

CONSUMER GRIEVANCES REDRESSAL FORUM, SHIMLA

Complaint No 1453/202608/12

M/s Kundlas Loh Udyog

Vs.

Himachal Pradesh State Electricity Board Ltd & Others

BRIEF FACTS OF THE COMPLAINT–

- (1) The complaint has been filed under Section 16(2) of the Himachal Pradesh Electricity Regulatory Commission (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2013 by M/s Kundlas Loh Udyog, Village Balyana, P.O. Barotiwala, Tehsil Baddi, District Solan (HP).
- (2) Himachal Pradesh State Electricity Board Ltd (HPSEBL) is the Distribution Licensee and the Respondent herein.
- (3) The Complainant is an industrial consumer of the Respondents bearing consumer ID as LIPS-100012001845, receiving electricity supply at 66 kV. The present complaint concerns Infrastructure Development Charges, hereafter referred to as IDC, recovered on six occasions when its contract demand was enhanced.
- (4) As per the statement submitted by the Complainant (Annexure 1), IDC of Rs.19,96,000/- was deposited for enhancement of contract demand from 7,502 kVA to 8,500 kVA in November 2019. An amount of Rs.18,00,000/- was deposited for enhancement from 8,500 kVA to 9,400 kVA in November 2020. These amounts were calculated on the additional demand of 998 kVA and 900 kVA respectively at the rate of Rs.2,000/- per kVA.
- (5) IDC of Rs.5,20,000/- was deposited in June 2022 for enhancement from 11,400 kVA to 14,000 kVA. Thereafter, Rs.4,00,000/- was deposited in May 2023 for enhancement from 14,000 kVA to 16,000 kVA and Rs.3,20,000/- in July 2023 for enhancement from 16,000 kVA to 17,600

kVA. These three amounts were calculated on the additional demand of 2,600 kVA, 2,000 kVA and 1600 kVA respectively at the rate of Rs.200/- per kVA.

- (6) The last deposit relates to enhancement of contract demand from 17,600 kVA to 20,000 kVA in April 2026. IDC of Rs.60,00,000/- was deposited on the additional demand of 2,400 kVA at the rate of Rs.2,500/- per kVA. The total amount claimed in respect of these six enhancements is Rs.1,10,36,000/-.
- (7) The Respondents filed their reply and the Complainant filed its rejoinder on 16.09.2026. The Complainant also filed written arguments on 28.09.2026.
- (8) The present complaint is registered as Complaint No. 1453/202608/12. The Respondents have wrongly mentioned Complaint No. 1454/2026/08/12 in their reply. The error is clerical and does not affect the identity of the parties, the subject matter of the complaint or the pleadings placed before the Forum. The complaint is accordingly being decided under its correct number, namely Complaint No. 1453/202608/12.

COMPLAINANT-

- (9) The Complainant submits that it is an Extra High Tension industrial consumer receiving supply at 66 kV. During 2005–2006, it constructed and commissioned its own 66 kV receiving substation and associated bay at its own cost. Electricity is received through a direct solid tap from the existing 66 kV line. According to the Complainant, it does not use any downstream distribution network of HPSEBL. It claims that no new line or cable was laid, no transformer was added and no other dedicated capital work was executed by HPSEBL for any of the six enhancements.
- (10) The Complainant submits that HPSEBL incurred no out-of-pocket capital expenditure for making the enhanced contract demand available. It describes the IDC of Rs.1,10,36,000/- as a flat normative charge having

no connection with any work executed for its supply. The Complainant submits that the amounts were deposited under commercial pressure and to avoid non-release or disruption of electricity required for its industrial operations. Payment of the amounts, according to it, does not prevent it from challenging the demands.

- (11) The Complainant relies upon Sections 43 and 46 of the Electricity Act, 2003. It submits that Section 43 places a duty upon a distribution licensee to supply electricity on request. In its view, general network creation and background grid capacity required for performing this duty are to be funded through the Annual Revenue Requirement and retail tariff. The Complainant describes Section 46 as a limited exception to Section 43. It contends that Section 46 permits recovery from an individual consumer only where the licensee incurs specific expenditure for providing an electric line or electrical plant for that consumer. Since no dedicated work was executed for the six enhancements, it submits that the power under Section 46 was not available.
- (12) The Complainant also relies upon Regulation 3 of the Himachal Pradesh Electricity Regulatory Commission (Recovery of Expenditure for Supply of Electricity) Regulations, 2012 (hereinafter referred to as the 'Recovery of Expenditure Regulations, 2012'). It submits that Regulation 3 is the main charging provision and restricts recovery to expenses reasonably incurred. According to the Complainant, Regulation 5 only provides a method for calculating the expenses permitted under Regulation 3. It submits that a normative rate multiplied by zero physical work must result in zero liability. In its view, this interpretation enforces Regulation 3 and does not challenge the validity of the Recovery of Expenditure Regulations, 2012.
- (13) The Complainant further relies upon Regulations 5(2), 5(3) and 18 of the Recovery of Expenditure Regulations, 2012. It submits that Regulation

5(2) begins with the words “Save as provided under sub-regulation (3)”. Regulation 5(3) allows HPSEBL to recover estimated expenditure where the cost of works exceeds the normative charges. On this basis, the Complainant argues that HPSEBL cannot rely upon actual expenditure when it exceeds the normative amount but disregard actual expenditure when it is lower or nil. Such an interpretation, according to it, places the entire benefit of the normative system with HPSEBL.

- (14) The Complainant also relies upon Regulation 18(2)(b). It submits that the provision requires item-wise accounts of estimated and actual expenditure where recovery is subject to adjustment. Since no accounts have been produced, it seeks refund of the entire amount.
- (15) The Complainant relies upon the judgment dated 17.11.2025 passed by the Ld. Appellate Tribunal for Electricity (hereinafter referred to as the ‘Appellate Tribunal’) in the matter of M/s Asian Fine Cements Pvt. Ltd. Vs. Punjab State Electricity Regulatory Commission and another in Appeal No. 258 of 2017 (Annexure C3). It submits that Section 46 does not permit recovery for pre-existing lines and facilities where the licensee incurs no fresh expenditure. It further submits that the Ld. Appellate Tribunal found upstream infrastructure to be part of the regulated asset base and its cost recoverable through tariff. Recovery of further capital cost from an individual consumer was held to amount to double recovery.
- (16) The Complainant also relies upon the judgment dated 13.01.2026 passed by the Ld. Appellate Tribunal in the matter of DCM Textiles Vs. Dakshin Haryana Bijli Vitran Nigam Ltd. and others in Appeal Nos. 237 of 2019 and 368 of 2022 (Annexure C4). It submits that system augmentation and transformer capacity forming part of the Annual Revenue Requirement cannot again be charged to an individual consumer seeking enhancement of demand.
- (17) The Complainant has raised an accounting objection. It submits that,

where IDC is used for capital works, the consumer-funded portion is deducted from the value of fixed assets so that return on equity, interest and depreciation are not recovered again through tariff. In the present case, it claims that no new asset was created against which the amount of Rs.1,10,36,000/- could be adjusted.

- (18) Reliance is also placed upon paragraph 10.6.5 of the Tariff Order for the financial year 2026–27. The Complainant submits that the Commission recorded that IDC amounts were lying idle in the balance sheet of HPSEBL. According to it, this confirms that IDC is being collected without corresponding capital works.
- (19) The Complainant has further argued that a 66 kV line is transmission infrastructure and not part of a distribution system. It relies upon Sections 2(19) and 2(72) of the Electricity Act, 2003 and submits that distribution-level normative charges cannot be imposed upon a consumer receiving supply at 66 kV without using the downstream distribution network.
- (20) On limitation, the Complainant submits that a demand contrary to Section 46 is void from its beginning and cannot become valid merely due to lapse of time. It relies upon *ibid* judgement in DCM Textiles to contend that a pure question of law involving a statutory provision may be raised at any stage.
- (21) The Complainant also submits that the legal notice dated 13.07.2026 (Annexure C2) gave rise to a fresh cause of action when the period stated in the notice expired. It claims that continued retention of the amounts constitutes a continuing wrong.
- (22) The Complainant has prayed for a declaration that the demands totalling Rs.1,10,36,000/- are illegal and contrary to Section 46 of the Electricity Act, 2003 and Regulation 3 of the Recovery of Expenditure Regulations, 2012. It seeks refund or adjustment of the amount in its energy bills.
- (23) The Complainant has also claimed simple interest at 12% per annum from

the respective dates of deposit under Regulation 26(2)(a)(ii) of the Himachal Pradesh Electricity Regulatory Commission (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2013. It has claimed litigation costs of Rs.1,00,000/-.

RESPONDENTS–

- (24) The Respondents submit that IDC was recovered under the Himachal Pradesh Electricity Regulatory Commission (Recovery of Expenditure for Supply of Electricity) Regulations, 2012 at the rates approved by the Ld. Himachal Pradesh Electricity Regulatory Commission (hereinafter referred to as the 'HPERC' or the 'Commission'). It states that IDC is a normative contribution towards continuous and coordinated development, strengthening and augmentation of the distribution system. It is not the estimated cost of a particular line or transformer constructed for an individual consumer.
- (25) According to the Respondents, normative IDC cannot be waived merely because the Complainant owns its receiving substation or claims that no fresh work was required for releasing additional demand. The rates were fixed by the Commission and were not decided by field officers of HPSEBL. The Respondent submits that the Complainant's 66 kV receiving substation is its own installation downstream of the point of supply. The fact that the Complainant constructed its receiving arrangement does not exempt it from IDC payable under the Regulations for enhancement of contract demand.
- (26) The Respondents distinguish the complainant's receiving installation from the distribution system used for making electricity available. They submit that expenditure on the consumer's installation does not establish that the Complainant also funded the supply network of HPSEBL.
- (27) The Respondents specifically deny that their expenditure was zero. They submit that the Complainant has not produced any sanctioned scheme,

network study, technical assessment or financial record showing that no expenditure was incurred or required in the system for making the enhanced demand available. It further submits that the Complainant has not identified any particular asset whose cost has been recovered both through IDC and tariff. The plea of double recovery is described as a general assertion without supporting accounts or tariff records.

- (28) The Respondent disputes the contention that liability depends upon proof of actual expenditure corresponding to each enhancement. It submits that Regulation 5(2) expressly provides for recovery at normative rates approved by the Commission and the Regulation 5(3) operates only in the special circumstances stated in that provision, where the estimated cost exceeds the normative amount. It cannot be read in reverse to waive the normative charge whenever the consumer asserts that no fresh work was carried out at its premises. It further submits that Regulation 18 applies to those works for which recovery is initially made on an estimate subject to adjustment against actual expenditure. It does not apply to IDC recovered at approved normative rates.
- (29) The Respondents submit that the *ibid* judgments in Asian Fine Cements and DCM Textiles arose under the Punjab and Haryana regulatory provisions and upon different facts. In those cases, identified costs of particular upstream assets or works were recovered from the consumers. The present case concerns a generally applicable normative IDC under the HPERC Regulations.
- (30) The Respondents also refer to the Himachal Pradesh Electricity Regulatory Commission (Recovery of Expenditure for Supply of Electricity) (Sixth Amendment) Regulations, 2024 concerning standard cost data. They submit that recovery must follow the regulatory method and Commission approved rates.
- (31) The Respondents have raised an objection under Regulation 19(c) of the

HPERC (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2013. They submit that claims brought after two years from the cause of action are liable to be rejected.

- (32) The Respondents deny the complainant's entitlement to cancellation of the demands, refund or adjustment, interest and litigation costs.

DISCUSSION AND FINDINGS–

- (33) Forum has examined the relevant provisions of the Electricity Act, 2003, various relevant Regulations framed by the Ld. HPERC including relevant provisions of the Recovery of Expenditure Regulations, 2012 and amendments thereto, HPERC (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2013, the Orders passed by the Ld. HPERC. The Forum has also considered the complaint, reply of the Respondents, rejoinder and written arguments, documents placed on record as facts along with pleadings of the parties. This Forum has heard the parties at length. The judgments relied upon by the parties have also been considered.
- (34) The Complainant has challenged six demands of IDC aggregating to Rs.1,10,36,000/-. The main submission is that the complainant constructed its 66 kV receiving substation and associated bay from its own funds. It continues to receive supply through the same solid tap from the existing 66 kV line. According to the complainant, no new line, transformer, cable or other capital work was executed by the respondent when its contract demand was enhanced.
- (35) The Complainant submits that Section 46 of the Electricity Act, 2003 permits recovery only of expenses reasonably incurred for giving supply. It is argued that where the respondent incurred no actual expenditure, recovery at a fixed rate per kVA is contrary to the Act. Regulation 3 of the 2012 Regulations is stated to be the substantive provision, while Regulation 5 is described as only a method of calculation.

- (36) The Complainant has also relied upon Regulations 5(3) and 18 of the Recovery of Expenditure Regulations, 2012. It submits that these provisions recognise actual expenditure and require adjustment between estimated and actual cost. It is argued that the respondent cannot rely upon actual cost when it exceeds the normative amount but refuse adjustment when no expenditure has been incurred.
- (37) The Complainant further submits that the cost of the existing upstream network is already recovered through the Annual Revenue Requirement and retail tariff. Charging IDC for the same infrastructure is stated to be double recovery. Reliance has been placed upon judgements passed by the Ld. Appellate Tribunal for Electricity in the matters of Asian Fine Cements Pvt. Ltd. Vs. Punjab State Electricity Regulatory Commission and another, and DCM Textiles Vs. Dakshin Haryana Bijli Vitran Nigam Limited and others.
- (38) The Complainant has also referred to paragraphs 3.38 and 10.6.5 of the Ld. HPERC Tariff Order for FY 2026-27. It submits that the Commission noticed that IDC amounts were lying idle in the balance sheet of HPSEBL. According to the Complainant, this supports its case that IDC is being collected without corresponding capital works.
- (39) The Respondents have opposed the complaint. Its case is that IDC has been recovered under the Recovery of Expenditure Regulations, 2012 and at the rates approved by the Commission from time to time. The Respondents submit that normative IDC is a contribution towards continuous development, strengthening and augmentation of the distribution system. It is not the estimated cost of a particular work carried out exclusively for one consumer.
- (40) The Respondents further submit that the complainant's receiving substation is part of its own installation. The construction of that installation does not exempt the complainant from payment of IDC on

enhancement of contract demand. Regulation 5(2) requires recovery at the approved normative rates, while Regulation 5(3) applies only where the estimated cost of special infrastructure exceeds the normative amount.

(41) According to the Respondents, Regulation 18 applies only where the cost of specified works is initially recovered on an estimate which is subject to adjustment against actual expenditure. It does not apply to IDC recovered at a normative rate. The Respondents have also raised limitation under Regulation 19(c) of the Himachal Pradesh Electricity Regulatory Commission (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2013.

(42) The Forum shall first deal with the objection of limitation raised by the Respondents. Regulation 19 of the Himachal Pradesh Electricity Regulatory Commission (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2013 states that the Forum may reject a grievance at any stage under the circumstances mentioned in that Regulation. Regulation 19(c) reads:

“in cases where the grievance has been submitted two years after the date on which the cause of action has arisen.”

(43) The first five IDC deposits on normative rates, amounting to Rs.50,36,000/- relate to November 2019, November 2020, June 2022, May 2023 and July 2023. The last deposit of Rs.60,00,000/- relates to April 2026. Each demand for IDC and the payment made against it constituted a separate and complete transaction. The cause of action in relation to a demand arose when that demand was raised and paid as a condition for sanction or release of the enhanced contract demand. Upon expiry of 15 days, the legal notice dated 13.07.2026 also does not create a fresh cause of action for demands which had already become final transactions. Also, continued retention of money paid under an earlier demand does not by itself make the original demand a continuing cause of action.

- (44) Paragraph 26 of *ibid* DCM Textiles judgment, as relied by the Complainant, distinguishes between a new factual case and a pure legal plea. Its material observation is that “...*pure questions of law, especially those involving statutory provisions or regulation can be raised at any stage even for the first time....*” This means that a legal argument may be raised in pending proceedings even if it was not pleaded earlier. It does not hold that a proceeding itself can be instituted after expiry of the limitation prescribed by the applicable regulations.
- (45) Thus, the Forum finds that the claims relating to November 2019, November 2020, June 2022, May 2023 and July 2023 were brought after expiry of two years from their respective causes of action. The claim for refund of Rs.50,36,000/- relating to these five demands is barred under Regulation 19(c). The deposit of Rs.60,00,000/- relating to April 2026 is within time and is considered on merits.
- (46) The Complainant has described Section 43 of the Electricity Act, 2003 as the main duty and Section 46 as a narrow exception. Section 43 requires a distribution licensee, on an application by the owner or occupier of premises, to give supply within the prescribed period. Sub-section (2) also requires the licensee, where necessary, to provide an electric plant or electric line for giving such supply.
- (47) Section 46 authorises the State Commission, by regulations, to permit a distribution licensee to recover expenses reasonably incurred in providing an electric line or electrical plant for giving supply. Sections 43 and 46 operate together. Section 43 creates the duty to supply, while Section 46 permits recovery in the manner laid down by the State Commission. The duty to supply does not mean that every network-related cost must be borne only through general tariff. Section 46 reads as follows:

“The State Commission may, by regulations, authorise a distribution licensee to charge from a person requiring a supply of electricity in pursuance of section 43 any expenses reasonably incurred in providing any electric line or electrical

plant used for the purpose of giving that supply.”

- (48) Section 181 of the Electricity Act, 2003 empowers the State Commission to make regulations consistent with the Act and the rules. Section 181(1) reads as follows:

“The State Commissions may, by notification, make regulations consistent with this Act and the rules generally to carry out the provisions of this Act.”

- (49) The Ld. HPERC framed the Recovery of Expenditure Regulations, 2012 under Section 46 read with Section 181. These are statutory regulations and are binding upon the Respondents, the consumers and the Forum.

- (50) Regulation 3 of the Recovery of Expenditure Regulations, 2012 provides:

“Subject to the provisions of the Act and these Regulations and subject further to such directions, orders or guidelines which the Commission may issue, the distribution licensee is authorised to recover such expenses as may be reasonably incurred by it in providing any electric line and the electrical plant used for the purpose of giving supply of electricity and the recoverable expenditure shall be computed in accordance with the principles contained in these Regulations and at the rates approved by the Commission pursuant to these Regulations.”

This Regulation contains two connected parts. It authorises recovery of expenses reasonably incurred, but also requires that the recoverable expenditure be computed according to the principles contained in the Regulations and at the rates approved by the Commission. The method of recovery given in Regulation 5 cannot, therefore, be treated as having no substantive effect.

- (51) Regulation 5 deals with the expenses for the distribution system other than service lines. Regulation 5(1), to the extent relevant, provides:

“The distribution licensee shall also be authorised to recover such proportion, as may be considered reasonable by the Commission, of the expenses incurred, or to be incurred, for creation, including augmentation or additions, of the distribution system, other than those for the service lines, for the infrastructural development as a continuous and co-ordinated process, so as to meet its obligations for supply of power to the applicants for permanent connections...”

This Regulation does not confine recovery to expenditure already incurred for an identified work connected only with one applicant. It uses the words “incurred, or to be incurred” and treats infrastructural development

as a continuous and coordinated process. It authorises recovery of such proportion of the system development cost as the Commission considers reasonable.

(52) Regulation 5(2), to the extent directly relevant, provides:

“Save as provided under sub-regulation (3), the distribution licensee shall recover the expenses in the shape of infrastructural development charges at the normative rates and associated terms and conditions, as may be approved by the Commission for the various slabs and categories based on the connected load or contract demand and/or supply voltages and/or nature of loads and/or geographical areas and/or tariff classification.”

The language of this Regulation is clear. Except in a case falling under Regulation 5(3), the distribution licensee is required to recover IDC at the normative rates approved by the Commission. The liability is linked to the connected load or contract demand and the other classifications approved by the Commission. The provision does not make recovery dependent upon execution of a separate capital work for each applicant.

(53) Regulation 5(3) applies where appropriate infrastructure is not available for the required nature and quantum of load, no similar significant growth is expected in the immediate future, and the estimated cost of the required works exceeds the normative amount. In such a case, the licensee may require deposit of the entire estimated cost. The relevant opening part of Regulation 5(3) reads:

“In case of an applicant or group of applicant(s), where—

(i) the supply of power is required at a site in an area, which does not have appropriate infrastructure for catering the loads of the nature and quantum required by the applicant(s) and where no other significant growth of load, at the voltage level similar to that at which supply is required, is foreseen in the immediate future...; and

(ii) the total estimated cost of the works required to be executed...exceeds the summation of the amounts payable by the applicant or the group of applicants pursuant to sub-regulation (2);

The licensee may require the applicant or the group of applicants to deposit the entire estimated cost of the works...”

This Regulation is a special provision for cases where the normative amount is insufficient to meet the cost of infrastructure required for a particular applicant or group of applicants. It does not provide that the

normative charge will be reduced or waived when the actual expenditure for an individual enhancement is less than the normative amount. Such a condition cannot be added to Regulation 5(2) by interpretation.

- (54) The complainant's argument of a double standard is also not supported by the text. The difference between Regulations 5(2) and 5(3) is part of the regulatory scheme. General cases are governed by normative rates. Special cases meeting both conditions of Regulation 5(3) are governed by the estimated cost of the required works.
- (55) The present matter concerns enhancement of contract demand. Regulation 7(1)(b)(i) deals specifically with additional connected load and contract demand. As substituted by the Fourth Amendment Regulations, 2017, it provides:

“(i) if the provisions of sub-regulation (3) of regulation 5 are not attracted, then, subject to succeeding sub-clause (iii), such charges shall be recovered only for the additional connected load/contract demand in accordance with sub-regulations (2) and (9) of regulation 5, regulations 14 and 15 of these regulations;

This provision directly governs enhancement of connected load or contract demand. Where Regulation 5(3) is not attracted, IDC is to be recovered only on the additional connected load or contract demand at the normative rates approved under Regulation 5(2). In the present case, the Complainant sought enhancement of its contract demand and the Respondents recovered IDC only on the enhanced portion. The recovery is, therefore, governed by the substituted Regulation 7(1)(b)(i) read with Regulation 5(2).

- (56) The reliance on Regulation 18(2)(b) also does not support adjustment of every normative collection. Regulation 18(2) begins with the following condition:

“In cases where the cost of certain works is to be recovered from the applicant or group of applicants initially on the basis of estimate and such recovery is subject to adjustment as per actual as per the provisions of these regulations...”

Regulation 18(2)(b) thereafter provides:

“the licensee shall, within ninety days of commissioning of the works, render to the applicant/consumer, the account of expenditure showing the excess or deficit in relation to the initial estimated amount giving details of item wise estimation and actual expenditure alongwith the item wise figures of variance to the extent possible...”

Regulation 18(3) provides:

“The distribution licensee shall recover or refund, as the case may be, the difference between the actual expenditure and the estimated cost within 60 days from the submission of account and the unrefunded or unrecovered amounts, as the case may be, shall attract simple interest @ 12% per annum for the period beyond the said limit of 60 days.”

These provisions apply where the cost of specified works is initially recovered on an estimate which is made adjustable against actual expenditure. Normative IDC under Regulation 5(2) is not described as an estimated deposit subject to such adjustment. Regulation 18 cannot applied to convert every normative IDC demand into an actual cost demand.

- (57) The Complainant has also argued that supply at 66 kV necessarily uses a transmission system. Section 2(19) of the Electricity Act, 2003 defines “distribution system” as:

“the system of wires and associated facilities between the delivery points on the transmission lines or the generating station connection and the point of connection to the installation of the consumers.”

Section 2(72) defines “transmission lines” as:

“all high pressure cables and overhead lines (not being an essential part of the distribution system of a licensee) transmitting electricity from a generating station to another generating station or a sub-station, together with any step-up and step-down transformers, switch-gear and other works necessary to and used for the control of such cables or overhead lines...”

The words in brackets in Section 2(72) are material. A high-pressure line which is an essential part of the distribution system of a licensee is excluded from that definition. Classification does not depend solely upon the voltage of the line. It also depends upon its function and its place in the supply system.

- (58) Regulation 1 (2) of the Recovery of Expenditure Regulations, 2012 provides that these Regulations are applicable to all the distribution licensees in their respective licensed areas, in the State. HPSEBL being

sole distribution licensee in the State and the Complainant falls under its licensed area. Further, Regulation 2(e) defines extra high tension (EHT) as supply at voltages above 33,000 Volts. The Regulations, therefore, expressly cover the Complainant's supply at EHT voltage. The Complainant constructed its receiving substation and associated installation. This does not establish that the Respondent's upstream system is outside the distribution system or that the Complainant is exempt from normative IDC payable for additional contract demand. No such exemption is contained in Regulation 5 or Regulation 7.

- (59) The rate of Rs.2,500/- per kVA applied to the April 2026 enhancement was approved by the Commission in its order dated 05.06.2024 in Petition No. 22 of 2024. That petition was filed by HPSEBL for approval of revised normative IDC under Regulation 5(2) of the Recovery of Expenditure Regulations, 2012. Paragraphs 5 to 11 of the order record the consultation process. The proposal was published, objections and suggestions were invited and a public hearing was held on 23.03.2024. Paragraph 12(i) records that Shri Rakesh Bansal made submissions on behalf of industrial consumers and associations, including M/s Kundlas Loh Udyog. The submissions included reduction of normative IDC, adjustment of IDC against capital expenditure and treatment of consumer funded assets.
- (60) After considering the objections, the response of HPSEBL and the relevant factors, the Commission fixed the rates in paragraph 21. Paragraph 21(v)(B) of the order fixed the rate for the portion of contract demand exceeding 100 kVA at Rs.2,500/- per kVA. Paragraph 21(viii)(b) further clarified that, in the case of additional contract demand covered by Regulation 7(1)(b), the rate applicable in the relevant higher slab would be charged. The illustration states that enhancement from 110 kVA to 140 kVA would attract IDC for 30 kVA at ₹2,500 per kVA.

- (61) The Complainant's enhancement of demand from 17,600 kVA to 20,000 kVA remained wholly within the slab above 100 kVA. The calculation of 2,400 kVA at Rs.2,500/- per kVA, amounting to Rs.60,00,000/-, is in accordance with the approved rate and the illustration given by the Commission.
- (62) The same objections were again raised before the Commission during determination of aggregate revenue requirement and tariff for FY 2026-27. Paragraph 3.38 of this Tariff Order is relevant. Kundlas Loh Udyog and other stakeholders contended that IDC created a barrier to industrial expansion, caused double recovery and should be reduced to Rs.200/- per kVA. They also sought relief where no extra infrastructure was required for an existing unit seeking enhancement. HPSEBL replied in paragraph 3.38.9 that it had not proposed any change in the existing rates approved in Petition No. 22 of 2024 and that the objections had already been considered when those rates were fixed.
- (63) Paragraph 3.38.11 records the Commission's consideration in the following terms:

"The Commission has considered the submissions. The IDC has been determined by the Commission after going through the process of Stakeholder consultation... Further, the fixation of these charges for FY 2026-27 have been discussed in detail in the relevant section of this order."

- (64) Paragraph 10.6.4 of the Tariff Order for FY 2026-27 states:

"The Commission, therefore, intends to retain the existing Infrastructure Development Charges at their current levels. Further, the Petitioner is again directed to submit proposal in future accompanied with detailed justification, including cost analysis, infrastructure development plans, and a clear demonstration of necessity and the same may be considered at the time after doing necessary prudence check."

The requirement of detailed justification in this paragraph relates to a future proposal for changing the approved rates. It does not make the existing rate conditional upon proof of actual expenditure for each individual consumer.

- (65) Paragraph 10.6.5 states:

“The Commission has also noted that amount of IDC is lying idle in the balance sheet of the Petitioner. In this regard, the Petitioner is directed to utilize this amount in all its capex works wherein the equity/own contribution amount is required, otherwise the Commission shall Suo-moto adjust this amount of IDC while truing up the Capex works of the Petitioner.”

This paragraph concerns the utilisation and regulatory treatment of IDC already collected by HPSEBL. It does not declare the levy illegal or direct refund to consumers. The Commission retained the existing rates and directed that the amount should be used in capital works, failing which it would be adjusted during the true-up of capital expenditure.

- (66) The Recovery of Expenditure Regulations, 2012 and the orders approving IDC rates have been issued by the Commission, which is the statutory authority under Sections 46 and 181 of the Electricity Act, 2003. The Forum is bound to apply those Regulations and orders. It cannot grant an exemption which is not provided in the Regulations, particularly when substantially similar objections were considered by the Commission while retaining the existing rates.
- (67) The judgment in Asian Fine Cements does not govern the present demand. In that case, a proportionate cost was charged for an identified existing 66 kV line between two substations. The utility admitted that the same line was already included in its infrastructure for ARR purposes and recovered through tariff. In paragraph 25 of this judgement, Ld. Appellate Tribunal held that further recovery “...would lead to double recovery for the same infrastructure and such a practice is impermissible...”
- (68) In the present case, the Respondent has not raised a demand for the historical or proportionate cost of the particular 66 kV line from which the Complainant receives supply. The impugned amount is a normative IDC on additional contract demand under Regulation 5(2) and Regulation 7. The charge is part of a State-wide regulatory mechanism approved by the Commission. The admission concerning the identified asset which formed the basis of Asian Fine Cements is absent here.

- (69) The judgement in DCM Textiles also arose under a different regulatory scheme. The Ld. Appellate Tribunal held that the consumer was not liable for the proportionate cost of augmentation of a 220 kV transformer, but was liable to bear the entire cost of the conductor changed to facilitate its enhanced demand. The judgment itself shows that liability depends upon the language of the applicable regulations and the nature of the work. It does not lay down that no charge can ever be recovered when an existing consumer seeks enhancement.
- (70) The Complainant paid the amounts because payment was required for grant of enhanced contract demand. Such payment does not prevent a consumer from challenging an illegal demand. At the same time, commercial compulsion cannot make a demand illegal when it is supported by a binding regulation and an approved rate order.
- (71) Regulation 26(2)(a)(ii) of the CGRF Regulations, 2013 empowers the Forum, where the grievance is found correct, to direct return of undue charges with interest. After the Second Amendment Regulations, 2022, the applicable rate mentioned in that provision is 12 per cent. This provision relating to interest becomes applicable only when an amount is first found to be an undue charge. Since the impugned IDC has not been found undue, no direction for refund or interest can be issued.
- (72) The demand of Rs.60,00,000/- for the April 2026 enhancement was calculated at the rate approved by the Commission and was recoverable under Regulations 5(2) and 7 of the Recovery of Expenditure Regulations, 2012 at the rate approved by the Commission.
- (73) The Forum accordingly finds that the claim relating to the earlier five demands is barred by limitation under Regulation 19(c) of the HPERC (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2013. The claim relating to the April 2026 demand fails on merits. Consequently, the Complainant is not entitled to refund or adjustment of

Rs.1,10,36,000/-, interest thereon or litigation costs.

ORDER

In view of the discussion and findings recorded above, the prayers of the Complainant are decided as follows:

- A. The claim of Rs.50,36,000/- relating to the IDC demands of November 2019, November 2020, June 2022, May 2023 and July 2023 is rejected as barred under Regulation 19(c) of the Himachal Pradesh Electricity Regulatory Commission (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2013.
- B. The claim of Rs.60,00,000/- relating to the enhancement of contract demand from 17,600 kVA to 20,000 kVA in April 2026 is rejected on merits.
- C. The prayers for interest and litigation costs are also rejected.

On aforesaid terms, the complaint is disposed as dismissed.

The parties are left to bear their own costs.

Order is announced before the parties present today on 07.10.2026 at Shimla in open Forum.

Certified copies of this Order be supplied to the parties.

The complaint along with this Order and documents forming part of the record, be consigned to record room for safe custody.

-Sd-

(Rakesh Chand Negi)

(Member)

-Sd-

(MadanDhiman)

(Member)

-Sd-

(Harinder Thakur)

(Chairman)

CONSUMERS GRIEVANCES REDRESSAL FORUM AT KASUMPTI-09.

No. CGRF/Complaint No. 1453/202608/12

Dated: -

Complaint No.: - 1453/202608/12
Date of Admission: - 11.08.2026
Quorum: - Er. Harinder Thakur, Chairman.
Er. Rakesh Chand Negi, Member.
Er. Madan Dhiman, Member.

M/s Kundlas Loh Udyog,
Village Buranwala, P.O. Barotiwala,
District Solan (HP). 174103

Complainant

V/s.

1. The Executive Engineer,
Electrical Division HPSEBL
Baddi, Distt, Solan HP.
2. The Assistant Engineer,
Electrical Sub-Division HPSEBL,
Barotiwala, Distt. Solan HP.

Respondents

Complaint Regarding: -

Final hearing: -

28.09.2026

Present for: -

Complainant 1. Sh. Rakesh Bansal (A.R)

Respondent 1. Sh. Kamlesh Saklani, Deputy Secretary (Law).

Date of Decision: -

07.10.2026

CONSUMERS GRIEVANCES REDRESSAL FORUM AT KASUMPTI SHIMLA-171009.

No. CGRF/Complaint No. 1453/202608/12

Dated:-

M/s Kundlas Loh Udyog,
Village Buranwala, P.O. Barotiwala,
District Solan (HP). 174103

Complainant

V/s.

HPSEBL & Others.

Respondents

Complaint No. 1453/202608/12

1. The Executive Engineer,
Electrical Division HPSEBL
Baddi, Distt, Solan HP.
2. The Assistant Engineer,
Electrical Sub-Division HPSEBL,
Barotiwala, Distt. Solan HP.

Respondents

The Certified copy of final order dated 07.10.2026 passed by the Hon'ble Forum in the aforesaid complaint is enclosed find herewith for further necessary action at your end please. The compliance be reported/ intimated within one month after the receipt of order in the office.

DA:-As above.

Secretary,
Consumers Grievances Redressal Forum,
HPSEBL, Kasumpti Shimla-9.