

## GERC (Security Deposit) (3<sup>rd</sup> Amd) Regulations, 2022 [Draft]

GERC on 19<sup>th</sup> February, 2022 notified the Draft GERC (Security Deposit) (3rd Amd) Regulations, 2022. The key highlights of the draft are mentioned below,

<b>Clause No. 4.11</b>	
Principle	The licensee shall pay <b>interest on Security Deposit of consumer for the electricity supplied</b> , at the Bank Rate (as on 1st April of every year) notified by Reserve Bank of India or such higher rate as may be fixed by the Commission from time to time. The interest accrued to the credit of the consumer during the previous year shall be adjusted in electricity bills of May of every year for consumers covered under the monthly billing cycle and in electricity bill of May or June for those covered under two monthly billing cycles.
3 <sup>rd</sup> Amd [Draft]	The licensee shall <b>pay interest on Security Deposit of consumer other than Security Deposit received from Temporary Consumer for the electricity supplied</b> , at the Bank Rate (as on 1st April of every year) notified by Reserve Bank of India or such higher rate as may be fixed by the Commission from time to time. The interest accrued to the credit of the consumer during the previous year shall be adjusted in electricity bills of May of every year for consumers covered under the monthly billing cycle and in electricity bill of May or June for those covered under bi-monthly billing cycles.
<b>Clause No. 4.14</b>	
Principle	The Licensee, on termination of the agreement by either party shall refund Security Deposit after adjustment of dues, if any within 30 days.
3 <sup>rd</sup> Amd [Draft]	The Licensee, on termination of the agreement by either party shall refund Security Deposit after adjustment of dues, if any within 7 days.

The regulation can be accessed [here](#).

### CER Opinion

**1. Security Deposit based on Average Billed Amount:** Wherever there is a reference to Security deposit, the Regulations only refer the average consumption of number of units. Given the two-part/ multi-part tariff structure, the security deposit should cover energy as well as fixed charges. Due to tariff realignment, a greater (though insufficient) part of the bill is being recovered through fixed charges. Thus in case there is no change in variable costs/ unit consumption but an increase in fixed charges, it would not be reflected in the 'required' security deposit. It is suggested that the basis of the security deposit should be the average billed amount (fixed + variable charges), rather than the average units consumed. It should also be 'aligned' with the existing Tariff Schedule/ Supply Code Regulations, which may already provide for enhancement of security deposit, so that the Regulations are coherent with each other.