of interest on security deposit- reg

Read : Section 47(4), 172(d) and 181(2)(w) of the Electricity Act 2003 (Act 36 of 2003)

Order

1. At present, interest is not payable on the security deposits held by TNEB
2. As per section 47 (4) of the Electricity Act 2003, "The distribution Licensee shall pay interest equivalent to the bank rate or more, as may be specified by the concerned State Commission, on the security".
3. The Commission has to specify the rate of interest payable through a regulation as noted in sub section (2)(w) of section 181 and the Commission is in the process of issuing the Distribution Code and Supply Code which have to include the above provisions under the security deposit
4. The Act came into force on 10th of June 2003. Under the transitional provisions in section 172 (d), " the State Government may, by notification, declare that any or all the provisions contained in this Act, shall not apply in that State for such period, not exceeding six months from the appointed date, as may be stipulated in the notification" In line with this provision, GoTN , in gazette notification dated 3-12-2003, notified that section 47(4) shall not apply in the State of Tamil Nadu for six months. Accordingly, the payment of interest by TNEB, as per the Act shall come into effect only from 10-12-2003.

5. Pending finalization of the Distribution Code and the Supply Code, and notifying the same in the Gazette, Commission orders TNEB to pay the interest on security deposit with effect from 10-12-2003 at the rate of 6% for the current financial year ending 31-3-2004. Thereafter, they shall pay interest at the bank rate that prevails at the beginning of every financial year. TNEB shall credit the interest due to the consumers from 10-12-2003 to 31-3-2004 at the above rate, to the available security deposit and inform all the consumers of the total credit available including the interest before the end of June 2004.

(By order of the Commission)

Secretary

To

The Chairman, Tamil Nadu Electricity Board.