CONSUMER GRIEVANCES REDRESSAL FORUM, SHIMLA

Complaint No 1515/202609/16

M/s N. G. Polymers

Vs

Himachal Pradesh State Electricity Board Ltd and another

BRIEF FACTS OF THE COMPLAINT–

(1) Complaint has been filed under Regulations 17 of HPERC (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2013 by M/s N.G. Polymers, Village Ogli, Nahan Road, Tehsil Nahan, District Sirmaur, Himachal Pradesh.

(2) The Complainant is an industrial consumer of the Respondents, Himachal Pradesh State Electricity Board Ltd (HPSEBL), bearing Consumer ID No. 100012002556. The supply is being availed at 11 kV under the Large Industrial Power Supply (LIPS), Two-Part Tariff, against a sanctioned Contract Demand of 375 kVA and Connected Load of 450 kW.

(3) Through notice dated 29.08.2026, the Respondents raised a demand of Rs.6,18,82,729.85 towards short assessment for the period from December 2020 to August 2026 (Annexure C-1). According to the Respondents, a Multiplying Factor (MF) of 0.500 had been applied in the billing system instead of the applicable factor of 1.667. A calculation sheet was enclosed with the notice.

(4) The notice required payment within fifteen days and stated that, in case of non-payment, "…further action under the relevant provisions of the Electricity Act, 2003 and HPSEBL Supply Code shall be initiated, including disconnection of electricity supply without further notice." Apprehending disconnection of electricity supply, the Complainant approached the Hon'ble High Court of Himachal Pradesh through CWP No.16286 of 2026.

CGRF

(5) By order dated 18.09.2026, the Hon'ble High Court permitted the Complainant to approach this Forum within two weeks (Annexure C-3). The Forum was directed to consider the prayer for interim relief at the first instance. Protection against coercive action in terms of the impugned notice was granted until such consideration.

(6) The Complainant thereafter filed the present complaint along with an application seeking protection against disconnection during its pendency. The matter was taken up on 07.10.2026, when both parties were heard at length on the interim application. During the hearing, learned counsel for the Complainant stated that the demand raised by the Respondents was not being challenged in these proceedings. The grievance was confined to the apprehended disconnection of electricity supply.

(7) The Complainant also placed on record the electricity bills for September and October 2026, in which the supplementary amount was shown as arrears. The Respondents were directed to file their reply, and the existing protection was continued until the next hearing. The Respondents filed their reply on 14.10.2026, when the Complainant sought time to file a rejoinder.

(8) On 23.10.2026, the matter was listed for final hearing and arguments. The Complainant filed its rejoinder, which was taken on record, and the order was reserved. The protection recorded in the order dated 07.10.2026, in terms of the Hon'ble High Court's order dated 18.09.2026, was continued until pronouncement of the final order.

COMPLAINANT–

(9) The Complainant submits that the demand relates to electricity supplied during an earlier period and the Respondents cannot disconnect the supply for recovery of this amount in view of Section 56(2) of the Electricity Act, 2003.

(10) The Complainant relies upon the judgment of the Hon'ble Apex Court in Assistant Engineer (D1), Ajmer Vidyut Vitran Nigam Limited and another

Vs. Rahamatullah Khan alias Rahamjulla, (2020) 4 SCC 650, decided on 18.02.2020. Particular reliance is placed upon the observations restricting disconnection for recovery of a supplementary demand where the bar under Section 56(2) applies.

(11) The Complainant seeks a permanent restraint against disconnection for recovery of the amount covered by the notice dated 29.08.2026. It submits that the Respondents may recover the amount by filing a suit before a competent court.

(12) The Complainant further states that disconnection would stop its manufacturing activity and affect the employment of about eighty persons. The interim application seeks protection against disconnection during the pendency of the complaint.

(13) In the rejoinder, the Complainant maintains that its case is covered by aforesaid judgment. It disputes the interpretation placed upon the judgments by the Respondents and reiterates that recovery must be pursued through a civil court.

(14) The Complainant further submits that a composite notice raising a supplementary demand and threatening disconnection is not permissible. It relies upon paragraph 5.2.5(b) of the Himachal Pradesh Electricity Supply Code, 2009 (hereinafter referred to as 'Supply Code", which requires an arrear bill to be tendered separately with the prescribed particulars.

(15) The rejoinder also alleges that the Complainant was not afforded a reasonable opportunity of hearing before the demand was raised. It states that the calculation of Rs.6,18,82,729.85 was not adequately explained or justified before issuance of the notice dated 29.08.2026.

RESPONDENTS–

(16) The Respondents submit that the short assessment arose from an incorrect MF in the billing system. According to the inspection report, the installed CT

CGRF

ratio was 25/5 Ampere, while the meter CT ratio was 15/5 Ampere (Annexure R-2). The applicable MF was therefore 1.6666, rounded to 1.667, whereas the billing system applied a factor of 0.500.

(17) The Respondents state that the error was detected on 10.08.2026. After checking the records and preparing the calculation, they issued the supplementary demand through notice dated 29.08.2026. They rely upon the metering records (Annexure R-1), SJO No.510 dated 24.11.2015, the inspection report and the bills filed with their reply (Annexure R-3).

(18) According to the Respondents, correction of the MF does not amount to a retrospective change of tariff. It corrects the quantity of electricity billed at the tariff applicable during the relevant period. They contend that the earlier billing error does not relieve the Complainant of its liability to pay for electricity actually consumed.

(19) The Respondents also rely upon ibid judgment of the Hon'ble Apex Court in Rahamatullah Khan Case. They submit that the judgment distinguishes between the liability arising on consumption and the obligation to pay when a bill quantifying the charges is issued. Their case is that the supplementary amount became first due when the notice dated 29.08.2026 was issued.

(20) The Respondents further rely upon judgment of Hon'ble Apex Court in M/s Prem Cottex Vs. Uttar Haryana Bijli Vitran Nigam Limited and others, Civil Appeal No.7235 of 2009, decided on 05.10.2021. They have reproduced the observations concerning short-billing caused by an incorrect MF and the commencement of the period under Section 56(2).

(21) Reliance is also placed upon the judgment of Hon'ble Punjab and Haryana High Court in the case titled as Punjab State Power Corporation Limited Vs. Vinay Gupta and others, 2024:PHHC:052233, decided on 02.04.2024. The Respondents submit that an error on the part of the distribution licensee does not prevent correction of the consumer's account for the period during which an incorrect MF was applied.

CGRF

(22) The Respondents refer to Section 17(1)(c) of the Limitation Act, 1963, concerning discovery of a mistake. They deny that no opportunity was afforded to the Complainant and refer to the notice dated 22.08.2026 and the copy placed on record as Annexure R-4.

(23) The Respondents clarify that the notice dated 29.08.2026 is an intimation of arrears. They state that any further action, including disconnection, shall be taken in accordance with the Supply Code. They seek dismissal of the complaint.

DISCUSSION AND FINDINGS–

(24) Forum has examined the relevant provisions of the Electricity Act, 2003, various relevant Regulations framed by the Ld. Himachal Pradesh Electricity Regulatory Commission (HPERC), Himachal Pradesh Electricity Supply Code, 2009 and amendments thereto. The Forum has also considered the complaint, reply of the Respondents, rejoinder and 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.

(25) The Complainant seeks a restraint against disconnection of electricity supply in connection with the notice dated 29.08.2026. Its principal contention is that Section 56(2) bars disconnection for recovery of the short-assessed charges relating to December 2020 to August 2026. According to the Complainant, the Respondents may pursue recovery through a civil suit but cannot disconnect supply. The Respondents contend that the additional amount became first due upon its demand and that the period of consumption cannot be treated as the starting point of limitation for charges which had not been billed earlier. The Forum is therefore examining whether Section 56(2) bars disconnection for recovery of the amount demanded through notice dated 29.08.2026.

CGRF

(26) Section 56(2) of the Electricity Act, 2003 provides:

> *"Notwithstanding anything contained in any other law for the time being in force, no sum due from any consumer, under this section shall be recoverable after the period of two years from the date when such sum became first due unless such sum has been shown continuously as recoverable as arrear of charges for electricity supplied and the licensee shall not cut off the supply of the electricity."*

(27) This Section links the restriction on recovery and disconnection to the expiry of two years from the date when the particular sum became first due. Therefore, the date when the sum became "first due" material to the application of the two-year bar. The period during which electricity was consumed is relevant to the assessment, but it does not necessarily determine when the particular amount became first due. The protection against disconnection must therefore be examined with the date when the sum became first due.

(28) Both parties rely upon ibid judgment of the Hon'ble Apex Court in Rahamatullah Khan Case, though for different reasons. The Complainant relies upon the protection against disconnection granted in that case. The Respondents rely upon the interpretation of the expression "first due" and the right to raise a supplementary demand after discovery of a billing mistake. In paragraph 6.9 of this Case, the Hon'ble Apex Court held:

> "*The liability to pay arises on the consumption of electricity. The obligation to pay would arise when the bill is issued by the licensee company, quantifying the charges to be paid. Electricity charges would become 'first due' only after the bill is issued to the consumer, even though the liability to pay may arise on the consumption of electricity*."

The judgment distinguishes the liability arising from consumption from the obligation to pay a quantified demand. This distinction supports the Respondents' submission that the period under Section 56(2) must be counted from the first demand for the short billing. It cannot be counted merely from the months during which electricity was consumed.

CGRF

(29) The Complainant has relied upon the observations in paragraph 9. In paragraph 9.1 of this Case, the Hon'ble Apex Court observed:

> "*Section 56(2) did not preclude the licensee company from raising an additional or supplementary demand after the expiry of the limitation period under Section 56(2) in the case of a mistake or bona fide error. It did not however, empower the licensee company to take recourse to the coercive measure of disconnection of electricity supply, for recovery of the additional demand*."

Licensee was permitted to pursue other remedies for recovery but was restrained from disconnecting the supply. This conclusion must be considered along with the subsequent judgement of the Hon'ble Apex Court in Prem Cottex case, which examined the application of this judgement to short billing caused by an incorrect MF.

(30) In Prem Cottex, the demand arose because a MF of 5 had been applied instead of 10. The consumer relied upon Section 56(2) and Rahamatullah Khan to resist the supplementary demand. The Hon'ble Apex Court examined that judgment and distinguished it on facts. Paragraph 18 states:

> "*Eventually, this Court disposed of the appeals, preventing the licensee from taking recourse to disconnection of supply, but giving them liberty to take recourse to any remedy available in law for recovery of the additional demand. Therefore, the decision in Rahamatullah Khan (supra) is distinguishable on facts."*

(31) The distinction between correction of short billing and neglect by the consumer to pay is explained in paragraph 25. When neglect to pay can arise and how it affects the application of Section 56(2) are explained in paragraph 26. These paragraphs are reproduced below:

> *"25. In other words, the negligence on the part of the licensee which led to short billing in the first instance and the rectification of the same after the mistake is detected, is not covered by Sub-section (1) of Section 56. Consequently, any claim so made by a licensee after the detection of their mistake, may not fall within the mischief, namely, 'no sum due from any consumer under this Section', appearing in Sub-section (2).*

CGRF

26. The matter can be examined from another angle as well. Sub-section (1) of Section 56 as discussed above, deals with the disconnection of electric supply if any person 'neglects to pay any charge for electricity'. The question of neglect to pay would arise only after a demand is raised by the licensee. If the demand is not raised, there is no occasion for a consumer to neglect to pay any charge for electricity. Sub-section (2) of Section 56 has a non-obstante clause with respect to what is contained in any other law, regarding the right to recover including the right to disconnect. Therefore, if the licensee has not raised any bill, there can be no negligence on the part of the consumer to pay the bill and consequently the period of limitation prescribed under Sub-section (2) will not start running. So long as limitation has not started running, the bar for recovery and disconnection will not come into effect. Hence the decision in Rahamatullah Khan and Section 56(2) will not go to the rescue of the appellant."

(32) Paragraphs 25 and 26 must be read together. Correction of a billing mistake is not itself an exercise of the power of disconnection under Section 56(1). Before the short-billed amount is demanded, the consumer cannot be treated as having neglected to pay it. Once a demand is raised, any subsequent action for non-payment must be considered under the conditions governing default and disconnection. This judgement does not grant an automatic right to disconnect upon issuing a supplementary bill. It also does not hold that charges demanded through such a bill can never become the subject of disconnection proceedings. The distinction is between raising a demand for the short-assessed charges and taking action for neglect to pay them after a demand.

(33) The Respondents have also relied upon judgment of Hon'ble Punjab and Haryana High Court in Vinay Gupta Case. That judgment is relevant because the Hon'ble High Court applied both Rahamatullah Khan and Prem Cottex to demands arising from an incorrect MF. It rejected the contention that the earlier consumption period, or the licensee's administrative lapse, by itself defeated recovery. The Hon'ble High Court set aside the restriction limiting assessment to six months before checking and affirmed the demand. Its

CGRF

reasoning supports consideration of the two Hon'ble Apex Court judgments together, rather than treating the relief in Rahamatullah Khan as an absolute prohibition in every short-assessment case. The Forum relies upon it for that reasoning. It does not dispense with the requirements of the Supply Code and amendments thereto which govern the procedure applicable to the present consumer.

(34) In the present case, the notice dated 29.08.2026 raised the short-assessed amount arising from the MF error. The calculation sheet accompanied the notice. No earlier demand for this particular differential amount has been identified for deciding the objection under Section 56(2). The earlier monthly bills cannot be treated as demands for the short-billed amount merely because they concern the same period of consumption.

(35) Applying the above judgments, the short-assessed sum became first due upon its demand on 29.08.2026. Two years have not elapsed from that date. The bar under Section 56(2) has therefore not arisen on the ground advanced by the Complainant. The Complainant's prayer for a permanent restraint under Section 56(2) cannot, therefore, be accepted merely because the demand covers consumption from December 2020 to August 2026. The finding concerning the date when charges become first due in Rahamatullah Khan, read with the explanation in Prem Cottex, supports the Respondents on this question. The application of both decisions in Vinay Gupta Case further supports this conclusion.

(36) The Respondents have also relied upon Section 17(1) (c) of the Limitation Act, 1963 and the discovery of the error on 10.08.2026. The date of discovery and the date when the supplementary amount became first due serve different purposes. For deciding the plea under Section 56(2), the relevant date in this case is 29.08.2026. No separate determination of limitation for a civil recovery proceeding is required.

(37) The Complainant has also relied upon paragraph 5.2.5(b) of the Supply

Code. Paragraph 5.2.5(b), to the extent relevant, provides:

> "*The bill for arrears, in case of underassessment or the charges levied as a result of checking etc., will be initially tendered separately, indicating in bill the nature, period of arrears, the number and amount of instalments allowed and the arrear will not be clubbed with the current electricity bill. Subsequently the amount of said arrear bill shall be reflected in the next billing cycle till not paid. For purpose(s) of action(s) of licensee on non-payment of billed amount, the arrear amount shall be accounted as part of final bill due of any billing cycle…*"

This provision requires the arrear demand to be tendered separately at the initial stage and permits its reflection in subsequent billing cycles. It also allows the arrear to be accounted for as part of the final bill due for action on non-payment. Short-assessed charges are therefore not excluded from the provisions governing default merely because they relate to an earlier period.

(38) The Respondents raised a separate demand through notice dated 29.08.2026 and enclosed the calculation sheet. The amount was later reflected as arrears in the September and October bills. The subsequent reflection of the unpaid amount in the monthly bills is accordance with the paragraph 5.2.5(b) above.

(39) The Complainant's contention that recovery is possible only through a civil suit must also be examined under Section 56(1) of the Electricity Act, 2003 and Supply Code. Section 56(1), to the extent relevant, provides:

> *"Where any person neglects to pay any charge for electricity or any sum other than a charge for electricity due from him to a licensee or the generating company in respect of supply, transmission or distribution or wheeling of electricity to him, the licensee or the generating company may, after giving not less than fifteen clear days' notice in writing, to such person and without prejudice to his rights to recover such charge or other sum by suit, cut off the supply of electricity and for that purpose cut or disconnect any electric supply line or other works being the property of such licensee or the generating company through which electricity may have been supplied, transmitted, distributed or wheeled and may discontinue the supply until such charge or other sum, together with any expenses incurred by him in cutting off and reconnecting the supply, are paid, but no longer…"*

CGRF

(40) Paragraph 7.1.1(a) of the Supply Code provides:

> "*7.1.1 The licensee may order disconnection of supply—*
>
> *(a) in case of default in payment of dues and charges; (paras 7.1.2 and 7.1.3)*;"

(41) The relevant portion of paragraph 7.1.2 of the Supply Code provides:

> "*7.1.2 Where a consumer fails to deposit, the billed amount or any sum other than the charge for electricity due from him, with the licensee by the due date mentioned in the bill, the licensee may, after giving not less than fifteen days clear notice in writing to such consumer and without prejudice to his other rights to recover such amount, disconnect supply to the consumer temporarily and for that purpose disconnect any electric supply line or other works being the property of such a licensee. The authorized official of the licensee shall ensure that all the cases pertaining to default of payment(s) / temporary disconnections are monitored regularly and where default in payment(s) is continued for a period of six months, from the date of the payment first became due, the supply may be disconnected permanently:*
>
> *Provided that the supply of electricity shall not be disconnected—*
>
> *(i) if a consumer makes payment under protest as per Paras 5.2.14, 5.6.2 and 5.7 of this Code;*
>
> *(ii) if any sum is not recoverable as per para 5.7 of this Code.*
>
> *Provided further that, save in the case of theft of electricity or prevention of loss or damage to life and property, the supply of electricity to a consumer will not be disconnected on holiday and on a day when the next day is a holiday in the offices of the licensee.*"

(42) These provisions recognise both recovery by suit and action for disconnection in the circumstances prescribed therein. Paragraph 5.2.5(b) governs the arrear bill and its inclusion in subsequent bills, while paragraphs 7.1.1(a) and 7.1.2 deal with default and disconnection. Section 56(1) preserves the remedy of a suit; it does not make that remedy exclusive. The Complainant's contention that the Respondents must necessarily approach a civil court for recovery is therefore not accepted.

(43) The Complainant has described the notice dated 29.08.2026 as a composite

notice for payment and disconnection. The Respondents have clarified that the notice dated 29.08.2026 is an intimation of arrears and that further action shall be taken in accordance with the Supply Code, 2009. The words "further action …shall be initiated…" are to be read in that context. The Forum records the Respondents' stand that the notice raises the supplementary demand but is not itself a notice of disconnection.

(44) The Complainant further submits that no opportunity was given before raising the demand. The Respondents deny this allegation and rely upon their earlier notice dated 22.08.2026. They state that the Complainant's security guard refused to receive the letter. The Complainant also submits that calculation was not adequately explained. Paragraph 5.2.5(b) of the Supply Code as reproduced above, requires separate billing with the specified particulars. It does not expressly prescribe a separate hearing before issuing such a bill or require the consumer to accept the calculation before the demand can be raised. The calculation sheet was supplied with the notice dated 29.08.2026. These allegation of opportunity or inadequate explanation also does not establish that the statutory limitation period of two years under Section 56(2) has expired.

(45) The Hon'ble High Court granted protection while allowing the Complainant to approach this Forum. That protection was continued during these proceedings.

(46) In view of the discussion and finding recorded above, the Forum finds that the short-assessed amount was first demanded on 29.08.2026 and that the two-year bar under Section 56(2) has not arisen. The Complainant is therefore not entitled to a permanent restraint against disconnection on that ground. Its further contention that the Respondents must recover the amount only through a civil suit is also declined.

CGRF

ORDER

(47) The prayer for a permanent restraint against disconnection under Section 56(2) of the Electricity Act, 2003, and the prayer to restrict recovery exclusively to a civil suit, are rejected.

(48) The Respondents' statement that the notice dated 29.08.2026 is an intimation of arrears and that further action will be taken in accordance with the Supply Code is taken on record. The Respondents remain at liberty to proceed in accordance with law.

(49) Application for interim relief stands disposed of with the complaint. The interim protection continued by the Forum shall cease upon pronouncement of this order.

On aforesaid terms, the complaint is disposed of as dismissed.

Parties are left to bear their own costs.

Order is announced today on 30.10.2026 at Shimla in open Forum.

Certified copies of this Order be supplied to the parties.

The complaint along with this Order be consigned to record room for safe custody.

-Sd-	-Sd-	-Sd-
(Rakesh Chand Negi)	(Madan Dhiman)	(Harinder Thakur)
(Member)	**(Member)**	**(Chairman)**

CGRF

CONSUMERS GRIEVANCES REDRESSAL FORUM AT KASUMPTI-09.

No. CGRF/Complaint No. 1515/202609/16 **Dated: -**

Complaint No.: - **1515/202609/16**
Date of Admission: - **29.09.2026**
Quorum: - **Er. Harinder Thakur, Chairman.**
Er. Rakesh Chand Negi, Member.
Er. Madan Dhiman, Member.

M/s N.G. Polymers, Village Ogli,
Nahn Road, Tehsil Nahan,
District Sirmour, (HP).

Complainant

V/s.

1. The Executive Director (Pers.)
HPSEBL, Vidyut Bhawan,
Shimla-171004.

2. The Assistant Engineer,
Electrical Sub-Division HPSEBL,
Kala Amb, Tehsil Nahan,
District Sirmour (HP). **Respondents**

Complaint Regarding: -

Final hearing: - **23.10.2026**

Present for: -

Complainant 1. O.C. Sharma, Advocate

Respondent 1. Sh. Kamlesh Saklani, Deputy Secretary (Law).
2. Sh. Rajesh Kashyap, Advocate

Date of Decision: - **30.10.2026**

CONSUMERS GRIEVANCES REDRESSAL FORUM AT KASUMPTI SHIMLA-171009.

No. CGRF/Complaint No. 1515/202609/16 **Dated: -**

M/s N.G. Polymers, Village Ogli,
Nahn Road, Tehsil Nahan,
District Sirmour, (HP).

Complainant

V/s.

HPSEBL & Others. **Respondents**

Complaint No. 1515/202609/16

1. The Executive Director (Pers.)
HPSEBL, Vidyut Bhawan,
Shimla-171004.

2. The Assistant Engineer,
Electrical Sub-Division HPSEBL,
Kala Amb, Tehsil Nahan,
District Sirmour (HP). **Respondents**

The Certified copy of final order dated 30.10.2026 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.

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