

MAY 2015

DEPARTMENTAL TEST FOR INTERNAL AUDIT OFFICERS - FIRST PAPER

With Book

ANSWER SHEET

1) PROCEDURE FOR GRANT OF LICENCE: [Electricity Act 2003 (Sec 15(P16))

(1) Every application under Section 14 shall be made in such form and in such manner as may be specified by the Appropriate Commission and shall be accompanied by such fee as may be prescribed.

(2) Any person who has made an application for grant of a licence shall, within seven days after making such application, publish a notice of his application with such particulars and in such manner as may be specified and a licence shall not be granted - (i) until the objections, if any, received by the Appropriate Commission in response to publication of the application have been considered by it:

provided that no objection shall be so considered unless it is received before the expiration of thirty days from the date of publication of the notice as aforesaid;

(ii) until, in the case of an application for a licence for an area including the whole or any part of any cantonment, aerodrome, fortress, arsenal, dockyard or camp or of any building or place in the occupation of the Government for defence purposes, the Appropriate Commission has ascertained that there is no objection to the grant of the licence on the part of the Central Government.

(3) A person intending to act as a transmission licensee shall, immediately on making the application, forward a copy of such application to the Central Transmission Utility or the State Transmission Utility, as the case may be.

(4) The central Transmission Utility or the State Transmission Utility, as the case may be, shall within thirty days after the receipt of the copy of the application referred to

in Sub-Section (3), send its recommendations, if any, to the Appropriate Commission.

Provided that such recommendations shall not be binding on the commission.

(5) Before granting a licence under Section 14, the Appropriate Commission shall

(a) publish a notice in two such daily newspapers, as that Commission may consider necessary, stating the name and address of the person to whom it proposes to issue the licence;

(b) Consider all suggestions or objections and the recommendations, if any, of the Central Transmission Utility or the State Transmission Utility, as the case may be.

(6) Where a person makes an application under Sub-Section (1) of Section (14) to act as a licensee, the Appropriate Commission shall, as far as practicable within ninety days after receipt of such application, -

(a) issue a licencee subject to the provisions of this Act and the rules and regulations made thereunder; or

(b) reject the application for reasons to be recorded in writing if such application does not conform to the provisions of this Act or the rules and regulations made thereunder or the provisions of any other law for the time being in force:

provided that no application shall be rejected unless the applicant has been given an opportunity of being heard.

(7) The Appropriate Commission shall, immediately after issue of a licence, forward a copy of the licence to the Appropriate Government, Authority, local authority, and to such other person as the Appropriate Commission considers necessary.

(8) A licencee shall continue to be in force for a period of twenty-five years unless such licence is revoked.

(2) SHORT NOTES

(a) STRIKES REBATE: [TNES Manual vol. I Para 182 (P118)]

According to the provisions of the H.T. agreement, if, at any time the consumer is prevented

From receiving or using electrical energy, either in whole or in part due to strikes, the minimum charges or guarantee payable by the consumer shall be reduced in proportion to the ability of the consumer to take power. As according to the agreement, the maximum demand charge constitutes the minimum charge rebates in the maximum demand charge proportionate to the number of days of complete strike on mill working days may be allowed. Rebate for holidays during a continuous period of complete strike is also permissible. The H.T consumers should be asked to give intimation to the department then and there whenever a strike starts or is called off together with information as to whether the strike is partial or complete.

b) LEVY OF BELATED PAYMENT SURCHARGE: [TNERB Manual vol. I / Para 21rd/1140]

Till such time as the Security Deposit is adjusted towards the dues of the consumer, the belated payment surcharge has to be levied on the total arrears and on the balance of the dues after adjustment of security deposit till the arrears finally cleared by the consumer.

If the last date of payment without surcharge falls on a holiday no surcharge need be levied if payment is made on the next working day.

c) REGISTER OF AGREEMENTS: [TNERB Manual vol. I / Para 119 / P 76]

In order to watch the currency of the agreements and other points, the agreements shall be registered in the Central office in a register prescribed for the purpose reviewed monthly by the Sectional Accountants and by the Chief Accountant periodically. Timely Action should be taken to see that the agreements are reviewed not later than 30 days prior to the date of expiry of their currency. In the case of special contracts such as for H.T. Supply, action should be taken for their renewal at least six months before the date of expiry of the agreements.

d) REVISED AGREEMENTS: [TINER MANUAL PARA no/P76]

Agreements for power supply shall be for agreements periods of two years in the following cases:

- (1) Domestic Services with Special guarantee.
- (2) I. T industrial and agricultural services.
- (3) Street lighting: and
- (4) H-T. Services.

In the case of domestic services with tariff guarantee, the application forms take place of agreements and no separate agreement in these cases is necessary.

The power from Government mains should be used for supplying a distinct and separate section of the industry and under no condition, will other prime movers be allowed to supply load in parallel with Government supply mains.

3) TRANSPARENCY BY TENDERS ACT 1988

a) FUNCTIONS OF THE TENDER INVITING AUTHORITY: [sec 9/P7]

- (1) The tender inviting authority shall invite tenders in the form of a notice containing such particulars as may be prescribed.
- (2) The Tender Inviting Authority shall communicate the notice inviting tenders to the Bulletin Officers according to the value of the procurement and within such time as may be prescribed, so as to publish the same in the appropriate Tender Bulletin.
- (3) The Tender Inviting Authority shall also publish the notice inviting tenders in Indian Trade Journal and in daily newspapers having wide circulation depending upon the value of the procurement prescribed.
- (4) The Tender Inviting Authority shall supply the schedule of rates and tender documents in such manner and in such places as may be prescribed to every intending tenderer who has applied for such document.

b) Evaluation and Acceptance of tender: [Sec 10 | P1]

(1) The tender Accepting Authority shall cause an objective evaluation of the tenders taking into consideration the Schedule of rates as mentioned in the tender document and the prevailing market rate for procurement and comparison of the tenders in accordance with the procedure and criteria specified in the tender document.

(2) After evaluation and comparison of tenders as specified in sub-section (1), the Tender Accepting Authority shall accept the lowest tender ascertained on the basis of objective and quantifiable factors specified in the tender document and giving relative weights among them.

(3) Notwithstanding anything contained in sub-section (2), if the Tender Accepting Authority decides that the price of the lowest tender is higher with reference to the prevailing market rate or the Schedule of rates, he may negotiate for a reduction of price with that tenderer.

(4) If at any time before the acceptance of tender, the Tender Accepting Authority receives information that a tenderer who has submitted tender has been banned by any procuring entity, he shall not accept the tender of that tenderer even if it may be the lowest tender.

(5) In case where two or more tenderers quoted the same price, the Tender Accepting Authority shall split the procurement among such tenderers taking into consideration the experience and credentials of such tenderers. Where such splitting is not possible or could not be done equally, he shall record reasons for the same.

(6) If the Tender Accepting Authority proposes to accept the tender as per the provisions of this section, he shall pass orders accepting the tender together with reasons for such acceptance.

(7) The Tender Accepting Authority shall intimate the information regarding the name and address of the tenderer whose tender has been accepted along with the reasons for rejection of other tenders to the appropriate Tender Bulletin Officers.

c) APPEAL: [sec 11 P8]

(1) Any tenderer aggrieved by the order passed by the Tender Accepting Authority under Section 10 may appeal to the Government within ten days from the date of receipt of order and the Government shall dispose the appeal within fifteen days from the date of receipt.

(2) In disposing of an appeal under Sub-Section(1), the Government may, after giving the party an opportunity of making his representations, pass such order thereon as they deem fit.

(3) The order of the Government on such appeal shall be final.

(4) The Government may, pending the exercise of their powers under this section, pass such interdictory orders as they may deem fit.

d) RIGHT TO REJECT TENDER: [sec 12 P8]

(1) After negotiation with the tenderer and before passing the order accepting a tender as under sub-section (6) of section 10, if the Tender Accepting Authority decides that the price quoted by such tenderer is higher by the percentage as may be prescribed over the schedule of rates or prevailing market price, he shall reject the tender.

(2) The Tender Accepting Authority, before passing the order accepting a tender, may also reject all the tenders for reasons such as changes in the scope of procurement, new technologies or substantial design changes, lack of anticipated financial resources, Court orders, accidents or calamities and other unforeseen circumstances.

4) DETERMINATION OF THE LOWEST EVALUATED PRICE IN TENDER RULES. [T.N. Transparency Act 1998 / sec 29 / P 30 & 31]

(1) Out of the tenders found to be substantially responsive after the initial examination, the tenderer who has bid the lowest evaluated price in accordance with the evaluation criteria or the tenderer scoring the highest on the evaluation criteria specified, as the case may be, shall be determined.

(2) In determining the lowest evaluated price, the following factors shall be considered, namely: -

(a) the quoted price shall be corrected for arithmetical errors;

(b) in cases of discrepancy between the prices quoted in words and in figures, lower of the two shall be considered;

(c) adjustments to the price quoted shall be made for deviations in the commercial conditions such as the delivery schedules and minor variations in the payment terms which are quantifiable but deemed to be non-material in the context of the particular tender.

(d) the evaluation shall include all central duties such as Customs Duty and Central Excise Duty and Sales Tax as a part of the price, as detailed below: -

(i) in evaluation of the price of an imported item, the price has to be determined inclusive of the Customs Duty;

(ii) in evaluation of the price of articles which are subject to Excise duty, the price has to be determined inclusive of such Excise Duty;

(iii) in a tender where all the tenderers are from within the State of Tamil Nadu or where all the tenderers are from outside the State of Tamil Nadu, the Sales Tax shall be included for the evaluation of the price; and

(iv) in a tender where the tenderers are both from the State of Tamil Nadu as well as from outside the State of Tamil Nadu, the Sales Tax under the Tamil Nadu General Sales Tax Act, 1959 (Tamil Nadu Act I of 1959) shall be excluded for the evaluation of the price.

(e) in the case of purchase of equipment, the operation and maintenance and spare parts cost for appropriate periods as may be specified in bid documents may be quantified, where practicable and considered.

(f) the evaluation and comparison shall include fifteen percent price preference for domestic small scale industrial units and ten percent price preference for the public sector undertakings of the Government in respect of products and quantities manufactured by them.

(3) In order to secure the best possible procurement price, negotiations with tenderer determined as per clauses (1) and (2) above are permissible subject to provisions in section 10 of the Act.

5) PROCEDURE FOR PROSECUTION FOR THEFT OF ENERGY (MED VOL 2, P. 255/185)

The following procedure should be adopted for prosecution in cases of theft of energy.

(1) Theft of energy should be dealt with under section 39 of the Indian Electricity Act and Section 379 of the Indian Penal Code.

It is essential that the accused be charged not only under the Indian Electricity Act, but also under the Indian Penal Code, the reason being that it enables the Magistrate to inflict imprisonment and heavier fines and also brands the accused if convicted as a criminal; this is very necessary to deter repetition of the offence.

(2) Breaking of seals or their replacements by false seals is governed by rules 56 and 138 of the Indian Electricity Rules 1956.

(3) When a consumer is suspected, none but the Electrical Engineer and the most senior member of the distribution staff in whom confidence can be placed, should attend to the matter. When by watching and inspection, the offence is considered provable, a confidential letter should be sent to the District Superintendent of police stating that the department has evidence to believe that such and such an offence is occurring or has occurred; this letter should be delivered personally to the District Superintendent of police and not forwarded through the ordinary channel of correspondence. The District Superintendent of police should be asked to depute an Inspector of police to proceed in company with the Electrical Engineer and the other member of the distribution staff referred to above and be shown the evidence. The Inspector of police would prepare in the consumer's installation maza which would be signed by the entire party including the consumer if present to whom the Maza would be read over if necessary; preferably at this stage one casual witness should be brought in from the street also to be shown the evidence and sign to the Maza.

(4) A second letter is then openly sent to the District

Superintendent of police stating evidence has been found and shown to the inspector of police and asking the District Superintendent of police to take the necessary action.

(5) It is very important that unless the case is clear no prosecution should be launched; it does great harm to take up a weak or doubtful case.

(6) Magistrates have been instructed by Government to ensure that adequate sentences are passed in respect of offences under Indian Penal Code Act and the rules thereunder.

6) SHORT NOTES.

a) EARNEST MONEY DEPOSIT: [T.N. Dist. Code Chapter 34/P34.]

(1) The applicants required to pay Earnest Money Deposit will be asked to pay Earnest money deposit along with registration fee for registration of application.

(2) This Earnest Money Deposit will be adjusted against the quantum of initial Security Deposit payable by the applicant before availing supply and balance amount if any shall be collected.

(3) In respect of High Tension applicant the Earnest Money Deposit payable will be equal to the quantum of initial Security Deposit

(4) If the applicant backs out after registration and payment of E.M.D. but before payment of Development charges, service connection charges and Meter Caution Deposit, then the application shall be cancelled and E.M.D. forfeited.

(5) If the applicant backs out after payment of all charges and execution of agreement, the application shall be cancelled and agreement terminated forfeiting all amount remitted except meter caution deposit in the case of both High Tension and Low Tension.

(6) If the H-T applicant who prefers to back out partially against the sanctioned demand before availing supply, then the above forfeiture rule may be applied proportionate to the demand backed out.

(7) The Earnest Money Deposit paid does not bear any interest until the date of service connection.

(b) SECURITY DEPOSIT: (T.N. DSA Code Chapter P35/P36)

(1) All applicants for supply of electricity shall pay initial Security Deposit, before availing of the supply, in cash/Demand draft at the rate fixed by the commission from time to time.

(2) The following categories of service connections may be exempted from payment of Security Deposit:

(i) Service connections in the name of the State Government Departments.

(ii) Service connections to premises occupied by Foreign Diplomats or Consulate Establishments, irrespective of whether the service connection is in their name or not.

(3) Applicants for supply of electricity for agricultural and hut service connections shall pay Security Deposit equivalent to seven months levy of dump sum charges/metered energy charges or the amount notified by the commission from time to time.

(4) Interest will be paid by the licensee on Security Deposit at the rate as may be fixed by the commission from time to time. Full calendar months only will be taken into account for the purpose of calculating the interest and the interest will be calculated to the nearest rupee i.e. 50 paise or above will be rounded off to the next higher rupee and less than 50 paise will be ignored.

(5) If the consumer is prepared to take supply through pre payment meter such consumer is not required to pay Security deposit.

(c) SHIFTING OF SERVICE CONNECTION: [T.N. DSA Code Chapter 37 (P35)]

The cost of shifting a new service connection for which line is laid but service connection is yet to be effected shall be borne by the intending consumer. The intending consumer shall pay the above charges in advance in full. The shifting work will be taken up only after the payment is made. The estimate will cover the following:

(a) Charges for dismantling at the old site.

(b) Charges for transport from the old site to the new site.

(c) Charges for re-erection at the new site.

(d) Depreciated value of retrievable materials, if any, not used at site should be credited to the consumer.

- (e) Cost of new materials including transport, if required
- (f) Cost of irretrievable materials at depreciated value.
- (g) overhead charges.

With regard to shifting of existing Service connection, the consumer shall pay all the arrears due to the Licensee, apart from the above shifting charges.

D) RESTRICTIONS ON USE OF ELECTRICITY: [T.N. 1957 Code Chapter 38 (P38)]

The consumer shall curtail, stagger, restrict, regulate or altogether cease to use electricity when so directed by the Licensee, if the power position or any other emergency in the Licensee's Power System or as per the directives of SLDC/SSLDC warrants such a course of action. The Licensee shall not be responsible for any loss or inconvenience caused to the consumer as a result of such curtailment, staggering, restriction, regulation or cessation of use of electricity. Notwithstanding anything contained in any agreement/undertaking executed by a consumer with the Licensee or in the tariff applicable to him, the consumer shall restrict the use of electricity in terms of his/her maximum demand and/or energy consumption in the manner and for the period as may be specified in any order that may be made by the Licensee on the instructions of State Government or the Commission.

7) UNAUTHORIZED USE OF ELECTRICITY- INVESTIGATION AND ENFORCEMENT PROVISIONS. [TNES supply code Part 19 (P27)]

Section 126 of the Act deals with the provisions for investigation and enforcement in cases of unauthorized use of electricity and reads as follows:

Assessment.

1) If on an inspection of any place or premises or after inspection of the equipments, gadgets, machines, devices found connected or used, or after inspection of records maintained by any person, the assessing officer comes to the conclusion that such person is indulging in unauthorized use of electricity, he shall

provisionally assess to the best of his judgement the electricity charges payable by such person or by any other person benefited by such use.

- (2) The order of provisional assessment shall be served upon the person in occupation or possession or in charge of the place of premises in such manner as may be prescribed.
- (3) The person, on whom an order has been served under sub-section (2) shall be entitled to file objections, if any against the provisional assessment before the assessing officer, who shall, after affording a reasonable opportunity of hearing to such person, pass a final order of assessment within thirty days from the date of service of such order of provisional assessment of the electricity charges payable by such person.
- (4) Any person served with the order of provisional assessment may, accept such assessment and deposit the assessed amount with the licensee within seven days of service of such provisional assessment order upon him:
- (5) If the assessing officer reaches to the conclusion that unauthorized use of electricity has taken place, the assessment shall be made for the entire period during which such unauthorized use of electricity has taken place and if, however the period during which such unauthorized use of electricity has taken place cannot be ascertained, such period shall be limited to a period of twelve months immediately preceding the date of inspection.
- (6) The assessment under this section shall be made at a rate equal to (one and half times) twice the tariffs applicable for the relevant category of services specified in sub-section (3).
For the purpose of this section, -
 - (a) assessing officer means an officer of a State Government or Board or Licensee, as the case may be, designated as such by the State Government.
 - (b) unauthorized use of electricity means the use of electricity.
 - (i) by any artificial means; or
 - (ii) by a means not authorized by the concerned person or authority

- or Licensee; or
- (iii) through a tampered meter; or
- (iv) for the purpose other than for which the usage of electricity was authorized. or
- (v) for the purpose other premises or areas other than those for which the supply of electricity was authorized.

8) DEFINE :

a) CONNECTIVITY CONDITIONS : [TNEIS Draft Case Chapter 4 (Para) (P1)]

The Connectivity Conditions specify the minimum technical and design criteria, which shall be complied by any agency connected to, or seeking connection to the Distribution System. The Licensee shall ensure compliance of the above criteria by any agency as a pre-requisite for the establishment of an agreed connection. The terms and conditions of supply under Chapter 6 of this code shall be read in conjunction with this Chapter. The connectivity conditions shall fulfill the requirement stipulated in section 50 and 53 of the Act. The connectivity conditions are provided to ensure that:

- (a) the basic rules for connections are complied by all agencies. This will help to treat all agencies in a non-discriminatory manner.
- (b) Any new or modified connections, when established, shall not suffer unacceptable effects due to its connection to the Distribution System nor produce unacceptable effects on the System or any other connected agency.
- (c) The ownership and responsibility for all the equipments, shall be clearly specified in a schedule for every site, where a connection is made.

b) DISTRIBUTION SYSTEM INTERFACE WITH SMALL GENERATORS : [Para 8 (P1)]

The electricity generated by the private developers pertaining to power projects based on renewable energy sources of wind, biomass etc or captive power plants shall be evacuated by interfacing with the distribution system or intra state grid. The voltage levels, connection points and

Connectivity Conditions, Safety etc, for such interfacing shall comply with the conditions laid down under Tamil Nadu Electricity Grid code (TNEGC) and the regulations issued by the Authority in this regard.

c) VOLTAGE: [TNEB 2014 code Para 13(1) | P12]

The Variation in the Voltage levels in the distribution system may depend upon the available VAR generation, system loads and Configuration of the transmission system and distribution system. Under normal operating conditions the Licensee shall exercise proper Voltage monitoring and control in the distribution system beyond the point of interconnection so as to maintain voltage at all levels in accordance with the standards of performance specified by the Commission. The means adopted shall include.

- a) Use of transformers equipped with tap changers (onload/off load)
- b) Balancing of loads between Phases of the LT network.
- c) Limiting KVA-KM loading of the circuits.
- d) Reduction of overloaded transformers by planning and installing additional distribution transformers.
- e) By installing the required regulating transformers (Boosters) and Synchronous Condensers at appropriate locations.
- f) Installation of shunt capacitors/capacitor banks at optimum locations depending upon the requirement of VAR Compensation in the network.
- g) Provision of switched/ fixed capacitor, as the case may be, on the (secondary) LV side of Distribution Transformers.

d) DEMAND SIDE MANAGEMENT: [TNEB 2014 code Para 14 | P13].

The Licensee shall make suitable provisions in the Service Connection Agreements to make it mandatory on the part of Selected categories of consumers with a contracted Demand over and above a specified KVA limit (to be specified by the commission) to carry out an Energy Audit at their establishment for in-plant load management and for carrying out end use energy efficiency/conservation measures. On their part, the Licensee shall provide such consumers with relevant

Information relating to energy audits and its methodologies and the financial incentives offered by recognized financial institutions, banks and other Government Organizations.