BEFORE THE HARYANA ELECTRICITY REGULATORY COMMISSION AT PANCHKULA

HERC/Petition No. 30 of 2026
Along with
IA No. 29 of 2026 and IA No. 30 of 2026

Date of Hearing : 26.05.2026, 08.07.2026, 03.09.2026 and 28.09.2026
Date of Order : 19.10.2026

In the Matter of
Petition under Section 14 and Section 15 of the Electricity Act, 2003, read with the HERC (Transmission and Distribution Licensing) Regulation 2004, along with its subsequent amendments read with the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, as amended in November 2022, for grant of Distribution Licence for Nuh and Gurugram Revenue Districts in the State of Haryana.

Petitioner
Eleven Power Private Limited, 201, Empire Apartments, 1st floor, Sultanpur, M.G. Road, Gadaipur, Southwest Delhi-110030, Email:- Sikander.verma@elevengroup.in, through its Director (Authorized Representative)

Respondents
1. Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL) through its Managing Director, email md@dhbvn.org.in, sera@dhbvn.org.in
2. Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) through its Managing Director, md@uhbvn.org.in, sera@uhbvn.org.in
3. Haryana Vidyut Prasaran Nigam Ltd. (HVPNL) through its Managing Director, md@hvpn.org.in

Intervenor (s)
Objectors to the present petition
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2. M/s. Electricity Employees' Federation of India (EEFI), email eefederation@gmail.com
3. M/s. All India Power Engineers Federation (AIPEF), email chairmanaipef@gmail.co
4. M/s. Haryana Power Engineer's Association (HPEA), email hpeahisar@gmail.com
5. M/s. All India Kisan Sabha (AIKS), email sumitabeer2018@gmail.com
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10. Sh. Anshul Mangla, Advocate, sector 12, Panchkula, email anshul.mangla16@gmail.com
11. Sh. Rajmal Singh, President, RWA, sector 112 Gurugram, rajmalsingh34@gmail.com

In Support of the present petition
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2. Ms. Mandakani Ghosh, Advocate
3. Mr. Raheel Kohli, Advocate
4. Mr. Tarsem Rana, Advocate
5. Mr. Sidhant Kumar, Advocate
6. Ms. Ekssha Kashyap, Advocate
7. Mr. Sikandar Verma, Director
8. Mr. Sunil Sachdeva, Director
9. Mr. Karan Chopra
10. Mr. Samarjit Mohanty
11. Mr. Suresh Gehani, Consultant
12. Mr. Himanshu
13. Mr. Ashwin

Present on behalf of the Respondents

1. Mr. Buddy A. Rangnathan, Senior Advocate
2. Ms. Shefali Tripathi, Advocate
3. Mr. Raghujeet Madaan, Advocate
4. Ms. Aerika Singh, Advocate
5. Mr. Lovepreet Singh, Advocate
6. Mr. Mukesh Chauhan, Director (Operations), DHBVNL
7. Mr. Naresh Mehta, Director (Finance), UHBVNL
8. Mr. Vinod Kumar, Director (Projects), DHBVNL
9. Mr. Anil Kumar Yadav, Director (Projects), UHBVNL
10. Mr. Randeep Singh, Director (Operations), UHBVNL

11. Mr. Rattan Verma Director (Finance), DHBVNL
12. Mr. Anil Kumar, CE, Commercial, DHBVNL
13. Mr. Deepak Popli, CE, Commercial, UHBVNL
14. Ms. Rachna Garg, CFO / UH, UHBVNL
15. Mr. Puneet Kundu, SE/RA, UHBVNL
16. Mr. Vijay Balyan, SE / HR
17. Ms. Rekha, SE/RA, DHBVNL
18. Mr. Mukesh Saini, Xen, Commercial, DHBVNL
19. Mr. Baljeet Singh, XEN, HVPNL
20. Mr. Vinod, XEN/RA, UHBVNL
21. Mr. Joginder Singh, XEN / RA, DHBVNL
22. Mr. Sumit Kumar, JSE, RA, DHBVNL
23. Ms. Kusum Rohilla, SDO/RA, DHBVNL
24. Ms. Pushpa, AE/RA, UHBVNL
25. Mr. Vineet Parashar, Consultant
26. Ms. Prachi, Sr Consultant, UHBVNL
27. Mr. Hritik Rawat, Consultant, DHBVNL

Present on behalf of the Intervenor(s)

1. Mr. Sampat Singh, Ex Power Minister
2. Mr. Prem Chand, State Secretary, CPI(M)
3. Mr. Virendra Singh Malik, Member, SC, CPI(M)
4. Mr. Sumit Dalal, Kisan Sabha
5. Ms. Sabita, Kisan Sabha
6. Mr. Suresh Rathee, All Haryana Power Corporations Workers Union
7. Mr. Padamjit Singh, President, AIPEF
8. Mr. Ravinder Singh, HPEA
9. Mr. Mehar Singh, Bijli Upbhokta Munch Haryana
10. Mr. Rajmal Singh, President, RWA, sector 112 Gurugram,
11. Er Puneet Kundu, Haryana Power Engineer's Association (HPEA)
12. Mr. Anshul Mangla, Advocate
13. Mr. YashPal Deswal G/Secy, HSEB Workers Union
14. Mr. Raj Kumar, Jilavadyax BJP
15. Mr. Subhash Lamba Vice President
16. Mr. Harish Hasija
17. Mr. Sundeep Kalsi
18. Mr. Sumit Rao, GIA President
19. Mr. Vinay, Vatika
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26. Mr. Udaipal, Sanghoi
27. Mr. Ashish
28. Mr. Narsingh Pehalwan
29. Mr. Satish Dhingra
30. Mr. R. Kartikaya, Adv
31. Mr. Anurag Gupta Adv.

Quorum

Shri Mukesh Garg	**Officiating Chairman**
Shri Shiv Kumar	**Member**

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ORDER

Brief Background of the case

1. The present petition has been filed by Eleven Power Private Limited for grant of a distribution licence to establish a renewable-energy-focused and technology-driven power utility serving the Nuh and Gurugram districts of Haryana.

2. The petition filed by the petitioner is reproduced as under: -

A. BACKGROUND

2.1. That the present petition is being filed under Section 14 and 15 of the Electricity Act, 2003, read with the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulation 2004 along with its subsequent amendments, read with the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, as amended in November 2022, for grant of Distribution Licence to the Petitioner as detailed in the present Petition.

B. That Regulation 3 of the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulation 2004 along with its subsequent amendments stipulate the form by which an application for the grant of licence shall be submitted. ELEVEN POWER PRIVATE LIMITED AND CONSORTIUM PARTNERS

2.2. That the Petitioner, Eleven Power Private Limited (hereinafter referred to as "Eleven Power/ “Petitioner”), was incorporated in the year 2025. Its holding entity SAS Fininvest

LLP holds 99.99% of shareholding of Eleven Power Private Limited, and it forms part of Eleven (formerly SAS) Group.

2.3. That Eleven Power proposes to establish a renewable-energy-focused distribution utility designed to cater to the evolving energy requirements of industrial, commercial, institutional, agricultural and urban consumers within Nuh, Gurugram and Manesar. The proposed distribution model is founded upon large-scale integration of renewable and green power procurement, modern grid infrastructure, digital utility systems, and consumer-centric service delivery mechanisms. The Petitioner intends to progressively procure a substantial portion of its electricity requirement from renewable energy sources, including solar, wind, hybrid renewable energy, Firm and Dispatchable Renewable Energy (FDRE), Green Day Ahead Market (GDAM), and other permissible green power procurement arrangements.

2.4. That the proposed distribution licence shall complement these rapidly growing power requirements of Nuh, Gurugram, Manesar, and Sohna which continue to witness substantial industrial, commercial, institutional, infrastructure, and urban expansion.

2.5. That the proposed distribution framework not merely intended to create an additional electricity distribution network, but to establish a modern, sustainable, technology-driven, and renewable-energy-focused distribution utility aligned with the future energy requirements of the State of Haryana.

2.6. That Eleven Group is a diversified Indian business group with operating interests across financial services, healthcare, technology, infrastructure-adjacent services, and consumer-focused businesses. The Group has built and managed businesses that serve large retail customer bases. Group's operating and investment platforms span healthcare and health services through Medanta and aiqahealth; financial services through SVCL and Finncub; investments and infrastructure through Stravity and Eleven Bay; and clean energy and mobility through Intevlo.

2.7. That the Group was founded by Mr. Sunil Sachdeva, a distinguished Indian entrepreneur with over four decades of leadership experience across healthcare, financial services, and infrastructure-led sectors. Over his career, Mr. Sachdeva has founded and scaled large, institutionally respected enterprises, including one of India's leading healthcare institutions. He has been recognised by leading publications through awards such as Top 200 Self-Made Entrepreneurs of the Millennium, India's Most Respected Entrepreneur, and Entrepreneur of the Year.

2.8. That the companies operating under the Eleven Group umbrella provide the Applicant with strong experience in retail customer acquisition, lifecycle management, last-mile field operations, digital collections, grievance handling, and technology-enabled service

delivery, all of which are directly relevant to operating a modern power distribution business.

2.9. That a modern power distribution licensee, particularly one serving high-growth industrial and residential hubs such as Nuh, Gurugram and Manesar, must be built around reliable supply, transparent billing, fast grievance redressal, and continuous consumer engagement. The consumer interface cannot be limited to monthly billing and complaint handling; it must be digital, responsive, and proactive.

2.10. That the promoter group's experience in building high-trust, high-volume consumer service institutions provides relevant learnings for the proposed distribution utility. For example, in Medanta's case, the service architecture extends beyond the physical hospital through digital and remote-care capabilities such as remote ICU monitoring, tele-consultations, mobile application-based patient access, digital reports, and rapid WhatsApp-enabled support. These capabilities reflect a broader operating philosophy: critical services must be accessible, continuously monitored, digitally enabled, and supported by fast response systems.

2.11. That the same principles are directly relevant to power distribution. Consumers increasingly expect a utility to provide real-time information, quick issue resolution, and multiple channels of access. For the proposed distribution utility, this can translate into an omnichannel consumer service architecture comprising mobile applications, WhatsApp-based support, multilingual call centres, digital billing, real-time outage reporting, smart-meter alerts, consumption dashboards, and structured escalation mechanisms.

2.12. That this approach will allow the proposed utility to move from a transactional billing-led model to a consumer-centric service model focused on accessibility, reliability, and trust.

2.13. That SV Creditline Limited, an Eleven Group company, possesses demonstrable, large-scale experience in retail consumer management that directly translates to the efficient and consumer-centric operation of a power distribution utility. The Applicant's established operational framework supports high standards of service reliability, revenue protection, and grievance redressal through the following core competencies:

- Proven capacity for large-scale consumer management: SVCL has served over nineteen lakh lifetime customers across 10 states, demonstrating the Applicant's institutional ability to manage a large, geographically dispersed retail consumer base. This experience is directly relevant to the high-density residential, commercial, and industrial consumer profiles expected in the proposed distribution area.
- Robust last-mile service infrastructure: SVCL has built a deeply integrated physical and digital service delivery network designed with urban and rural penetration. This last-mile capability is relevant for establishing reliable consumer touchpoints, supporting consumer

onboarding, enabling localized service delivery, and ensuring consistent engagement across the entire distribution geography.

- Advanced digital billing and revenue realization architecture: SVCL operates a secure, digital-first and cashless collection ecosystem. Its mobile-enabled field framework supports real-time transaction capture, digital receipts, centralized reconciliation, and strong collection discipline. This capability maps directly to the meter-to-cash requirements of a distribution utility, including billing accuracy, revenue assurance, arrear tracking, payment collection, and reduction of commercial losses.
- Integrated consumer lifecycle and grievance management: SVCL manages the full consumer lifecycle through structured workflows covering onboarding, documentation, account servicing, dispute handling, collections, and closure. The organization also follows defined grievance redressal processes with clear timelines for dispute resolution. This provides a strong foundation for meeting regulatory expectations around consumer satisfaction, complaint registration, escalation tracking, and timely grievance redressal.
- Technology-driven field operations and monitoring: SVCL's field personnel use mobile applications and digital tools for customer visits, geo-tagged activity tracking, documentation, transaction updates, and centralized reporting. These capabilities can be adapted for meter reading, consumer verification, field inspections, preventive maintenance, outage response, and on-ground complaint resolution in a power distribution utility.

2.14. That for a distribution network scaling across high-density industrial and residential corridors such as Gurugram, Manesar and Nuh, integrating consumer management learnings from both retail finance and healthcare creates a strong foundation for operational excellence.

The model leverages SVCL's experience in managing over nineteen lakh lifetime customers, supported by a structured grievance redressal framework that mandates dispute resolution within 15 days. In parallel, Medanta's scale of serving over 3 million patients annually provides a relevant benchmark for managing high-volume, critical service requirements without compromising service quality.

2.15. That these experiences support a distribution utility model built around reliable service delivery, time-bound grievance resolution, strong consumer communication, and consistent performance at scale.

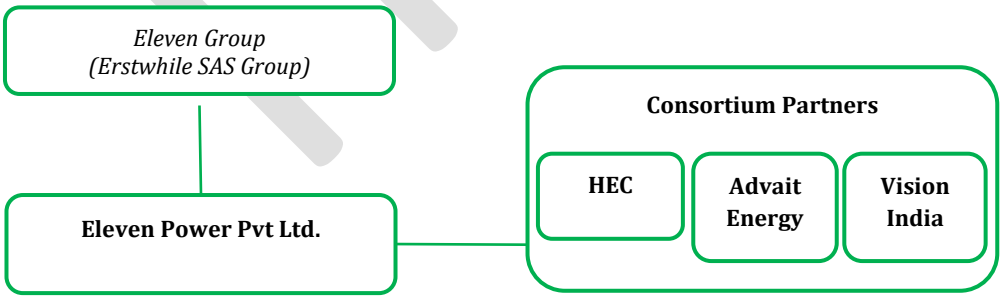
2.16. That the brief profile of Mr. Sunil Sachdeva, Director, Eleven Power Private Limited, is as under:-

- Seasoned entrepreneur with 40+ years of experience across power, healthcare, financial services, technology, and infrastructure. Began career in the power sector (1984–2000),

leading execution and commissioning of 100+ substations across 11 kV, 33 kV, and 132 kV capacities. Key projects include 2×40 MVA, 132 kV substation at Kadamba, Goa. Worked with leading institutions such as GE Plastics, Leela Goa, Marriott Goa, and Taj Mumbai. Built strong expertise in power infrastructure development and project execution.

- Chairman of Eleven *(formerly SAS Group)*, a diversified group across healthcare, financial services, technology and clean energy. Successfully built and scaled multiple ventures across sectors. Focus on long-term value creation, operational excellence, and institution building
- Co-founded Medanta – The Medicity in 2004. One of India's leading multi-super specialty hospital chains having 6 hospitals with ~3,600 beds. Ranked #1 hospital in India for six consecutive years; Gurugram flagship (~1,500 beds) is among the largest single-location hospitals in India
- Co-founder of SVCL, focused on financial access to micro entrepreneurs in Bharat. Served 19 lakh+ customers, operates across 10 states with 285+ branches
- Recognized with multiple accolades:
    - Top 200 Self-Made Entrepreneurs of the Millennium – IDFC (2026)
    - India's Most Respected Entrepreneur – Healthcare – Hurun India (2024)

2.17. That to ensure the highest industry standards of grid reliability, aggregate technical and commercial (AT&C) loss reduction, and unparalleled consumer service, Eleven Power has forged a strategic consortium with three experienced industrial players viz., Advait Energy Transitions Ltd., Vision India Services and HEC Infra Projects. Each consortium partner brings highly specialized and complementary capabilities to the venture. A copy of the MoU signed between the consortium members is enclosed with the petition.



2.18. That the strategic collaboration between Eleven Power Private Limited, Advait Energy Transitions Limited (AETL/ Advait Energy), Vision India Services (Vision India), and HEC Infra Projects Limited (HEC Infra) establishes a comprehensive ecosystem for power infrastructure deployment. This synergy covers the entire spectrum of distribution needs,

ranging from heavy civil execution and extra-high-voltage (EHV) cabling to retail distribution management and smart grid integration. Within this framework:

- Vision India Services (Vision India/VIS) provides the day-to-day operational expertise necessary to manage a live, complex urban grid and seamlessly interface with end consumers.
- HEC Infra Projects Limited (HEC Infra) delivers the core technical engineering required to build the high-voltage backbone, modernize grid architecture, and deploy smart technologies.
- Advait Energy Transitions Limited (Advait Energy/AETL) provides the heavy execution bandwidth needed to construct and upgrade infrastructure distribution across multiple districts simultaneously.

2.19. That detailed outline of the relevant experience and core competencies of each consortium partner, is as under:-

I. Vision India Services (VIS): Operational & Retail Distribution Anchor

Vision India Services, an ISO 9001:2015 and ISO 45001:2018 certified firm, is a well-established organization serving the energy sector with a focus on quality, reliability, and safety. It takes on the operational and retail distribution anchor role, leveraging its extensive experience in meter management and revenue operations.

A. Scale of Operations

- Demonstrates strong financial health with an annual revenue of ₹425 Million (FY 25-26, Un-Audited) and a projected revenue of ₹550 Million for FY 26-27.
- Led by experienced engineering professionals with over 15 to 20+ years of expertise in project execution, resources optimization, and meter management.

B. Core Functional Capabilities The company possesses end-to-end expertise in distribution operations, executing primary roles such as:

- Commercial Operations: Provides comprehensive services for meter reading, bill distribution, and door-to-door revenue collection. They also manage energy meter installations, replacements, and shifting (MMR, MMG).
- Grid Operations & Maintenance: Executes Operation and Maintenance (O&M) contracts for transmission lines, grid substations, and primary substations.
- Renewable Integration: Offers concept-to-commissioning solutions for rooftop and ground-mounted solar power plants.

C. Proven Track Record VIS maintains a robust portfolio of clients and successful utility implementations:

- Executed various meter installations, revenue collection, and project executions on a Turn-key Basis for Tata Power joint ventures including TPCODL, TPNODL, TPWODL, and TPSODL in Odisha.
- Secured major O&M, Turn-key, and substation projects with state utilities like UHBVNL, DHBVNL, and HVPNL, as well as the Power Grid Corporation of India.

II. HEC Infra Projects Limited: Grid Modernization & EHV Specialist

HEC Infra brings highly specialized technical proficiency in establishing the high-voltage backbone of the network and modernizing grid architecture.

A. High Voltage Substations (Up to 220KV) HEC Infra possesses extensive expertise in the design, supply, installation, testing, and commissioning (SITC) of high-voltage substations, which are critical to any power distribution network.

- Scale and Capacity: Executed large-scale projects such as the ₹22 Crore, 220KV Kawant AIS for GETCO, which incorporated 6 bays and full SCADA integration.
- Renewable Evacuation: Designed and commissioned a 220/33KV pooling substation for Juniper Green Energy Pvt. Ltd. to evacuate 300 MW of wind power in Bhogat, Gujarat.
- Industrial Connectivity: Routinely executes complete 66KV switchyard and substation installations for major industrial clients like Alstom, Uflex Ltd., and Aarti Industries, proving their capability to secure reliable power infrastructure for heavy, industrial loads.

B. Transmission and Cable Laying Networks HEC Infra excels in developing efficient transmission corridors and safe, high-capacity underground cabling.

- EHV Underground Cabling: Experienced in laying Extra High Voltage (EHV) underground cables, a vital capability for densely populated urban supply areas. Notable achievements include an annual rate contract with GETCO where they successfully laid and charged over 40 km of 66KV cable. They are also currently executing the laying, erection, and testing of 66KV XLPE cables for GETCO under a project valued at over ₹45 Crores.
- Overhead Transmission: Experienced in constructing and modifying major transmission lines, such as the 132KV LILO line for HVPNL and the shifting of a 132KV D/C line for the integrated Aviation Hub at Hisar. They also specialize in advanced technologies like Live Line OPGW installations for 400KV networks.

C. Smart Grid & Advanced Technologies (BESS) HEC Infra is fully equipped to meet the technological demands of a modern, smart distribution network.

- Battery Energy Storage Systems (BESS): Demonstrating readiness for next-generation grid stabilization, HEC executed South Asia's largest BESS installation—a 360MWh project for Indigrid. This landmark project included the complete installation, testing, and commissioning of the BESS, alongside a 220KV power evacuation switchyard integrated with GETCO.

- SCADA and Building Management Systems (BMS): HEC regularly integrates SCADA systems into their substation deployments. They also possess extensive experience in executing complete Mechanical, Electrical, and Plumbing (MEP) packages and Building Management Systems, as evidenced by their work across 12 stations for the Ahmedabad Metro and the Surat Metro Rail Project.

III. Advait Energy Transitions Limited (AETL): EPC & Financial Heavyweight

Advait Energy Transitions Limited serves as the execution heavyweight of the consortium, bringing over 15 years of industry leadership in power transmission, substation, and telecommunication infrastructure. AETL manages monumental capital expenditures and large-scale power infrastructure rollouts across multiple districts.

- AETL specializes in massive Turnkey Contracts encompassing the site survey, planning, design, engineering, supply, installation, testing, and commissioning of critical grid infrastructure.
- They are industry leaders in executing the conversion of existing 11 kV HT bare conductor lines to specially designed 55mm² AAAC Medium Voltage Covered Conductors (MVCC), an essential upgrade for grid reliability and safety.

B. Proven Track Record & Large-Scale Project Execution AETL has a proven ability to manage vast, multi-district project portfolios under government utility schemes. Recent landmark projects include:

- Dakshin Gujarat Vij Co. Ltd. (DGVCL) Projects:
    - Kishan Suryodaya Yojana (KSY): Executed a massive ~₹100 Crore turnkey contract for the supply and installation of 2,363 CKM of MVCC.
    - Vanbandhu Kalyan Yojana (VKY-2): Successfully executed and commissioned multiple phases, including a ~₹7.2 Crore (94 CKM) project, a ~₹20.3 Crore (268 CKM) project, and recently secured a massive ~₹50 Crore (802.2 CKM) turnkey order for FY 2025-26.
- Paschim Gujarat Vij Company Limited (PGVCL) RDSS Projects: AETL secured immense execution packages under the Revamped Reforms-Based and Results-Linked Distribution Sector Scheme (RDSS):
    - Package 7 (Morbi District): ~₹55.1 Crore total award cost.
    - Package 8 (Bhavnagar District): ~₹53.8 Crore total award cost.
    - Package 9 (Rajkot District): ~₹54 Crore total award cost.
    - Package 10 (Amreli District): ~₹44.4 Crore total award cost.

ELIGIBILITY OF ELEVEN POWER PRIVATE LIMITED FOR THE DISTRIBUTION LICENCE

2.20. That the mechanism for operation of multiple Distribution Licensees in the same area of supply is provided for in Section 14 of the Act. The relevant extract is reproduced below:

"Section 14. (Grant of licence):

The Appropriate Commission may, on an application made to it under section 15, grant a licence to any person -

(a) to transmit electricity as a transmission licensee; or

(b) to distribute electricity as a distribution licensee; or

(c) to undertake trading in electricity as an electricity trader,

in any area as may be specified in the licence:

…

Provided also that the Appropriate Commission may grant a licence to two or more persons for distribution of electricity through their own distribution system within the same area, subject to the conditions that the applicant for grant of licence within the same area shall, without prejudice to the other conditions or requirements under this Act, comply with the additional requirements relating to the capital adequacy, credit-worthiness, or code of conduct as may be prescribed by the Central Government, and no such applicant, who complies with all the requirements for grant of licence, shall be refused grant of licence on the ground that there already exists a licensee in the same area for the same purpose:"

(emphasis added)

2.21. That from a bare reading of the provisions reproduced above, it is apparent that the Hon'ble Commission may grant a Distribution Licence to multiple Licensees in the same area of supply, provided that the Licensees comply with the requirements pertaining to capital adequacy, credit worthiness or code of conduct as may be prescribed by the Government of India.

2.22. That the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005 (Distribution Licence Rules) specify the requirements of capital adequacy and creditworthiness, as reproduced below:

"3. Requirements of capital adequacy and creditworthiness - (1) The Appropriate Commission shall, upon receipt of an application for grant of licence for distribution of electricity under Sub-section (1) of Section 15 of the Electricity Act, 2003, decide the requirement of capital investment for distribution network after hearing the applicant and keeping in view the size of the area of supply and the service obligation within the area in terms of Section 43.

(2) The applicant for grant of licence shall be required to satisfy the Appropriate Commission that on a norm of 30% equity on cost of investment as determined under sub-rule (1), he including the promoters, in case the applicant is a company, would be in a position to make available resources for such equity of the project on the basis of

networth and generation of internal resources of his business including of promoters in the preceding three years after excluding his other committed investments."

2.23. That Ministry of Power, vide its notification dated 28.11.2022, amended the Explanation to sub-rule (2) to Rule 3 of the Distribution Licence Rules to define the minimum area of supply as under:

"Explanation. - For the purposes of this sub-rule, it is hereby clarified that for grant of a licence for distribution of electricity within the same area in terms of sixth proviso to section 14 of the Act, the entire area covering either a Municipal Corporation as defined in article 243Q of the Constitution or three adjoining revenue districts, or a smaller area as may be notified by the Appropriate Government shall be the minimum area of supply."

2.24. That the relevant provisions of the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulations, 2004, regarding eligibility for grant of parallel Distribution Licence are as follows:

"(1) An application for grant of a licence shall be accompanied by

a) such number of copies of maps of the proposed area of transmission or supply and, in the case of supply, of the streets or roads in which the supply of energy is to be made, as the Commission may direct, each signed by the applicant. It shall be so marked or coloured as to define any portion of such area and streets or roads which are under the administrative control of any local authority and shall be on a scale as the Commission may from time to time specify. (In case a smaller area is proposed to be covered, then its boundaries shall also be demarcated on the map and it shall be identified by what lies on east, west, north and south of such area);

Such maps may be on topography sheets of Survey of India and should be on a sufficiently large scale;

b) a list of the Municipalities, Municipal Corporations, Zila Parishad and such other authorities or local bodies, as the Commission may specify, invested with the administration of any portion of the area of transmission or supply;

c) a list of protected/reserved forests, sanctuaries and monuments of archaeological importance in the proposed area of supply or transmission;

d) a list of cantonment , aerodrome, fortress, arsenal, dockyard or camp or any building or place in occupation of the government for defence purposes in the proposed area of supply or transmission and also submit the no objection to the grant of the licence from the central Government;

e) a copy of the business plan, with an approximate statement of the proposed capital outlay in connection with the utility, the means of financing of such capital expenditure and such other particulars as the Commission may require;

f) a statement describing any lands or assets, which the applicant proposes to acquire for the purpose of the licence and the means of such acquisition;

g) in case an applicant is a company, society, Co-operative society, local authority or partnership concern:

I. a copy of the Memorandum and Articles of Association of the company or constitution of society or byelaws of the cooperative society or partnership deed (authorising the applicant to undertake the proposed licenced business) along with incorporation or registration proof,

II. a copy of audited Annual Accounts for the last three years or for the period incorporated or registered, if less than three years,

III. a copy of resolution passed by the company or society or cooperative society or local authority for making such application,

Provided no application for a licence shall be made by any local authority except pursuant to a resolution passed at a meeting of such authority held after one month's prior notice of the same, specifying the purpose thereof, given in the manner in which notices of meetings of such local authority are usually given.

h) Such number of copies as the Commission may direct, in print, of the draft licence, as proposed by the applicant in accordance with the provisions of the Act and regulations made by the Commission in this regard and with the name and address of the applicant and of his agent, if any, printed on the face of the draft along with one soft copy in word format. The applicant shall also give separately a statement of exclusion desired of the general conditions specified by the Commission and justification thereof;

i) Documents mentioned in Part II of Form-1;

(2) Any other document or information that the Commission may ask for by a specific or general order.

…

Form-1

…

15) Proof of compliance with such additional requirements as may be prescribed by the Central Government u/s 14 of the Act if licence for distribution of electricity has been granted to any other person in the proposed area of transmission or supply;

a) Capital adequacy;

b) Creditworthiness;

c) Code of conduct;

d) Others. …"

2.25. That Rule 4 of Distribution Licence Rules also specifies that an applicant for grant of Licence shall satisfy the Hon'ble Commission that requirement of Code of Conduct has

been satisfied. Therefore, the Petitioner is required to satisfy the Hon'ble Commission on the following eligibility criteria: (a) Minimum area of supply, (b) Capital adequacy, (c) Credit worthiness and (d) Code of conduct.

2.26. That In the following paragraphs, the Petitioner reiterates fulfilment of the eligibility criteria as laid out by the Distribution Licence Rules.

(i) Eligibility of Criteria on Minimum Area of Supply

2.27. That as per the amended Explanation to Rule 3(2) of the Distribution Licence Rules, the entire area covering either a Municipal Corporation as defined in Article 243 (Q) of the Constitution of India or three adjoining revenue districts or a smaller area as notified by the Appropriate Government shall be the minimum area of supply. The proposed area includes the entire area under the Nuh and Gurugram revenue districts (Gurugram Municipal Corporation, Manesar Municipal Corporation, Municipal Council of Sohna, Municipal Council of Pataudi Mandi & Municipal Committee of Farrukh Nagar under Gurugram revenue district and Municipal Committee Nuh, Municipal Committee Punhana, Municipal Committee Firozepur Jhirka & Municipal Committee Tauru under Nuh Revenue District). The Map of the proposed Area of Supply is as below:



2.28. That the criteria for minimum area of supply was amended by the Ministry of Power, vide its Notification dated 08.09.2022 wherein the Explanation to sub-rule (2) of Rule 3 of Distribution Licence Rules was amended, as reproduced below:

"Explanation.- For grant of a licence for distribution of electricity within the same area in terms of sixth proviso to section 14 of the Act, the area falling within either a Municipal

Corporation as defined in article 243Q of the Constitution or three adjoining revenue districts, or a smaller area as may be notified by the Appropriate Government shall be the minimum area of supply."(emphasis added)

2.29. That vide its Notification dated 28.11.2022, the Ministry of Power once again amended the Explanation to sub-rule (2) of Rule 3 of the Distribution Licence Rules, as reproduced below:

"Explanation. - For the purposes of this sub-rule, it is hereby clarified that for grant of a licence for distribution of electricity within the same area in terms of sixth proviso to section 14 of the Act, the entire area covering either a Municipal Corporation as defined in article 243Q of the Constitution or three adjoining revenue districts, or a smaller area as may be notified by the Appropriate Government shall be the minimum area of supply." (emphasis added)

2.30. That the Ministry of Power has revised the criteria for minimum area of supply from area falling within either a Municipal Corporation or three adjoining revenue districts or a smaller area to entire area covering either a Municipal Corporation or three adjoining revenue districts or a smaller area.

2.31. That the proposed supply area clearly demarcates the boundaries of Nuh and Gurugram revenue districts (Gurugram Municipal Corporation, Manesar Municipal Corporation, Municipal Council of Sohna, Municipal Council of Pataudi Mandi & Municipal Committee of Farrukh Nagar under Gurugram revenue district and Municipal Committee Nuh, Municipal Committee Punhana, Municipal Committee Firozepur Jhirka & Municipal Committee Tauru under Nuh Revenue District). The Petitioner humbly submits that the area of supply for which the Licence is sought demonstrates that the Petitioner duly complies with the minimum area of supply requirements as stipulated under Rule 3(2) of the Distribution Licence Rules, thereby fulfilling the criteria of minimum area of supply sought for under the Distribution Licence.

2.32. That a list of all the local authorities (viz. Gram Panchayat, Taluka Panchayat, District Panchayat, Municipal Area) vested with the administration of any portion of the proposed area of distribution, a list of protected/reserved forests, sanctuaries, and archaeological monuments in the area, a list of whole or any part of any Cantonment, Aerodrome, Fortress, Arsenal, Dockyard or Camp, etc., are annexed with the petition.

(ii) Eligibility of Criteria on Capital Adequacy

2.33. That the Petitioner should have the ability to make available equity to the extent of 30% of the capital investment required in the proposed area of supply.

2.34. That the holding entity of Petitioner i.e., SAS Fininvest LLP is in possession of considerable financial resources which is more than the equity requirement to the extent of 30% of capital investment proposed. Hence, it is proposed that the approach of

assessing this eligibility may be done based on the Certificate of Net Worth, Liquidity, and Investment Capacity for SAS Fininvest LLP. The Net Worth certificate of SAS Fininvest LLP clearly mentions that the Market Value of the Net worth as on 30.10.2025 is Rs.4085.60 Crore which is primarily held in liquid or semi-liquid assets (such as quoted equity shares, mutual funds, or liquid instruments) and that these investments can be liquidated as and when required on an immediate basis to meet any urgent financial obligations or capital requirements.

2.35. That the total Capital Investment envisaged by Eleven Power in the proposed Licenced Area is Rs. 4717 Crore (Please Refer Business Plan and Network Rollout Plan enclosed with the petition). Thus, as can be seen from the above, the Net Worth SAS of Fininvest LLP is higher than the 30% of the proposed capital investment, i.e., Rs. 1415 Crore.

2.36. That in view of the above, Eleven Power fulfils the criteria of Capital Adequacy required for the Distribution Licence.

(iii) Eligibility of Criteria on Credit worthiness

2.37. That the relevant extract of the decision of Hon'ble APTEL in Appeal No. 7 of 2010, is reproduced below:

"24.

…. The creditworthiness of the Applicant will have to be tested by considering whether external borrowings from Banks or Financial institutions will be available to the Applicant based on the fulfilment of the Capital Adequacy norms"

2.38. That in fulfilment of the eligibility criteria on credit worthiness, the Petitioner has enclosed the solvency certificate of SAS Fininvest LLP and the requisite Undertaking from Partners of SAS Fininvest LLP to provide Necessary Approvals for Capital and/or Loan Arrangement for Eleven Power Private Limited.

2.39. That based on the Solvency certificate, M/s SAS Fininvest LLP will be able to raise the required debt.

2.40. That in addition to the above, the Partners of SAS Fininvest LLP have provided an undertaking that SAS Fininvest LLP will provide necessary and adequate support to Eleven Power Private Limited for the successful execution and operation for its Distribution Licence business in Nuh and Gurugram revenue districts of Haryana.

2.41. That with the above Solvency Certificate and the Undertaking by the Partners of M/s SAS Fininvest LLP substantiate the fact that the Petitioner will be able to raise the necessary debt capital for the Capital Expenditure envisaged.

(iv) Eligibility of Criteria on Code of Conduct

2.42. That as per Rule-4 of the Distribution Licence Rules, the following criteria is required to be satisfied:

"4. Requirement of code of conduct.- The applicant for grant of licence shall satisfy the Appropriate Commission that he has not been found guilty or has not been disqualified under any of the following provisions within the last three years from the date of the application for the grant of licence:

(a) section 203, section 274, section 388B or section 397 of the Companies Act, 1956;

(b) section 276, section 276B, section 276BB, section 276C, section 277 or section 278 of the Income tax Act, 1961;

(c) section 15C, section 15G, section 15H or section 15HA of the Securities and Exchange Board of India Act 1992;

(d) clause (b), (bb), (bbb), (bbbb), (c) or (d) of sub-section (1) of section 9 of the Excise Act 1944;

(e) section 132 or section 135 of the Customs Act 1962,

and that the applicant is not a person in whose case licence was suspended under section 24 or revoked under section 19 of the Act, within the last three years from the date of application:

Provided that where the applicant is a company, it shall satisfy the Appropriate Commission in addition to provisions of this rule that no petition for winding up of the company or any other company of the same promoter has been admitted under section 443 (e) of the Companies Act, 1956 on the ground of its being unable to pay its debts."

2.43. That the requirements of Code of Conduct as prescribed under Rule 4 of the Distribution Licence Rules, have been met. Accordingly, the Petitioner has enclosed necessary Undertaking of compliance with the Code of Conduct with the petition.

(v) Management and Technical Expertise

2.44. That the team of the petitioner is led by veterans who have steered major power Distribution companies (DISCOMs) and spearheaded several reforms, as detailed hereunder:-

I. Mr. Sunil Sachdeva, Director, Eleven Power Private Limited:

- Seasoned entrepreneur with 40+ years of experience across power, healthcare, financial services, technology, and infrastructure. Began career in the power sector (1984–2000), leading execution and commissioning of 100+ substations across 11 kV, 33 kV, and 132 kV capacities. Key projects include 2×40 MVA, 132 kV substation at Kadamba, Goa. Worked with leading institutions such as GE Plastics, Leela Goa, Marriott Goa, and Taj Mumbai. Built strong expertise in power infrastructure development and project execution.
- Chairman of Eleven *(formerly SAS Group)*, a diversified group across healthcare, financial services, technology, and clean energy. Successfully built and scaled multiple ventures across sectors. Focus on long-term value creation, operational excellence, and institution building

- Co-founded Medanta – The Medicity in 2004. One of India's leading multi-super specialty hospital chains having 6 hospitals with ~3,600 beds. Ranked #1 hospital in India for six consecutive years; Gurugram flagship (~1,500 beds) is among the largest single-location hospitals in India
- Co-founder of SVCL, focused on financial access to micro entrepreneurs in Bharat. Served 19 lakh+ customers, operates across 10 states with 285+ branches
- Recognized with multiple accolades:
    - Top 200 Self-Made Entrepreneurs of the Millennium – IDFC (2026)
    - India's Most Respected Entrepreneur – Healthcare – Hurun India (2024)

II. Samarjit Mohanty (Chief Executive Officer - Distribution – Eleven Power): A pioneer who conceptualized India's first-ever Distribution Franchisee model, with 25 years of extensive experience in electricity distribution across multiple states, covering both urban and rural operating environments.

III. Manoj Kumar Singh (Advisor, Eleven power): Offers 30+ years of experience including serving as COO-TPCODL and CGM-CESU, managed 26 electrical divisions with over 30 lakh consumers. He has a proven track record in unbundling strategies and asset segregation.

IV. Manoj Kumar Vats (Independent Director (Technical) – Eleven Power): Brings 35+ years of experience, including serving as Director/Technical at HVPNL, where he provided executive leadership for state-wide transmission networks and the integration of new generation sources.

V. Puneet Munjal (Chief Regulatory Officer- Regulatory Expert) - Power sector professional with over three decades of leadership experience in regulatory affairs, finance, and strategy. He spent 20 years at Tata Power Group in senior roles, including Chief of Commercial & Regulatory Affairs and CFO of TPCODL. His expertise spans distribution reforms, PPA negotiations, and legal strategy before major judicial bodies like the Supreme Court and APTEL.

2.45. That a core strength of the management is their proficiency in deploying cutting-edge Operational Technology (OT) and Information Technology (IT), as detailed hereunder:-

I. Maruthi Mallepalli (Advisor-Eleven Power): Expert in Business Solution Architecture with experience as COO- Enugu Discom and CTO-FIPL. He led a massive smart metering project installing 300,000+ meters in Nigeria and developed integrated web/mobile suites for billing, CRM, and energy accounting.

II. Ram Sawrup (Dy Director- Distribution -Eleven Power): Expert in IT implementation, Revenue Management and Regulatory, with extensive experience in base-line data

validation and integrating MBC (Metering, Billing, and Collection) modules for millions of consumers.

III. Gaurav Kapoor (VP- SMART GRID-Eleven): Specializes in Smart Metering, ADMS, DERMS, and OMS. He has orchestrated digital transformation roadmaps that increased utility revenue by 30% and reduced operational costs by 20% for RIT International – Discom as Advance Metering, Billing & O&M Expert.

2.46. That the team possesses specialized skills in reducing Aggregate Technical and Commercial (AT&C) losses through technical and commercial interventions, as detailed hereunder:-

I. Hitesh Golsa (Head- Operations- Smart Metering): A specialist in GIS Implementation and data analytics, he played a key role in various loss reduction activities.

II. Rajesh Kumar Bhoi (General Manager – Distribution: O&M, Load Management & Revenue Management): Recipient of the "India's Great People Manager Award," he has managed revenue cycles for over 05 lakh consumers and is an expert in O&M for reducing equipment downtime.

III. Suryakanta Maharana (Division Manager: Expertise- O&M, Net Work Management, CRM & Capex/Opex Work): He has an extensive experience in the O&M of 33/11 kV networks and LT ABC lines. He focuses on enhancing SAIDI and SAIFI metrics (reliability indices).

IV. Soumya Mishra (Division Manager: Expertise- O&M, Net Work Management, CRM & Capex/Opex Work): He has an extensive experience in the Erection Testing and Commissioning of 33/11 kV networks and LT ABC lines. He focuses on reducing distribution losses.

2.47. That the Business Development & Stakeholder Management, is as under:-

I. Manoj Kumar Panda (Director -Business development, -New Consumer Acquisition & CRM -Eleven Power): With 34 years of experience, he has been instrumental in establishing distribution franchisee operations across all four DISCOMs in Odisha, managing approximately 9.5 lakh consumers under franchisee operations. He excels in regulatory coordination and project management for large-scale EPC works.

The Resumes of the key Management and Technical Experts enclosed with the petition.

CONCLUSION ON ELIGIBILITY OF ELEVEN POWER PVT LTD FOR GRANT OF DISTRIBUTION LICENCE

2.48. That the Petitioner is eligible for grant of distribution licence for the proposed area comprising the entire Nuh and Gurugram revenue districts (Gurugram Municipal Corporation, Manesar Municipal Corporation, Municipal Council of Sohna, Municipal Council of Pataudi Mandi & Municipal Committee of Farrukh Nagar under Gurugram revenue district and Municipal Committee Nuh, Municipal Committee Punhana, Municipal

Committee Firozepur Jhirka & Municipal Committee Tauru under Nuh Revenue District) in terms of Section 14 of the Act read with the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005 as amended from time to time and Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulation 2004, along with its subsequent amendments.

2.49. That the additional details as required as per the provisions of the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulation 2004, along with its subsequent amendments are enclosed with the petition.

2.50. That the Petitioner is well placed to add value to the Electricity Distribution sector in Gurugram, Manesar, Sohna and Nuh. Currently, the area proposed has only one electricity distribution licensee viz., Dakshin Haryana Bijli Vitran Nigam (DHBVN). The consumers presently have limited retail distribution choice within the licenced supply framework. Grant of parallel Distribution Licence to Eleven Power will provide choice of Distribution Licensee to the consumers, and the presence of competition will help in improving the quality of supply and service to the consumers of Gurugram, Manesar, Sohna and Nuh.

2.51. That the proposed distribution licence shall complement the rapidly growing power requirements of Gurugram, Manesar, Sohna, and Nuh, which continue to witness substantial industrial, commercial, institutional, infrastructure, and urban expansion. The grant of a parallel distribution licence would further the statutory objective of consumer choice and competition contemplated under Section 14 of the Electricity Act, 2003, while simultaneously encouraging introduction of sustainable and technology-driven distribution solutions within the State.

2.52. That it is observed that many of the Commercial and Industrial Consumers are opting to operate Diesel Generators to support their sensitive loads that require continuous, consistent and quality power.

2.53. That several commercial and industrial consumers within the proposed licence area operate sensitive and energy-intensive facilities that require continuous, stable, and high-quality power supply for uninterrupted operations. In order to meet such evolving energy requirements, Eleven Power proposes to establish a modern, technology-driven, and renewable-energy-focused distribution framework supported by advanced grid infrastructure, smart metering systems, digital network management tools, and substantial capital investment in distribution infrastructure. The Petitioner further proposes to progressively source a substantial portion of the electricity supplied to its consumers from renewable and green energy sources, thereby enabling consumers to access reliable,

sustainable, and environmentally responsible power supply solutions aligned with modern industrial and commercial requirements.

2.54. That Nuh, Gurugram, Manesar and Sohna are witnessing rapid industrial, commercial, infrastructure, and urban growth, resulting in a continuous increase in electricity demand, particularly from consumers requiring reliable, high-quality, and environmentally sustainable power supply for sensitive and energy-intensive operations. In this backdrop, the proposed entry of Eleven Power as a parallel Distribution Licensee, backed by substantial financial capability, proposed capital investment, advanced technology-driven utility systems, and a renewable-energy-focused power procurement model, shall contribute towards strengthening the overall electricity distribution ecosystem within the proposed licence area. The proposed distribution framework is expected to support future load growth, promote increased adoption of green power, provide consumers with an additional choice of electricity supplier, and contribute towards sustainable economic and industrial development within the State of Haryana.

2.55. That he Petitioner, along with the Strategic Consortium Partners has required experience in development of Transmission and Distribution Network Backbone in multiple States of India and can easily procure the power required by the consumers as and when required from Firm and Dispatchable RE (FDRE) Power and through Green Day Ahead Markets (GDAM). Eleven Power is planning to procure a large amount of Power from within the State of Haryana especially from RE Generation. Further, Eleven Power intends to procure majority of its power requirement from Renewable Energy sources, which will benefit the environment and help the State of Haryana achieve more carbon neutrality.

2.56. That the proposed distribution framework shall be guided by principles of efficiency, consumer-centric service delivery, competitive tariff structures, reliable electricity supply, and sustainable power procurement. The Petitioner is committed to making substantial investments in modern distribution infrastructure, renewable-energy-focused power procurement, smart-grid technologies, and advanced consumer service systems so as to provide consumers within Gurugram, Manesar, Sohna, and Nuh with an additional choice of electricity supplier through a modern, technology-driven, and environmentally sustainable distribution utility framework.

2.57. That the petitioner is not only qualified and eligible to be granted a Distribution Licence for the Area of Supply proposed but will also add value to the electricity distribution sector in the State of Haryana.

2.58. That the following prayers have been made:

(a) To grant Distribution Licence to the Petitioner for the proposed licence area comprising proposed area comprising the entire Nuh and Gurugram revenue districts (Gurugram Municipal Corporation, Manesar Municipal Corporation, Municipal Council

of Sohna, Municipal Council of Pataudi Mandi & Municipal Committee of Farrukh Nagar under Gurugram revenue district and Municipal Committee Nuh, Municipal Committee Punhana, Municipal Committee Firozepur Jhirka & Municipal Committee Tauru under Nuh Revenue District) for a period of 25 years in terms of the Sixth Proviso to Section 14, 2003 of the Electricity Act, 2003 read with Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, as amended from time to time and Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulation 2004, along with its subsequent amendments and based on the information provided under the Application Form enclosed and in the present Petition;

(b) To pass Orders as the Hon'ble Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.

(c) To condone any error/omission, delay and to give opportunity to rectify the same in submission.

(d) To permit the Petitioner to make further submission, addition and alteration to this Petition as may be necessary from time to time.

Proceedings of the Case

3. The case was first taken up for hearing on 26.05.2026, as scheduled, in the courtroom of the Commission. The Commission, vide its Interim Order dated 26.05.2026, sought comments from general public and listed the case for public hearing on 08.07.2026. The order is reproduced hereunder:-

"2. Upon hearing the petitioner, the Commission observes that the present petition has been filed seeking the grant of a parallel distribution licence in the Revenue Districts of Nuh and Gurugram, which are presently being served exclusively by DHBVNL. UHBVNL and DHBVNL are the State distribution licensees, with power procurement for both utilities being undertaken by HPPC through UHBVNL. The introduction of a parallel distribution licensee may have implications for the existing consumer mix and could affect DHBVNL's ability to sustain the prevailing cross-subsidy framework, under which certain consumer categories contribute towards subsidizing agricultural and rural consumers. Further, HVPNL functions as the State Transmission Utility and is responsible for transmission system operation, scheduling, and maintenance of grid stability. Accordingly, the potential impact of the proposed licence on the financial viability of the incumbent distribution licensee as well as on system operation and grid management warrants careful examination.

3. In view of the above, the Commission is of the considered opinion that DHBVNL, UHBVNL and HVPNL are the necessary parties to the present proceedings and ought to

be impleaded as respondents. Accordingly, the petitioner is directed to serve a copy of the complete petition upon DHBVNL, UHBVNL and HVPNL. The aforesaid Respondents shall file their respective replies within one month from the date of issuance of this order, after serving an advance copy thereof upon the petitioner. The petitioner may, if so desires, file its rejoinder on the same, within two weeks thereafter, with an advance copy to the respondents.

4. Further, the petitioner is directed to file the following information/documents on affidavit within one month from the date of issuance of this order:

a) *A No Objection Certificate (NoC) from HVPNL regarding availability of adequate transmission capacity and general network access (GNA) for the proposed area of supply as well as its concurrence for use of HVPNL land for the establishment of sub-stations and associated infrastructure.*
b) *A No Objection Certificate (NoC) from the Ministry of Defence, Government of India, as required under Section 15(2)(ii) of the Electricity Act, 2003, read with Regulation 4(1)(d) of the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulations, 2004, as amended from time to time.*
c) *Documentary proof evidencing publication of the notice of application in Form–3, as prescribed under Regulation 10 of the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulations, 2004, as amended from time to time, read with Section 15 of the Electricity Act, 2003, in at least one daily newspaper in English and one daily newspaper in Hindi having wide circulation in the Revenue Districts of Gurugram and Nuh. The complete petition along with a brief summary of the same be uploaded on the website of the petitioner.*
d) *An affidavit affirming that a sufficient number of copies of the application along with brief summary of same for grant of licence, together with the documents specified under Regulation 4 of the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulations, 2004, as amended from time to time, have been made available for inspection at the petitioner's office(s), the office of the Commission, the office of the Electrical Inspector, and the offices of the concerned Municipal Corporations, and that copies thereof shall be furnished to any person applying for the same in accordance with the applicable provisions.*
e) *The petitioner, M/s Eleven Power Private Limited, has proposed a capital expenditure (CAPEX) of Rs. 4,716.73 crore, to be financed through an equity contribution of Rs. 1,415.02 crore and debt of Rs. 3,301.71 crore. In support of its financial capability, the petitioner has placed on record a certificate dated 06.05.2026 issued by M/s Sandeep Kumar and Associates, Chartered Accountants, certifying that the net worth of M/s SAS Fininvest LLP, the holding company of the petitioner, as on 30.10.2025, is Rs.*

94.95 crore on book value basis and Rs. 4,085.60 crore on market value basis. Further, IndusInd Bank, vide its certificate dated 12.05.2026, has certified that M/s SAS Fininvest LLP is solvent up to Rs. 1,000 crore. The petitioner company was incorporated on 06.06.2025 with an authorized share capital of ₹100 crore and a paid-up share capital of ₹1 crore.

In view of the foregoing, the petitioner is directed to furnish a detailed justification for adopting the market value of the holding company, in preference to its book value, for the purpose of assessing net worth and financial capability, particularly when the petitioner's authorized share capital is only Rs. 100 crore as against the proposed equity contribution requirement of Rs. 1,415.02 crore. The petitioner shall further clarify the apparent financial inconsistencies arising from the aforesaid disclosures and submit a comprehensive debt-equity capitalization plan, clearly identifying the proposed sources of equity and debt funding, the manner and timeline of infusion thereof, and documentary evidence substantiating the availability of the requisite financial resources. The said plan shall also demonstrate compliance with the applicable provisions of the Electricity Act, 2003 and the extant regulations framed thereunder.

f) *A detailed implementation plan to demonstrate that phased development, operation and maintenance of distribution network over a period of five years, shall not result in 'Cherry Picking' of consumers or geographical areas and shall ensure equitable and non-discriminatory access to electricity supply throughout the proposed area of supply.*

g) *An affidavit solemnly affirming that, upon the grant of distribution licence, it shall provide electricity connections and supply to every owner or occupier of premises within its licenced area of supply on a non-discriminatory basis, within the timelines specified by the Commission under the applicable regulations and shall faithfully discharge its 'Universal Service Obligation (USO)' to Supply 'Electricity on demand' as mandated under Section 43 of the Electricity Act, 2003.*

h) *A detailed plan delineating the proposed operational modalities for the parallel distribution licence, including the procedure and documentation for grant of new electricity connections; eligibility conditions for applicants, including consumers who are defaulters of the existing distribution licensee; metering, billing and collection arrangements; security deposit requirements; consumer service standards; and the mechanism proposed to ensure compliance with the applicable provisions of the Electricity Act, 2003 and the regulations framed thereunder."*

i) *A detailed 'Migration Protocol' governing the migration of electricity consumers between the existing distribution licensee and the proposed parallel distribution*

licensee clearly specifying the procedures, timelines, eligibility conditions, documentation requirements, settlement of outstanding dues, metering arrangements, consumer consent requirements, data exchange mechanisms, and other operational modalities relating to the 'changeover' and 'switchover' of consumers, so as to ensure transparency, consumer protection, continuity of supply and non-discriminatory treatment.

5. The Commission further directs that the next hearing in the present case shall be conducted as a Public Hearing to ensure transparency and to invite participation from all stakeholders and the general public. A public notice to this effect shall be published in two daily newspapers (one in English and one in Hindi), having wide circulation in the State of Haryana, in compliance of Section 15 (5) of the Electricity Act, 2003.

6. The registry of the Commission is directed to host the complete petition along with annexures on the Commission's website for information of all stakeholders.

7. The copy of this order shall also be sent on email to DHBVNL, UHBVNL and HVPNL (md@dhbvn.org.in, sera@dhbvn.org.in, md@uhbvn.org.in, sera@uhbvn.org.in md@hvpn.co.in, sestu@hvpn.org.in, cesocomml@hvpn.org.in)."

4. The case was next taken up for public hearing on 08.07.2026, as scheduled, in the courtroom of the Commission. The Commission, heard the learned counsels/authorized representatives of the petitioner, the respondents, and the intervenors at length and carefully considered the submissions made by them. Accordingly, the Commission, vide its Interim order dated 09.07.2026, decided as under:

"3. Upon hearing the parties and considering the pleadings on record, the Commission, having regard to the magnitude of the proposed investment, the long-term implications for the electricity sector in the State of Haryana, the potential impact on consumers, the Existing Distribution Licensee, the transmission system and the overall regulatory framework, is of the considered view to obtain an independent expert assessment of the legal, technical, financial, commercial and regulatory issues arising for consideration. In this regard, the Commission is in receipt of profiles of the following domain experts:-

a) Mr. Alok Nigam, who has served more than 35 years in public service (Indian Administrative Service) in Haryana. He has headed many State Public Sector Boards and Corporations as Chairman/Managing Director including UHBVNL and HVPNL. He was retired as Additional Chief Secretary to Govt. of Haryana.

b) Er. Ravinder Kumar Sharma, who has served as Managing Director, HPSEBL, Managing Director, HPSEBL, Managing Director, HPPTCL, Director (Operations), HPSEBL, Director (Technical), HPSEBL and Director (Projects), HPPTCL, Member of

Conciliation Committee of Independent Experts, Ministry of Power, Government of India.

c) *Mr. Bibhu Prasad Mahapatra, who has served as Director (Finance) in PSU of two States (Odisha and UP) i.e. in UPRVUNL, UPPTCL, GRIDCO, OPTCL, CESU Board etc.,*

4. Accordingly, a Committee comprising Mr. Alok Nigam, IAS (Retd.), Mr. Ravinder Kumar Sharma and Mr. Bibhu Prasad Mahapatra, all of whom possess extensive experience and expertise in the electricity sector, is hereby constituted. Mr. Alok Nigam, IAS (Retd.) shall be the Chairperson of the Committee.

5. The Committee shall examine the petition, the replies filed by the respondents, the comments/objections submitted by the intervenors, and all other relevant material available on record, and shall submit a comprehensive report containing its clear, reasoned and unambiguous recommendations on whether the petitioner has complied with the requirements prescribed under the Electricity Act, 2003, the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulations, 2004, as amended from time to time, the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, and the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) (Amendment) Rules, 2022, for the grant of a parallel distribution licence in the Nuh and Gurugram Revenue Districts. The Committee shall function as an independent expert body and its report shall be recommendatory in nature which shall neither affect nor fetter the statutory powers of the Commission to adjudicate in accordance with the Electricity Act, 2003 along with the rules framed therein.

6. The sitting fee of the Members of the Committee as well as other expenses of conducting the meetings including associates/experts/supporting staff of the members, shall be paid by the Commission and shall thereafter be reimbursed to the Commission by the petitioner. The petitioner shall deposit an advance of Rupees thirty lacs, in the Commission, which shall be adjusted against the final bill of the Committee. Director (Tariff), HERC shall coordinate with the Committee as Nodal Office of the Commission. The petitioner as well as the respondents are directed to nominate one nodal officer each, not below the rank of Chief Engineer, within one day from the date of issue of this order, to coordinate with the Committee and promptly furnish such documents, information, records, and clarifications as may be required by the Committee / Director (Tariff), for the effective discharge of the assignment.

7. The Committee shall start its work w.e.f. 13/07/2026 and submit its report within 15 (fifteen) days thereafter, as per the detailed Terms of Reference appended to the present order as Annexure A.

8. The petitioner is directed to file its reply on the comments filed by the intervenor as well as rejoinder to the reply filed by the respondents, within seven days from the date of issue of this order. Copy of comments received from the intervenors shall be provided to the petitioner as well as the respondents, through email. Further, the respondents are also allowed to file their written submissions within seven days from the date of issue of this order."

Further, Terms of Reference (ToR), provided in the Annexure A is reproduced hereunder:-

"

1.0 Name of the petitioner, respondents and intervenors *As per the interim order of Haryana Electricity Regulatory Commission (HERC), dated 08.07.2026.*	
2.0 Major Scope of Work: *To examine the petition, reply filed by the respondents as well as comments filed by the intervenors and submit a comprehensive report along with its unambiguous recommendation on the compliance by the petitioner, of the conditions prescribed in the Electricity Act, 2003, Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulations, 2004, as amended from time to time, Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005 and Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) (Amendment) Rules, 2022, for grant of parallel distribution licence in Nuh and Gurugram Revenue Districts.*	
3.0 Specific Scope of work	
3.1	*Statutory Eligibility* *1. Examine whether the Applicant satisfies all statutory requirements prescribed under the Electricity Act, 2003, the Distribution Licence Rules, 2005 and other applicable laws for grant of a Parallel Distribution Licence.* *2. Examine whether the Applicant fulfils the requirements relating to capital adequacy, creditworthiness and code of conduct prescribed under Section 14 of the Electricity Act, 2003 read with Rule 3 of the Distribution Licence Rules, 2005.* *3. Examine whether the financial capability of the holding company, promoter or group entities can legally and prudently be considered while assessing the Applicant's eligibility and whether adequate legally enforceable financial commitments have been established.*
3.2	*Financial Capability and Investment Plan* *1. Assess whether the proposed capital investment, financing structure, debt-equity mix, implementation schedule and business plan are adequate and financially sustainable for establishing, operating and maintaining a distribution system throughout the proposed licence area in the phased manner.*

	2. Examine the financial viability of the proposed parallel licence, including projected cash flows, revenue assumptions, funding arrangements, debt servicing capability and long-term sustainability.
3.3	*Technical Capability and Distribution Network* *1. Examine whether the Applicant possesses the necessary technical expertise, managerial capability and operational experience, either independently or through legally binding arrangements, for establishing and operating a reliable distribution system.* *2. Evaluate the proposed network development plan, implementation schedule, substation infrastructure, consumer connectivity plan, system redundancy, reliability standards and compliance with applicable technical standards.* *3. Examine whether the proposed distribution system conforms to the Electricity Act, 2003, HERC Regulations, Distribution Code, Supply Code, Grid Code, CEA Regulations and other applicable technical standards.*
3.4	*Transmission System and Grid Integration* *1. Examine the statutory functions and responsibilities of the State Transmission Utility under Sections 39 and 40 of the Electricity Act, 2003 with reference to transmission planning, grid security, system coordination, open access and network development.* *2. Examine whether any statutory approval, consent or No Objection Certificate from the State Transmission Utility or any other authority is required under the Electricity Act, 2003, the Rules framed thereunder or the applicable Regulations before grant of a Parallel Distribution Licence.*
3.5	*Power Procurement* *Examine whether execution of long-term Power Purchase Agreements constitutes a statutory prerequisite for grant of a Distribution Licence or whether such arrangements may lawfully be finalised after grant of licence in accordance with the Electricity Act, 2003 and the applicable regulatory framework.*
3.6	*Universal Service Obligation* *1. Examine whether the Applicant has demonstrated the capability to discharge the Universal Service Obligation under Section 43 of the Electricity Act, 2003 across the entire proposed licenced area, including Gurugram and Nuh districts.* *2. Examine whether the proposed phased rollout of the distribution network is consistent with the Electricity Act, applicable judicial precedents and the objective of ensuring universal, non-discriminatory and reliable electricity supply.*
3.7	*Consumer Migration and Consumer Protection* *Examine the proposed framework for migration of consumers from the Existing Distribution Licensee, including treatment of existing contracts, pending applications, security deposits, arrears, disputed accounts, billing arrangements, metering, continuity of supply and consumer grievance redressal.*
3.8	*Tariff, Cross-Subsidy and Sectoral Financial Impact* *1. Assess the impact of the proposed Parallel Distribution Licence on: (a) ARR; (b) Retail Tariff; (c) Cross-subsidy levels; (d) Fuel Surcharge Adjustment; (e) Deferred Power Purchase Cost; (f) Existing Power Purchase Agreements; (g) Recovery of stranded costs and other financial obligations, if any.*

	2. Examine whether the statutory mechanisms relating to Cross Subsidy Surcharge, Additional Surcharge and other provisions of the Electricity Act, 2003 adequately address the financial consequences of consumer migration.
3.9	*Impact on System Planning and Sector Development* *Assess the likely impact of the proposed licence on distribution system planning, transmission planning, network losses, system reliability and resilience, asset utilisation and future investment requirements of the Existing Distribution Licensee and the State Transmission Utility.*
3.10	*Public Interest* *1. Examine whether grant of the proposed licence would advance the objectives of the Electricity Act, 2003, including promotion of competition, protection of consumer interests, improvement in quality and reliability of supply, promotion of efficiency and economy, renewable energy integration and innovation and consumer choice.* *2. Assess whether grant of the proposed licence would best serve the public interest having regard to the interests of consumers, investors, existing licensees and the long-term development of the electricity sector in Haryana.*
3.11	*Regulatory Safeguards* *1. Recommend appropriate licence conditions, regulatory measures, implementation safeguards, monitoring mechanisms and compliance requirements that may be imposed by the Commission.* *2. Recommend measures for coordination among the Applicant, the Existing Distribution Licensee, the State Transmission Utility, HPPC, SLDC and other stakeholders.*
3.12	*Residuary Power* *The Committee may examine any other legal, financial, commercial, technical or regulatory issue which, in the considered opinion of the Committee, is relevant for enabling the Commission to adjudicate the petition in accordance with law and in the larger public interest.*
3.13	*Report and Deliverables* *1. Findings on each of the Terms of Reference.* *2. Recommendations supported by reasons.* *3. Suggested licence conditions and regulatory safeguards, wherever appropriate.*
4.0 Powers and Procedure of the Committee:	
4.1	*The Committee shall be at liberty to evolve its own procedure for conduct of its proceedings, consistent with the principles of natural justice and the directions of the Commission.*
4.2	*The Committee may call for records, documents, studies, reports, financial statements and technical information.*
4.3	*The Committee may require the Applicant, Existing Distribution Licensee(s), HVPNL (STU), HPPC, SLDC, Government of Haryana, statutory authorities or any stakeholder to furnish information.*
4.4	*The Committee may obtain technical assistance or expert advice from reputed academic institutions, research organizations, engineering consultants, legal experts or domain experts.*
4.5	*The Committee may undertake site visits and inspections.*

4.6	*The Committee may examine national and international best practices and recommend adoption with suitable modifications.*
4.7	*The Committee shall submit a reasoned report containing findings, analysis, recommendations and suggested licence conditions.*
4.8	*The Committee may, if considered necessary, seek an extension of time from the Commission.*

"

5. However, the present case came up for hearing again on 03.09.2026 on the request of hearing filed by the respondents i.e. DHBVNL and UHBVNL (the DISCOMs), vide I.A. No. 29 of 2026 and I.A. No. 30 of 2026. By the said applications, the DISCOMs also sought copies of the additional documents filed by the Petitioner, as well as a copy of the report of the Expert Committee constituted vide the Interim Order dated 09.07.2026, to enable them to file their comments thereon.

Accordingly, the Commission provided a copy of the Expert Committee Report to the petitioner as well as the respondents (DHBVNL, UHBVNL and HVPNL) and they were directed to file their comments/reply on the same as well as on the additional information filed by the petitioner (shared directly by the petitioner vide email). The petitioner was also allowed to file its comments on the report of Expert Committee as well as its rejoinder on the comments/reply filed by the respondents, if any.

In compliance with the aforesaid direction, the Respondents have filed their objections/reply vide email dated 26.08.2026. Further, the petitioner has filed its reply to the report of the Committee, reply filed by HVPNL and replies filed by DISCOMs, vide email dated 30.08.2026.

The operative part of the Interim Order dated 03.09.2026, whereby the hearing was concluded and order was reserved, is reproduced hereunder:-

"6. The Commission heard the learned counsels/authorized representatives of the petitioner and the respondents at length and carefully considered the submissions made by them.

7. The Commission has perused the proviso to Section 15 (2) of the Electricity Act, 2003, reproduced hereunder:-

"15. Procedure for grant of licence. (1)

……

(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;"

(Emphasis supplied)

The Commission had issued a public notice in the Newspapers ('The Tribune' and 'Dainik Jagran') dated 30.05.2026, inviting comments on the application for grant of licence, within 30 days.

In response, comments were received from 43 intervenors on or before the prescribed timeline, i.e. 30.06.2026. The contents of these comments are largely repetitive in nature. Further, comments have also been filed by 534 intervenors after the prescribed timeline barred for consideration by the Commission, which are likewise repetitive and do not raise any substantially new or distinct issues.

8. Further, applications containing request for supply of copy of report of the expert committee along with other documents, was handed over by Mr. Aftab Ahmed, MLA, Nuh from Congress Legislature Party, M/s. All India Power Engineers Federation (AIPEF), M/s. Haryana Power Engineers Association (HPEA) and their Members.

9. Accordingly, upon hearing the parties and acceding to the request of the respondents as well as the other objectors, the report of the Expert Committee shall be forwarded by email, to the 43 intervenors, who may file their comments/objections/suggestions thereon on or before 15.09.2026 through email at secretary.herc@nic.in and dir-trf.herc@nic.in. Further, the petitioner as well as the respondents are also permitted to file their written submissions on or before 15.09.2026. No reply/comments/objections/suggestions shall be entertained or taken on record after the prescribed timeline."

6. **Additional information filed by Petitioner dated 03.07.2026 in response to Interim Order dated 26.05.2026**

6.1. That the Petition was heard by this Hon'ble Commission on 26.05.2026, pursuant thereto this Hon'ble Commission passed an order dated 26.05.2026 ("Order"), *inter alia,* directing the Petitioner to (i) serve a copy of the complete Petition upon Dakshin Haryana Bijli Vitran Nigam Limited ("DHBVNL"), Uttar Haryana Bijli Vitran Nigam Limited ("UHBVNL") and Haryana Vidyut Prasaran Nigam Limited ("HVPNL"), who were directed to be impleaded as Respondents to the Petition; and (ii) file, on affidavit, the information and documents set out at sub-paragraphs (a) to (i) of paragraph 4 of the Order.

6.2. That the Petitioner has complied with each of the aforesaid directions. The directions, and the manner of compliance therewith, together with the documents annexed in support thereof, are set out direction-wise hereinbelow.

6.3. That in compliance with the direction to serve a copy of the complete Petition upon DHBVNL, UHBVNL and HVPNL, the Petitioner has served a copy of the complete Petition, together with all enclosures and annexures thereto, upon the said Respondents.

6.4. That in compliance with the direction at paragraph 4(a) of the Order (No Objection Certificate from HVPNL), the Petitioner has applied for NoC from HVPNL vide letter dated 02.06.2026 and the same is annexed with the filing.

6.5. That in compliance with the direction at paragraph 4(b) of the Order (No Objection Certificate from the Ministry of Defence), the copy of NOC issued by the Ministry of Defence is annexed with the filing.

6.6. That in compliance with the direction at paragraph 4(c) of the Order (publication of notice and website upload), the Petitioner has published the said notice in Times of India (English daily) and Dainik Jagran having wide circulation in the Revenue Districts of Gurugram and Nuh, copies whereof are annexed with the filing. The complete Petition, together with a brief summary thereof, has also been uploaded on the Petitioner's website at https://elevenpower.in.

6.7. That in compliance with the direction at paragraph 4(d) of the Order (affidavit regarding availability of copies for inspection), an affidavit affirming that sufficient copies of the application, together with the brief summary and documents specified under Regulation 4 of the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulations, 2004, have been made available for inspection at the Petitioner's office(s), the office of the Commission, the office of the Electrical Inspector, and the offices of the concerned Municipal Corporations, is enclosed.

6.8. That in compliance with the direction at paragraph 4(e) of the Order (justification for net worth assessment and debt-equity capitalization plan) i.e. direction to the Petitioner to (i) furnish a detailed justification for adopting the market value, in preference to the book value, of M/s SAS Fininvest LLP for the purpose of assessing the Petitioner's net worth and financial capability, and, in particular, to reconcile the same with the position that the Petitioner's authorised share capital is only Rs. 100 crore as against the proposed equity contribution requirement of Rs. 1,415.02 crore; (ii) clarify the apparent financial inconsistencies arising from the aforesaid disclosures; and (iii) submit a comprehensive debt-equity capitalization plan clearly identifying the proposed sources of equity and debt funding, the manner and timeline of infusion thereof, together with documentary evidence substantiating availability of the requisite financial resources, and demonstrating compliance with the applicable provisions of the Electricity Act, 2003 and the regulations framed thereunder, the Petitioner annexed with the filing, its detailed submission comprising (a) the justification and reconciliation referred to at (i) above; (b) the clarification referred to at (ii) above; and (c) the debt-equity capitalization plan referred to at (iii) above, together with supporting documentary evidence.

6.9. That in compliance with the direction at paragraph 4(f) of the Order (Implementation Plan), demonstrating that the phased development, operation and maintenance of the

distribution network over a period of five years shall not result in 'cherry-picking' of consumers or geographical areas, and shall ensure equitable and non-discriminatory access to electricity supply throughout the proposed area of supply, the Petitioner annexed with the filing, its Implementation Plan.

6.10. That in compliance with the direction at paragraph 4(g) of the Order (affidavit on Non-Discriminatory Supply and Universal Service Obligation), directing the petitioner to file an affidavit affirming that, upon grant of the distribution licence, the Petitioner shall provide electricity connections and supply to every owner or occupier of premises within its licenced area of supply on a non-discriminatory basis, within the timelines specified under the applicable regulations, and shall faithfully discharge its Universal Service Obligation to supply electricity on demand as mandated under Section 43 of the Electricity Act, 2003, the Petitioner annexed with the filing, its affidavit to the said effect.

6.11. That in compliance with the direction at paragraph 4(h) of the Order (Plan on Operational Modalities), directing the petitioner to submit a detailed plan delineating the proposed operational modalities for the parallel distribution licence, including the procedure and documentation for grant of new electricity connections, eligibility conditions for applicants, including consumers who are defaulters of the existing distribution licensee, metering, billing and collection arrangements, security deposit requirements, consumer service standards, and the mechanism to ensure compliance with the Electricity Act, 2003 and the regulations framed thereunder, the Petitioner annexed with the filing, its detailed plan.

6.12. That in compliance with the direction at paragraph 4(i) of the Order (Migration Protocol), directing the petitioner to submit a detailed Migration Protocol governing the migration of electricity consumers between the existing distribution licensee and the proposed parallel distribution licensee, specifying the procedures, timelines, eligibility conditions, documentation requirements, settlement of outstanding dues, metering arrangements, consumer consent requirements, data exchange mechanisms and other operational modalities relating to the changeover and switchover of consumers, the Petitioner annexed with the filing, its Migration Protocol.

6.13. That the Petitioner had inadvertently annexed an unsigned copy of the Memorandum of Understanding executed between the consortium members as Enclosure 3 to the Petition. The Petitioner accordingly annexed with the filing, the duly signed copy of the said Memorandum of Understanding.

6.14. Further, an updated list of the key Management and Technical Experts of the Petitioner company is annexed with the filing.

6.15. That, in view of the foregoing, the Petitioner has complied with all the directions issued by this Hon'ble Commission vide the Order dated 26.05.2026, and the relevant compliance documents are annexed with the filing.

6.16. In view of the facts and circumstances stated hereinabove, the Petitioner most respectfully prays that this Hon'ble Commission may graciously be pleased to:

a) take the present Compliance Application on record;
b) hold and declare that the Petitioner has duly complied with the directions issued vide the Order dated 26.05.2026 passed in HERC/Petition No. 30 of 2026; and
c) pass such other order(s) as this Hon'ble Commission may deem fit and proper in the facts and circumstances of the case.

Reply filed by Respondents

7. **Reply filed by Respondent No. 1 - DHBVNL dated 04.07.2026**

7.1. General:

7.1.1. That, at the outset, it is submitted that by way of the interim order dated 26.05.2026, a number of documents/ information was sought by the Hon'ble Commission from the Petitioner, including submission of a debt-equity capitalization plan, detailed implementation plan, proposed operational modalities, migration protocol etc. It is submitted that the Respondent-DHBVNL reserves its right and may kindly be granted an opportunity to file a detailed reply once such information is provided by the Petitioner.

7.1.2. That the Respondent respectfully submits that the present Petition raises issues of far-reaching significance having implications not merely for the Respondent-DHBVNL, but for the electricity distribution framework, tariff architecture, cross-subsidy regime, consumer welfare and long-term sustainability of the power sector within the State of Haryana. The grant of a parallel distribution licence over the Revenue Districts of Gurugram and Nuh, which presently form part of the licenced area of DHBVNL, is not a routine licensing exercise and warrants careful examination of its legal, regulatory, financial, technical and public-interest implications.

7.1.3. That the Respondent- DHBVNL is the existing distribution licensee for the southern region of Haryana, and the entire area proposed to be covered under the present application falls within its existing licenced area. UHBVNL is the existing distribution licensee for the northern region of Haryana. Accordingly, DHBVNL has a direct and substantial interest in the present proceedings. Any grant of a parallel distribution licence in the proposed area is likely to have significant implications for the existing consumer mix, tariff framework, power procurement planning, infrastructure utilisation, cross-subsidy structure, financial sustainability and the Respondent's ability to continue discharging its statutory obligations towards all categories of consumers within the licenced area of both the utilities, i.e., UHBVNL and DHBVNL.

7.1.4. That the implications of the present Petition therefore extend beyond the commercial interests of the Respondent and directly affect:

a) Existing tariff structures;

b) Cross-subsidy framework approved by this Hon'ble Commission;

c) State subsidy requirements;

d) Financial sustainability of distribution operations;

e) Universal service obligations;

f) Consumer welfare (reliability concerns due to non-existent experience of petitioner in distribution sector and other related business) ;

g) Future investments in network modernization and reliability improvement.

7.1.5. That the grant of a parallel distribution licence requires independent examination of multiple statutory, technical, financial, operational and public-interest considerations under Sections 14 and 15 of the Electricity Act, 2003. The burden lies squarely upon the Petitioner to establish complete compliance with all applicable statutory and regulatory requirements governing the grant of a distribution licence. No presumption can be drawn in favour of the Petitioner merely because the Electricity Act permits grant of more than one distribution licence within the same area.

7.1.6. That the Respondent further reserves its right to file additional submissions, objections and documents upon examination of any further information, studies, reports, assessments or other material that may subsequently be placed on record by the Petitioner pursuant to the directions of this Hon'ble Commission.

7.2. <u>STATUTORY MANDATE FOR GRANT OF PARALLEL DISTRIBUTION LICENCE:</u>

7.2.1. That for the purposes of adjudication of the present petition, the following statutory provisions require consideration by this Hon’ble Commission:

a) Sections 14 and 15 of the Electricity Act, 2003 (“Act, 2003”);

b) The Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulations, 2004, as amended from time to time (hereinafter referred to as the “HERC Licensing Regulations”); and

c) The Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, as amended from time to time (hereinafter referred to as the “Rules, 2005”).

7.2.2. That Section 14 of the Act, 2003 permits the Appropriate Commission to grant a licence to a second or parallel distribution licensee within the same area of supply, but only subject to the condition that the applicant complies with additional requirements relating

to capital adequacy, creditworthiness, and code of conduct as prescribed by the Central Government. The provision reads as under:

"14. Grant of Licence. - The Appropriate Commission may, on an application made to it under section 15, grant a licence to any person-
(a)to transmit electricity as a transmission licensee; or
(b) to distribute electricity as a distribution licensee; or
(c) to undertake trading in electricity as an electricity trader,
In any area as may be specified in the licence:
… … … …
Provided also that the Appropriate Commission may grant a licence to two or more persons for distribution of electricity through their own distribution system within the same area, subject to the conditions that the applicant for grant of licence within the same area shall, without prejudice to the other conditions or requirements under this Act, comply with the additional requirements (relating to the capital adequacy, Credit worthiness or code of conduct) as may be prescribed by the Central Government, and no such applicant, who complies with all the requirements for grant of licence, shall be refused grant of licence on the ground that there already exists a licensee in the same area for the same purpose: Provided also that in a case where a distribution licensee proposes to undertake distribution of electricity for a specified area within his area of supply through another person, that person shall not be required to obtain any separate licence from the concerned State Commission and such distribution licensee shall be responsible for distribution of electricity in his area of supply:
… … …
Provided also that a distribution licensee shall not require a licence to undertake trading in electricity."

The Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005

"3. Requirements of capital adequacy and creditworthiness.- (1) The Appropriate Commission shall, upon receipt of an application for grant of licence for distribution of electricity under sub-section (1) of section 15 of the Electricity Act, 2003 decide the requirement of capital investment for distribution network after hearing the applicant and keeping in view the size of the area of supply and the service obligation with that area in terms of section 43.

(2)The applicant for grant of licence shall be required to satisfy the Appropriate Commission that on a norm of 30% equity on cost of investment as determined under sub-rule (1), he including the promoters, in case the applicant is a company, would be in a position to make available resources for such equity of the project on the basis of net worth and generation of internal resources of his business including of promoters in the preceding three years after excluding his other committed investments.

Explanation. -For the grant of a licence for distribution of electricity within the same area in terms of sixth proviso to section 14 of the Act, the area falling within a Municipal Council or a Municipal Corporation as defined in the article 243-Q of the Constitution of India or a revenue district shall be the minimum area of supply."

7.3. OBJECTIONS WITH RESPECT TO MINIMUM AREA OF SUPPLY

7.3.1. The Ministry of Power notified the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) (Second Amendment) Rules, 2022 on November 28, 2022 and provided the following revised explanation for the Minimum area of supply:

"Explanation. - For the purposes of this sub-rule, it is hereby clarified that for grant of a licence for distribution of electricity within the same area in terms of sixth proviso to section 14 of the Act, the entire area covering either a Municipal Corporation as defined in article 243Q of the Constitution or three adjoining revenue districts, or a smaller area as may be notified by the Appropriate Government shall be the minimum area of supply."

It is further submitted that the Explanation to Rule 3 of the Distribution Licence Rules, 2005, as amended, employs the expression "the entire area covering either a Municipal Corporation or three adjoining revenue districts shall be the minimum area of supply". The amended language appears to be materially different from the earlier formulation and gives rise to certain issues of interpretation regarding the precise scope of the minimum area of supply contemplated under the Rules.

In the present case, the proposed licence area comprises the Revenue Districts of Gurugram and Nuh, which contain multiple urban local bodies, including Municipal Corporations, Municipal Councils and Municipal Committees, in addition to extensive rural areas. The Petition does not clearly address the manner in which the requirement of "entire area" is proposed to be interpreted and implemented within the proposed licenced area, particularly having regard to the distinction between Municipal Corporations, Municipal Councils, Municipal Committees and other areas falling within the revenue districts.

7.3.2. The Haryana Municipal Act, 1973 ('Act') elucidates the laws relating to municipalities as mentioned in its Preamble extracted below:

"An Act to consolidate and amend the law relating to municipalities in the State of Haryana"

The Act defines 'Municipality' under Section 2(15A) as follows:
(15A) "municipality" means an institution of self-government constituted under section 2A which may be a Municipal Committee or a Municipal Council or a Municipal Corporation;]

7.3.3. The definition under Section 2A of the Act itself creates a express demarcation between three institutions of self-government, namely, Municipal Committee, Municipal Council and Municipal Corporation, as provided herein below:

"2A. Classification and Constitution of municipalities. - (1) There shall be constituted three classes of municipalities in accordance with the provisions of this section as specified below :-

(i) "Municipal Committee" for a transitional area with [existing] population [of not more then fifty thousand];

(ii) "Municipal Council" for as smaller urban area with [existing] population [exceeding fifty thousand but not exceeding five lacs]; and

(iii) "Municipal Corporation" for larger urban area with [existing] population [of three lacs or more], to be governed by a separate Act:

[…]

(2) The State Government shall, by notification, constitute the municipalities and specify the class to which a municipality shall belong in accordance with the provisions of this section after observing the procedure as laid down in Section 3:

Provided that…"

With reference to Section 2A (2), the Schedule to the Haryana Municipal Act, 1973 expressly specifies 'Ferozepur Zirka', Nuh', 'Taoru'. 'Punhana' as a Municipal Committee under Item 26, 28, 30, 32, respectively.

7.3.4. Evidently, in the Nuh district, the applicant has failed to meet the statutory requirement as it has relied upon 'Municipal Committees' which is legally distinct from 'Municipal Corporation' as contemplated in Article 243 Q of the constitution. Notably, contrary to the submission of the Applicant, 'Pinangwan' has not even been defined as a municipal committee, as per the afore-said schedule of the Act.

7.3.5. Notably, prior to the 2nd amendment in 2022 to the Electricity Rules, 2005, Municipal Council and Municipal Corporation both were contemplated for consideration of Minimum area of Supply. However, post amendment, the clause only provided for consideration of Municipal Corporations and NOT Municipal Council (or Committee), relevant excerpt of the amended rules is extracted hereunder:

*"Explanation. - For the purposes of this sub-rule, it is hereby clarified that for grant of a licence for distribution of electricity within the same area in terms of sixth proviso to section 14 of the Act, the entire area covering **either a Municipal Corporation as defined in article 243Q of the Constitution** or three adjoining revenue districts, or a smaller area as may be notified by the Appropriate Government shall be the minimum area of supply."*

Clause prior to the 2022 amendment of the Electricity Rules, read as:

*Explanation. - For the grant of a licence for distribution of electricity within the same area in terms of sixth proviso to section 14 of the Act, **the area falling within a Municipal Council or a Municipal Corporation as defined in the article 243(Q)** of the Constitution of India or a revenue district shall be the minimum area of supply.*

The legislative intent clearly was to exclude 'Municipal Counsil' from consideration of the minimum area requirement.

7.3.6. Article 243 P of the Constitution defines 'Committee' and 'Municipality' as distinct categories:

243P. Definitions. —In this Part, unless the context otherwise requires, —
*(a) **"Committee"** means a Committee constituted under **article 243S;***
[…]

(d) "Municipal area" means the territorial area of a Municipality as is notified by the Governor;

*(e) "**Municipality"** means an institution of self-government constituted under **article 243Q**;*

7.3.7. Furthermore, Article 243Q of the Constitution contemplates three categories:

243Q. Constitution of Municipalities. -(1) There shall be constituted in every State,—

(a) a Nagar Panchayat (by whatever name called) for a transitional area, that is to say, an area in transition from a rural area to an urban area,

(b) a Municipal Council for a smaller urban area; and

***(c) a Municipal Corporation for a larger urban area**, in accordance with the provisions of this Part:*

7.3.8. Evidently, the Applicant must have an entire area covering a 'Municipal Corporation' to meet the statutory requirement as contemplated under the Electricity Rules, 2022 and does not contemplate either 'Municipal Council' or 'Municipal Committee'.

7.3.9. In the above context, the UPERC Order dated 24.04.2023 in the matter of Adani Electricity Jewar Limited for grant of Distribution Licence, assumes importance. Relevant excerpt extracted hereunder:

*8. The Commission questioned why the Applicant chose to add Gautam Buddha Nagar to the proposed licence area in addition to Ghaziabad Municipal Corporation, rather than limiting itself to the minimum area of supply as outlined in the 'Explanation' to Rule 3 of the Amended Distribution Licence Rules. The Commission further asked why the Applicant did not simply select one of the available options in the Rules for the proposed parallel distribution licence area. **Since Ghaziabad Municipal Corporation alone meets the minimum area of supply requirement according to the Rules, the Commission sought clarification on the Applicant's rationale for including an additional revenue district, Gautam Buddha Nagar**. The Commission observed that the **Applicant may be cherry-picking by adding a profitable industrial, high-revenue area to the minimum area. Additionally, they noted that all other areas added to Ghaziabad Municipal Corporation for a parallel distribution licence should be contiguous for operational purposes**. The Commission enquired why the Applicant divided the licence area into separate entities such as NOIDA, GNIDA, YEIDA, Dadri Municipal Council, and Gram Panchayats, **and whether these fragmented entities cover the entire Gautam Buddha Nagar district or if there are pockets of area left out from the licence area…***

16. While the Commission will separately address the Applicant's qualifications concerning the minimum area of supply for the proposed licence area, the Applicant is required to submit the following information through an affidavit:

…

b) A confirmation that the entire proposed licence area is contiguous, with no regions

omitted from the proposed Municipal Corporation of Ghaziabad and Revenue District of Gautam Buddha Nagar…

17. The Applicant is directed to submit above information within 2 weeks from the date of issue of this order to enable the commission to proceed further as per rules.

7.3.10. That the Amended Electricity Rules prescribes the minimum area of supply in clear and distinct alternatives, namely:

- the entire area of a Municipal Corporation, or
- three adjoining Revenue Districts, or
- such smaller area as may be notified by the Appropriate Government.

7.3.11. That there is no provision for consideration of a 'Municipal Committee' or a 'Municipal Council', which has been considered by the Applicant in the Nuh district. Furthermore, since on a standalone basis, the Municipal Corporation of Gurugram and Manesar is sufficient to meet the minimum area of supply, what is the requirement for considering the additional revenue district of Nuh, has not been disclosed. The Commission must be satisfied as to the requirement of adding an additional revenue district, otherwise this may lead to cherry-picking of profitable high-revenue area, against the spirit and object of EA, 2003. The Ld. Tribunal in APL No. 246 of 2012 and 229 of 2012 has held as follows:

*'57. **Consumer interest is one of the main features of the Electricity Act, 2003**. It is also to be ensured that no undue commercial advantage is gained by Tata Power by selectively laying down network to cater to only high end consumers. The **interest of RInfra has to be safeguarded to avert any cherry picking by Tata Power for switchover consumers'.***

As may also been seen from the UPERC Order dated 24.04.2023, therein, the applicant was meeting the minimum area requirement through a Municipal Corporation, however, the Hon'ble Commission had enquired as to the rationale of consideration a revenue district over and above the min. requirement. The Hon'ble UPERC in the afore-said order has also enquired whether the additional revenue district being considered over and above the minimum requirement is contiguous and confirm that no region has been omitted, for the grant of licence. Pertinently, the Applicant in the present matter has left out Nagina Tehsil, Hathin Municipal Committee and Sikri in the Nuh district, from consideration for area of supply. Notable, no reason/justification has been furnished on behalf of the Applicant for such exclusion and why the entire contiguous district of Nuh has not been considered.

In Noida Power Company Limited vs. Paschimanchal Vidyut Vitran Nigam Ltd, the Hon'ble APTEL, vide its Judgement dated on 06.04.2011, *has held that meeting of all statutory requirement is no sufficient rather the appropriate commission* is bound to consider all other relevant factors before granting the parallel/second licence.

7.3.12. That the Petitioner proceeds on the mistaken assumption that satisfaction of the threshold requirements under the Rules, 2005 would, by itself, entitle it to grant of a parallel

distribution licence. Such an interpretation is misconceived and contrary to the statutory scheme governing grant of distribution licences and to the law settled by the courts.

7.3.13. That compliance with the requirements relating to Capital Adequacy, Creditworthiness and Code of Conduct merely enables an applicant to be considered for grant of licence. Such compliance does not create any vested right, legitimate expectation or automatic entitlement in favor of the applicant. The grant of a distribution licence remains subject to the independent satisfaction of the Hon'ble Commission regarding the technical feasibility, financial sustainability, operational viability and overall public-interest implications of the proposed licence.

7.3.14. That the present Petition cannot be examined solely on the touchstone of minimum statutory compliance. The Hon'ble Commission is required to undertake a broader examination of the implications of the proposed licence on consumer interest, tariff stability, cross-subsidy sustainability, power procurement planning, network utilization, system economics, universal service obligations and the orderly development of the electricity sector within the State.

7.3.15. That the Applicant is a recently incorporated entity and has not demonstrated any experience in electricity distribution operations or any comparable utility business during the preceding three years. The proposed licenced area comprises one of the fastest growing load centres in the State, characterised by substantial industrial, commercial, residential and data centre demand, requiring a high degree of operational reliability, network resilience and supply continuity. In such circumstances, the absence of demonstrated experience in distribution operations assumes significance and warrants careful examination by the Hon'ble Commission, particularly from the perspective of infrastructure reliability, operational capability, quality of supply and the Applicant's ability to discharge its obligations as a distribution licensee in a safe, efficient and sustainable manner.

7.3.16. That the Hon’ble Commission continues to retain the discretion to grant or refuse a parallel distribution licence after considering all relevant factors, including the viability of the business plan, the applicant’s ability to discharge its Universal Service Obligation, and the larger public and consumer interest. Accordingly, the grant of a parallel distribution licence is a discretionary regulatory function, to be exercised keeping consumer interest as the paramount consideration.

7.3.17. That this Hon'ble Commission undertook a substantially similar examination in Application No. HERC/Pro-08 of 2014 (IPCL) — covering the applicant's financial capability, infrastructure adequacy, consumer interest, and the consequences of consumer migration within an existing licenced area. The present Petition raises near-identical considerations and warrants the same scrutiny, which is explained hereunder.

7.4. OBJECTIONS WITH RESPECT TO CAPITAL ADEQUACY AND NET WORTH CRITERIA

7.4.1. That the Petitioner has sought to establish financial credibility by emphasizing the strength of its promoters. It has been submitted that the promoters possess adequate resources and that the partners have formally undertaken to extend financial support as and when required. The financial creditworthiness of M/s Eleven Power Pvt. Ltd. is fundamentally deficient and does not meet the statutory requirements under Section 14 of the Act, 2003 read with Rule 3(2) of the Rules, 2005. The Petitioner has attempted to demonstrate its eligibility by furnishing a net worth certificate of its promoter company which shows a book value of only Rs. 94.95 crore, while simultaneously reliance has been placed on the prevailing market value of quoted equity shares held by SAS Fininvest LLP in Global Health Limited, a listed entity. According to CA certificate dated 27th Jan'2026, the accounts as of 31st Oct'2025 have been considered, reflecting a net-worth of Rs. 4,085.60 Crore considering the market value/book value of such shares.

7.4.2. That the Respondent has analysed the validity of submissions made by the Petitioner by examining the shareholding patterns of SAS Fininvest LLP, equity shareholding of SAS Fininvest LLP in Global Health Limited as per statement of accounts submitted in the petition and the actual shareholding pattern of Global Health Limited as available on the website of Ministry of Corporate Affairs (MCA).

7.4.3. That basis the shareholding pattern for year ending March 31, 2025 reflected on the website of MCA, the shareholding of Shri Sunil Sachdeva is shown as 30264524 (equity shares held as an individual). The data do not reflect any shareholding in Global Health Limited towards SAS Fininvest LLP. On the contrary, the submissions made by the Petitioner reflect the same number of shares being held by SAS Fininvest LLP in Global Health Limited as shown in the figure below:

Note forming part of Financial Statements for the year ending 31.03.2025

	As at 31- March 25			As at 31- March 24		
Non-Current Investments (valued at historical cost unless stated otherwise)	**Face Value (Rs. Per Share)**	**Numbers/Shares**	**Book Value (in INR)**	**Face Value (Rs. Per Share)**	**Numbers/ Shares**	**Book Value (in INR)**
Investments in equity instruments (quoted)						
Global Health Limited	2	3,02,64,524	6,30,64,710	2	3,14,50,743	6,54,17,537
Investments in equity instruments (unquoted)						
S.A.S. Serviko Private Limited	10	90	1,728	10	90	1,728
S.A.S. Infotech Private Limited	10	33,33,333	31,50,00,000	10	20,00,000	31,50,00,000
Sumel Promoters Private Limited	10	1	12	10	-	-
Pushti Wellness Private Limited	10	2,000	20,000	10	2,000	20,000
SAS Tech studio Private Limited	10	99	990	10	99	990
Sumel Heights Private Limited	10	1	10	10	-	-
Super Bowl Private Limited	10	1	10	10	1	10
SAS Kreditcare Private Limited	10	1	10	10	-	-

	As at 31- March 25			As at 31- March 24		
Non-Current Investments (valued at historical cost unless stated otherwise)	**Face Value (Rs. Per Share)**	**Numbers/Shares**	**Book Value (in INR)**	**Face Value (Rs. Per Share)**	**Numbers/ Shares**	**Book Value (in INR)**
Sumel Projects Pvt Limited	10	1	10	-	-	-
Sumel Buildtech Private limited	10	1	10	-	-	-
Sumel Developers Private limited	10	1	10	-	-	-
SAS Heights Private limited	10	1	10	-	-	-
Kriya Medical Technologies Private Limited	100	1,69,154	1,00,00,000	100	1,69,154	1,00,00,000
National Securities Depository Limited	2	1,00,000	8,25,22,125			
Other Investments						
Sauce Continuity Fund I		64,601	6,19,12,477		41,000	3,82,24,668
Sauce Consumer Venture II		6,823	63,81,612		5,224	47,99,630
Rapyuta Networks Private Limited			1,50,00,000			50,00,000
AL Trust Scheme		11,500	11,73,000		11,500	11,73,000
LV Angel Fund			5,00,000			5,00,000
PHI Capital Growth Fund			22,077			
Cost of Improvement			62,44,506			39,01,908
Capital Contribution in Delta Innovative Research LLP			50,00,000			
Total			**56,68,43,307**			**44,40,39,471**
Aggregate market value as at the end of the year:						
Aggregate amount of quoted investments and market value thereof (In crores)	**2**	**3,02,64,524**	**3626.6 Crs.**	**2**	**3,14,50,743**	**4163.13 Crs.**
Aggregate amount of Un-quoted investments (In crores)	**-**	**-**	**40.75 Crs.**	**-**	**-**	**31.5 Crs.**
Aggregate provision for diminution in value of investments	-	-	-	-	-	-

Source: *Note-6 of the Financial Statements for the year ending 31.03.2025 (at Page no. 148 of the Petition)*

7.4.4. That the Petition is silent on the aspect that how individual ownership of Sh. Sunil Sachdeva is reflected as equity shares held by SAS Fininvest LLP. The matter therefore requires a great deal of due diligence on the structure of LLP, equity contributions or declaration of beneficiary of such shares.

7.4.5. That the entire reliance on the value of equity shares of Sh. Sunil Sachdeva (being in individual capacity rather than the Promoter) as net worth of promoters is therefore misplaced till clarity is provided on such ownership/beneficiary structures or the fact that such shares are not pledged by the owner of such shares. Further, given that the equity shares are held in the name of an individual and not the Parent company, the same will lead to a cascading impact on the overall net worth of the promoter company (Sh. Sachdeva holds 80% share in SAS Fininvest LLP). Thus, in the event of his retirement, resignation, or cessation as a partner, or change in name of beneficial owners, LLP's financial capability and its ability to honour the support undertaking may be materially impacted. It also needs to be assured that such shares are not reflecting in whatsoever manner in the books of accounts of any other company/group company. Consequently, the undertaking furnished by SAS Fininvest LLP may not provide adequate long-term financial assurance for the entire licensee period. It is therefore critical that the ownership

of the equity shares and permanency of beneficiary of such shares shall vest with SAS Fininvest LLP. Till such time, the net worth calculation should exclude any consideration of such quoted equity shares at book/market value.

7.4.6. That the Hon'ble Commission has consistently assessed an applicant's net worth by examining its actual financial strength, business stability and ability to generate sufficient internal resources to sustain its operations over the long term. As observed in IPCL (HERC/PRO-08 of 2014), the application was rejected because the claimed net worth was not supported by a sound and sustainable financial basis.

7.4.7. That in the IPCL matter the Hon'ble Commission scrutinized the applicant's actual financial capability, audited track record, and ability to discharge universal service obligations before arriving at its decision. The relevant portion of India Power Corporation Limited (HERC/PRO-08 of 2014) reads as hereunder:

"The rules framed by the Central Government also cast the obligation on the Commission to determine the capital investment required to ensure that the Applicant for a parallel distribution licensee is able to discharge its functions under section 54 of the act. Regarding this the Commission observes that the Applicant has not shown adequate capital expenditure for procurement of power. Further, the proposed investments in the network roll-out plan (including number of distribution transformers) to be installed over a period of five years is miniscule in view of the total spread and demand of the Gurgaon Municipal Corporation Area and, therefore, it is inferred that the Applicant intends to target only the good and paying consumers. Thus, the Commission is of the view that application for grant of a second Distribution Licence preferred by IPCL and the proposed business plan is not in accordance with the Electricity Act, 2003.

….

In view of the above discussions, the Commission holds that the present application for grant of a second Distribution Licence in Gurgaon Municipal Corporation area, is deficient in form and content as well as pre – mature including the assessment of infrastructure required and the corresponding investments to build and operate a reliable distribution. Hence the Commission is left with no other option but to reject the same."

7.4.8. That the Ministry of Power in their Revised Guidelines and Standard Bidding Documents (SBDs) for procurement of Inter-State Transmission Services (ISTS) through Tariff Based Competitive Bidding (TBCB) process dated 06.08.2021, have provided for the computation of the Net Worth of the Bidder in the following manner: -

"2.1.3.2 The Net worth shall be computed in the following manner by the Bidder:
A. Net worth
= Equity share capital
Add: Reserves
Subtract: Revaluation Reserves
Subtract: Intangible Assets
Subtract: Miscellaneous expenditures to the extent not written off
and carry forward losses"

7.4.9. That the unreliability of the Petitioner's claim is further evidenced from the fact that the shares were initially recorded at a face value of Rs. 2 per share in FY 2022-23, in the books of accounts of SAS Fininvest LLP. Following listing in the same year, the valuation surged to approximately Rs. 470 per share, resulting in a value of Rs. 1,595.33 Crore. Subsequently, the share price has fluctuated in line with market speculation, thereby causing significant variation in the reported value of such shares as stipulated in table below. Accordingly, the Respondent contends that the Petitioner's claimed net worth is not anchored in sustainable business performance but is instead contingent upon speculative market movements. Such reliance on volatile equity valuations does not provide a reliable measure of financial strength for regulatory consideration.

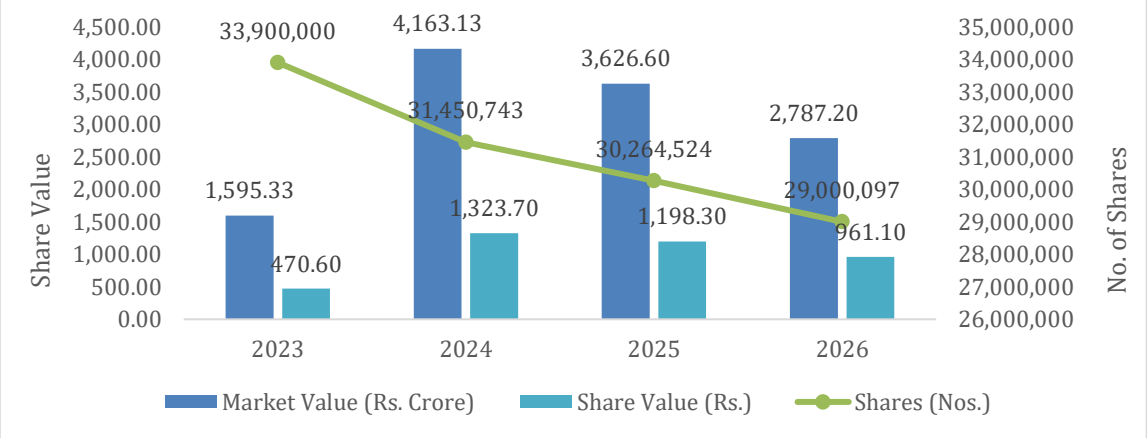
Table 1: Trend of Market Value of Quoted Shares in Global Health Limited as claimed by Petitioner

Particulars	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**
Market Value (Rs. Crore)	1,595.33	4,163.13	3,626.6	2787.20
Shares (Nos.)	33900000	31450743	30264524	29000097
Share Value (Rs.)	470.60	1,323.70	1,198.30	~961.10

Worked out by DHBVNL considering the number of shares held by Sh. Sunil Sachdeva in Global Health Limited as on March 30, 2026.

7.4.10. That as may be seen from the table above, the value of shares has increased significantly from FY23 to FY24 and has been on declining trend in FY25 and FY26. Therefore, there is no assurance that the petitioner would be having substantial liquidity through sale of such shares in the near future. This scenario is therefore subject to market conditions and should be avoided for consideration of net-worth for grant of distribution licence.

Figure 1: Trend of Market Value of Quoted Shares in Global Health Limited as claimed by Petitioner



7.4.11. That in addition to above, the Petitioner has furnished the undertaking from Partners in which it is acknowledged that the Petitioner would be required to arrange the total capital of around Rs. 5000 Crore in phased manner over period of next 5 years based on which LLP proposed to invest total equity of Rs. 1,500 Crore in phased manner as and when required.

7.4.12. That the Petitioner has failed to establish its capability to discharge the statutory obligations cast upon a distribution licensee under Section 43 of the Electricity Act, 2003. Section 43 imposes a mandatory obligation upon every distribution licensee to provide electricity supply to any owner or occupier of premises requiring such supply within its licenced area, subject to fulfilment of the applicable statutory requirements. The obligation is area-wide in nature and extends to all categories of consumers and all parts of the licenced area. However, from the infrastructure provided by the petitioner it is visible that the petitioner has envisioned the infrastructure cost as per share of their load and sales growth and not as per Universal Service Obligation towards the whole area.

7.4.13. That the current infrastructure required to provide power supply to the consumers in the proposed area of licensee jurisdiction, is assessed at approximately of Rs. 11,397.75 Crore at current price levels over and above the working capital requirement as per the shown in the table below, which would be requiring equity investment of Rs. 3,419.33 Crore (30%) for putting entire network for meeting Universal Supply Obligation.

Table 2: DHBVN Assessment of Current Infrastructure in Proposed Supply Area

Particulars	HT Line (in KM)	LT Line (in KM)	33 KV Line (In KM)	No of Consumers (Nos.)	Grand Total (Rs. Cr.)	Equity Infusion Required (Rs. Cr.)
Gurugram-1 Circle	3,876.73	4,454.44	271.08	3,80,196		
Gurugram-2 Circle	4,219.80	4,508.05	58.14	3,60,488		
Nuh Division	2,797.36	1,799.97	257.00	1,28,179		
Total	**10,893.89**	10,762.46	586.22	8,68,863		
Rate as per DHBVN (Rs. Cr.)	As below	As below	As below	As below		
Total Cost	**6,754.21**	**3,443.99**	**586.22**	**613.33**	**11,397.75**	**3,419.33**

Note:
For HT: Approx ~Rs. 62 Lacs per KM
11 kV UG line (400/185 mm2) with SCADA enablers viz. RMUs, DTs, LT Protection (ACBs) etc. and Misc Accessories
For LT:
1. Internal LT ckt. single core 600 mm sq: Cost ~Rs 40 lacs / km
2. Internal LT ckt. 3.5 core 300 mm sq: Cost ~Rs 20 lac /km
For 33 kV: ~Rs. 1 Cr.
Double ckt. 33 kV xlpe cable 400 mm sq. line.
Metering per consumer: Rs. 7,059

7.4.14. That the capital expenditure requirement should not only consider the CAPEX towards physical infrastructure but also the working capital requirement of the company and land

acquisition or lease costs during the implementation phase. This requirement of working capital has been considered by the UPERC in the matter of Adani Electricity Jewar Ltd. & Adani Transmission Ltd., order dt. 24.04.2023. The relevant excerpt is as hereunder:

"… For instance, if the fixed asset investment amounts to Rs. 8,000 Cr. and the working capital requirement is Rs. 1,000 Cr., the total capital requirement will be Rs. 9,000 Cr. Based on a 30% equity norm per the above rules, the promoter must have an equity of Rs. 2,700 Cr., which should be justified by their net worth."

7.4.15. That the Petitioner has failed to demonstrate availability of such equity through audited financials or internal resource generation. Its reliance on volatile market value of securities cannot justify creditworthiness for such a large-scale capital programme.

7.4.16. That the principles laid down by the Hon'ble Commission in India Power Corporation Limited (HERC/PRO-08 of 2014) are squarely applicable to the present case. The Commission has consistently held that an applicant must demonstrate a realistic assessment of the infrastructure requirement, a credible capital investment plan and adequate financial resources to implement the proposed distribution system. Applications founded upon tentative estimates, speculative valuations or uncertain funding arrangements have not been considered sufficient to satisfy the statutory requirements for grant of a distribution licence. The relevant part of the order reads as hereunder:

"The survey report would form a basis for the technical specifications of the investment required in order to establish a distribution network that would be sufficient to discharge the obligation imposed on any distribution licensee. The Petitioner was also directed to provide details of capital expenditure it plans to undertake. Accordingly, the Petitioner provided the additional information / documents on 25.11.2014. On examination of the same, the Commission observes that the information provided by the Petitioner is not comprehensive as well as tentative. In the absence of comprehensive information, the Commission is of the considered view that the Petitioner is not in a position to finalise the structure of the proposed distribution system and is unable to accurately estimate the capital investment required to set up the distribution system which would take into account the peculiarities of the Municipal Corporation of Gurgaon e.g. non availability of space for putting up overhead cables, sub-stations etc.

The Commission observes, from the pleadings as well as data / additional information provided by the Applicant including the techno commercial report, that the planning, estimation of project cost and business plan to build and operate a second distribution utility in Gurgaon Municipal Corporation area lacks proper survey / assessment of the said area. A proper survey, therefore, could lead to a significant revision of the project cost at the implementation stage and in that case will add to the financial liabilities to be passed

on to the electricity consumers of the proposed area. Thus, at this stage, the project cost / capital investment plan cannot be firmed-up."

7.4.17. That the Petitioner has failed to satisfy the mandatory requirement of establishing financial capability under the Electricity Act, 2003 and the Electricity Rules, 2005. The licence application, therefore, deserves to be summarily rejected on this ground alone.

7.4.18. That the petitioner lacks any relevant experience in electricity distribution and is instead relying on the financials of its promoters. Even the promoters themselves have no background in this sector, which raises serious concerns about their ability to meet the stringent requirements of a distribution licence. Reliance is placed on MERC Order in Case No. 90 of 2014, concerning the grant of a distribution licence in parts of Mumbai, the Commission followed the methodology prescribed by the Central Government in the Standard Bidding Documents for tariff-based competitive bidding under Case 2. Wherein, the following conditions need to be satisfied for assessing the Capital Adequacy needs of the Petitioner:

"**Test 1: Is the maximum of (NW1, NW2, NW3) - CE ≥ CIC**
AND
Test 2: Is five (5) times the maximum of (IRG1, IRG2, IRG3) - CE ≥ CIC
Where:
IRG1: Internal Resource Generation for the last audited financial year
IRG2: Internal Resource Generation for the year before the last audited financial year
IRG3: Internal Resource Generation for two years before the last audited financial year
CE: 26% of the Committed Equity investments elsewhere
CIC: 26% of (30% of Capital Investment Criteria) as estimated from capital expenditure requirement.
NW1: Net worth for the last audited financial year
NW2: Net worth for the year before the last audited financial year
NW3: Net worth for two years before the last audited financial year"

7.4.19. That the concept of "Net Worth" is not a matter of estimation or valuation but is a statutorily defined financial parameter. Section 2(57) of the Companies Act, 2013.

"(57) "net worth" means the aggregate value of the paid-up share capital and all reserves created out of the profits 1 [, securities premium account and debit or credit balance of profit and loss account,] after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation;"

7.4.20. That Net Worth is required to be determined on the basis of audited financial statements and actual financial resources available with the company and cannot be substituted by enterprise valuations, projected investments, market-based valuations, indicative funding proposals, investor expressions of interest or future capital raising plans.

7.4.21. That the Applicant itself was incorporated only on 2025 and, by its own admission, presently has a paid-up share capital of approximately Rs. 1 Crore and no operational

track record in the electricity sector. Consequently, the Applicant does not possess any audited financial history for the preceding three years as contemplated under the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005. The Applicant appears to rely substantially upon the financial position and credentials of its promoters to overcome the absence of its own financial and operational history. However, the statutory requirement relating to capital adequacy and creditworthiness cannot be rendered otiose merely because the applicant is a newly incorporated special purpose vehicle. The Hon'ble Commission may therefore examine whether an entity having no preceding three-year financial track record, no operational history and no demonstrated experience in distribution operations can be said to satisfy the requirements contemplated under the applicable licensing framework solely on the basis of the credentials of its promoters and the consortium partners. In the absence of any independent financial history of the Applicant, the requirements relating to capital adequacy, creditworthiness and financial capability warrant strict scrutiny before any further consideration of the licence application.

7.4.22. That in the absence of audited financial records evidencing the actual Net Worth of the Applicant and its promoters in accordance with the statutory definition, the requirement relating to Capital Adequacy and Creditworthiness cannot be said to have been established merely on the basis of indicative valuations, projections or prospective funding arrangements. In conclusion, the principle that emerges from both the Rules of 2005 and the regulatory precedents is very clear: capital adequacy must be computed strictly on the basis of audited net worth and internal resource generation over the preceding three years, adjusted for committed equity, rather than on volatile market valuations or promoter assurances. This approach ensures that the assessment reflects the true and stable financial capacity of the applicant to sustain long term distribution operations.

7.5. <u>OBJECTIONS WITH RESPECT TO CREDIT WORTHINESS</u>

7.5.1. That the Petitioner has produced a solvency certificate issued by IndusInd Bank Limited. This certificate attests to the Petitioner’s financial solvency up to an amount of Rs. 1,000 Crore, based on the financial position as of 31st October 2025.

7.5.2. That such certificates are inherently limited in scope. The bank’s confirmation is strictly tied to the financial data available on the specified date and does not extend to future solvency. In other words, the bank certifies solvency only as of 31st October 2025 and expressly disclaims responsibility for any subsequent changes in the Petitioner’s financial position. The relevant extract from the certificate states;

“It is clarified that the information is issued based on the financial position of the customer as of 31st Oct 2025 as per submitted CA certified Net Worth statement dated 27th Jan 2026; as per information available with the Bank. The Bank is not aware and does not

take any responsibility for change of any financial position of the customer after the said date."

7.5.3. That the Petitioner has not provided any explicit details on how the shareholding of individual has been reflected as investment by SAS Fininvest LLP in its books of accounts. Till such explanation is provided by the Petitioner, there cannot be any reliance placed on the Solvency certificate provided by the banks. A detailed explanatory note may be required from the issuing authority of the IndusInd bank to explain the methodology of working out the solvency in this case.

7.5.4. That the above solvency certificate provided by the bank is in contrast with the undertaking provided by the Petitioner's partners. The undertaking acknowledges that the Petitioner is required to arrange the fixed investment in phased manner over period of five years. This creates a clear divergence: while the partners recognize a staggered investment plan, the bank's solvency certificate is confined to a snapshot of financial standing on a single date.

7.5.5. That the certificate cannot be construed as a guarantee of solvency for the entire five-year rollout period. The assurance provided by the bank is temporal and limited, raising legitimate concerns about the Petitioner's ability to sustain solvency throughout the phased investment period.

7.5.6. That the solvency certificate's reliance on the current market price of the listed shareholding overstates the Petitioner's actual financial capacity. A quoted price holds only for ordinary trading volumes; offloading a block large enough to fund the proposed distribution project would itself depress that price, so the sum actually realisable on liquidation would likely fall well short of the certificate's stated value. The certificate, therefore, is not a dependable measure of the Petitioner's ability to fund and sustain the capital investment its licence obligations would require. Net worth and financial capability ought instead to be assessed against settled, demonstrable indicators audited net worth and internal resource generation rather than valuations that move with market sentiment. The fluctuation in the market value of shares will significantly impact the credit worthiness of the Promoter and their debt raising capability for the distribution business.

7.5.7. That attention of this Hon'ble Commission is brought to the Income Tax Act 1961 whereby under Section 112A, long-term capital gains are taxed at 12.5% and short-term capital gains under Section 111A are taxed at 20% flat irrespective of the tax regime. Therefore, it is pertinent to note that any capital received after sale of the investments as shown by the Petitioner may be calculated after adjustment of tax on capital gains.

7.5.8. That even after determination of the Applicant's net worth in accordance with the applicable statutory and regulatory framework, the enquiry cannot end there. The Commission would also be required to examine whether the Applicant possesses the

financial capability and creditworthiness necessary to raise the requisite debt (70% of total capital required) and secure funding for undertaking the substantial investments required for development of the proposed distribution network and discharge of its obligations under Section 43 of the Electricity Act, 2003. Mere demonstration of net worth, by itself, cannot establish the Applicant's ability to mobilise the financial resources necessary for fulfilling its universal service obligations throughout the proposed licenced area.

7.5.9. That determination of net worth and financial capability cannot be confined merely to the examination of the balance sheet of the company or entities relied upon by the Applicant. The Hon'ble Commission may also examine whether the shares, investments or other assets forming the basis of the claimed net worth are free from encumbrances, pledges, charges or other security interests that may affect their availability for supporting the proposed investment programme. In the absence of complete disclosures regarding the ownership structure and encumbrance status of such assets, it may not be possible to ascertain the extent to which the claimed financial resources are actually available for deployment towards development of the proposed distribution system and discharge of the obligations attached to the licence. The Hon'ble Commission may further consider examining the existing debt obligations, liabilities and financial commitments associated with the promoters, shareholders and entities whose financial strength is being relied upon by the Applicant, so as to assess the actual liquidity, financial flexibility and availability of resources for undertaking the proposed investment and fulfilling the obligations of a distribution licensee.

7.5.10. That the attention of this Hon'ble Commission is brought to the judgment of the Hon'ble Appellate Tribunal for Electricity in M/s Noida Power Company Limited vs. Paschimanchal Vidyut Vitran Nigam Ltd. (Appeal No. 7 of 2010, decided on 06.04.2011). The Tribunal has categorically held that although capital adequacy and creditworthiness are threshold requirements, mere production of external assurances, guarantees or certifications cannot satisfy the statutory mandate. The financial capability of the applicant must necessarily be established through its actual net worth and internal resource generation during the preceding three financial years. The Tribunal further held that even where such threshold conditions are prima facie satisfied, the grant of a parallel distribution licence continues to remain within the judicial discretion of the Commission, which must consider all relevant factors, including the applicant's ability to discharge the universal service obligation. The relevant excerpt of the order is as hereunder:

"4. The Learned Senior Counsel appearing for the Appellant would urge the following grounds while assailing the impugned order to substantiate his plea that the grant of parallel licence is illegal.

(i) The first Respondent has not satisfied the State Commission any of the requirements specified in the sixth Proviso of Section 14 of the Electricity Act, the

Second Licence Rules (The Distribution of Electricity Licence (additional requirement of capital adequacy, credit worthiness and code of conduct) Rules, 2005), and the applicable Regulations notified by the State Commission which govern the grant of second/parallel licence in the area of supply of licence. In the absence of the fulfilment of these requirements, the parallel licence should not have been granted.

(ii) The State Commission has wrongly proceeded on the basis of a letter given by the Department of Energy, the Government of UP as a fulfilling requirement of capital adequacy, credit worthiness and code of conduct of the Respondent -1 without considering the various other salient features such as dismal financial position of the Respondent-1 to undertake the distribution and retail supply business and without following the requirements of Rule 3 (2) of the Second Licence Rules which provides that the Company shall be in a position to make available the resources on the basis of network and generation of internal resources in the preceding three years.

(iii) The State Commission has committed wrong in granting five years time period to Respondent-1 to develop the network for supply of electricity in the area, which is contrary to the universal service obligation under the provisions of the Electricity Act, 2003, the UPERC (General Conditions of Distribution Licence) Regulations, 2004 and the UP Electricity Supply Code, 2005.

…

6. The short question which arises for consideration in the present appeal is this: Whether Paschimanchal Vidyut Vitaran Nigam Ltd, the first Respondent herein, has satisfied all the mandatory requirements as provided in Section 14 of the Electricity Act read with the provisions of the Distribution of Electricity Licence (additional requirement of capital adequacy, credit worthiness and code of conduct) Rules, 2005, the UP Electricity Regulatory Commission (General Conditions of Distribution Licence) Regulations, 2004 and the UP Electricity Supply Code, 2005 so as to become entitled to the grant of second/parallel Distribution Licence in Greater NOIDA ?

…

9. According to the Appellant, none of the mandatory requirements contemplated under the Act, Rules and Regulation and Supply Code have been fulfilled by the first Respondent and despite this the parallel/second licence has been granted by the State Commission to the Ist Respondent on the basis of the wrong findings. On the contrary, it is submitted by to the Respondent, refuting the above contention that all the requirements contemplated and provided in the Act, Rules, Regulations and Supply Code have been fulfilled and as such the impugned order is perfectly justified.

10. In order to deal with this contention, it is necessary to quote the relevant provisions of the Act as well as the Rules and Regulations which empower the State Commission to grant parallel/second licence. Let us first see the sixth proviso of Section 14 of the Act, 2003 which is quite relevant to consider this issue:

"14. Grant of Licence: The appropriate Commission may, on an application made to it under Section 15, grant a licence to any person-

Provided also that the Appropriate Commission may grant a licence to two or more persons for distribution of electricity through their own distribution system within the same area, subject to the conditions that the applicant for grant of licence

within the same area shall, without prejudice to the other conditions or requirement under this Act, comply with the additional requirements relating to the capital adequacy, creditworthiness, or code of conduct as may be prescribed by the Central Government, and no such applicant, who complies with all the requirements for grant of licence, shall be refused grant of licence on the ground that there already exists a licensee in the same area for the same purpose:"

11. The above provision contains three parts:

(i) The first part confers the discretionary powers to the Appropriate Commission to grant second/parallel licence in the same area of supply to the Applicant.

(ii) The second part deals with the specific requirements to be satisfied by the applicant for the second licence in addition to the conditions and requirement which are otherwise to be satisfied by any applicant for licence. These additional requirements are:

(a) Capital Adequacy;

(b) Credit worthiness;

(c) Code of Conduct These additional requirements are to be prescribed by the Central Government.

(iii) The third part deals with the situation that only after the above requirements are duly satisfied, the Appropriate Commission will then consider the grant of licence on merits with reference to the other specified conditions. While considering the matter on merits, the Appropriate Commission shall not reject such a grant merely on the ground that there is already existing licensee in the area of supply. This means that the satisfaction of additional requirements specified will not automatically lead to the grant of second or parallel licence. In the same way, the State Commission can not reject the application merely on the ground of existence of the first licensee.

12. These three parts would indicate, that the applicant for second licence has to duly satisfy the additional conditions namely Capital Adequacy, Creditworthiness and Code of Conduct as may be prescribed by the Central Government and only on being satisfied about the additional requirements, the Appropriate Commission can proceed to consider the merits of the matter on the basis of the other aspects before granting the second licence.

13. It is relevant to note in this context that the Electricity Act, 2003 has provided only for the Central Government to prescribe such specific requirements and not for the State Commission. Thus, it is clear that once a precondition relating to the Capital Adequacy, Creditworthiness, Code of Conduct prescribed by the Central Government are satisfied, the State Commission or the Appropriate Commission can consider the other relevant aspects to decide also whether to grant parallel licence or not.

14. Whether to grant a parallel licence or not, purely lies with the discretion of the Appropriate Commission which has to be exercised judicially and judiciously for the reasons to be recorded. This does not mean that the Appropriate Commission is bound to grant a parallel licence, the moment the pre-conditions like Capital Adequacy, Creditworthiness, etc., are duly satisfied. In other words, even if these pre-conditions are satisfied, the Appropriate Commission is bound to consider all other relevant factors before granting the parallel/second licence. While exercising the discretion for granting the parallel/second licence, the Appropriate Commission, can not go beyond or act in contravention to its Rules and

Regulations framed in accordance with the provisions of the Electricity Act, 2003.

15. *The Central Government is empowered to frame second licence Rules and notify the same under Section 176 of the Electricity Act. Accordingly, the Central Government has notified "The Distribution of Electricity Licence (additional requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005." Rule 3 (1) and 3 (2) of the said Rules are relevant for the present case, are as under:*

3. *Requirements of Capital Adequacy and Creditworthiness:*

(1) *The Appropriate Commission shall, upon receipt of an application for grant of licence for distribution of electricity under Sub-section (1) of Section 15 of the Electricity Act, 2003, decide the requirement of capital investment for distribution network after hearing the applicant and keeping in view the size of the area of supply and the service obligation within that area in terms of Section 43.*

(2) *The Applicant for grant of licence shall be required to satisfy the Appropriate Commission that on a norm of 30% equity on cost of investment as determined under Sub-rule (1), he including the promoters, in case the applicant is a company, would be in a position to make available resources for such equity of the project on the basis of networth and generation of internal resources of his business including of promoters in the preceding three years after excluding his other committed investments.*

Explanation: For the grant of a licence for distribution of Electricity within the same area in terms of sixth proviso to Section 14 of the Act, the area falling within a Municipal Council or a Municipal Corporation as defined in the Article 243(Q)of the Constitution of India or a revenue District shall be the minimum area of supply.

16. *The above Rules clearly indicate what all are the conditions to be satisfied for grant of licence. It cannot be debated that the Central Government alone is competent to frame these Rules to decide on the nature and the extent of each of the conditions like "Capital Adequacy, Creditworthiness and Code of Conduct to be satisfied cumulatively, alternatively and individually.*

17. *The above Rules have been notified by the Central Government specifying mandatory pre-conditions only for the grant of the second licence and not for the first licence. In other words, it is to be stated that the Act has not chosen to provide these conditions to be satisfied in the case of first licence.*

18. *As provided in Rule-3, the first step to be taken by the Appropriate Commission on receipt of an application for second licence is to determine the requirement of 'Capital Investment' for distribution network to be established. Such a distribution network has to be established by the Applicant for a second licence independent of the existing distribution network.*

19. *The extent of the capital investment required is to be determined by Appropriate Commission with reference to the obligation envisaged in Section 43 of the Electricity Act, 2003. Section 43 of the Electricity Act provides as under:*

43. *Duty to supply on request:*

(1) *Every distribution licensee, shall, on an application by the owner or occupier of any premises, give supply of electricity to such premises, within one month after receipt of the application requiring such supply;*

Provided that where such supply requires extension of distribution mains, or commissioning of new sub-stations, the distribution licensee shall supply the electricity to such premises immediately after such extension or commissioning or

within such period as may be specified by the Appropriate Commission.

Provided further that in case of a village or hamlet or area wherein no provision for supply of electricity exists, the Appropriate Commission may extend the said period as it may consider necIPCLy for electrification of such village or hamlet or area.

(2) It shall be the duty of every distribution licensee to provide, if required, electric plant or electric line for giving electric supply to the premises specified in Sub-section (1):

Provided that no person shall be entitled to demand, or to continue to receive, from a licensee a supply of electricity for any premises having a separate supply unless he has agreed with the licensee to pay to him such price determined by the Appropriate Commission.

(3) If a distribution licensee fails to supply the electricity within a period specified in Sub-section (1), he shall be liable to a penalty which may extend to one thousand rupees for each day of default

20. This section clearly provides that there is a universal service obligation provided for the licensee to serve every consumer seeking electricity in its area of supply within one month of the receipt of the application. This necessarily implies that the capital investment cannot amount to be progressively determined for meeting the supply obligations.

21. Once this capital investment is determined, the Appropriate Commission is required to decide on the funding/financing of the capital investments in accordance with the relevant debt equity ratio. The Appropriate Commission has to decide on the total amount of the equity capital to be contributed by the applicant and its promoter which should be 30% normative. Accordingly, the Appropriate Commission has to make a detailed inquiry into the capital investments required and the means of financing by the applicant and satisfy itself before proceeding further.

22. The Appropriate Commission has not only to verify whether there are available resources for the capital investment of the project, but also to satisfy that such availability of resources has been shown solely based on the track record of the preceding three years of the applicant and its promoter. The networth and generation of internal resources of his business as determined based on the three preceding years, has to be adjusted further by reduction of all the committed investments outside the area of supply for which the second licence is made.

23. As indicated above, the Central Government has specifically chosen to provide Capital Adequacy, Creditworthiness, etc., the requirements to be fulfilled based on the three years past performance and not otherwise.

24. The Capital Adequacy is determined on the above basis; and on the basis of the Capital Adequacy so determined the ability of the Applicant to raise finances and funds has to be determined. The creditworthiness of the Applicant will have to be tested by considering whether external borrowings from Banks or Financial institutions will be available to the Applicant based on the fulfilment of the Capital Adequacy norms.

25. The applicant for a second licence is required to satisfy the State Commission the following pre conditions:

(a) The applicant with his promoter, based on their track record of the preceding three years has the requisite Capital Adequacy namely at least the provision of 30% of

equity on the total project cost/capital investments required in the distribution network in the entire Greater Noida area.

(b) Based on the track record of the preceding three years, the applicant and its promoters are in a position to arrange debt borrowings to meet the balance project capital cost or capital investments mentioned above.

(c) The application for the licence is for the minimum area as specified in the Explanation to Rule 3 of the above Rules.

26. In terms of provisions of the Act and the second licence Rules, there cannot be a phased development of the distribution network in the case of the second licence. The Applicant for the second licence should establish the capital adequacy and creditworthiness to meet service obligation for the entire area under Section43 first in the manner mentioned above before this second licence is made effective. Otherwise, the purpose of granting second licence, to provide level playing field and competition to the existing licensee in the interest of the consumer will never be achieved. In this context the relevant provisions of the National Electricity Policy 2005 is relevant:

5.4.7 ...With a view to provide benefits of competition to all section of consumers, the second and subsequent licensee for distribution in the same area shall have obligation to supply to all consumers in accordance with provisions of Section 43 of the Electricity Act, 2003. The SERCs are required to regulate the tariff including connection charges to be recovered by a distribution licensee under the provisions of the Act. This will ensure that second distribution licensee does not resort to cherry picking by demanding unreasonable connection charges from consumers.

27. The reading of the above clause would make it clear that the Applicant for the second licence should not be allowed to resort to cherry picking few areas in the beginning at the cost of existing licensee and it shall have the obligation of supply to all consumers in accordance with the provisions of Section 43 of the 2003 Act.

…

34. The fundamental statutory requirements for determining the capital investments required for establishing the distribution network shall be consistent with Section43 of the Electricity Act, 2003. In terms of the above statutory provisions, Respondent No. 1 was required to satisfy the capital adequacy norms. The capital adequacy to be satisfied should be based on the total capital investment for the distribution network consistent with satisfying universal service obligations as provided under Section 43 of the Electricity Act, 2003. It should be on the norms of 30% equity on the total investments to be determined by the State Commission.

35. The Capital Adequacy of 30% equity on the project cost is to be satisfied by the Applicant for the second licence and/or its promoter. The satisfaction to be met is that they will be in a position to make available resources for such equity based on the networth and generation of internal resources in the preceding three years. Therefore, the capital adequacy of the norms of 30% of the capital investment is to be objectively determined based on the annual accounts of the Applicant and his promoters of the preceding three years. This can not be left to be decided on the basis of the various other aspects such as arrears, guarantee, etc., that may be provided either by the Applicant or its promoter at the time of the application for grant of licence.

36. To make it clear, the second licence Rules specifically provide for determination of the capital adequacy through actual networth and generation of internal

resources in the preceding three years so that there can not be any uncertainty or ambiguity over the satisfaction with reference to the subjective criteria. Bearing this in our mind, if we look at the case on hand, it is evident that the track record of the Respondent-1 and his promoter, Uttar Pradesh Power Corporation Limited, as per the admitted financial accounts does not show the existence of networth or internal resources to make available of 30% equity on project cost.

37. *Admittedly, the Financial Statement enclosed along with the Application for licence by Respondent No. 1 were not audited and on the other hand, it shows the negative net with the accumulated losses of huge amount. Thus, it became clear that the conditions mentioned in Rule 3 (2) of the second licence licence with regard to networth and internal resources for establishing capital adequacy norms have not been fulfilled by the Respondent No. 1.*

38. *It is contended on behalf of the 1st Respondent that once the capital adequacy and credit worthiness are satisfied, then State Commission has no jurisdiction to go into other aspects and refuse the second licence on that basis. This contention is not tenable for two reasons. (i) The discretion vested in the Appropriate Commission as per the opening part of the sixth proviso and opening part of Section 14 itself with the use of the expression 'may': (ii) The expression used in the last part of the Proviso to the effect 'shall not be refused on the ground that there already exists a Licensee in the same area' would clearly indicate that Appropriate Commission cannot refuse the second licence merely on the ground of the existence of the licence but it can refuse the grant of second licence on other grounds. In other words, the very fact that the Sixth Proviso contains the words "shall not be refused" on the ground of the existence of the another licence instead of using the words "shall be granted licence" would reveal that Appropriate Commission in its discretion is empowered to refuse the grant of second licence on any other ground other than the ground of the existence of another licensee.*

39. *According to the Respondent No. 1, the State Commission can give time to the Applicant to full fill the requirements such as Capital Adequacy, Creditworthiness after granting parallel/second licence as post facto. This contention is totally untenable.*

40. *As indicated above, the wordings contained in sixth proviso to Section 14 clearly show that prior satisfaction of the requirements before the grant of second licence is mandatory. In other words, the requirements of pre-conditions are condition precedent for grant of licence and they can not be treated as a conditions subsequent to be satisfied during the actual operation of the said licence. The Learned Counsel for the 1st Respondent has cited the following authorities to substantiate his plea of ex post facto approval for grant of licence:*

…

41. *These decisions would deal with the approval for the transaction between the two contracting parties. But in the present case, the relevant provisions in the Act deal with the grant of licence and not for any approval or permission for transaction between the two contracting parties. The grant of licence is the statutory function of Appropriate Commission and exercise of the Appropriate Commission is dependent on satisfaction of the conditions specified. If the conditions specified as per the provisions are not fulfilled before granting the said licence, there can not be any grant of such licence with the stipulation that the conditions may be subsequently full filled by giving time frame. Therefore, these decisions cited by*

the Counsel for the Respondent have no application to the present case.

42. *In this case the State Commission has granted 5 years' time period to develop the network for the supply of electricity in the area, which is contrary to the very intent of prescribing the time lines for meeting Universal Service Obligation under the provisions of Act, 2003, the Regulations and the Supply Code.*

…

45. *On perusal of the letter dated 22.4.2009 sent by the Secretary, who is also said to be holding the post of Chairman, UPPCL, the Promoter Company of the Respondent No. 1, would indicate that in case the parallel licence is granted to the Applicant (PVVNL), the State Government will consider to provide financial help for establishing and strengthening the distribution network. It does not indicate that the sovereign guarantee has been given by the State Government for providing the entire funds to the Applicant. "Will Consider" can not be construed to be a "Sovereign Guarantee". So the conclusion arrived at by the State Commission to the effect that the above letter shall be considered to be a Sovereign Guarantee and as more than an assurance by the Government for the development and strengthening the distribution network, is totally wrong as the same is contrary to the contents of the letter dated 22.4.2009. On the other hand, as referred to above, the said letter only expresses that the State Government may consider providing funds to the Respondent No. 1. This letter does not show that the State Government has made any budgetary allocation for providing equity capital to Respondent No. 1 to the extent of 30% of the capital investment. 46. As a matter of fact, the State Commission has given too much of importance to the so called guarantee letter dated 22.4.2009 issued by the Secretary to the Government by construing the said letter as sovereign guarantee issued by the State Government. Admittedly, as mentioned above, this is not a decision of the cabinet of the State Government. Merely because the Respondent No. 1 and UPPCL happened to be the Government Companies, it cannot be concluded that it has satisfied the capital adequacy norms. In order words, the fact that the Company is a Government Company would not be construed to be sufficient to fulfil the mandatory requirements of capital adequacy and creditworthiness. The Respondent No. 1 or its promoter is a mere Company which is like any other company promoted by a large Company in the country. No exception can be carved out for the Respondent No. 1 or its promoter merely because the Company is owned by the State Government. Neither, the Electricity Act, 2003, nor the Regulations framed by the State Commission make any exception for the Companies owned by the Government.*

47. *Thus, it is clear that the satisfaction of capital adequacy and credit worthiness have to be established through past performance with preceding three years and not by any external assurance or guarantee, etc. Hence, the so called guarantee as assurance given by the State Government which has been wrongly construed as sovereign guarantee, is not at all relevant if the capital adequacy and credit worthiness are not otherwise established as required by the Rule 3 (2) of Second Licence Rules. In other words, the said letter dated 22.4.2009 cannot be a fulfilment of Rule 3(2) of the second licence Rule. As per the Rules as mentioned above, the capital adequacy and credit worthiness shall be determined based on the networth and the internal resources for the preceding three years in the business of the Applicant or its promoter. Admittedly, this has not been done.*

…

52. *According to the Learned Counsel for the Appellant the Second Licence Rules in the explanation given under Rule 3 defines the minimum area of supply for which second licence can be given. Accordingly, the minimum area of supply should be the area of Municipal Council or a Municipal Corporation or a revenue district. The licenced area of the Appellant is neither a Municipal Council nor a Municipal Corporation or a revenue district.*

53. *In this context, it is proper to find out the intention of the legislature for envisaging a condition of minimum area supply for the grant of parallel licence. The intention can be gathered from the Clause 5.4.7 of the National Electricity Policy, 2005. Let us quote the said clause which refers to the minimum area requirement in case of parallel licence which is as under:*

5.4.7 *...For grant of second and subsequent distribution licence within the area of an incumbent distribution licensee, a revenue district, a Municipal Council for a smaller urban area or a Municipal Corporation for a larger urban area as defined in the Article 243(q) of Constitution of India &74th Amendment) may be considered as the minimum area.*

54. *Thus, this Clause provides for the provision of minimum area supply, is to ensure that the parallel/second distribution licensee would not resort to cherry picking.*

…

63. *SUMMARY OF FINDINGS*

(A) *The 6th proviso of Section 14 of the Act, 2003 contains three parts. The first part confers discretionary powers to the Appropriate Commission to grant second/parallel licence in the same area of supply to the Appellant. The second part deals with the specific requirements to be satisfied by the Applicant for the second licence namely (1) Capital Adequacy (2) Credit Worthiness and (3) Code of Conduct as may be prescribed by the Central Government. The third part deals with the situation that only after the above conditions are duly satisfied, the Appropriate Commission will consider the grant of licence on merits with reference to the other specified conditions. In order to meet the obligation to supply as per Section 43 of the Electricity Act, 2003, the Applicant is required to satisfy the Capital Adequacy and creditworthiness norms and the same should be based on the total capital investments for the distribution network. It should be on the norms of 30% equity on the total investments to be determined by the State Commission. In this case, these requirements as contained in Section 14 as well as in Section 43 of the Act have not been satisfied.*

(B) *The Second Licence Rules specifically provide for determination of capital adequacy through actual networth and generation of internal resources in the preceding three years. But in this case, the track record of the Respondent No. 1 and his promoter i.e. Uttar Pradesh Power Corporation Limited as per admitted financial accounts does not show the existence of the networth or internal resources to make available of 30% of the capital project cost . Admittedly, the financial statement enclosed along with the application for licence which were not audited shows the negative net with the accumulated losses of huge amount. Thus, it became evident that the conditions mentioned in Rule 3 (2) of the second licence have not been fulfilled. According to the Respondent No. 1, the State Commission is empowered to give time to the Applicant to fulfil the requirements such as capital adequacy, credit worthiness etc after granting parallel/second*

licence as ex post facto. There is no basis for this contention. The wordings contained in sixth proviso of Section 14 clearly shows the prior satisfaction and the compliance of the requirements on these pre conditions by the State Commission is a must and mandatory. In other words, the requirements relating to pre conditions are condition precedent for grant of licence and the same cannot be treated as condition subsequent to be satisfied during the actual operation of the said licence. In this case, admittedly, the second licence has been granted without insisting for the compliance for the requirements of pre-conditions but granted the said licence directing the Applicant to fulfil those requirements within a period of five years by giving a wrong interpretation.

(C) The first Respondent relied upon a letter dated 22.4.2009 addressed to the State Commission sent by the Secretary of the Department of Energy, State Government to show the State Government has given a guarantee assuring for the capital cost for the project. The contents of the said letter can not be considered to be a 'sovereign guarantee' especially the said letter would not amount to satisfy the mandatory pre-conditions. Just because the first Respondent as well as the Promoter is a Government Company, no exception can be carved out since neither the Electricity Act, nor the Regulation framed by the State Commission make any such exception for the Companies owned by the State Government. The satisfaction of the capital adequacy and creditworthiness have to be established through past performance in the business of the Applicant and its promoter in the preceding three years and not by any external assurance or guarantee etc. This has not been done in this case.

(D) The Uttar Pradesh Electricity Regulatory Commission (General Conditions of Distribution Licence) Regulations 2004 requires the satisfaction of the State Commission regarding the technical and financial ability of the Applicant to undertake the business. In the present case, the State Commission has failed to consider as to whether the Respondent No. 1 is financially able or not.

64. In view of our above findings, the order impugned which suffers from various infirmities referred to above is set aside. Thus, Appeal is allowed. However, there is no order as to costs."

7.5.11. That the ratio of the aforesaid judgment squarely applies to the facts of the present case. The Petitioner seeks to establish its creditworthiness primarily on the basis of (i) a solvency certificate issued by its banker, (ii) the prevailing market valuation of listed equity shares held by its promoter entity, and (iii) undertakings furnished by its partners regarding future equity infusion. None of these documents demonstrates actual financial capability in the manner contemplated under Rule 3(2). As held by the Hon'ble Tribunal, capital adequacy and creditworthiness cannot be founded upon external assurances, speculative valuations or prospective commitments. Instead, they must be evidenced by audited financial statements reflecting actual net worth and internal resource generation during the preceding three years. The Petitioner has failed to satisfy this mandatory statutory requirement.

7.5.12. That given the peculiarity of the case, the Respondent reiterates its submission on capital adequacy requirements as follows:

a) The Petitioner is a wholly-owned subsidiary of SAS Fininvest LLP, which holds a 99.99% shareholding. The Petitioner's complete lack of operational experience in the electricity distribution sector is a matter of serious concern. The operation of a distribution licensee in an area spanning two entire revenue districts, Gurugram and Nuh, which include major industrial hubs such as Gurugram, Manesar, Sohna, and the rapidly developing Nuh district, requires substantial institutional capacity and proven ability to manage a complex and large-scale distribution system. A newly incorporated entity with no operations cannot, merely on account of its consortium arrangements, be equated with an entity that has demonstrated such capacity.

b) The Petitioner has stated to have entered into a Memorandum of Understanding (MOU) with three consortium partners- (1) M/s HEC Infra Projects Limited, (2) M/s Advait Energy Transitions Limited, and (3) M/s Vision India Services. It is submitted that the Petitioner has solely relied upon the experience of the consortium partners. In this regard, it is submitted that the MoU relied upon by the Petitioner cannot be taken into consideration, as it is merely a non-binding document and does not create any legally enforceable rights or obligations. The MoU placed on record by the Petitioner is an unsigned document (Page No. 233 onwards of the present petition). In other words, the Petitioner has not placed on record any valid and binding consortium agreement. In the absence thereof, there is no certainty that the technical and operational capabilities of the entities sought to be relied upon by the Petitioner would be available during the term of the Licence.

c) Attention of the Hon'ble Commission is invited towards Sr. No. 2 of the Form-I (At page no. 30 of the present petition) wherein in reply to the question as to "How long the applicant has been in the business of transmission/ distribution of electricity" the Petitioner has appended experience certificate of the purported consortium partners only. The attention of the Hon'ble Commission is also invited to pages 8 to 10 of the present Petition, wherein the Petitioner has furnished details of the track record and large-scale projects allegedly undertaken by its consortium partners. It is submitted that, in the absence of any binding and enforceable agreement between the Petitioner and the said entities, such submissions cannot be accorded any weight or consideration. Further, and in any event, the application for grant of Distribution Licence has been filed by M/s Eleven Power Pvt. Ltd. in its individual capacity. Therefore, the past performance, experience, or projects executed by the purported consortium partners cannot be

treated as the experience or credentials of the Petitioner and do not advance its case for grant of the licence.

d) Similarly, at Sr. No. 6(c) of Form-I wherein the "Ability to perform functions of transmission/ distribution of electricity in a sustainable manner" was required to be shown by the Petitioner, the Petitioner has stated to have appended the experience certificate of the purported consortium partners, which cannot be taken into account as the Licence is being sought by the Petitioner in its individual capacity.

e) Attention of this Hon'ble Commission is also invited to the financial particulars of M/s SAS Fininvest LLP and the alleged consortium partners placed on record by the Petitioner at pages 38 to 42 of the petition. A perusal thereof reveals that the figures furnished therein are stated to be based on the "Value of Services" and not on the basis of audited financial statements. Consequently, the said particulars cannot be treated as a reliable indicator of the financial strength of the entities concerned. It is further pertinent to note that, under the column pertaining to "Capital Adequacy and Creditworthiness" of M/s SAS Fininvest LLP at page 38 of the petition, the entry has been reflected as "N.A.". The aforesaid disclosure clearly demonstrates that the Petitioner has not placed on record any material to establish the capital adequacy or creditworthiness of its own promoter entity.

f) Furthermore, the consortium partners are not parties to the present petition, which is significant given that the Petitioner entirely and exclusively relies upon their experience and technical capabilities to demonstrate its own eligibility. As such, the Petitioner may also be directed to implead the purported consortium parties to be party respondents to the present proceedings.

g) This Hon'ble Commission has, in its Interim Order dated 26.05.2026, itself flagged the following concern regarding the Petitioner's financial capability:

"e) ... ... The petitioner company was incorporated on 06.06.2025 with an authorized share capital of ₹100 crore and a paid-up share capital of ₹1 crore. In view of the foregoing, the petitioner is directed to furnish a detailed justification for adopting the market value of the holding company, in preference to its book value, for the purpose of assessing net worth and financial capability, particularly when the petitioner's authorized share capital is only Rs. 100 crores as against the proposed equity contribution requirement of Rs. 1,415.02 crore. The petitioner shall further clarify the apparent financial inconsistencies arising from the aforesaid disclosures and submit a comprehensive debt-equity capitalization plan,

clearly identifying the proposed sources of equity and debt funding, the manner and timeline of infusion thereof, and documentary evidence substantiating the availability of the requisite financial resources. ... ... "

7.5.13. The Respondent-DHBVNL and UHBVNL seeks liberty to file a detailed additional reply when the details as sought by the Hon'ble Commission are submitted by the Petitioner.

7.5.14. That before examining compliance with the capital adequacy requirements, the Hon'ble Commission is required to determine the capital investment necessary for discharge of the Universal Service Obligation under Section 43 of the Electricity Act, 2003 throughout the entire proposed licenced area. Only thereafter can the Commission assess whether the Applicant and its promoters possess the requisite capital adequacy and creditworthiness based upon their actual financial capability and audited financial performance during the preceding three years.

7.5.15. That Capital adequacy is intrinsically linked to the capital investment required for serving the entire licenced area and discharging the statutory obligations of a distribution licensee.

7.5.16. That the significance of this requirement becomes evident from the recent proceedings before the Hon'ble Maharashtra Electricity Regulatory Commission in the Tata Power Nashik parallel licence matter. The Commission specifically directed the applicant to demonstrate compliance with the Capital Adequacy and Creditworthiness requirements considering the capital expenditure required to supply electricity to all consumers within the proposed licenced area and further sought clarification considering multiple licence applications taken together. In response, Tata Power has expressly stated that "making the projection of the Capital Expenditure for serving the consumer base of the entire licence area is difficult and the exercise may be done at a later point of time and assessment of Capital Adequacy may be done at that point of time.

7.5.17. That if the capital expenditure required for serving the entire licenced area cannot presently be determined, it necessarily follows that compliance with the Capital Adequacy and Creditworthiness requirements prescribed under the 2005 Rules cannot be established at the stage of licence consideration. In such circumstances, the statutory satisfaction required under the sixth proviso to Section 14 of the Electricity Act, 2003 remains incomplete.

7.5.18. That before any consideration of grant of licence, the Hon'ble Commission is requested to: i) determine the capital investment necessary for discharge of universal service obligations throughout the entire Gurugram and Nuh Revenue Districts; ii) determine the corresponding equity requirement in accordance with Rule 3(2) of the Distribution Licence Rules, 2005; and iii) satisfy itself, on the basis of audited financial performance, net worth

and internal resource generation of the Applicant and its promoters during the preceding three years, that the required equity resources are demonstrably available.

7.5.19. That the Hon'ble Commission may require the Petitioner to disclose any additional details:

a) existing borrowings;
b) debt obligations;
c) group liabilities;
d) ongoing infrastructure commitments;
e) committed capital expenditure programmes;
f) contingent liabilities;
g) guarantees and financial undertakings.

7.5.20. That only after adjusting such commitments can the true financial capability of the Petitioner be assessed. Accordingly, the Petitioner ought to be directed, at the very threshold, to demonstrate and establish its compliance with the requirements prescribed under the Rules, 2005. The burden of satisfying the statutory and regulatory eligibility criteria squarely rests upon the Petitioner and cannot be discharged by relying upon the credentials of third parties.

7.5.21. That the Petitioner has failed to discharge the burden cast upon it under the Electricity Act, 2003 and the applicable Rules. The petition is therefore liable to be rejected. Alternatively, the Petitioner may first be directed by Hon'ble Commission to furnish the information, studies and assessments identified herein before any further consideration of the licence application. Capital adequacy is not an abstract financial requirement but is intrinsically linked to the Applicant's ability to establish, operate and maintain the infrastructure necessary for discharge of its obligations throughout the proposed licenced area.

7.6. OBJECTIONS WITH RESPECT TO CODE OF CONDUCT

7.6.1. That under Rule 4 of the Electricity Rules, 2005, the applicant is required to satisfy the Appropriate Commission of its compliance to the Code of Conduct. Eleven Power has substantially relied upon SAS Fininvest LLP for its financial capabilities, management support, and technical expertise, rather than demonstrating independent eligibility and compliance on its own. The application for grant of distribution licence is liable to be rejected, as in such a case to assess the compliance of statutory requirements, and particularly the requirement of code of conduct, the petitioner ought to place on record a corresponding undertaking/code of conduct from its promoter as well, to establish full compliance with the applicable licensing criteria, to the satisfaction of the Commission. The relevant portion of the rule is as hereunder:

"4. Requirement of Code of Conduct.—The applicant for grant of licence shall satisfy the

Appropriate Commission that he has not been found guilty or has not been disqualified under any of the following provisions within the last threc years from the date of the application for the grant of licence: (a) Section 203, Section 274, Section 388B or Section 397 of the Companies Act, 1956; (b) Section 276, Section 276B, Section 276BB, Section 276C, Section 277 or Section 278 of the Income-tax Act, 1961; (c) Section 15C, Section 15G, Section ISH or Section ISHA of the Securities and Exchange Board of India Act, 1992; (d) clasue (b), (bb), (bbb), (bbbb), (c) or (d) of Sub-section (1) of Section 9 the Excise Act, 1944; (e) Section 132 or Section 135 of the Customs Act, 1962, ad that the applicant is not a person in whose case licence was suspended under Section 24 or revoked under Section 19 of the Act, within the last three years from the date of application: Provided that where the applicant is a company, it shall satisfy the Appropriate Commission in addition to provisions of this rule that no petition for winding up of the company or any other company of the same promoter has been admitted under Section 443 (e) of the Companies Act, 1956 on the ground of its being unable to pay its debts."

7.6.2. That the Petitioner has relied on parent company credentials for Financial strength and on Consortium Partners for their Technical strength, promoter's and Consortium Partners compliance should also be checked otherwise it will defeat the purpose of such statutory requirement.

7.7. MISREPRESENTATION OF FACTS

7.7.1. That the Petitioner has relied extensively upon the experience and expertise of certain named individuals to establish its technical and managerial capability to undertake the licenced distribution business. On a perusal of the CVs annexed to the Petition, however, the designations attributed to several such individuals in the body of the Petition are not borne out by, and are in several instances directly contradicted by, the CVs themselves. The following discrepancies are placed on record:

Details of Manpower placed on record in Petition by Eleven Power

Sr.	Name	Qualification	Experience (Years)	Description- as shown in Petition	Submissions in CV and Remarks
1	Samarjit Mohanty	MBA	24	Chief Executive Officer – Distribution – Eleven Power	NO designation. He is shown as employee of SAS Energy
2	Manoj Ku Singh	B.Tech, Electrical & MBA	35	Advisor, Eleven Power; Ex COO-TPCODL; Ex CGM-CESU	COO at TPCODL from June 2020 to till date
3	Maruthi Mallepalli	B.Tech, MTech in Power System-IIT (R)	23	Advisor-Eleven Power; Ex-COO-Enugu Discom; Ex-CTO-FIPL	Consultant at Shriti Software Solutions
4	Manoj Ku Vats	B.Tech	35	Independent Director (Technical) – Eleven Power; Ex Director (Technical) – HVPNL	NO designation-Shown as employee of SAS Energy
5	Manoj Ku Panda	B.Tech	34	Director – Business Development, New Consumer Acquisition & CRM – Eleven Power	Director Business Development at SAS Energy (APR 2025 to till date)
6	Puneet Munjal	MBA-Finance	39	Chief Regulatory Officer – Eleven Power; Ex TPC-Chief of Commercial,	Self-employed (2004 Onwards)

Sr.	Name	Qualification	Experience (Years)	Description- as shown in Petition	Submissions in CV and Remarks
				Regulatory Affairs and Advocacy	
7	Ram Swarup	Computer Engineering & Power BI	25	Dy Director – Distribution – Eleven Power; Revenue Management & Regulatory	No Designation – Shown as employee of SAS Energy (FEB 2025 to till date)
8	Gaurav Kapoor	B.Tech, MBA – IIM (K)	20	VP – Smart Grid; Ex-Head Commercial JUSCO; Advance Metering, Billing & O&M Expert	VP – Smart Grids at TekUncorked AlloT Pvt.LTd
9	Rajesh Ku Bhoi	B.Tech, Electrical	16	General Manager – Distribution; O&M, Load Management & Revenue Management	General Manager (O&M) at SAS energy (April 2025 to till date)
10	Hitesh Golsa	B.Tech, MMS	19	Head – Operations – Smart Metering	Operation Head,GMR Smart Meeting,Agra (Feb 20024 to till date)
11	Suryakant Maharana	B.Tech, Electrical	15	Division Manager; Expertise – O&M, Network Management, CRM & Capex/Opex Work	Divisional Manager (O&M) at SAS Energy (NOV 2025 to till Date) ; Name Error: Suryakanta Maharana
12	Soumya Mishra	B.Tech, Electrical	13	Division Manager; Expertise – O&M, Network Management, CRM & Capex/Opex Work	Divisional Manager (O&M) at SAS Energy Energy (NOV 2025 to till Date); Name Error: Saummya Ranjan Misra

7.7.2. That it is submitted that the above discrepancies are not minor clerical errors but go to the root of the Petitioner's claim to technical and managerial competence. That of the twelve individuals whose credentials are relied upon, not a single CV affirmatively shows the individual concerned as presently holding the designation, or being presently engaged with Eleven Power, in the manner represented in the Petition. The pattern that emerges is as follows:

i. Four individuals (Mr. Mohanty, Mr. Vats, Mr. Panda, Mr. Swarup) are shown in their own CVs as employees of SAS Energy, a different entity with no designation against Eleven Power at all;

ii. Two further individuals (Mr. Bhoi, and Mr. Maharana/Mr. Mishra under their correct names) are likewise shown as current employees of SAS Energy, not Eleven Power;

iii. Mr. Singh's CV affirmatively shows him as continuing to hold his existing position as COO, TPCODL — a position inconsistent with the role of "Advisor, Eleven Power" attributed to him in the Petition;

iv. Mr. Munjal is shown as self-employed since 2004, with no reference to any engagement with Eleven Power;

v. Mr. Kapoor and Mr. Golsa are shown as currently employed with third-party organisations (TekUncorked AIIoT Pvt. Ltd. and GMR Smart Metering, Agra, respectively), again with no reference to Eleven Power; and

vi. the names of two individuals are misstated in the Petition itself, raising a further question as to the care with which the supporting material has been compiled and verified.

7.7.3. That it constitutes a misrepresentation of facts before this Hon'ble Commission. The Petition seeks to project a depth and continuity of technical and managerial personnel that the Petitioner's own annexed documents do not support. An applicant seeking the grant of a parallel distribution licence is a privilege that is to be granted only upon strict satisfaction of statutory pre-conditions, as set out in the submissions above cannot be permitted to discharge its burden of demonstrating technical and managerial capability by attributing to named individuals positions and engagements that those very individuals' own CVs do not establish, and in several instances affirmatively contradict.

7.7.4. That the Petitioner be called upon to place on record contemporaneous documentary evidence such as appointment letters, employment contracts, Board resolutions, or other instruments evidencing engagement establishing the present designation, employment status, and contractual commitment of each such individual to Eleven Power. Until such verification is placed on record and independently established, the technical and managerial capability claimed by the Petitioner on the strength of these individuals cannot be treated as conclusively, or even prima facie, established, and ought to be disregarded for the purpose of assessing the Petitioner's eligibility for grant of the licence sought.

7.8. ADDITIONAL STATUTORY REQUIREMENTS

7.8.1. Section 14: Hierarchy of Statutory Requirements

Section 14 of the Electricity Act 2003 governs the grant of distribution licences by the Appropriate Electricity Regulatory Commission. Section 14 is extracted hereunder for the sake of convenience;

"14. Grant of Licence. - The Appropriate Commission may, on an application made to it under section 15, grant a licence to any person-
(a)to transmit electricity as a transmission licensee; or
(b) to distribute electricity as a distribution licensee; or
(c) to undertake trading in electricity as an electricity trader,
In any area as may be specified in the licence:
… … … …
Provided also that the Appropriate Commission may grant a licence to two or more persons for distribution of electricity ***through their own distribution system*** *within the same area, subject to the conditions that the applicant for grant of licence within the same area shall, without prejudice to the other conditions or requirements under this Act, comply*

*with the **additional requirements** (relating to the capital adequacy, Credit worthiness or code of conduct) as may be prescribed by the Central Government, and no such applicant, who complies with all the requirements for grant of licence, shall be refused grant of licence on the **ground that there already exists a licensee in the same area for the same purpose**:*

7.8.2. That the sixth proviso to Section 14 expressly contemplates the grant of a licence in an area where a distribution licensee already exists. DHBVN presently operates and maintains the distribution network in the area for which the Petitioner seeks a licence. Accordingly, the sixth proviso squarely applies, and the Petitioner must meet the criteria stipulated therein.

7.8.3. That the proviso requires, inter alia, that the applicant must supply electricity through its own distribution system, in addition to meeting the "additional requirements" prescribed by the Central Government relating to capital adequacy, creditworthiness and code of conduct. The use of the term "additional requirements" makes it abundantly clear that the Central Government's criteria are supplementary, incremental, and not a substitute for the core statutory obligations under the Electricity Act, 2003, the Regulations framed by this Hon'ble Commission, and the broader considerations governing the grant of a distribution licence. The said additional requirements are therefore supplementary and secondary conditions and do not exhaust the scope of examination by the Hon'ble Commission. These additional requirements do not exhaust the Commission's scrutiny. Rather, they operate in addition to the foundational requirements that every applicant must independently satisfy under the EA 2003 and the applicable Regulations.

7.8.4. That from the above, the structure of Section 14 therefore establishes a clear hierarchy:

- **Primary requirements** under the Act and Regulations are mandatory and form the first level of scrutiny.
- **Additional requirements** prescribed by the Central Government are secondary and come into consideration only after the primary statutory obligations are fulfilled.

7.8.5. That the Hon'ble Commission is bound to first examine whether the Petitioner satisfies the primary statutory conditions including obligations relating to development of a distribution system, universal service obligations, technical feasibility, power procurement adequacy, tariff stability, and cross-subsidy protection. Only thereafter can the Commission proceed to evaluate compliance with the supplementary requirements prescribed by the Central Government.

7.9. FAILURE TO DEMONSTRATE INFRASTRUCTURE READINESS

7.9.1. That Section 42(1) of the Electricity Act, 2003 imposes a mandatory and non-derogable statutory duty on every distribution licensee to develop and maintain an efficient,

coordinated and economical distribution system in its area of supply. The extract of the aforesaid section is reproduced as under;

Section 42. (Duties of distribution licensee and open access): --- (1) It shall be the duty of a distribution licensee to develop and maintain an efficient, co-ordinated and economical distribution system in his area of supply and to supply electricity in accordance with the provisions contained in this Act.

7.9.2. That a plain and contextual reading of Section 42(1) makes it evident that the obligation to "develop and maintain" is a substantive statutory requirement that lies at the core of the licensing framework. The Petitioner, therefore, must demonstrate the existence or at minimum, a credible and comprehensive plan for the creation of a complete, functional, and area-wide distribution network covering the entire licenced geography of revenue districts of Gurugram and Nuh.

7.9.3. That the above interpretation has been authoritatively interpreted by the Hon'ble APTEL in Appeal No. 132 of 2011 (Tata Power Company Limited v. MERC), wherein the Tribunal held:

"The term develop used in this definition is wider than the term build or establish… Development of distribution system requires proper planning and building of the network."

7.9.4. That the above interpretation is binding and clarifies that "develop" is a term of wider import than merely "build". It encompasses planning, designing, establishing, expanding, and maintaining a complete distribution system. It also confirms that a parallel licensee must, as a matter of statutory compulsion, build and maintain its own distribution network. This requirement is a sine qua non for the grant of a distribution licence and constitutes a primary statutory condition under Section 14 of the Act.

7.9.5. That the Petitioner's proposal to construct its network in a phased wise manner does not satisfy Section 42(1) because the statutory obligation is continuous and area-wide, not partial or incremental, a distribution licensee must have a complete, functional distribution system across the entire licenced area from the date of licence grant and phased development creates periods where the applicant cannot operate or maintain a distribution system in large parts of the licenced area.

7.9.6. That the Hon'ble Supreme Court in Indian Railways v West Bengal Electricity Distribution Co Ltd & Ors, [2026] 5 SCR 479, has laid down a twin test that every applicant for a distribution licence must mandatorily satisfy;

"The distribution of electricity under the Electricity Act is subject to a strict licenced framework. Section 2(17) defines "distribution licensee" as a licensee authorised to operate and maintain a distribution system for supplying electricity to consumers in its area of supply. The term "distribution system" is separately defined under Section 2(19) as the system wires and associated facilities between delivery points on the transmission lines or the generating station connection and the point of connection to the installation of

the consumers. ***A conjoint reading of the two provisions makes it clear that any person or entity seeking the grant of s distribution licence under Section 14 of the Electricity Act must mandatorily fulfil the twin requirements-***
(a) operating and maintaining a distribution system for supply of electricity to consumers and
(b) supplying electricity to consumers within their area of supply"

7.9.7. That the Petitioner's application fails both limbs. It has not submitted any area-wide network rollout plan for the complete revenue districts of Gurugram and Nuh. Its proposal indicates selective development only in certain pockets particularly in the Nuh region while relying on DHBVNL's existing network for the remaining areas. Such selective or partial development is incompatible with Section 42(1) and violates the Supreme Court's twin test.

7.9.8. That the Petitioner's failure to propose or commit to an area-wide distribution system renders its application legally untenable and fundamentally non-compliant with the statutory framework governing distribution licensing

7.9.9. That In addition to the understatement of Capital requirement to cater to consumers in the proposed licence area, the establishment and operation of a distribution utility across two Revenue Districts requires extensive physical, technical and operational infrastructure, including EHV connectivity, receiving stations, distribution substations.

7.9.10. That the Petition does not adequately demonstrate the infrastructure readiness necessary for discharge of the obligations associated with a distribution licence. In particular, the Petition does not furnish sufficient details regarding:

a) proposed EHV connectivity arrangements;
b) substation development and commissioning plans;
c) distribution network architecture and system configuration;
d) feeder-wise implementation and network rollout plans;
e) phasing of network development and completion timelines;
f) capital deployment milestones;
g) SCADA, control centre and system operation arrangements;
h) consumer service infrastructure; and
i) operation and maintenance framework.

7.9.11. That the Petition does not place on record a comprehensive implementation framework demonstrating the manner in which the proposed infrastructure shall be established, commissioned, integrated and operated across the proposed licenced area. In the absence of sub-station-wise development plans, feeder-wise implementation schedules, network rollout milestones and completion timelines, it is not possible to meaningfully

assess whether the proposed infrastructure can realistically support distribution operations throughout the proposed area of supply.

7.9.12. That readiness of a distribution licensee is not limited to creation of physical assets alone. A distribution utility is also required to possess adequate operational capability for system operation, load management, outage handling, emergency response, consumer service delivery and field maintenance activities. However, the Petition does not adequately explain the arrangements proposed with respect to:

a) system operation and network management;
b) coordination with system and grid operation agencies;
c) outage management and restoration mechanisms;
d) emergency response arrangements;
e) consumer complaint redressal systems; and
f) field operation and maintenance activities.

7.9.13. That the Petition also fails to establish institutional and organizational readiness necessary for undertaking distribution operations across the proposed licenced area. Distribution operations require a robust field organization comprising technical, operational, commercial and consumer service personnel supported by an appropriate organizational framework. However, the Petition does not disclose:

a) the proposed organizational structure
b) field office and operational framework;
c) staffing and manpower deployment plans;
d) training and capacity-building arrangements; or
e) allocation of operational responsibilities across various functions.

7.9.14. That the Petition does not provide an adequate basis for evaluating the infrastructure readiness, operational capability and institutional preparedness of the Applicant. The Hon'ble Commission may therefore require the Applicant to furnish detailed infrastructure development plans, network implementation schedules, operational frameworks, manpower deployment plans and supporting technical documentation before any determination regarding grant of licence is undertaken.

7.9.15. That the existing distribution infrastructure of DHBVNL has been planned, developed and operated for serving its own consumer base in accordance with approved load forecasts, network planning criteria and operational requirements. The network is presently carrying substantial consumer load and is being continuously augmented to meet the growing demand within the licenced area. Accordingly, it may not be presumed that the existing infrastructure of DHBVNL would be available for accommodating the distribution

operations of the Applicant. The Applicant is therefore required to independently demonstrate the availability of adequate network infrastructure and capacity for discharging its obligations as a distribution licensee without reliance upon the existing distribution system of DHBVNL.

7.9.16. That the proposed licenced area includes substantial rural and semi-rural areas falling within Nuh District, which possesses distinct demographic, socio-economic and consumer characteristics having a direct bearing on electricity distribution operations and network economics.

7.9.17. Nuh District comprises a significant proportion of rural consumers, agricultural consumers, low-density habitations and geographically dispersed load centres. Such consumer categories and geographical conditions generally require higher network investment per consumer, greater operation and maintenance expenditure, enhanced service obligations and longer infrastructure deployment timelines when compared with dense urban and commercial areas.

7.9.18. However, the Petition does not disclose any dedicated strategy, implementation framework or area-specific roadmap demonstrating the manner in which the Applicant proposes to discharge its obligations towards such consumers. No particulars have been furnished regarding rural network expansion, agricultural consumer coverage, service delivery obligations or infrastructure development plans for the rural and low-density areas forming part of the proposed licenced area.

7.9.19. The Hon'ble Commission may therefore require the Applicant to specifically demonstrate its commitment towards equitable development of electricity infrastructure throughout Nuh District and other less remunerative areas forming part of the proposed licenced area. Failure to establish such commitment raises serious concerns regarding the viability and sustainability of the proposed licensing model and the Applicant's ability to discharge area-wide distribution obligations.

7.9.20. That the Hon'ble Commission may require the Applicant to furnish and demonstrate: i) area-wise service obligations; ii) district-wise consumer coverage plans; iii) consumer category-wise service commitments; iv) network rollout obligations and implementation milestones; and v) timelines for ensuring availability of supply throughout the proposed licenced area.

7.9.21. That until such information is furnished and duly examined, the Petition does not provide an adequate basis for assessing the Applicant's ability to serve the entire licenced area in an equitable and non-discriminatory manner. The Petition therefore remains incomplete and incapable of meaningful evaluation on this aspect.

7.9.22. That, Hon’ble Commission vide HERC (Duty to Supply Electricity on Request and Power to Recover Expenditure and Power to Require Security) Regulations, 2016 (2nd

Amendment) Regulations, 2023, notified on 27.09.2023 has specified conditions of Supply for new Sectors 58–115 and Sector 37-C & 37-D of Gurugram, new sectors of Faridabad and areas falling on the left side of Delhi – Jaipur highway in Dharuhera.

7.9.23. That the Hon'ble Commission had directed to release all electricity connections in configuration of 220/33/0.4kV in new Sectors 58 – 115 and Sector 37C & 37D of Gurugram, new sectors of Faridabad and areas falling on the left side of Delhi – Jaipur highway in Dharuhera through 33 kV Belt/33 kV PPB. Hon'ble Commission categorically mentioned that where electrification plan has already been approved on 11kV and adequate infrastructure for the ultimate load at 11kV has been created, that infrastructure to be upgraded from 11 kV to 33 kV level and an expenditure to the tune of more than 1,000 Cr. has already been incurred under Smart City Project.

7.9.24. That the Petitioner in the above mentioned areas has proposed to create infrastructure at 11 kV network and has not specified any plan to upgrade the network from 11 kV to 33 kV level.

7.9.25. That the Petitioner has failed to satisfy the mandatory requirement of infrastructure readiness as per the HERC specified Regulations and the licence application, therefore, deserves to be summarily rejected on this ground alone.

7.9.26. That in the IPCL matter the Hon'ble Commission scrutinized the applicant's infrastructure readiness and reject the Petition on deficiency on this ground. The relevant portion of India Power Corporation Limited (HERC/PRO-08 of 2014) reads as hereunder:

"In view of the above discussions, the Commission holds that the present application for grant of a second Distribution Licence in Gurgaon Municipal Corporation area, is deficient in form and content as well as pre – mature including ***the assessment of infrastructure required*** *and the corresponding investments to build and operate a reliable distribution. Hence the Commission is left with no other option but to reject the same."*

7.10. <u>FAILURE TO DEMONSTRATE COMPLIANCE WITH UNIVERSAL SERVICE OBLIGATION UNDER SECTION 43 OF THE ELECTRICITY ACT, 2003</u>

7.10.1. That the Petitioner has failed to establish its capability to discharge the statutory obligations cast upon a distribution licensee under Section 43 of the Electricity Act, 2003.

7.10.2. That Section 43 imposes a mandatory obligation upon every distribution licensee to provide electricity supply to any owner or occupier of premises requiring such supply within its licenced area, subject to fulfilment of the applicable statutory requirements. The obligation is area-wide in nature and extends to all categories of consumers and all parts of the licenced area. Such obligation cannot be restricted to selected consumer categories, geographical pockets, growth corridors or commercially remunerative locations.

7.10.3. That a perusal of the Petition reveals substantial emphasis on industrial clusters, commercial establishments, data centers, business parks, high-density urban

developments and emerging growth centers within Gurugram and adjoining areas. However, the Petition does not adequately demonstrate the manner in which the Petitioner proposes to discharge its statutory obligations towards rural consumers, agricultural consumers, low-density habitations, economically weaker sections and other consumer categories situated across the proposed licence area, particularly within Nuh District

7.10.4. That to comply with Section 43(1), an applicant for a distribution licence must demonstrate that it possesses:

- adequate and assured power procurement arrangements, and
- a complete, functional, and area-wide distribution network capable of energizing any new consumer premises within the statutory 30-day period.

7.10.5. That the Petitioner's own application acknowledges that it proposes to develop its distribution network in a phased manner. A phased rollout, by its very nature, means that large portions of the licenced area will remain without any network infrastructure for extended periods. In such areas, the Petitioner would be incapable of supplying electricity to a new consumer within 30 days because it is practically impossible to construct a distribution network from the transmission licensee's delivery point to the consumer's premises within such a short statutory timeframe.

7.10.6. That this deficiency strikes at the heart of Section 43(1). The Universal Service Obligation cannot be met through selective or incremental network development. Nor can the Petitioner rely on DHBVNL's existing network to discharge its statutory duty. The law does not permit a new licensee to compel the incumbent licensee to extend or augment its network for the benefit of the new entrant's consumers.

7.10.7. That without a complete distribution system across the entire licenced geography, the Petitioner cannot meet the Universal Service Obligation, particularly in:

- rural and geographically dispersed areas of Nuh,
- rapidly expanding urban villages in Gurugram,
- emerging industrial clusters, and

7.10.8. That the inability to supply electricity within 30 days in these areas constitutes a direct violation of Section 43(1). Failure to meet the Universal Service Obligation is a fatal statutory defect, rendering the Petitioner's application legally untenable and fundamentally non-compliant with the licensing framework under the Electricity Act, 2003.

7.11. <u>CHERRY-PICKING OF HIGH-VALUE CONSUMERS AND ADVERSE IMPACT ON THE EXISTING CONSUMER MIX</u>

7.11.1. That the proposed licence area of the Petitioner substantially overlaps with the Revenue District of Gurugram, which constitutes one of the most commercially significant and revenue-rich areas within the licenced area of DHBVNL. The consumer profile of the said area is characterized by a high concentration of industrial, commercial, bulk supply, IT/ITES and other high-paying consumer categories whose tariff contribution forms a significant component of the revenue base of DHBVNL and supports the existing cross-subsidy framework approved by the Hon'ble Commission.

7.11.2. That the business model projected by the Petitioner appears to be predominantly focused upon acquisition of industrial, commercial and other high-revenue consumers concentrated in Gurugram, Manesar, Sohna and other rapidly developing urban corridors. The Petition repeatedly highlights opportunities arising from industrial growth, commercial expansion, logistics infrastructure, data centers, business parks, premium residential developments and other high-demand consumer segments. However, there is no corresponding disclosure regarding the manner in which the Petitioner proposes to discharge its obligations towards rural consumers, agricultural consumers, low-density habitations and other consumer categories situated within the proposed licenced area.

Table 3: Capital Cost Requirement for HT Infrastructure as per Petitioner (Rs. Cr.)

S. No	Division	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
1	Gurugram S/U	58.34	78.58	123.56	115.84	131.64	507.96
2	Gurugram City	0	0	103.02	148.9	176.79	428.71
3	Sohna	24.43	26.6	41.33	44.1	59.33	195.78
4	Manesar	13.06	14.89	40.07	42.8	58.78	169.6
5	Nuh	15.34	16.52	23.57	25.04	26.58	107.06
	Total	**111.17**	**136.6**	**331.55**	**376.68**	**453.11**	**1409.1**

Table 4: Cumulative Expenditure proposed by Petitioner and Load in Areas (MW) for HT

S. No	Area	Load (MW)-FY25	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total (Rs Cr)
1	Gurugram S/U	241	11%	27%	51%	74%	100%	507.96
2	Gurugram City	143	0%	0%	24%	59%	100%	428.71
3	Sohna	326	12%	26%	47%	70%	100%	195.78

S. No	Area	Load (MW)-FY25	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total (Rs Cr)
4	Manesar	827	8%	16%	40%	65%	100%	169.6
5	Nuh	67	14%	30%	52%	75%	100%	107.06
	Total							**1409.1**

Table 5: Capital Cost Requirement for LT Infrastructure as per Petitioner (Rs. Cr.)

S. No	Division	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
1	Gurugram S/U	87.92	181.11	242.51	269	277.07	1057.61
2	Gurugram City	0	0	279.82	384.29	494.77	1158.87
3	Sohna	35.17	54.33	74.62	96.07	118.74	378.94
4	Manesar	35.17	54.33	93.27	115.29	158.33	456.39
5	Nuh	17.58	27.17	37.31	48.04	59.37	189.47
	Total	**175.84**	**316.95**	**727.53**	**912.68**	**1108.28**	**3241.27**

Table 6: Cumulative Expenditure proposed by Petitioner and Load in Areas (MW) for LT

S. No	Area	Load (MW)-FY25	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total (Rs Cr)
1	Gurugram S/U	1130	8%	25%	48%	74%	100%	1057.61
2	Gurugram City	365	0%	0%	24%	57%	100%	1158.87
3	Sohna	465	9%	24%	43%	69%	100%	378.94
4	Manesar	315	8%	20%	40%	65%	100%	456.39
5	Nuh	41	9%	24%	43%	69%	100%	189.47
	Total	**2316**						**3241.27**

7.11.3. That a review of the proposed HT infrastructure investment plan and the corresponding cumulative rollout percentages indicates that the Petitioner is prioritising capital investment in areas having substantial HT demand while deferring investment in Gurugram City for the initial two years. As per the HT capital investment plan, Gurugram City receives nil investment in FY 2026-27 and FY 2027-28, despite having an existing HT load of 143 MW. This is further reflected in the cumulative HT rollout table, wherein cumulative investment implementation in Gurugram City remains at 0% for the first two years, reaching only 24% by FY 2028-29 and 59% by FY 2029-30. In contrast, substantial

HT infrastructure investment is proposed in other areas from the very first year itself. The phased rollout demonstrates that the Petitioner is not proposing simultaneous capital investment across the entire licence area but is instead sequencing investments in a manner that enables access to selected consumer segments before extending investment to Gurugram City. Such an approach is inconsistent with the principle of universal service and suggests a selective market-entry strategy rather than a uniform investment rollout across the licence area. This has been clarified by the Hon'ble HERC in the IPCL matter 08 of 2014, the relevant portion reads as hereunder:

"The Commission observes that as per the load of Gurgaon MC area a distribution system needs to be laid out with a capacity of more than 1450 MW as projected by intervener i.e. the existing distribution licensee of the area. However, the Applicant has based his study on a load of 914.2/918.3 MVA in the year 2014-15. Thus the targeted capacity build-up as proposed by the Applicant in the year 2020-21 will only be 41% of the projected load of the Gurgaon Municipal Corporation area and hence the Applicant will not be able to meet with the Universal Supply Obligations of a distribution licensee as enshrined in Section 43 of the Electricity Act, 2003. Moreover projections should have been spread across all the proposed phases so that Applicant may meet its obligations to supply on demand in case a distribution licence is granted as mandated by the statute…. . Hence, in view of the shortcomings supra, the business plan is incomplete, inadequate and based on erroneous premises."

7.11.4. That this selective approach becomes more evident when viewed alongside the LT infrastructure plan and the Petitioner's own submission that: "Additionally, network development will be done as per requirement in case of consumers seeking Low Voltage supply. As regards supply at higher voltages of 11 kV and 33 kV, Universal Service Obligation will be declared on completion of the laying of the distribution network. Supply at EHV voltage levels will be provided on receipt of connectivity from the State Transmission Utility." The Petition therefore envisages a structured rollout of HT and higher-voltage infrastructure investments while proposing LT investments only on a demand-driven basis. Even in the LT infrastructure plan, Gurugram City receives no investment during FY 2026-27 and FY 2027-28, with cumulative LT rollout remaining at 0% for the first two years and commencing only from FY 2028-29. The investment profile and implementation sequence indicate that the Petitioner intends to first direct capital investment towards higher-voltage consumers and commercially attractive load centres, while deferring investment for broader low-voltage consumer coverage and associated universal service obligations. This raises a serious concern that the proposed business model is structured around acquiring high-revenue consumers in the initial years while postponing investment in consumer categories that typically involve higher service obligations and lower commercial returns.

7.11.5. That the Petitioner projects that only 2.50% of DHBVNL's existing consumers are expected to migrate to it, with the balance consumer base to be drawn from "new projects, industrial expansion, residential developments and commercial establishments." This is a candid admission that the Petitioner's model targets the high-revenue, commercially attractive consumer segments while avoiding the agricultural, rural, and subsidized consumer categories. Any selective migration of revenue-rich consumers from this area to the Petitioner would substantially erode DHBVNL's revenue base while leaving its fixed cost obligations power procurement, network maintenance, employee costs, statutory obligations largely unchanged. This is a textbook case of cherry-picking and cannot be permitted under the regulatory framework. Such an outcome may lead to creation of stranded costs and under-recovery of legitimate expenses, thereby impacting tariff stability for the remaining consumers within the licenced area.

7.11.6. That the Petitioner in its Business plan has projected Total sales for their proposed supply area as 558.30 MUs in FY 2027-28 as per the table provided in as per the apportioned share projected which is reproduced below:

Figure 2: Eleven Power Sales Apportion Projections

Particulars	**FY 2027-28**	**FY 2028-29**	**FY 2029-30**	**FY 2030-31**	**FY 2031-32**
Eleven Power's share in new sales (%)	25%	30%	35%	40%	50%
Sales assumed to switch over to Eleven Power Network from DHBVN area (%)	2.50%	3.00%	3.50%	4.00%	5.00%

7.11.7. That the Business Plan submitted by the Applicant reveals a pronounced focus on industrial, commercial and high-load consumers situated in the Gurugram Sub-urban, Manesar and Sohna areas. The Applicant's sales projections, demand assessment and network planning are substantially driven by Commercial & Industrial (C&I) consumers, particularly HT consumers, which constitute a disproportionately large share of energy sales in the proposed licence area which is as follows:

Figure 3: Sales Mix of Eleven Power

S.No	**Division**	**Category**	**FY 2027-28**	**FY 2028-29**	**FY 2029-30**	**FY 2030-31**
1	Gurugram Sub-urban	HT C&I	16.38	31.55	50.36	73.21
		LT C&I	97.35	187.54	299.35	435.14
		Residential	84.74	167.02	272.88	406.3
		Agriculture	0	0	0	0
		Other	25.25	48.37	76.76	110.9
		Total	**223.73**	**434.49**	**699.36**	**1025.55**
2	Manesar	HT C&I	111.87	215.54	344.11	500.31
		LT C&I	14.98	28.87	46.09	67.01
		Residential	24.54	48.38	79.05	117.73
		Agriculture	8.88	16.71	26.06	36.99

S.No	Division	Category	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
		Other	19.62	37.59	59.66	86.22
		Total	**179.9**	**347.09**	**554.98**	**808.26**
3	Gurugram City	HT C&I	0	4.16	15.23	29.35
		LT C&I	0	8.56	31.32	60.35
		Residential	0	15.75	59.17	116.63
		Agriculture	0	0.07	0.23	0.44
		Other	0	4.61	16.73	32.05
		Total	**0**	**33.15**	**122.68**	**238.81**
4	Sohna	HT C&I	28.81	55.53	88.68	128.96
		LT C&I	41.11	79.22	126.52	183.99
		Residential	31.33	61.79	101	150.45
		Agriculture	11.46	21.58	33.66	47.79
		Other	26.03	49.87	79.18	114.46
		Total	**138.74**	**268**	**429.03**	**625.65**
5	Nuh	HT C&I	3.12	6.04	9.67	14.11
		LT C&I	1.65	3.2	5.12	7.47
		Residential	7.87	15.57	25.52	38.12
		Agriculture	2.41	4.54	7.11	10.12
		Other	0.88	1.69	2.7	3.91
		Total	**15.93**	**31.04**	**50.12**	**73.73**
	Total HT Sales		**160.18**	**312.83**	**508.06**	**745.93**
	Total LT Sales		**398.11**	**800.94**	**1348.11**	**2026.07**
	Grand Total		**558.3**	**1113.77**	**1856.17**	**2772**
	Total Sales in Licence Area		**14896.07**	**15925.19**	**17032.41**	**18224.12**

7.11.8. That the Business Plan submitted by the Applicant reveals a pronounced focus on industrial, commercial and high-load consumers situated in the Gurugram Sub-urban, Manesar and Sohna areas. The Applicant's sales projections, demand assessment and network planning are substantially driven by Commercial & Industrial (C&I) consumers, particularly HT and LT C&I consumers, which constitute a disproportionately large share of energy sales in the proposed licence area.

7.11.9. That the sales projections, consumer migration assumptions and market penetration estimates contained in the Applicant's Business Plan form the foundation of its financial projections, power procurement strategy, network planning and investment proposals. However, the Petition does not disclose the methodology, consumer survey, market assessment or independent study on the basis of which such projections have been prepared.

7.11.10. That the Applicant has projected future sales on the basis of assumed migration of existing consumers and acquisition of new consumers within the proposed licenced area. However, no underlying survey report, consumer assessment study, demand estimation exercise or market research material has been placed on record to substantiate the assumptions relating to consumer migration, market penetration, consumer acquisition or category-wise sales growth. In the absence of such supporting

material, it is not possible to independently verify the reasonableness or reliability of the projections contained in the Business Plan.

7.11.11. That the assumptions relating to consumer migration, acquisition of new consumers and year-on-year growth in sales require careful scrutiny, as these assumptions directly influence the projected revenues, capital investment requirements, power procurement planning and overall viability of the proposed business model. Any variation in such assumptions may materially alter the financial and operational projections relied upon by the Applicant in support of the present Petition.

7.11.12. That the Hon'ble Commission may therefore require the Applicant to place on record the complete consumer survey, market assessment, demand estimation study, load forecast methodology and all supporting material relied upon for preparation of its sales projections and consumer acquisition assumptions. Until such material is furnished and independently examined, the projections contained in the Business Plan cannot be accepted at face value for the purpose of evaluating the feasibility and viability of the proposed licence.

7.11.13. That the Applicant has itself acknowledged that the initial rollout of its own network shall be undertaken in the vicinity of proposed receiving stations and growth centres, with substantial emphasis on Gurugram Sub-urban, Manesar and Sohna. These areas represent the principal industrial and commercial hubs of the proposed licence area and contain a concentration of high-revenue consumers. The network design further identifies "energy-intensive commercial and industrial clusters" as priority locations for deployment of higher-capacity infrastructure.

7.11.14. That the pattern emerging from the Petition is strikingly similar to concerns recently examined by the Maharashtra Electricity Regulatory Commission in proceedings relating to Tata Power's applications for parallel distribution licences in Pune and Nashik, wherein MERC specifically examined whether the proposed network rollout and business model could result in selective acquisition of industrial and commercial consumers while leaving the incumbent distribution licensee responsible for servicing the remaining consumer categories. The concerns identified therein are equally relevant in the present proceedings.

7.11.15. That the Electricity Act, 2003 does not contemplate a framework whereby a new distribution licensee selectively acquires remunerative consumers while the incumbent distribution licensee continues to bear statutory obligations towards agricultural, rural, domestic and other subsidized categories. The National Electricity Policy similarly envisages that multiple distribution licensees operating within the same area must discharge universal service obligations and extend the benefits of competition to all

classes of consumers, rather than confining their operations to commercially attractive segments.

7.11.16. That the Applicant's projections indicate a material risk that network expansion may be concentrated in commercially attractive pockets containing HT and large Commercial & Industrial consumers, who are traditionally the principal contributors to cross-subsidy revenues. Such an outcome would enable the Applicant to capture a disproportionate share of high-paying consumers while the incumbent licensee continues to bear the obligation of serving residential, agricultural and other subsidized categories across the licence area.

7.11.17. That in these circumstances, the Hon'ble Commission ought to closely scrutinize whether the proposed licence area, sales projections and phased network rollout genuinely reflect an intention to discharge universal service obligations across the entire area of supply, or whether they effectively facilitate selective consumer acquisition and erosion of the existing cross-subsidy framework.

7.11.18. That any arrangement that results in disproportionate concentration of high-paying consumers within one licensee's area, while leaving the incumbent licensee with a relatively larger share of subsidized and low-revenue consumers, may adversely affect the existing cross-subsidy architecture, cost recovery mechanism, and long-term financial sustainability of the distribution system. In these circumstances, it is respectfully submitted that the proposal warrants detailed examination by the Hon'ble Commission with regard to its likely impact on consumer migration patterns, stranded costs, cross-subsidy structure, universal service obligations, tariff stability, and the financial sustainability of the existing Distribution Licensee being the Respondent herein.

7.11.19. That any migration of such consumers would not merely result in reduction of sales of DHBVNL. The corresponding fixed cost obligations of UHBVNL and DHBVNL, including power procurement commitments, network operation and maintenance expenses, employee costs, statutory obligations and system-related costs, would continue to subsist. Consequently, selective migration of high-paying consumers may result in under-recovery of approved costs, creation of stranded costs and erosion of the financial foundation upon which the existing cross-subsidy framework operates.

7.11.20. That the impact of the "Revenue Cherry Picking" projected is provided below:

Table 7: DHBVN Actual Revenue for FY 2025-26 for Proposed Supply Area

Particulars	**Unit Sold (Mus)**	**Total Revenue incl. FC (Rs. Crore)**
Gurugram - 1 Cicle	5,581.33	4,235.95
Gurugram - 2 Circle	6,482.84	5,043.71
Nuh Division	711.83	214.09
Total	**12,776.00**	**9,493.75**

Particulars	Unit Sold (Mus)	Total Revenue incl. FC (Rs. Crore)
Overall DHBVN	**36,265.35**	**22,087.15**
As % of Overall DHBVN	**35.23%**	**42.98%**

7.11.21. That the current sales in the proposed supply area of Eleven Power is 12,776.00 MUs for FY 2025-26 and the subsequent Revenue is Rs. 9,493.75 Crore. The sales of these consumers of the circles contributed to over 35% of total sale of DHBVN and revenue contributed to over 42% of total revenue of DHBVN.

7.11.22. That the area picked by the Petitioner is concentrated with high revenue yield areas of DHBVN. Any erosion from the above consumer base is expected to adverse effect on the Revenue of DHBVN. The impact of revenue erosion due to switch over of consumer is projected as three possible scenarios:

i. **Scenario 1:** Petitioner's Proposed Switchover: The Petitioner in its Business Plan accompanying the present petition has apportioned that 25% of new sales and 2.5% worth of DHBVN sales share in the proposed supply area amounting to 558.30 MUs (HT Sales of 398.11 & LT Sales of 160.18) sales for FY 2027-28. The estimated revenue loss from the loss of 558.30 MUs sales at current Actual Sales & ABR (Average Billing Rate) is provided below:

Table 8: Scenario – 1 Revenue Loss from shift in Sales (on the current ABR)

Particulars	Actual Sales for FY 2025-26	Actual Revenue incl. Fixed Charges FY 2025-26	Loss in Sales	Loss in Revenue incl. Fixed Charges at current ABR
	Mus	**Rs. Cr.**	**Mus**	**Rs. Cr.**
GGN – 1 Circle	5,581.33	4,235.95	138.74	105.30
GGN – 2 Circle	6,482.84	5,043.71	403.63	314.03
Nuh Division	711.83	214.09	15.93	4.79
Total	**12,776.00**	**9,493.75**	**558.30**	**424.12**

The above table reflects that as per Eleven Power projection, DHBVN is expected to incur revenue loss of Rs. 424.12 Cr. at current ABR on the loss of 558.30 MUs of sales.

ii. Scenario 2: Switchover of 20% of Sales to the Petitioner: The projected loss from switchover of 20% in sales for FY 2027-28 is calculated below:

Table 9: Scenario – 2 Revenue Loss from shift in Sales (on the current ABR)

Particulars	Actual Sales for FY 2025-26	Actual Revenue incl. Fixed Charges FY 2025-26	Loss in Sales	Loss in Revenue incl. Fixed Charges at current ABR
	Mus	**Rs. Cr.**	**Mus**	**Rs. Cr.**
GGN – 1 Circle	5,581.33	4,235.95	1,116.27	847.19
GGN – 2 Circle	6,482.84	5,043.71	1,296.57	1,008.74
Nuh Division	711.83	214.09	142.37	42.82
Total	**12,776.00**	**9,493.75**	**2,555.20**	**1,898.75**

The above table reflects that as per Eleven Power projection, DHBVN is expected to incur revenue loss of Rs. 1,898.75 Cr. at current ABR on the loss of 2,555.20 MUs of sales.

iii. Scenario 3: Switchover of 45% of Sales to the Petitioner: The projected loss from switchover of 45% in sales for FY 2027-28 is calculated below:

Table 10: Scenario – 3 Revenue Loss from shift in Sales (on the current ABR)

Particulars	Actual Sales for FY 2025-26	Actual Revenue incl. Fixed Charges FY 2025-26	Loss in Sales	Loss in Revenue incl. Fixed Charges at current ABR
	Mus	**Rs. Cr.**	**Mus**	**Rs. Cr.**
GGN – 1 Circle	5,581.33	4,235.95	2,511.60	1,906.18
GGN – 2 Circle	6,482.84	5,043.71	2,917.28	2,269.67
Nuh Division	711.83	214.09	320.32	96.34
Total	**12,776.00**	**9,493.75**	**5,749.20**	**4,272.19**

The above table reflects that as per Eleven Power projection, DHBVN is expected to incur **revenue loss of Rs. 4,272.19 Cr.** at current ABR on the **loss of 5,749.20 MUs of sales**.

7.11.23. That DHBVNL has already undertaken substantial capital investments for development of distribution infrastructure in Gurugram. Investments amounting to approximately Rs. 1,136 Crore have already been incurred regarding upgradation has recently been incurred and additional investments of approximately Rs. 598 Crore are proposed over the coming years, including infrastructure works under RDSS, Smart City initiatives and other system strengthening programmes. Any substantial migration of consumers may therefore result in underutilization of existing and planned infrastructure assets while leaving the associated costs with the incumbent distribution licensee.

7.11.24. That the proposed licensing framework may give rise to a significant regulatory asymmetry between the incumbent Distribution Licensees and the Applicant. DHBVNL and UHBVNL continues to remain subject to a wide range of statutory, regulatory and public service obligations, including compliance with Standards of Performance, universal supply obligations, agricultural supply commitments, Renewable Purchase Obligations, implementation of Government-sponsored schemes such as RDSS, network strengthening requirements, consumer service obligations and tariff structures approved

by the Hon'ble Commission for balancing the interests of all categories of consumers. The Applicant, on the other hand, seeks entry into a mature distribution area having a substantial concentration of high-value consumers without assuming the burden of historical investments, legacy obligations and long-standing public service commitments undertaken by the incumbent licensee. The resulting position may enable the Applicant to derive the benefits associated with remunerative consumer segments while the incumbent Distribution Licensee continues to bear a disproportionate share of the regulatory and social obligations associated with serving the wider consumer base. The Hon'ble Commission may therefore examine whether the proposed arrangement maintains a fair and equitable allocation of obligations between the existing and proposed licensees and whether such regulatory asymmetry would be consistent with consumer interest, tariff stability and the long-term sustainability of the electricity distribution framework within the State.

7.11.25. That the implications of selective migration of high-value consumers extend beyond the immediate loss of revenue or cross-subsidy support. Any migration of industrial, commercial and other high-paying consumers would inevitably increase the average cost of supply and revenue recovery burden of the incumbent Distribution Licensees, as substantial fixed costs relating to power procurement, transmission charges, network infrastructure and statutory obligations would continue to be incurred for serving the remaining consumer base. Such increase in cost of supply may progressively reduce the competitiveness of tariffs applicable to the remaining high-value consumers, thereby creating an incentive for further migration of similarly placed consumers to the parallel licensee.

7.11.26. That such a dynamic may give rise to a self-reinforcing cycle whereby migration of one set of cross-subsidising consumers triggers further migration of other remunerative consumers, resulting in progressive erosion of the revenue base supporting the existing distribution system. Over a period of time, this may adversely affect tariff stability, cross-subsidy sustainability and the financial viability of the incumbent Distribution Licensees. The Hon'ble Commission may therefore examine the long-term systemic implications of such consumer migration patterns and ensure that appropriate safeguards are put in place so as to preserve the sustainability, stability and equitable functioning of the electricity distribution framework within the State.

7.11.27. That the Hon'ble Commission ought to closely scrutinize whether the proposed licence area, sales projections, consumer acquisition strategy and phased network rollout genuinely reflect an intention to discharge area-wide distribution obligations, or whether they effectively facilitate selective acquisition of high-value consumers at the expense of the existing consumer mix and cross-subsidy framework.

7.11.28. That any arrangement resulting in disproportionate concentration of high-paying consumers with one licensee, while leaving the incumbent distribution licensee with a relatively larger proportion of subsidized and low-revenue consumer categories, may adversely affect the existing cross-subsidy architecture, cost recovery framework, tariff stability and long-term financial sustainability of the distribution system. Accordingly, the proposal warrants detailed examination by the Hon'ble Commission with regard to its likely impact on consumer migration, stranded costs, cross-subsidy support, universal service obligations, tariff stability and the financial sustainability of DHBVNL and UHBVNL.

7.11.29. That the Applicant has proposed to meet a substantial portion of its power requirement through renewable energy sources, including Firm and Dispatchable Renewable Energy (FDRE) and procurement through market-based mechanisms such as the Green Day Ahead Market (GDAM). The Respondent respectfully submits that the suitability of such a procurement portfolio requires careful examination in light of the consumer profile targeted by the Applicant. Consumers such as data centres, large industrial facilities and other critical commercial establishments generally require assured and continuously available power backed by adequate firm capacity, balancing resources, scheduling capability and contingency arrangements. The Petition, however, does not adequately demonstrate the manner in which the proposed procurement strategy would ensure reliable and uninterrupted supply to such consumers under all operating conditions. The Hon'ble Commission may therefore require the Applicant to furnish a detailed assessment of resource adequacy, firm power availability, balancing arrangements, contingency planning and supply reliability standards proposed for servicing the consumer segments identified in its Business Plan.

7.11.30. That the implications of the proposed licence cannot be assessed in the absence of a comprehensive evaluation of the likely extent and pattern of consumer migration from the DHBVNL to the Applicant. Consumer migration constitutes a fundamental element of the proposed business model and has a direct bearing on tariff stability, cross-subsidy support, revenue recovery, power procurement planning and the financial sustainability of the existing distribution framework.

7.11.31. That the Hon'ble Commission may require the Applicant to furnish a detailed consumer migration assessment, including:

a) consumer category-wise migration assumptions;

b) category-wise sales and revenue projections;

c) projected market penetration across different consumer categories;

d) consumer acquisition strategy and methodology; and

e) assessment of the likely impact on the existing consumer mix of DHBVNL

7.11.32. That the Petition does not provide sufficient information to enable an informed regulatory determination on this aspect and warrants further disclosure and examination before any decision regarding grant of licence is undertaken.

7.11.33. That, the Applicant may be directed to place on record a comprehensive consumer migration protocol clearly governing the manner, eligibility, sequencing and conditions for migration of consumers between the incumbent Distribution Licensee and the proposed parallel licensee. Such framework should, inter alia, address issues relating to consumer eligibility, recovery of existing liabilities, allocation of regulatory obligations, continuity of supply, metering arrangements, consumer protection and measures necessary to prevent selective migration of high-value consumers and consequential distortion of the existing consumer mix.

7.11.34. That the existing consumer mix within the proposed licenced area has evolved over time and forms the basis of the tariff structure, cost recovery mechanism and cross-subsidy framework approved by the Hon'ble Commission. Accordingly, the Applicant may be required to ensure that its consumer acquisition strategy and network rollout do not result in a disproportionate concentration of industrial, commercial or other high-revenue consumers within its consumer base. The Applicant should demonstrate the manner in which it proposes to maintain a consumer mix broadly reflective of the existing consumer profile of the licenced area and discharge its obligations towards all categories of consumers on a non-discriminatory basis. Any migration pattern resulting in selective acquisition of cross-subsidizing consumers, while leaving the incumbent Distribution Licensee with a disproportionate share of subsidized or low-revenue consumers, would undermine the existing tariff architecture and defeat the principles of equitable and sustainable distribution envisaged under the Electricity Act, 2003.

7.11.35. That migration protocol may further encompass that the “that until the applicant has established and commissioned its distribution network across the entirety of the licenced area and demonstrated its ability to independently discharge the Universal Service Obligation attached to the licence, consumers presently availing supply through dedicated or independent feeders, including feeders established through self-execution, deposit works or consumer-funded infrastructure, may not be permitted to migrate to the Applicant. Likewise, the Applicant may not be permitted to induct such consumers into its consumer base until its own distribution system is fully developed and operational. Such consumers predominantly comprise high-load and high-revenue consumer categories and premature migration thereof may facilitate selective acquisition of remunerative consumers without the corresponding obligation of establishing and maintaining a

distribution network for serving the licenced area as a whole. The aforesaid safeguard is therefore necessary not only to ensure discharge of Universal Service Obligations by the Applicant but also to prevent cherry-picking of consumers and to preserve the integrity of the existing cross-subsidy and consumer service framework.

7.12. IMPACT ON CROSS-SUBSIDY FRAMEWORK AND TARIFF STABILITY

7.12.1. That the tariff framework in Haryana is founded upon Sections 61 and 62 of the Electricity Act, 2003 and the National Tariff Policy, which recognizes cross-subsidy and enables the Hon'ble Commission to determine the tariff based on the nature of supply and the purpose for which the supply is required. The existing tariff structure has evolved on the basis of a balanced consumer mix. Further, the industrial and commercial consumers of the existing discoms subsidize the domestic and agricultural consumers.

7.12.2. That the proposed licenced area contains a significant concentration of such high-revenue consumer categories contribute substantially towards the recovery of fixed costs and support the cross-subsidy framework approved by the Hon'ble Commission. Migration of such consumers to a parallel distribution licensee would have significant implications for:

a) Existing tariff structure;

b) Revenue recovery mechanism;

c) Cross-subsidy support available to domestic consumers;

d) State subsidy requirements;

e) Overall financial sustainability of the distribution business.

7.12.3. That the Hon'ble Commission itself, in its Interim Order dated 26.05.2026, has recognized the need to examine the impact of the proposed licence on the existing consumer mix and cross-subsidy framework.

7.12.4. That before any licence is considered, the Petitioner ought to be directed to place on record a comprehensive consumer migration assessment, category-wise sales projections and impact analysis demonstrating the likely effect of its operations upon the existing tariff and cross-subsidy framework.

7.12.5. The preliminary impact of parallel licence on cross subsidy framework for FY 2026-27 is as under:

Table 11: Cross Subsidy Surcharge approved by HERC for FY 2026-27

Category	**CoS (Rs./kWh)**	**Tariff EC+FC (Rs./kWh)**	**CSS (Rs./kWh)**	**CSS Approved (Rs. /kWh)**
HT Supply	7.24	8.69	1.45	1.45
LT Supply	7.48	8.66	1.18	1.18

7.12.6. Further, the detailed implication of impact on Cross Subsidy Surcharge is provided below:

Table 12: Estimated Cross Subsidy Surcharge for FY 2026-27

Category	Approved Sales for FY 2026-27	Estimated Total Revenue at ACS	Estimated Revenue at Existing Tariff	Estimated Cross Subsidy	Cross Subsidy
	MUs	Rs. Cr.	Mus	Rs. Cr.	Rs./kWh
Domestic	12,903	8,972.32	7,806.32	-1,166.00	-0.90
LT Supply	4,430	3,080.47	3,548.43	467.96	1.06
HT Supply	15,043	10,460.40	12,214.92	1,754.52	1.17
Agriculture	6,634	4,613.06	4,001.34	-611.72	-0.92
Bulk Supply	2,424	1,685.57	1,922.23	236.66	0.98
Other Categories	1,187	825.40	712.20	-113.20	-0.95
Total Sales	**42,621**	**29,637**	**30,205.43**		
ARR	**29,637**				
ACS (ARR/Sales)	**6.95**				

7.12.7. That the existing cross-subsidy framework within the discoms is substantially supported by LT Supply and HT Supply consumers, which contribute positive cross-subsidy towards domestic, and other subsidized consumer categories. The approved tariff structure and recovery of Aggregate Revenue Requirement (ARR) are based upon the continued participation of these consumer categories within the existing consumer mix.

7.12.8. That the impact of from loss of revenue from the shift in sales of 558.30 MUs is as calculated as follows:

Table 13: Impact on Revenue at Existing Tariff

Category	Projected Sales for FY 2026-27	Estimated Loss of Revenue at Existing Tariff
	Mus	**Rs. Cr.**
LT Supply	398.11	318.89
HT Supply	160.18	130.07
Total	**558.30**	**448.95**

7.12.9. That in the event of migration of ~558.30 MUs of LT and HT sales to the proposed parallel distribution licensee, DHBVNL is estimated to suffer a revenue loss of Rs. ~448 crore. Such reduction in revenue from the principal subsidizing consumer categories is likely to adversely impact the existing cross-subsidy framework and increase the cross-subsidy burden on the remaining consumers. Based on the above assessment, the estimated impact on Cross Subsidy Surcharge works out to Rs. ~0.72/kWh for LT Supply consumers and Rs. ~0.09/kWh for HT Supply consumers, demonstrating the material implications of consumer migration on tariff design, cost recovery and sustainability of the existing cross-subsidy structure.

7.12.10. That as evident from the table above, any substantial migration of industrial and commercial consumers may disturb this balance and adversely affect the ability of the incumbent licensee to recover approved costs through the existing tariff structure. Such an outcome may create pressure on future tariff determination, adversely impact tariff stability, and potentially increase the burden on the remaining consumer base or necessitate additional subsidy support from the State Government for maintaining consumer protection measures presently available to subsidized categories.

7.12.11. That it is respectfully submitted that while promotion of competition is one of the objectives under the Act, 2003, such competition must operate in a manner consistent with consumer interest. Any regulatory decision that results in concentration of revenue-rich consumers with one licensee while leaving the incumbent licensee with a disproportionately higher share of subsidized and low-paying consumers may have far-reaching implications on the existing cost recovery framework and overall sector sustainability.

7.12.12. That before considering grant of the proposed parallel distribution licence, the Hon'ble Commission may undertake a comprehensive assessment of the likely impact on consumer migration, category-wise revenue contribution, cross-subsidy structure, stranded costs, tariff stability, universal service obligations and long-term financial sustainability of the incumbent Distribution Licensee, so as to ensure that the larger public interest and objectives of the Act, 2003 are adequately protected.

7.12.13. That a fundamental regulatory issue arising from the present Petition concerns the absence of any mechanism under the existing regulatory framework in the State of Haryana for recovery of cross-subsidy support and stranded fixed costs from consumers migrating from the incumbent Distribution Licensee to a parallel distribution licensee.

7.12.14. That the Petitioner has proceeded on the assumption that consumer migration from DHBVNL to the proposed parallel distribution system can occur without any corresponding regulatory consequences. However, the existing statutory and regulatory framework does not provide any mechanism for compensating the incumbent Distribution Licensee for the loss of cross-subsidising consumers or for recovery of stranded costs arising from such migration.

7.12.15. That the Cross Subsidy Surcharge under Section 42(2) of the Electricity Act, 2003 and the Additional Surcharge under Section 42(4) of the Electricity Act, 2003 are designed in cases where a consumer continues to remain within the consumer base of a distribution licensee but procures electricity from another source through Open Access. These provisions do not contemplate a situation where a consumer ceases to be a consumer of the incumbent Distribution Licensee altogether and migrates to another distribution licensee operating in the same area.

7.12.16. The aforesaid position stands recognised by this Hon'ble Commission in its Order dated 17.06.2020 passed in HERC/PRO-11 of 2017, wherein the Hon'ble Commission observed that Cross Subsidy Surcharge is leviable upon an Open Access consumer and not upon a distribution licensee, and that there exists no provision for levy of such surcharge upon another distribution licensee operating within the same area of supply. The same principle equally applies to Additional Surcharge, which is likewise linked to Open Access transactions.

7.12.17. Consequently, in the event consumers migrate from DHBVNL to the Petitioner pursuant to grant of the proposed licence, such consumers would cease to form part of the consumer base of DHBVNL and would no longer be Open Access consumers. As a result, the existing framework does not provide any mechanism through which DHBVNL may recover the loss of cross-subsidy contribution attributable to such consumers or the stranded costs arising from power procurement commitments and network investments undertaken for serving them.

7.12.18. That the issue assumes particular significance in the present case as the proposed licence area comprises a substantial concentration of industrial, commercial and other high-revenue consumers who presently contribute significantly towards recovery of system costs and support of subsidised consumer categories. Migration of such consumers, without any corresponding compensatory mechanism, may result in erosion of the existing cross-subsidy pool and transfer of the associated financial burden on the remaining consumers of DHBVNL.

7.12.19. That, as on date, no regulatory framework exists in Haryana governing recovery of stranded costs, loss of cross-subsidy support or allocation of historical liabilities arising from migration of consumers between distribution licensees operating within the same area. In the absence of such a framework, the financial consequences of consumer migration remain unaddressed.

7.12.20. That before any consideration of the proposed licence, the Hon'ble Commission may examine the requirement of an appropriate regulatory mechanism to address recovery of stranded costs, preservation of cross-subsidy support, allocation of historical liabilities and protection of the interests of the remaining consumers of the incumbent Distribution Licensees. In the absence of such safeguards, grant of the proposed licence may have significant implications for tariff stability, consumer interest and the financial sustainability of the existing distribution framework.

7.12.21. That the adverse impact of migration of cross-subsidising consumers is not confined merely to revenue erosion or reduction in cross-subsidy support. Any substantial migration of industrial, commercial and other high-paying consumers would also have a direct bearing on the Average Cost of Supply ("ACoS") of DHBVNL. Since a significant

portion of the fixed costs relating to power procurement, transmission charges, network infrastructure and statutory obligations would continue to remain payable notwithstanding such migration, the reduction in sales base may result in an increase in the Average Cost of Supply for the remaining consumer base.

7.12.22. That increase in ACoS may have significant implications for agricultural consumers, whose tariffs are presently supported through a combination of cross-subsidy and Government subsidy. Any increase in the underlying cost of supply attributable to erosion of the subsidising consumer base may correspondingly increase the subsidy requirement to be borne by the Government of Haryana for maintaining the existing level of tariff support to agricultural consumers.

7.12.23. That the implications of the proposed licence are not restricted to the financial position of the incumbent Distribution Licensees alone, but may also have a direct fiscal impact on the State Government and a consequential impact on the sustainability of the existing support framework available to agricultural consumers. The Hon'ble Commission may therefore examine the likely impact of consumer migration on the Average Cost of Supply, agricultural subsidy requirements and the long-term sustainability of the prevailing tariff and subsidy structure before considering grant of the proposed licence.

7.13. <u>IMPACT ON EXISTING POWER PROCUREMENT COMMITMENTS, RESOURCE ADEQUACY AND STRANDED COSTS</u>

7.13.1. That the existing Haryana DISCOMs (UHBVN and DHBVN), through Haryana Power Purchase Centre (HPPC), have entered into long-term power procurement arrangements based upon approved demand forecasts, load projections and consumer requirements within their licenced areas. Such arrangements have been undertaken with the approval of the Hon'ble Commission to ensure adequacy of supply and discharge of statutory obligations towards the entire consumer base served by UHBVNL and DHBVNL.

7.13.2. That these arrangements comprises of long-term Power Purchase Agreements, transmission access commitments, renewable energy procurement obligations, capacity charges and other fixed cost liabilities, a substantial portion of which remain payable irrespective of the actual quantum of energy scheduled or consumed. These commitments were entered into on the basis of the projected requirements of the licenced area as a whole and not with reference to any individual consumer category or geographical segment.

7.13.3. That HPGCL, a State Generating Company, mandated to supply power to Haryana DISCOMs only, vide Govt. of Haryana Notification dated 11.04.2008. To meet the Demand projections of the State and to comply with the Resource Adequacy Plan, HPGCL is in process of generation expansion of its projects. HPGCL has submitted that scheduling and utilisation of generating stations are significantly influenced by the existing

power procurement portfolio and contractual commitments of the State utilities. Any substantial alteration in the existing demand and procurement framework may have a consequential impact on scheduling and utilisation of HPGCL generating stations. Further, generation capacity additions undertaken by HPGCL have been planned on the basis of projected State demand under the existing power planning framework and any material change therein may have implications for optimal utilisation of State-owned generating assets.

7.13.4. That the proposal under consideration in the present petition pertains to grant of a distribution licence in Gurugram and Nuh Revenue Districts, which presently constitute a significant portion of the State demand. Accordingly, the outcome of the present proceedings will have implications for the utilisation, scheduling and long-term operational planning of HPGCL generating stations established for meeting the electricity requirements of the State of Haryana. Gurugram and Nuh Revenue Districts presently account for approximately 2,793 MW during peak demand periods and approximately 1,801 MW during lean periods, constituting nearly 20% of the present power requirement of the State.

7.13.5. That in the event of grant of a parallel distribution licence and consequential migration of industrial, commercial and other high-consumption consumers from DHBVNL to the Petitioner, the sales and revenue base of DHBVNL may reduce significantly. However, the corresponding power procurement obligations and associated fixed cost liabilities would continue to remain binding. Consequently, a portion of the contracted capacity may become surplus to the requirements of the residual consumer base, resulting in stranded power procurement costs and under-recovery of fixed expenses without any corresponding reduction in contractual liabilities.

7.13.6. That the implications of such stranded costs extend beyond the commercial interests of DHBVNL and directly affect tariff determination, consumer interest and long-term tariff stability. The burden associated with stranded power procurement commitments would ultimately be borne either by the remaining consumers through future tariff adjustments or through additional fiscal support. The issue therefore warrants careful examination from the perspective of consumer welfare, cost recovery and sustainability of the existing distribution framework.

7.13.7. That the preliminary impact of estimated sales envisioned by the Petitioner is as follows:

Table 14: Impact on Fixed Component of Power Purchase Cost of DHBVN

Particulars	**UoM**	**FY 2027-28**	**FY 2028-29**	**FY 2029-30**	**FY 2030-31**
DHBVN Estimated Sales	MUs	41,095	43,797	46,705	49,838
Eleven Power Estimated Sales	MUs	558	1,114	1,856	2,772

Particulars	UoM	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Sales erosion	%	1.36%	2.54%	3.97%	5.56%
Quantum to be Purchased	MUs	625	1,247	2,079	3,105
Fixed Cost Impact	Rs. Cr.	121.69	242.81	404.67	604.34
Per unit Impact on DHBVN Sales	Rs. /kWh	0.03	0.06	0.09	0.13

Fixed Cost for FY 2025-26	Rs. Cr.	14,960.61			
Purchase Quantum for FY 2025-26	MUs	76,861.76			
Fixed Cost Per Unit	Rs. /kWh	1.95			

7.13.8. That the Petitioner's proposed power procurement framework itself raises concerns regarding long-term resource adequacy and reliability of supply. As per the Petition, approximately 80% of the proposed power requirement is intended to be met through renewable energy sources, primarily through Firm and Dispatchable Renewable Energy (FDRE) arrangements and procurement from the Green Day Ahead Market (GDAM), with the balance being sourced from conventional generation.

7.13.9. That procurement through GDAM, being a day-ahead market mechanism, inherently depends upon market availability and short-term scheduling decisions. Such procurement cannot be equated with firm long-term contracted capacity available to a distribution licensee for meeting its statutory supply obligations. Similarly, the proposed reliance on FDRE-based procurement assumes availability of resources and transmission access arrangements that have not been demonstrated in the Petition with sufficient certainty. (The details of last market bids and clearing is annexed with the filing.

7.13.10. That the Petition does not adequately explain the manner in which peak demand requirements, seasonal variations, scheduling risks, balancing requirements, transmission constraints, generator outages and other contingencies would be addressed under the proposed procurement model. The absence of a detailed resource adequacy framework assumes significance considering that the proposed licence area comprises one of the largest industrial and commercial load centres in the State with substantial reliability requirements.

7.13.11. That the Hon’ble Commission, while exercising its statutory functions under the Electricity Act, 2003, is entrusted with the responsibility of regulating the electricity purchase and procurement process of distribution licensees, including the determination and oversight of the price at which electricity is procured through Power Purchase Agreements (PPAs). The relevant statutory extract is reproduced below:

“Section 86. (Functions of State Commission): --- (1) The State Commission shall discharge the following functions, namely: -

(b) ***regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured*** *from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;*

…"

7.13.12. That the above provision unequivocally establishes that the Commission's regulatory jurisdiction extends to every aspect of power procurement, including the price, quantum, source, and contractual structure of electricity purchased by a distribution licensee. This regulatory function is central to ensuring tariff stability, consumer protection, long-term resource planning, and financial sustainability of the distribution sector. Therefore, this regulatory function cannot be viewed in isolation at the stage of grant of a parallel distribution licence. The entry of a new distribution licensee in an existing area of supply directly affects demand projections, power procurement planning, stranded capacity, fixed cost recovery, cross-subsidy balancing and tariff. Therefore, before considering the grant of a parallel licence, the Commission must necessarily examine the impact of the Petitioner's proposed entry on DHBVNL's existing power purchase commitments and on the broader procurement ecosystem within the State.

7.13.13. That the statutory language is explicit: the price at which power is purchased by a distribution licensee shall be regulated by the Commission. A consistent line of judgments from the Hon'ble APTEL and the Hon'ble Supreme Court has affirmed that these regulatory powers are integral to safeguarding consumer interest, which is the primary objective of the Electricity Act, 2003.

7.13.14. That the Petitioner's application expressly states that it intends to rely predominantly on short-term power procurement, where prices are determined by market forces rather than by regulatory oversight. By adopting a procurement strategy based almost entirely on short-term purchases, the Petitioner effectively removes the Commission's ability to regulate the price of power under Section 86(b).

7.13.15. That the Petitioner's model short-term procurement, reliance on DHBVNL's network, absence of long-term PPAs, and lack of an area-wide distribution system resembles an electricity trading model, not a distribution licence model. A parallel distribution licensee cannot operate primarily through open access or short-term market purchases without undermining the statutory architecture of regulated distribution.

7.13.16. That the Petitioner's application fails to meet a fundamental requirement for the grant of a distribution licence and warrants rejection for disabling the Commission's ability to regulate power procurement under Section 86(b), thereby compromising consumer protection and tariff stability

7.13.17. That in these circumstances, the Commission may examine both the impact of the proposed licence on the existing power procurement commitments of DHBVNL and UHBVNL as well as the adequacy, firmness and reliability of the Petitioner's proposed procurement strategy. It is respectfully submitted that the statutory obligation to supply electricity cannot be founded solely upon short-term market procurement arrangements or future procurement assumptions, and the Petitioner must demonstrate a credible and sustainable framework for ensuring long-term adequacy and reliability of supply throughout the proposed licenced area.

7.14. IMPACT ON RECOVERY OF DEFERRED FUEL SURCHARGE ADJUSTMENT (FSA)

7.14.1. That the Hon'ble Commission, with a view to mitigating tariff shock and safeguarding consumer interest, had deferred recovery of Fuel Surcharge Adjustment (FSA) pertaining to FY 2022-23 and subsequent periods. Consequently, a substantial portion of the power purchase cost already incurred by existing Haryana DISCOMs (UHBVN and DHBVN) remains unrecovered and is presently being recovered in a phased manner in accordance with the directions and regulatory framework approved by the Hon'ble Commission.

7.14.2. That the deferred FSA represents actual and prudently incurred power purchase costs that were incurred for serving the entire consumer base within the licenced area during the relevant period. The underlying power procurement was undertaken to meet the aggregate demand of all consumers, including industrial, commercial, domestic and other consumer categories located within the area now proposed to be covered under the parallel distribution licence. Accordingly, the liability associated with such deferred recovery pertains to the historical consumer base as a whole and not merely to the consumers who may continue to remain with the DHBVN in future. In the event of grant of a parallel distribution licence and consequential migration of consumers from the existing Distribution Licensee, a situation may arise whereby consumers who contributed to the incurrence of the underlying power purchase costs cease to remain within the recovery base from which such deferred FSA is proposed to be recovered. In such circumstances, the burden of recovery of historical power purchase costs may disproportionately fall upon the remaining consumers of DHBVNL and UHBVNL, notwithstanding the fact that the costs were incurred for serving a significantly larger consumer base during the relevant period.

7.14.3. That the deferred FSA recovery constitutes recovery of already incurred costs and not costs relating to future consumption. Accordingly, migration of consumers after incurrence and subsequent deferment of such costs raises important issues relating to equitable allocation of regulatory liabilities and avoidance of burden shifting between different classes of consumers. If appropriate safeguards are not put in place, the remaining consumers of DHBVNL and UHBVNL may be required to bear a disproportionate share

of historical power purchase costs that are also attributable to consumers who are no longer part of the licenced consumer base.

7.14.4. That FSA balance to be recovered from Consumers by DHBVN is Rs. 3563 Cr for FSA accrued up to FY 2022-23 to FY 2024-25.

7.14.5. That current Sales of DHBVN in Proposed Supply area by Petitioner is ~12,776 MUs. The migration of the sales to the proposed licensee will have the corresponding impact on FSA recovery estimated at approximately ~Rs. 600 Cr for a single year. The cascading effect for 3 upcoming years may be equivalent to ~Rs 1,800 Cr. The details of the same in given below:

Table 15: Impact on FSA in Proposed Area

Sr. No.	Particulars	UoM	
1	DHBVN Sales in Proposed Area for FY 2025-26	MUs	12,776
2	FSA Levied	Rs. /kWh	0.47
3	Total FSA recoverable from Sales in Proposed Area (1*2)	Rs. Cr.	600.47
4	Total FSA recoverable from Sales in Proposed Area in 3 years (2*3 yrs)	Rs. Cr.	1.801.42

7.14.6. That the Consumers who contributed to the incurrence of such historical power purchase costs may cease to remain part of the recovery base from which the deferred FSA is proposed to be recovered. This may result in a disproportionate burden being placed upon the remaining consumers of DHBVNL and UHBVNL and lead to inequitable allocation of historical regulatory liabilities. The proposed migration therefore has significant implications for recovery of deferred FSA, tariff stability and equitable cost allocation, and warrants careful consideration by the Hon'ble Commission while assessing the impact of the proposed parallel distribution licence.

7.14.7. That in view of the foregoing, an appropriate regulatory mechanism may be devised, such as requiring migrating consumers to settle a proportionate share of deferred FSA liabilities before migration is permitted and/ or recovery through the Petitioner etc., in case of grant of distribution licence, to ensure equitable cost allocation and protect the interest of remaining consumers.

7.15. INEFFICIENT UTILIZATION OF EXISTING ASSETS & RIGHT OF WAY CONSTRAINTS

7.15.1. That DHBVNL has, over several decades, developed, expanded and continuously strengthened an extensive electricity distribution network within the proposed licence area through substantial capital investments, Government funding, consumer contributions and borrowings undertaken under the applicable regulatory framework. The existing network comprises receiving stations, distribution substations, distribution transformers, HT and LT lines, underground cable systems, smart metering infrastructure, service connections, SCADA and communication systems, consumer service infrastructure and other associated assets required for reliable distribution of electricity.

7.15.2. That the aforesaid infrastructure has been created pursuant to approved investment plans and demand forecasts for meeting both existing and future electricity requirements within the licenced area. Substantial public resources and consumer-funded investments have already been deployed for development of this infrastructure and for strengthening the overall distribution system.

7.15.3. That establishment of a parallel distribution network within the proposed licenced area would necessitate obtaining a large number of statutory, regulatory and civic approvals from various Government departments, local authorities and utility agencies. Such approvals may include, inter alia, permissions relating to land use, road cutting, Right of Way, HUDA, National Highways, railway and metro crossings, utility corridors, gas pipelines, telecommunication infrastructure, environmental clearances, airport restrictions and other statutory approvals required for installation and operation of distribution assets.

7.15.4. That DHBVN having large experience in distribution have also faced such issues and therefore is aware the challenge RoW issues pose to the ability to create the distribution infrastructure. One such stark challenge was faced by the then contracted EPC agency namely Tata Projects to carry out Smart City infrastructure project in the area of Gurugram; where even the giants of EPC and Distribution couldn't get through the RoW issues present in Gurugram and the works under the contract were terminated prematurely. Currently proceedings against the contractor have been initiated as per the agreement.

7.15.5. That the above shows the large extent of challenges that a licensee may face in the constricted area of Gurugram. However, the Petition does not disclose any comprehensive assessment of the approvals, permissions, no objection certificates or statutory clearances that would be required for implementation of the proposed network. Nor has the Applicant placed on record any implementation strategy, approval matrix, coordination framework or timeline demonstrating how such clearances are proposed to be obtained across the proposed licenced area. In the absence of such particulars, the Petition does not adequately establish the practical feasibility, implementation readiness and infrastructure preparedness necessary for development and operation of a parallel distribution network over the proposed area of supply.

7.15.6. That the issue of Right of Way assumes particular significance in the present case. The urban landscape of Gurugram is already characterised by significant infrastructure congestion and competing utility requirements. Establishment of parallel distribution infrastructure would require installation of additional poles, laying of overhead and underground distribution lines, obtaining road-crossing permissions, undertaking repeated excavation activities and securing access to limited utility corridors. Such activities may create avoidable disruption to public infrastructure, place additional burden

upon civic authorities and give rise to practical difficulties in network development and maintenance.

7.15.7. That substantial investments are presently being undertaken within the proposed licence area under the Revamped Distribution Sector Scheme (RDSS), Smart City initiatives, underground cabling programmes, smart metering projects and other system strengthening schemes approved from time to time. These investments have been planned and executed on the basis of the existing consumer base and projected future demand within the area.

7.15.8. That any significant migration of consumers following creation of a parallel distribution network may result in under-utilisation of existing assets, stranded distribution infrastructure and erosion of the benefits intended to be achieved through such public-funded and consumer-funded investments. The implications of the proposed licence on recovery of existing investments, utilisation of approved infrastructure and ongoing capital expenditure programmes therefore warrant detailed examination.

7.16. CONTINUITY OF SUPPLY AND LAST RESORT CONSIDERATIONS

7.16.1. That the Petition does not adequately address the regulatory and operational framework that would govern continuity of supply in the event of financial distress, operational failure, power procurement shortfall, licence surrender, licence revocation, insolvency, or any other circumstance resulting in the Petitioner's inability to discharge its obligations as a distribution licensee. Electricity distribution is a continuous public utility obligation. Any failure of the Petitioner to supply power to its consumers, whatever the cause, will ultimately require intervention by DHBVNL as the Supplier of Last Resort, to ensure continuity of supply and protect consumer interests. However:

a) The Petition does not define the mechanism by which DHBVNL would be required to step in, the timeline for such intervention, or the financial obligations the Petitioner would bear before and after such intervention.

b) No framework has been proposed for treatment of affected consumers, transition arrangements, allocation of supply responsibility, or recovery of costs incurred by DHBVNL in discharging the Supplier of Last Resort role. The Petition is silent on the allocation of financial, operational and regulatory responsibilities arising from failure scenarios.

c) While Petition makes reference to the role of DHBVNL in certain contingency situations, it does not clearly define the corresponding obligations, liabilities and responsibilities that would be assumed by the Applicant in such circumstances

7.16.2. That the Hon'ble Commission may examine the arrangements proposed for ensuring continuity of supply under all foreseeable contingencies, including identification of the supplier of last resort, allocation of obligations between the licensees, consumer

protection measures, transition protocols and the mechanism for recovery of costs arising therefrom. Such examination is necessary to ensure that consumers are not exposed to uncertainty and that the grant of licence does not result in unallocated operational or financial risks within the electricity distribution system.

7.16.3. That the grant of a parallel distribution licence may have significant implications for transmission planning, system operation, scheduling, load flow patterns, network utilisation and grid management. The proposed migration of consumers, creation of a new load-serving entity and establishment of independent power procurement arrangements may alter existing demand projections, transmission utilisation patterns and network loading assumptions on which the State transmission system has been planned.

7.16.4. That before any consideration of grant of licence, the Applicant should be required to place on record comprehensive technical studies, duly examined by HVPNL, including: i) Detailed Load Flow Study; ii) Transmission Evacuation and Connectivity Study; iii) General Network Access (GNA) Availability Assessment; iv) Substation Connectivity and Interconnection Study; v)System Stability and Grid Security Assessment; vi) Transmission Congestion and Network Impact Assessment; and vii) Assessment of the impact on existing and planned transmission infrastructure within the State

7.16.5. That in the absence of such studies, neither the adequacy of the transmission system nor the implications of the proposed licence on grid operation, transmission planning and system reliability can be properly assessed. The application therefore remains incomplete from the perspective of transmission access, network integration and system security.

7.16.6. That the Hon'ble Commission may therefore require the Applicant to first establish the availability of adequate transmission capacity, GNA and network connectivity, supported by detailed technical studies and concurrence of HVPNL, before the application is considered further.

7.17. <u>MARKET ABUSE</u>

7.17.1. That competition is a core statutory objective under the Electricity Act, 2003. The Hon’ble Supreme Court in Tata Power Company Limited v. Reliance Energy Limited, (2008) 10 SCC 321 has recognised that the Act seeks to promote competition while protecting consumer interest and ensuring efficient supply. However, such competition must be fair, effective, and consistent with the statutory framework.

7.17.2. That the Hon’ble Supreme Court in Reliance Energy Limited & Another vs Maharashtra State Road Development (Order dated 11 September 2007) has repeatedly held that Article 14 prohibits treating unequals as equals and that competition can be introduced only when structural parity exists. Allowing the Petitioner to compete with DHBVNL without addressing DHBVNL’s public service obligations, cross-subsidy burden, long-term

PPAs, and universal supply duties would violate this constitutional principle and distort competition.

7.17.3. That the lack of level playing field is evident in inequality between the proposed licensing setup of the Petitioners and the existing system of the DHBVN. As the DHBVNL has undertaken demand forecasting and entered long-term PPAs under HERC Regulations. If profitable consumers migrate to the Petitioner, DHBVNL's contracted power will become stranded, causing financial harm to the utility and tariff pressure on remaining consumers. The Petitioner, relying mainly on short-term procurement, carries none of these obligations or costs. Allowing a parallel licensee to avoid long-term commitments while the incumbent continues to bear them undermines regulatory control over procurement planning and consumer protection.

7.17.4. That the Petitioner's proposal amounts to cherry-picking of remunerative consumers, which defeats the very objective of fair competition under the EA'2003. Competition cannot be reduce to selective supply to profitable consumers while leaving the existing licensee to comply with the universal supply obligation.

7.17.5. That Section 60 of the EA 2003 requires the Commission to examine whether the proposed licensing framework may adversely affect competition. The Petitioner's selective targeting of high-value consumers constitutes market distortion, and the Commission is empowered to prevent such abuse.

7.17.6. That the inevitable consequence of the Petitioner's entry, in its present form, is that gains are privatised while losses are socialised: profitable consumers migrate to the private entrant, while DHBVNL continues to bear costly public obligations. This would lead to tariff increases, higher subsidy requirements, or financial strain on public utilities.

7.17.7. That the Petitioner's application removes the essential elements of fair competition and is ultra vires the objectives of the Electricity Act, 2003

7.18. <u>CONSUMER INTEREST AND TARIFF IMPACT CONSIDERATIONS</u>

7.18.1. That the issue arising for consideration before this Hon'ble Commission is not whether competition in electricity distribution should be permitted in principle. The issue requiring determination is whether the Petitioner has satisfactorily established that grant of a parallel distribution licence in the proposed area would be technically feasible, financially sustainable, capable of discharging the statutory obligations attached to a distribution licence, consistent with the Universal Service Obligation under Section 43 of the Electricity Act, 2003, compatible with the existing tariff and regulatory framework, and ultimately in the larger public interest.

7.18.2. That that the proposed licence has implications extending far beyond the commercial interests of the Petitioner. The proposal has a direct bearing upon the existing cross-subsidy framework, tariff stability, recovery of approved and prudently incurred costs,

power procurement planning, transmission system utilisation, universal service obligations, consumer migration, stranded costs, recovery of historical regulatory liabilities and the overall financial sustainability of the incumbent distribution licensees in the State.

7.18.3. That the Hon'ble Commission itself, while considering the present Petition, has recognised the significance of these issues and has specifically sought information regarding consumer migration mechanisms, anti-cherry-picking safeguards, financial capability, Universal Service Obligations, transmission capacity, General Network Access, system impact and other matters having a direct bearing on the viability and implications of the proposed licence. The very nature of the information sought by the Hon'ble Commission demonstrates that the present proceedings involve broader regulatory and public-interest considerations requiring detailed examination.

7.18.4. That satisfaction of the requirements relating to capital adequacy, creditworthiness and other statutory prerequisites does not, by itself, create an automatic entitlement to grant of a distribution licence. The grant of a licence remains subject to the regulatory satisfaction of the Hon'ble Commission that the proposed arrangement is consistent with the objectives of the Electricity Act, 2003, consumer interest, efficient development of the electricity sector and the larger public interest.

7.18.5. That the issues raised by the proposed licence extend to multiple dimensions including consumer protection, tariff implications, sustainability of the existing cross-subsidy framework, continuity of supply obligations, recovery of stranded costs, impact on public-funded infrastructure, long-term power procurement commitments, transmission system integration and the financial viability of the existing distribution framework. These issues require examination independent of the commercial projections and assumptions presented by the Petitioner.

7.18.6. That the concerns highlighted by the Respondent are also reflected in recent proceedings before the Maharashtra Electricity Regulatory Commission relating to Tata Power's applications for grant of parallel distribution licences in Pune and Nashik, wherein the Commission specifically examined issues relating to Universal Service Obligations, phased network rollout, selective migration of remunerative consumers, capital adequacy for servicing the entire licenced area and the broader impact of the proposed licence on consumers and the existing electricity distribution framework. These proceedings reinforce the need for rigorous scrutiny of the present application from the perspective of consumer interest, tariff stability, cross-subsidy sustainability and overall sectoral impact. The brief of the MERC contention & reply of Tata Power in the proceedings are given below:

"*TPC to clarify and submit the necessary documents to show how it will meet the requirement of Capital Adequacy and Creditworthiness as specified in the Distribution of*

Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005 considering the capex estimated to supply to all the consumers within the proposed area of supply along with updated solvency certificate (considering all the Petitions together), updated Credit Rating Report in support thereof.

Response

In this regard, we have presented the computations considering the expected capital investment in the next 5 years. It is submitted that such approach was adopted by the Hon'ble Commission while granting the licence to Tata Power -D and Adani (then Reliance) in 2014. At this point of time, making the projection of the Capital Expenditure for serving the consumer base of the entire licence area is difficult and the exercise may be done at a later point of time and assessment of Capital Adequacy may be done at that point of time. Further, the capital expenditure will be incurred in a phased manner"

7.18.7. That prior to taking any decision on the present application, the Hon'ble Commission may consider undertaking or directing: i) an independent system impact assessment through HVPNL; ii) an independent financial impact assessment on the incumbent Distribution Licensee; iii) an independent tariff impact assessment for existing consumers; iv) an independent assessment of the impact on the prevailing cross-subsidy framework; and v) an independent consumer benefit and public interest assessment.

7.18.8. That unless and until the Petitioner conclusively establishes compliance with all statutory, regulatory, technical, operational, financial and public-interest requirements, the present Petition does not merit favourable consideration. It is therefore prayed that before considering grant of the proposed licence, the Hon'ble Commission may satisfy itself, through appropriate independent evaluation and regulatory scrutiny, that the proposed arrangement would not adversely affect consumer interest, tariff stability, recovery of approved costs, universal service obligations, financial sustainability of the incumbent Distribution Licensee or the orderly development of the electricity sector in the State.

7.19. <u>PUBLIC INTEREST CONSIDERATIONS & NET CONSUMER BENEFIT</u>

7.19.1. That the issue before this Hon'ble Commission is not whether competition in electricity distribution should be permitted in principle. The issue requiring determination is whether the proposed licensing arrangement, in the facts and circumstances of the present case, would serve the larger public interest, promote the objectives of the Electricity Act, 2003 and result in demonstrable net benefit to consumers.

7.19.2. That competition, by itself, does not automatically result in consumer benefit. The relevant consideration is whether the proposed arrangement creates net benefit for the consumer base as a whole. Any assessment of consumer welfare must necessarily account for the impact of the proposed licence on tariff stability, cross-subsidy sustainability, recovery of approved costs, power procurement economics, infrastructure utilisation, subsidy requirements and long-term system sustainability.

7.19.3. That the Hon'ble Commission may therefore examine, inter alia: i) whether the proposed licence would strengthen or weaken the existing cross-subsidy framework; ii) whether the remaining consumers of DHBVNL may be exposed to increased tariff pressures; iii) whether the proposal may result in stranded costs or under-utilisation of existing infrastructure; iv) whether the burden on State subsidy support may increase; v) whether ongoing and future investments in network strengthening, reliability improvement, smart metering and system modernisation may be adversely affected; vi) whether universal service obligations would continue to be discharged in an effective and equitable manner; and vii) whether the proposed arrangement would result in demonstrable net consumer benefit when assessed across the entire consumer base and not merely a limited category of consumers.

7.19.4. That financial sustainability of the distribution sector is itself a matter of public interest. Distribution utilities are required to undertake substantial expenditure towards network expansion, system strengthening, reliability enhancement, loss reduction, smart grid initiatives, consumer service infrastructure and other public service obligations. Any arrangement that materially impairs the ability of the existing utility to undertake such functions may ultimately operate to the detriment of consumers and the electricity sector as a whole.

7.19.5. That the Applicant ought to be directed to place on record a detailed consumer benefit assessment, tariff impact analysis, service quality comparison, consumer welfare assessment and cost-benefit evaluation demonstrating the net benefits proposed to accrue from the grant of the licence.

7.20. <u>OTHER SUBMISSIONS W.R.T DEFICIENCIES IN THE PETITION</u>

7.20.1. That a perusal of Form-I of the petition shows that the Petitioner has stated that apart from distribution, the Petitioner proposes to carry out the business of electricity generation and transmission. The relevant point is reproduced below:

"3. Principal business activity undertaken/ proposed to be undertaken.

To carry on the business of electricity, generation, transmission and distribution, supply, retail and allied activities, including but not limited to acting as an electricity distribution licensee, parallel distribution licensee, sub-licensee, franchisee, sub-franchisee, distribution operator or any other permitted entity under the Electricity Act, 2003 as per MOA and AOA enclosed as Annexure 6."

7.20.2. That the present petition is solely for the grant of Distribution Licence, no transmission/ generation licence can be granted without fulfilment of the requisite related Regulations. As such, the Petitioner may kindly be directed to clarify and/or amend its petition accordingly.

7.20.3. That Section 15(2)(ii) of the Act, 2003 mandates that where an application for grant of a licence relates to an area including the whole or any part of any cantonment, aerodrome, fortress, arsenal, dockyard, camp, or any building or place in occupation of the Government for defence purposes, a licence shall not be granted until this Hon'ble Commission has ascertained that there is no objection on the part of the Central Government. However, the Petitioner has not furnished any document evidencing that the requisite no-objection or concurrence of the Central Government / Ministry of Defence has been obtained for inclusion of such areas within the proposed licence area. This is a mandatory statutory condition and its non-fulfilment is a bar to grant of the licence. The Petition is therefore incomplete and non-compliant with Section 15(2)(ii) of the Act, 2003.

7.20.4. That further, the Petitioner proposes to procure approximately 80% of its power from Renewable Energy sources including FDRE and through the Green Day Ahead Market (GDAM), with a significant proportion from inter-state sources. The Petition provides for procurement of power through PPAs from generators situated outside Haryana, thereby necessitating utilisation of the Inter-State Transmission System (ISTS) for scheduling and drawl of such power. Access to the ISTS for such procurement is governed by the CERC (Connectivity and General Network Access to the Inter-State Transmission System) Regulations, 2022. Under this framework, inter-state power drawl is contingent upon the grant of the requisite General Network Access (GNA) or Temporary General Network Access (T-GNA) from the appropriate authority, along with compliance with procedures prescribed by the Central Transmission Utility and the concerned Load Despatch Centres. The Petition does not demonstrate the availability of the requisite GNA/T-GNA quantum, transmission access rights, or corresponding transmission arrangements necessary for drawl of the proposed inter-State power.

7.20.5. That the power procurement strategy proposed by the Applicant is heavily dependent upon market-based procurement, including procurement through the Green Day Ahead Market (GDAM). However, the market data placed on record indicates that the quantum of energy actually cleared in the market has consistently remained substantially lower than the aggregate purchase bids submitted by market participants. The data demonstrates that market demand has regularly exceeded the volume available for clearing, thereby indicating that procurement through GDAM is inherently dependent upon availability of matching supply and cannot be regarded as an assured source of power for meeting long-term distribution obligations.

7.20.6. That the Applicant proposes to cater to a rapidly growing demand centre comprising industrial consumers, commercial establishments, data centres and other high-load consumers requiring reliable and uninterrupted electricity supply. In such circumstances, dependence upon market-based procurement for a substantial portion of the power

requirement may expose consumers to risks associated with market liquidity, availability constraints, price volatility and uncertainty of procurement.

7.20.7. That the Applicant has proposed Battery Energy Storage Systems (BESS) as part of its supply strategy. However, the Petition does not furnish sufficient details regarding the capacity, configuration, operational framework, charging arrangements, duration of storage support, implementation timelines or commercial viability of the proposed BESS facilities. In any event, utility-scale BESS deployment in the country is still at a relatively nascent stage and cannot, in the absence of detailed supporting material, be treated as a substitute for demonstrated firm power availability and resource adequacy.

7.20.8. That the Applicant has not satisfactorily established that the proposed procurement portfolio would be capable of meeting the long-term demand growth, reliability requirements and Universal Service Obligations associated with the proposed licenced area. The Hon'ble Commission may therefore require the Applicant to furnish a detailed resource adequacy assessment, firm power availability plan, contingency framework and reliability analysis before any reliance can be placed upon the proposed market-based procurement strategy.

7.20.9. That the effective implementation of a parallel licensing framework necessarily requires a comprehensive, well-defined, and notified regulatory framework governing consumer migration and changeover between distribution licensees. As on date, no such framework is in force in the State of Haryana. Critical aspects including the following remain entirely undefined:

a) Eligibility conditions for consumer migration (including treatment of defaulters of the existing licensee);
b) Migration timelines and procedures;
c) Treatment of existing security deposits paid to DHBVNL;
d) Settlement of outstanding electricity dues to the existing licensee;
e) Metering arrangements at the point of changeover;
f) Allocation of deferred regulatory liabilities (including deferred FSA) attributable to migrating consumers;
g) Treatment of stranded power purchase obligations of the existing licensee;
h) Consumer grievance redressal in a multi-licensee environment; and
i) Switchover and changeover procedures.

7.20.10. That in the absence of such a framework, the Petitioner's projections regarding consumer acquisition, sales volume, revenue realization, and business viability are entirely speculative and cannot be treated as a credible business plan. The entire financial model of the Petition is premised on consumer migration assumptions that are contingent upon a plan that is yet to be established. It respectfully submits that the Hon'ble

Commission may not proceed to grant a Distribution Licence in the absence of a notified Consumer Migration Framework. The grant of a licence without such a framework would leave consumers unprotected and expose existing discoms to unpredictable and unmitigated financial risk. The framing of a comprehensive Consumer Migration Framework should be a condition precedent to grant of the licence.

7.21. DOCUMENTATION REQUIRED FOR DETAILED DUE DILIGENCE

7.21.1. That in the interest of a complete and informed evaluation of the Petition, the Hon'ble Commission may direct the Petitioner to place on record the following information and supporting documents:

i. Detailed debt-equity capitalization plan, including source-wise funding arrangements;
ii. Documentary evidence of binding financing commitments and financial closure arrangements;
iii. Consumer category-wise rollout and acquisition plan;
iv. Area-wise implementation schedule and network development milestones;
v. Detailed framework for compliance with the Universal Service Obligation under Section 43 of the Electricity Act, 2003;
vi. Infrastructure development roadmap, including substations, distribution network, control systems and consumer service infrastructure;
vii. Consumer migration assessment and projected migration framework;
viii. Assessment of the impact on the existing cross-subsidy structure;
ix. Assessment of the impact on tariff determination and tariff stability for existing consumers;
x. Detailed system impact studies, including transmission connectivity, network integration and grid impact assessment;
xi. Modalities for Open Access, Switchover mechanisms, Levy of CSS, AS and such other incidental cost pursuant to operationalisation of parallel licence; and
xii. Comprehensive public interest and consumer benefit assessment

7.22. That the following prayers have been made:-

a) Hold that the Petitioner has failed to establish compliance with the statutory, regulatory, technical, financial and operational requirements governing the grant of a parallel distribution licence under the Electricity Act, 2003, the applicable Rules and Regulations and the licensing framework prescribed thereunder;
b) Hold that the Petitioner has failed to satisfactorily demonstrate that the proposed parallel distribution licence can be implemented without adversely affecting consumer interest, tariff stability, cross-subsidy sustainability, recovery of prudently incurred costs, existing power procurement commitments, universal service obligations,

financial sustainability of the incumbent Distribution Licensee and the orderly development of the electricity sector within the State of Haryana;

c) Consequently, reject the present Petition seeking grant of a parallel distribution licence in its present form;

d) Pass such further order or orders as this Hon'ble Commission may deem fit and proper in the facts and circumstances of the present case.;

e) Any other relief which this Hon'ble Commission may deem fit in the facts and circumstances of the case may also kindly be granted.

8. **Reply filed by Respondent No 2- UHBVNL dated 04.07.2026**

The reply filed by UHBVNL is substantially similar to the reply filed by DHBVNL. Accordingly, for the sake of brevity and to avoid repetition, the same is not reproduced herein.

9. **Reply filed by Respondent No. 3 - HVPNL dated 05.07.2026**

9.1. That HVPNL is a State Government owned company registered under the Indian Companies Act, 1956 and is presently engaged in the business of Transmission in the State of Haryana. The Respondent -HVPNL has been notified by the State as the State Transmission Utility ("STU") for the purpose of Section 39 of the Electricity Act, 2003 ("Act, 2003") and is responsible for the planning, development, operation, and maintenance of the intra-state transmission system. The Respondent-HVPNL has also been notified as the State Load Despatch Centre ("SLDC") in terms of Section 31 of the Act, 2003 and is, as such, also responsible for ensuring grid security, system stability, and the efficient scheduling and dispatch of power across the intra-state network.

Thus, HVPNL has a direct and substantial interest in the present proceedings, given that: (a) the proposed distribution licensee will be required to draw power from HVPNL's intra-state transmission network; (b) the question of availability of adequate transmission capacity and General Network Access (GNA) directly concerns HVPNL as the STU; and (c) the proposed establishment of sub-stations and associated infrastructure within the licence area has a direct bearing on HVPNL's assets, infrastructure, and future expansion plans.

<u>LEGAL FRAMEWORK- GRANT OF PARALLEL DISTRIBUTION LICENCE IS A DISCRETIONARY POWER:</u>

9.2. That, for the purposes of adjudication of the present petition, the following statutory provisions require consideration by this Hon'ble Commission:

a. Sections 14 and 15 of the Electricity Act, 2003 ("Act, 2003");

b. The Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulations, 2004, as amended from time to time (hereinafter referred to as the "HERC Licensing Regulations"); and

c. The Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, as amended from time to time (hereinafter referred to as the "Rules, 2005").

The aforesaid provisions collectively govern the grant of distribution licence and the eligibility conditions to be satisfied by the Petitioner herein.

9.3. That the relevant provisions are reproduced below for ready reference:

The Electricity Act, 2003

"14. Grant of Licence.- The Appropriate Commission may, on an application made to it under section 15, grant a licence to any person-

(a)to transmit electricity as a transmission licensee; or

(b) to distribute electricity as a distribution licensee; or

(c) to undertake trading in electricity as an electricity trader,

In any area as may be specified in the licence:

… … … …

Provided also that the Appropriate Commission may grant a licence to two or more persons for distribution of electricity through their own distribution system within the same area, subject to the conditions that the applicant for grant of licence within the same area shall, without prejudice to the other conditions or requirements under this Act, comply with the additional requirements (relating to the capital adequacy, Credit worthiness or code of conduct) as may be prescribed by the Central Government, and no such applicant, who complies with all the requirements for grant of licence, shall be refused grant of licence on the ground that there already exists a licensee in the same area for the same purpose:

Provided also that in a case where a distribution licensee proposes to undertake distribution of electricity for a specified area within his area of supply through another person, that person shall not be required to obtain any separate licence from the concerned State Commission and such distribution licensee shall be responsible for distribution of electricity in his area of supply:

… … …

Provided also that a distribution licensee shall not require a licence to undertake trading in electricity.

The Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005

"3. Requirements of capital adequacy and creditworthiness.- (1) The Appropriate

Commission shall, upon receipt of an application for grant of licence for distribution of electricity under sub-section (1) of section 15 of the Electricity Act, 2003 decide the requirement of capital investment for distribution network after hearing the applicant and keeping in view the size of the area of supply and the service obligation with that area in terms of section 43.

(2) The applicant for grant of licence shall be required to satisfy the Appropriate Commission that on a norm of 30% equity on cost of investment as determined under sub-rule (1), he including the promoters, in case the applicant is a company, would be in a position to make available resources for such equity of the project on the basis of net worth and generation of internal resources of his business including of promoters in the preceding three years after excluding his other committed investments.

Explanation .-For the grant of a licence for distribution of electricity within the same area in terms of sixth proviso to section 14 of the Act, the area falling within a Municipal Council or a Municipal Corporation as defined in the article 243-Q of the Constitution of India or a revenue district shall be the minimum area of supply."

9.4. That attention of the Hon'ble Commission is also brought towards the judgment passed by the Hon'ble APTEL in the case of *M/S Noida Power Company Limited vs Paschimanchal Vidyut Vitran Nigam Ltd*[APL No. 7 of 2010; Decided on 06.04.2011], wherein it has been held as under:

"14. Whether to grant a parallel licence or not, purely lies with the discretion of the Appropriate Commission which has to be exercised judicially and judiciously for the reasons to be recorded. This does not mean that the Appropriate Commission is bound to grant a parallel licence, the moment the pre- conditions like Capital Adequacy, Creditworthiness, etc., are duly satisfied. In other words, even if these pre-conditions are satisfied, the Appropriate Commission is bound to consider all other relevant factors before granting the parallel/second licence. While exercising the discretion for granting the parallel/second licence, the Appropriate Commission, can not go beyond or act in contravention to its Rules and Regulations framed in accordance with the provisions of the Electricity Act, 2003."

The Hon'ble APTEL, in the aforesaid judgment, has held that satisfaction of the requirements relating to capital adequacy, creditworthiness, and code of conduct under the Capital Adequacy Rules, 2005 constitutes only a threshold eligibility condition for consideration of an application for a parallel distribution licence. Mere fulfilment of such requirements does not confer any vested right to the grant of a licence. The Hon'ble Commission continues to retain the discretion to grant or refuse a parallel distribution licence after considering all relevant factors, including the viability of the business plan,

the applicant's ability to discharge its Universal Service Obligation, and the larger public and consumer interest. Accordingly, the grant of a parallel distribution licence is a discretionary regulatory function, to be exercised keeping consumer interest as the paramount consideration.

9.5. That issues of a similar nature came to be examined in the proceedings relating to grant of a parallel distribution licence before this Hon'ble Commission in the matter concerning *India Power Corporation Limited* (HERC/PRO-08 of 2014). The said petition was dismissed by the Hon'ble Commission vide order dated 05.02.2015. In the said proceedings, this Hon'ble Commission examined, issues relating to financial capability and capital adequacy of the applicant, infrastructure requirements for discharge of distribution licence obligations, consumer interest, practical feasibility of establishing and operating a parallel distribution system, and the implications arising from migration of consumers within an existing licenced area. The Hon'ble Commission had rightly held that- *"… … the Applicant has not conducted a proper study and made out a competitive case for grant of a second distribution licence keeping in mind the satisfaction and benefits of the electricity consumers of the proposed area."* A similar decision is liable to be passed in the present case as well in view of the submissions made and objections raised by the Answering Respondent.

IPCL in the said petition had submitted a proposal with own parallel distribution network and had proposed to develop 5 no. 220kV S/stn with 13no. 100MVA transformers downline with 21no. 25/31.5MVA 66kV s/stns in Gurugram. Further, the cost of land and installation was submitted by the Petitioner in its business plan with the said petition. In the present petition, no such proposal regarding cost of land etc. has been given by the Petitioner. As such, the present petition is also liable to be rejected outrightly.

PRELIMINARY OBJECTIONS WITH RESPECT TO CAPITAL ADEQUACY AND CREDITWORTHNESS:

9.6. That perusal of Form-I, of the petition shows that the Petitioner has stated that apart from distribution, the Petitioner proposes to carry out the business of electricity generation and transmission. The relevant point is reproduced below:

"3. Principal business activity undertaken/ proposed to be undertaken.

To carry on the business of electricity, generation, transmission and distribution, supply, retail and allied activities, including but not limited to acting as an electricity distribution licensee, parallel distribution licensee, sub-licensee, franchisee, sub-franchisee, distribution operator or any other permitted entity under the Electricity Act, 2003 as per MOA and AOA enclosed as Annexure 6."

It is submitted that the present petition is solely for the grant of Distribution Licence, no transmission/ generation licence can be granted without fulfillment of the requisite related Regulations. As such, the Petitioner may kindly be directed to clarify and/or amend its petition accordingly.

9.7. That a perusal of the aforesaid provisions shows that Section 14 of the Act, 2003 permits this Hon'ble Commission to grant a distribution licence to two or more persons for distribution of electricity *through their own distribution systems* within the same area, subject to the condition that the applicant complies with the additional requirements relating to capital adequacy, creditworthiness, and code of conduct as prescribed by the Central Government. The aforesaid provisions do not create an automatic or absolute right to a licence upon mere satisfaction of the additional requirements. The discretion to grant or refuse the licence continues to vest exclusively with this Hon'ble Commission. Attention in this regard is brought towards the following aspects:

a. The Petitioner company was incorporated only in the year 2025, with an authorized share capital of Rs. 100 crore and a paid-up share capital of a mere Rs. 1 crore. The Petitioner admittedly has no independent operations of any kind in any sector as on date. The Petitioner is a wholly-owned subsidiary of SAS Fininvest LLP, which holds a 99.99% shareholding. The Petitioner's complete lack of operational experience in the electricity distribution sector is a matter of serious concern. The operation of a distribution licensee in an area spanning two entire revenue districts, Gurugram and Nuh, which include major industrial hubs such as Gurugram, Manesar, Sohna, and the rapidly developing Nuh district, requires substantial institutional capacity and proven ability to manage a complex and large-scale distribution system. A newly incorporated entity with no operations cannot, merely on account of its consortium arrangements, be equated with an entity that has demonstrated such capacity.

b. The Petitioner has stated to have entered into a Memorandum of Understanding (MOU) with three consortium partners- (1) M/s HEC Infra Projects Limited, (2) M/s Advait Energy Transitions Limited, and (3) M/s Vision India Services. The Petitioner has solely relied upon the experience of the consortium partners. MoU relied upon by the Petitioner cannot be taken into consideration, as it is merely a non-binding document and does not create any legally enforceable rights or obligations. The MoU placed on record by the Petitioner is an unsigned document. In other words, the Petitioner has not placed on record any valid and binding consortium agreement. In the absence thereof, there is no certainty that the technical and operational capabilities of the entities sought to be relied upon by the Petitioner would be available during the term of the Licence.

c. In Sr. No. 2 of the Form-I, in reply to the question as to "How long the applicant has been in the business of transmission/ distribution of electricity", the Petitioner has appended experience certificate of the purported consortium partners only. The Petitioner has furnished details of the track record and large-scale projects allegedly undertaken by its consortium partners. In absence of any binding and enforceable agreement between the Petitioner and the said entities, such submissions cannot be accorded any weight or consideration. Further, and in any event, the application for grant of Distribution Licence has been filed by M/s Eleven Power Pvt. Ltd. in its individual capacity. Therefore, the past performance, experience, or projects executed by the purported consortium partners cannot be treated as the experience or credentials of the Petitioner and do not advance its case for grant of the licence.

d. At Sr. No. 6(c) of Form-I wherein the "Ability to perform functions of transmission/ distribution of electricity in a sustainable manner" was required to be shown by the Petitioner, the petitioner has stated to have appended the experience certificate of the purported consortium partners, which cannot be taken into account as the Licence is being sought by the Petitioner in its individual capacity.

e. A plain reading of the Rules, 2005 demonstrates that the legislative intent underlying the said Rules is that the eligibility criteria and financial requirements for grant of a distribution licence are required to be fulfilled by the applicant itself and/or its promoters. The consortium partners of the Petitioner cannot, by any stretch of interpretation, be equated with or treated as promoters of the Petitioner for the purposes of satisfying the statutory and regulatory requirements prescribed under the applicable framework. It is further submitted that the Petitioner ought to be directed to specifically clarify the exact role and legal status of the alleged consortium partners and the manner in which their credentials are sought to be relied upon in support of the present application. The Petitioner may also be directed to disclose whether it proposes to undertake the distribution of electricity through such consortium partners, as appears to be suggested in the petition. In this regard, attention is invited to the proviso to Section 14 of the Electricity Act, 2003, which permits a distribution licensee, subject to the terms and conditions of its licence, to undertake distribution of electricity for a specified area within its area of supply through another person. In the absence of any such disclosure or arrangement being clearly set out, the credentials, experience, or project track record of the consortium partners cannot be taken into consideration while assessing the eligibility and suitability of the Petitioner for grant of a distribution licence.

f. Attention is also invited to the financial particulars of M/s SAS Fininvest LLP and the alleged consortium partners placed on record by the Petitioner. A perusal thereof

reveals that the figures furnished therein are stated to be based on the "Value of Services" and not on the basis of audited financial statements. Consequently, the said particulars cannot be treated as a reliable indicator of the financial strength of the entities concerned. It is further pertinent to note that, under the column pertaining to "Capital Adequacy and Creditworthiness" of M/s SAS Fininvest LLP, the entry has been reflected as "N.A.". The aforesaid disclosure clearly demonstrates that the Petitioner has not placed on record any material to establish the capital adequacy or creditworthiness of its own promoter entity. In these circumstances, it is evident that the Petitioner is seeking to rely upon the financial standing and creditworthiness of the purported consortium partners in substitution of, or as a proxy for, the creditworthiness of its own promoter company. Such an approach is contrary to the scheme of the applicable statutory and regulatory framework, which requires the applicant and/or its promoters to independently satisfy the prescribed eligibility criteria relating to financial capability, capital adequacy, and creditworthiness. The credentials of third-party consortium partners, who are neither applicants nor promoters, cannot be relied upon to cure the deficiencies in the Petitioner's own financial qualifications.

g. Furthermore, the consortium partners are not parties to the present petition, which is significant given that the Petitioner entirely and exclusively relies upon their experience and technical capabilities to demonstrate its own eligibility. As such, the Petitioner may also be directed to implead the purported consortium parties to be party respondents to the present proceedings.

h. Further, the Petitioner, for the purpose of demonstrating financial capability, has relied upon the market value of the net worth of its holding entity, SAS Fininvest LLP, at Rs. 4,085.60 crore as on 30.10.2025. However, the book value of SAS Fininvest LLP's net worth, as certified by its Chartered Accountant, is a mere Rs. 94.95 crore, far below the required equity contribution of Rs. 1,415 crore.

i. This Hon'ble Commission has, in its Interim Order dated 26.05.2026, itself flagged the following concern regarding the Petitioner's financial capability:

"e) ... ... The petitioner company was incorporated on 06.06.2025 with an authorized share capital of ₹100 crore and a paid-up share capital of ₹1 crore. In view of the foregoing, the petitioner is directed to furnish a detailed justification for adopting the market value of the holding company, in preference to its book value, for the purpose of assessing net worth and financial capability, particularly when the petitioner's authorized share capital is only Rs. 100 crore as against the proposed equity contribution requirement of Rs. 1,415.02 crore. The petitioner shall further clarify the apparent financial inconsistencies arising from the aforesaid disclosures and submit a comprehensive debt-equity capitalization plan, clearly identifying the

proposed sources of equity and debt funding, the manner and timeline of infusion thereof, and documentary evidence substantiating the availability of the requisite financial resources. ... ... "

j. The Petitioner's case that the market value of Rs. 4,085.60 Crore reflects liquid or semi-liquid assets in the form of quoted equity shares and mutual funds is inherently unreliable and unsustainable. The market value of listed securities is inherently subject to price fluctuations, market risks, and liquidity constraints. The value of such securities as on 30.10.2025 may bear no relation to their value at the time when actual capital infusion into the Petitioner is required, which is necessarily a future date. The Petitioner itself, as a distinct legal entity, has assets of merely approximately Rs. 87.21 lakh as per its own latest financials, and has a paid-up share capital of Rs. 1 crore. An entity with such minimal financial standing cannot credibly undertake a capital investment of Rs. 4,717 crore. The IndusInd Bank solvency certificate certifies solvency of SAS Fininvest LLP (the holding entity) up to Rs. 1,000 crore, which is itself materially less than the required equity contribution of Rs. 1,415 crore. Even this certificate pertains to the holding entity, not to the Petitioner.

Accordingly, the Petitioner ought to be directed, at the very threshold, to demonstrate and establish its compliance with the requirements prescribed under the Rules, 2005. The burden of satisfying the statutory and regulatory eligibility criteria squarely rests upon the Petitioner and cannot be discharged by relying upon the credentials of third parties. In the absence of satisfactory proof of compliance with the Rules, 2005, the present petition is liable to be rejected and dismissed in limine.

9.8. That the capital adequacy of the Petitioner is a matter of critical importance from the STU's perspective. An under-capitalized distribution licensee poses a serious systemic risk as it may default on payment of Annual Transmission Charges, SLDC charges, and other applicable charges to HVPNL. It may also fail to fund the required network infrastructure; and it may ultimately become financially unviable, creating disruption of power supply to consumers within the licence area and adversely impacting the transmission network.

9.9. That as per the said interim order dated 26.05.2026, the Hon'ble Commission has directed the Petitioner to file-

"a) A No Objection Certificate (NoC) from HVPNL regarding the availability of adequate transmission capacity and general network access (GNA) for the proposed area of supply as well as it concurrence for use of HVPNL land for the establishment of sub-stations and associated infrastructure"

In this regard, a letter dated 19.05.2026 was addressed by the Petitioner to HVPNL, whereby the Petitioner has sought grant of In-principle No-Objection Certificate.

9.10. That insofar as availability of TRANSMISSION CAPACITY is concerned, it is respectfully submitted that it is the legal duty of the Respondent under section 39 (2) (b) of the Electricity Act, 2003 to plan and coordinate its intra-state transmission system with all licensees amongst other entities. Therefore, in the scenario that the petitioner is granted a licence by Hon'ble HERC, the respondent would faithfully discharge its functions as per the provisions of the said Act. At this stage, HVPNL is not in a position, to give the petitioner an NOC in this regard, in view of the following reason:

The existing transmission system of HVPNL has been planned and developed to cater the present demand and projected future load growth of the existing distribution licensees i.e. DHBVNL and UHBVNL. With regard to the phrase used in the interim order quoted above i.e. "adequate transmission capacity", Respondent submits that the said adequacy can be judged only, after submission of details by the petitioner as already undertaken by him vide its letter dated 19.05.2026. Once the said details are submitted upon grant of a licence, system study shall be undertaken by HVPNL for the purpose.

9.11. That insofar as the availability of General Network Access (GNA), is concerned, it is submitted that GNA is governed by the Central Electricity Regulatory Commission (Connectivity and General Network Access to the Inter-State Transmission System) Regulations, 2022 (hereinafter 'CERC GNA Regulations, 2022'). At the time of notification of CERC GNA Regulations, 2022, the deemed GNA of Haryana was 6913 MW [Including Adani (1495 MW) and Northern Railways (75 MW)]. Further, CTUIL has granted additional GNA of 1500 MW with effect from 01.04.2026 on the request of HPPC (for both UHBVN and DHBVN), which makes the total GNA of Haryana as 8413 MW. The relevant provisions of CERC GNA Regulations, 2022 especially are reproduced below:

"19.Application for Grant of additional GNA by STU

19.1.Within 3 months of coming into force of these regulations, STU may, on behalf of intra-State entities including distribution licensees, apply for additional GNA over and above the GNA deemed to have been granted under clauses (a) to (e) of Regulation 18.1 of these regulations (with entity-wise segregation) indicating GNA within the region and from outside the region.

19.2.STU, on behalf of intra-State entities including distribution licensees, may apply, once in a financial year (starting from the financial year following the financial year in which these regulations have become effective) by the month of September each year, for additional GNA for the next 3 (three) financial years (with entity-wise segregation) indicating GNA within the region and from outside the region, as stipulated in the 'Detailed Procedure for Connectivity and GNA', issued in accordance with Regulation 39.1:

Provided that such additional GNA quantum to be added in each of the next three financial years shall be applicable from a specified date of the respective financial year.

… … …

21. System Study by the Nodal Agency

The Nodal Agency, based on the applications received for grant of additional GNA, shall carry out system study in accordance with the Rules and Regulations made under the Act and the CEA Transmission Planning Criteria specified under the Act.

22. Grant of GNA

22.1. Grant of additional GNA to STU

(a) The Nodal Agency shall process all applications received under Regulation 19.1 of these regulations together, within two months from last day of receipt of applications and grant additional GNA to STU based on available transmission capacity, or on pro-rata basis, If necessary. GNA once granted shall remain valid until relinquished.

(b) The Nodal Agency shall grant additional GNA to STU based on applications received under Regulation 19.2 of these regulations by 31st March of the same financial year, keeping in view the available transmission capacity or timeline of augmentation, indicating the date from which such additional GNA shall be effective. GNA once granted shall remain valid until relinquished.

(c) The total GNA of STU shall be the sum of GNA deemed to have been granted under Regulation 18.1 and additional GNA granted under this Regulation.

(d) Intra-State entity-wise GNA deemed to have been granted to STU under Regulation 19.1 and additional GNA granted under this Regulation shall form the basis for raising the bills under the Sharing Regulations to such intra-State entities."

It is clear from perusal of the above paras that HVPNL being the STU can only apply to CTUIL on behalf of any distribution Licensee for grant of GNA or for enhancement of Quantum of GNA, as per CERC GNA Regulation, 2022. Further, in case of becoming a licensee it would be the responsibility of M/s Eleven Power Pvt. Ltd. to comply with all procedural, technical and financial conditions prescribed under the said Regulations.

9.12. That the Interim Order of this Hon'ble Commission directs the Petitioner to obtain HVPNL's CONCURRENCE FOR USE OF HVPNL'S LAND FOR ESTABLISHMENT OF SUB-STATIONS AND ASSOCIATED INFRASTRUCTURE. In this regard, it is humbly submitted that the lands under the possession and ownership of HVPNL are planned for HVPNL's own future expansion and augmentation. Therefore, the Respondent- HVPNL's decision on any application for use of any of its land shall be taken only after taking into consideration the no objection of concerned DISCOM(s), technical feasibility, future growth, expansion and augmentation requirements of HVPNL. Hence, it is not possible to grant NOC on this account at this stage.

9.13. That the Petitioner has proposed to procure approximately 80% of its power from Renewable Energy (RE) sources, primarily through Firm and Dispatchable Renewable

Energy (FDRE) sources and the Green Day Ahead Market (GDAM), with the balance from conventional thermal generation. The procurement from the GDAM as the primary source, as opposed to firm, long-term Power Purchase Agreements, will creates significant scheduling uncertainty. The GDAM is a day-ahead market, which means the Petitioner's power procurement for the next day cannot be confirmed reasonably in-advance. This poses a direct challenge to HVPNL/SLDC's scheduling function and grid security obligations. Insofar as FDRE is concerned, it is submitted that such technology is still at an early stage of deployment in the country. Very few FDRE generators are presently operational in Haryana. The inter-state transmission (ISTS) charges applicable to power sourced from other states, and the transmission corridor constraints, further cast doubt on the reliability and cost-effectiveness of the proposed procurement model.

9.14. That a prospective distribution licensee that does not have a firm, assured, and diversified power procurement plan, cannot be a reliable off-taker from the transmission network. Scheduling instability arising from uncertain procurement directly translates into grid management challenges for HVPNL/SLDC. The Petitioner be directed to submit a comprehensive and realistic Power Procurement Plan, demonstrating firm tie-ups for at least the first five years of operation, before the grant of licence is considered.

9.15. That the Answering Respondent is duty-bound under the Act, 2003 and the Haryana Grid Code to maintain system security, grid stability, voltage profiles, and reliable transmission of power throughout the State. The introduction of a parallel distribution licensee in the Revenue Districts of Gurugram and Nuh, which are among the highest load-density areas in the State, has significant implications for grid management, especially when the power would admittedly be procured from GDAM.

9.16. That further, in view of the fact that a parallel distribution network would be developed by the Petitioner in case of grant of Licence, following specific concerns of the Answering Respondent may kindly be considered:

9.16.1. The proposed parallel licensee will require multiple new connection points with HVPNL's transmission network. Each such connection point requires careful coordination, protection system design, SCADA/EMS integration, and bay extension works at HVPNL's substations, all of which will need to be planned and executed well in advance.

9.16.2. The parallel operation of two distribution networks in the same area, one by the Petitioner and one by DHBVNL, creates complex protection coordination challenges. Any fault in the Petitioner's network, if not properly isolated, can cascade into HVPNL's transmission network.

9.16.3. The introduction of a new large load in the existing system without proper reactive compensation can adversely affect voltage profiles across the transmission network. The Petitioner has not addressed reactive power management in its proposal.

9.16.4. The Petitioner has not provided any information on its proposed SCADA/EMS systems or their compatibility with HVPNL's systems, which is a mandatory requirement for any entity connected to the intra-state transmission network.

9.16.5. In case of grant of Licence to the Petitioner, all of the above concerns may kindly be addressed through a detailed System Study and a formal Interconnection Agreement between the Petitioner and HVPNL, prior to any actual commencement of power drawl. The System Study and the Interconnection Agreement must be concluded before the licence is operationalized.

9.17. That though HVPNL's role is primarily that of the transmission utility, the Answering Respondent is cognizant of the broader implications of cherry-picking for the financial health of the incumbent distribution licensees, which in turn has implications for the cross-subsidy framework and the ability of the State to maintain affordable electricity supply to agricultural and rural consumers. HVPNL draws the attention of this Hon'ble Commission to the following specific aspects of the Petitioner's business plan that raise serious concerns regarding cherry-picking:

9.17.1. The Petitioner proposes to initially supply consumers in the vicinity of grid substations at 220 kV to 66 kV levels these are, by definition, the highest-density industrial and commercial load centers, which are also the most commercially lucrative consumers.

9.17.2. The Petitioner's own business plan acknowledges that it expects only 2.5% of DHBVNL's existing consumers to migrate to it, with the balance being 'new projects, industrial expansion, residential developments and commercial establishments.' This is a clear indication that the Petitioner's model is designed to attract premium commercial and industrial consumers while avoiding the less commercially attractive agricultural and rural consumer segments.

9.17.3. The Petitioner's business plan is conspicuously silent on concrete arrangements for last-mile connectivity to agricultural consumers in Nuh district beyond a bare recitation of the statutory Universal Service Obligation. Attention in this regard is brought towards the Business Plan submitted by the Petitioner (at page No. 69 of the present petition), wherein the "Table 10 to 12: Proposed Network Development for Gurugram, Manesar & Sohna" has been given by the Petitioner. It is submitted that a bare perusal of the same reveals that the transformers proposed in the business plan make upto an approximate total of 1512 MVA capacity (calculated with 80% loading), however, the total existing load of Gurugram circle, at present, is more than 2300 MW. As such, the same itself shows that even as per the planning submitted by the Petitioner himself, the Petitioner has only cherry-picked certain lucrative areas while ignoring any future/ proposed development of network in the rest of the area. Similar submission has been made by the Petitioner in case of its Business Plan submitted for Nuh Area. Attention in this regard is brought

towards page no. 70 of the present petition wherein "Table 13: Proposed Network Development for Nuh" has been given by the Petitioner. A perusal of Sr. no. 4 of the said table shows that the Petitioner has proposed 1(one) no. 33/11 kV Substation and 2 (two) no. 12.5 MVA Transformers. However, at present, there are a total of 12 no. 33/11kV sub-stations of DHBVNL connected and/or proposed to be connected to the Rangla-Rajpur 220 kV sub-station of HVPNL, namely, Dondal, Agon, Hirwari, Firozpur, Sakaras, Pingwana, Bubalheri, Basai, Meo, Gulalta, Bhadas , Meoli and Rethat 33 kV Sub-stations. As such, the network proposed to be developed by the Petitioner is highly inadequate. In other words, the Petitioner has not fulfilled the requirement under Rule 3 of the Rules, 2005 which specifically prescribe that the Hon'ble Commission shall decide the requirement of capital investment"... keeping in view the size of the area of supply and the service obligation with that area in terms of Section 43." It is evident that the Petitioner does not intend to fulfil its service obligation for the whole of Area for which the Petitioner is seeking grant of distribution licence.

9.18. That apart from an affidavit on the part of the Petitioner (as directed vide para no. 4(g) of the interim order dated 26.05.2026), the Petitioner may also be directed to put in place a robust mechanism to prevent cherry-picking, including clear and enforceable obligations on the Petitioner to serve all consumer categories, particularly agricultural consumers, on a non-discriminatory basis across the entire proposed licence area, with defined timelines and penalties for non-compliance.

9.19. Violation of the Approved Distribution Architecture under the 33 kV Pilot Project Belt (PPB)

9.19.1. That the Hon'ble Haryana Electricity Regulatory Commission (HERC), vide its Notification dated 27.09.2023, has notified the 33 kV Pilot Project Belt (PPB) covering Sectors 58 to 115, Gurugram, with the objective of implementing a modern and efficient distribution network architecture.

9.19.2. That under the said notification, the Commission has approved a 220/33/0.4 kV distribution system, wherein electricity supply is envisaged to be extended through 33 kV feeders directly feeding 33/0.4 kV distribution transformers, thereby eliminating the requirement of intermediate 11 kV distribution networks within the notified PPB area.

9.19.3. That, creation of conventional 33/11 kV Distribution Substations (DSS) along with downstream 11 kV distribution networks within the notified PPB area would be contrary to, and inconsistent with, the distribution framework specifically approved by this Hon'ble Commission.

9.19.4. That the Petitioner has proposed establishment of 12 Nos. 33/11 kV Distribution Substations comprising 36 Nos. 12.5 MVA, 33/11 kV power transformers at Sector-65, Sector-69, Sector-85, Sector-95, Sector-99 and Sector-107, all of which fall within the notified PPB area.

9.19.5. That the aforesaid proposal is inconsistent with the distribution architecture approved by this Hon'ble Commission, particularly when these very areas have already been planned and approved for supply through 220/33 kV infrastructure under the expansion plans of HVPNL/DHBVN.

9.19.6. That permitting establishment of conventional 33/11 kV substations within the notified PPB area would defeat the very objective of the PPB notified by this Hon'ble Commission, result in duplication of infrastructure, lead to avoidable investment, and dilute the regulatory framework approved under the HERC Notification dated 27.09.2023.

OTHER SUBMISSIONS W.R.T DEFICIENCIES IN THE PETITION:

9.20. That in terms of Rule 4 of the Rules, 2005, the Petitioner is required to submit an undertaking showing that he has not been found guilty of the offences under the sections enumerated in the Rule. It is submitted that though such an undertaking has been submitted by the Petitioner at page no. 56 of the present petition, however, once the Petitioner has completely relied on the experience/ financial capacity etc. of its promoter company and the purported consortium partners, such an undertaking on behalf of the promoters/ consortium partners is also liable to be considered as a pre-requite to the grant of licence, if any.

9.21. That Section 15(2)(ii) of the Act, 2003 mandates that where an application for grant of a licence relates to an area including the whole or any part of any cantonment, aerodrome, fortress, arsenal, dockyard, camp, or any building or place in occupation of the Government for defense purposes, a licence shall not be granted until this Hon'ble Commission has ascertained that there is no objection on the part of the Central Government. However, the Petitioner has not furnished any document evidencing that the requisite no-objection or concurrence of the Central Government / Ministry of Defense has been obtained for inclusion of such areas within the proposed licence area. This is a mandatory statutory condition and its non-fulfilment is a bar to grant of the licence. The Petition is therefore incomplete and non-compliant with Section 15(2)(ii) of the Act, 2003.P

9.22. That in view of the facts, submissions, and objections made hereinabove, this Hon'ble Commission may dismiss the present petition being non-maintainable and also devoid of merit; AND/OR

Pass such further orders and directions as this Hon'ble Commission may deem fit and proper in the facts and circumstances of the present case, in the interest of consumers of the State of Haryana.

Rejoinder(s) filed by Petitioner dated 10.06.2026 to the reply filed by DHBVNL

10. That the Petitioner submits the present Rejoinder to the Reply filed by Respondent No. 1, Dakshin Haryana Bijli Vitran Nigam Limited (referred to as "DHBVNL"/ "Respondent"), objecting to the Petition seeking Grant of a Parallel Distribution Licence under the Sixth Proviso to Section 14 of the Electricity Act, 2003 (referred to as "the Act"). Save what is expressly admitted herein, every allegation, contention and assertion contained in the Reply is denied.

10.1. That the objections raised by DHBVNL fall broadly under three heads: first, that the Petitioner does not satisfy the statutory conditions governing the Grant of a Parallel Distribution Licence; second, that the proposed phased rollout of the distribution network amounts to selective service of consumers and conflicts with the Universal Service Obligation under Section 43 of the Act; and third, that the entry of a competing Licensee will produce adverse commercial consequences for the incumbent, including loss of consumers, erosion of cross subsidy, stranded power purchase obligations and disturbance to the Annual Revenue Requirement. Further, the contents of the Petition may be treated as part and parcel of the present rejoinder and the same are not repeated herein for the sake of brevity.

10.2. That none of these objections, examined against the statutory text, discloses any legal impediment to the Grant of the Licence sought. The Petitioner addresses each in turn. The present Rejoinder proceeds by first identifying the statutory framework governing the Grant of a Parallel Distribution Licence; thereafter demonstrating that the Petitioner satisfies every statutory requirement prescribed under the Act and Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, read along with its subsequent amendments, (referred to as "the Distribution Licence Rules"); answering the objections relating to prior distribution experience, phased rollout and the alleged commercial consequences of competition; examining the judicial precedents relied upon by Respondent No. 1; and finally demonstrating that the Grant of Licence advances the legislative objectives of the Electricity Act and serves the larger public interest.

THE STATUTORY FRAMEWORK GOVERNING GRANT OF A PARALLEL DISTRIBUTION LICENCE

10.3. That the enquiry before this Hon'ble Commission is defined and limited by the Act. The Hon'ble Commission is called upon to determine whether the Petitioner satisfies the conditions prescribed under Sections 14 and 15 of the Act, the Distribution Licence Rules, and the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulations, 2004, read along with its subsequent amendments, (referred to

as the “applicable Licensing Regulations”). The Act does not contemplate the introduction of eligibility conditions beyond those Parliament has expressly enacted.

A reading of the Reply shows that a substantial part of the objection does not rest on any failure to meet the statutory requirements but on apprehended commercial and operational consequences of competition, viz., Consumer Migration, Cross Subsidy loss, Power Procurement Stranded Costs, Impact on its Rollout Plan and Revenue Implications. These concerns fall within the regulatory domain of the Hon’ble Commission, but their existence cannot enlarge the statutory conditions governing Grant of Licence. It is further submitted that DHBVNL’s objections repeatedly convert post-grant regulatory obligations into pre-grant eligibility conditions. The Act distinguishes between grant of licence under Sections 14 and 15 and continuing regulation after grant. Issues relating to network rollout, migration, tariff adjustment, power procurement, FSA/FPPCA, consumer protection and standards of performance are matters for licence conditions and regulatory supervision, not independent grounds for refusal unless a specific statutory non-compliance is shown.

10.4. That the Act marked a deliberate departure from the earlier regime of exclusive territorial monopolies. Parliament knew that introducing Parallel Distribution Licensees would bring competition into a sector that had not previously known it, and enacted the Sixth Proviso to Section 14 regardless providing in terms that no applicant who complies with all the requirements for grant of licence shall be refused grant of licence on the ground that there already exists a licensee in the same area for the same purpose. The Statement of Objects and Reasons, read with the National Electricity Policy and the Tariff Policy, confirms Parliament’s intention to replace the monopoly model with one of regulated competition.

10.5. That the language of the proviso leaves little room for ambiguity. While the Hon’ble Commission retains discretion to examine whether an applicant meets the statutory requirements; that discretion is structured, not open ended. The words 'on the ground that there already exists a licensee' demonstrate that Parliament anticipated objections founded upon the presence of an Incumbent Licensee, and consciously excluded the existence of the incumbent, and the consequences that naturally flow from the entry of a second licensee, as grounds of refusal. What remains open to examination is compliance with the requirements of the Act and the Distribution Licence Rules, and nothing else may be elevated into a threshold condition. The foreseeable commercial consequences of competition cannot be elevated into threshold eligibility conditions where Parliament has chosen not to make them so.

10.6. That the Act draws a clear line between the conditions governing Grant of Licence and the obligations that arise once a Licence is granted. Eligibility is determined under

Sections 14 and 15 read with the Distribution Licence Rules. Matters of network rollout, Universal Service Obligation, power procurement, Tariff, Standards of Performance and Consumer Protection remain subject to the Hon'ble Commission's continuing regulatory jurisdiction. The Reply repeatedly conflates these two stages, treating issues that properly belong to the Hon'ble Commission's post grant powers as threshold barriers to entry. That approach is inconsistent with the architecture of the Act and would effectively rewrite the conditions Parliament prescribed for entry into the distribution sector.

10.7. That the statutory conditions governing the Grant of a Licence are exhaustive and cannot be supplemented by importing additional requirements through interpretation; that commercial consequences naturally flowing from competition do not, by themselves, furnish a sustainable ground for refusal; and that the Hon'ble Commission's continuing regulatory jurisdiction is the proper forum for operational issues arising after Grant of Licence, not a basis for denying it in the first place. The objections raised by DHBVNL are examined below within these four corners.

THE STATUTORY CONDITIONS FOR GRANT OF LICENCE ARE EXHAUSTIVE AND STAND SATISFIED

10.8. That the Sixth Proviso to Section 14 authorises the Grant of more than one Distribution Licence within the same area, subject to compliance with the additional requirements prescribed by the Central Government. Pursuant to that mandate, the Central Government framed the Distribution Licence Rules, which comprehensively set out the requirements relating to capital adequacy, creditworthiness and code of conduct. Once those requirements, together with the Act and the applicable Licensing Regulations, stand satisfied, the enquiry contemplated under Sections 14 and 15 is complete. Neither the Act nor the Distribution Licence Rules require an applicant to demonstrate prior experience as a Distribution Licensee, ownership of an existing network, an established consumer base or completed infrastructure before Grant of Licence, and that omission is deliberate.

10.9. That the amended Explanation to Rule 3(2) is a minimum-area provision and must be read with the Sixth Proviso to Section 14. The Petitioner has not sought fragmented pockets or selected high-revenue corridors; it has sought licence for the notified revenue districts of Gurugram and Nuh as a contiguous supply area, covering urban, rural, domestic, agricultural, commercial and industrial consumers. DHBVNL's objection based on Municipal Committees/Municipal Councils is misconceived because the Petitioner's case is not founded upon isolated municipal bodies but upon the proposed licence area as a whole. The relevant extracts of the Distribution Licence Rules are reproduced below:

"3. Requirements of capital adequacy and creditworthiness.-(1) The Appropriate Commission shall, upon receipt of an application for grant of licence for distribution of

electricity under Sub-section (1) of Section 15 of the Electricity Act, 2003, decide the requirement of capital investment for distribution network after hearing the applicant and keeping in view the size of the area of supply and the service obligation within that area in terms of Section 43.

(2) The applicant for grant of licence shall be required to satisfy the Appropriate Commission that on a norm of 30% equity on cost of investment as determined under sub-rule (l), he including the promoters, in case the applicant is a company, would be in a position to make available resources for such equity of the project on the basis of networth and generation of internal resources of his business including of promoters in the preceding three years after excluding his other committed investments

Explanation. - For the purposes of this sub-rule, it is hereby clarified that for grant of a licence for *distribution of electricity within the same area in terms of sixth proviso to section 14 of the Act, the entire area covering either a Municipal Corporation as defined in article 243Q of the Constitution or three adjoining revenue districts, or a smaller area as may be notified by the Appropriate Government shall be the minimum area of supply."*

Further, the Respondent has interpreted that the Minimum Area criteria is met by only considering Corporation and not considering Municipal Council (or Committee), which is applicable for Nuh District. The Respondent has further proceeded to state that the Municipal Corporation of Gurugram and Manesar alone is enough to meet the minimum area criteria and complete Nuh District (Nagina Tehsil, Hathin Municipal Committee and Sikri) is not considered by the Petitioner. The statement of missing certain areas of Nuh does not mean that the Petitioner has not considered the same for development of Distribution Infrastructure. On the contrary, the Petitioner IS clearly stating from the inception that the area considered is entire revenue districts of Gurugram and Nuh including rural and agricultural bases. The proposed area includes the entire area under the Nuh and Gurugram revenue districts (Gurugram Municipal Corporation, Manesar Municipal Corporation, Municipal Council of Sohna, Municipal Council of Pataudi Mandi & Municipal Committee of Farrukh Nagar under Gurugram revenue district and Municipal Committee Nuh, Municipal Committee Punhana, Municipal Committee Firozepur Jhirka & Municipal Committee Tauru under Nuh Revenue District). Hence, the comments regarding not meeting the minimum area criteria are not valid and needs to be rejected.

10.10. That the objections relating to capital adequacy and creditworthiness may be considered together, since both bear on the same financial capability of the Petitioner and suffer from the same infirmity. The Distribution Licence Rules prescribe objective criteria for capital adequacy, capable of verification from the record, and do not contemplate an open ended enquiry based on subjective commercial perception; they further recognise that financial capability, including creditworthiness, may be demonstrated through the strength of an

applicant's promoters, shareholders and supporting entities, consistent with commercial practice for infrastructure projects undertaken through dedicated vehicles.

10.11. That the Petitioner has furnished all financial information, supporting documents and declarations required under the Distribution Licence Rules, and has set out the financial strength of its promoter group, the proposed funding structure and the resources available for the project. Further, the Petitioner has also submitted its detailed justification for the comments raised by the Hon'ble Commission with regards to Capital Adequacy and Creditworthiness in the Interim Order dated 26.05.2026. DHBVNL has not identified any specific requirement that remains unfulfilled; it raises only speculative concerns about future investment and financing, which may bear on regulation of the project's implementation but establish no present deficiency in capital adequacy or creditworthiness, and a general apprehension of this kind cannot sustain a refusal of Licence.

10.12. That the Petitioner has already infused equity amount applicable for Phase I of the Network Implementation Plan and have arranged for debt required for Phase I. Further, the Authorised Capital has been increased from Rs. 100 Crore to Rs. 1,500 Crore. The total capital investment proposed in the Petition is Rs. 4,717 Crore, funded on a 70:30 debt-equity structure, comprising equity of Rs. 1,415 Crore and debt of Rs. 3,302 Crore. The certificates from IndusInd Bank and 360 One Prime Limited (up to Rs. 1,000 Crore each) evidence the capacity to raise the debt component progressively in line with the phased Network Implementation Plan, and neither Rule 3 nor any Regulation requires the entire debt of Rs. 3,302 Crore to stand committed at the licensing stage. The reference in the undertaking *(enclosure 6 at page 54-55 of the Petition)* to arranging capital of approximately Rs. 5,000 Crore reflects the proposed capital investment of Rs. 4,717 Crore together with financing margins and contingencies, and is consistent with, and not in excess of, the funding plan placed on record.

10.13. That the Respondent's computation of Rs. 11,400 Crore proceeds by replicating the configuration of its own legacy network, which is not the measure of what a modern network for the same area should cost. The Respondent's own Table 2 discloses a network of 10,893.89 km of 11 kV lines against only 586.22 km of 33 kV lines, a ratio of approximately 18.6 km of 11 kV for every km of 33 kV. The Petitioner's network, by contrast, is designed on a 33 kV-dominant architecture, with approximately 1,020 km of 11 kV against 205 km of 33 kV, a ratio of 5:1. On the Respondent's own unit rates, a 33 kV feeder delivers four times the capacity of an 11 kV feeder at a fraction of proportionate cost, so the properly designed 33 kV-led design architecture serves the same supply obligation with fewer network elements, better asset loading, lower capital cost per MW served and lower technical losses, translating into fewer and shorter interruptions for

consumers, that is, superior SAIFI and SAIDI performance. The Respondent's objection, in substance, is that the Petitioner has not proposed to spend as much as the Respondent would to replicate the Respondent's own inefficient network design; an efficiency in capital deployment is not a deficiency in capital adequacy.

10.14. That the proposed network is designed for economic and efficient asset utilisation. The Petitioner's planning assumptions provide for utilisation of connected load of 60% for HT consumers and 25% for LT consumers, within a maximum asset loading of 80% and N-1 redundancy, whereas the corresponding utilisation observed on the Respondent's own data for the proposed area is approximately 19%. The Respondent's assessment of Rs. 11,400 Crore, is built upon under-utilised configuration, therefore capitalizes inefficiency and presents it as the benchmark of adequacy.

10.15. That the Petitioner has further proposed deployment of 33 kV compact substations of factory-assembled, gas-insulated design. Such substations occupy a fraction of the land required by conventional air-insulated substations, are pre-wired and factory-tested so that on-site civil work and commissioning are completed in a fraction of the conventional time, have their core components sealed against dust, moisture and environmental degradation, resulting in lower maintenance cost and higher reliability, and are fully enclosed with internal arc protection, making them suitable for deployment in dense urban locations. This design directly mitigates the land and Right of Way constraints on which the Respondent itself places considerable emphasis, and it is therefore not open to the Respondent to simultaneously plead the difficulty of land and RoW in Gurugram and object to a network design engineered to minimize both.

10.16. That the capital expenditure estimated by the Petitioner for phased development of the proposed network, based on prevailing rates and the projected consumers and load, is adequate, and the Respondent's assertion of a capital investment requirement of Rs. 11,400 Crore is devoid of merit.

10.17. That as regards the Respondent's observations on working capital and land acquisition, the treatment of working capital as a component of capital cost has no basis in the regulatory framework: working capital requirements are met through short-term borrowings as a revenue expense, and the Hon'ble Commission's own Tariff Regulations provide for Interest on Working Capital as a component of the Annual Revenue Requirement, not of capital cost. As regards land, the requirement is proposed to be met through lease.

10.18. That Rule 3(2) of the Distribution Licence Rules tests the applicant’s ability to bring in 30% equity on a three-year net-worth basis, including the resources of its promoters. SAS Fininvest LLP satisfies this in each of the three years (Rs. 4,215 Crore for FY 2022-23, Rs. 3,728 Crore for FY 2023-24 and Rs. 4,085 Crore for FY 2024-25), each figure

exceeding the Rs. 1,415 Crore requirement for equity by a wide margin. Net worth is the prescribed test, and for liquid listed securities realisable market value is a truer measure of capacity than book value. Under the Limited Liability Partnership Act, 2008, an LLP is a body corporate having perpetual succession and an independent legal personality, capable of owning property, making investments and entering into binding financial commitments, and Rule 3(2) expressly permits the promoter's resources to be taken into account. The apparent divergence between the shareholding disclosure on the MCA portal and the books of SAS Fininvest LLP is fully explained by the settled distinction between the registered holder and the beneficial owner of shares. The shares in Global Health Limited stand registered in the name of Sh. Sunil Sachdeva, while the beneficial interest vests in SAS Fininvest LLP, and the investment is accordingly recorded in the audited financial statements of SAS Fininvest LLP, on which both the CA certificate dated 27.01.2026 and the solvency certificate of IndusInd Bank are based. Shareholding disclosures on the MCA portal reflect registered holding and are neither designed nor required to capture beneficial ownership; the Respondent's 'finding' is therefore no more than a description of how such disclosures ordinarily operate. Rule 3(2) tests the availability of resources on the basis of net worth as per audited accounts, and that test stands satisfied on the face of the record. As regards the variation in the number of shares held across FY 2022-23 to FY 2025-26, the reduction reflects partial monetisation of the holding in the ordinary course. Far from undermining the Petitioner's case, it demonstrates the marketability of the asset. Even after such monetisation, the value of the remaining holding, as the Respondent's own table records, exceeds the entire equity requirement of Rs. 1,415 Crore by a multiple, and the audited net worth of SAS Fininvest LLP has remained above Rs. 3,700 Crore in each of the three preceding years. The Petitioner shall, of course, comply with any specific direction the Hon'ble Commission may issue in this regard. The definition of net worth as per Section 2(57) of the Companies Act. 2013 is reproduced below:

"(57) "net worth" means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation;"

However, it is clarified that the Companies Act, 2013 and its provisions are applicable for companies incorporated under Companies Act, 2013 or under any previous company law and has no application to a Limited Liability Partnership, which is governed by the Limited

Liability Partnership Act, 2008. Hence, it is humbly requested that the Hon'ble Commission consider the market value instead of book value for net worth calculation.

10.19. That the Respondent's further submissions on the incidence of capital gains tax do not advance its case. The objections fail on materiality: even if the net worth of Rs. 4,085 Crore were notionally reduced for long-term capital gains tax at 12.5% and a further discount for block realisation, the resulting value would remain approximately two and a half times the entire equity requirement of Rs. 1,415 Crore. An objection that survives only by ignoring this headroom is no objection at all. As regards the comment of the Respondent on Capital Adequacy and Creditworthiness based on the capital expenditure required to serve the entire Licence Area is not appropriate as the proposal of the Petitioner is in a Phased manner and the Hon'ble Appellate Tribunal for Electricity in *Municipal Corporation of Greater Mumbai (BEST) v. Maharashtra Electricity Regulatory Commission & Ors.*, Appeal No. 279 of 2017, decided on 11 March 2026, clearly specify that the development of Distribution Infrastructure is a continuous process and determination of the Capital Adequacy and Creditworthiness based on the Capital Expenditure required to serve the entire area on one go is not appropriate. Section 43 itself contemplates cases where extension of distribution mains or commissioning of new substations is required before supply can be released. Therefore, the Act does not mandate creation of the entire network before grant of licence. Phased rollout, subject to milestones and Commission supervision, is consistent with Sections 42 and 43 and with the regulatory approach recognised by APTEL in Appeal No. 279 of 2017.

10.20. That a recurring feature of the Reply is the attempt to convert commercial expectations into statutory eligibility criteria, suggesting that an applicant should already possess an operational network, prior distribution experience, substantial existing infrastructure and completed financing before seeking a Licence. None of these conditions appears in the Act, the Distribution Licence Rules or the applicable Licensing Regulations. Accepting such an interpretation would make entry by any new participant virtually impossible regardless of full compliance with the framework Parliament enacted, and would defeat the purpose of the Sixth Proviso to Section 14.

10.21. That the Respondent has further interpreted a term of "Primary Requirements" as per the Act and has further defined conditions like *"development of Distribution System, Universal Service Obligations, Technical Feasibility, Power Procurement Adequacy, Tariff Stability and Cross-Subsidy Protection"* without any reference to such criteria either in the Act or as per the Rules, Regulations formulated under the Act. However, the Petitioner humbly submits that whatever reasonable conditions, milestones and reporting requirements the Hon'ble Commission considers necessary shall be complied to by the Petitioner. The so-called "Primary Requirements" identified by DHBVNL i.e. technical feasibility, power

procurement adequacy, tariff stability, cross-subsidy protection and consumer migration, are not independent eligibility conditions under Sections 14 and 15. They are relevant regulatory considerations capable of being addressed through licence conditions, rollout milestones, migration protocol, tariff orders, ARR/true-up proceedings and monitoring directions.

10.22. That the Petitioner has placed before this Hon'ble Commission every document required under the Act, the Distribution Licence Rules and the applicable Licensing Regulations, establishing its financial capability, proposed investment structure, promoter support, implementation strategy and institutional framework. DHBVNL has not pointed to any mandatory requirement with which the Petitioner has failed to comply. Its objections are directed not at statutory compliance but at the commercial implications of allowing a new Licensee to enter the market, and such considerations, however genuinely held, cannot substitute for the statutory test Parliament enacted.

10.23. That as regards the objection relating to the Code of Conduct under Rule 4 of the Distribution Licence Rules, the Petitioner has furnished the requisite declaration confirming that it has not been found guilty or disqualified under any of the provisions enumerated in Rule 4 within the preceding three years.

10.24. That as regards the entries at pages 38 to 42 of the Petition, the objection is misconceived on both counts. First, the figures described as 'Value of Services' pertain to the consortium partners' project track record and were never advanced as a measure of net worth; the financial capability of the Petitioner rests on the audited net worth certificate of SAS Fininvest LLP at Enclosure-4. Secondly, the entry 'N.A.' against SAS Fininvest LLP appears in the column seeking debt-equity and debt to net worth ratios, which are incapable of computation for an entity that carries no debt on its balance sheet as per audited balance sheet.

<u>ABSENCE OF PRIOR DISTRIBUTION EXPERIENCE AND USE OF A SPECIAL PURPOSE VEHICLE DO NOT DISENTITLE THE PETITIONER</u>

10.25. That the Respondent's interpretation would impermissibly read into the statute a requirement that the Petitioner already possess prior experience as a Distribution Licensee, treating its incorporation as a Special Purpose Vehicle for the present project as a disqualification and seeking to minimise the relevance of the experience and financial strength of its promoters and consortium members. The premise underlying this objection, that only an existing Licensee or an entity with prior distribution experience may qualify under the Sixth Proviso, finds no support in the Act or the Distribution Licence Rules.

10.26. That neither Section 14 nor Section 15 of the Act prescribes prior distribution experience as a Condition for Grant of Licence, and the Distribution Licence Rules do not require an

applicant to have previously operated a distribution business. Parliament prescribed the criteria it considered relevant, namely financial capability, institutional integrity and compliance with the statutory framework, and the absence of any requirement of prior operational experience is deliberate. Where Parliament has expressly prescribed the conditions governing exercise of a statutory power, additional substantive conditions cannot be read in by interpretation.

10.27. That the practical effect of DHBVNL's position illustrates why it cannot stand: every new entrant would fail the test, since no entity can lawfully function as a Distribution Licensee before a Licence is granted. The argument effectively requires an applicant to become a Distribution Licensee before it may apply to become one, an outcome Parliament could not have intended and one that would render the framework for Parallel Distribution Licensing largely unworkable.

10.28. That nor does incorporation as a Special Purpose Vehicle support an adverse inference. Across infrastructure sectors, including electricity, highways, airports, ports, metro rail, renewable energy and public private partnerships, projects are routinely implemented through such vehicles, which isolate project risk, facilitate financing, ensure transparent accounting and provide a dedicated entity responsible for implementation. Neither the Act nor the Distribution Licence Rules prohibit the Grant of a Distribution Licence to a Special Purpose Vehicle; had Parliament intended to exclude them, it would have said so.

10.29. That infrastructure projects of this kind are almost invariably promoted through entities created by experienced sponsors, whose financial strength, technical expertise and institutional capability form the foundation on which the vehicle is established. The Distribution Licence Rules themselves recognise that capital adequacy and creditworthiness may be demonstrated by reference to the capability available through promoters and supporting entities, and the Petition places on record the financial credentials, institutional capability and sectoral experience of the consortium.

10.30. That the real question for this Hon'ble Commission, therefore, is whether the Petitioner possesses the institutional, financial and organisational capability to discharge the obligations of a Distribution Licensee. That assessment must take into account the resources available to the Petitioner, the experience of its promoters, the proposed implementation framework, the governance structure and the material on record, against which the Petitioner has demonstrably established its capability. Further, it is humbly requested that the Hon'ble Commission may kindly consider the experience of the Consortium Partners who have an extensive experience in the Distribution Sector for assessment of the Petition in line with the provisions of the Licensing Regulations. In addition to the above it is also to be noted that even existing distribution licensees execute substantial portions of their licenced business through EPC contractors, O&M contractors,

IT vendors, billing agencies, meter agencies and specialised consultants while remaining responsible for compliance. As regards the contention that the Memorandum of Understanding with the consortium partners is unsigned and non-binding, it is submitted that the Petitioner had inadvertently annexed an unsigned copy of the Memorandum of Understanding executed between the consortium members as Enclosure 3 to the Petition. The Petitioner accordingly annexed the duly signed copy of the said Memorandum of Understanding with the filing to the additional information filed on 03.07.2026. In any event, the objection misconceives the statutory test. Rule 3(2) tests the capital adequacy and creditworthiness of the applicant including its promoters, and that test stands independently satisfied through the audited net worth of SAS Fininvest LLP without any reliance on the consortium. The experience of the consortium partners is placed on record as supplementary material demonstrating the institutional capability available to the Petitioner, and its evidentiary value does not depend upon the consortium partners being co-applicants. The Respondent's request that the consortium partners be impleaded is misconceived and deserves rejection. No relief is sought by or against the consortium partners, they are neither necessary nor proper parties to a licence application under Sections 14 and 15, and there is no provision in the Act or the applicable Licensing Regulations requiring an applicant's contractors, vendors or technical partners to be arrayed as parties. The request is a transparent attempt to delay the proceedings.

10.31. That with regards to the comment of the Respondent on Misrepresentation of Personnel, the Petitioner humbly submits that the manpower provided along with the Petition are Petitioner’s proposed management team; the Petitioner will place consent letters and board resolutions on record and has already corrected the typographical errors in names, a matter of record-keeping rather than misrepresentation.

<u>THE PROPOSED PHASED ROLLOUT IS CONSISTENT WITH THE ACT AND DOES NOT AMOUNT TO SELECTIVE SERVICE OF CONSUMERS</u>

10.32. That the Reply proceeds on the erroneous assumption that the Petitioner’s proposed phased rollout would enable it to selectively serve commercially attractive consumers while avoiding obligations to the rest of the Licence Area, and that this is inconsistent with the Universal Service Obligation under Section 43. The objection conflates the Grant of a Licence with the subsequent implementation and regulation of the licenced activity. The Petitioner undertakes that over the period of time in phased manner no consumer category or geographical segment within the proposed licence area shall be excluded from its service obligation. Network development shall be undertaken in accordance with the implementation plan approved by the Commission, and any variation in phasing shall be subject to prior approval of the Commission.

10.33. That neither the Act nor the Distribution Licence Rules or the applicable Licensing Regulations require an applicant to establish an operational network before Grant of Licence. This position now stands authoritatively affirmed by the Hon'ble Appellate Tribunal for Electricity in *Municipal Corporation of Greater Mumbai (BEST) v. Maharashtra Electricity Regulatory Commission & Ors.*, Appeal No. 279 of 2017, decided on 11 March 2026, wherein the Tribunal held that the Act does not require prior ownership or establishment of a distribution network as a condition precedent for the Grant of a Distribution Licence, and that phased development of the distribution network after Grant of Licence is fully consistent with Sections 42 and 43 of the Act. A Licence enables the Licensee to establish, operate and progressively expand its independent system in accordance with the statutory framework and the conditions this Hon'ble Commission may impose. Every distribution system, irrespective of the identity of the Licensee, is developed in phases: substations are erected, lines laid, transformers installed and connections released over the life of the Licence. The Petitioner's proposed rollout reflects this commercial and operational reality and is neither exceptional nor inconsistent with the Act. As regards the network configuration in the new Sectors 58 to 115 and Sectors 37C and 37D of Gurugram, the objection proceeds on a misreading of the Petition. The Petitioner's network architecture for the Gurugram divisions is itself founded on a 220/33 kV in-feed: the Network Rollout Plan provides for 220/33 kV bay extensions at the HVPNL 220 kV substations (including Sectors 62, 72, 52A, 65 and 85), a 33 kV sub-transmission network, and the Petitioner's own 33/11 kV Distribution Substations, which is the very 33 kV belt configuration contemplated by the HERC (Duty to Supply Electricity on Request) Regulations as amended on 27.09.2023. Additionally, the Petitioner expressly undertakes that all connections in the notified sectors shall be released in the 220/33/0.4 kV configuration in full compliance with the said Regulations and any directions of the Hon'ble Commission. Further, with regards to the allegation that the Petitioner has cherry-picked based on the Sales proposed by the Petitioner in the Business Plan, it is humbly submitted that the sales proposed for various categories of consumers is consistent with the % sales of the complete Licence Area. Hence, the allegation that the Petitioner has cherry-picked Commercial and Industrial consumers is inappropriate.

10.34. That the allegation of selective service rests on assumption rather than evidence. The Hon'ble Appellate Tribunal for Electricity has likewise rejected the contention that phased rollout necessarily results in "cherry-picking" of consumers, holding that such allegations cannot rest on general apprehensions but must be supported by specific instances. The Tribunal further recognised that a planned and phased rollout constitutes the optimal regulatory approach to avoid selective network development. The Petitioner has never sought exemption from any obligation applicable to a Distribution Licensee, nor proposed

that any class of consumer should remain permanently outside its Service Obligations. Its proposal is that the network will be developed in a planned and progressive manner, with consumers connected as the network expands, an approach that amounts to orderly infrastructure development rather than “cherry-picking”. The further premise that industrial and commercial consumers are invariably profitable while domestic or rural consumers are necessarily burdensome is wholly unsupported by any material on record and overlooks the fact that the process of Tariff Determination, Cross Subsidy Determination, Implementation of Standards of Performance, Implementation of Universal Service and Consumer Protection are all governed by the statutory and regulatory framework under the Act, which binds every Distribution Licensee irrespective of the category of consumer it serves. Further, with regards to the apprehension of the Respondent on inadequacy of the infrastructure proposed in Nuh District, it is humbly submitted that out of the total Capital Expenditure proposed of ~Rs. 4717 Crore, an amount of ~Rs. 305 Crore is proposed to be incurred towards Nuh District, which works out to ~6.5%, whereas, as per the connected load details for FY 2024-25, the contribution of Nuh towards connected load of the Licence Area is less than 5% of the connected load. The Petitioner has proposed addition of 5 new 33/11 kV substations with 8 nos. of 12.5 MVA Transformers and 5 Nos. of 66/33 kV bay extensions with 5 nos. of 20/25 MVA Transformers along with 25 km of 33 kV lines, 20 nos. of 11 kV feeder additions and 60 km of 11 kV lines addition. Further, 240 km of LT line and 800 distribution transformers are proposed to be incorporated in the Implementation Plan.

10.35. That Parliament permitted more than one Licensee to operate within the same area through independent systems, knowing that consumer choice would follow. If the mere possibility of consumer migration sufficed to refuse a Licence, the Sixth Proviso would become incapable of meaningful operation, since every application by a new entrant carries that possibility. Migration occurring in accordance with law is an incident of the statutory framework, not a ground for defeating it.

10.36. That Section 43 of the Act imposes an obligation on every Distribution Licensee to supply electricity to an owner or occupier who applies for it, subject to the provisions of the Act. It does not require a newly Licenced Company to have completed its entire network on the date of Grant, nor does it prohibit phased expansion. The obligation operates throughout the currency of the Licence and is discharged under the continuing supervision of this Hon’ble Commission. To treat Section 43 as a threshold eligibility condition, as DHBVNL’s interpretation would, converts an operational obligation into something the provision was never meant to be. Further, Right-of-Way constrains every Licensee, including the Respondent, and cannot be a ground to deny a Parallel Licence.

10.37. That throughout these proceedings, the Petitioner has adopted a transparent approach towards development of its network. The Petition, the proposed Implementation Plan, the Migration Protocol and the Supply and Operational Modalities placed before this Hon'ble Commission show that the Petitioner has addressed Consumer Migration, Network Development, Operational Coordination, Supply Arrangements and Consumer Protection, and seeks no unregulated entry into the sector. It has proposed a structured framework under which Migration, Network Expansion and Operational Responsibilities remain subject to the Hon'ble Commission's supervision, and has expressed willingness to comply with whatever Licence Conditions the Hon'ble Commission considers necessary regarding rollout milestones, reporting and consumer protection. DHBVNL's apprehension that the Petitioner intends to postpone development indefinitely or serve consumers selectively finds no support in the record.

10.38. That specific objection is taken to the Respondent's proposal that consumers presently availing supply through dedicated or independent feeders, including feeders established through deposit works or consumer-funded infrastructure, be barred from migrating to the Petitioner until the Petitioner's network is established across the entirety of the licenced area. This proposed condition has no basis in the Act, the Rules or any Regulation of this Hon'ble Commission; it is contrary to the consumer's statutory right to choose between licensees, which is the very object of the Sixth Proviso; and it is irreconcilable with the phased development methodology expressly approved by the Hon'ble Appellate Tribunal in Appeal No. 279 of 2017, where connections in Phase I were directed to be released precisely in the vicinity of existing infrastructure. The condition is not a safeguard against cherry-picking; it is a device to place the Respondent's most significant consumers beyond the reach of competition indefinitely, and would render the Licence nugatory. It deserves rejection in terms.

10.39. That the Respondent's network within the proposed licence area i.e., Gurugram and Nuh Revenue district is itself inadequate to meet the demand in the area. Its 33 kV network is sparse, with the consequence that prospective consumers either wait years for a connection or are compelled to take supply at 66 kV at substantially higher cost to themselves; there are instances on record of prospective consumers in the area facing prolonged waiting periods for release of connections, extending in some cases to several years. That is not the position of a Licensee adequately meeting the area's needs, and it is precisely the consumer detriment that a Parallel Licensee would relieve.

10.40. That the Petitioner has not merely asserted its willingness to remain subject to regulatory supervision. It has voluntarily placed before this Hon'ble Commission a detailed Migration Protocol and Supply and Operational Modalities in compliance with the directions of the Hon'ble Commission during the proceedings of the Interim Order dated 26 May 2026. This

itself demonstrates the Petitioner's commitment to transparent and orderly implementation under the continuing supervision of the Hon'ble Commission.

10.41. That even after Grant of Licence, the Petitioner remains subject to the comprehensive jurisdiction of this Hon'ble Commission under the Act, the applicable Regulations and the Licence Conditions, which retain ample power to monitor rollout, enforce compliance with Section 43, regulate Standards of Performance, Protect Consumers and issue directions as required. The Act thus provides a complete mechanism for every concern DHBVNL has raised, leaving neither legal nor practical basis to refuse entry for matters fully capable of being addressed through that continuing jurisdiction.

<u>THE COMMERCIAL CONSEQUENCES OF COMPETITION ARE MATTERS FOR CONTINUING REGULATION</u>

10.42. That the Respondent's objection is that the Petitioner's entry will adversely affect its Consumer Base, Cross Subsidy, Power Procurement, Fuel Surcharge Adjustment, Annual Revenue Requirement and existing contractual commitments. These are, in substance, questions concerning the regulation of two Parallel Licensees after Grant of Licence, not statutory conditions governing grant under Sections 14 and 15.

10.43. That the Act introduced Parallel Distribution Licensing while simultaneously conferring extensive regulatory powers on the State Commission. Parliament did not expect every commercial consequence of competition to be resolved before a Licence issues; it entrusted the Commission with continuing powers over Tariff, Power Procurement, Consumer Protection, Standards of Performance and Licence Conditions. The objections raised overlook this feature of the statutory framework.

10.44. That the volume of sales that actually migrates is limited: approximately 2.5% based on the assumption of the Petitioner for FY 2027-28. The balance being new connections that were never the Respondent's consumers to begin with and produces no material tariff shock. There is, moreover, no statutory basis for the proposed Cross-Subsidy Neutralisation Fund in the Electricity Act, the Tariff Policy or the HERC Regulations, and no other State has created any such fund.

10.45. That on the deferred FSA, the figure relied upon is a DHBVN-wide unrecovered amount as on 31 March 2025, not an amount specific to the Gurugram and Nuh consumers. On the sales and recovery mechanism approved by the Commission, the exposure attributable to the licence area, and to the load that actually migrates, is negligible since the sales is proposed only from FY 2027-28 and considering the assumption that only 2.5% of the existing consumers are expected to migrate to the network of the Petitioner. The detailed computations of the Impact of FSA from FY 2027-28 is summarized below:

FSA/FPPA Outstanding as on 31.03.2025

Details	UHBVN	DHBVN	Total
Total FSA/FPPA receivable as on 31.03.2025	3471.97	5253.66	8,725.63
Recoverable from consumer	3123.02	4927.16	8,050.18
Recoverable from State Govt (subsidy)	348.95	326.5	675.45
(Ref. Page 209/210 of HERC Tariff Order for FY 2026-27 dated 25.03.2026)			

Estimated FSA/FPPA Recovery for FY 2025-26 and FY 2026-27

Details of FSA/FPPA recovered	FY 2025-26	FY 2026-27
Total Sales (MU)	37127.54	42620.55
AP Sales	6243.60	6634.61
Non AP Sales (MU)	30883.94	35985.94
FSA/FPPA Recovery (Rs. Crore) (@ Rs. 0.47/kWh)	1451.55	1691.34
Balance to be recovered from consumers	3475.61	1784.28
(Ref. Page 224/284 of HERC Tariff Order for FY 2026-27 dated 25.03.2026)		

FSA/FPPA Attributable to consumers of Eleven Power for FY 2027-28

Balance FSA/FPPA recoverable from DHBVN Consumers as on 31.03.2027	1784.28	Rs. Crore
Licence Area Sales	14897.06	MU
Licence Area Sales as a % of total DHBVN Sales	38.50%	
Balance FSA/FPPA recoverable from Gurugram/ Nuh Consumers as on 31.03.2027	686.98	Rs. Crore
% of Existing consumers proposed to be Switched Over to Eleven Power in FY 2027-28	2.50%	
Balance FSA/FPPA recoverable from consumers proposed to be migrated to Eleven Power Consumers as on 31.03.2027	17.17	Rs. Crore

FSA/FPPA Recoverable for DHBVN from New Consumers

Increase in sales for FY 2027-28 for Licence Area	2798.6	MU
Increase in sales from new consumers for Licence area	1519.9	MU
Increase in sales for FY 2027-28 for DHBVN for licence area	1140.0	MU
FSA/FPPA recoverable from new consumers by DHBVN	53.58	Rs. Crore

10.46. That the Respondent's own computation, projecting an impact of approximately Rs. 600 Crore per annum and Rs. 1,800 Crore over three years, exposes its method: it applies the FSA/FPPA rate of Rs. 0.47/kWh to the entire 12,776 MU of sales in the proposed area, that is, it assumes that every consumer in Gurugram and Nuh migrates to the Petitioner. This is roughly 40 times the Petitioner's stated switchover assumption of 2.5%, and is contradicted by the Respondent's own Scenario 1. On the recovery mechanism actually approved by the Hon'ble Commission, the exposure attributable to switched-over consumers is approximately Rs. 17 Crore, as computed above, and is exceeded by the FSA/FPPA the Respondent will recover from new consumers in the very same year.

10.47. That every concern raised by Respondent No. 1 already finds a corresponding answer within the existing statutory and regulatory framework. The position may be summarised as follows:

Concern raised by DHBVNL	Existing Regulatory Mechanism
Consumer Migration	Migration Protocol, Section 43 and the Conditions of Licence
Cross Subsidy	Tariff Determination under Sections 61 and 62 and the Tariff Regulations
Fuel Surcharge Adjustment	HERC FSA Regulations
Annual Revenue Requirement	Multi Year Tariff, Annual Revenue Requirement and True Up proceedings
Power Procurement	Regulatory approval and periodic review by the Commission
Universal Service Obligation	Section 43 of the Electricity Act, 2003
Consumer Protection	Supply Code, Standards of Performance Regulations and the Consumer Grievance Redressal Forum mechanism

10.48. That the existence of these mechanisms is itself the answer to DHBVNL's objections. Consumer migration, where lawful, is not a defect in the framework but its natural consequence: Parliament knowingly permitted more than one Licensee to operate in the same area, aware that consumers would have a choice. If the possibility of migration sufficed to refuse a Licence, the Sixth Proviso would be incapable of meaningful operation.

10.49. That Cross Subsidy is not a vested right of an Incumbent Licensee but a Tariff Mechanism periodically fixed by this Hon'ble Commission under the Act and the Tariff Regulations. Fuel Surcharge Adjustment is governed by the HERC FSA Regulations, and the recovery of Fixed Costs, Power Purchase Expenses and Revenue Gaps is considered during Annual Revenue Requirement and True Up proceedings. These mechanisms exist precisely because Demand, Consumer Mix and Sales are dynamic, and any variation from lawful competition is a matter for regulatory adjustment rather than a ground to deny Licence. Further, with regards the asymmetry between the Respondent and the Petitioner, it is humbly submitted that the Petitioner shall comply with all the statutory requirements mentioned by the Respondent including statutory, regulatory and public service obligations, including compliance with Standards of Performance, Universal Supply Obligations, Agricultural Supply Commitments, Renewable Purchase Obligations, network strengthening requirements, consumer service obligations and tariff structures approved by the Hon'ble Commission for balancing the interests of all categories of consumers. Hence, the comment on asymmetry does not have any merit.

10.50. That the Respondent's projected revenue losses of Rs. 424 Crore, Rs. 1,899 Crore and Rs. 4,272 Crore are exaggerated and methodologically unsound. First, Scenario 1 treats the entirety of the Petitioner's projected FY 2027-28 sales as a 'loss' to the Respondent, when, on the Petitioner's own assumptions which the Respondent itself reproduces, that figure comprises predominantly sales to new consumers who were never the Respondent's consumers. Treating all future demand growth in the area as the Respondent's entitlement assumes a perpetual monopoly over consumers who do not yet

exist, which is precisely what the Sixth Proviso forecloses. Secondly, the figures are computed on gross revenue, which is not a measure of loss on any accounting or regulatory principle; the Respondent's own Reply separately quantifies the fixed-cost impact of the very same sales at a small fraction of the headline figure, and cannot maintain both. Thirdly, Scenarios 2 and 3 assume switchover levels that are the Respondent's own invention, bearing no relation to anything on the record, including the Petitioner's Business Plan which the Respondent itself quotes. Fourthly, all three scenarios ignore natural demand growth, Annual Tariff Determination and True-Up, through which any lawful variation in sales and power purchase cost is adjusted in the ordinary course.

10.51. That the concern raised over existing Power Purchase Obligations and Stranded Costs is commercial, not unique to Parallel Licensing. Demand may vary for many reasons, including Open Access, Captive Generation, Rooftop Solar, Energy Efficiency Measures or changes in Consumer Behaviour, and the Act has never insulated a Licensee from such risk; these are managed through Prudent Procurement, Periodic Tariff Determination and the Commission's continuing oversight. Existing contractual arrangements cannot override a statutory framework Parliament consciously enacted. Further, it is observed from the Power Procurement trued-up for FY 2024-25 that ~10% of the total power procurement is met through costly short-term purchases. As per the proposal of the Petitioner, the shifting of consumers is also proposed in a gradual manner in tandem with the development of the distribution infrastructure. Hence, the allegation of significant reductions in loads/consumers as envisaged by the Respondent is not in line with the assumptions made by the Petitioner in the Network Rollout Plan and Business Plan submitted along with the Petition for Grant of Licence.

10.52. That the letter of the Chief Engineer, HPGCL dated 26.06.2026 annexed with the filing does not advance the Respondent's case. The letter is inter-departmental correspondence recording the commercial and planning concerns of a generating company that is not a party to these proceedings, and it discloses no non-compliance with any criterion under Sections 14 and 15 of the Act. The notification dated 11.04.2008 relied upon governs the entities to whom HPGCL may sell; it confers no right upon HPGCL to any particular quantum of offtake, and it imposes no obligation upon any distribution licensee to procure from HPGCL. Under the scheme of the Act, no generating company, State-owned or otherwise, holds a vested right to captive demand. The power procurement of every distribution licensee is regulated by the Hon'ble Commission under Section 86(1)(b) in the interest of consumers, and a generator's expectation of offtake cannot be elevated into a ground for refusing a licence to an applicant that satisfies the statutory conditions. If the utilisation of a State generating station could defeat an

application under the Sixth Proviso to Section 14, the proviso would be rendered nugatory, for the objection is nothing but protection of the incumbent's procurement arrangements at one remove.

10.53. That the apprehension is, in any event, not borne out on the record. The Petitioner's assumption is that approximately 2.5% of existing consumers switch over in FY 2027-28, the balance of its projected sales comprising new consumers whose demand is incremental to the State. Any marginal reduction in the incumbent's demand therefore first displaces the costly short-term purchases noted above, to the benefit of its remaining consumers, before it could bear upon contracted long-term capacity at all. The fixed charges of contracted generating stations are, in any event, recovered on availability under the two-part tariff framework and are unaffected by scheduling variations. The implications of demand projections for HPGCL's existing and planned capacity are matters for resource adequacy and procurement proceedings under Section 86(1)(b), not for the licensing enquiry under Sections 14 and 15.

10.54. That as regards the concerns raised by the Respondent on the Power Procurement of the Petitioner, the Petitioner submits that power procurement in the initial years shall depend on the willingness of consumers to shift to the network of the Petitioner and predicting long term/medium term procurement during the initial years may not be feasible. Hence, it is proposed that 20% of the energy requirement shall be tied-up from thermal generation and the remaining 80% of the energy requirement shall be procured from FDRE/GDAM for Green Energy procurement as committed by the Petitioner. The market data annexed with the filing to the Replies of Respondent No. 1 and Respondent No. 2 alike does not assist either Respondent. The Petitioner's proposed procurement strategy envisages procurement of Firm and Dispatchable Renewable Energy (FDRE) in accordance with the applicable bidding framework issued by the Ministry of Power, and the energy scheduled from FDRE is firm source even though it is drawn from RE Generating Plants. Such procurement is fundamentally different from procurement through the Green Day Ahead Market (GDAM), which is proposed only to meet balancing and residual requirements. The Respondent's reliance on GDAM bid-clearing statistics is therefore misplaced, since the Petitioner's proposal is not founded upon exclusive dependence on the day-ahead market. The divergence between bid and cleared volumes in a day-ahead market merely reflects price discovery at a particular point of time and does not establish any structural inadequacy or unavailability of power; it is precisely to insulate supply from such variability that the portfolio is anchored in FDRE with a 20% thermal tie-up and Battery Energy Storage Systems. The detailed parameters of the BESS configuration, like all procurement, fall for approval before the Hon'ble Commission under Section 86(1)(b) at the appropriate stage. Further, the detailed procurement plan shall be finalised once the

consumers shifting to the Petitioner's network, and their load and consumption profiles, are known, enabling optimal contracting and scheduling, and long-term procurement by a Distribution Licensee is undertaken through competitive bidding under the frameworks notified under Section 63, which cannot be initiated before the Licence is granted. The grant of GNA does not add to the State's overall transmission requirement, since the Petitioner will serve consumers already drawing from the same grid or proposed to be drawing in the upcoming years; the load is not additive, and access is obtained with HVPNL / CTU in the ordinary course. The technical studies enumerated by the Respondent, including load flow, evacuation, GNA availability and system stability assessments, are undertaken with and by the State Transmission Utility at the connectivity stage, in accordance with the Haryana Grid Code and the applicable connectivity procedures; they follow the Licence and cannot precede it, since no STU processes connectivity for an entity that holds no licence. HVPNL, as the State Transmission Utility, is under a statutory obligation of non-discriminatory treatment under Section 39(2)(d) read with Section 40 of the Electricity Act, 2003 and the Haryana Grid Code, and the Petitioner seeks nothing more than the even-handed application of that framework. It is expressly denied that the Petitioner intends to rely upon the Respondent's distribution system in any form; the Sixth Proviso itself requires distribution through the applicant's own distribution system, and the Network Rollout Plan and proposed capital investment are directed to precisely that. The Respondent's characterisation of the proposal as a 'trading model' that removes the Hon'ble Commission's oversight under Section 86(1)(b) inverts the provision: Section 86(1)(b) applies to the Petitioner exactly as it applies to every distribution licensee from the date of grant, every procurement of the Petitioner will be placed before the Hon'ble Commission for approval, and the objection once again converts a post-grant regulatory function into a pre-grant bar.

10.55. That the Respondent's objections proceed on the erroneous assumption that every operational approval required during the implementation stage must necessarily exist before grant of licence. Such an interpretation is contrary to the statutory framework governing distribution licensing. The licensing enquiry under Sections 14 and 15 examines the applicant's eligibility against the conditions prescribed, and the grant of licence confers the authorisation to undertake distribution activity; matters relating to power procurement approval, transmission connectivity, General Network Access, scheduling, balancing arrangements and detailed system studies are thereafter implemented in accordance with the applicable statutory and regulatory framework, under the continuing supervision of this Hon'ble Commission

10.56. That the Petitioner categorically rejects any and all allegations of market abuse leveled by the Respondent. Such claims are entirely baseless, lack any empirical evidence, and

appear to be a tactical maneuver by the Incumbent Licensee to obstruct fair competition and stifle the entry of a new distribution entity into the Haryana power market. The Petitioner's proposal to enter the electricity Distribution Business in Gurgaon and Nuh is predicated on full compliance with the Act, and the rigorous regulatory framework established by the Hon'ble Commission. The Petitioner reiterates its commitment to operating within the parameters of non-discriminatory supply and transparent grid management, as mandated by the Commission. The Respondent's attempts to frame the introduction of competition as "market abuse" contradicts the spirit of liberalized power markets in India. The Petitioner's business plan is designed to enhance sector efficiency, ensuring a clear and fair migration policy for consumers, thereby addressing the Hon'ble Commission's concerns regarding cross-subsidy and non-discriminatory supply and adhering to technical and financial prudency to ensure that the existing grid architecture is strengthened rather than destabilized.

10.57. The Petitioner has never sought exemption from any Statutory or Regulatory Obligation. It has placed before this Hon'ble Commission a detailed Network Implementation Plan, Migration Protocol and Supply and Operational Modalities demonstrating its commitment to implement the project transparently and in a regulated manner, and has expressed willingness to comply with whatever reasonable conditions, milestones and reporting requirements the Hon'ble Commission considers necessary. Any suggestion that the Petitioner seeks the benefits of a Licence without its obligations is accordingly unfounded.

THE JUDICIAL PRECEDENTS CITED BY RESPONDENT NO. 1 DO NOT ASSIST ITS CASE

10.58. That several judicial pronouncements have been relied upon by the Respondent in its Reply. The reliance is misplaced, for none of the authorities interprets the statutory framework in the manner suggested or lays down any proposition barring Grant of a Parallel Distribution Licence to the Petitioner. A precedent is authority for what it actually decides, not for what may be inferred from isolated observations, and its ratio must be read in light of the provisions, the facts and the questions it actually addressed.

10.59. That the present proceedings arise under the Sixth Proviso to Section 14 read with the Distribution Licence Rules, and the question is whether the Petitioner meets the conditions those provisions prescribe. None of the authorities relied upon authorises this Hon'ble Commission to add eligibility conditions beyond what Parliament enacted.

10.60. That heavy reliance is placed on Tata Power Company Ltd. v. Reliance Energy Ltd. Far from supporting the Respondent's case, the judgment recognises the shift the Act brought about, from a monopoly structure to one of regulated competition, and acknowledges that Parliament consciously permitted more than one Licensee to operate within the same

area through independent systems, subject to the statutory framework. The judgment affirms rather than negates the policy behind the Sixth Proviso, and nothing in it suggests that a Licence may be refused for the reasons advanced, namely Migration, Commercial Impact, Power Procurement, Cross Subsidy or absence of prior experience.

10.61. That the earlier decisions of the Hon'ble Appellate Tribunal for Electricity relied upon by DHBVNL were rendered in the factual and regulatory context prevailing at the time and cannot be read as laying down an inflexible rule unaffected by subsequent statutory development and evolving practice. None of them holds that the conditions under the Sixth Proviso may be supplemented by additional eligibility criteria, and DHBVNL's reading does not survive scrutiny.

10.62. That the legal position now stands authoritatively clarified by the judgment of the Hon'ble Appellate Tribunal for Electricity in *Municipal Corporation of Greater Mumbai (BEST) v. Maharashtra Electricity Regulatory Commission & Ors.*, Appeal No. 279 of 2017, decided on 11 March 2026. The Tribunal expressly held that: (i) ownership or existence of a complete distribution network is not a condition precedent for Grant of a Parallel Distribution Licence; (ii) phased development of the distribution network is fully consistent with Sections 42 and 43 of the Electricity Act, 2003; (iii) the licensing stage and the operational stages are governed by different provisions of the Act and must not be conflated; and (iv) allegations of selective service or "cherry-picking" cannot defeat the Grant of Licence in the absence of specific material and remain matters for continuing regulatory supervision. The judgment therefore directly answers the principal objections advanced by Respondent No. 1 in the present proceedings.

10.63. That taking the authorities relied upon by DHBVNL at their highest, none establishes that an applicant must already be a Distribution Licensee, that prior experience is mandatory, that complete infrastructure must exist before Grant of Licence, that Consumer Migration is a sustainable ground of refusal, that Cross Subsidy, Fuel Surcharge Adjustment, Power Procurement or Annual Revenue Requirement form threshold barriers to entry, or that the Commission may enlarge the conditions prescribed under Section 14 and the Distribution Licence Rules. These propositions form the foundation of the Reply, yet find no support in the authorities cited.

10.64. That precedents must be read in harmony with the statute they explain, and cannot be interpreted to neutralise the policy of regulated competition Parliament enacted through the Sixth Proviso. The decisions of the Hon'ble Supreme Court and the Hon'ble Appellate Tribunal for Electricity, properly understood, consistently recognise that the Act introduced a framework of regulated competition under the continuing supervision of the Appropriate Commission, and do not assist DHBVNL's case.

GRANT OF THE LICENCE WILL ADVANCE THE OBJECTS OF THE ACT AND THE PUBLIC INTEREST

10.65. That having shown that the Petitioner satisfies the statutory requirements and that DHBVNL's objections lack legal merit, the remaining question is whether grant of the licence serves the objects of the Act and the larger public interest. The Petitioner submits that it does.

10.66. That the Act places consumer interest at the centre of the regulatory framework. While it recognises the legitimate interests of Distribution Licensees, its overarching object is reliable, efficient and economical supply of electricity for the benefit of consumers, and the Sixth Proviso reflects Parliament's view that regulated competition under the Commission's supervision can improve consumer welfare without compromising oversight. The Petition must be examined through that lens rather than through the lens of preserving an Incumbent Licensee's commercial position. This is also consistent with one of the fundamental objectives of the Electricity Act, namely encouraging private investment in the electricity sector while safeguarding consumer interest through independent regulatory oversight.

10.67. That permitting more than one Licensee within the same area gives consumers a genuine choice of supplier, encouraging responsiveness, better service standards, technological innovation and operational efficiency, and creating an environment where licensees compete on quality and reliability rather than on the protection of an exclusive market. Such competition is not contrary to the Act; it is among the outcomes Parliament contemplated in introducing Parallel Distribution Licensing.

10.68. That the Petitioner proposes to establish an independent distribution network supported by modern technology, digital systems and contemporary operational practice. This investment will augment the existing infrastructure within the Licence Area without imposing any financial burden on the State or this Hon'ble Commission, and the resulting parallel infrastructure will improve network resilience, create operational redundancy and contribute to the long term reliability of supply, an outcome the Act encourages as a means of improving sectoral efficiency. A phase-wise network design approach has been formulated, and all mandatory statutory clearances from municipal, local, and state bodies will be secured systematically prior to physical execution. Further, the network is designed to be mostly underground, completely eliminating the need for disruptive overhead poles. By adopting advanced, small-footprint infrastructure including compact skid-mounted substations, underground substations, and geometrically optimized smart LT feeder pillars, the physical footprint is minimized, mitigating urban RoW constraints.

10.69. That the proposal of the Petitioner features robust capital modeling, corporate equity backing, and an N-1 redundant grid design engineered to absorb major operational and

financial shocks. Supply continuity is protected via a highly flexible power procurement portfolio. Emergency transition protocols fall under the standard statutory oversight of the Hon'ble Commission and in compliance with the Act. The Continuity of Supply and Supplier of Last Resort issues are Licence Conditions imposed on Grant of Licence and the applicable Licensing Regulations, not preconditions to consideration of the application. The Petitioner has no objection to the Hon'ble Commission incorporating appropriate conditions into the Licence.

10.70. That the Petitioner's business model emphasises procurement from cleaner energy sources, deployment of advanced technology and adoption of modern operational practices, consistent with the evolving regulatory framework and the broader national objective of promoting efficient and environmentally responsible electricity supply, and would contribute to the long-term development of Haryana's electricity sector.

10.71. That the premise that a Parallel Licence diminishes regulatory control is fundamentally flawed. Every Licensee, including the Petitioner, remains fully subject to the Act, the Regulations and the Conditions of Licence; Grant of the Licence expands competition while preserving the Commission's complete oversight of Tariff, Standards of Performance, Consumer Protection, Network Rollout and Power Procurement, ensuring that competition operates within regulation rather than outside it.

10.72. That the objection under Section 15(2)(ii) is rendered infructuous. The Petitioner has received the No Objection Certificate from the Ministry of Defence, and a copy stands placed on record with the Petitioner's compliance affidavit dated 03.07.2026 filed pursuant to the Interim Order dated 26.05.2026. In any event, the Central Government concurrence under Section 15(2)(ii) is a condition subject to which the Hon'ble Commission may Grant the Licence rather than a jurisdictional bar to considering the Petition. Hence, rejection of Petition based on the non-availability of No Objection Certificate is not appropriate.

10.73. That the comment on claim of Generation/ Transmission Licence by the Petitioner, the Petitioner humbly clarifies on record that only a Distribution Licence is sought and no Generation or Transmission Licence is sought in the current Petition. The relevant MOA clause being broadly worded includes all the works the Petitioner proposes to undertake.

10.74. That the benefit is on record for application for Parallel Distribution Licence is renewable based and reliable power supply, displacement of costly diesel generation, and genuine consumer choice. The law does not require the Petitioner to guarantee a Tariff Reduction (tariff being determined under Sections 61 and 62), and the benefit of competition is structural, as the Hon'ble Supreme Court recognised in *Tata Power v. Reliance Energy (2008) 10 SCC 321* and as APTEL recognised in *Appeal No. 279/2017*, wherein the Hon'ble APTEL has held as under:

"36. Thus, in terms of Impugned Order, first the downstream distribution network is to be developed from its existing DSS and CSS by TPCL and connections provided to consumers in vicinity of existing DSS/CSS and to comply with its USO and same were included under Phase I. In the Phase II, the rest of the network shall be developed. TPCL was further directed that new connections in Phase II to be released only after completion of Phase –I and for any deviation in this shall be subject to prior approval of State Commission. We find merit in this methodology of phase wise development allowed in the Impugned Order and are in agreement with the view of the State commission that it constitutes an optimal approach considering its cost-effectiveness and to avoid selective bias in the coverage of areas or consumers. In our considered view, adopting such an approach will enable faster coverage of the broader consumer base and foster a competitive market structure in line with the objectives of the Electricity Act. The same is preferable to sporadic network extensions to consumers located far from existing CSS/DSS, which typically involve longer lead times."

10.75. That these proceedings concern not merely the interests of two Distribution Companies but the future structure of electricity distribution within the Licence Area. Refusing the Licence despite full statutory compliance would preserve the status quo at the cost of the benefits Parliament intended consumers to receive under the Sixth Proviso, while granting it preserves the Commission's regulatory control and simultaneously promotes competition, investment, consumer choice and service improvement. The balance of public interest favours Grant of the Licence.

CONCLUSION

10.76. That the petition has been examined from every perspective contemplated under the Act, the Distribution Licence Rules and the applicable Regulations, and the material on record establishes the Petitioner's financial capability, institutional framework, implementation strategy and readiness to discharge the obligations of a Distribution Licensee in accordance with law. The Petitioner has responded to every concern DHBVNL has raised and has voluntarily placed before this Hon'ble Commission detailed operational documents, including the proposed Implementation Plan, Migration Protocol and the Supply and Operational Modalities, with a view to transparency, regulatory certainty and protection of consumer interest.

10.77. That the objections raised by DHBVNL do not disclose any failure to satisfy the statutory conditions for Grant of Licence. They relate substantially to the anticipated commercial consequences of competition, namely Consumer Migration, Cross Subsidy, Fuel Surcharge Adjustment, Power Procurement, Annual Revenue Requirement and other operational matters that the Act entrusts to the continuing regulatory jurisdiction of this

Hon'ble Commission. These are not statutory disqualifications and present no legal impediment to Grant of a Parallel Distribution Licence. Accepting DHBVNL's interpretation would permit considerations outside the statute to override the framework Parliament enacted and would substantially dilute the Sixth Proviso to Section 14. The statutory requirements stand fully satisfied. The objections raised by Respondent No. 1 fail both on the language of the statute and the scheme of the Electricity Act. The Petition therefore deserves to be allowed.

10.78. That grant of a Licence does not diminish the powers of this Hon'ble Commission; it marks the commencement of the Hon'ble Commission's continuing jurisdiction over the Petitioner, who remains bound by the Act, the Regulations, the Licence Conditions, Tariff Orders, Standards of Performance and the Consumer Protection Framework, with the Hon'ble Commission retaining full authority to supervise implementation, enforce compliance and issue directions as the need arises.

10.79. That the question before this Hon'ble Commission is not whether competition requires regulatory oversight. Parliament answered that question when it enacted the Sixth Proviso while vesting extensive regulatory power in the State Commission. The real question is whether an applicant meeting the statutory conditions Parliament prescribed should nonetheless be refused entry on grounds Parliament deliberately chose not to recognise as disqualifications, and the answer must be in the negative. Grant of the Licence will give effect to the policy of regulated competition, encourage investment in modern distribution infrastructure, expand consumer choice and strengthen the long term development of the electricity sector in Haryana, while every legitimate concern relating to Consumer Protection, Network Rollout, service obligations, tariff regulation and operational performance remains subject to the comprehensive supervision of this Hon'ble Commission.

10.80. That the Reply of DHBVNL is founded substantially on apprehensions of commercial impact and incumbent protection rather than any demonstrated statutory default by the Petitioner. The Electricity Act does not protect monopoly; it protects consumers through regulated competition, tariff oversight, universal service obligations and Commission supervision. The objections are therefore liable to be rejected, without prejudice to such implementation conditions as this Hon'ble Commission may deem fit.

10.81. That the Petitioner has filed the additional information, documents on 03.07.2026, including inter alia the detailed justification with respect to Capital Adequacy and Creditworthiness, the comprehensive debt-equity capitalization plan, the detailed Implementation Plan, the proposed Operational Modalities and the Migration Protocol. The said additional information may be read as part and parcel of the present Rejoinder, and the contents thereof are not repeated herein for the sake of brevity.

10.82. That in view of the facts and submissions set out above, the statutory framework governing these proceedings and the material on record, the Petitioner prayed that this Hon'ble Commission may be pleased to:

a. grant a Distribution Licence in favour of the Petitioner under Section 14 of the Electricity Act, 2003 for the Licence Area specified in the Petition;

b. hold that the Petitioner has duly satisfied the statutory requirements prescribed under the Electricity Act, 2003, the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, and the applicable Regulations framed by this Hon'ble Commission;

c. reject the objections raised by Respondent No. 1, being contrary to the statutory framework governing Parallel Distribution Licensing and devoid of legal merit;

d. pass such further directions, Licence Conditions and regulatory safeguards as this Hon'ble Commission may consider appropriate for an orderly, transparent and consumer centric implementation of the Distribution Licence; and

pass such other order or orders as this Hon'ble Commission may deem fit and proper in the facts and circumstances of the present case.

11. **Rejoinder dated 10.07.2026 filed by Petitioner to the reply filed by UHBVNL**

11.1. That the Reply of Respondent No. 2 advances no grievance independent of Respondent No. 1. The entire proposed licence area falls within the licenced area of Respondent No. 1, a position Respondent No. 2 itself records in its Reply. No consumer of Respondent No. 2 is situated within the proposed area, no asset of Respondent No. 2 is affected, and every objection raised, relating to consumer migration, cross subsidy, stranded power purchase costs and fuel surcharge recovery, is an objection belonging to the incumbent licensee for the area, whose Reply stands answered in the Petitioner's Rejoinder to Respondent No. 1.

11.2. The rejoinder to the reply filed by UHBVNL is substantially similar to the rejoinder to the reply filed by DHBVNL. Hence, for the sake of brevity and to avoid repetition, the same is not reproduced herein.

12. **Rejoinder dated 10.07.2026 filed by Petitioner to HVPNL Reply**

12.1. That the Petitioner submits the present Rejoinder to the Reply filed by Haryana Vidyut Prasaran Nigam Limited (referred to as "HVPN"/ "Respondent"), objecting the Petition seeking Grant of a Parallel Distribution Licence under the Sixth Proviso to Section 14 of the Electricity Act, 2003 (referred to as "the Act"). Save what is expressly admitted herein, every allegation, contention and assertion contained in the Reply is denied.

12.2. That the objections raised by HVPN fall broadly under two heads: first, that the Petitioner does not satisfy the statutory conditions governing the Grant of a Parallel Distribution Licence; and second, that the proposed phased rollout of the distribution network and power procurement leads to adverse commercial and operational consequences for the Respondent (HVPN). Further, the contents of the Petition may be treated as part and parcel of the present rejoinder and the same are not repeated herein for the sake of brevity.

12.3. That none of these objections, examined against the statutory text, discloses any legal impediment to the Grant of the Licence sought. The Petitioner addresses each in turn. The present Rejoinder proceeds by first identifying the statutory framework governing the Grant of a Parallel Distribution Licence; thereafter demonstrating that the Petitioner satisfies every statutory requirement prescribed under the Act and Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, read along with its subsequent amendments, (referred to as "the Distribution Licence Rules"); answering the objections relating to prior distribution experience, phased rollout and the alleged operational consequences of competition; examining the judicial precedents relied upon by the Respondent; and finally demonstrating that the Grant of Licence advances the legislative objectives of the Electricity Act and serves the larger public interest.

THE STATUTORY FRAMEWORK GOVERNING GRANT OF A PARALLEL DISTRIBUTION LICENCE

12.4. That the enquiry before this Hon'ble Commission is defined and limited by the Act. The Hon'ble Commission is called upon to determine whether the Petitioner satisfies the conditions prescribed under Sections 14 and 15 of the Act, the Distribution Licence Rules, and the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulations, 2004, read along with its subsequent amendments, (referred to as the "applicable Licensing Regulations"). The Act does not contemplate the introduction of eligibility conditions beyond those Parliament has expressly enacted.

12.5. That a reading of the reply shows that a substantial part of the objection does not rest on any failure to meet the statutory requirements but on apprehended operational consequences of competition, viz., Power Procurement Scheduling, Impact on its Rollout Plan on the Transmission System Planning of the STU, General Network Access impact of the creation of the Parallel Distribution Licensee and Concurrence for use of HVPN Land for development of substation and associated infrastructure. These concerns fall within the regulatory domain of the Hon'ble Commission, but their existence cannot enlarge the statutory conditions governing Grant of Licence.

12.6. That the Act marked a deliberate departure from the earlier regime of exclusive territorial monopolies. Parliament knew that introducing Parallel Distribution Licensees would bring competition into a sector that had not previously known it, and enacted the Sixth Proviso to Section 14 regardless, providing that no applicant who complies with all the requirements for grant of licence shall be refused grant of licence on the ground that there already exists a licensee in the same area for the same purpose. The Statement of Objects and Reasons, read with the National Electricity Policy and the Tariff Policy, confirms Parliament's intention to replace the monopoly model with one of regulated competition.

12.7. That the language of the proviso leaves little room for ambiguity. While the Hon'ble Commission retains discretion to examine whether an applicant meets the statutory requirements; that discretion is structured, not open ended. The words 'on the ground that there already exists a licensee' demonstrate that Parliament anticipated objections founded upon the presence of an Incumbent Licensee, and consciously excluded the existence of the incumbent, and the consequences that naturally flow from the entry of a second licensee, as grounds of refusal. What remains open to examination is compliance with the requirements of the Act and the Distribution Licence Rules, and nothing else may be elevated into a threshold condition. The foreseeable operational consequences of competition cannot be elevated into threshold eligibility conditions where Parliament has chosen not to make them so.

12.8. That the Act draws a clear line between the conditions governing Grant of Licence and the obligations that arise once a Licence is granted. Eligibility is determined under Sections 14 and 15 read with the Distribution Licence Rules. Matters of network rollout, Universal Service Obligation, Power Procurement, Tariff, Standards of Performance and Consumer Protection remain subject to the Hon'ble Commission's continuing regulatory jurisdiction. The Reply repeatedly conflates these two stages, treating issues that properly belong to the Hon'ble Commission's post grant powers as threshold barriers to entry. That approach is inconsistent with the architecture of the Act and would effectively rewrite the conditions Parliament prescribed for entry into the distribution sector.

12.9. That the statutory conditions governing the Grant of a Licence are exhaustive and cannot be supplemented by importing additional requirements through interpretation; that commercial consequences naturally flowing from competition do not, by themselves, furnish a sustainable ground for refusal; and that the Hon'ble Commission's continuing regulatory jurisdiction is the proper forum for operational issues arising after Grant of Licence, not a basis for denying it in the first place. The objections raised by HVPN are examined below within these four corners.

THE STATUTORY CONDITIONS FOR GRANT OF LICENCE ARE EXHAUSTIVE AND STAND SATISFIED

12.10. That the Respondent seeks to question the Petitioner's financial capability, capital adequacy, creditworthiness and overall ability to discharge the functions of a Distribution Licensee by reference to standards that find no place in the Act, the Distribution Licence Rules or the applicable Licensing Regulations.

12.11. That Sixth Proviso to Section 14 authorises the Grant of more than one Distribution Licence within the same area, subject to compliance with the additional requirements prescribed by the Central Government. Pursuant to that mandate, the Central Government framed the Distribution Licence Rules, which comprehensively set out the requirements relating to capital adequacy, creditworthiness and code of conduct. Once those requirements, together with the Act and the applicable Licensing Regulations, stand satisfied, the enquiry contemplated under Sections 14 and 15 is complete. Neither the Act nor the Distribution Licence Rules require an applicant to demonstrate prior experience as a Distribution Licensee, ownership of an existing network, an established consumer base or completed infrastructure before Grant of Licence, and that omission is deliberate.

12.12. That the objections relating to capital adequacy and creditworthiness may be considered together, since both bear on the same financial capability of the Petitioner and suffer from the same infirmity. The Distribution Licence Rules prescribe objective criteria for capital adequacy, capable of verification from the record, and do not contemplate an open ended enquiry based on subjective commercial perception; they further recognise that financial capability, including creditworthiness, may be demonstrated through the strength of an applicant's promoters, shareholders and supporting entities, consistent with commercial practice for infrastructure projects undertaken through dedicated vehicles.

12.13. That the Petitioner has furnished all financial information, supporting documents and declarations required under the Distribution Licence Rules, and has set out the financial strength of its promoter group, the proposed funding structure and the resources available for the project. Further, the Petitioner has also submitted its detailed justification for the comments raised by the Hon'ble Commission with regards to Capital Adequacy and Creditworthiness in the Interim Order dated 26 May 2026. HVPN has not identified any specific requirement that remains unfulfilled; it raises only speculative concerns about future investment and financing, which may bear on regulation of the project's implementation but establish no present deficiency in capital adequacy or creditworthiness, and a general apprehension of this kind cannot sustain a refusal of Licence.

12.14. That the Petitioner has already infused equity amount applicable for Phase I of the Network Implementation Plan and have arranged for debt required for Phase I. Further,

the Authorised Capital has been increased from Rs. 100 Crore to Rs. 1,500 Crore. The total capital investment proposed in the Petition is Rs. 4,717 Crore, funded on a 70:30 debt-equity structure, comprising equity of Rs. 1,415 Crore and debt of Rs. 3,302 Crore. The equity for Phase 1 has been already infused in the Company. The solvency certificates from IndusInd Bank and 360 One Prime (up to Rs. 1,000 Crore each) corroborate the financial capacity of the promoter under Rule 3(2), while the debt required for Phase 1 is already arranged; neither Rule 3 nor any Regulation requires the entire debt of Rs. 3,302 Crore to stand committed at the licensing stage..

12.15. Rule 3(2) of the Distribution Licence Rules tests the applicant's ability to bring in 30% equity on a three-year net-worth basis, including the resources of its promoters. SAS Fininvest LLP satisfies this in each of the three years (Rs. 4,215 Crore for FY 2022-23, Rs. 3,728 Crore for FY 2023-24 and Rs. 4,085 Crore for FY 2024-25), each figure exceeding the Rs. 1,415 Crore requirement for equity by a wide margin. Net worth is the prescribed test, and for liquid listed securities realisable market value is a truer measure of capacity than book value. Under the Limited Liability Partnership Act, 2008, an LLP is a body corporate having perpetual succession and an independent legal personality, capable of owning property, making investments and entering into binding financial commitments, and Rule 3(2) expressly permits the promoter's resources to be taken into account. The Petitioner shall, of course, comply with any specific direction the Hon'ble Commission may issue in this regard. The Petitioner's promoter being a Limited Liability Partnership governed by the Limited Liability Partnership Act, 2008, the definition of net worth under Section 2(57) of the Companies Act, 2013 has no application; Rule 3(2) speaks of net worth and generation of internal resources of the promoter, and for a promoter whose assets comprise liquid listed securities, realisable market value as reflected in the audited financial statements is the true measure of the resources available for equity infusion.

12.16. The proposal of the Petitioner is to develop the network in Licence Area in a phased manner and the Hon'ble Appellate Tribunal for Electricity in Municipal Corporation of Greater Mumbai (BEST) v. Maharashtra Electricity Regulatory Commission & Ors., Appeal No. 279 of 2017, decided on 11 March 2026, clearly specify that the development of Distribution Infrastructure is a continuous process and determination of the Capital Adequacy and Creditworthiness based on the Capital Expenditure required to serve the entire area on one go is not appropriate. Section 43 itself contemplates cases where extension of distribution mains or commissioning of new substations is required before supply can be released. Therefore, the Act does not mandate creation of the entire network before grant of licence. Phased rollout, subject to milestones and Commission

supervision, is consistent with Sections 42 and 43 and with the regulatory approach recognised by APTEL in Appeal No. 279 of 2017.

12.17. As regards the objection relating to the Code of Conduct under Rule 4 of the Distribution Licence Rules, the Petitioner has furnished the requisite declaration confirming that it has not been found guilty or disqualified under any of the provisions enumerated in Rule 4 within the preceding three years. As regards the Respondent's suggestion that undertakings be obtained from promoters and consortium partners, the proviso to Rule 4 concerns admission of winding-up petitions against the applicant company or any other company of the same promoter. The Petitioner confirms that no such petition stands admitted, and is willing to file a supplementary undertaking to this effect if so directed. Consortium partners, being neither applicants nor promoters, fall outside the scope of Rule 4.

12.18. As regards the entries at pages 38 to 42 of the Petition, the objection is misconceived on both counts. First, the figures described as 'Value of Services' pertain to the consortium partners' project track record and were never advanced as a measure of net worth; the financial capability of the Petitioner rests on the audited net worth certificate of SAS Fininvest LLP at Enclosure-4. Secondly, the entry 'N.A.' against SAS Fininvest LLP appears in the column seeking debt-equity and debt to net worth ratios, which are incapable of computation for an entity that carries no debt on its balance sheet as per audited balance sheet.

12.19. A recurring feature of the Reply is the attempt to convert commercial/operational expectations into statutory eligibility criteria, suggesting that an applicant should already possess an operational network, prior distribution experience, substantial existing infrastructure and completed financing before seeking a Licence. None of these conditions appears in the Act, the Distribution Licence Rules or the applicable Licensing Regulations. Accepting such an interpretation would make entry by any new participant virtually impossible regardless of full compliance with the framework Parliament enacted, and would defeat the purpose of the Sixth Proviso to Section 14.

12.20. The Petitioner has placed before this Hon’ble Commission every document required under the Act, the Distribution Licence Rules and the applicable Licensing Regulations, establishing its financial capability, proposed investment structure, promoter support, implementation strategy and institutional framework. HVPN has not pointed to any mandatory requirement with which the Petitioner has failed to comply. Its objections are directed not at statutory compliance but at the commercial/operational implications of allowing a new Licensee to enter the market, and such considerations, however genuinely held, cannot substitute for the statutory test Parliament enacted.

12.21. Without prejudice to the foregoing, it is respectfully submitted that the Respondent has not identified any provision of the Electricity Act, 2003, the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulations, 2004, or any other applicable statutory instrument which prescribes prior ownership of land, completed substations, established distribution infrastructure, granted General Network Access, executed transmission connectivity arrangements, completed system studies or concurrence of the State Transmission Utility as conditions precedent for grant of a distribution licence. The objections raised by the Respondent principally concern implementation, transmission planning, interface arrangements and Grid Code compliance, all of which are matters capable of being addressed through implementation milestones, statutory approvals and continuing regulatory supervision after grant of licence. They cannot, in the absence of an express statutory mandate, be elevated into independent threshold disqualifications for grant of licence.

ABSENCE OF PRIOR DISTRIBUTION EXPERIENCE AND USE OF A SPECIAL PURPOSE VEHICLE DO NOT DISENTITLE THE PETITIONER

12.22. The Respondent's interpretation would impermissibly read into the statute a requirement that the Petitioner already possess prior experience as a Distribution Licensee, treating its incorporation as a Special Purpose Vehicle for the present project as a disqualification and seeking to minimise the relevance of the experience and financial strength of its promoters and consortium members. The premise underlying this objection, that only an existing Licensee or an entity with prior distribution experience may qualify under the Sixth Proviso, finds no support in the Act or the Distribution Licence Rules.

12.23. Neither Section 14 nor Section 15 of the Act prescribes prior distribution experience as a Condition for Grant of Licence, and the Distribution Licence Rules does not require an applicant to have previously operated a distribution business. Parliament prescribed the criteria it considered relevant, namely financial capability, institutional integrity and compliance with the statutory framework, and the absence of any requirement of prior operational experience is deliberate. Where Parliament has expressly prescribed the conditions governing exercise of a statutory power, additional substantive conditions cannot be read in by interpretation.

12.24. The practical effect of HVPN's position illustrates why it cannot stand: every new entrant would fail the test, since no entity can lawfully function as a Distribution Licensee before a Licence is granted. The argument effectively requires an applicant to become a Distribution Licensee before it may apply to become one, an outcome Parliament could

not have intended and one that would render the framework for Parallel Distribution Licensing largely unworkable.

12.25. Nor does incorporation as a Special Purpose Vehicle support an adverse inference. Across infrastructure sectors, including electricity, highways, airports, ports, metro rail, renewable energy and public private partnerships, projects are routinely implemented through such vehicles, which isolate project risk, facilitate financing, ensure transparent accounting and provide a dedicated entity responsible for implementation. Neither the Act nor the Distribution Licence Rules prohibit the Grant of a Distribution Licence to a Special Purpose Vehicle; had Parliament intended to exclude them, it would have said so.

12.26. The Reply also proceeds as though the experience and financial capability of the promoters and consortium members become irrelevant once the Licence is sought in the name of the vehicle. That overlooks both commercial reality and the statutory text. Infrastructure projects of this kind are almost invariably promoted through entities created by experienced sponsors, whose financial strength, technical expertise and institutional capability form the foundation on which the vehicle is established. The Distribution Licence Rules themselves recognise that capital adequacy and creditworthiness may be demonstrated by reference to the capability available through promoters and supporting entities, and the Petition places on record the financial credentials, institutional capability and sectoral experience of the consortium.

12.27. The real question for this Hon'ble Commission, therefore, is whether the Petitioner possesses the institutional, financial and organisational capability to discharge the obligations of a Distribution Licensee. That assessment must take into account the resources available to the Petitioner, the experience of its promoters, the proposed implementation framework, the governance structure and the material on record, against which the Petitioner has demonstrably established its capability. Further, it is humbly requested that the Hon'ble Commission may kindly consider the experience of the Consortium Partners who have an extensive experience in the Distribution Sector for assessment of the Petition in line with the provisions of the Licensing Regulations. In addition to the above it is also to be noted that even existing distribution licensees execute substantial portions of their licenced business through EPC contractors, O&M contractors, IT vendors, billing agencies, meter agencies and specialised consultants while remaining responsible for compliance.

12.28. Rule 3(2) tests the capital adequacy and creditworthiness of the applicant including its promoters, and that test stands independently satisfied through the audited net worth of SAS Fininvest LLP without any reliance on the consortium. The experience of the consortium partners is placed on record as supplementary material demonstrating the institutional capability available to the Petitioner, and its evidentiary value does not

depend upon the consortium partners being co-applicants. The objection that the Memorandum of Understanding is unsigned stands overtaken by the record: the executed Memorandum of Understanding has been placed before this Hon'ble Commission vide the Petitioner's filing dated 03.07.2026 in compliance with the Interim Order dated 26.05.2026. In any event, capital adequacy under Rule 3(2) stands satisfied independently through the promoter, and the consortium credentials are supplementary material on institutional capability. The Respondent's request that the consortium partners be impleaded is misconceived and deserves rejection. No relief is sought by or against the consortium partners, they are neither necessary nor proper parties to a licence application under Sections 14 and 15, and there is no provision in the Act or the applicable Licensing Regulations requiring an applicant's contractors, vendors or technical partners to be arrayed as parties. The request is a transparent attempt to delay the proceedings.

THE PROPOSED PHASED ROLLOUT IS CONSISTENT WITH THE ACT AND DOES NOT AMOUNT TO SELECTIVE SERVICE OF CONSUMERS

12.29. The Reply proceeds on the erroneous assumption that the Petitioner’s proposed phased rollout would enable it to selectively serve commercially attractive consumers while avoiding obligations to the rest of the Licence Area, and that this is inconsistent with the Universal Service Obligation under Section 43. The objection conflates the Grant of a Licence with the subsequent implementation and regulation of the licenced activity. The Petitioner undertakes that over the period of time in phased manner no consumer category or geographical segment within the proposed licence area shall be excluded from its service obligation. Network development shall be undertaken in accordance with the implementation plan approved by the Commission, and any variation in phasing shall be subject to prior approval of the Commission.

12.30. Neither the Act nor the Distribution Licence Rules or the applicable Licensing Regulations require an applicant to establish an operational network before Grant of Licence. This position now stands authoritatively affirmed by the Hon'ble Appellate Tribunal for Electricity in Municipal Corporation of Greater Mumbai (BEST) v. Maharashtra Electricity Regulatory Commission & Ors., Appeal No. 279 of 2017, decided on 11 March 2026, wherein the Tribunal held that the Act does not require prior ownership or establishment of a distribution network as a condition precedent for the Grant of a Distribution Licence, and that phased development of the distribution network after Grant of Licence is fully consistent with Sections 42 and 43 of the Act. A Licence enables the Licensee to establish, operate and progressively expand its independent system in accordance with the statutory framework and the conditions this Hon'ble Commission may impose. Every distribution system, irrespective of the identity of the Licensee, is developed in phases:

substations are erected, lines laid, transformers installed and connections released over the life of the Licence. The Petitioner's proposed rollout reflects this commercial and operational reality and is neither exceptional nor inconsistent with the Act. As regards the network configuration in the new Sectors 58 to 115 and Sectors 37C and 37D of Gurugram, the objection proceeds on a misreading of the Petition. The Petitioner's network architecture for the Gurugram divisions is itself founded on a 220/33 kV in-feed: the Network Rollout Plan provides for 220/33 kV bay extensions at the HVPNL 220 kV substations (including Sectors 62, 72, 52A, 65 and 85), a 33 kV sub-transmission network, and the Petitioner's own 33/11 kV Distribution Substations, which is the very 33 kV belt configuration contemplated by the HERC (Duty to Supply Electricity on Request) Regulations as amended on 27.09.2023. Additionally, the Petitioner expressly undertakes that all connections in the notified sectors shall be released in the 220/33/0.4 kV configuration in full compliance with the said Regulations and suitable directions of the Hon'ble Commission. Further, with regards to the allegation that the Petitioner has cherry-picked based on the Sales proposed by the Petitioner in the Business Plan, it is humbly submitted that the sales proposed for various categories of consumers is consistent with the existing consumption mix of the entire Licence Area. Hence, the allegation that the Petitioner has cherry-picked Commercial and Industrial consumers is inappropriate.

12.31. The allegation of selective service rests on assumption rather than evidence. The Hon'ble Appellate Tribunal for Electricity has likewise rejected the contention that phased rollout necessarily results in "cherry-picking" of consumers, holding that such allegations cannot rest on general apprehensions but must be supported by specific instances. The Tribunal further recognised that a planned and phased rollout constitutes the optimal regulatory approach to avoid selective network development. The Petitioner has never sought exemption from any obligation applicable to a Distribution Licensee, nor proposed that any class of consumer should remain permanently outside its Service Obligations. Its proposal is that the network will be developed in a planned and progressive manner, with consumers connected as the network expands, an approach that amounts to orderly infrastructure development rather than “cherry-picking”. The further premise that industrial and commercial consumers are invariably profitable while domestic or rural consumers are necessarily burdensome is wholly unsupported by any material on record and overlooks the premise that the process of Tariff Determination. Cross Subsidy Determination, Implementation of Standards of Performance, Implementation of Universal Service and Consumer Protection are all governed by the statutory and regulatory framework under the Act, which binds every Distribution Licensee irrespective of the category of consumer it serves. Further, with regards to the apprehension of the Respondent on inadequacy of the infrastructure proposed in Nuh District, it is humbly

submitted that out of the total Capital Expenditure proposed of ~Rs. 4717 Crore, an amount of ~Rs. 305 Crore is proposed to be incurred towards Nuh District, which works out to ~6.5%, whereas, as per the connected load details for FY 2024-25, the contribution of Nuh towards connected load of the Licence Area is less than 5% of the connected load. As per the Implementation Plan filed on 03.07.2026 in compliance with the Interim Order dated 26.05.2026, the Petitioner has proposed addition of 5 new 33/11 kV substations with 8 nos. of 12.5 MVA Transformers and 5 Nos. of 66/33 kV bay extensions with 5 nos. of 20/25 MVA Transformers along with 25 km of 33 kV lines, 20 nos. of 11 kV feeder additions and 60 km of 11 kV lines addition. Further, 240 km of LT line and 800 distribution transformers are proposed to be incorporated in the Implementation Plan.

12.32. At its core, the concern is that consumers may choose supply from the Petitioner instead of the Incumbent Licensee. That concern is inherent in the concept of Parallel Distribution Licensing itself. Parliament permitted more than one Licensee to operate within the same area through independent systems, knowing that consumer choice would follow. If the mere possibility of consumer migration sufficed to refuse a Licence, the Sixth Proviso would become incapable of meaningful operation, since every application by a new entrant carries that possibility. Migration occurring in accordance with law is an incident of the statutory framework, not a ground for defeating it.

12.33. Section 43 of the Act imposes an obligation on every Distribution Licensee to supply electricity to an owner or occupier who applies for it, subject to the provisions of the Act. It does not require a newly Licenced Company to have completed its entire network on the date of Grant, nor does it prohibit phased expansion. The obligation operates throughout the currency of the Licence and is discharged under the continuing supervision of this Hon'ble Commission. To treat Section 43 as a threshold eligibility condition, as HVPN's interpretation would, converts an operational obligation into something the provision was never meant to be.

12.34. Throughout these proceedings, the Petitioner has adopted a transparent approach towards development of its network. The Petition, the proposed Implementation Plan, the Migration Protocol and the Supply and Operational Modalities placed before this Hon'ble Commission show that the Petitioner has addressed Consumer Migration, Network Development, Operational Coordination, Supply Arrangements and Consumer Protection, and seeks no unregulated entry into the sector. It has proposed a structured framework under which Migration, Network Expansion and Operational Responsibilities remain subject to the Hon'ble Commission's supervision, and has expressed willingness to comply with whatever Licence Conditions the Hon'ble Commission considers necessary regarding rollout milestones, reporting and consumer protection

12.35. The Petitioner has not merely asserted its willingness to remain subject to regulatory supervision. It has voluntarily placed before this Hon'ble Commission a detailed Migration Protocol and Supply and Operational Modalities in compliance with the directions of the Hon'ble Commission during the proceedings of the Interim Order dated 26 May 2026. This itself demonstrates the Petitioner's commitment to transparent and orderly implementation under the continuing supervision of the Hon'ble Commission.

12.36. Even after Grant of Licence, the Petitioner remains subject to the comprehensive jurisdiction of this Hon'ble Commission under the Act, the applicable Regulations and the Licence Conditions, which retain ample power to monitor rollout, enforce compliance with Section 43, regulate Standards of Performance, Protect Consumers and issue directions as required. The Act thus provides a complete mechanism for every concern HVPN has raised, leaving neither legal nor practical basis to refuse entry for matters fully capable of being addressed through that continuing jurisdiction.

THE OPERATIONAL CONSEQUENCES OF COMPETITION ARE MATTERS FOR CONTINUING REGULATION

12.37. That on the issue raised by Hon'ble Commission regarding adequate transmission capacity, the Respondent has rightly submitted that the existing transmission system of HVPN has been planned and developed to cater to the present demand and projected future demand of the existing Distribution Licensees i.e., DHBVNL and UHBVNL. This implies that the Intra State transmission capacity of HVPN is adequate to meet the current and projected future demand of the State of Haryana, as there are only 2 Distribution Licensees in the State. The Petitioner humbly submits that the current proposal is for implementation of a Parallel Distribution Licensee, which shall cater to a part of the existing load and a part of the estimated load for the subsequent years. Hence, the Petitioner is of the opinion that as such, there will not be any substantial impact on the transmission capacity requirement of the State. The Respondent has also submitted that the complete details are provided by the Petitioner, system studies can be carried out. It is respectfully submitted that the system studies will be required to assess the feasibility of connectivity from HVPN to the Petitioner at various locations. Further, as rightly mentioned by the Respondent, STU is duty bound under Section 39(2)(b) of the Electricity Act, 2003 to plan and co-ordinate its Intra State Transmission System with all the Licensees amongst other entities. Hence, the Respondent is duty bound to plan, co-ordinate and develop the Intra State Transmission with all the Licensees including the Petitioner once the licence is granted. On the Respondent's own showing, the intra-State transmission system stands planned and developed to cater to the present demand and projected future load growth of the licence area. The Petitioner shall serve a subset of

that same demand, not an addition to it; the grant of licence therefore creates no new transmission burden, and the system study the Respondent itself proposes is the appropriate post-grant mechanism. HVPN, as the notified State Transmission Utility, performs statutory functions under Section 39 of the Act relating to transmission planning, system coordination and non-discriminatory access. The Petitioner fully recognises and undertakes to comply with such statutory framework. However, neither Section 39 nor any provision of the Act makes transmission concurrence or an STU No Objection Certificate a condition precedent to Grant of a Distribution Licence under Sections 14 and 15.

12.38. That as regards the comment on General Network Access (GNA), the Respondent has clarified that the STU can apply to CTUIL on behalf of the Distribution Licensee for Grant/Enhancement of Quantum of GNA. The Petitioner further submits that all the procedural, technical and financial conditions prescribed under the CERC GNA Regulations, 2022 shall be complied by the Petitioner upon grant of Licence. It is humbly submitted that the existing GNA is adequate to meet the requirement of the State. As the demand increases and power procurement outside the State increases, the enhancement of quantum of GNA will be required irrespective of number of Distribution Licensees. Further, as the Petitioner is planning to utilise around 40% of power sourced within the State through Firm and Dispatchable Renewable Energy (FDRE) i.e., Renewable power with Battery Energy Storage System (BESS), it may support the system to procure power from outside the State by existing Licensees also.

12.39. That as regard utilisation of land available with HVPN by the Petitioner, the Respondent has submitted that the same is subject to the availability of the land and considering the future development of STU infrastructure and requirement of existing Discoms. Once the licence is granted to the Petitioner, the Petitioner will separately approach to HVPN for utilisation of its land and the land can be provided by HVPN subject to its policy. In case the HVPN land is not available, the Petitioner will arrange land from other sources for development of its network.

12.40. That the Petitioner has received the No Objection Certificate from Ministry of Defence, and the copy has been placed on record in its rejoinder filed in compliance with the Commission's Interim Order dated 26 May 2026. In any event, the Central Government concurrence under Section 15(2)(ii) is a condition subject to which the Hon'ble Commission may Grant the Licence rather than a jurisdictional bar to considering the Petition. Hence, rejection of Petition based on the non-availability of No Objection Certificate is not appropriate.

12.41. That as regards the comment on claim of Generation/ Transmission Licence by the Petitioner, the Petitioner humbly clarifies on record that only a Distribution Licence is sought and no Generation or Transmission Licence is sought in the current Petition. The

relevant MOA clause being broadly worded includes all the works the Petitioner proposes to undertake.

12.42. That as regards the concerns raised by the Respondent on the Power Procurement of the Petitioner, the Petitioner submits that power procurement in the initial years shall depend on the willingness of consumers to shift to the network of the Petitioner and predicting long term/medium term procurement during the initial years may not be feasible. Hence, it is proposed that 20% of the energy requirement shall be tied-up from thermal generation and the remaining 80% of the energy requirement shall be procured from FDRE/GDAM for Green Energy procurement. The energy scheduled from FDRE is considered as firm from source even though it is from RE Generating Plants. Further, detailed power procurement shall be structured once the consumers willing to shift to the Petitioner's network, and their load and consumption details, are known, enabling optimal scheduling. Procurement by a Distribution Licensee must in any event be undertaken through competitive bidding, a process that cannot lawfully be initiated before grant of Licence. The operational impediments suggested by the Respondent therefore furnish no basis for rejection.

12.43. That the concerns raised by the Respondent relating to coordination, network integration, protection coordination, Grid Code compliance, Interconnection Agreement and System Study pertain to operationalisation of the licence. The Petitioner undertakes full compliance with all such requirements in accordance with the directions of the Hon'ble Commission, HVPNL, SLDC, CEA and CERC. The Respondent itself proposes that these be addressed through a System Study and a formal Interconnection Agreement prior to commencement of power drawal, a sequence the Petitioner accepts.

12.44. That the Petitioner has never sought exemption from any Statutory or Regulatory Obligation. It has placed before this Hon’ble Commission a detailed Network Implementation Plan, Migration Protocol and Supply and Operational Modalities demonstrating its commitment to implement the project transparently and in a regulated manner, and has expressed willingness to comply with whatever reasonable conditions, milestones and reporting requirements the Hon’ble Commission considers necessary.

CONCLUSION

12.45. That the Petition has been examined from every perspective contemplated under the Act, the Distribution Licence Rules and the applicable Regulations, and the material on record establishes the Petitioner’s financial capability, institutional framework, implementation strategy and readiness to discharge the obligations of a Distribution Licensee in accordance with law. The Petitioner has responded to every concern HVPN has raised and has voluntarily placed before this Hon’ble Commission detailed operational

documents, including the proposed Implementation Plan, Migration Protocol and the Supply and Operational Modalities, with a view to transparency, regulatory certainty and protection of consumer interest.

12.46. That the judgment in Noida Power Company Limited (Appeal No.7 of 2010) turned on facts absent here: the applicant's financial statements were unaudited and disclosed a negative net worth with accumulated losses, and the sole material on capital adequacy was a State Government letter stating it would 'consider' providing funds, wrongly construed as a sovereign guarantee. In the present case, audited net worth of the promoter stands on record for each of the three preceding years, Phase 1 equity stands infused, and solvency certificates stand filed. The observations in that judgment on phased development stand overtaken by the later judgment of the Hon'ble Tribunal in Appeal No. 279 of 2017, decided on 11.03.2026, which directly considered the issue and held phased development of the distribution network consistent with Sections 42 and 43 of the Act.

12.47. That the order in India Power Corporation Limited (HERC/PRO-08 of 2014) likewise proceeded on findings that the applicant had not conducted a proper survey, had not finalised substation sites, revised its capital expenditure as an afterthought, and filed a business plan the Commission found incomplete, inadequate and based on erroneous premises. The Petitioner, by contrast, has placed on record a phase-wise Implementation Plan with identified in-feed points, committed capital expenditure of Rs. 4,716.73 Crore, infused Phase 1 equity and arranged Phase 1 debt. The said order also predates Appeal No. 279 of 2017.

12.48. That the objections raised by HVPN do not disclose any failure to satisfy the statutory conditions for Grant of Licence. They relate substantially to the anticipated operational/commercial consequences of competition, namely Cross Subsidy, Power Procurement, Scheduling of Power, Transmission Network Development and other operational matters that the Act entrusts to the continuing regulatory jurisdiction of this Hon’ble Commission. These are not statutory disqualifications and present no legal impediment to Grant of a Parallel Distribution Licence. Accepting HVPN’s interpretation would permit considerations outside the statute to override the framework Parliament enacted and would substantially dilute the Sixth Proviso to Section 14. The statutory requirements stand fully satisfied. The objections raised by the Respondent fail both on the language of the statute and the scheme of the Electricity Act. The Petition therefore deserves to be allowed.

12.49. That grant of a Licence does not diminish the powers of this Hon’ble Commission; it marks the commencement of the Hon’ble Commission’s continuing jurisdiction over the Petitioner, who remains bound by the Act, the Regulations, the Licence Conditions, Tariff

Orders, Standards of Performance and the Consumer Protection Framework, with the Hon'ble Commission retaining full authority to supervise implementation, enforce compliance and issue directions as the need arises.

12.50. That the question before this Hon'ble Commission is not whether competition requires regulatory oversight. Parliament answered that question when it enacted the Sixth Proviso while vesting extensive regulatory power in the State Commission. The real question is whether an applicant meeting the statutory conditions Parliament prescribed should nonetheless be refused entry on grounds Parliament deliberately chose not to recognise as disqualifications, and the answer must be in the negative. Grant of the Licence will give effect to the policy of regulated competition, encourage investment in modern distribution infrastructure, expand consumer choice and strengthen the long term development of the electricity sector in Haryana, while every legitimate concern relating to Consumer Protection, Network Rollout, service obligations, tariff regulation and operational performance remains subject to the comprehensive supervision of this Hon'ble Commission.

12.51. That in view of the facts and submissions set out above, the statutory framework governing these proceedings and the material on record, the Petitioner most respectfully prays that this Hon'ble Commission may be pleased to:

a. grant a Distribution Licence in favour of the Petitioner under Section 14 of the Electricity Act, 2003 for the Licence Area specified in the Petition;

b. hold that the Petitioner has duly satisfied the statutory requirements prescribed under the Electricity Act, 2003, the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, and the applicable Regulations framed by this Hon'ble Commission;

c. pass such further directions, Licence Conditions and regulatory safeguards as this Hon'ble Commission may consider appropriate for an orderly, transparent and consumer centric implementation of the Distribution Licence; and

d. pass such other order or orders as this Hon'ble Commission may deem fit and proper in the facts and circumstances of the present case.

13. **IA No 29 of 2026 (dated 24.07.2026) and IA no 30 of 2026 (dated 27.07.2026) filed by Respondent No. 1 & 2 (DHBVNL and UHBVNL)**

Discoms had filed an interloctory application seeking an **opportunity for an oral hearing** before the Commission passes any final orders, while reserving its right to reply to any new documents. The same has been reproduced as under:

13.1. That the matter was taken up for hearing on 08.07.2026, and Commission was pleased to pass an Interim Order dated 09.07.2026, *inter alia*, constituting an independent Expert

Committee. The mandate of the Committee is to examine the petition, replies filed by the Respondents and the comments/objections submitted by the Intervenors and submit a comprehensive report along with recommendations, as more particularly set out in the Terms of Reference annexed to the said Interim Order. The Hon'ble Commission, having regard to the magnitude of the proposed investment, the long-term implications for the electricity sector in the State of Haryana, the potential impact on consumers, the existing Distribution Licensees, the transmission system and the overall regulatory framework, considered it appropriate to obtain an independent expert assessment of the legal, technical, financial, commercial and regulatory issues arising for consideration.

13.2. That for the aforesaid purpose, the Commission constituted an Expert Committee comprising Mr. Alok Nigam, IAS (Retd.), former Additional Chief Secretary to the Government of Haryana and former Chairman/Managing Director of UHBVNL and HVPNL, as the Chairperson of the Committee; Er. Ravinder Kumar Sharma, former Managing Director, HPSEBL and HPPTCL and former Director (Operations)/(Technical) in HPSEBL and Director (Projects), HPPTCL; and Mr. Bibhu Prasad Mahapatra, former Director (Finance) in various State Power Sector Public Sector Undertakings including UPRVUNL, UPPTCL, GRIDCO, OPTCL and CESU Board. The Committee has been directed to examine the pleadings and all relevant material on record and submit a comprehensive report containing its reasoned findings and recommendations to assist this Hon'ble Commission in adjudicating the present petition.

13.3. That the Interim Order directs the Petitioner to file its reply to the comments/objections of the interveners as well as its rejoinder to the replies filed by the Respondents, within seven days from the date of issue of the order. The very same paragraph further permits the Respondents to file their written submissions within seven days from the date of issue of the order.

13.4. That, in case the Petitioner has filed or files any further document(s), written submissions or any additional material before Commission during the pendency of the present proceedings, the same may be supplied to Respondent No. 1. The Respondent No. 1 may be granted liberty to file its reply/response or make submissions thereon, before the matter is finally decided, it being clarified that the present application is filed without prejudice to, and independent of, the written submissions being filed by the Respondents pursuant to Para 8 of the Interim Order.

13.5. That further Para 9 of the Interim Order records that *"the hearing stands concluded"* and that the *"Order is reserved".* The Respondent No. 1 submitted that as on 08.07.2026, the pleadings were not complete, due to which the Respondents could not present their case/stance/arguments before the Hon’ble Commission.

13.6. That Para 9 of the Interim Order, recording that “the hearing stands concluded” and that the “Order is reserved”, must be read harmoniously with Para 8 of the very same Interim Order, which contemplates further rejoinders/written submissions being filed within seven days and further contemplates a report to be submitted thereafter by the Expert Committee. It is submitted that the observation at Para 9 can only be understood as recording the conclusion of the oral arguments addressed up to 08.07.2026, and cannot be read as foreclosing the Respondent No. 1’s right to be heard on material, including the written submissions still to be filed and the Expert Committee’s report, that did not exist as on that date. The Respondent No. 1 sought a clarification/declaration to this effect from Commission.

13.7. That, at this stage, the Respondent No. 1 crave leave to point out that the Expert Committee constituted vide the Interim Order would submit its report containing findings and recommendations on issues that go to the very root of the matter and shall have a direct bearing on the adjudication of the petition. As such, it is submitted that any final order may not be passed without the same being furnished to the Respondent No. 1 and without the Respondent No. 1 being afforded an adequate opportunity to file their comments/objections thereto, if deemed fit and to be heard in respect thereof.

13.8. That it is a settled principle of natural justice, embodied in the maxim audi alteram partem, that no material which is capable of being read against a party, including the findings and recommendations of an expert body constituted to assist an adjudicating authority, can be relied upon or acted upon without that party first being afforded a fair opportunity to respond to the same. It is submitted that this principle applies with full force to the report of the Expert Committee constituted vide the Interim Order, given that its terms of reference expressly extend to the legal, technical, financial, commercial and regulatory issues arising in the present petition, which go to the very grounds already urged by the Respondent No. 1 in its Reply and other submissions on record.

13.9. That the following prayers have been made:-

(a) Allow the present application and grant an opportunity of oral hearing to the Respondent; AND

(b) Direct that, in case the Petitioner files any further document(s), written submissions or any additional material before this Hon'ble Commission during the pendency of the present proceedings, a copy of the same be supplied to the Respondent No. 1, and that the Respondent No. 1 be granted liberty to file its reply/response or comments thereon within a period of two weeks (or such other period as this Hon'ble Commission may deem fit) from the date of such supply, before the matter is finally decided; AND

(c) Hold and declare that a copy of the report, as and when submitted by the Expert Committee constituted vide the Interim Order dated 09.07.2026, be supplied to the Respondent No. 1, and that the Respondent No. 1 be allowed to file its comments/objections on the said report within a period of two weeks (or such other period as this Hon'ble Commission may deem fit) from the date of supply, and be heard in respect thereof, before any final order is passed on the petition; AND/ OR Pass any other order(s) as this Hon'ble Commission may deem fit and proper in the facts and circumstances of the present case.

14. **Additional Documents dated 30 July 2026 filed by the Petitioner (Eleven Power):**

The petitioner i.e. Eleven Power has placed on record the following documents, vide its letter dated 30.07.2026 :-

14.1. Addendum to the memorandum of undertaking

14.2. Undertaking on Code of Conduct by Consortium Partners

14.3. Legal Opinion of Dr. Justice D Y Chandrachud Former Chief Justice of India

14.4. Special Accounts of SAS FinInvest LLP

14.5. SAS Fininvest undertaking

14.6. Undertaking for Code of Conduct by SAS Fininvest LLP

14.7. Undertaking by the Petitioner that it will not apply for Transmission Licence

14.8. Declaration regarding Consent to join employment future

14.9. Solvency Certificate by M/s. 360 One

The details of the above documents are reproduced in Annexure A.

Written Submissions filed by UHBVNL and DHBVNL dated 03.08.2026

15. UHBVNL and DHBVNL (DISCOMs) have filed combined written submissions dated 03.08.2026, pursuant to the directions issued by this Commission vide Interim Order dated 09.07.2026. DISCOMs have submitted as under:-

15.1. That the present proceedings concern an application filed by M/s Eleven Power Private Limited seeking grant of a parallel distribution licence for the Revenue Districts of Gurugram and Nuh under Sections 14 and 15 of the Electricity Act, 2003.

15.2. That at the outset, it is respectfully submitted that the present proceedings involve issues having significant and long-term implications for the electricity sector in the State of Haryana. The matter is not confined to the rights of a private applicant seeking entry into the distribution sector. Rather, it directly concerns the integrity of the statutory licensing framework, the financial sustainability of the existing distribution system, the stability of tariff architecture, the cross-subsidy mechanism approved by this Hon'ble Commission,

the discharge of universal service obligations, transmission planning and, above all, the larger public and consumer interest.

15.3. That the objections raised by the Respondents are objective in character and are not confined to apprehensions of commercial loss alone. The Respondents have raised fundamental issues concerning the Petitioner's capital adequacy, creditworthiness and technical/operational experience, being requirements that go to the very root of eligibility under the Electricity Act, 2003 read with the Rules, 2005, as interpreted in the judgments referred to hereinbelow. If these aspects are left for consideration at the stage of licence conditions, the viability of the incumbent Distribution Licensee would stand distorted before any corrective condition could take effect. It is well settled that this Hon'ble Commission may consider an application only upon the Petitioner first satisfying the statutory threshold requirements under the Act and the Rules framed thereunder, and that in doing so, the Hon'ble Commission is entitled to have regard to the holistic financial position of the incumbent utility as well as the conduct of the Petitioner in seeking such a parallel licence. As the incumbent licensee, DHBVNL bears a continuing statutory responsibility to protect the interests of all consumers within its area, including small, subsidised and rural consumers; if selective, cherry-picked entry of this kind is permitted, the resultant financial burden will necessarily be passed on to the very consumers the Petitioner does not propose to serve in the near term. While the sixth proviso to Section 14 makes clear that an application shall not be refused merely on the ground that an existing licensee already operates in the area, the same statutory scheme equally obliges this Hon'ble Commission to protect consumer interest, and the two obligations must be read together rather than the former being permitted to override the latter.

15.4. That Respondents herein have already filed detailed replies to the Petitioner, the contents of which may kindly be read as part and parcel of the present additional submissions, which are not being repeated here for the sake of brevity. Further, the following provisions of law may kindly be taken into consideration by the Hon'ble Commission for the purposes of adjudication of the present Petition:

a) Sections 14 and 15 of the Electricity Act, 2003 ("Act, 2003");

b) The Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulations, 2004, as amended from time to time (hereinafter referred to as the "HERC Licensing Regulations"); and

c) The Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, as amended from time to time (hereinafter referred to as the "Rules, 2005").

SUBMISSIONS W.R.T. "MINIMUM AREA OF SUPPLY":

15.5. That the counsel for the Petitioner during the course of the hearing on 08.07.2026 has stated that the 'Minimum Area Requirement' stands fulfilled by the Petitioner once the licence has been applied for in District Gurugram i.e. the entire area covering a Municipal Corporation and had, as such, stated that the objection of the Respondent with respect to the same is misconceived. In this regard, the attention of the Hon'ble Commission is brought towards the “Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) (Second Amendment) Rules, 2022” dated 28.11.2022. As per the said amendment, the minimum area of supply is required to be either:

a. the entire area of a Municipal Corporation as defined under Article 243Q of the Constitution of India; or
b. three adjoining revenue districts; or
c. a smaller area as notified by the Appropriate Government.

Critically, the pre-amendment Explanation had specifically included "Municipal Council" as a qualifying category; however, the 2022 Amendment deliberately and consciously omitted "Municipal Council" from the said Explanation. The legislative intent is therefore unambiguous: only a Municipal Corporation qualifies, not a Municipal Council or Municipal Committee.

Explanation Before the 2022 Amendment	**Explanation Post 2022 Amendment**
Explanation. -For the grant of a licence for distribution of electricity within the same area in terms of sixth proviso to section 14 of the Act, the area falling within a Municipal Council or a Municipal Corporation as defined in the article 243-Q of the Constitution of India or a revenue district shall be the minimum area of supply.	*“Explanation. - For the purposes of this sub-rule, it is hereby clarified that for grant of a licence for distribution of electricity within the same area in terms of sixth proviso to section 14 of the Act, the entire area covering either a **Municipal Corporation** as defined in article 243Q of the Constitution **or** three adjoining revenue districts, **or** a smaller area as may be notified by the Appropriate Government shall be the minimum area of supply."*
Relevant Definitions of Haryana Municipal Act, 1973 *“2A. Classification and Constitution of municipalities. - (1) There shall be constituted three classes of municipalities in accordance with the provisions of this section as specified below :-* *(i) **"Municipal Committee"** for a transitional area with [existing] population [of not more then fifty thousand];* *(ii) **"Municipal Council"** for as smaller urban area with [existing] population [exceeding fifty thousand but not exceeding five lacs]; and* *(iii) **"Municipal Corporation"** for larger urban area with [existing] population [of three lacs or more], to be governed by a separate Act:* *[…]*	

(2) The State Government shall, by notification, constitute the municipalities and specify the class to which a municipality shall belong in accordance with the provisions of this section after observing the procedure as laid down in Section 3:"

Further, the Schedule to the Haryana Municipal Act, 1973 expressly specifies 'Ferozepur Zirka', Nuh', 'Taoru'. 'Punhana' as a Municipal Committee under Items 26, 28, 30, 32, respectively.

Evidently, in the Nuh district, the Petitioner has failed to meet the statutory requirement as it has relied upon *'Municipal Committees'* which is legally distinct from 'Municipal Corporation' as contemplated in Article 243 Q of the Constitution. (The *"Proposed Area of Supply"* at Sr. No. 2, Enclosure 9, at Page No. 58 of the Petition)

15.6. That reliance in this regard is placed on the decision of the Ld. UPERC Order dated 08.05.2023 in the matter titled ***Adani Electricity Jewar Limited & Anr..*** Relevant excerpt extracted hereunder:

"8. The Commission questioned why the Applicant chose to add Gautam Buddha Nagar to the proposed licence area in addition to Ghaziabad Municipal Corporation, rather than limiting itself to the minimum area of supply as outlined in the 'Explanation' to Rule 3 of the Amended Distribution Licence Rules. The Commission further asked why the Applicant did not simply select one of the available options in the Rules for the proposed parallel distribution licence area. Since Ghaziabad Municipal Corporation alone meets the minimum area of supply requirement according to the Rules, the Commission sought clarification on the Applicant's rationale for including an additional revenue district, Gautam Buddha Nagar. The Commission observed that the Applicant may be cherry-picking by adding a profitable industrial, high-revenue area to the minimum area. ***Additionally, they noted that all other areas added to Ghaziabad Municipal Corporation for a parallel distribution licence should be contiguous for operational purposes.*** *The Commission enquired why the Applicant divided the licence area into separate entities such as NOIDA, GNIDA, YEIDA, Dadri Municipal Council, and Gram Panchayats, and* ***whether these fragmented entities cover the entire Gautam Buddha Nagar district or if there are pockets of area left out from the licence area…***

16. While the Commission will separately address the Applicant's qualifications concerning the minimum area of supply for the proposed licence area, the Applicant is required to submit the following information through an affidavit: …

b) A confirmation that the entire proposed licence area is contiguous, with no regions omitted from the proposed Municipal Corporation of Ghaziabad and Revenue District of Gautam Buddha Nagar.

17. The Applicant is directed to submit above information within 2 weeks from the date of issue of this order to enable the commission to proceed further as per rules."

15.7. That the addition is intended to cherry-pick a further profitable, high-revenue geography rather than to serve a bona fide contiguous area. Notably, Nagina Tehsil, Hathin Municipal Committee and Sikri within Nuh District have themselves been left out without explanation, undermining any claim of a genuine area-wide rollout. The Petitioner's own Rejoinders dated 10.07.2026 continue to describe the local bodies covered in Nuh district as confined to "Municipal Committee Nuh, Municipal Committee Punhana, Municipal Committee FirozepurJhirka & Municipal Committee Tauru" while asserting that the "entire" revenue district stands covered. Nagina Tehsil, Hathin Municipal Committee and Sikri continue to find no mention, so that the claim of complete, district-wide coverage is not, in fact, borne out by the Petitioner's own case, and the Hon'ble Commission is respectfully requested to call upon the Petitioner to reconcile this discrepancy using its own pleadings rather than requiring the Respondents to establish the omission by inference.

15.8. That Clause 5.4.7 of the National Electricity Policy, 2005, from which the minimum-area requirement derives, confirms that the object of prescribing a minimum area of supply is to ensure that a second/subsequent licensee does not resort to cherry-picking. Any construction of the Explanation to Rule 3 that permits an applicant to assemble a patchwork of Municipal Committees and a discontinuous, cherry-picked revenue district would defeat this very object, and this Hon'ble Commission may kindly call upon the Petitioner to demonstrate that its proposed area is genuinely contiguous, complete, and not designed to circumvent the minimum-area safeguard.

15.9. That, the Petition is deficient on its face, since it proposes only two revenue districts, namely Gurugram and Nuh, against the mandatory requirement of three adjoining revenue districts introduced by the 2022 Amendment. The Petitioner ought accordingly to be directed to state on affidavit which of the two limbs of the Explanation it in fact invokes, and to justify the area actually proposed by reference to that route, so that it is not permitted to move between the two characterisations at different stages of these proceedings to meet whichever objection is raised.

15.10. That the Petitioner's own Rejoinder dated 10.07.2026 to UHBVNL's Reply seeks to characterise the Respondents' position on this issue as internally irreconcilable, contending that Nuh cannot simultaneously be described as a profitable area being cherry-picked and as an area comprising rural, agricultural and dispersed load centres requiring higher network investment. It is respectfully clarified that no such inconsistency in fact exists: the cherry-picking objection is not, and has never been, that the district of Nuh as a whole is uniformly high-value and is being selectively targeted in its entirety. The

objection is that within Nuh (as within Gurugram), the Petitioner's own phased capital-expenditure and coverage figures concentrate disproportionately on commercial and industrial pockets such as Sohna and Pataudi. The objection is thus one of selective coverage within the district, and not a claim that the district as a whole is uniformly remunerative; the two propositions are entirely reconcilable and the Petitioner's suggestion of contradiction does not survive scrutiny of the Respondents' pleaded case.

SUBMISSIONS W.R.T. THE FINANCIAL POSITION/ CREDIT WORTHINESS OF THE PETITIONER:

15.11. That the Petitioner in its Additional Submissions dated 03.07.2026 in support of the financial standing and the creditworthiness of the Petitioner, has stated as under:

*"1.2. ... ... The net worth of its promoter, M/s SAS Fininvest LLP, assessed at the **realisable market value** of its holdings, has remained positive and has exceeded the equity requirement of Rs.1,415.02 Crore throughout the preceding three years, as certified by a Chartered Accountant at Appendix-I. The resources for the required equity **are to be made available** from the realisable value of the securities and other assets held by M/s SAS Fininvest LLP and the committed support of its partners. ... ..."*

The Petitioner had also stated that the capital can be pulled out from the Promoters and be deposited in the account of the Petitioner as and when directed by the Hon'ble Commission.

15.12. That the attention is brought towards the Objections filed on behalf of Sh. Anshul Mangla dated 06.07.2026, wherein the Balance Sheet and Profit & Loss Account for FY 2025-26 of Eleven Power have been appended. A perusal of the details mentioned under the heading *"Subsidiary Details"* shows that the name of the *"Holding Company"* has been left blank by the Petitioner. It is respectfully submitted that the said Balance Sheet and Profit & Loss Account, further disclose that the Petitioner's own net worth for FY 2025-26 is approximately ₹80,34,619 (Rupees eighty lakh thirty-four thousand six hundred and nineteen only), with a loss of approximately ₹19,65,381 (Rupees nineteen lakh sixty-five thousand three hundred and eighty-one only) and nil/zero income figures which the Respondents have not independently verified and which should be confirmed against a certified copy obtained directly from the MCA portal before filing, but which, if confirmed, show that the Petitioner's own audited net worth is a small fraction even of the Phase-1 equity requirement, let alone the total equity requirement of ₹1,415.02 crore, independent of whatever may or may not in fact be made available by its promoter. There is no document on record, except the submissions made by the Petitioner, to show that SAS Fininvest LLP is the holding entity/ promoter of the Petitioner. The Petitioner's Rejoinder

dated 10.07.2026 to DHBVNL's Reply now seeks, for the first time, to explain this blank entry by asserting that the underlying Global Health Limited shares *"stand registered in the name of Sh. Sunil Sachdeva, while the beneficial interest vests in SAS Fininvest LLP."*. No trust deed, declaration of beneficial interest, or SEBI disclosure has been annexed in support of this belated assertion. Under Section 89 of the Companies Act, 2013, a registered holder of shares who holds them otherwise than as sole beneficial owner is obliged to file a declaration in Form MGT-4, and the beneficial owner is correspondingly obliged to file a declaration in Form MGT-5, with the company concerned (here, Global Health Limited) and with the Registrar of Companies. Under Section 39 of the Companies Act, 2013 the shares of the company may only be issued against payment. Section 39(1) of the Companies Act, 2013 provides that- *"(1) No allotment of any securities of a company offered to the public for subscription shall be made unless the amount stated in the prospectus as the minimum amount has been subscribed and the sums payable on application for the amount so stated have been paid to and received by the company by cheque or other instrument."*

It is submitted that Section 39 does not, on its terms, recognise the acquisition of shares for anything other than payment. Therefore, if the financial eligibility of the Petitioner is to be adjudged on the anvil of the value of the shares of Global Health Limited, the clear admission by the Petitioner is that the shares of Global Health Limited are owned by Mr. Sunil Sachdev and not SAS Fininvest LLP, much less the Petitioner.

15.13. That three-link chain of reliance – an individual's shareholding, attributed to SAS Fininvest LLP, in turn attributed to the Petitioner – falls to be tested against the settled principle of separate corporate personality, recently reaffirmed by the Hon'ble Supreme Court in ***BRS Ventures Investments Ltd. v. SREI Infrastructure Finance Ltd. &Anr.***, [2024 INSC 548], where it was held that a holding/promoter entity and the entity in which it invests are always distinct legal entities, and that mere shareholding or common promotership does not make the holding company the owner of the subsidiary's, or the underlying individual's, assets. It is respectfully submitted that this principle applies with equal force here: SAS Fininvest LLP's claimed beneficial interest in the Global Health Limited shares is, even if ultimately substantiated, an asset of SAS Fininvest LLP realisable at its own discretion as a distinct juristic person with its own partners and obligations, and is not, without more, a resource available to the Petitioner as of right; the operative question remains the binding, enforceable mechanism, if any, by which that value is to be converted into the Petitioner's own paid-up equity.

15.14. That further, admittedly, the Petitioner has stated that the net worth of the SAS Fininvest LLP is also based on "market value" and that the resources "are to be made available" to the Petitioner. It is submitted that the unreliability of the Petitioner's claim is further

evidenced by the fact that the shares were initially recorded at a face value of Rs. 2 per share in the FY 2022-23 books of accounts of SAS Fininvest LLP. Following the listing in the same year, the valuation surged to approximately Rs. 470 per share, resulting in a value of Rs. 1,595.33 Crore. Subsequently, the share price has fluctuated in line with market speculation, thereby causing significant variation in the reported value of such shares as stipulated in the table below. Accordingly, the Respondent contends that the Petitioner's claimed net worth is not anchored in sustainable business performance but is instead contingent upon speculative market movements. It is further submitted that the Petitioner's Rejoinder dated 10.07.2026 itself admits that the reduction in share count over FY23–FY26 "*reflects partial monetisation of the holding in the ordinary course,"* and seeks to characterize this as demonstrating marketability rather than weakness. It is respectfully submitted that if the shares said to emphasize the Petitioner's equity commitment are already being sold down in the ordinary course for purposes unconnected with the present project, no assurance exists that the remaining holding, or the proceeds of its future sale, will in fact be directed to the Petitioner's equity requirement rather than continuing to be monetised for the promoter's own other purposes. Such reliance on volatile equity valuations does not provide a reliable measure of financial strength for regulatory consideration.

Trend of Market Value of Quoted Shares in Global Health Limited as claimed by Petitioner

Particulars	FY 2023	FY 2024	FY 2025	FY 2026
Market Value (Rs. Crore)	1,595.33	4,163.13	3,626.6	2787.20
Shares (Nos.)	33900000	31450743	30264524	29000097
Share Value (Rs.)	470.60	1,323.70	1,198.30	~961.10

As may be seen from the table above, the value of shares has increased significantly from FY23 to FY24 and has been on a declining trend in FY25 and FY26. Therefore, there is no assurance that the Petitioner would have substantial liquidity through the sale of such shares in the near future. This scenario is therefore subject to market conditions and should be avoided for consideration of networth for the grant of a distribution licence.

15.15. That further, if the submissions of the Petitioner are taken on face value for the sake of argument, the Respondent humbly submits that in proceedings relating to the grant of a parallel distribution licence, the Hon'ble Commission has consistently assessed an applicant's net worth by examining its actual financial strength, business stability and ability to generate sufficient internal resources to sustain its operations over the long term. As observed in *IPCL (HERC/PRO-08 of 2014)*, the application was rejected because the claimed net worth was not supported by a sound and sustainable financial basis. In the IPCL matter, the Hon'ble Commission scrutinised the applicant's actual financial capability, audited track record, and ability to discharge universal service obligations

before arriving at its decision. The relevant portion of *IPCL (HERC/PRO-08 of 2014)* reads as hereunder:-

"The rules framed by the Central Government also cast the obligation on the Commission to determine the capital investment required to ensure that the Applicant for a parallel distribution licensee is able to discharge its functions under section 54 of the act. Regarding this the Commission observes that the Applicant has not shown adequate capital expenditure for procurement of power. Further, the proposed investments in the network roll-out plan (including number of distribution transformers) to be installed over a period of five years is miniscule in view of the total spread and demand of the Gurgaon Municipal Corporation Area and, therefore, it is inferred that the Applicant intends to target only the good and paying consumers. Thus, the Commission is of the view that application for grant of a second Distribution Licence preferred by IPCL and the proposed business plan is not in accordance with the Electricity Act, 2003.

… … …

In view of the above discussions, the Commission holds that the present application for grant of a second Distribution Licence in Gurgaon Municipal Corporation area, is deficient in form and content as well as pre – mature including the assessment of infrastructure required and the corresponding investments to build and operate a reliable distribution. Hence the Commission is left with no other option but to reject the same."

15.16. That, an applicant whose own audited net worth is a small fraction of even the Phase-1 equity requirement, let alone the total claimed equity requirement of ₹1,415.02 crore, cannot be said to have independently demonstrated capital adequacy and creditworthiness within the meaning of Rule 3(2) of the Rules, 2005.

15.17. That attention in this regard is brought towards column "Capital Adequacy and Creditworthiness" for SAS Fininvest LLP, the entry is disclosed as "N.A." The financial particulars of SAS Fininvest LLP and the consortium partners are based on "Value of Services" rather than audited financial statements and cannot be treated as a reliable indicator of financial strength.

15.18. That it is submitted that the Petitioner by way of its rejoinder to the reply filed on behalf of HVPNL, at para no. 18 of the rejoinder has stated that - "*18. ... ... First, the figures described as "Value of Services" pertains to the consortium partners' project track record and were never advanced as a measure of net worth, the financial capability of the Petitioner rests on the audited net worth certificates of SAS Fininvest LLP at Enclosure-4. Secondly, the entry 'N.A.' against SAS Fininvest LLP appears in the column seeking debt-equity and debt to net worth ratios, which are incapable of computation for an entity that carries no debt on its balance sheet as per audited balance sheet."*

In this regard, it is submitted as under:

a) The Petitioner's attempt to recharacterize the figures in the Petition as pertaining solely to the consortium partners' "project track record" does not assist its case. The objection of the Respondents was never confined to the consortium partners in isolation and it is that the Petitioner, having no independent financial or operational history of its own, has structured its entire eligibility case around third parties (the promoter and the unsigned, non-binding consortium) whose credentials cannot in law be attributed to the Petitioner, as held in ***Noida Power Company Limited v. Paschimanchal Vidyut Vitran Nigam Ltd***. Reclassifying the basis of those figures after the fact does not cure this fundamental infirmity. Further, if an audited net worth certificate of SAS Fininvest LLP was always available and always intended to be the true basis of the Petitioner's financial capability, no explanation has been offered as to why such certificate was not filed with the Petition itself, particularly when Rule 3(2) requires capital adequacy to be established as a condition precedent to the grant of a licence.

b) Further, the explanation now offered that the "N.A." entry relates to a debt-equity or debt-to-net-worth ratio incapable of computation for a debt-free entity is not borne out by the record and appears to be an afterthought. As specifically pleaded by the Respondents, the entry in question appears against the column expressly headed "Capital Adequacy and Creditworthiness" at page 38 of the Petition and not against any column relating to debt-equity or debt-to-net-worth ratios.

c) In any event, being "debt-free" does not establish creditworthiness. Rule 3(2) requires the applicant, together with its promoters, to demonstrate the ability to fund 30% of the project cost as equity on the basis of net worth and internal resource generation over the preceding three years; the remaining 70% is necessarily to be raised as debt.

d) The Petitioner's Rejoinder dated 10.07.2026 now expressly concedes that the definition of net worth under Section 2(57) of the Companies Act, 2013 *"has no application to a Limited Liability Partnership,"* and on this footing asks the Hon'ble Commission to apply market value in preference to audited book value, on the ground that the Rules, 2005 are silent on the position of an LLP promoter. It is respectfully submitted that this concession, rather than assisting the Petitioner, exposes the underlying infirmity in its case. Rule 3(2) itself speaks of net worth and of *"generation of internal resources of his business."* An LLP whose entire net worth consists of a single block of listed shares in one operating company (Global Health Limited) cannot be said to be "generating internal resources" from a business in the sense Rule 3(2) contemplates; it is, on the contrary, holding a

passive investment whose value fluctuates with market sentiment. The absence of an express LLP-specific standard in the Rules, 2005 cannot be read as a licence to apply whichever measure of valuation is most favorable to the applicant on a given date; if anything, the absence of a specific carve-out for LLPs suggests that the general, conservative, audited-book-value approach ought to apply by analogy, particularly since the object of Rule 3(2) is to test durable financial capability and not point-in-time market valuation.

15.19. That at this stage, the attention of the Hon'ble Commission is also brought towards the Certificate of Incorporation of the Petitioner (*Annexure O-1 of the Objections filed on behalf of Sh. Anshul Mangla dated 06.07.2026)* which shows that the Petitioner, formerly known as 'Veryora Infra Private Limited' was incorporated on 06.06.2025. As per the Memorandum of Association dated 07.06.2025, the object of the Petitioner Company was to carry out "Real Estate Activities". The name of the Petitioner Company was subsequently changed to “Eleven Power Private Limited” only on 24.02.2026 i.e. four months prior to the filing of the present petition and thereafter the object of the Petitioner Company was changed from Real Estate Activities to the business of electricity generation, transmission and distribution and other related matters on 20.04.2026 i.e. only one month prior to the filing of the present petition *(Annexure O-5 of the Objections filed on behalf of Sh. Anshul Mangla dated 06.07.2026)*. It is the case of the Respondents that the object was changed with the intention to apply for the distribution licence in the State of Haryana and thus, on the face of it, the Petitioner lacks any relevant experience in electricity distribution and is instead relying on the financials of its promoters. Even the promoters themselves have no experience in the business of electricity generation, distribution, transmission, supply etc., which raises serious concerns about their ability to meet the stringent requirements of a distribution licence. application. In the present case, the Petitioner, having been incorporated only in June, 2025, does not possess the requisite track record/ experience contemplated under the statutory framework. Consequently, a company of such recent incorporation, lacking any established record, is not entitled to a grant of a parallel distribution licence.

Attention is also invited to Rule 4 of the Rules, 2005 pertaining to the "Requirement of Code of Conduct". The said Rule mandates that an applicant must satisfy the Appropriate Commission that it has not been found guilty of any of the offences enumerated therein within the last three years preceding the date of the application. It is respectfully submitted that the very scheme of the Rules, 2005 presupposes that an applicant seeking the grant of a licence has been in existence and has maintained a demonstrable record of conduct during the **three years** immediately preceding the application. In the present case, the Petitioner, having been incorporated only in June, 2025, does not possess the requisite

track record/ experience contemplated under the statutory framework. Consequently, a company of such recent incorporation, lacking any established record, is not entitled to a grant of a parallel distribution licence.

15.20. That the attention of the Hon'ble Commission is brought towards the Additional Submissions placed on record by the Petitioner, wherein the Petitioner has contended as under:

- *The Net Worth Certificates of M/s SAS Fininvest LLO, duly certified by a Chartered Account (Enclosure- 4 to the Petition), reflects a net worth based on market value of Rs. 4,085.60 crore, the basis of computation whereof is set out at Appendix-2.*
- *This net worth substantially comprises of the listed securities that can be realised progressively to fund the long term equity investment in Eleven Power Private Limited.*
- *Significantly, this sum is approximately 2.9 times the entire equity requirement of Rs. 1,415,02 crore, provising a substaintial margin of comfort over and above the mandated 30% contribution,*
- *The Petitioner's ability to raise debt is independently corroborated by solvency certificates aggregating Rs.2,000 crore, Rs, 1,000 crore from 360 One Prime Limited and Rs.1,000 crore from IndusInd Bank. (Enclosure -5 to the Petition).*

Further, while relying on the aforesaid statements, the Petitioner has argued that the twin test of APTEL's judgement in *Noida Power* are met. In this regard, the following submissions are being made on behalf of the Respondents:

(i) As per the current infrastructure required to provide power supply to the consumers in the proposed area of licensee jurisdiction, DHBVN has computed the capital investment required for establishing distribution infrastructure in Gurugram and Nuh revenue districts at approximately of Rs. 11,397.75 Crore at current price levels over and above the working capital requirement as per the shown in the table below, which would be requiring equity investment of Rs. 3,419.33 Crore (30%) for putting entire network for meeting Universal Supply Obligation.

Particulars	HT Line (in KM)	LT Line (in KM)	33 KV Line (in KM)	No.. of consumers (Nos.)	Grand Total (Rs.cr.)	Equity Infusion Required (Rs. cr.)
Gurugram-I Circle	3876.73	4454.44	271.08	3,80,196		
Gurugram-I Circle	4219.80	4508.05	58.14	3,60,488		
Nuh Division	2797.36	1799.97	257.00	1,28,179		
Rate as per DHBVN	As below	As below	As below	As below		

Total Cost	6754.21	3443.99	586.22	613.33	11,397,75	3,419.33

It is submitted that the equity requirement of Rs. 1,415,02 crore has been incorrectly computed by the Petitioner. The equity requirement of 30%, as per the Respondents herein comes out to Rs.3,419.33 Crores.

(ii) That reliance is placed on DHBVNL's own Reply whereby DHBVNL has already placed on record computation of the capital investment required to establish distribution infrastructure adequate to serve the entire proposed licence area being Gurugram-1 Circle, Gurugram-2 Circle and Nuh Division, based on the actual HT, LT and 33 kV line lengths and consumer counts required to discharge the Universal Supply Obligation across that area. The same has been calculated on the basis of the current unit rates (approximately ₹62 lakh per km for 11 kV HT underground line with SCADA-enabled RMUs, DTs and LT protection; approximately ₹20–40 lakh per km for LT cable depending on configuration; approximately ₹1 crore per km for 33 kV double-circuit XLPE cable; and ₹7,059 per consumer for metering). On this basis, DHBVNL has computed that establishing the requisite HT (10,893.89 km), LT (10,762.46 km) and 33 kV (586.22 km) network, together with metering for 8,68,863 consumers, across the identical licence area would require a capital investment of approximately ₹11,397.75 crore, and a corresponding equity infusion of approximately ₹3,419.33 crore (30%). As such, the Petitioner's own claimed capital expenditure of ₹4,716.73 crore, and its corresponding equity requirement of ₹1,415.02 crore is incorrect and cannot be taken into consideration for computing the requirement for establishing a network adequate to discharge the Universal Supply Obligation. On this ground alone, the petition ought to be rejected..

(iii) Further, insofar as the solvency certificates are concerned, it is submitted that two separate solvency certificates of the same entity i.e. SAS Fininvest LLP (At Page No. 53 and 53A of Vol-I of the present petition). It is submitted that two separate insolvency certificates cannot be aggregated to a combined figure of Rs. 2000 Crores. It is further respectfully submitted that, before any weight is placed on the combined figure of ₹2,000 crore said to be evidenced by these two certificates, the Petitioner ought to be directed to clarify and disclose, on affidavit, whether the two certificates certify independent and distinct asset bases, or whether both are referable, in whole or in part, to the same underlying net worth of SAS Fininvest LLP. In the absence of such clarification, the two

certificates cannot properly be treated as cumulative or additive, since doing so would risk counting the same underlying asset twice towards the Petitioner's claimed financial capability.

(iv) That it is further respectfully submitted that the Petitioner ought to be directed to disclose, on affidavit, whether any part of the Global Health Limited shares relied upon in support of the Petitioner's claimed net worth is held in the name of Sh. Sunil Sachdeva or attributed to SAS Fininvest LLP stands pledged, hypothecated, or otherwise encumbered as security for any loan, facility or other obligation, including but not limited to any facility availed from IndusInd Bank or 360 One Prime Limited, and, if so, the extent of such pledge and the present unencumbered value of the shares that remain free of any charge. It is respectfully submitted that shares which stand pledged as security for a lender's benefit cannot simultaneously be treated as an unencumbered source available for infusion as the Petitioner's own paid-up equity, and any net-worth certificate that does not account for such encumbrance would overstate the resources genuinely available to the Petitioner.

(v) That, it is lastly submitted that the test laid down by the Hon'ble APTEL in ***Noida Power Case*** cannot be stated to be fullfiled as the Honble APTEL has specifically held that the - *"40 ... ... the requirements of pre-conditions are conditions precedent for grant of licence and they can not be treated as conditions subsequent to be satisfied during the actual operation of the said licence."* As such, the submission of the Petitioner, as have been reproduced hereinabove that- *"... net worth substaintially comprises of the listed securities that can be **realised progressively**."* is contrary to the law settled by the Hon'ble APTEL.

15.21. That it is further submitted that the Petitioner has failed to demonstrate, for the entire geographical extent of the proposed licence area, the overall length of 33 kV, 11 kV and other network infrastructure proposed to be laid, and the corresponding cost of materials considered while working out the claimed equity requirement. The Petitioner has sought to characterise the Respondent's own existing network as inefficient and grossly under-utilised, without demonstrating that the cost of laying an underground 33 kV network is not, in fact, substantially higher than that of an overhead 11 kV network, and without explaining the basis on which it proposes to replicate an entire distribution network and discharge the Universal Service Obligation for all categories of consumers at a substantially lower cost than the incumbent. It is further submitted that the Petitioner's Rejoinder recomputes the FSA exposure attributable to migrating consumers at approximately ₹17.17 crore for FY 2027-28 on the basis of its own conservative 2.5%

switchover assumption, and now supports this figure with pinpoint references to pages 209/210 and pages 224/284 of the HERC Tariff Order for FY 2026-27 dated 25.03.2026, including a claimed licence-area sales share of 38.50% of DHBVNL's total sales. It is respectfully submitted that a single financial year's exposure, computed on the Petitioner's own conservative first-year switchover assumption, necessarily understates the cumulative exposure over the full term of the licence.

GRANT OF A PARALLEL LICENCE IS A DISCRETIONARY POWER OF THE HON'BLE COMMISSION AND DOES NOT AUTOMATICALLY ENTITLE THE PETITIONER TO THE GRANT OF A LICENCE

15.22. That at the outset, it is humbly submitted that the sixth proviso to Section 14 contains three distinct parts: (i) a discretionary power to grant a parallel licence; (ii) specific additional requirements - Capital Adequacy, Creditworthiness and Code of Conduct – to be prescribed by the Central Government; and (iii) a direction that, once those additional requirements are satisfied, the Commission shall consider the matter on merits and shall not refuse a licence merely on the ground that an existing licensee already operates in the area. The use of *"shall not be refused on the ground of existence of another licensee"*, rather than *"shall be granted"*, confirms that satisfaction of the additional requirements does not extinguish the Commission's discretion to refuse a licence on any other legitimate ground.

15.23. That further the Hon'ble APTEL in ***M/s Noida Power Company Limited v. Paschimanchal Vidyut Vitran Nigam Ltd.*** (Appeal No. 7 of 2010, decided 06.04.2011) has authoritatively held that satisfaction of Capital Adequacy, Creditworthiness and Code of Conduct is only a threshold eligibility condition, to be assessed strictly on the basis of audited net worth and internal resource generation of the preceding three financial years and not on the basis of external assurances, guarantees or letters. Even where such pre-conditions are satisfied, the Appropriate Commission retains full discretion, to be exercised judicially and judiciously, to consider all other relevant factors, including technical feasibility, the Applicant's ability to discharge the Universal Service Obligation under Section 43, and overall consumer interest before granting a parallel licence. The Tribunal further held that the requirements of capital adequacy and creditworthiness are conditions precedent to the grant of a licence and cannot be treated as conditions subsequent to be satisfied during the currency of the licence; an applicant cannot be given time after the grant of a licence to arrange its equity or debt.

15.24. That this Hon'ble Commission itself examined a substantially identical fact pattern in ***India Power Corporation Limited (HERC/PRO-08 of 2014)*** and rejected the application for a parallel distribution licence in the Gurugram Municipal Corporation area, holding that *"the*

planning, estimation of project cost and business plan to build and operate a second distribution utility in Gurgaon Municipal Corporation area lacks proper survey/assessment" and such that the applicant *"will not be able to meet with the Universal Supply Obligations of a distribution licensee as enshrined in Section 43".* The Hon'ble Commission concluded that the business plan was incomplete, inadequate and based on erroneous premises and rejected the petition on this ground alone.

15.25. That it is further submitted that the Petitioner's Rejoinder dated 10.07.2026 now relies upon ***Tata Power Company Ltd. v. Reliance Energy Ltd.***, reported at [(2008) 10 SCC 321], for the proposition that the Electricity Act, 2003 marked a deliberate shift from a monopoly structure to one of regulated competition, said to support the policy underlying the Sixth Proviso to Section 14. It is respectfully submitted that the said decision arose on facts specific to the parallel-licensing dispute in Mumbai, and cannot be read as laying down an unqualified proposition that competition is to be facilitated irrespective of an Applicant's compliance with the threshold eligibility conditions under Rule 3(2) of the Rules, 2005 or its ability to discharge the Universal Service Obligation under Section 43.

<u>NON-BINDING CONSORTIUM ARRANGEMENT</u>

15.26. That the MOU with the purported consortium partners M/s HEC Infra Projects Limited, M/s Advait Energy Transitions Limited and M/s Vision India Services which was initially placed on record by the Petitioner along with the petition, was an unsigned document (Page 233 onwards) and is therefore neither valid nor legally binding. However, the Petitioner has now proceeded to append the signed MoU. Without prejudice to the above submission, it is humbly submitted that the same is a "Memorandum of Understanding" only rather than a legally binding contract. A perusal of the same shows that it provides for the reorganization of the arrangement between the parties and also provides for an exit clause in case the purported consortium member seeks to discontinue its participation. It is patently obvious that the Petitioner is itself completely bereft of any technical, managerial or relevant experience or expertise. The Petitioner is entirely reliant on its so-called consortium partners for the same. It is further submitted that the purported consortium MOU is dated 11.05.2026 i.e. one day before the date of the present petition. It is therefore obvious that the so-called consortium has not done a single day of business as a consortium, let alone a group which is able to demonstrate any track record at all, of working in the business of Distribution of electricity. It is respectfully submitted that this Hon'ble Commission be requested to call for and specifically examine whether the said Memorandum of Understanding (a) allocates defined operational responsibilities, metering, billing, operation and maintenance, and consumer grievance redressal to named consortium partners; (b) provides for continuity of supply and service, rather than

merely permitting withdrawal, in the event a consortium partner exits or is wound up; and (c) creates any joint-and-several liability on the part of the consortium partners toward this Hon'ble Commission or toward consumers, since a Memorandum that is silent on these three points cannot substitute for the Petitioner's own demonstrated institutional capability. It is submitted that the licence has been sought by the Petitioner in its individual capacity; the experience, technical credentials and financial strength of the consortium partners, who are not even impleaded as parties, cannot in law be treated as those of the Petitioner. Form-I responses at Sr. Nos. 2 and 6(c) rely exclusively on the consortium partners' certificates, disclosing no independent experience of the Petitioner whatsoever.

15.27. That the Petitioner has appended various letters of award of the contract issued in favour of the said companies. It is submitted that, firstly, the LoAs cannot be taken as proof of experience without proper verification of the authenticity and veracity of the LoA. Further, the completion certificate of the works stated to be awarded has not been appended. Attention of the Hon'ble Commission is also brought towards page No. 1246, Vol. III of the present petition, wherein a table showing the past three years' experience of HEC Infra Projects Limited has been appended. A perusal of the same shows that the only projects executed by the said company relate to the “66 kV U/G cable laying work”. Similarly, at page No. 1259, Vol III of the petition shows that the experience of M/s Vision India Services is in meter reading, billing, meter installation etc. It is the case of the Respondents that the experience of a contractor engaged in the business of laying underground cables, or the contractor engaged in the installation of meters and meter reading, cannot be used as experience for the grant of a distribution licence.

SUBMISSIONS W.R.T. CREDENTIALS OF THE KEY PERSONNEL AS WELL AS THE LACK OF DATA RELATING TO THE NUMBER OF EMPLOYEES/ WORKMAN/ FIELD OFFICIALS ETC.

15.28. That the Petitioner has relied upon the credentials of a number of personnel stated to be employees/ consultants of the Petitioner. It is submitted that of the twelve individuals whose credentials are relied upon to establish technical and managerial capability, every CV either shows the individual as a current employee of a different entity (‘SAS Energy’ or an unrelated third party). The entity known as ‘SAS Energy’ is an entity alien to the present petition. There is no mention of the entity- ‘SAS Energy’ in the present petition. Further, some of the CVs, in fact show, ex-facie, that the persons are ‘till date’ (being the expression mentioned in the CVs) employed by another employer. Two such persons are Mr. Manoj K. Singh and Mr. Gaurav Kapoor. It therefore appears to be clearly a false statement in the Petition that such persons are stated to be employed with the Petitioner.

The Petitioner be directed to place on record appointment letters, employment contracts or Board resolutions establishing the present contractual engagement of each such individual before any reliance is placed on their credentials for the purpose of assessing eligibility for the grant of a licence. It is significant, in this regard, that the Petitioner's Rejoinder dated 10.07.2026 to DHBVNL's Reply admits, that the Petitioner *"will place consent letters and board resolutions on record and has already corrected the typographical errors in names, a matter of record-keeping rather than misrepresentation."* This admission confirms both that errors did in fact exist in the personnel credentials relied upon in the Petition, and that, as of the date of the Rejoinder, the consent letters and Board resolutions establishing the engagement of the individuals concerned remain outstanding. It is respectfully submitted that the Petitioner's characterization of these errors as merely typographical ought not to be accepted without the underlying documents being placed on record and verified.

15.29. That the Petition is wholly silent on the manpower and organisational strength proposed to be deployed for the discharge of distribution functions across the two Revenue Districts of Gurugram and Nuh. Distribution operations of this scale necessarily require a substantial field organisation comprising technical, operational and consumer-service personnel. However, the Petitioner has not disclosed: (i) its proposed organisational structure or sanctioned strength; (ii) the number and location of field offices and divisional/sub-divisional units proposed to be established; (iii) any staffing or manpower deployment plan, phase-wise or otherwise; (iv) training and capacity-building arrangements for such personnel; or (v) the manner of allocation of operational responsibilities across technical, commercial and consumer-service functions. In the absence of such disclosure, it is not possible to assess whether the Petitioner possesses, or proposes to build, the institutional and human-resource capacity necessary to operate and maintain a distribution system across the entire licenced area and discharge its obligations under Section 42 and Section 43 of the Electricity Act, 2003. The Petitioner may be directed to place on record a comprehensive manpower and organisational deployment plan, area-wise and phase-wise, before any further consideration is given to the grant of a licence.

<u>FAILURE TO ESTABLISH INFRASTRUCTURE READINESS AND COMPLIANCE WITH UNIVERSAL SERVICE OBLIGATION</u>

15.30. That Section 42(1) casts a duty on a distribution licensee to develop and maintain an efficient, coordinated and economical distribution system across its entire area of supply; the Hon'ble APTEL in Tata Power Company Limited v. MERC (Appeal No. 132 of 2011)

has held that “develop” is wider than “build” and encompasses proper planning across the licenced area. The Hon'ble Supreme Court in ***Indian Railways v. West Bengal Electricity Distribution Co. Ltd. & Ors.*** [(2026) 5 SCR 479] has laid down a twin test requiring an applicant to simultaneously (a) operate and maintain a distribution system, and (b) supply electricity to consumers within the entire area of supply.

15.31. That the Petitioner's own Business Plan confirms only phased, partial network development. For Gurugram, the proposed transformer capacity aggregates approximately 1,512 MVA (at 80% loading) against an existing circle load exceeding 2,300 MW. For Nuh, the Petitioner proposes a single 33/11 kV substation with two 12.5 MVA transformers, against 12 existing/proposed 33/11 kV substations of DHBVNL connected to the Rangla-Rajpur 220 kV grid station alone. The Petitioner's own submission that *“Universal Service Obligation will be declared on completion of the laying of the distribution network”* confirms that USO compliance is deferred rather than area-wide from inception which is directly contrary to Section 43 and the twin test above, and squarely within the deficiency identified by this Hon'ble Commission in *IPCL (HERC/PRO-08 of 2014)*, where an analogous phased, partial network plan was held incapable of meeting the Universal Supply Obligation.

15.32. That the Petitioner's Rejoinders dated 10.07.2026 place express and repeated reliance on *Municipal Corporation of Greater Mumbai (BEST) v. Maharashtra Electricity Regulatory Commission & Ors.*, Appeal No. 279 of 2017, which describes a Phase I/Phase II model under which new connections in Phase II may be released only after completion of Phase I, with connections to be provided in the vicinity of existing DSS/CSS and any deviation requiring the Hon’ble Commission's prior approval. It is respectfully submitted that this paragraph, properly read, does not assist the Petitioner. First, the phased model approved by the Hon'ble APTEL in BEST was a sequential, area-complete model, Phase I, covering the licensee's own existing infrastructure, was required to be completed before Phase II could commence. Second, BEST does not address a fact pattern of the present kind, where the licensee's own Business Plan itself discloses that only a small fraction of total area demand will be served over the entire five-year licence horizon, with rural, agricultural and low-density consumers left out. As such, the said decision is distinguishable on the facts and reliance of the Petitioner on the said decision is misplaced.

15.33. That the Petitioner has further proposed 12 conventional 33/11 kV Distribution Substations with 36 transformers within Sectors 65, 69, 85, 95, 99 and 107 of Gurugram, all falling squarely within the 33 kV Pilot Project Belt notified by this Hon'ble Commission which mandates a 220/33/0.4 kV architecture eliminating intermediate 11 kV networks. The Petitioner's proposal is directly inconsistent with this approved architecture, would

result in duplicative and avoidable infrastructure, and would defeat the very object of the PPB notification, particularly since more than Rs. 1,000 crore has already been invested under the Smart City Project to create 33 kV-based infrastructure in these very sectors. The Notification dated 27.09.2023 is being placed on record for the assistance of the Hon'ble Commission. The Petition is silent on EHV connectivity arrangements, substation-wise development schedules, feeder-wise rollout milestones, SCADA/control-centre arrangements, and the organisational and manpower framework necessary for field operations, rendering it impossible to assess infrastructure readiness or institutional preparedness. Rural, agricultural and low-density consumers in Nuh District, in particular, find no dedicated strategy or roadmap in the Petition.

CHERRY-PICKING AND ADVERSE IMPACT ON DHBVNL'S CONSUMER MIX AND CROSS SUBSIDY FRAMEWORK

15.34. The proposed area contributes 35.23% of DHBVNL's total sales and 42.98% of its total revenue of Rs. 9,493.75 crore for FY 2025-26, the most revenue-rich geography in DHBVNL's licenced area. The Petitioner's own Business Plan acknowledges that only 2.5% of DHBVNL's existing consumers are expected to migrate, drawn predominantly from high-paying HT and Commercial & Industrial categories, with rural, agricultural and low-density consumers left to DHBVNL. HT and LT Supply consumers presently contribute positive cross-subsidy of Rs. 1.17/kWh and Rs. 1.06/kWh, respectively, underwriting negative cross-subsidy of Rs. 0.90/kWh and Rs. 0.92/kWh for domestic and agricultural consumers and a balance that migration of cross-subsidising consumers would directly erode.

15.35. That further the total deferred FSA pending recovery from DHBVNL's consumers is Rs. 3,563 crore, incurred for the entire historical consumer base, including those now sought to be migrated. If migrating consumers are permitted to exit without settling a proportionate share of this liability, the burden falls inequitably upon the remaining consumers. A mechanism for proportionate FSA allocation must precede any grant of licence.

15.36. That the consumer migration will also strand DHBVNL's long-term Power Purchase Agreements and associated fixed-cost liabilities, since power was procured to meet the aggregate demand of the licenced area as a whole. No statutory mechanism presently exists in Haryana for recovery of stranded costs or cross-subsidy loss from a distribution licensee (as opposed to an Open Access consumer); this Hon'ble Commission's order dated 17.06.2020 in HERC/PRO-11 of 2017 confirms that Cross Subsidy Surcharge and Additional Surcharge under Sections 42(2) and 42(4) apply to Open Access consumers and not to a competing distribution licensee. In the absence of a notified Consumer

Migration Framework addressing eligibility, security deposits, outstanding dues, metering, and allocation of deferred liabilities, the Petitioner's revenue and migration projections remain entirely speculative and cannot form the basis of a credible business plan; framing of such a framework should be a condition precedent to the grant of licence.

15.37. That in this regard, the attention of the Hon'ble Commission is drawn to the letter dated 26.06.2026 of the Chief Engineer, HPGCL, which discloses that the entry of a parallel licensee carries state-level fiscal implications going beyond DHBVNL's private commercial interest, namely, the capacity utilisation of a State generating company, and consequently the subsidy burden ultimately borne by the State Government. The Petitioner's Rejoinder dated 10.07.2026, characterises this letter as mere “inter-departmental correspondence” and contends that stranded generation costs are an ordinary commercial risk recoverable through the two-part tariff mechanism. It is respectfully submitted that the fiscal implications flagged by the HPGCL letter remain a relevant public-interest factor for the Hon'ble Commission's consideration and cannot be disregarded. The Petitioner's Rejoinder additionally characterises the notification dated 11.04.2008 (governing the entities to which HPGCL may sell power) as conferring no vested right of offtake on HPGCL; while this notification does not, in terms, guarantee HPGCL any particular quantum of offtake, the state-level fiscal implications identified above remain unaffected by that separate submission and continue to warrant this Hon'ble Commission's consideration as a public-interest factor.

15.38. That the Petitioner in its rejoinder contends that per DHBVNL's own trued-up power-procurement figures for FY 2024-25, approximately 10% of DHBVNL's total power procurement is met through costly short-term purchases, and argues on this basis that any marginal reduction in demand arising from consumer migration would first displace this costly short-term tranche before affecting long-term contracted capacity. In this regard, it is respectfully submitted that any such short-term procurement tranche ordinarily exists to meet seasonal and peak-period variation in demand rather than representing surplus capacity, and would in any event continue to be required by DHBVNL regardless of the migration of high-load consumers to the Petitioner, so that the Petitioner's contention does not dispose of the stranded-cost concern raised in relation to DHBVNL's long-term contracted capacity.

15.39. That the scale of potential revenue erosion is further evident if the Petitioner's own escalating migration assumptions are tested against three scenarios, i.e. the Petitioner's own stated 2.5% switchover, and illustrative 20% and 45% switchover scenarios computed by DHBVNL at the current Average Billing Rate :-

Migration Scenario	**Loss in Sales (MUs)**	**Loss in Revenue incl. Fixed Charges (Rs. Cr.)**

Petitioner's own projection (~2.5%switchover, FY 2027-28)	558.30	424.12
Illustrative 20% switchover	2,555.20	1,898.75
Illustrative 45% switchover	5,749.20	4,272.19

15.40. That DHBVNL has already invested a huge amount in the upgradation of infrastructure in Gurugram, with a further Rs. 598 crore proposed under RDSS, Smart City and system-strengthening programmes. Migration of high-value consumers would result in under-utilisation and stranding of this public and consumer-funded infrastructure. Establishment of parallel infrastructure would additionally face acute Right-of-Way constraints in the already congested Gurugram corridor.

15.41. That any increase in DHBVNL's Average Cost of Supply arising from erosion of its cross-subsidising consumer base will directly increase the subsidy burden required to be borne by the State Government to sustain existing tariff support for agricultural consumers, extending the fiscal impact of the proposed licence well beyond the commercial interests of DHBVNL alone.

SUBMISSIONS ON THE INDEPENDENT STANDING OF UHBVNL AND HVPNL

15.42. That Form-I, Point No. 3 discloses that the Petitioner proposes to undertake generation and transmission in addition to distribution. Since the present Petition is confined to the grant of a Distribution Licence, the Petitioner ought to be directed to clarify and/or amend the Petition; no transmission or generation licence can be considered without independent compliance with the applicable regulatory framework. That it is further and separately submitted that the Petitioner's Rejoinder dated 10.07.2026 to UHBVNL's Reply contends that UHBVNL *"advances no grievance independent of Respondent No. 1,"* on the footing that the entire proposed licence area falls within DHBVNL's licenced area and no consumer or asset of UHBVNL is situated within or affected by the proposed area. It is respectfully submitted that this characterisation cannot be accepted. HVPNL's standing arises independently, in its capacity as the State Transmission Utility and State Load Despatch Centre, whose No-Objection, General Network Access and transmission-connectivity obligations under the Interim Order dated 26.05.2026 are directly engaged by the present Petition. UHBVNL, in turn, has an independent regulatory interest as a sister distribution licensee operating under the same statutory and tariff framework as DHBVNL, for whom the precedent set by the grant or refusal of a parallel licence in an adjoining licensee's area carries direct consequences for the treatment of any future application within its own licenced area. Each Respondent's standing to object accordingly falls to be assessed independently of the others, and none of the three Respondents' submissions ought to be treated as merely derivative of another's.

SUBMISSIONS W.R.T. TRANSMISSION CAPACITY/ GNA AND USAGE OF HVPNL'S LAND BY THE PETITIONER:

15.43. That the Hon'ble Commission vide interim order dated 26.05.2026 had directed the Petitioner to submit- *"A No Objection Certificate (NoC) from HVPNL regarding availability of adequate transmission capacity and general network access (GNA) for the proposed area of supply as well as its concurrence for use of HVPNL land for the establishment of sub-stations and associated infrastructure."* In this regard, it is submitted that HVPNL's existing transmission system has been planned exclusively to cater to the present and projected load growth of DHBVNL and UHBVNL. Adequacy of transmission capacity for the Petitioner can only be assessed after a formal system study following submission of complete technical details; HVPNL cannot, at this stage, issue a No-Objection Certificate for transmission capacity. Further, the General Network Access is governed exclusively by the CERC (Connectivity and GNA to the ISTS) Regulations, 2022. HVPNL as STU can apply to CTUIL for additional GNA only on behalf of distribution licensees; it cannot unilaterally grant GNA to the Petitioner. Compliance with the CERC GNA Regulations, 2022 remains the Petitioner's own responsibility upon grant of any licence.

15.44. That insofar as the usage of HVPNL's land is concerned, attention of the Hon'ble Commission is brought towards Regulation 4(f) of the HERC Licensing Regulations, 2004 which provides that the application for grant of licence shall be accompanied by- *"f) a statement describing any lands or assets, which the applicant proposes to acquire for the purposes of the licence and the means of such acquisition."* It is the case of HVPNL that merely by providing the list of the land under the ownership of HVPNL and seeking consent of HVPNL for the usage of such land, cannot be treated as a compliance of Regulation 4(f) which specifically requires stating of the *"means of such acquisition."* An NOC from HVPNL cannot be equated as *"means of acquisition".* It is submitted that the Lands in HVPNL's possession are earmarked for HVPNL's own future expansion. Any request for use of such land can be considered only after taking into account the no-objection of the concerned DISCOMs, technical feasibility and HVPNL's own growth requirements and once the *"means of acquisition"* such as the cost payable, provision of separate land for HVPNL's future use etc. is clarified by the Petitioner.

SUBMISSIONS W.R.T. ERRATIC POWER AND GRID STABILITY :-

15.45. That the petitioner proposes to source approximately 80% of its power through renewable sources, principally FDRE and the Green Day Ahead Market (GDAM). GDAM is an inherently day-ahead, uncertain market that cannot be confirmed reasonably in advance, posing a direct challenge to HVPNL/SLDC's scheduling function and grid-security obligations; FDRE remains at a nascent stage of deployment in the country. A distribution

licensee relying predominantly on uncertain short-term market procurement cannot be a reliable off-taker from the transmission network, and the Petitioner ought to be directed to submit a comprehensive Power Procurement Plan demonstrating firm tie-ups for at least the first five years before any licence is considered. It is respectfully submitted that the Petitioner ought further to be directed to disclose, phase-wise and on affidavit, the Battery Energy Storage System ("BESS") capacity (MW/MWh), associated land requirement and stand-alone capital cost proposed to support its stated renewable-heavy procurement mix, since none of this is presently disclosed and its absence renders the Petitioner's cost-of-supply projections difficult to verify independently.

15.46. That multiple new connection points with HVPNL's transmission network will require protection-system design, SCADA/EMS integration and bay-extension works requiring advance planning; an un-isolated fault in the Petitioner's network could cascade into HVPNL's transmission system, and introduction of new load without proper reactive compensation may adversely affect voltage profiles. A detailed System Study and formal Interconnection Agreement between the Petitioner and HVPNL must be concluded before the licence, if granted, is operationalised.

15.47. That the Petitioner is a company incorporated only in 2025, with a paid-up capital of a mere Rs. 1 crore, possessing no independent financial track record, no demonstrated experience in electricity distribution, and no binding arrangement with the promoter or consortium partners whose credentials it seeks to borrow. Its claim to capital adequacy rests not on audited net worth as mandated by Rule 3(2) of the Rules, 2005, but on the volatile market value of listed securities held in an individual capacity, materially at variance with the audited book value of its own promoter entity, a shortfall that persists whether measured against the equity requirement flagged by this Hon'ble Commission or against the far larger requirement necessary to serve the entire licenced area, and now compounded by an unsubstantiated, belatedly-raised claim of beneficial ownership over those very shares. Its claim to the minimum area of supply rests on Municipal Committees expressly excluded by the 2022 Amendment to the Rules, 2005, and its own Rejoinders confirm that its pleaded list of covered Nuh local bodies continues to omit Nagina Tehsil, Hathin Municipal Committee and Sikri. Its business plan proposes a phased, partial rollout that falls squarely short of the twin obligation to operate a distribution system and supply electricity across the entire area under Section 42 and Section 43 of the Act, 2003, and in material respects contravenes the distribution architecture already approved by this Hon'ble Commission for the Pilot Project Belt. And on its own admission, the Petitioner's model contemplates migration confined overwhelmingly to the high-paying industrial and commercial consumers who presently sustain DHBVNL's cross-subsidy framework, while leaving agricultural, rural and domestic consumers to be served by the incumbent. If such

a business plan is permitted, the same would erode tariff stability, strand power-procurement and infrastructure costs already committed for the benefit of the entire consumer base, and shift the resulting burden onto the very consumers the Act, 2003 is intended to protect.

15.48. That in view of the facts, submissions, and objections made hereinabove, the following prayers have been made:

A. Hold that the Petitioner has failed to establish compliance with the statutory, regulatory, technical, financial and operational requirements governing the grant of a parallel distribution licence under the Electricity Act, 2003, the applicable Rules and Regulations and the licensing framework prescribed thereunder;

B. Hold that the Petitioner has failed to satisfactorily demonstrate that the proposed parallel distribution licence can be implemented without adversely affecting consumer interest, tariff stability, cross-subsidy sustainability, recovery of prudently incurred costs, existing power procurement commitments, universal service obligations, financial sustainability of the incumbent Distribution Licensee and the orderly development of the electricity sector within the State of Haryana;

C. Consequently, reject the present Petition seeking grant of a parallel distribution licence in its present form;

D. Pass such further order or orders as this Hon'ble Commission may deem fit and proper in the facts and circumstances of the present case.

16. **Written Submissions filed by HVPNL dated 03.08.2026.**

The written submissions filed by HVPNL is substantially similar to the reply filed by UHBVNL and DHBVNL. Accordingly, for the sake of brevity and to avoid repetition, the same is not reproduced herein.

17. **Expert Committee Report dated 07 August 2026:**

The Expert Committee submitted its report recommending the grant of the parallel distribution licence subject to the robust regulatory safeguards and conditions detailed in Annexure B.

18. **The Commission's Memo No 1890-94/HERC/TARIFF/Petition No. 30 of 2026 dated 12.08.2026:** Acceding to the request made by UHBVNL and DHBVNL, vide IA 29 of 2026 and IA 30 of 2026, the Commission, vide its Memo Number 1890-94/HERC/TARIFF/ Petition No. 30 of 2026 dated 12.08.2026, forwarding copies of the Expert Committee Report to the petitioner and the respondents (Dakshin Haryana Bijli Vitran Nigam Limited, Uttar Haryana Bijli Vitran Nigam Limited, and Haryana Vidyut Prasaran Nigam Limited).

The respondents were directed to file comments on the report and additional information by 20.08.2026, the petitioner was permitted to file a rejoinder by 25.08.2026, and the matter was listed for hearing on 01.09.2026.

19. In furtherance of the Commission's letter dated 12.08.2026 and acceding to requests made by the respondents during the court hearing on 13.08.2026, the Commission, vide its Memo Number 1907-11/HERC/TARIFF/Petition No. 30 of 2026 dated 13.08.2026, allowed the respondents to file their comments by 25.08.2026 (instead of 20.08.2026), the petitioner was allowed to file its rejoinder by 30.08.2026 (instead of 25.08.2026), and the hearing was rescheduled to 02.09.2026.

20. Further, acceding to the request made by DISCOMs, vide letter dated 25.08.2026, the Commission, vide its Memo no 1422-26/HERC/TARIFF/Petition No. 30 of 2026 dated 26.08.2026, allowed the respondents to file their comments by 29.08.2026 (instead of 25.08.2026) and rescheduling the hearing to 03.09.2026.

21. **Reply filed jointly by Respondent No. 1 (DHBVNL) & Respondent No. 2 (UHBVNL) dated 26.08.2026 to the Expert Committee Report:**

21.1. That, the Answering Respondents object to the Report in its entirety and to each of the findings and recommendations contained therein insofar as they support, or purport to support, the grant of a parallel distribution licence to the Petitioner. No part of the Report is accepted as correct and nothing contained in these Objections/Reply, including the Answering Respondent's reliance upon isolated observations or admissions appearing within the Report for the purpose of demonstrating its inaccuracy or internal inconsistency, shall be construed as an acceptance of, or acquiescence in, any finding or recommendation contained in the Report. The Answering Respondents submit that the Report, read as a whole, does not demonstrate that the objections raised by the Answering Respondents stand dealt with, addressed, or removed; on the contrary, the Report itself repeatedly acknowledges that the material placed before the Commission does not qualify as sufficient for the grant of a parallel distribution licence to the Applicant. The concluding para of the Report is reproduced below for ready reference:

"18.20 Conclusion — The Committee has examined each of the matters referred to and has recorded its findings and the reasons for them in this chapter. Upon those findings, the Committee has not found any ground upon which the Petitioner falls to be refused. The Committee accordingly recommends that a parallel distribution licence may be considered and granted to the Applicant subject to the conditions as suggested in

Schedule A to D. The matters requiring regulatory attention are matters of implementation, sequencing and continuing supervision, and the Committee has recommended the licence conditions and safeguards by which they may be addressed. Subject to the foregoing, the Committee submits this Report to the Hon'ble Haryana Electricity Regulatory Commission for its consideration and for such orders as it may deem fit in accordance with prevailing rules, regulations & law."

Several, if not most, of the said conditions suggested by the Committee are in fact conditions precedent to the grant of a licence. The Answering Respondents respectfully pray that the Report ought not to be accepted or acted upon by the Hon'ble Commission.

THE REPORT CANNOT BE RELIED UPON AS IT CONSIDERS DOCUMENTS BEYOND THE SCOPE OF THE TERMS OF REFERENCE (ToR), THE ADMISSIBILITY AND RELIANCE UPON WHICH IS ALREADY UNDER CHALLENGE:

21.2. That, the Committee was under the terms of the order appointing it, obligated only to look at the material 'on the record'. Without prejudice to the above, even if the Committee were to take any new documents on record, it was required to follow the principles of natural justice.

21.3. That the relevant part of Terms of Reference (ToR) of the Committee appended with the interim order dated 09.07.2026, is reproduced below:-

"4.1 The Committee shall be at liberty to evolve its own procedure for conduct of its proceedings, consistent with the principles of natural justice and the directions of the Commission.

4.2 The Committee may call for records, documents, studies, reports, financial statements and technical information.

4.3 The Committee may require the Applicant, Existing Distribution Licensee(s), HVPNL (STU), HPPC, SLDC, Government of Haryana, statutory authorities or any stakeholder to furnish information."

Hon'ble Commission had specifically directed that the procedure to be followed by the Committee shall be *"consistent with the principles of natural justice."* Accordingly, it is the specific case of the Answering Respondents that any document taken into consideration by the Committee without affording the Answering Respondents a reasonable opportunity to rebut the same, and without granting any opportunity of hearing, on such documents, is in clear breach of the principles of natural justice and, consequently, contrary to the express terms of the ToR. Therefore, to the extent that the Report of the Committee relies upon such documents, the same cannot be considered, much less be relied upon for arriving at any finding or conclusion.

21.4. That reference has been made to two sets of submissions filed by the petitioner, namely, (a) submissions dated 30.07.2026; and (b) submissions dated 21.07.2026. Insofar as the submissions dated 21.07.2026 are concerned, it is submitted that no "Submissions dated 21.07.2026" have ever been received by the Answering Respondents. Neither the Petitioners nor the Committee has furnished a copy of the said submissions dated 21.07.2026 to the Answering Respondents. In these circumstances, any reference made in the Report to such submissions dated 21.07.2026, filed behind the back of the Answering Respondents, cannot be taken into consideration and on this ground alone the Report ought to be rejected. Further, apart from the purported submissions dated 21.07.2026, the Committee, while setting out the "Materials Examined by the Committee", has stated that it examined, *inter-alia*:

"additional information furnished pursuant to directions of the Commission and the Committee.

… … …

Such other material as the Committee considered necessary for a comprehensive evaluation of the Terms of Reference."

In this regard, any document or material which was not supplied to the answering respondents, was furnished or placed before the Committee behind the back of the Answering Respondents, or was otherwise taken into consideration without affording the Answering Respondents an effective opportunity to examine, rebut and make submissions thereon, could not have been legitimately relied upon by the Committee. Any reliance placed by the Committee upon such material is in clear violation of the principles of natural justice and is contrary to the specific mandate contained in Para 4.1 of the ToR appended to the interim order dated 09.07.2026. Accordingly, the entire Report ought to be rejected.

21.5. That, insofar as the submissions dated 30.07.2026 are concerned, documents were purportedly submitted by the Applicant under the cover of the Index dated 30.07.2026. The said documents do not form 'part of the record' as mandated by the Hon'ble Commission in its order dated 09.07.2026. At no point of time were the Answering Respondent made aware that any such documents were ever called from the Petitioner, why were such documents called for, when were they called for. If at all, any such document were called for, it was behind the back of the Answering Respondents. The Answering Respondents have already filed a detailed reply before the Hon'ble Commission specifically objecting to the admissibility and reliance upon the said documents. The objections raised by the Answering Respondents are presently pending consideration and have not yet been adjudicated upon by the Hon'ble Commission. The contents of the submissions/ objections filed by the Answering Respondents against the

documents filed by the Petitioner by way of the index dated 30.07.2026, filed without any application seeking leave of the Hon'ble Commission, may kindly be read as part and parcel of the present para which are not being repeated here for the sake of brevity. In such circumstances, the Committee could not have proceeded to consider or rely upon documents whose admissibility and evidentiary value are expressly under challenge before the Hon'ble Commission.

21.6. That attention is also drawn towards para 6.9 of the Report, reproduced below:

"The Commission accordingly directed the Applicant to furnish a detailed justification for adopting the market value of the holding entity in preference to its book value for assessing net worth and financial capability, particularly when the Applicant's authorised share capital was only Rs. 100 crore against the proposed equity requirement of Rs. 1,415.02 crore; to clarify the apparent financial inconsistencies arising from the disclosures; and to submit a comprehensive debt-equity capitalisation plan identifying the proposed sources of equity and debt, the manner and timeline of infusion, and documentary evidence substantiating the availability of the requisite financial resources, demonstrating compliance with the Electricity Act, 2003 and the extant regulations."

A perusal of the aforesaid paragraph demonstrates that the Committee itself called upon the Petitioner to cure deficiencies in its case, thereby, in effect, permitting the Petitioner to fill in the lacunae in its pleadings and supplement its case with material that was not part of the original record. It is significant that the documents in question were created subsequent to the constitution of the Committee. Such an exercise, undertaken at the instance of the Committee itself is impermissible, especially when the Answering Respondents were not afforded a corresponding and effective opportunity to contest and rebut the material so created and relied upon.

The Committee itself records in the Report that *"… … the Committee considers that reliance upon promoter resources must rest upon credible documentary evidence and legally enforceable commitments."* Once the veracity and admissibility of the documents in question have been specifically challenged by the Answering Respondents before the Hon'ble Commission, and the said objections remain pending consideration and have not been adjudicated upon, such documents cannot be treated as *"credible documentary evidence"*. Accordingly, any reliance placed by the Committee upon such documents is misplaced and contrary to the principles of natural justice, and the entire Report ought to be considered as void and deserves to be rejected in its entirety.

THE RECOMMENDATION OF THE REPORT, CONFLATES CONDITIONS WHICH ARE PRE-REQUISITE TO GRANT OF LICENCE WITH THE CONDITIONS FOR COMMENCEMENT OF SUPPLY AND CANNOT BE TAKEN INTO CONSIDERATION:

21.7. That the recommendation of the Committee is conditional in nature and remains contingent upon the Petitioner's compliance with the conditions detailed in Schedules A to D. It is submitted that Schedule A, sets out the conditions precedent to *"commencement of supply"* and requires the Petitioner, among other things, to file the detailed Network Rollout and Implementation Plan and CAPEX programme (A1) and to furnish a reasoned division-wise justification of capital investment sequencing, including the Gurugram City schedule (A2). Schedule A is reproduced below for ready reference:

"18.15 Schedule A: Conditions Precedent to Commencement of Supply

… …

A1 Filing of the detailed Network Rollout and Implementation Plan and CAPEX programme, within a defined period of grant, for the approval of the Commission.

A2 Furnishing of a reasoned division-wise justification of capital investment sequencing, including the Gurugram City schedule.

A3 Execution of Interconnection Agreements with HVPNL and completion of joint system studies; securing of General Network Access where applicable

A4 Completion of load-flow, short-circuit, protection coordination, voltage regulation. reactive power, contingency and system security studies

A5 Establishment of the scheduling and forecasting protocol with the SLDC

A6 Conformity of interface metering, SCADA, telemetry, communication systems and protection schemes with the applicable CEA Regulations, the Haryana Grid Code and technical standards

A7 Submission of finalised Power Purchase Agreements for tariff adoption. determination or approval prior to commencement of power flow

A8 Furnishing of a legally enforceable Consortium Agreement and of details of Key Managerial Personnel on the Applicant's rolls. The Applicant shall also furnish details of the Key Managerial Personnel on its rolls after grant of licence but before commencement of operations.

A9 Demonstration of equity infusion and corresponding debt tie-up for the phase before each two quarters, and infusion of the equity component of the first-year working capital requirement.

A10 Independent verification of compliance with the notified Pilot Project Belt architecture in any Pilot Project Belt sector.

A11 Establishment of the Grievance Redressal Forum within the period prescribed by Section 42(5)."

The Answering Respondents respectfully submit that treating the matters such as submission of Capex Programme, Capital Investment Plan, equity infusion etc., as conditions precedent to commencement of supply, rather than as conditions precedent to grant of licence itself, is contrary to Rule 3 of the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005 ("**Rules, 2005**"), which requires capital adequacy and creditworthiness to be established as a condition precedent to the grant of licence itself.

In fact, the Committee itself, at page 26 of the Report, has recorded that *"10. Licence conditions are an important regulatory tool but cannot substitute compliance with mandatory statutory requirements."* A recommendation that leaves a number of essential requirements to be verified/ fulfilled after the grant of licence is unsustainable in the eyes of law and cannot be taken into consideration.

DENIAL OF OPPORTUNITY TO TEST THE MATERIAL RELIED UPON BY THE COMMITTEE:

21.8. That it was the duty of the Committee itself, in aid of the Hon'ble Commission's quasi-judicial jurisdiction, to test and verify the reliability of contested material before founding adverse findings upon it, and not merely to accept, at face value, certifications and declarations furnished by the Petitioner in its own support. It is submitted that the Committee's own recorded standard that reliance upon promoter resources *"must rest upon credible documentary evidence and legally enforceable commitments"* (page 67 of the Report), itself presupposes an exercise of verification by the Committee, and not the mere acceptance of self-serving certification. It is submitted that where material of this nature goes directly to the core findings on capital adequacy, creditworthiness and institutional readiness, and has been specifically and repeatedly challenged by the Answering Respondents in their written pleadings, it was incumbent upon the Committee, and not upon the Answering Respondents, to test that material before treating it as established. It is further submitted that, even assuming such verification were to be undertaken by the Committee of its own motion, natural justice required that the Answering Respondents, having specifically challenged the material, be given an opportunity to participate in or respond to the outcome of any such verification. It is submitted that the Committee did neither: it neither independently tested the material relied upon, including the chartered accountant's net-worth certification, the solvency certificates issued by the concerned institutions, and the credentials of the consortium partners, nor afforded the Answering Respondents any opportunity to do so, and proceeded to accept the said material at face value notwithstanding the challenge already on record. It is submitted that the denial of any such verification, distinct from and in addition to the objection raised above regarding reliance on undisclosed documents, is itself a further and independent breach of the principles of natural justice, since material of this nature could not, consistently with a fair procedure, be accepted at face value merely because it had not, in fact, been tested by anyone.

THE REPORT'S FINDINGS ON CAPITAL ADEQUACY AND CREDITWORTHINESS ARE UNSUSTAINABLE:

21.9. That, the Answering Respondents specifically object to the finding relating to the all three issues (enumerated at Page No. 52 of the Report) i.e.- 'Capital Adequacy and Creditworthiness'; 'Minimum Area of Supply and Geographical Continuity' and 'Code of Conduct and Corporate Integrity', as discussed by the Committee at Chapter No. 6 titled *"Statutory and Regulatory Eligibility of the Applicant"* of the Report, read with Chapter 7 relating to *'Financial Capability and Investment Plan."* The finding of the Committee being contrary to the Electricity Act, 2003, the Rules and the Regulations made there under is liable to be rejected in its entirety.

21.10. That, in this regard, attention of the Hon'ble Commission is brought towards Rule 3 of the Rules, 2005 reproduced below for ready reference:

3. Requirements of capital adequacy and creditworthiness.—(1) ***The Appropriate Commission shall****, upon receipt of an application for grant of licence for distribution of electricity under sub-section (1) of section 15 of the Electricity Act, 2003,* ***decide the requirement of capital investment for distribution network*** *after hearing the applicant and* ***keeping in view the size of the area of supply and the service obligation within that area in terms of section 43****.*

(2) ***The applicant*** *for grant of licence* ***shall be required to satisfy*** *the Appropriate Commission that on a norm of* ***30% equity on cost of investment as determined under sub-rule (1)****, he including the promoters, in case the applicant is a company, would be in a position to make available resources for such equity of the project on the basis of the net worth and generation of internal resources of his business including of promoters in the preceding three years after excluding his other committed investments.*

Explanation.—For the purposes of this sub-rule, it is hereby clarified that for grant of a licence for distribution of electricity within the same area in terms of sixth proviso to section 14 of the Act, the entire area covering either a Municipal Corporation as defined in article 243Q of the Constitution or three adjoining revenue districts, or a smaller area as may be notified by the Appropriate Government shall be the minimum area of supply."

21.11. That Rule 3(1) of the Rules, 2005 casts a duty on the Hon'ble Commission to **decide** the **requirement of capital investment for the entire distribution network**, having regard to the **size of the area of supply and the service obligation** under Section 43 of the Act, 2003. It is the case of the Answering Respondents, at present, that **no such independent determination has been undertaken by the Hon'ble Commission.** Further, a perusal of the Report shows that, instead of making any decision/ independent computation of the requirement of the capital investment, the Committee has simply adopted the Petitioner's own purported projected capital investment figure of Rs. 4,716.73 Crore, spread over a five-year rollout of the Petitioner's own choosing, as though that projection were itself the Rule 3(1) determination.

21.12. That, Rule 3(1) of the Rules, 2005 requires the capital investment requirement to be fixed by the Commission with reference to the size of the area of supply, whereas the Committee has instead adopted the figure that the Petitioner itself proposes to spend, over a timeline of its own choosing (five years in the present case). It is submitted that the Committee at paras A1 and A2 of Schedule A appended to the Report, recorded that the Petitioner is required to file *"… detailed Network Rollout and Implementation Plan and CAPEX programme …"* and *"… reasoned division-wise justification of capital investment sequencing…."*. In other words, the detailed network rollout plan, implementation plan, CAPEX programme, and justification of capital investment are yet to be furnished by the Petitioner. The Committee cannot consistently treat the Rule 3(1) capital-investment requirement as satisfied by a figure whose own supporting particulars it simultaneously acknowledges are yet to be furnished. Even otherwise, capital adequacy under Rule 3(2) cannot be measured against an unverified, Petitioner-chosen five-year figure.

Further, this fanciful figure put forth by the Petitioner, does not either cater to the entire proposed area of supply nor to the possible load that could potentially require to be serviced by the Petitioner. It only factors in a minuscule amount of the actual existing load in the proposed area of supply. It does not even factor in an increase in the number of consumers that is projected to increase in the coming years. The number presently proposed by the Petitioner clearly shows that it does not and would not allow the Petitioner to comply with the Universal Service Obligation in the timelines specified by this Hon'ble Commission. As such, the Report ought to be rejected in its entirety.

THE COST OF POWER PURCHASE, WHICH ACCOUNTS FOR APPROXIMATELY 89% OF THE TOTAL COST OF THE EXISTING DISCOMS AS REFLECTED IN THEIR RESPECTIVE ARRs, HAS BEEN ENTIRELY OMITTED FROM THE COMPUTATION OF THE COST OF INVESTMENT:

21.13. That the calculation undertaken by the Petitioner, and relied upon by the Committee, is itself erroneous, inasmuch as the major portion of the investment required for a distribution licence is towards the purchase of power. <u>However, the cost of power purchase/procurement likely to be incurred by the Petitioner has been entirely omitted from the computation of the cost of investment in terms of Rule 3 of the Rules, 2005.</u> It is submitted that the cost towards power purchase agreements entered into by the DISCOMs constitutes about 89% of their Annual Revenue Requirement (ARR). This substantial cost, however, has not been factored in by the Committee for the purpose of computing capital adequacy. It is submitted that a prospective distribution licensee, who has failed to account for such a substantial component of cost towards purchase of power in its plan, cannot be treated as having satisfied the requirement of "capital adequacy".

21.14. That attention in this regard is brought towards Page 72 of the Report wherein Table 6-1 relating to the *"Five-Year Phase wise Debt-Equity Capitalisation Plan (Rs. Crore)"* has been given, read with Page Nos. 84 to 86 of the Report wherein the methodology of the CAPEX Estimation has also been detailed upon by the Committee. A perusal of the same shows that the Committee has accepted the calculation made by the Petitioner of Rs.4,716.73 Crores, which has been made by the Petitioner based on the following:

"The Applicant proposes total capital expenditure of Rs.4,716.73 Crore over FY 2026-27 to FY 2030-31, representing Gross Fixed Assets (GFA) as at the end of FY 2030-31 -Wire Business Rs. 4,650.37 Crore and Supply Business Rs. 66.36 Crore. … … …

… … …

Within the Wire Business, HT infrastructure (EHV bay extensions, 33/11 kV distribution substations and transformers, 33 kV and 11 kV cable networks and HT consumer sub-stations) accounts for Rs. 1,409.10 Crore, and LT infrastructure (100 kVA distribution transformers, ring main units, feeder pillars, LT underground cables and LT consumer sub-stations) for Rs. 3,241.27 Crore (Tables 19-21, Page 75). The Supply Business CAPEX comprises smart metering for a projected cumulative base of 1,61,591 consumers by FY 2030-31 and Customer Care Centres and automation of Rs. 30 Crore (Tables 22-24, Page 76). The phased, demand-aligned conception of the programme is consistent with established utility practice."

A bare perusal of the same shows that the cost towards the procurement of power has not been taken into account, neither by the Petitioner nor by the Committee.

21.15. That though the Committee at para no. A7 of the Schedule A, has held that the Petitioner shall satisfy –*"before commencement of commercial supply"* – *"A7 Submission of finalised Power Purchase Agreements for tariff adoption, determination or approval prior to commencement of power flow.",* however, the tentative cost towards such power purchase ought to have been taken in consideration at the time of determination of capital adequacy. Any determination bereft of power purchase cost is incomplete, incorrect and liable to be rejected in its entirety.

21.16. That it is further submitted that this omission is compounded by an internal inconsistency on the face of the Report itself, independent of any contested question as to whether power purchase properly falls within "capital investment for distribution network" under Rule 3(1). The Committee, at para A9 of Schedule A, has itself recommended that the Petitioner be required to demonstrate, as a condition of licence, "demonstration of equity infusion and corresponding debt tie-up for the phase before each two quarters, and infusion of the equity component of the first-year working capital requirement." However, the equity requirement of Rs. 1,415.02 Crore, as computed by the Petitioner and accepted by the Committee, is derived purely from the Gross Fixed Assets of Rs. 4,716.73 Crore,

with no working capital component forming part of that base at all. The Committee has thus, through its own Schedule A9, acknowledged and recommended safeguards for a category of financial requirement that its own arithmetic simultaneously excludes from the capital adequacy determination said safeguard is meant to protect. It is submitted that this is an internal inconsistency apparent on the face of the Report, and is sufficient by itself to demonstrate that the equity figure of Rs. 1,415.02 Crore does not represent a complete or reliable computation of the Petitioner's capital adequacy.

21.17. That attention in this regard is also brought towards para 7.21 at Page No. 96 of the Report, reproduced below for ready reference:

"7.21 Power Procurement Plan

The energy requirement, after grossing up sales for distribution losses (5.80% declining to 5.20%) and intra-State (1.95%) and inter-State (3.65%) transmission losses, rises from 609.98 MU in FY 2027-28 to 3,008.55 MU in FY 2030-31 (Table 28, Page 79). The proposed portfolio is 80% renewable and 20% thermal: Firm and Dispatchable Renewable Energy (FDRE) contracted at Rs. 4.40/kWh (ex-bus, benchmarked to recent competitive bidding, about 50% from within Haryana); Green Day Ahead Market (GDAM) purchases at Rs. 3.80/kWh (FY 2025-26 base, escalated 3% p.a.), tapering from 25% to 5% of the renewable portfolio as firm PPA capacity builds; and thermal base-load at Rs. 5.00/kWh (FY 2026-27 base) escalating 3% p.a. Power purchase cost rises from Rs. 273.05 Crore to Rs. 1,397.69 Crore and transmission charges from Rs. 51.82 Crore to Rs. 250.11 Crore (Tables 29-30, Page 81).

Three observations follow: the 80% renewable share substantially exceeds the applicable Renewable Purchase Obligation trajectory and is a commercial differentiator rather than a compliance necessity; the plan is progressively de-risked, with market-exposed GDAM purchases tapering in favour of firm contracted capacity; and deliverability of round-the-clock supply from an 80% renewable portfolio depends on the actual availability profile of the contracted FDRE capacity- any shortfall would be bridged through market purchases, with the cost variance subject to prudence review. The procurement assumptions are reasonable planning assumptions whose prudence will fall for determination in tariff proceedings, not in these licensing proceedings."

In this regard, it is submitted that the aforesaid findings of the Committee are liable to be rejected inasmuch as the entire computation, the energy requirement, the loss trajectory, the 80:20 renewable-thermal mix proceeds entirely on the Petitioner's own projections and self-serving statements, unsupported by any document, agreement, letter of intent, or independent verification. Despite thermal power constituting 20% of the proposed portfolio and being relied upon as base-load, dispatchable capacity, neither the Committee nor the Petitioner has identified even a probable thermal generating station

proposed to be tied up. Though a formal PPA may legitimately follow grant of licence, at the very least the Petitioner ought to have shortlisted or named a source, or placed some concrete proposal on record. Similarly, the claim that FDRE will be contracted at Rs. 4.40/kWh, *"benchmarked to recent competitive bidding,"* with *"about 50% from within Haryana,"* is a bare assertion and could not have been taken into account to compute the capital adequacy for the licenced area. The projected tapering of GDAM purchases from 25% to 5% *"as firm PPA capacity builds"* is itself contingent upon this unsubstantiated FDRE contracting, with no market study or feasibility assessment placed on record to show that such purchases would in fact be available at the assumed price and quantum.

21.18. That the Committee's own findings are self-contradictory. The Committee has stated that *"deliverability of round-the-clock supply from an 80% renewable portfolio depends on the actual availability profile of the contracted FDRE capacity"* and that *"the procurement assumptions are reasonable planning assumptions whose prudence will fall for determination in tariff proceedings, not in these licensing proceedings,"*. In other words, the Committee has effectively admitted that these figures remain unverified. It is humbly submitted that capital adequacy is a threshold eligibility condition for grant of licence under the Rules, 2005, and cannot be treated as satisfied today on the strength of unverified figures. It is submitted that postponing the essential requirement of availability and cost of power to subsequent tariff proceedings is erroneous and defeats the object of Rule 3. The same reduces the exercise of determination of capital adequacy to a mere formality. Further, it has been recorded that shortfall in the assumed FDRE/GDAM/thermal tie-ups *"would be bridged through market purchases, with the cost variance subject to prudence review"* which confirms that the entire power procurement plan remains speculative and without evidence of financial or contractual closure, and is therefore incapable of being treated as a reliable basis for computation of capital adequacy.

COST OF LAND REQUIRED FOR CONSTRUCTION OF THE DISTRIBUTION SYSTEM HAS ALSO NOT BEEN TAKEN INTO ACCOUNT FOR THE PURPOSES OF COMPUTATION OF COST OF INVESTMENT:

21.19. That, though the cost of infrastructure has been taken into consideration for the purposed of determination of the cost of investment, however, the cost of land on which the infrastructure is to be constructed has not been taken into account. The Committee has proceeded on the presumption that powers of the Telegraph Authority under Section 164 of the Electricity Act, 2003 would necessarily be conferred upon the Petitioner. Section 164 is reproduced below for ready reference:

*"164. **Exercise of powers of Telegraph Authority in certain cases.**—The Appropriate Government may, by order in writing, for the placing of electric lines or electrical plant for*

the transmission of electricity or for the purpose of telephonic or telegraphic communications necessary for the proper co-ordination of works, confer upon any public officer, licensee or any other person engaged in the business of supplying electricity under this Act, subject to such conditions and restrictions, if any, as the Appropriate Government may think fit to impose and to the provisions of the Indian Telegraph Act, 1885 (13 of 1885), any of the powers which the telegraph authority possesses under that Act with respect to the placing of telegraph lines and posts for the purposes of a telegraph established or maintained, by the Government or to be so established or maintained."

Such a presumption is wholly misplaced, and the Committee ought to have accounted for the contingency of the Petitioner not being conferred powers under Section 164 of the Act, 2003. In such an eventuality, the Petitioner would be obliged to independently procure land for laying down the electrical infrastructure, and the cost of such land, being a material component of the overall cost of investment, could not have been left out of consideration. Be that as it may, even in case the Petitioner is conferred with powers under Section 164 of the Act, 2003, even in such an eventuality, compensation is liable to be paid to the landowners, which has not been taken into consideration by the Committee.

THE FIVE-YEAR, PERCENTAGE-WISE COMPUTATION ADOPTED FOR DETERMINING THE COST OF INVESTMENT IS ERRONEOUS AND HAS BEEN DEVISED BY THE COMMITTEE ON THE BASIS OF ITS OWN PRESUMPTIONS, BEING A FORMULA ALTOGETHER ALIEN TO RULE 3 OF THE RULES, 2005:

21.20. That the Committee has computed the figure of Rs. 4,716.73 Crore as the capital investment requirement for a five-year term, i.e., from FY 2026-27 to FY 2030-31. However, a bare perusal of Rule 3(1) of the Rules, 2005 shows that the capital investment requirement to be fixed with reference to the *"size"* of the area of supply. The Rules contains no reference whatsoever to any five-year, or any other artificially truncated timeline. The Committee has, on its own and without any basis in the Rules confined the computation to a period of five years. The same has been done without assigning any cogent reasoning as to why a period of five years was chosen and not three, or six, or any other such period. The selection of such a period is contrary to the Rules and rests solely on the Committee's own whims and fancies. It is a formula self-evolved by the Committee, having no sanction in law and alien to the provisions of the Rules, 2005. It is submitted that the Hon'ble Commission cannot rely on a formula that is created by the Committee where the statute and the Rules made thereunder provide none. Any determination founded on such an extra-legal formula is void ab-initio.

21.21. That, the said figure is founded entirely upon the growth rate projected by the Petitioner itself. The plain and unambiguous language of Rule 3 nowhere contemplates that the

capital investment requirement is to be assessed with reference to any prospective/ presumed/ self-serving growth rate. At the cost of repetition, it is submitted that the Rule speaks only of the *"size of the area of supply,"* i.e. the complete area over which the distribution licence is sought. By substituting the whole "size" of the area with a partial, five-year, growth-rate-linked projection, the Committee has rewritten Rule 3.

The Petitioner would be bound by a universal service obligation and cannot refuse supply to any consumer within its area of supply who seeks connection. No contingency whatsoever has been considered for the possibility of consumers shifting to the Petitioner in numbers greater than projected. If the actual growth and consumer shift exceed the presumed projections, the entire capital adequacy assessment, being based on an artificially capped, five-year, presumption-driven figure, would stand completely defeated. The computation is wholly contrary to Rule 3 of the Rules, 2005. The computation founded on a formula unknown the Rules, is completely illegal and liable to be rejected in its entirety.

21.22. That the flaw in the Committee's approach can be seen from a simple illustration- Any applicant could simply project a very low consumer shift rate, say 0.1% and claim that very few consumers will shift to it over the five years. This would automatically bring down the capital investment figure, regardless of how large the actual area of supply is. In other words, an applicant can artificially lower its own eligibility requirement merely by understating its future projections. This is exactly why Rule 3 states that the capital investment is required to be assessed on the basis of the "size of the area of supply" and not to any growth figure projected by the applicant itself. As the figures given by Applicant can easily be manipulated. The Petitioner is obligated to serve the complete load of the area of supply and cannot choose to serve only percentage/ projected load. The Committee's formula, by relying on such a manipulable figure, defeats the very purpose of Rule 3 and is therefore illegal.

21.23. That, the cost of land has been wrongly excluded from the computation of the cost of investment, the Committee having proceeded on the misplaced presumption that powers of the Telegraph Authority under Section 164 of the Act, 2003 would necessarily be conferred upon the Petitioner, without accounting for the contingency of such powers not being conferred — in which event the Petitioner would be obliged to independently procure land for laying down its electrical infrastructure — or for the compensation payable to landowners even where such powers are in fact conferred. It is on this basis that the cost of land is included as a necessary component in the independent assessment set out below. Without prejudice to and in furtherance of the foregoing submissions demonstrating that the Report's determination of the Rule 3(1) requirement is untenable, the Answering Respondents place on record their own independent assessment of the

capital investment required to establish the distribution infrastructure necessary to discharge the Universal Service Obligation under Section 43 of the Act, 2003 across the entire proposed area of supply, being Gurugram-1 Circle, Gurugram-2 Circle and Nuh Division.

The assessment has been undertaken in two parts. The first assesses the network infrastructure required, HT lines, LT lines and 33 kV lines, together with associated SCADA-enabling equipment such as Ring Main Units, Distribution Transformers, LT Protection equipment (ACBs) and other accessories, costed by applying the rates prescribed under the latest applicable Schedule of Rates of DHBVNL to the network lengths (HT: 10,893.89 km; LT: 10,762.46 km; 33 kV: 586.22 km) and consumer base (8,68,863 consumers) required to serve the entire proposed area, yielding a network infrastructure cost of Rs. 11,397.75 Crore.

The second assesses the land required for the switching stations/substations and distribution transformers necessary to support such network, valued at the prevailing market rate of land in the relevant area, the market rate being adopted, in preference to the statutory circle rate, as the more realistic indicator of the cost that would actually be incurred to acquire such land yielding a land cost of Rs. 2,473.85 Crore for switching stations/substations and Rs. 4,663.98 Crore for distribution transformers, aggregating to Rs. 7,137.83 Crore. The detailed workings, station-wise and transformer-wise, are enclosed.

21.24. That the aggregate of the network infrastructure cost and the land cost set out above is Rs. 18,535.58 Crore (Rs. 11,397.75 Crore plus Rs. 7,137.83 Crore), which, applying the 30% equity norm prescribed by Rule 3(2) of the Rules, 2005, yields an equity requirement of Rs. 5,560.67 Crore. As against this, the Petitioner's claimed net worth, even taken at face value and at the volatile market valuation of a single listed scrip discussed hereinabove, is Rs. 4,085.60 Crore, a shortfall of approximately Rs. 1,475.07 Crore, or approximately 26.5% of the equity actually required to serve the entire proposed area of supply on a replacement/reconstruction-cost basis. It is submitted that this shortfall stands demonstrated even before the Petitioner's own admitted deficiencies in capital adequacy, discussed hereinabove, are taken into account, and is fatal to the Petitioner's claim to have satisfied Rule 3(2) of the Rules, 2005.

21.25. That the shortfall demonstrated above is not confined to the adequacy of the Petitioner's claimed net worth alone. The Petitioner's own projected equity requirement of Rs. 1,415.02 Crore, being founded on the truncated, five-year, self-serving capital expenditure figure of Rs. 4,716.73 Crore already demonstrated hereinabove to be erroneous, is itself grossly understated when tested against the equity requirement of Rs. 5,560.67 Crore computed above for the entire proposed area of supply on a replacement/reconstruction-

cost basis, a shortfall of Rs. 4,145.65 Crore, or approximately 74.5%, in the Petitioner's own projection itself, independent of and prior to any question of whether the Petitioner's claimed net worth is even sufficient to meet its own understated figure. It is submitted that an applicant whose own proposed equity commitment falls short of the correct statutory requirement by nearly three-fourths cannot be said to have discharged the burden of demonstrating capital adequacy within the meaning of Rule 3(2) of the Rules, 2005, regardless of the adequacy or inadequacy of the resources claimed to be available to meet that already-understated figure.

21.26. That the above computation does not, at this stage, include the cost of power procurement. This is not on account of any concession that such cost does not arise or need not be accounted for, but because a reliable estimation of power purchase cost necessarily requires a complete energy balance exercise, factoring in, inter alia, the season-wise and time-of-day load profile of the proposed area, the applicable transmission and distribution loss trajectory, and the contracted and merit-order mix of renewable and thermal capacity, which is a distinct and specialised exercise, separate from, and not capable of being conflated with, the assessment of network and land cost set out above. It is submitted that the burden of placing such a computation on record lies squarely upon the Petitioner, and not upon the Answering Respondents: it is the Petitioner who claims to have satisfied the threshold eligibility condition of capital adequacy under Rule 3(2) of the Rules, 2005, and it is accordingly for the Petitioner to demonstrate, through a complete energy balance exercise of its own, that its claimed capital resources are in fact sufficient to cover the entirety of the capital investment required, including power procurement cost. The Answering Respondents are not obliged to undertake, on the Petitioner's behalf, an exercise that goes to discharge the Petitioner's own burden of proof, and the absence of such a computation from the present submission cannot be treated as a deficiency in the Answering Respondents' case; if anything, it is a further and independent deficiency in the Petitioner's own case, which has at no stage placed any energy balance-based power procurement cost computation on record, notwithstanding that power procurement is admittedly a substantial component of cost. It is submitted that the exclusion of power procurement cost from the present computation, far from assisting the Petitioner, only understates the true capital adequacy gap: on the Petitioner's own case, as elsewhere relied upon by the Committee, power procurement cost alone rises from Rs. 273.05 Crore to Rs. 1,397.69 Crore over the licence period. The shortfall of Rs. 1,475.07 Crore demonstrated above, being exclusive of power procurement cost, is accordingly a conservative and understated figure, and is by itself sufficient to establish that the Petitioner's claimed net worth does not satisfy the requirement of Rule 3(2) of the Rules, 2005.

21.27. That the Committee, at paragraph 7.12 of the Report, while noticing the Answering Respondents' estimate of Rs. 11,397.75 Crore, has found the divergence between that estimate and the Petitioner's figure of Rs. 4,716.73 Crore to be "attributable to a difference in scope rather than to any infirmity in the Applicant's" methodology, on the footing that the Petitioner's estimate is not of a full, simultaneous, area-wide network but of a phased, demand-sequenced network scaled to the Petitioner's own projected market share of 15.21% of licence-area sales by FY 2030-31, and that the two figures are accordingly "not comparable as estimates of the same undertaking." The Answering Respondents do not accept, and expressly stand by their estimate against, this characterisation. It is submitted that the very fact that the two estimates are not of "the same undertaking" is not an answer to the objection but a restatement of it: Rule 3(1) of the Rules, 2005 requires the capital investment requirement to be fixed with reference to the "size of the area of supply," and not with reference to whatever smaller undertaking an applicant chooses to scale its own business plan to. An applicant bound by the Universal Service Obligation under Section 43 of the Act, 2003 cannot be permitted to define its own "scope" down to a self-selected 15.21% of licence-area sales and then have its capital adequacy tested only against that self-selected scope; to accept a "difference in scope" as an explanation, rather than treating it as the very deficiency Rule 3(1) exists to prevent, is to allow the Petitioner to set the terms of its own eligibility test. It is submitted that the Answering Respondents' estimate of Rs. 11,397.75 Crore, being computed with reference to the complete network required to serve the entire proposed area of supply in discharge of the Universal Service Obligation, and not to any phased or scaled-down fraction of it, is the estimate properly referable to Rule 3(1), and is reiterated and stood upon in its entirety.

21.28. That the Committee's finding, at paragraph 7.12 of the Report, that *"the principle in IPCL has nonetheless been applied in substance through the district-wise USO test at paragraph 7.22 (Nuh's CAPEX allocation tested against its proportionate sales contribution)"* discloses a further and independent lacuna in the Report, rather than an answer to the Answering Respondents' objection. It is submitted that the test actually applied at paragraph 7.22, whether Nuh's share of the Petitioner's CAPEX corresponds to Nuh's share of the Petitioner's projected sales, is a test of internal proportionality within the Petitioner's own truncated business plan; it asks only whether the Petitioner has allocated its (admittedly inadequate) capital fairly as between its chosen sub-areas. It does not, and cannot, answer the wholly distinct question actually decided in India Power Corporation Limited, HERC/PRO-08 of 2014, and required to be decided under Rule 3(1), namely, whether the Petitioner's total proposed capital investment is sufficient to build the infrastructure necessary to discharge the Universal Service Obligation across the entire proposed area of supply. It is submitted that a business plan can pass an internal

proportionality test of this kind while remaining wholly inadequate in absolute terms; the two enquiries are independent, and satisfaction of the former is no substitute for satisfaction of the latter. The Committee's finding that the principle in IPCL has been "applied in substance" is accordingly not made out: the test that IPCL actually applied, and that Rule 3(1) actually requires, has not been applied at all, and the Answering Respondents' objection on this count stands unanswered.

21.29. That the specific figures underlying the test at paragraph 7.22 of the Report, that Nuh's allocated CAPEX of Rs. 304.37 Crore (6.5% of the total) exceeds Nuh's share of the Petitioner's projected sales (2.7%) by a factor of approximately 2.4, disclose a circularity that the Report does not address. The comparator used is the Petitioner's own projected sales for Nuh, and that projection is itself a direct function of the very infrastructure now sought to be justified: a licensee proposing a single 33/11 kV substation with two 12.5 MVA transformers for the whole of Nuh, as against the twelve existing or proposed 33/11 kV substations of the Answering Respondents in that area, can be expected to project correspondingly modest sales for Nuh, precisely because the infrastructure proposed is modest. Testing a minimal capital allocation against a sales projection generated by that same minimal allocation proves only internal consistency, not adequacy; a proposal can be entirely self-consistent in this sense while remaining absolutely insufficient to discharge the Universal Service Obligation for the district as a whole. It is submitted that the correct comparator is not the Petitioner's own self-generated sales projection but the actual, latent demand of the Nuh area, as reflected in the scale of infrastructure the Answering Respondents presently deploy to serve it; measured against that comparator, a single substation in place of twelve cannot be treated as a bona fide intention to serve the entire licence area, whatever proportionality it may bear to the Petitioner's own, correspondingly modest, projections.

21.30. That the Committee's conclusion, at paragraph 7.12 of the Report, that the Petitioner's "smaller, phased investment is found capable of supporting universal service over the planning horizon, subject to the enforceable safeguards recommended in Part III(B)," repeats the very error already pleaded hereinabove regarding Schedule A of the Report. Capital adequacy under Rule 3(2), read with the capacity to discharge the Universal Service Obligation under Section 43, is a threshold condition precedent to the grant of a licence, and is not a matter that can be rendered acceptable by deferring its consequences to "enforceable safeguards" to be applied during the currency of the licence. The Committee's own recorded position, relied upon by the Answering Respondents hereinabove, that "licence conditions are an important regulatory tool but cannot substitute compliance with mandatory statutory requirements," applies with equal force here: an applicant whose own business plan admittedly reaches only 15.21% of

licence-area sales by the fifth year cannot be treated as having demonstrated capital adequacy to serve the entire area merely because safeguards are recommended to police the shortfall after the licence has already been granted. It is submitted that capital adequacy and creditworthiness, tested against the Universal Service Obligation for the entire area of supply, must be established before grant, and not treated as a risk to be managed after grant through Part III(B) or any other safeguard.

21.31. That the Committee's finding at paragraph 7.12 of the Report proceeds entirely upon the Answering Respondents' network infrastructure estimate of Rs. 11,397.75 Crore, and does not, on its face, take into account the land cost required for the switching stations, substations and distribution transformers necessary to support that very network. The Answering Respondents' independent assessment set out hereinabove additionally quantifies such land cost at Rs. 7,137.83 Crore, to Rs. 18,535.58 Crore and the corresponding equity requirement under Rule 3(2) to Rs. 5,560.67 Crore (excluding power purchase cost). This land-cost component does not appear to have been placed before, or considered by, the Committee at paragraph 7.12, and the Committee's finding there, being confined to a comparison of network cost alone, cannot be treated as having tested, still less answered, the complete area-wide capital investment requirement now placed on record. The gap between the Petitioner's claimed equity requirement of Rs. 1,415.02 Crore and the equity actually required, on the Answering Respondents' complete estimate, is accordingly wider than even the Committee's own unaddressed comparison suggests.

CAGR FOR THE WHOLE STATE TAKEN INTO CONSIDERATION IN PLACE OF DISTRICT-WISE CAGR WHICH IS HIGHER IN CASE OF GURUGRAM:

21.32. That, attention is also brought towards Page No. 86 of the Report wherein the Committee has purportedly computed the growth assumptions while relying on the Compounded Annual Growth Rate (CAGR) approved by the Hon'ble Commission. The relevant observation of the Committee is reproduced below:

"The Committee's assessment is fourfold. First, the approach is demand-led rather than target-led: physical assets are derived from projected load and cost follows physical quantities - the appropriate discipline for utility capital planning. Secondly, growth assumptions are anchored to ***CAGRs already approved by the Commission in the DHBVNL Business Plan Order (10% domestic, 6% HT and LT commercial and industrial, lower for agriculture); for HT C&I, the 5-year CAGR of 6% has been preferred to the higher 2-year and 3-year CAGRs (14% and 18%)-a conservative choice****. Thirdly, unit costs are anchored to incumbent-utility rate lists, limiting scope for understatement. Fourthly, the Committee has test-checked the arithmetic consistency of*

the build-up - annual totals, division-wise reconciliation and the correspondence of normative equity with the Chapter 6 requirement – and found no material discrepancy."
In this regard, the reliance of the Committee on the CAGR is misplaced, as the CAGR for the whole of the State of Haryana has been taken into consideration by the Committee in place of the CAGR, specifically computed for Gurugram. The calculation sheet showing the CAGR specifically for Gurugram, as against the CAGR taken into consideration by the Committee is annexed.

21.33. That, at this stage, attention is brought towards the internal consistencies in the report. At page 55 of the Report, in respect of Rule 3, the Committee itself records that *"these requirements are independent statutory conditions, each of which must be satisfied before a licence can be granted."* Yet at page 72, the Committee states that *"… requiring a parallel licensee to commit and lock in the entire five year debt requirement upfront is economically unviable, imposing idle-capital cost and commitment fees that would ultimately inflate consumer tariffs. Creditworthiness must be evaluated on the capacity to moblise debt progressively as the rollout proceeds, in line with the phased implementation targets."* The Answering Respondents submit that Rule 3 provides no such flexibility, it is a mandatory, statutory pre-condition to grant and cannot be diluted by considerations of commercial convenience of the Petitioner.

SUBMISSION W.R.T. NETWORTH OF THE PURPORTED PROMOTER OF THE PETITIONER:

21.34. That the Petitioner's claimed net worth of Rs. 4,085.60 Crore is not its own but that of its promoter, SAS Fininvest LLP, and rests entirely on the market value of a concentrated shareholding in a single listed company, Global Health Limited. It is submitted that shareholding has fluctuated sharply- from approximately Rs. 1,595.33 Crore in FY 2023 to a peak of Rs. 4,163.13 Crore in FY 2024, before falling to Rs. 3,626.6 Crore in FY 2025 and approximately Rs. 2,787.20 Crore in FY 2026, a decline of over 33% from the FY 2024 peak within two years. A net worth that can swing by over a third within two years, because it depends on the price of one traded stock on a given day, is not the kind of stable financial capacity Rule 3(2) contemplates when it speaks of net worth and internal resource generation *"in the preceding three years."* The Report does not engage with this requirement at all, and its acceptance of the promoter's claimed net worth, at face value and on a single valuation date, does not meet the standard Rule 3(2) requires.

21.35. That Rule 3(2) of the Rules, 2005 does not rest on net worth alone, but requires the applicant to satisfy the Commission on the basis of "the net worth and generation of internal resources of his business including of promoters in the preceding three years after excluding his other committed investments." Two further and independent limbs of this

requirement remain wholly unaddressed by the Report. First, the promoter's "other committed investments" have neither been disclosed nor excluded from the net worth figure relied upon; the Rule mandates such exclusion, and its omission renders the net worth figure, even if otherwise accepted, incapable of verification against the statutory formula. Second, the requirement of "generation of internal resources of his business… in the preceding three years" is a separate and cumulative requirement, not an alternative to net worth. It is submitted that SAS Fininvest LLP is, on its own showing, a holding vehicle whose principal asset is a shareholding in a single listed company, and which does not carry on any business generating operating cash flow of its own; on this limb of Rule 3(2), the requirement is not satisfied on the material on record, and the Report does not engage with it at all.

21.36. That attention at this stage, is brought towards the following observations of the Committee relating to 'beneficial interest':

"Beneficial interest versus registered ownership: the apparent inconsistency noted by the Respondents - that the shares in Global Health Limited stand registered in the name of an individual partner, Sh. Sunil Sachdeva, on the MCA portal - is explained by the settled distinction between the registered holder and the beneficial owner. The beneficial interest in the shares legally vests in SAS Fininvest LLP, and the investment is accordingly appear in the audited financial statements of the LLP, which form the basis both in the CA's Networth certification and the Special purpose financial statements;"

(At Page No. 68 of the Report)

"(c) Non-availability of Forms MGT-4 and MGT-5

The Respondent's procedural objection regarding non-disclosure of Forms MGT-4 and MGT-5 in respect of SAS Fininvest LLP was examined. Under Section 2(20) of the Companies Act, 2013, a "company is an entity incorporated under the Act, 2003. An LLP, while a body corporate under Section 3 of the LLP Act, 2008, is not a "Company" under the Companies Act. Form MGT-4 and MGT-5 are, in any event, not filed with the Registrar of Companies by any declarant; they are declarations made to the company in whose shares the beneficial interest subsists. Sri Sunil Sachdeva, as registered holder and SAS Fininvest LLP as beneficial owner, have accordingly submitted their declarations to Global Health Limited and it is Global Health Ltd. alone which files the return in Form MGT-6 with the Registrar under Section 89(6) of the Act, 2013. The non-availability of these forms therefore establishes no deficiency and the beneficial ownership position is consistent with the LLP's audited financial statements."

(At Page No. 75 of the Report)

It is submitted that the findings of the Committee, reproduced above, have been given without there being any material on record to establish the actual terms and nature of the

"beneficial interest" claimed to vest in SAS Fininvest LLP. Without prejudice to the objection regarding non-availability of Forms MGT-4 and MGT-5, and without conceding the Committee's finding as to the non-applicability of the Accounting Standards and Companies Act, 2013 to an LLP, it is submitted that the objection raised by the Answering Respondents was never confined to mere non-compliance with a procedural filing (MGT-4 and MGT-5) requirement. The underlying objection was and remains that the terms and character of the beneficial interest are wholly unknown and undisclosed. It is submitted that "beneficial interest" is not a self-explanatory concept, it may arise under a trust, an agreement, a guarantee, a will, succession or inheritance, a deposit of title deeds, or any number of other arrangements, each carrying materially different legal consequences and extent of entitlement. Without disclosure of the instrument or arrangement under which such beneficial interest is said to have arisen, it is impossible to ascertain even the most basic questions, namely, what is the extent of beneficial interest, whether it is absolute or conditional, revocable or irrevocable, and whether it in fact vests any real, enforceable interest at all. More importantly, for the purpose of assessing capital adequacy the said shareholding cannot at all form the basis without knowing as to what is the interest that the Promoter of the Petitioner has in such shareholding.

It is further submitted that the question of applicability or non-applicability of Forms MGT-4 and MGT-5 does not determine the real controversy. The Committee has misdirected itself by treating the objection as merely technical in nature and has proceeded to accept the beneficial ownership claim in its entirety. As such, any finding of the Committee w.r.t. to ‘beneficial interest’ is unsustainable as the content and character of that beneficial interest remains unknown and has not been examined.

21.37. That attention is also brought towards Page No. 72 of the Report, wherein the Committee has observed as under:

“Two developments subsequent to the Interim Order materially strengthen the record. First, the Applicant has actually infused Rs. 91.00 crore of equity for Phase 1, exceeding the requirement of Rs. 87.86 crore; the financial plan has thereby transitioned from a prospective commitment to active capitalisation. Secondly, the authorised share capital - whose initial level of Rs. 100 crore was a principal concern in the Interim Order - has been increased to Rs. 1,500 crore, which covers the entire five-year equity requirement of Rs. 1,415.02 crore.”

The aforesaid finding of the Committee is liable to be rejected, being founded on a conflation of two legally distinct concepts, namely, "authorised share capital" and "net worth"/capital adequacy. The authorised share capital is merely the maximum limit of share capital that a company is permitted to issue under its Memorandum of Association. It is a ceiling prescribed on paper and represents no actual infusion of funds and no

financial capacity whatsoever. A company may increase its authorised share capital to any figure it chooses, by a mere resolution and payment of nominal filing fees/stamp duty, without a single rupee being brought in or any corresponding obligation being created to ever issue or subscribe to such capital. It is submitted that authorised share capital cannot be treated as evidence of the actual net worth of the Applicant. It is further submitted that the Committee has erred in treating the increase in authorised share capital from Rs. 100 Crore to Rs. 1,500 Crore as if it "covers" the entire five-year equity requirement of Rs. 1,415.02 Crore. The increase in authorised capital creates no binding obligation on the Petitioner to ensure that such capital is ever actually raised or infused. It is submitted that to treat a mere enhancement of the authorised ceiling as equivalent to actual, demonstrated capital adequacy is to mistake apparent on the face of record. The finding of the Committee, equating the authorised share capital to net worth is erroneous, unsustainable, and cannot be treated as satisfying the equity requirement.

21.38. That, the Committee has also relied upon the solvency certificates placed before the Committee by the Petitioner. A specific objection was raised by the Answering Respondents that where two solvency certificates, each independently certifying solvency of Rs. 1,000 Crore, are issued in respect of the same set of assets, the same person, or overlapping asset bases, the two figures cannot simply be added together to arrive at a cumulative solvency of Rs. 2,000 Crore. To do so would amount to double-counting the same underlying assets twice over. However, the Committee at Page No. 73 of the report, without dealing with the argument raised by the Answering Respondents has observed that- *"The combined certified solvency of Rs.2000 Crore represents a credible, independent assessment by institutional lenders of the promoter group's active credit capacity and demonstrates the ability to raise the necessary debt progressively across the project phases."* No explanation has been given by the Committee as to why the "combined" value of solvency certificates was taken into account. As such, any conclusion reached by the Committee, while completely overlooking the arguments raised by the Answering Respondent, cannot be looked into.

21.39. That, the shares of Global Health Limited, on which the net worth claimed on behalf of SAS Fininvest LLP substantially rests, are shares of a listed company. Any pledge or encumbrance created over such shares, whether by the registered holder or by the beneficial owner, would fall to be disclosed under Regulation 28 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, and would in any event be reflected in the quarterly shareholding pattern filed under Regulation 31 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires the extent of encumbrance on promoter and promoter group holdings to be separately disclosed. It is submitted that the shareholding and encumbrance disclosures filed by

Global Health Limited with the stock exchanges furnish an independent and publicly available record against which the claim that the shares stand free from any charge or restriction may be tested, and are a more reliable basis for that purpose than a certificate procured by the Petitioner for these proceedings. In absence of the same, mere solvency certificates could not be relied upon.

21.40. That SAS Fininvest LLP, being a limited liability partnership, is required, where its turnover or contribution exceeds the threshold prescribed under the Limited Liability Partnership Act, 2008 and the rules made thereunder, to file a Statement of Account and Solvency in Form 8 with the Registrar of LLPs for each financial year. It is submitted that the said Form 8, being a statutory filing made in the ordinary course and independent of the present proceedings, furnishes a more reliable basis for verification of the net worth claimed than a certificate obtained specifically to support the Petition. However, once again the Petitioner had failed to place on record such Form 8, in absence of which, mere solvency certificates could not be relied upon by the Committee.

THE REPORT FAILS TO PROPERLY APPRECIATE AND ADDRESS THE OBJECTION REGARDING THE MINIMUM AREA OF SUPPLY

21.41. That the Answering Respondents had objected to the inclusion of Nuh in the area of supply along with the Municipal Corporation of Gurugram. The Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) (Second Amendment) Rules, 2022 has deliberately removed "Municipal Council" from the Explanation to Rule 3 (2). As the Rules now stand, only a Municipal Corporation, as defined under Article 243Q of the Constitution, qualifies as the minimum area of supply. The Schedule to the Haryana Municipal Act, 1973 classifies Ferozepur Zirka, Nuh, Taoru and Punhana as Municipal Committees, not Municipal Corporations, and the Petitioner's proposed area of supply for Nuh District is based entirely on these very Municipal Committees. The Report, at paragraph 6.12(a), wrongly treats these Municipal Committees as merely describing the *"administrative composition"* of a larger contiguous area built on top of the qualifying Municipal Corporation of Gurugram.

21.42. That the Committee, at page 64 of the Report, holds that the alternatives in the amended Explanation are “disjunctive, not cumulative,” that the Municipal Corporation limb is independently satisfied by the inclusion of the entire Municipal Corporation of Gurugram, and that a licence may thereafter be sought for a larger contiguous area beyond that qualifying minimum, the Municipal Committees constituting Nuh being treated as merely describing the “administrative composition” of such additional area rather than as an independent qualifying category. In support of this construction, the Committee places reliance upon the Ld. MERC's Order dated 14.08.2014 in Case No. 90 of 2014, and upon a legal opinion of Dr. Justice D.Y. Chandrachud, former Chief Justice of India, placed on

record by the Petitioner and said to be “to the same effect.” It is respectfully submitted that neither authority can bear the weight placed upon it. The MERC Order of 2014 necessarily construed the Explanation as it then stood, which recognised a Municipal Council, a Municipal Corporation, or a revenue district as alternative qualifying categories, without the word “either” and without the three-way structure — Municipal Corporation, or three adjoining revenue districts, or a smaller notified area — introduced for the first time by the 2022 Amendment; an order that could not have construed, and did not purport to construe, that later language cannot be treated as authority for how it is to be read. It is further submitted that, even taken on its own terms, the MERC Order concerned an application covering, on the Committee's own recital, most of the area of the Municipal Corporation of Greater Mumbai together with the entire area of the Mira-Bhayandar Municipal Corporation — that is, two Municipal Corporations — and furnishes no support for extending a licence from a single qualifying Corporation into an entire second revenue district composed exclusively of Municipal Committees of a materially different rural and agricultural character. As to the legal opinion, it is submitted that an opinion procured by the Petitioner for the purposes of these proceedings is not a judgment of any court or tribunal, is not binding upon the Hon'ble Commission, and cannot be treated as authoritative merely by reason of the eminence of its author; if it is to be relied upon at all, elementary fairness requires that the Answering Respondents be afforded a like opportunity to place a contrary opinion on record. The Committee's analysis also fails to account for the word “either” introduced into the amended Explanation, as is evident from a comparison of the pre- and post-amendment provisions set out below:-

Explanation Before the 2022 Amendment	**Explanation Post 2022 Amendment**
Explanation. -For the grant of a licence for distribution of electricity within the same area in terms of sixth proviso to section 14 of the Act, the area falling within a Municipal Council or a Municipal Corporation as defined in the article 243-Q of the Constitution of India or a revenue district shall be the minimum area of supply.	*“Explanation. - For the purposes of this sub-rule, it is hereby clarified that for grant of a licence for distribution of electricity within the same area in terms of sixth proviso to section 14 of the Act, the entire area covering* ***either*** *a* ***Municipal Corporation*** *as defined in article 243Q of the Constitution* ***or*** *three adjoining revenue districts,* ***or*** *a smaller area as may be notified by the Appropriate Government shall be the minimum area of supply."*

It is submitted that the word "either," introduced for the first time by the 2022 Amendment, reflects that the legislature, it its wisdom amended the qualifying categories to only two: (a) a Municipal Corporation, or (b) three adjoining revenue districts. On a plain reading of

the amended Explanation, the Petitioner is required to demonstrate an area of supply comprising, in its entirety, a Municipal Corporation in order to satisfy the statutory requirement. It cannot seek to satisfy this requirement by relying upon Municipal Committees, such as those constituting Nuh, namely Ferozepur Zirka, Nuh, Taoru and Punhana, which stand expressly excluded.

21.43. That the Committee's construction — that the minimum area prescribed by the Explanation is a floor which, once crossed through compliance with a single qualifying category, permits the licence to be extended into any amount of additional, non-qualifying territory of the applicant's own choosing — cannot be reconciled with the object of the provision. The Committee itself records, in setting out the objectives to be harmonised in construing the Explanation, that it exists, among other things, to prevent “fragmented or selective licensing” and to preserve the Universal Service Obligation. It is submitted that a construction under which an applicant may satisfy the statutory minimum through a single compliant Municipal Corporation and thereafter append an entire further revenue district comprising only Municipal Committees — themselves independently insufficient under either limb of the Explanation — reduces the minimum-area requirement to a formality capable of being satisfied by a nucleus of any size, however small in relation to the licence area as a whole, with the remainder left entirely to the applicant's unconstrained choice. Such a construction does not prevent fragmented or selective licensing; it facilitates it, since the additional area, being subject to no independent qualifying test of its own, may be chosen precisely because it is convenient to include on paper while remaining capable, in substance, of being served last, least, or not at all.

21.44. That the Committee's finding, at page 65 of the Report, that the inclusion of Nuh's predominantly rural and subsidised consumer base materially negates the allegation of cherry-picking and affirmatively supports the objective of preventing selective licensing, does not survive scrutiny once regard is had to the Petitioner's own CAPEX allocation, already detailed hereinabove: of the Petitioner's total proposed capital expenditure of Rs. 4,716.73 Crore, only Rs. 304.37 Crore — approximately 6.5% — is allocated to Nuh, with a single 33/11 kV substation proposed there as against twelve existing or proposed 33/11 kV substations of the Answering Respondents in that area alone. It is submitted that cherry-picking is not answered by the mere textual or cartographic inclusion of an unremunerative area within the proposed area of supply; it is answered, if at all, by where the applicant actually proposes to commit capital and build infrastructure. On that touchstone, the Petitioner's own figures demonstrate that the inclusion of Nuh is nominal rather than substantive, and the Committee's finding to the contrary, resting as it does on the fact of inclusion alone without regard to the CAPEX allocation, cannot be sustained.

21.45. That, without prejudice to and independently of the foregoing, it is further submitted that even accepting, for the sake of argument, the Committee's finding that the Municipal Corporation limb independently and sufficiently qualifies so much of the proposed licence area as lies within Gurugram, the Nuh portion of the proposed licence area does not itself satisfy any limb of the Explanation, and is not rendered compliant merely by being appended to an already-qualifying Corporation. Nuh, considered independently, is a single revenue district; it does not contain a Municipal Corporation, and it does not constitute “three adjoining revenue districts” under the second limb of the Explanation, that limb requiring three such districts and not one. The present Petition, as reflected in its own title and cause-title, itself seeks a Distribution Licence for only two revenue districts — Gurugram and Nuh — confirming that neither Gurugram and Nuh together, nor Nuh alone, can satisfy the three-districts limb. The Committee's own “disjunctive, not cumulative” construction, even if correct, at most permits an applicant to rely on any one qualifying limb for the area it seeks to cover; it does not permit an applicant to qualify one part of its proposed area under one limb and then include a second, entirely separate part that qualifies under no limb at all, merely by re-designating that second part as “additional area.” For the reasons already submitted, such a construction reduces the minimum-area safeguard to a formality and ought not to be accepted. Accordingly, even assuming, without admitting, that the Municipal Corporation of Gurugram were held to independently satisfy the Explanation, the inclusion of the Nuh revenue district — comprising exclusively Municipal Committees, and constituting only one, not three, adjoining revenue districts — remains impermissible, and the Petition is liable to be rejected on this independent ground as well.

21.46. That attention of the Hon’ble Commission is also brought towards the capital expenditure actually allocated to Nuh District under the Petitioner's own Business Plan i.e. approximately Rs. 304.37 Crore out of a total proposed capital expenditure of Rs. 4,716.73 Crore, is disproportionately low relative to the demographic weight and service backlog of the district, and is indicative of cherry-picking of a profitable, high-revenue geography rather than a bona fide area-wide rollout, contrary to the object of Clause 5.4.7 of the National Electricity Policy, 2005 underlying the minimum-area safeguard. The Petitioner throughout its petition/ application has not made any reference to the service in the rural areas of the State of Haryana. Omitting any reference to the rural areas of the State of Haryana itself shows the intent of the Petitioner to serve only the profit making areas.

21.47. That the Committee at Page No. 64 has opined that- *“The inclusion of the entirety of Nuh, with its predominantly rural and subsidised consumer base, materially negates the allegation that the Applicant has confined its proposal to commercially remunerative*

consumers, and affirmatively supports the legislative objective of preventing "cherry-picking" while reinforcing the Universal Service Obligation across a balanced consumer profile." However, such a conclusion drawn by the Committee is completely wrong and based on selective reading of the petition. It is submitted that the mere inclusion of Nuh, as a geographical label, within the Petitioner's proposed area of supply does not by itself negate the allegation of cherry-picking, what is determinative is the actual capital investment proposed to be committed to that area, and it is here that the Petitioner's true intent stands exposed. It is submitted that the Petitioner's own CAPEX plan reveals a starkly disproportionate and negligible allocation of investment towards Nuh, as compared to the allocation proposed for the commercially remunerative, urban consumer base of Gurugram. The inclusion of Nuh on paper, unaccompanied by any meaningful commitment of capital or infrastructure investment, is itself the clearest form of cherry-picking. It is submitted that cherry-picking is not to be tested by whether an unprofitable area finds mention in the area of supply, but by where the Petitioner actually proposes to invest and build infrastructure; and on that touchstone, the CAPEX plan itself demonstrates that Nuh has been included only in name, while the Petitioner continues, in substance, to confine its real commercial commitment to the profitable areas alone. The Committee's finding, having failed to examine the CAPEX allocation and having proceeded merely on the basis of the geographical description of the area of supply, is therefore unsustainable and liable to be rejected.

21.48. That the Petitioner cannot be permitted to describe the extent of its proposed area of supply differently according to which objection is sought to be met. To answer the objection of cherry-picking, the Petitioner asserts that its proposed area of supply is the whole of the Gurugram and Nuh revenue districts, including areas of no particular commercial attraction. To answer the objection on capital adequacy, the Petitioner's own computation proceeds only upon a modest, phased, five-year build-out serving a fraction of that area. It is submitted that both positions cannot simultaneously hold good. If the area of supply is genuinely the whole of both districts, the capital investment required to discharge the Section 43 obligation across that entire area, and not the Petitioner's own truncated five-year proposal, is the figure against which capital adequacy falls to be tested. If, on the other hand, the true extent of the Petitioner's present commitment is the phased build-out relied upon to compute capital adequacy, the assertion that the entire area is genuinely proposed to be served loses its foundation, and the objection of cherry-picking is not met merely by the inclusion of Nuh on paper.

SUBMISSIONS QUA THE PETITIONER BEING A NEWLY INCORPORATED ENTITY, DEVOID OF ANY EXPERIENCE OF ITS OWN:

21.49. That the Answering Respondents had also raised the objection that Rules, 2005 itself presupposes that the entity applying for distribution licence should have been in existence from last three years. The relevant provisions of the Rules, 2005 are reproduced below:

*"3. **Requirement of capital adequacy and creditworthiness.-***

…. ….

*(2) The applicant for grant of licence shall be required to satisfy the Appropriate Commission that on a norm of 30% equity on cost of investment as determined under sub-rule (1), he including the promoters, in case the applicant is a company, would be in a position to make available resources for such equity of the project on the basis of the net worth and generation of internal resources of his business including of promoters in the **preceding three years** after excluding his other committed investments.*

… … …

***4. Requirement of Code of Conduct.-** The applicant for grant of licence shall satisfy the Appropriate Commission that he has not been found guilty or has not been disqualified under any of the following provisions **within the last three years** from the date of application for the grant of licence:*

… … …"

However, the Committee has, at paragraph 6.23 of the Report, accepted undertakings from the holding entity, SAS Fininvest LLP, and from the consortium partners, as satisfying the requirement of Rule 4 of the Rules, 2005, in addition to the Applicant's own undertaking. It is submitted that this approach cannot be reconciled with the plain text of Rule 4, which speaks solely and exclusively of "the applicant" and contains no reference whatsoever to promoters, holding entities or consortium partners. The legislature, having expressly extended Rule 3(2) to "the applicant... including the promoters," and having consciously omitted any such extension from Rule 4, must be taken to have intended that compliance with Rule 4 be demonstrated by the applicant alone. By accepting undertakings furnished by third parties — the holding entity and the consortium partners, neither of whom is an applicant for the licence — as satisfying a requirement that Rule 4 casts upon "the applicant" alone, the Committee has extended Rule 4 beyond its text in the very manner it declined to do, on a correct reading, in respect of Rule 3(2). It is submitted that the Petitioner, being an entity incorporated only in June 2025, cannot demonstrate compliance with Rule 4 by borrowing the code-of-conduct credentials of entities that are not applicants before the Hon'ble Commission, and the Committee's finding of compliance with Rule 4, resting as it does on such borrowed undertakings, is accordingly unsustainable.

21.50. That during the course of hearing before the Committee, the Committee had also made reference to the Regulation 4(I)(g)(II) of the Haryana Electricity Regulatory Commission

(Transmission and Distribution Licensing) Regulations, 2004 wherein it has been stated that the applicant shall provide- *"a copy of audited Annual Accounts for the last three years or for the period incorporated or registered, if less than three years."* However, attention of the Hon'ble Commission is brought towards the decision of the Hon'ble Apex Court in ***M/s Sundew Properties Limited v. Telangana State Electricity Regulatory Commission***[2024 INSC 439] wherein the Hon'ble Apex Court has held that- *"33 … … Section 181 of the Electricity Act confers power on the State Commissions to make Regulations but such regulations too must be consistent with the provisions of the primary enactment and the rules framed thereunder generally."* Reliance is also placed on the decision in the case of ***PTC India Ltd. v. Central Electricity Regulatory Commission***, [(2010) 4 SCC 603]. As such, the intention behind the Rules, 2005 is liable to be looked into. The Regulations, 2004 enacted by the Hon'ble Commission are supplemental to the Rules and cannot be stated to over-ride the intent of the Rules, 2005.

21.51. That the Petitioner having been incorporated only in June 2025 is not entitled to grant of a parallel distribution licence on the strength of its promoter's history alone. It is submitted that Petitioner was, until shortly before the Petition, incorporated as "*Veyora Infra Private Limited*", with its stated object being the carrying on of real estate activities; it was renamed and its objects amended to carry out the business of electricity distribution only thereafter. The Committee has rejected the Answering Respondents' objection on this count, holding at page 65 of the Report that *"a change of name and of objects effected in accordance with the Companies Act, 2013 is lawful."*

The Answering Respondents had never disputed that a change of name and objects is, procedurally, lawful under the Companies Act, 2013. The Committee has completely misconstrued the objection raised by the Answering Respondents and has proceeded to answer a question that was never posed. The Answering Respondents had instead raised substantive concerns- namely, the complete absence of any knowledge, experience, or domain expertise in the electricity distribution sector on the part of the Petitioner itself. The very fact that the Petitioner was originally incorporated, and continued to operate, as a real estate company and was converted into a purported electricity distribution entity only shortly before filing the present Petition, is itself proof that the Petitioner, as an entity, possesses no experience whatsoever of the distribution business. The formal legality of the name and object change does nothing to answer this concern. It is further submitted that the timing and circumstances of this conversion i.e. a real-estate vehicle, hastily converted into an electricity distribution Petitioner shortly before the filing of the Petition, with the entirety of its case for capital adequacy and creditworthiness built not on its own track record but on its promoter's financial strength in fields wholly unrelated to power distribution, go directly to the question of whether the Petitioner is a genuine, prepared,

and capable distribution licensee, or merely a vehicle of convenience assembled for the limited purpose of prosecuting the present Petition. This is a live and substantive concern that goes to the very root of the Petitioner's eligibility and preparedness to undertake the responsibilities of a distribution licensee. The Committee, by confining its finding to the formal legality of the corporate change alone, has failed to deal with this substantive concerns raised by the Answering Respondents.

SUBMISSIONS QUA THE MEMORANDUM OF UNDERSTANDING RELIED UPON BY THE PETITIONER, AND THE RELIANCE SOUGHT TO BE PLACED BY THE PETITIONER ON THE EXPERIENCE OF ITS CONSORTIUM PARTNERS:

21.52. That, at the time of filing of the Petition, an unsigned MoU was placed on record by the Petitioner. Thereafter, a signed copy of the MoU was submitted along with the Petitioner's additional submissions dated 03.07.2026. The Petitioner, at para 14 of the said submissions dated 03.07.2026, has, in a rather casual and cavalier manner, stated that *"the Petitioner has inadvertently annexed an unsigned copy of the Memorandum of Understanding executed between the consortium members as Enclosure 3 of the Petition,"* and proceeded to annex a signed copy in its place. Subsequently, after constitution of the Committee, an Addendum to the MoU was placed on record along with submissions dated 30.07.2026.

21.53. That firstly, the said addendum has been created post the proceedings in the matter. Secondly, it is obvious, therefore that the disposition contained in the present document was never part of the original agreement between the parties. Thirdly, it is also obvious that the terms of the current document have been made up to answer an objection/concern raised during the proceedings. Therefore, such supplemental agreement between the parties is therefore not for a valid consideration but created only to portray a front which the petitioner wants to portray before this Hon'ble Commission. It therefore does not represent a genuine meeting of minds between the parties to the document titled an 'addendum' but only a sham understanding designed for a particular purpose of furthering its interests in prosecuting a proceeding. It is thus void-ab-initio.

The Answering Respondents respectfully submit that a self-certified continuity mechanism, controlled unilaterally by the Petitioner, cannot be treated as a substitute for a binding mechanism ensuring uninterrupted discharge of licensee obligations. This unresolved deficiency in institutional readiness, left unaddressed even after the Addendum, is itself a further and independent ground warranting rejection of the Petition in its entirety. The very fact that the Consortium MoU has been amended with such apparent ease, within days of the Respondents pointing out its deficiencies, is itself telling, and reinforces rather than dispels the Respondents' apprehension that the MoU is not a document of substance but a formality dressed up to persuade this Hon'ble Commission

that the consortium partners are firmly committed to the venture. If the consortium partners' commitment were genuine, the natural and expected course would have been for a Special Purpose Vehicle, to itself apply for grant of the parallel distribution licence. However, it is the Petitioner alone that has applied for the Licence, relying on an inter se MoU with third parties who owe no direct, enforceable obligation to this Hon'ble Commission, to the Respondents, or to consumers within the proposed area of supply. This structure suggests that the MoU serves principally to enable the Petitioner to borrow the experience and financial credentials of its consortium partners for the limited purpose of satisfying Rule 3(2) of the Rules, 2005.

It may also be noted that the name of the authorised signatory of one of the purported consortium partners, namely HEX Infra Projects, does not even find mention in the MoU, as is evident at page 155 of the additional submissions dated 03.07.2026.

21.54. That attention of the Hon'ble Commission is brought towards para A8 of Schedule A, wherein the Committee has recommended *"furnishing of a legally enforceable Consortium Agreement and of details of Key Managerial Personnel on the Applicant's rolls,"* to be furnished after grant of licence but before commencement of operations. It is submitted that the MoU relied upon by the Petitioner cannot, by any stretch, be termed "legally enforceable" in the sense contemplated. It is not a document capable of enforcement by way of specific performance under the Specific Relief Act, 1963, and the only remedy available to an aggrieved party under such a MoU, in the event of breach by another consortium member, is a claim for damages. This position stands fortified by the Committee's own finding at Page No. 111 of the Report, which records *"provision for forfeiture of non-lead members' security deposit of Rs. 5 Crore (Rupees Five Crore)"* as the consequence of breach. It is submitted that this only confirms that, in the event any experienced consortium partner walks away or commits breach, the Petitioner would be left with nothing more than a monetary claim of Rs. 5 Crore and, more critically, without the very experienced constituent member whose experience was being relied upon in the first place to satisfy the eligibility criteria. The question, therefore, arises: what is the value *of "consortium experience"* for the purposes of eligibility, when the Consortium is not the Applicant and when a breach leaves the Petitioner with mere damages and shorn of the experienced member altogether. This is precisely the reason that Part-II of Form I annexed to the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulation, 2004 requires that each of the constituents of a Joint Venture or Consortium must satisfy the requirements of ‘Prior Experience’ and sufficient managerial capability. This is a case where the applicant is neither a Joint Venture nor a consortium, has absolutely no prior experience by itself nor any managerial or other expertise itself but is borrowing everything from its so-called MoU Partners who are not

Applicants. In such circumstances, it is respectfully submitted that the experience of these third parties could not have been looked into, or relied upon, for the purpose of assessing the Petitioner's own eligibility at all.

21.55. That the Committee, at paragraph 8.12(vi) of the Report, has itself recorded that "a legally enforceable and binding agreement amongst the consortium members is required to be executed substituting the binding MoU," and has accordingly recommended, at paragraph 8.13 (i), that the Applicant furnish a legally enforceable Consortium Agreement after grant of licence but before commencement of operations. It is submitted that this finding is a direct and complete admission by the Committee that the Consortium MoU presently on record — which the Petitioner has consistently described as a "binding" document conferring institutional capability upon it — is not, in fact, legally enforceable, and requires to be substituted by an altogether different, legally enforceable agreement before the Applicant can be treated as possessing the institutional capability it claims. It is submitted that an eligibility criterion said to be satisfied today by a document that the Committee itself finds must be replaced by a different, legally enforceable instrument before operations commence, cannot be treated as satisfied today at all; the admitted inadequacy of the MoU goes to the very eligibility sought to be demonstrated, and cannot be cured by deferring execution of a proper agreement to a stage after the licence has already been granted.

21.56. That without prejudice to the foregoing, and even assuming (though not admitting) that reliance on the experience of consortium partners was permissible, it is submitted that if the Petitioner is relying solely upon the experience of its consortium partners today, the logical corollary is that all future execution of work would also have to be carried out only through these very partners. It is submitted that upon grant of a distribution licence, the Petitioner would be discharging functions of public importance, and would accordingly be obligated to get work executed only after conducting a fair, transparent, and competitive bidding process. It could not simply hand over execution to its consortium partners as a matter of course. It is a matter of record that the Answering Respondents themselves get certain works executed through contractors, however, this is done purely for the administrative convenience of the Nigam concerned, while the Answering Respondents themselves remain fully eligible, competent, and experienced to execute such works on their own, should they choose to do so. The Answering Respondents' engagement of contractors is thus a matter of choice exercised from a position of established capability, it is not, and cannot be, a substitute for capability that they themselves lack. The Petitioner, by contrast, is admittedly inexperienced in its own right, and cannot seek to get contracts executed through third parties when it is not itself eligible or experienced to execute, or even supervise, such works independently. It is respectfully submitted that

engaging a contractor for one's own convenience, while remaining fully capable oneself, is an entirely different matter from using a third party's experience as a curtain to conceal one's own incapability. In other words, the Petitioner's own incapability cannot be transferred onto, or concealed behind, its consortium partners, nor can the Petitioner take the benefit of an unenforceable MoU to manufacture an eligibility that it does not, in fact, possess in its own right.

21.57. That lastly, it is submitted that the Committee, at page 114, last row and last column of the table, has recorded that *"the Applicant shall demonstrate the organisational framework before commencement of operations."* It is submitted that this finding is contrary to the scheme of the Regulations, 2004 itself. Form II appended to the Regulations, 2004 makes it clear that managerial and organisational capability is a matter to be demonstrated and examined before grant of licence, and not deferred to a stage after grant of licence but before commencement of operations. By permitting the Petitioner to demonstrate its organisational framework only at some undefined future stage after grant of licence, the Committee has effectively diluted a pre-grant eligibility requirement into a post-grant compliance formality, contrary to the express scheme of Form II of the Regulations, 2004.

SUBMISSIONS W.R.T. STRANDED CAPACITY AND FIXED COST UNDER-RECOVERY OF THE ANSWERING RESPONDENTS/ EXISTING DISCOMS:

21.58. That, at Page No. 136 of the report, it has been recorded that- *"The larger component of the Applicant's sales is its share of incremental new demand in the licence area (25% rising to 40% of incremental sales), which represents load DHBVNL has not yet contracted firm capacity to serve; capture of future growth by a competitor may affect the Incumbent's expansion planning, but planned capacity yet to be committed can be re-phased and is not, in any meaningful sense, stranded,"*. Such an observation of the Committee is factually and legally incorrect, and is liable to be rejected. Capacity planning for a distribution licensee is undertaken well in advance and calibrated to projected demand growth within its area of supply. The mere fact that firm capacity has not yet been "contracted" for incremental demand does not mean that such capacity has not been planned, tied up in principle, or factored into the Incumbent's long-term resource planning. To hold that only already-contracted capacity can ever be "stranded," while all planned-but-not-yet-committed capacity can simply be costless "re-phased," ignores the practical and financial realities of power sector planning, including the lead times, financial commitments, and fixed costs already sunk into planning such capacity. The Committee's finding, in effect, permits the entirety of the Incumbent's future planning to be disregarded on the mere technicality that formal contracts had not yet been signed, notwithstanding that the demand and the planning for it were real and imminent.

21.59. That the Committee's at Page No. 137 of the Report has stated that- "*The magnitudes are modest and gradual against the Incumbent's own portfolio flexibility. The licence area constitutes about 20% of the State requirement; the Applicant's entire sales reach only 3. 75% of licence-area sales in FY 2027- 28 and 15.21 % by FY 2030-31 - of the order of 0.75% rising to about 3% of State-level sales and the migrated component is smaller still."* In this regard, it is submitted that on the Petitioner's own projections, as relied upon by the Committee, the Petitioner itself admits and proposes to serve only 3.75% of licence-area sales in the initial year. If this (3.75% only) is indeed the extent of the Petitioner's own stated ambition and capacity, the very purpose and content of the Universal Service Obligation stands defeated at the threshold. A licensee cannot, under law, restrict the extent to which it will serve consumers within its licenced area of supply on the basis of its own convenient, self-serving projections. It is submitted that if the number of consumers seeking connection through the Petitioner exceeds the Petitioner's own projected figures, the Petitioner would nonetheless be bound, under the Section 43 of the Act, 2003 to supply electricity to each and every such consumer and cannot refuse connection merely because actual demand has outstripped its own presumed projections. As have been detailed above, it is for this very reason Rule 3 of the Rules, 2005 states that the capital adequacy requirement is required to be decided on the basis of the "size" of the area of supply, and not to any self-serving - projected consumer migration/ projected sales. The Petitioner must demonstrate the capability to serve every consumer within its proposed area of supply, including in the contingency that <u>all consumers</u> choose to migrate to it. The selective percentage of the Petitioner itself demonstrative of the Petitioner has selectively targeted only certain profitable pockets within its proposed area. The same is a classic and textbook instance of cherry-picking.

21.60. That the Committee has further stated that- *"The fixed-cost stranding pleaded would materialise only after this buffer is exhausted, and the gradual ramp gives HPPC a multi-year window to re-optimise the State portfolio through reallocation among the State distribution licensees, market sale of surplus energy, banking arrangements and re-phasing of planned capacity additions."* It is further submitted that such a finding of the Committee is once again incorrect. It is submitted that the Answering Respondents capacity and power procurement planning is not confined to any short-term "buffer" or window capable of being absorbed through reallocation or market sale alone. Such planning necessarily includes long-term, fixed, base-load capacity tied up through long-term Power Purchase Agreements, committed for periods extending well beyond any short-term "multi-year window" contemplated by the Committee. It is submitted that the Committee has failed to address what would happen to the Answering Respondents' stranded base-load capacity/ capacity that has been contracted for the long term, and

which cannot simply be "re-optimised" away through banking arrangements or market sale.

21.61. That attention of the Hon'ble Commission is also brought towards the finding of the Committee at Page No. 137, wherein it has been stated- *"As a matter of law, the Sixth Proviso to Section 14 precludes refusal of a parallel licence application on the ground that a licensee already exists in the area; Parliament thereby accepted that regulated competition entails consumer migration and its commercial consequences for the incumbent. Those consequences are to be addressed in the tariff jurisdiction-through prudence review, true-up and, where warranted, appropriate treatment of demonstrated stranded costs in the Incumbent's ARR proceedings - and not by denying the licence."* It is further submitted that the finding of the Committee fails to appreciate the true nature of the objection raised by the Answering Respondents. It is submitted that any "commercial consequence" to the Incumbent, or its "appropriate treatment" in the ARR of the Incumbent, does not remain confined to the Incumbent alone. Such stranded costs, fixed cost under-recovery, and consequent tariff impact would, in the ordinary course, necessarily be passed through to, and borne by, the remaining consumers of the Answering Respondents through the tariff-determination process. It is submitted that the Committee's approach proceeds on the flawed premise that this is a matter of purely inter se commercial consequence between the Incumbent and a competing licensee, whereas in truth it is a matter with direct and substantial public interest ramifications, affecting the ordinary consumers of the Answering Respondents who had no role whatsoever in the grant of a parallel licence and who would nonetheless be made to bear its financial fallout.

21.62. That, further and independent of the stranded-cost and cross-subsidy consequences set out above, it is submitted that while the Committee, at paragraphs 12.14 and 12.19(C) of the Report, has recommended that undisputed arrears attaching to a premises be cleared as a condition of migration, and that disputed dues be secured by bank guarantee pending adjudication, with the outgoing licensee's right to pursue recovery surviving migration, these safeguards remain wholly contingent and inchoate. It is submitted that the Committee's own recommendation at paragraph 12.20 is that these matters be embodied as conditions of licence "if the licence is granted," and that compliance be with "the Consumer Migration Framework as notified and amended" — a framework which, on the Committee's own showing, does not yet exist and remains to be separately formulated and notified after grant. It is submitted that this repeats, in the specific context of arrears recovery, the very infirmity already pleaded hereinabove with respect to Schedule A generally: a safeguard that depends on a framework yet to be notified, and on conditions of licence yet to be imposed after the licence has already taken legal effect, is not a substitute for a condition precedent to grant, and the Petitioner ought to be required to

demonstrate, before any licence is granted, that it will be bound by protections of this nature from the very first consumer it connects, and not from whenever a framework is subsequently notified. It is further submitted that the Committee's own finding at paragraph 12.19(F), that in respect of switch-over consumers “a mechanism specific to recovery of cross subsidy, loss or stranded cost arising from inter-licensee consumer migration presently does not exist under the Act, 2003 as well as the HERC Regulations,” and that this gap is “however capable of being addressed in ARR and True Up exercise, once the parallel licence is operationalised,” is itself an admission that a material financial safeguard remains unresolved and is deferred to a stage after the parallel licence has already become operational. It is submitted that a recognised regulatory gap of this nature, going directly to recovery of stranded cost and cross-subsidy loss attributable to migrating consumers, cannot be treated as capable of correction after the fact through a future ARR and True-Up exercise; it is a matter that ought to be resolved, and an enforceable mechanism put in place, as a condition precedent to grant of the licence, and not left as an admitted lacuna to be addressed only after the event.

21.63. That it is further submitted that the Committee's own Table 17.1 of “Residual and Cross-Cutting Issues” confirms the gravity of this admission. Of the five residual issues there identified, four are there classified as matters of administrative consolidation, capable of being resolved by drawing together reporting or conditions already recommended elsewhere in the Report. The fifth — described as the “absence of impact of migration”, referable to Chapter 13 — is treated differently in kind: the Committee records that it “arises because the record has disclosed a gap in the regulatory framework of the State which the present proceedings are not the appropriate vehicle to fill,” and proposes as the only course a “separate regulatory proceeding, at the Commission's discretion.” It is submitted that a threshold eligibility requirement cannot be treated as satisfied where the very report recommending grant classifies the mechanism for recovering the financial consequences of that grant as a gap which these proceedings cannot fill, and defers its resolution to a wholly discretionary future proceeding that may or may not ever be initiated. Such a recommendation, on its own terms, leaves the financial safeguards necessary to protect the Answering Respondents' consumers entirely unresolved, and cannot be reconciled with the settled principle, already noticed hereinabove, that capital adequacy and creditworthiness are conditions precedent to grant and not matters to be addressed after the event.

SUBMISSIONS QUA THE ASYMMETRIC PROCEDURE ADOPTED BY THE COMMITTEE, AMOUNTING TO PRE-DETERMINATION:

21.64. That it is further submitted that, insofar as the Committee's observation that *"the methodology underlying the Rs. 121.69-604.34 Crore estimate has not been placed before the Committee in verifiable detail, and appears to attribute to migration the whole of the Applicant's projected sales rather than the switched-over component alone"* is concerned, the said observation itself betrays the one-sided approach adopted by the Committee in the conduct of these proceedings. It is submitted that the Committee, of its own accord, called for and examined numerous documents and clarifications with the evident intent of filling in the lacunae in the Petitioner's own case, yet did not deem it fit or necessary to call for a similar clarification, or even a simple calculation, from the Answering Respondents before proceeding to discard their estimate on the ground of insufficient detail. It is submitted that the said methodology, together with the underlying computation and basis of the estimate of Rs. 121.69-604.34 Crore, is in fact enclosed herewith as Annexure R-B. It is submitted that the estimate of stranded/fixed-cost under-recovery, being a matter of substance going to the core of the public interest concern raised by the Answering Respondents, could not have been discarded merely on the ground that the underlying calculations were not placed before the Committee, particularly when the Committee never called upon the Answering Respondents to furnish the same in the first place.

THE REPORT DOES NOT CORRECTLY ADDRESS UNIVERSAL SERVICE OBLIGATION

21.65. That the Report records under ToR 3.6 that phased development of a network is not per se inconsistent with the universal service obligation, but that *"the lawfulness of phasing does not, however, establish that a particular phasing plan is non-discriminatory in its sequencing,"* and further records, in terms, that the two-year deferral of investment in Gurugram City *"is not fully answered on the present record"* and requires *"targeted clarification during the approval of Business Plan following the issue of Licence, if granted."* The Answering Respondents object to this treatment of an admitted, unresolved deficiency as a matter to be clarified after the licence has already taken legal effect. The universal service obligation under Sections 42 and 43 of the Act, 2003 is a pre-condition to the grant of a licence and not a matter to be verified after the fact; once granted, a licence cannot practicably be undone merely because a deferred clarification later proves unsatisfactory.

21.66. That the Petitioner's own Business Plan discloses that transformer capacity proposed for Gurugram aggregates only approximately 1,512 MVA against an existing circle load exceeding 2,300 MW, while for Nuh the Petitioner proposes only a single 33/11 kV substation with two 12.5 MVA transformers, against 12 existing/proposed 33/11 kV

substations of DHBVNL in that area alone. The Petitioner's own submission that *"Universal Service Obligation will be declared on completion of the laying of the distribution network"* confirms that USO compliance is deferred rather than area-wide from inception, directly contrary to Section 43 of the Act, 2003.

21.67. That the Report does not deal with the Petitioner's proposal, at Sectors 65, 69, 85, 95, 99 and 107 of Gurugram, to construct 12 conventional 33/11 kV Distribution Substations, squarely within the 33 kV Pilot Project Belt notified by this Hon'ble Commission on 27.09.2023, which mandates a 220/33/0.4 kV architecture eliminating intermediate 11 kV networks, and where more than Rs. 1,000 Crore has already been invested under the Smart City Project. The Committee instead has sought- *"A10 Independent verification of compliance with the notified Pilot Project Belt architecture in any Pilot Project Belt sector."* before the commencement of supply instead of before the grant of licence.

21.68. That the Committee's attempt to distinguish this Hon'ble Commission's own order in India Power Corporation Limited, HERC/PRO-08 of 2014, does not survive scrutiny either. The Committee has distinguished India Power on the footing that the Petitioner's Phase-1 build-out covers around 79% of the total consumer base of the licence area, as against India Power's proposal to serve only 41% of the projected Gurgaon Municipal Corporation load by the sixth year of its plan. The two figures are not measuring the same thing and are not comparable. India Power's 41% was a measure of load actually proposed to be served. The Petitioner's 79% is merely the consumer base of the divisions in which some infrastructure is placed in Phase 1, which is an altogether different measure, since placing a substation and a few feeders within a division does not mean that division's consumers stand served. On the Petitioner's own figures, elsewhere relied upon by the Committee, only 3.75% of licence-area sales will in fact be served in the first year, rising to 15.21% by the fifth. It is submitted that on the correct comparator, being the proportion of load actually proposed to be served rather than the consumer base of divisions merely touched by Phase-1 infrastructure, the Petitioner's own case falls well below the very figure that led to the rejection of India Power, and the Committee's distinguishing of that precedent on the 79% figure cannot be sustained.

SUBMISSIONS QUA THE IMPACT ON CROSS-SUBSIDY:

21.69. That the Report observes, under ToR 3.7, that there exists *"a genuine regulatory lacuna in the* recovery *of cross-subsidy contribution and stranded fixed cost referable to"* switch-over consumers, but characterises this, without more, as *"a consequence of the statutory scheme and not a ground for refusal."* The Answering Respondents object to this characterisation. The area proposed to be licenced to the Petitioner is DHBVNL's single most valuable territory, contributing 35.23% of its total sales and 42.98% of its total

revenue of Rs. 9,493.75 Crore for FY 2025-26, and the Petitioner's own Business Plan confirms that migration is expected predominantly from high-paying HT and Commercial & Industrial consumers, leaving rural, agricultural and low-density consumers to DHBVNL. These very HT and LT Supply consumers presently pay a positive cross-subsidy of Rs. 1.17/kWh and Rs. 1.06/kWh respectively, which underwrites the negative cross-subsidy of Rs. 0.90/kWh and Rs. 0.92/kWh charged to domestic and agricultural consumers. Migration of precisely this cross-subsidising consumer base would directly erode that balance, to the detriment of DHBVNL's remaining domestic and agricultural consumers.

21.70. That it is further submitted that the “genuine regulatory lacuna” acknowledged by the Committee is, on a proper reading of the statute, not a mere gap capable of being addressed in the ordinary course of tariff jurisdiction, but a structural and presently unrecoverable loss. It is submitted that a consumer who avails open access under Section 42(2) and Section 42(4) of the Act, 2003 remains liable to pay cross-subsidy surcharge and, where applicable, additional surcharge, precisely so that the burden of cross-subsidy and stranded cost is not shifted onto the incumbent's remaining consumers. No corresponding provision exists in the Act, 2003 or the Rules, 2005 for recovery of cross-subsidy surcharge or additional surcharge from a consumer who migrates to a second distribution licensee under the sixth proviso to Section 14. It is submitted that this statutory contrast is deliberate and not accidental, and demonstrates that the loss occasioned to the Answering Respondents and their remaining consumers by reason of such migration is not merely a matter capable of correction through the tariff-determination process, as the Committee has characterised it, but a loss that presently has no statutory mechanism of recovery at all, and is, on that account, a matter going to the public interest and not merely to the private commercial interest of the Answering Respondents.

21.71. That, without prejudice to the foregoing, the Answering Respondents further submit that the sixth proviso to Section 14 of the Act, 2003 permits a second licensee to distribute electricity in the same area only through its own distribution system. The Hon'ble Supreme Court in *Municipal Corporation of Greater Mumbai (BEST Undertaking) v. MERC*, Civil Appeal No. 4223 of 2012, decided 08.05.2014, has held, at paragraph 21, that where the network of the incumbent licensee is not available to it, the second licensee *"will have to provide the electricity from its own network"* and *"will have to lay down its network if it requires in order to supply electricity to a consumer seeking supply."* It follows that a consumer, including a consumer presently supplied through a dedicated or independent feeder, may lawfully become the Petitioner's consumer only when the Petitioner's own distribution system reaches that consumer's premises, and not before. This is a statement of the statute and not a restriction on consumer choice, and is distinct from the embargo on migration which the Committee has declined to recommend at paragraph 11.12(vi) of

the Report; the Answering Respondents accordingly pray that this Hon'ble Commission clarify, as a condition of licence, that no consumer may be supplied by the Petitioner otherwise than through the Petitioner's own distribution system actually reaching that consumer's premises.

SUBMISSIONS CONCERNING HVPNL'S TRANSMISSION INTERCONNECTION, LEGACY INFRASTRUCTURE COST AND NON-CONSIDERATION OF THE 3RD AMENDMENT REGULATIONS, 2023:

21.72. That, at the outset, attention of the Hon'ble Commission is once again brought towards Schedule A, where the Committee has recommended the following conditions to be complied with:

"A3 Execution of Interconnection Agreements with HVPNL and completion of joint system studies; securing of General Network Access where applicable

A4 Completion of load-flow, short-circuit, protection coordination, voltage regulation, reactive power, contingency and system security studies

A5 Establishment of the scheduling and forecasting protocol with the SLDC

A6 Conformity of interface metering, SCADA, telemetry, communication systems and protection schemes with the applicable CEA Regulations, the Haryana Grid Code and technical standards

A10 Independent verification of compliance with the notified Pilot Project Belt architecture in any Pilot Project Belt sector."

It is submitted that the conditions set out above are <u>not</u> mere formalities capable of being satisfied at any convenient point in time, they go to the very heart of grid security, system stability, and safe interconnection of the Petitioner's proposed network with the transmission system of HVPNL. It is submitted that execution of Interconnection Agreements, completion of joint system studies, load-flow, short-circuit, protection coordination and system security studies, establishment of scheduling and forecasting protocols with the SLDC, and conformity of metering/SCADA/telemetry/protection systems with the Haryana Grid Code, are all conditions precedent to safe and secure interconnection, and cannot, consistent with grid safety and reliability, be relegated to a stage after grant of licence and left to be verified only *"before commencement of supply."* It is submitted that permitting a licensee to first be granted a licence, and only thereafter to undertake and complete these critical technical studies and compliances, exposes the entire transmission system to unacceptable risk, and inverts the correct regulatory sequence, under which system-security compliances of this nature ought to be verified and completed before, and as a condition of, grant of licence itself, and not deferred to the commencement-of-supply stage.

21.73. That it is further submitted that the Committee, at Chapter 14 of the Report, has concluded that transmission planning for a new licensee remains a continuing statutory duty of the State Transmission Utility (STU), and has proceeded to hold that the Petitioner is required to construct its own transmission network, except in cases of delay, where such network is contemplated to be subsequently handed over to HVPNL. It is submitted that this finding fails to take into account a crucial and material fact: that the transmission network already established and in existence has been created at the cost of the consumers of the existing DISCOMs, through tariffs paid by them over the years. The Committee's findings are wholly silent on this legacy cost already expended by the existing consumers, and do not address the fundamental question of whether the Petitioner can, in law or equity, be permitted to utilise this existing transmission system, created and paid for entirely at the cost of the existing DISCOMs' consumers, free of cost, or without appropriate compensation being directed to be paid by the Petitioner for the use of such legacy infrastructure.

21.74. That it is further submitted that attention of the Hon'ble Commission is invited to Table 14.1, appearing at Pages 208-209 of the Report, wherein the Committee has purported to set out the applicable statutory and regulatory framework governing transmission and interconnection. It is submitted that in doing so, the Committee has taken into account only the HERC (Duty to Supply Electricity on Request and Power to Recover Expenditure and Power to Require Security) (2nd Amendment) Regulations, 2023, while having completely overlooked the applicability of the Haryana Electricity Regulatory Commission (Duty to Supply Electricity on Request and Power to Recover Expenditure and Power to Require Security) Regulations, 2016 (3rd Amendment) Regulations, 2023, notified on 27.09.2023. It is submitted that 3rd Amendment Regulations, 2023 deals with infrastructure at the 33 kV level and above i.e. the category of transmission infrastructure that is the subject matter of HVPNL's submissions herein. The omission of the 3rd Amendment Regulations, 2023 from the Committee's analysis at Table 14.1 renders the Committee's consideration of the statutory and regulatory framework materially incomplete.

21.75. That it is relevant to reproduce Regulation 4.17.1 of the said 3rd Amendment Regulations, 2023, which reads as under:

"4.17.1 External Electrical System Development Charges (hereinafter referred to as 'EESDC'):

EESDC based on ultimate load shall be collected from the Builder/Developer(s) for requirement at 33 KV or above voltage level, by the licensees in lieu of obligation of building a substation/line/bay by any Builder/Developer(s)..."

and further, the applicable rates prescribed under Table-A thereunder, prescribing EESDC on a per-MVA basis depending on the voltage level and ultimate load, ranging from Rs. 34 Lakhs to Rs. 56 Lakhs per MVA (including cost of 33 kV substations) depending upon the voltage class of the substation involved. It is submitted that the aforesaid Regulation, being the specific and applicable regulatory framework governing recovery of costs towards infrastructure at 33 kV and above, The Committee ought to have directed that the Petitioner be liable to pay EESDC at the rates prescribed under Table-A of the 3rd Amendment Regulations, 2023, on a per-MVA basis, for the infrastructure and system capacity that the Petitioner proposes to draw upon or utilise at the 33 kV level and above. The Committee's complete omission of this specific Regulation has resulted in the entire question of legacy-cost recovery and EESDC applicability being left unaddressed.

GRANT OF A PARALLEL LICENCE REMAINS DISCRETIONARY AND IS NOT AN AUTOMATIC ENTITLEMENT; THE BENEFIT SOUGHT TO BE DERIVED FROM GRANT OF SUCH LICENCE IS NOT SUFFICIENT TO OUTWEIGH THE LOSS LIKELY TO BE CAUSED TO EXISTING CONSUMERS

21.76. That attention of the Hon'ble Commission is drawn to the following observations of the Committee itself, which confirm, in terms, that grant of a licence is not a matter of automatic entitlement flowing from bare statutory compliance, but requires the independent satisfaction of the Hon'ble Commission that such grant is consistent with the objectives of the Electricity Act, 2003 and with the larger public interest:

"... Equally, the existence of statutory eligibility does not diminish the Commission's responsibility to ensure that the grant of a licence remains consistent with the broader objectives of the Electricity Act, 2003 and the public interest." (Page 13 of the Report)

"The Committee therefore considers that the Commission's responsibility extends beyond determining formal compliance with statutory requirements. It must also be satisfied that any licence granted is capable of being implemented in a manner consistent with the objectives of the Electricity Act and the public interest." (Page 17 of the Report)

"At the same time, the absence of a statutory monopoly does not create an automatic entitlement to a licence. Every applicant continues to bear the burden of establishing compliance with the statutory requirements governing the grant of a distribution licence." (Page 21 of the Report)

"Judicial authorities consistently recognise that the exercise of licensing powers is not confined to verification of formal statutory compliance. The Commission is also required to consider whether the grant of a licence advances the objectives of the Electricity Act and serves the larger public interest. The Committee therefore considers public interest to be an integrating principle informing every aspect of the Commission's decision-making

process rather than an isolated consideration to be examined independently of the statutory framework." (Page 24 of the Report)

It is submitted that these findings of the Committee itself are fatal to the Petitioner's case, insofar as the Report, having correctly recognised at the level of principle that grant of licence is not a matter of automatic entitlement and that public interest is an integrating consideration running through the entirety of the decision-making process, has nonetheless failed to apply this very principle when it came to the specific findings recorded on capital adequacy, creditworthiness, cherry-picking, stranded costs, cross-subsidy impact, and institutional readiness of the Petitioner. The Committee has overlooked public-interest concerns in favour of a bare, formalistic finding of statutory compliance.

21.77. That it is further submitted that the Sixth Proviso to Section 14 of the Act, 2003 confers a discretionary power upon the Hon'ble Commission to grant a parallel licence, subject to satisfaction of the Capital Adequacy, Creditworthiness and Code of Conduct requirements, and provides only that a licence "shall not be refused on the ground of existence of another licensee." It is submitted that this language confirms, in unambiguous terms, that satisfaction of the additional requirements under Rules 3 and 4 does not, by itself, extinguish or fetter the Hon'ble Commission's discretion to refuse a licence on any other legitimate ground germane to the objects of the Act, 2003. The Sixth Proviso removes only one specific ground of refusal, namely, the mere existence of an incumbent licensee, and does nothing to curtail the Hon'ble Commission's wider discretion, to be exercised judicially and judiciously keeping in view the overall interest of consumers within the State of Haryana.

It is, therefore, submitted that even if it were to be assumed, without admitting, that the Petitioner has satisfied the bare statutory requirements under Rules 3 and 4 of the Rules, 2005, the grant of a parallel licence would still remain a matter squarely within the discretion of the Hon'ble Commission, to be exercised only upon independent satisfaction that such grant subserves the public interest and the objectives of the Act, 2003.

21.78. That on a conspectus of the submissions made hereinabove, the unverified and self-serving nature of the capital adequacy computation, the complete absence of experience or institutional readiness on the part of a newly-incorporated Petitioner, the sham nature of the consortium Addendum, the demonstrated cherry-picking evident from the Petitioner's own CAPEX allocation, the material and unaddressed risk of stranded costs and fixed-cost under-recovery being passed on to existing consumers, the impact on cross-subsidy, and the non-consideration of legacy infrastructure costs borne by consumers of the existing DISCOMs, it is respectfully submitted that whatever benefit is sought to be projected from grant of the present parallel licence is wholly insufficient to

outweigh the substantial, real, and largely unaddressed prejudice and loss that would be occasioned to the existing consumers of the Answering Respondents. In these circumstances, it is submitted that the present is a fit case for the Hon'ble Commission to exercise its discretion against grant of the parallel licence sought by the Petitioner.

21.79. That the following prayers have been made:-

A. Not accept or act upon the Report of the Expert Committee dated 07.08.2026 in its present form, AND

B. Hold that the Petition for grant of a parallel distribution licence to the Petitioner is bereft of merit and ought to be rejected; AND/ OR

C. Pass any other order(s)/ Direction(s) as the Hon'ble Commission may deem fit in the facts and circumstances of the present case, in the interest of the consumers of the State of Haryana.

22. **Reply dated 26.08.2026 filed by the Respondent No. 1 (DHBVNL) & Respondent No. 2 (UHBVNL) to the Petitioner's Additional Documents submitted on 30.07.2026:**

PRELIMINARY SUBMISSIONS/ OBJECTIONS

22.1. That the present objections/ reply are being filed on behalf of the Respondents being the existing Distribution Licences- Dakshin Haryana Bijli Vitran Nigam ('DHBVNL') and Uttar Haryana Bijli Vitran Nigam ('UHBVNL') to the Additional Documents sought to be placed on record by the Petitioner.

22.2. That the Petitioner has, on 30.07.2026, filed before this Hon'ble Commission a set of nine documents with an covering sheet/ index titled *'Additional Documents on Behalf of the Petitioner'* (hereinafter "the Additional Documents"), comprising: (i) an Addendum dated 24.07.2026 to the Memorandum of Understanding ('MoU') between the Petitioner and its consortium partners; (ii) undertakings for Code of Conduct furnished by the purported consortium partners of the Petitioner being- Vision India Services, HEC Infra Projects Limited and Advait Energy Transitions Limited; (iii) a Legal Opinion of Dr Justice D Y Chandrachud, former Chief Justice of India, dated 27.07.2026; (iv) Special Purpose Financial Statements of S A S Fininvest LLP as at 30.10.2025; (v) an undertaking of the partners of S A S Fininvest LLP dated 15.07.2026; (vi) an undertaking for Code of Conduct by S A S Fininvest LLP; (vii) an undertaking by the Petitioner that it shall not apply for a transmission licence; (viii) a declaration regarding consent to join employment dated 28.07.2026; and (ix) a letter of 360 One Prime Limited dated 21.07.2026 regarding solvency.

THE ADDITIONAL DOCUMENTS HAVE BEEN FILED WITHOUT ANY APPLICATION FOR PLACING ON RECORD OR SEEKING LEAVE OF THIS HON'BLE COMMISSION AND CANNOT BE TAKEN INTO CONSIDERATION ON THIS GROUND ALONE

22.3. That, at the outset and without prejudice to the grounds urged hereinafter, the Respondents object to the very mode and manner in which the Additional Documents have been brought on record. The Petitioner has, on 30.07.2026, simply filed an index listing the nine documents together with the documents themselves. No application, whatsoever, seeking leave of this Hon'ble Commission to place the said documents on record has been filed. No Rule/ Regulation has been mentioned under which the Additional Documents are sought to be placed on record by the Petitioner. It is humbly submitted that the Respondents herein, at every stage, have specifically sought leave of the Hon'ble Commission before filing the Reply, the Additional Submission, and other documents. A party cannot be permitted to unilaterally enlarge the record before a quasi-judicial authority by the device of an index unaccompanied by any application, particularly at a stage when the matter stands substantially argued and a report of the Expert Committee constituted by this Hon'ble Commission's order dated 09.07.2026 is awaited.

22.4. That the requirement of leave is not a mere technicality as it ensures that the Respondents are put to notice of what is sought to be introduced and why and that the relevance and admissibility of the material can be tested before it enters the record rather than after. It is submitted that Litigant is not permitted to treat the record of a live proceeding as open-ended. The Petitioner's own conduct in this proceeding, repeatedly filing successive rounds of documents in response to deficiencies pointed out by the Respondents, most recently by way of the Additional Documents dated 30.07.2026 themselves, is precisely the pattern of piecemeal, un-consented supplementation that requires prior leave of the Court. Such documents have been filed by the Petitioner only to fill the lacunas of the petition.

22.5. That, it is further submitted that the Petitioner cannot be permitted to constantly try and improve its case by resorting to filing fresh documents to fill up the lacunae either in its pleadings or its evidence. This would be extremely prejudicial to the Respondents since the Respondents would be faced with ever-shifting case which it has to meet. This is even more so when admittedly the Petitioner has created several of such documents after the pleadings and/or submissions have been filed by the parties. Today, the Petitioner is effectively creating new document as the matter goes along and is constantly adding to the material furnished by it to fill up the deficiencies and lacunae in its original case after it has been pointed out either by the Respondents and/or the Committee and/or the Hon'ble Commission. At the very highest (and this is also seriously disputed) the Petitioner may apply for amendment of its original petition. However, even if such amendment were

permissible (which it is not), the Petitioner's case has to stand or fall on what is contained in its petition. The Petitioner cannot be permitted to keep on creating a new case or even bolstering its case as the matter goes on. Else this would be an endless exercise.

22.6. That, it is humbly submitted that this principle is well settled in analogous proceedings under the Code of Civil Procedure, 1908, and reliance is placed on the following decisions:

a. In ***M/s Bagai Construction v. M/s Gupta Building Material Store*** [2013 AIR (SCW) 1564; Law Finder Doc Id # 415420] the Hon'ble Supreme Court of India held:

> *"12. … …. **We are satisfied that the plaintiff has filed those two applications before the trial Court in order to overcome the lacunae in the plaint, pleadings and evidence**. It is not the case of the plaintiff that it was not given adequate opportunity. In fact, the materials placed show that the plaintiff has filed both the applications after more than sufficient opportunity had been granted to it to prove its case. During the entire trial, those documents have remained in exclusive possession of the plaintiff, still plaintiff has not placed those bills on record. **It further shows that final arguments were heard on number of times and judgment was reserved and only thereafter, in order to improve its case, the plaintiff came forward with such an application to avoid the final judgment against it. Such course is not permissible even with the aid of Section 151 Civil Procedure Code."***

b. Similarly, the Hon'ble Himachal Pradesh High Court in ***Rakesh Kumar Kaundal v. Smt. Sarswati Devi***, [CMPMO No. 259 of 2017, decided on 9.7.2019; Law Finder Doc. Id # 1565985] held:

> *"9. … ...learned trial Court has rightly rejected the application filed by the present petitioner under Order 7, Rule 14(3) of the Code because said provision cannot be permitted to be invoked by the petitioner to fill up the lacunae in his case. ... … … During the course of arguments, learned Counsel for the petitioner could not put forth any cogent explanation as to why report of Finger Print Bureau could not be placed on record earlier despite the fact that record of the case in which report was there stood requisitioned on the request of the petitioner himself before the learned Trial Court on two occasions. In these circumstances, this Court finds no perversity in order dated 28.04.2017 passed by the learned trial court, because it is evident from the record that due diligence was not exercised by the petitioner in the present case and in the garb of application filed later on, the petitioner could not be permitted to fill up the lacunae left in his case."*

c. Further, the Hon'ble Rajasthan High Court in *Dev Narayan v. Badri Lal*, [S.B. Civil Writ Petition No. 5114 of 2006, decided on 17.4.2007; Law Finder Doc Id # 954621] upheld rejection of an application under Order 7 Rule 14 CPC to place a document

on record where no explanation was furnished for the failure to produce it earlier. The Court held:

> *"4. … … There is no mention of the aforesaid agreement to sale in the pleadings of the plaint in as much as the plaintiff had come out with a case that he had purchased the land by execution of sale deed besides application which has been filed under Order 7, Rule 14 also does not give any explanation whatsoever as to why the said agreement of sale could not be earlier produced on record.*
>
> *5. I therefore do not find that the said order suffer from any such legal error as may warrant interference by this Court."*

22.7. That though the Respondents humbly recognise that strict procedures of CPC may not strictly apply to the present regulatory proceedings before this Hon'ble Commission, however the Commissions are fully permitted to draw upon the provisions of CPC. Further, the provisions of the CPC are primarily intended to ensure fairness and transparency and due process to all parties to litigation. It is the mandate under the law for this Hon'ble Commission not only to ensure transparency but also to ensure that the principles of natural justice to both parties. Allowing the present application would be a serious violation of natural justice. It is further submitted that the principles underlying the above decisions that a litigant must exercise due diligence in placing material on record at the appropriate stage, that belated introduction of documents without leave and without explanation is impermissible, and that such a course cannot be used as a device to fill gaps in a party's own case, are principles of general application to any adjudicatory or quasi-judicial process, and apply with full force to the present proceedings. The Petitioner has, at every stage at which a deficiency has been pointed out by the Respondents, responded not by producing a considered, comprehensive case at the outset but by successive, piecemeal filings calibrated to meet each objection as it arises, the Additional Documents dated 30.07.2026 being merely the latest instalment of this pattern, and one filed, moreover, without even the formality of an application seeking leave.

22.8. That the Respondents have already filed a separate application seeking an opportunity of hearing in the present proceedings. The filing of the Additional Documents, comprising as they do a privately commissioned Legal Opinion, an amended consortium arrangement, and further financial and solvency material, furnishes all the more reason why such opportunity of hearing ought to be granted to the Respondents before this Hon'ble Commission proceeds to pass any order on the Petition. The Respondents respectfully submit that material of this nature and volume, introduced at this belated stage, cannot fairly be dealt with on affidavits alone, and that oral submissions are necessary to enable this Hon'ble Commission to appreciate the cumulative effect of the deficiencies pointed

out herein, as also in the Respondents' Reply and Additional Submission, before any final view is taken on the Petition by the Hon'ble Commission.

22.9. That the Respondents accordingly submit, as a threshold objection going to the maintainability of the Additional Documents as a whole, that this Hon'ble Commission ought not to take the Additional Documents on record at all in the absence of any application seeking leave to do so. It is further submitted that the Petitioner has not filed any affidavit or submissions with the documents to state for what purpose such documents are being relied upon. Hence, the Respondents are submitting the present objections on the basis of what the Respondents may reasonably presume as what the documents are in support of. The Respondents crave leave to file further submissions or responses to all such documents at a later stage, should the necessity arise. The grounds urged at Grounds I to VIII below are urged without prejudice to, and in reinforcement of, this threshold objection.

THE ADDENDUM TO THE CONSORTIUM MoU DOES NOT CURE THE DEFICIENCIES ALREADY RAISED BY THE RESPONDENTS, AND IS ITSELF INDICATIVE THAT THE CONSORTIUM ARRANGEMENT IS NOT GENUINE

22.10. That the Petitioner has placed on record an Addendum dated 24.07.2026 to the Memorandum of Understanding dated 11.05.2026 between the Petitioner and its consortium partners (HEC Infra Projects Limited, Advait Energy Transitions Limited and Vision India Services), amending Clauses 8.6 and 8.7 thereof to introduce, inter alia, a lock-in period of six years during which no party may terminate the MoU or discontinue its participation, and providing that any Consortium Member seeking to discontinue its participation thereafter must (a) give not less than six months' prior written notice, (b) continue to discharge all obligations under the MoU during such notice period, and (c) ensure that such discontinuance does not take effect *"unless and until a suitable replacement arrangement, satisfactory to the Lead Member and compliant with applicable law, has been implemented."*

22.11. That at the outset it is submitted, *inter alia*, that firstly, the said document has been created post the proceedings in the matter; secondly, it is obvious, therefore that the disposition contained in the present document was never part of the original agreement between the parties; thirdly, it is also obvious that the terms of the current document have been made up to answer an objection/concern raised during the proceedings; therefore such supplemental agreement between the parties is therefore not for a valid consideration but created only to portray a front which the petitioner wants to portray before this Hon'ble Commission. It therefore does not represent a genuine meeting of minds between the parties to the document titled an 'addendum' but only a sham understanding designed for

a particular purpose of furthering its interests in prosecuting a proceeding. It is thus void-ab-initio.

22.12. That the Respondents respectfully submit that a self-certified continuity mechanism, controlled unilaterally by the Petitioner, cannot be treated as a substitute for a binding mechanism ensuring uninterrupted discharge of licensee obligations. This unresolved deficiency in institutional readiness, left unaddressed even after the Addendum, is itself a further and independent ground warranting rejection of the Petition in its entirety. The very fact that the Consortium MoU has been amended with such apparent ease, within days of the Respondents pointing out its deficiencies, is itself telling, and reinforces rather than dispels the Respondents' apprehension that the MoU is not a document of substance but a formality dressed up to persuade this Hon'ble Commission that the consortium partners are firmly committed to the venture. If the consortium partners' commitment were genuine, the natural and expected course would have been for a Special Purpose Vehicle, to itself apply for grant of the parallel distribution licence. However, it is the Petitioner alone that has applied for the Licence, relying on an inter se MoU with third parties who owe no direct, enforceable obligation to this Hon'ble Commission, to the Respondents, or to consumers within the proposed area of supply. This structure suggests that the MoU serves principally to enable the Petitioner to borrow the experience and financial credentials of its consortium partners for the limited purpose of satisfying Rule 3(2) of the Rules, 2005, while preserving for itself and its consortium partners the flexibility to unwind the arrangement once the Licence has been secured.

22.13. This is precisely the reason that Part-II of Form I annexed to the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulation, 2004 requires that each of the constituents of a Joint Venture or Consortium must satisfy the requirements of ‘Prior Experience’ and sufficient managerial capability. This is a case where the applicant is neither a Joint Venture nor a consortium, has absolutely no prior experience by itself not any managerial or other expertise itself but is borrowing everything form its so called MoU Partners who are not Applicants.

22.14. That same is also evident from mismatch between the tenure of the Addendum's lock-in and exit provisions and the tenure of the Licence itself. The Addendum contemplates a lock-in of only six years and a notice period of six months for any Consortium Member's exit thereafter, whereas the Licence applied for is for a period of 25 years. **On a plain reading, every Consortium Member is thus free to exit the consortium, on six months' notice, at any point after the sixth year of a 25-year licence term**, leaving approximately 19 years of the licence period during which continuity of the consortium rests entirely on the self-certified, Petitioner-controlled "*replacement arrangement*" mechanism. Further, the addendum does not contain any provision of a liability on the

part of Consortium members towards the Hon’ble Commission or towards the consumers within the proposed licence area despite the Petitioner relying heavily on the expertise of the consortium members for its technical qualification in the licence petition.

22.15. That, the Addendum does not allocate which Consortium Member is to discharge the Universal Service Obligation under Section 43 of the Electricity Act, 2003, or the metering, billing, operation and maintenance functions, in the period between a Consortium Member's exit and the implementation of any replacement arrangement.

22.16. That, be that as it may, the Respondents respectfully submit that this amendmentdoes not address the substantive deficiencies already raised in the Respondents' Reply and Additional Submission, the contents of which may kindly be read as part and parcel of the present objections/ reply which are not being repeated here for the sake of brevity.

OBJECTION WITH RESPECT TO THE CODE OF CONDUCT UNDERTAKINGS OF THE CONSORTIUM PARTNERS

22.17. That the Petitioner has placed on record undertakings for Code of Conduct, in the form prescribed under Rule 4 of the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005 ("**the Rules, 2005**"), from Vision India Services, HEC Infra Projects Limited, Advait Energy Transitions Limited and S A S Fininvest LLP (the promoter of the Petitioner). It is submitted that since the consortium partners have not come forward to apply for distribution licence i.e. are not co-applicants and are not party to the present proceedings, such undertaking are worthy of no credence. Even otherwise, said undertakings are subject to proper verification and same ought not be taken on record at all.

THE LEGAL OPINION IS INADMISSIBLE AND EVEN OTHERWISE NOT BINDING ON THE HON’BLE COMMISSION

22.18. That the Respondents object at the threshold to the evidentiary value and admissibility of the Legal Opinion as a document in these proceedings**.** Without prejudice to the foregoing objection, the Respondents further submit that if the Legal Opinion is nonetheless taken on record and treated as material capable of influencing this Hon'ble Commission's view, elementary fairness and the principle of equality require that the same be put for public comments and suggestions and also the Respondents be afforded a like opportunity to place on record legal opinions on the same questions.

22.19. That, be that as it may, the Petitioner has annexed a Legal Opinion dated 27.07.2026, addressing (i) creditworthiness and capital adequacy, including whether net worth may be assessed on a market-value basis; (ii) whether the financial standing of a promoter is a sufficient basis to satisfy Rule 3(2) of the Rules, 2005; (iii) whether Rule 3(2) renders a

newly incorporated applicant ineligible; (iv) whether prior distribution experience is a statutory precondition for grant of a parallel licence, and whether such requirement, if relevant, may be satisfied through consortium experience; (v) whether the requirement of inclusion of one Municipal Corporation or three adjoining revenue districts under the Explanation to Rule 3(2) is to be read disjunctively; and (vi) the applicability of the Gurugram Metropolitan Development Authority Act, 2017 to the grant of a licence under Section 14 of the Electricity Act, 2003.

22.20. That the Respondents respectfully submit that a privately commissioned legal opinion, based on the documents provided by the Petitioner, is neither a judgment of a court or tribunal nor binding authority upon this Hon'ble Commission. It is, with respect, advocacy for the Petitioner's case and falls to be tested on its own reasoning, precisely as any other submission of the Petitioner would be. The Respondents accordingly respond to the Opinion ground by ground below.

a. **Market value vs book value of net worth** (Opinion, paras 9.1–9.23, 16.1–16.3):That the Opinion contends that net worth under Rule 3(2) of the Rules, 2005 may be assessed on a market-value basis, relying, inter alia, on the proposition that Ind AS 109 (fair value measurement of investments in listed equity instruments) and Ind AS 113 (fair value hierarchy) demonstrate that the statutory framework itself recognises market value as the appropriate measure of a promoter's financial standing. The Respondents respectfully submit that this reasoning is self-defeating on its own terms: the Opinion itself records, at paragraphs 9.15 to 9.21 thereof, that the Companies (Indian Accounting Standards) Rules, 2015, including Ind AS 109 and Ind AS 113, do not apply to Limited Liability Partnerships, and that "LLPs are notably excluded from the companies named in Rule 9.3.4." S A S Fininvest LLP, being an LLP, is thus, on the Opinion's own admission, outside the very accounting regime relied upon to justify a market-value approach to its own net worth. The Opinion cannot simultaneously invoke Ind AS as demonstrating that market value is the governing measure of net worth, and concede that Ind AS has no application to the entity whose net worth is in question.

b. That, in the absence of any statutory or accounting standard mandating market valuation of an LLP's investments, book value, as reflected in the audited financial statements filed by S A S Fininvest LLP in the ordinary course, and as consistently pleaded in the Respondents' Reply, remains the only objective, verifiable and consistently applicable measure of net worth on this record. The stark disparity between the book value (INR 94.95 crore as on 30 October 2025, per the Petitioner's own disclosure) and the realisable/market value (INR 4,085.60 crore) now claimed does not, with respect, demonstrate that book value understates the

promoter's true financial capacity; it demonstrates only the volatility and contingent character of listed-securities valuations, which is precisely why Rule 3(2) requires demonstrated internal resource generation over the preceding three years, verifiable from audited accounts, rather than a valuation exercise undertaken for the purposes of these very proceedings.

c. **Sufficiency of the promoter's financial standing and the partners' undertaking** (Opinion, paras 10.1–10.7, 17.1–17.2):That the Opinion concludes that the financial standing of the promoter LLP is a sufficient basis to satisfy Rule 3(2), relying on the undertaking dated 05.05.2026 (and now supplemented by the undertaking dated 15.07.2026) furnished by the partners of S A S Fininvest LLP. The Respondents respectfully submit that the Opinion proceeds without examining the actual operative language of that undertaking. The undertaking dated 15.07.2026 states that the partners "undertake to provide necessary approvals to S A S Fininvest LLP for providing adequate support" to the Petitioner, and separately "undertake to provide the necessary approvals to S A S Fininvest LLP to enable [the Petitioner] in arranging the funds by leveraging the creditworthiness, financial standing, and substantial assets and net worth" of the LLP. On a plain reading, this is an undertaking by the individual partners to grant internal, inter se approvals enabling the LLP to extend support in future, it is not an unconditional, enforceable commitment by the LLP itself to subscribe to specified tranches of the Petitioner's equity by specified dates, nor does it identify the specific assets to be realised for each tranche, nor does it confer upon this Hon'ble Commission, the Respondents or consumers any enforceable right in the event of non-performance.

d. **Whether Rule 3(2) renders a newly incorporated entity ineligible, and prior distribution experience** (Opinion, paras 11.1–11.8, 12.1–13.5, 18.1–19.2): That the Opinion addresses, and answers in the Petitioner's favour, the propositions that (i) Rule 3(2) does not render a newly incorporated applicant ineligible merely because it lacks an independent financial track record, and (ii) prior experience in the business of distribution of electricity is not a statutory precondition for grant of a parallel distribution licence, and may in any event be satisfied through the experience of consortium partners. The Respondents respectfully submit that these propositions, even if correct in the abstract, do not answer the case actually pleaded by the Respondents, which is narrower and more specific: namely, that the Petitioner is not merely a newly incorporated project vehicle without a track record, but a pre-existing corporate shell – originally incorporated on 06.06.2025 as "Veyora Infra Private Limited" for real estate development, construction, purchase, sale and lease – that was renamed and repurposed to the business of electricity distribution

only on 24.02.2026, with its objects changed accordingly only shortly before the Petition came to be filed. This is a matter going to the enquiry mandated under Rule 4 of the Rules, 2005 into the Code of Conduct and genuineness of the enterprise, and to the weight this Hon'ble Commission ought to attach to the Petitioner's claimed institutional readiness – not a submission that a newly incorporated entity is per se disqualified. The Opinion does not engage with this specific corporate history at all, and the ground accordingly stands unanswered and is respectfully reiterated.

e. Insfoar as reliance is placed on the HERC Regulations, at para no. 18.2 of the Legal Opinion, in this regard, attention of the Hon'ble Commission is brought towards the decision of the Hon'ble Apex Court in M/s in ***Sundew Properties Limited v. Telangana State Electricity Regulatory Commission*** [2024 INSC 439; Law Finder Doc Id # 2581535] wherein the Hon'ble Apex held- *"33. The authority to craft subordinate legislation is derived from the enabling/primary legislation and it is imperative that such legislation harmonizes with the provisions outlined in the enabling/primary legislation. The Electricity Act has conferred power on the Central Government to make Rules [see section 175], and on the Central Electricity Authority and the Central Commission to make Regulations [see sections 176 and 177, respectively]. All such rules/regulations are to be made consistent with the Electricity Act. Section 181 of the* ***Electricity Act confers power on the State Commissions to make Regulations but such regulations too must be consistent with the provisions of the primary enactment and the rules framed thereunder generally.*** *Rules and Regulations are enacted to supplement the main provision, not to supplant it. They serve the crucial role of bridging potential gaps within the primary legislation, yet, their function is not to create webs and voids merely to clog and hamper their implementation. Any gaps addressed by Rules and Regulations must be discernible within the framework of the primary legislation."* As such, when the Rules show the intent of legislature to make only the entities have past 3 years track record to be eligible to apply for parallel distribution licence, any Regulations contrary to the same cannot be made applicable.

Even otherwise the Form I Part II of the Regulations also contemplates the Applicant having the prior experience and managerial expertise not borrowing from the so called MoU partners.

f. **Minimum area of supply** (Opinion, paras 14.1–14.9, 20.1–20.2):That the Opinion concludes that the Explanation to Rule 3(2) of the Rules, 2005, as amended with effect from 28 November 2022, is to be read disjunctively – that is, an applicant satisfies the minimum area of supply requirement by proposing an area covering

either an entire Municipal Corporation, or three adjoining revenue districts, and further concludes that, since the Petitioner's proposed area covers the entire Municipal Corporations of both Gurugram and Manesar, the minimum area of supply requirement stands independently satisfied on this footing alone, without recourse to the three-adjoining-revenue-districts limb. The Respondents respectfully submit that, even assuming the disjunctive reading to be correct, which itself requires independent verification, including of the date and manner of notification of Manesar as a Municipal Corporation under Article 243Q of the Constitution of India, this reading answers only the question of which statutory limb is invoked; it does not answer the Respondents' separate and distinct objection, that the Petitioner has offered no justification, either in the Petition or in the Additional Documents, for including Nuh district within the proposed area of supply at all once the Municipal Corporation limb is said to be independently satisfied by Gurugram and Manesar, nor for excluding Nagina Tehsil, Hathin Municipal Committee and Sikri from an otherwise contiguous Nuh district, a point squarely within the concern expressed by the Hon'ble Uttar Pradesh Electricity Regulatory Commission in its order dated 24.04.2023 in ***Adani Electricity Jewar Limited***, where the regulator required the applicant to justify inclusion of an area beyond the statutory minimum and to confirm contiguity. The Opinion does not address this specific objection at all.

FINANCIAL STATEMENTS OF S A S FININVEST LLP ARE NOT STATUTORY AUDITED ACCOUNTS AND DISCLOSE AN UNRECONCILED SHARE-COUNT DISCREPANCY

22.21. That the Petitioner has placed on record *"Special Purpose Financial Statements of S A S Fininvest LLP"* as at 30 October 2025, certified by M/s Sandeep Kumar & Associates, Chartered Accountants, disclosing a realisable/market value of net worth of approximately INR 4,098.62 crore, of which approximately INR 3,977.51 crore is stated to be attributable to 2,90,00,097 equity shares of Global Health Limited held by the LLP. The Respondents respectfully submit that these financial statements are, by their own express recital, *"Special Purpose Financial Statements"* prepared specially for the purpose of entity valuation as on October 30, 2025," and are not the LLP's statutory annual accounts filed with the Registrar of LLPs in the ordinary course of business.

22.22. That the Respondents further note that the share-count figures now disclosed – 2,90,00,097 shares as at 30.10.2025, reducing from 3,02,64,524 shares as at 31.03.2025 – do not, on their face, reconcile with the share-count figures placed on record by the Petitioner in its Rejoinder dated 10.07.2026 to DHBVNL's Reply. An applicant seeking a licence of this magnitude ought to place its financial standing beyond doubt through

statutory, audited records verified from primary sources – not through a valuation exercise commissioned for these very proceedings, containing figures that do not reconcile with the Petitioner's own prior filings. This unresolved discrepancy goes to the very heart of the capital-adequacy claim and, taken with the other deficiencies set out herein, reinforces that the Petition ought to be rejected in its entirety.

UNDERTAKING DATED 15.07.2026 IS NOT AN UNCONDITIONAL COMMITMENT:

22.23. That, the Respondents reiterate that the undertaking dated 15.07.2026 furnished by the partners of S A S Fininvest LLP does not, on a plain reading, constitute the binding, enforceable, tranche-wise equity-subscription commitment contemplated by Rule 3(2) of the Rules, 2005, but is confined to an undertaking to grant internal approvals. The Petitioner having had every opportunity to place a proper, unconditional equity-subscription commitment on record and having failed to do so even in this latest filing, the Respondents submit that the Petition is liable to be rejected on this ground alone.

THE DECLARATION REGARDING CONSENT TO JOIN EMPLOYMENT DOES NOT DISCHARGE THE PETITIONER'S EARLIER ADMISSION REGARDING PERSONNEL CREDENTIALS

22.24. That the Petitioner has filed a declaration dated 28.07.2026 confirming that ten individuals named therein have accepted employment offers and confirmed their willingness to join the Petitioner "upon the grant of the Parallel Distribution Licence" by this Hon'ble Commission. The Respondents respectfully submit that this declaration does not discharge the admission recorded by the Petitioner at paragraph 35 of its Rejoinder dated 10.07.2026 to DHBVNL's Reply, wherein the Petitioner admitted that it would *"place consent letters and board resolutions on record"* in respect of the personnel relied upon in the Petition, and that these were, as of the date of the Rejoinder, not yet on record. Even otherwise, the Petitioner cannot be permitted to fill in lacunas of the petition at any stage it seems fit. First, the declaration now filed lists only ten individuals, whereas the credentials issue on this record concerned twelve individuals; the Respondents are not aware of any explanation for the two individuals unaccounted for. Second, the declaration is, on its face, prospective and conditional, confirming willingness to join only "upon grant" of the licence, and does not constitute the consent letters and Board resolutions establishing the present, existing engagement of these individuals with the Petitioner or its consortium partners, which alone would allow verification of the corrected credentials. The Petitioner's admitted credential errors, taken with its continuing failure, across three successive filings, reflect a persisting absence of institutional readiness that reinforces that the Petition ought to be rejected in its entirety.

THE AGGREGATED SOLVENCY CERTIFICATES REMAIN NON-COMMITTAL AND DO NOT ADDRESS THE DEBT-COMMITMENT SHORTFALL ALREADY RAISED

22.25. That the Petitioner has placed on record a letter of 360 One Prime Limited dated 21.07.2026 confirming that its solvency certificate dated 07.04.2026 (certifying solvency up to INR 1,000 crore) is in addition to, and not overlapping with, the solvency certificate of IndusInd Bank dated 12.05.2026 (also for INR 1,000 crore), thereby placing an aggregate solvency position of INR 2,000 crore on record.

22.26. That the Respondents respectfully submit that this clarification, does not alter the substance of the Respondents' existing objection i.e. a solvency certificate, however large in aggregate, remains a statement of solvency as on a given date, issued expressly subject to a disclaimer of risk, obligation, commitment or liability on the part of the issuing institution, and does not constitute a committed debt facility within the meaning of the twin test explained by the Hon'ble Appellate Tribunal for Electricity in ***Noida Power Company Ltd. v. Paschimanchal Vidyut Vitran Nigam Ltd.***, Appeal No. 7 of 2010, at paragraphs 22 and 24 thereof. The actual bank debt sanction on record remains limited to Phase 1 of the project (approximately INR 205 crore), against a total projected debt requirement of approximately INR 3,301.71 crore – leaving approximately 94% of the Petitioner's projected debt requirement without any bank commitment, in-principle or otherwise, notwithstanding the aggregated solvency certificates now placed on record.

22.27. That the following prayers have been made:-

(a) Reject and decline to take the Additional Documents filed by the Petitioner on 30.07.2026 on record, for want of any application seeking leave of this Hon'ble Commission to place the same on record;

(b) Hold that the Additional Documents, even if taken on record, ought not to be relied upon or read in favour of the Petitioner while deciding the Petition, for the reasons set out in the present objections/ reply;

(c) Pass such other and further order(s) as this Hon'ble Commission may deem fit and proper in the facts and circumstances of the case.

23. **Reply filed by Respondent No. 3 (HVPNL) dated 26.08.2026 to the Expert Committee Report:-**

The reply filed by Respondent No. 3 i.e. HVPNL dated 26.08.2026 to the Expert Committee Report, is substantially similar to the reply filed by UHBVNL and DHBVNL to the similar report as well as to the Petitioner's Additional Documents submitted on 30.07.2026. Accordingly, for the sake of brevity and to avoid repetition, the same is not reproduced herein.

HVPNL has additionally submitted as under:-

23.1. That, attention of the Hon'ble Commission is brought towards the decision of the Hon'ble APTEL in ***Municipal Corporation of Greater Mumbai v. MERC & Ors.***, Appeal No. 279 of 2017, decided on 11.03.2026, wherein the Hon'ble APTEL has held as follows:

"38. ... Moreover, it is a settled position that a State Commission is not legally bound by the recommendations of a committee it appoints. Such committees are generally set up to investigate, study, or advice on specific issues, and their role is recommendatory, not mandatory. The State Commission retains the authority to accept, reject, or modify those recommendations. ..."

It is humbly submitted that, in terms of the aforesaid decision, the Hon'ble Commission is not bound to accept the Report, and is required to independently examine the entire record, including the pending objections to admissibility of the Petitioner's documents, before arriving at its own conclusion.

23.2. That the Committee has considered 2,002.5 MVA of cumulative transformation capacity by FY 2030-31 against projected demand of 1,067.06 MW and has considered the resultant ratio of approximately 1.9 as indicative of adequate planning margin. The Answering Respondent respectfully submits that such comparison may require a more detailed technical assessment, since transformation capacity is expressed in MVA whereas projected demand is expressed in MW, with the corresponding MVA requirement depending upon the power factor and reactive power requirement. At 0.85 power factor, the projected demand of 1,067.06 MW corresponds to approximately 1,255.4 MVA. Further, the Petitioner has adopted an approximately 80% loading criterion and N-1 planning criterion; hence, aggregate installed capacity cannot necessarily be equated with firm transformation capacity available under contingency conditions. More importantly, as per the Petitioner's proposed network plan, 105 nos. of 33/11 kV transformers of 12.5 MVA each provide 1,312.5 MVA, while 14 nos. of 66/11 kV transformers of 25/31.5 MVA provide 441 MVA, giving an aggregate transformation capacity at the 11-kV level of 1,753.5 MVA. At the stated 80% loading criterion, this works out to approximately 1,402.8 MVA, even before considering the N-1 contingency requirement. Against the projected demand of 1,067.06 MW, equivalent to approximately 1,255.4 MVA at 0.85 power factor, the available margin at 80% loading is therefore relatively limited and may reduce substantially upon application of the N-1 criterion and consideration of actual load distribution, transformer-wise loading, voltage and reactive-power constraints. The adequacy of the proposed capacity may therefore appropriately be established through substation-wise load-flow, N-1 contingency, short-circuit, voltage, reactive-power and system-stability studies, duly coordinated with the Answering Respondent.

23.3. That the proposed 220/33 kV and 66/33 kV infrastructure represent the upstream/interface network for feeding the Petitioner's 33-kV system. Such upstream transformation capacity may not, by itself, be treated as additional transformation capacity available at the 11-kV level for serving the distribution load. In assessing the Petitioner's capability to cater to the projected demand through its distribution network, the 33/11 kV and 66/11 kV transformation capacity and the firm capacity available after N-1 contingency therefore require specific consideration. The upstream 220/33 kV and 66/33 kV arrangements should consequently be assessed primarily from the perspective of their ability to feed the downstream distribution network and the corresponding transmission/interface requirements. The Answering Respondent further submits that, depending upon the outcome of the aforesaid studies and the actual points and quantum of connectivity, augmentation/ upgradation of source transformers and associated transmission infrastructure of Answering Respondent may also be required for feeding the proposed network. The quantum and location of such augmentation can only be assessed after detailed load-flow and contingency studies. Such works may involve considerable CAPEX towards transformer augmentation/replacement, additional bays, bus augmentation, transmission lines, reactive compensation, protection, control and allied works. The consequential transmission-system requirements and corresponding CAPEX may therefore require to be identified and appropriately considered while assessing the overall technical and financial implications of the project.

23.4. That attention of the Hon'ble Commission is also brought towards the observation of the Committee regarding the usage of land of the Answering Respondent. At Page No. 124 of the Report, the Committee has stated – *"Further, it is the prerogative of HVPNL whether the land can* be *allotted to the applicant or not."* In other words, the Committee has accepted that the land of HVPNL need not be given for the usage of the Petitioner and it is the sole prerogative of the Answering Respondent as to whether the land is to be given or not. In this regard, it is submitted that "*HVPNL in its earlier submission on 5th July 2026 that the lands under the possession and ownership of HVPNL are planned for HVPNL's own future expansion and augmentation. Therefore, the Respondent- HVPNL's decision on any application for use of any of its land shall be taken only after taking into consideration the no objection of concerned DISCOM(s), technical feasibility, future growth, expansion and augmentation requirements of HVPNL."*

Also, HVPNL humbly submitted in its earlier response dated 05.07.2026 that "*That insofar as availability of TRANSMISSION CAPACITY is concerned, It is respectfully submitted that it is the legal duty of the Respondent under section 39 (2) (b) of the Electricity Act, 2003 to plan and coordinate its intra-state transmission system with all licensees amongst other entities. Therefore, in the scenario that the petitioner is granted a licence by Hon'ble*

HERC, the respondent would faithfully discharge its functions as per the provisions of the said Act".

24. **Petitioner's observations / reply dated 30.08.2026 to the Expert Committee Report.**

24.1. That under Para 6.25 of the Expert Committee Report, wherein the Expert Committee recommended that the Applicant is required to infuse the equity component (30%) of the Working Capital requirement, i.e., Rs. 23.10 Crore - computed by the Applicant at approximately Rs. 77 Crore for the first year of operation - so as to satisfy the financial institutions for the requirement of working capital loans, the Petitioner submitted that the requirement for infusion of equity component at 30% of the Working Capital Component of Rs. 23.10 Crore proposed by the Committee is subject to the requirement of the lending bank/financial institution for working capital loans, and that there is no such requirement of infusing equity for Working Capital under the Rules notified by the Ministry of Power or the Regulations issued by the Hon'ble Commission. Hence, the Petitioner humbly requested the Hon'ble Commission to allow it to infuse the margin money based on the working capital requirement as required by the financial institution.

24.2. That under Para 8.13 of the Expert Committee Report, wherein the Committee recommended that the Applicant shall furnish a legally enforceable Consortium Agreement after grant of licence but before commencement of operations, the Petitioner submitted that the MoU entered into with its Consortium Partners is itself legally binding and enforceable and that no further or substitute agreement is required, for the following reasons:

24.2.1. Financial Obligations & Automatic Forfeiture (Clause 6): That the MoU creates direct, enforceable monetary liabilities, Clause 6.1 requiring each Consortium Member to deposit a Security Deposit of Rs. 5 Crore and Clause 6.3 mandating automatic forfeiture of the same in favour of the Lead Member upon withdrawal or breach;

24.2.2. Restricted Exit & Mandatory Performance (Clause 8): That the MoU restricts unilateral withdrawal under Clause 8, prohibiting withdrawal prejudicial to the application or business and imposing a 6-year lock-in, a mandatory 6-month prior notice, continued performance during the notice period and a bar on exit until a satisfactory replacement is implemented;

24.2.3. Formal Execution & Legal Consideration: That the document is formally executed and digitally signed by the authorized representatives and Managing Directors of all four entities and recites mutual covenants and undertakings as consideration; and

24.2.4. Governing Law & Mandatory Dispute Resolution (Clause 11): That the Clause 11 provides that the agreement is governed by the laws of India, assigns exclusive jurisdiction to New Delhi courts, and mandates binding arbitration under the Arbitration and Conciliation Act, 1996 for any unresolved disputes.

24.2.5. That the MoU uses imperative contractual language throughout for scope of work, compliance and confidentiality and contains no disclaimer of enforceability, and that this accords with the Committee's own findings at Para 8.7 (that the instrument "is not merely a statement of intent"), Para 8.12(ii) (describing it as "the legally binding Consortium MoU") and Para 17.10 (recording that the evaluation under ToR 3.3 proceeded upon "the binding Consortium MoU and the Responsibility Matrix"). The Petitioner further submitted that the requirement of a legally enforceable Consortium Agreement stands satisfied on the existing record and that no further agreement is required to be executed, while confirming that details of the Key Managerial Personnel on its rolls shall be furnished after grant of licence but before commencement of operations, in terms of Recommendation 8.13(ii).

24.3. That under Para 11.14 of the Expert Committee Report, wherein the Committee recorded its satisfaction that the Applicant has, prima facie, satisfied the statutory obligations under Sections 42 and 43, that the concept of **phased rollout is a statutorily valid methodology**, and that the Applicant's commitments through its Additional Submission dated 03.07.2026, the all-division Implementation Plan, the inclusion of Nuh from Phase I and the express assurance that no area is permanently excluded appears to be a genuine USO commitment, while observing that the specific concern regarding the two-year deferral of investment in Gurugram City is not fully answered on the present record, and the concerns expressed by DHBVNL and the intervenors otherwise highlight the need for robust safeguards to preserve the integrity of the parallel distribution framework, the Petitioner submitted that its network rollout plan, both as proposed in the Business Plan in the Main Petition and as submitted vide its Additional Affidavit dated 03.07.2026, is commensurate with the regulatory precedent laid down by the Hon'ble APTEL in **Municipal Corporation of Greater Mumbai (BEST) v. MERC & Tata Power Company Limited, Appeal No. 279 of 2017**, decided on 11.03.2026, which categorically permits phase-wise development within a licence area. As regards the sequencing of investment in Gurugram City, the Petitioner respectfully drew attention to paragraph 7.13 of the Committee's own Report, where the Petitioner's explanation stands recorded that the sequencing reflects dependency on the corresponding HVPNL interface works and not any deferral of service, with cumulative investment in that division reaching Rs. 385.59 Crore by FY 2028-29 and Rs. 1,601.08 Crore over the five-year period, being the second

highest among the four divisions; and submitted that the Committee, having considered this explanation under ToR 3.2, found the matter capable of being addressed through division-wise progress reporting for Gurugram City with reasons for any slippage beyond FY 2028-29. The Petitioner adopted the explanation so recorded and submitted that the sequencing is governed by the readiness of the HVPNL interface, which is outside the Petitioner's control, such that no adverse inference ought to be drawn from a schedule so governed.

24.4. That under Paras 12.13, 13.18(iv) and 17.11 and Table 17.1 of the Expert Committee Report, addressing the recoverability of Cross-Subsidy Surcharge and Additional Surcharge upon consumer migration as the single most consequential legal question arising under the relevant ToR, and recording that Sections 42(2) (CSS) and 42(4) (Additional Surcharge), as construed in HERC's Order dated 17.06.2020 in HERC/PRO-11 of 2017 and subsequently confirmed by the Hon'ble Apex Court in the Indian Railways matter, apply to Open Access consumers and do not extend to consumers who fully migrate to a parallel distribution licensee; that the general ARR/tariff determination and true-up mechanism under Sections 61, 62, 63 and 64 remains available to DHBVNL for recovery of actual, prudently incurred costs but is retrospective and licensee-wise rather than a targeted, migration-linked compensatory charge; and that no mechanism specific to recovery of cross-subsidy loss or stranded cost arising from inter-licensee migration presently exists under HERC's regulations, though the gap is capable of being addressed once the parallel licence is operationalised, the Petitioner submitted that under the existing regulatory framework there is no enabling provision under Section 42(2) or Section 42(4) for levy or recovery of CSS or Additional Surcharge from consumers who migrate or switch over between distribution licensees, since those provisions apply strictly to Open Access consumers sourcing electricity from third parties while using the distribution network, whereas switch-over consumers become full retail consumers of another licensee. The Petitioner further clarified that any unrecovered fixed costs, revenue gaps or stranded-asset obligations arising from migration are matters relating to the tariff mechanism, to be accounted for and recovered through the regular Annual Revenue Requirement and True-up proceedings of the distribution licensee, and submitted that the narrower scope of Sections 42(2) and 42(4) reflects a deliberate legislative choice made by Parliament when it enacted the Sixth Proviso to Section 14, as recorded at pages 195–196 of the Report, and cannot be characterized as a lacuna requiring regulatory supplementation, particularly since the Committee itself so concluded at paragraph 13.18(vi) that the Act and the Regulations provide the Commission adequate powers to address the transitional financial consequences within the existing framework, at paragraph 13.20 that these consequences are not a ground for refusal, and at paragraph

17.11 that they are addressed through the Commission's continuing tariff jurisdiction. The Petitioner accordingly submitted that no separate regulatory proceeding is required as a condition of, or precursor to, grant, and that subjecting migrating consumers to CSS or Additional Surcharge is legally impermissible and unnecessary, since imposing such charges on switch-over consumers would result in double recovery for the licensee and create an unauthorised financial burden on migrating consumers.

24.5. That under Recommendation 13.19 (1) of the Expert Committee Report, directing establishment, before commencement of commercial operations, of a verified financial baseline as set out in Stage I of Para 13.17, and directing DHBVNL to furnish category-wise approved sales, revenue, ABR, ACoS and CSS for FY 2025-26/FY 2026-27 specific to the Gurugram and Nuh circles, the area-specific deferred FSA balance and the composition of its procurement portfolio referable to the licence area, the Petitioner submitted that Recommendation 13.19(1) is, on its own terms, addressed to the Hon'ble Commission and to DHBVNL, and that the data comprising the proposed baseline is neither in the possession nor within the control of the Petitioner. The Petitioner submitted that the Committee has not included this baseline among the conditions precedent to commencement of supply set out in Schedule A at paragraph 18.15 of the Report, and that it ought not to be so treated, while undertaking to furnish such data as lies within its own records as and when called upon, and submitting that issues relating to ABR, ACoS and CSS fall to be determined in the ordinary course of ARR, tariff and true-up proceedings under Sections 61, 62 and 64, as the Committee itself found at paragraphs 13.18(vi) and 13.20 of its Report.

24.6. That under Recommendations A2 and B3 at paragraphs 18.15/18.16 of the Expert Committee Report, requiring furnishing of a reasoned division-wise justification of capital investment sequencing, including the Gurugram City schedule, and adherence to the Commission-approved rollout plan and phase-wise and division-wise milestones with defined consequences for unjustified non-compliance, the Petitioner submitted that the division-wise details of the proposed distribution infrastructure, along with the area-wise rollout plan, already stand submitted in the Petition, and that the reasoned justification for the sequencing, including the Gurugram City schedule, stands recorded at paragraph 7.13 of the Report and is adopted in the Petitioner's observations on Para 11.14 above. The Petitioner submitted that the Committee has itself directed, at paragraphs 18.4 and 18.8 of the Report, that this be addressed at the stage of approval of the Business Plan following issue of licence, and respectfully requested that Condition A2 be given effect in those terms.

24.7. That under Recommendation B8 at paragraph 18.16 of the Expert Committee Report, requiring maintenance of continuity and quality of supply through migration, the Petitioner

submitted that this Condition ought to apply to both distribution licensees, drawing attention to the Committee's own finding at paragraph 18.10 of the Report that "the framework recommended is symmetrical because the exposure is symmetrical", and submitting that continuity of supply through migration is capable of being affected by the conduct of either licensee. The Petitioner accordingly requested that Condition B8 be framed as a mutual obligation binding upon both the Petitioner and the existing Distribution Licensee.

24.8. That under Recommendation B9 at paragraph 18.16 of the Expert Committee Report, providing for payment or collection and remittance of any migration or transition charge prescribed by the Commission, the Petitioner submitted that neither the Committee nor the regulatory framework envisages any specific migration or transition charge, since Sections 42(2) and 42(4) do not extend to migrating consumers and the ARR and true-up framework is adequate. The Petitioner accordingly humbly requested the Hon'ble Commission to delete Condition B9, being a licence condition providing for a charge which the statute does not contemplate and which is incapable of being sustained under Section 16 of the Electricity Act, 2003.

24.9. That under Recommendation B11 at paragraph 18.16 of the Expert Committee Report, requiring implementation of the approved capital programme in accordance with the committed year-wise and division-wise schedule, including the Nuh rollout from the first year, the Petitioner submitted that its proposed implementation plan already envisages rollout and network development in the Nuh Revenue District across Phase-I to Phase-V, and that it remains fully committed to such rollout in discharge of its Universal Service Obligation, which already flows from the applicable statutory and regulatory framework independent of any licence condition. The Petitioner submitted that it has no objection to Condition B11 and is content that this commitment, with committed expenditure of Rs. 304.37 Crore in the Nuh Revenue District from the first year as recorded by the Committee at paragraphs 7.13 and 11.12(iii) of the Report, be recorded as a condition of licence, subject only to the year-wise schedule for Nuh being read as the schedule set out in Table 25 at page 77 of the Main Petition, with any variation dealt with in the manner provided for the approved capital program.

25. **Petitioner's rejoinder dated 30.08.2026 to the comments filed by UHBVNL & DHVBNL on the Expert Committee Report.**

25.1. That the Petitioner submits the present Rejoinder to the submissions made by Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL) and Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) (referred to as "the Respondents") on the Expert Committee Report.

Save what is expressly admitted herein, every allegation, contention and assertion contained in the objections is denied.

PROCEDURAL VALIDITY AND COMPLIANCE WITH TERMS OF REFERENCE

25.2. That the Expert Committee acted squarely within the authority granted under Clauses 4.1, 4.2 and 4.3 of its Terms of Reference, which explicitly empowered it to call for records, documents, financial statements and technical information from any party or statutory authority, and that requesting technical clarifications and updated financial disclosures does not constitute filling lacunae behind the back of the Respondents, the proceedings before the Hon'ble Commission providing full opportunity to the Respondents to examine and file written responses to the Expert Committee's Report.

25.3. That the submissions filed by the Petitioner, including the index filings dated 30.07.2026 and responses dated 21.07.2026, were clarificatory documents submitted pursuant to directions of the Commission/Committee to verify equity infusion and corporate authorisations, and that proceedings under Sections 14 and 15 of the Electricity Act, 2003 are specialised regulatory inquiries rather than closed civil trials governed by rigid evidence sequencing under the Code of Civil Procedure. The Hon'ble Commission and its Expert Committee possess the statutory mandate to call for and evaluate clarificatory disclosures until the inquiry is complete, provided affected parties are given an opportunity to respond, and the clarificatory documents submitted by the Petitioner did not alter the applicant entity, supply area or core network architecture but merely substantiated existing matters on record.

25.4. That no actual prejudice has been suffered by the Respondents, who received the filings dated 21.07.2026 and 30.07.2026, submitted extensive written objections and addressed the documents individually on merits; that civil trial authorities relied upon by the Respondents, such as Bagai Construction, pertain to reopening of evidence post-trial and are wholly inapplicable to ongoing regulatory evaluations; and that, as affirmed by the Hon'ble Supreme Court in Sugandhi (Dead) v. P. Rajkumar [(2020) 10 SCC 706], procedural rules are intended to advance justice and relevant documents cannot be excluded on hyper-technical objections where the opposing party has had full opportunity to contest them. The Petitioner further submitted that the Respondents themselves appended three fresh evidentiary annexures (R-A on land cost, R-B on CAGR, and R-C on the stranded-cost methodology, which the Committee recorded was never placed before it in verifiable detail) without any application for leave, after the Committee had concluded its proceedings.

25.5. That the Respondents' assertion that the clarificatory submission dated 21.07.2026 was filed behind their back is factually incorrect and contradicted by the record, the

communication dated 21.07.2026 having been duly transmitted to the Respondents via email on 28.07.2026, as substantiated by the email transmittal proof placed on record. Having received the document, submitted detailed written responses and argued the contents extensively on merits, the Respondents cannot maintain an allegation of breach of natural justice or lack of opportunity.

STATUTORY CAPITAL ADEQUACY AND SCOPE OF CAPITAL INVESTMENT (RULE 3 COMPLIANCE)

25.6. That Rule 3(1) of the Distribution Licence Rules, 2005 requires determination of capital investment for the distribution network, whereas power procurement and interest on working capital are operational expenses (a working capital/ARR item) funded through consumer revenue and not a capital expenditure component of Gross Fixed Assets; that finalised Power Purchase Agreements will be submitted for regulatory approval prior to power flow as recommended in Schedule A (Condition A7); and that the Respondents' assumption of outright acquisition of the entire land footprint at prevailing market value does not reflect the Petitioner's proposed network architecture, which envisages extensive utilisation of leased/licenced sites, public rights-of-way, utility corridors, developer/consumer premises and compact GIS installations. The Petitioner submitted that factoring power purchase into network capital adequacy would distort statutory net-worth requirements, and that the determination under Rule 3(1) is made by the Hon'ble Commission in these very proceedings upon the material on record and the Committee's evaluation, which considered the Respondents' own estimate of Rs. 11,397.75 Crore at paragraph 7.12 and test-checked the arithmetic consistency of the build-up at page 86 of the Report, such that nothing in Rule 3(1) requires a separate anterior computation.

25.7. That the Respondents' challenge regarding power purchase inclusion and internal inconsistency in Schedule A9 is legally untenable, since capital investment under Rule 3(1) is strictly limited to network Gross Fixed Assets while power procurement is an operational ARR item; that Schedule A9's requirement for first-year working capital equity infusion is a discretionary regulatory safeguard under Section 16 to ensure operational liquidity prior to power flow and does not recharacterise operational liquidity into Rule 3 capital adequacy; and that detailed PPA execution post-licence grant is standard regulatory practice, mandating executed PPAs or identified thermal stations at the application stage being liable to force the applicant to incur idle capacity charges and commitment fees before obtaining legal authority to supply.

25.8. That the Respondents' claim of an aggregate capital requirement of Rs. 18,535.58 Crore (comprising Rs. 11,397.75 Crore for network duplication and Rs. 7,137.83 Crore for land acquisition) assumes that a parallel licensee must reconstruct the incumbent's entire

legacy grid on day one, whereas Rule 3(1) does not mandate total asset duplication and a phased, demand-led rollout of Rs. 4,716.73 Crore GFA over five years, aligned with demand projections, is the standard framework consistent with the judgment of the Hon'ble APTEL in Appeal No. 279 of 2017. The Petitioner further submitted that recommending technical implementation plans, PPA approvals and SCADA telemetry integration as conditions precedent to commencement of supply under Schedule A aligns with regulatory practice, and that requiring long-term PPAs and interconnection agreements before licence issuance would create stranded financial commitments prior to receiving authorisation to operate.

25.9. That the Respondents' contention that a parallel distribution licensee must establish its entire distribution network throughout the proposed area of supply is not in accordance with the statutory and regulatory framework, the Hon'ble APTEL having, in MCGM/BEST v. MERC & Ors., Appeal No. 279 of 2017, decided on 11.03.2026, recognised the permissibility of planned and time-bound phased development subject to continuing compliance with the Universal Service Obligation and safeguards against selective network development, such that the governing consideration is establishment of an adequate and progressively developed distribution system rather than instantaneous asset-for-asset duplication.

25.10. That the Respondents' comparison of the Petitioner's projected sales share with the 41% figure in India Power Corporation Limited, HERC/PRO-08 of 2014, conflates market uptake with service coverage, a licensee's sales share being the outcome of consumer choice while the Universal Service Obligation is tested by the reach of the network and the obligation to connect every applicant, not by how many consumers in fact choose to migrate. The Petitioner submitted that the Committee has recorded that the Phase 1 build-out places infrastructure across divisions covering approximately 79% of the consumer base, that the five-year plan reaches every division and that no area is permanently excluded, as against India Power where the plan itself proposed to serve only a fraction of the qualifying area's load at its terminal year, such that the projected sales share, far from defeating the Universal Service Obligation, simply reflects consumer choice under regulated competition.

25.11. That the framework of progressive, phased development aligned with continuing load forecasting is established regulatory practice recognised by the Respondents themselves, whose own Distribution and Retail Supply Licence (No. DRS-2 of 2004) is structured upon a 5-year rollout plan with investment plans and ongoing demand forecasting obligations, such that the Respondents cannot selectively condemn in a parallel licensee's application a statutory phased-rollout structure that governs their own existing licence.

25.12. That the Respondents misconstrue the legal character of the Expert Committee's recommended Schedules A through D, Section 16 of the Electricity Act, 2003 expressly empowering the Hon'ble Commission to specify licence conditions regulating post-grant implementation activities. Specifying conditions precedent to commencement of supply — such as joint system studies, phase-wise financial closure and PPA tariff adoption — does not cure a threshold ineligibility but exercises statutory control over operational milestones that can only crystallise after the network configuration and commissioning schedule are authorised, the Committee having placed the matter beyond doubt at paragraph 18.14 of its Report that the conditions in Schedule A operate at the stage of implementation and constitute no additional requirement of eligibility, a finding the Respondents' submission inverts without engaging with it.

25.13. That the Respondents' asset cost estimate of Rs. 18,535.58 Crore is a replacement reconstruction of the incumbent's legacy footprint rather than an independent appraisal of an efficient distribution system, Rule 3 requiring evaluation of the capital investment for the applicant's proposed efficient system of Rs. 4,716.73 Crore, incorporating compact GIS solutions, public corridors and leased sites, and the absence of a Section 164 Right-of-Way authorisation at the application stage not being a statutory disqualification, such discretionary governmental permissions being routinely sought post-grant during detailed engineering.

25.14. That the Respondents' land cost estimate of Rs. 7,137.83 Crore is speculative and founded on erroneous premises, incorrectly assuming outright land acquisition at market rates for 100% of the asset footprint without an asset-wise land schedule, tenure assumptions or plot coordinates, whereas modern distribution infrastructure is deployed via public rights-of-way, municipal utility corridors, basements, consumer/developer premises and leased parcels, dramatically reducing physical land purchase requirements; and that Section 164 powers are granted post-licence issuance during detailed route engineering, realistic RoW compensation costs being integrated at the detailed design stage rather than constituting a threshold disqualification.

25.15. That the Respondents' objection in Annexure R-B regarding application of State-wide CAGRs over Gurugram-specific historical CAGRs is misplaced, growth projections having been deliberately anchored to the long-term CAGRs approved by the Hon'ble Commission in DHBVNL's own Business Plan Order (10% domestic, 6% HT/LT commercial/industrial), adoption of Commission-approved planning parameters ensures regulatory consistency and avoids speculative over-capitalisation, the Petitioner's modular CAPEX framework allows rapid phase-wise capacity augmentation should localized load growth in Gurugram exceed baseline CAGRs.

PROMOTER FINANCIAL CAPABILITY, NET WORTH AND SOLVENCY

25.16. That the 30% normative equity requirement on the proposed five-year CAPEX of Rs. 4,716.73 Crore stands at Rs. 1,415.02 Crore, and the promoter, S A S Fininvest LLP, possesses a certified net worth of Rs. 4,085.60 Crore, providing coverage well beyond the statutory minimum under Rule 3(2); that the Petitioner has increased its Authorised Share Capital to Rs. 1,500 Crore to absorb the full five-year equity commitment; and that Phase-1 equity of Rs. 91.00 Crore has already been infused into the Petitioner company, demonstrating transition from commitment to capital deployment.

25.17. That beneficial ownership of promoter shares in Global Health Limited is recorded in the audited financial statements of S A S Fininvest LLP across each of the three preceding years, the declarations under Section 89 of the Companies Act, 2013 having been submitted by the registered holder and by the LLP as beneficial owner to Global Health Limited, upon which the obligation to file Form MGT-6 rests on Global Health Limited alone, as the Committee has correctly recorded, and that the Respondents identify no material suggesting the interest is conditional, revocable or qualified, a demand for some further instrument unsupported by anything casting doubt on audited accounts maintained in the ordinary course being speculation and not objection. The Petitioner further submitted that solvency certificates issued by major financial institutions totalling Rs. 2,000 Crore reflect independent institutional assessments of the promoter group's creditworthiness to raise progressive project debt.

25.18. That the Respondents' challenge to the promoter's financial standing relies on a flawed equivalence between historical acquisition cost and present financial capability, S A S Fininvest LLP holding listed securities (including Global Health Limited) whose quantity, ownership and market value are independently verifiable from demat records and stock-exchange data, and Rule 3 not mandating freezing an applicant's net worth at historical book value.

25.19. That the movement in the share count of Global Health Limited between reporting dates was fully disclosed and corresponds to legitimate asset deployment transactions, including the Rs. 91.00 Crore equity already infused into the Petitioner, and the Respondents have failed to identify any demat record or statutory disclosure showing that the same securities were simultaneously counted as remaining promoter assets and utilised funds.

25.20. That the Respondents' challenges to the promoter's net worth volatility and committed liabilities are without factual basis, quoted equity holdings possessing realisable market value verifiable via demat records and stock exchange data, inter-year market price fluctuations being inherent to listed securities and not negating asset authenticity or monetisation capability on the date of financial evaluation; that the allegation that "other

committed investments" were not deducted under Rule 3(2) is purely speculative, the Respondents having failed to identify any subsisting charge, corporate guarantee or legally binding encumbrance against the securities relied upon; and that S A S Fininvest LLP operates as an established holding vehicle legally aggregating group resources for project equity deployment, Rule 3(2) evaluating the combined net worth and resource mobilisation capability of the applicant and its promoters, which the certified net worth of Rs. 4,085.60 Crore comfortably satisfies.

25.21. That Rule 3(2) evaluates resource generation inclusively across the applicant and its promoters, and for an established holding and investment vehicle such as S A S Fininvest LLP, internal resource generation is demonstrated on the record: the certified market-value net worth stood at Rs. 4,215.08 Crore as at 31.03.2024, Rs. 3,728.53 Crore as at 31.03.2025 and Rs. 4,085.60 Crore as on 30.10.2025, in each year a multiple of the entire five-year equity requirement, as recorded by the Committee at paragraph 6.16 of its Report, and the partial monetisation of the holding disclosed on record demonstrates that these resources are realisable in fact, the actual infusion of Rs. 91.00 Crore of Phase 1 equity being realised resource deployment and not projection.

25.22. That solvency certificates totalling Rs. 2,000 Crore issued by major financial institutions serve as independent assessments of present credit standing, demanding binding irrevocable loan sanctions for all future phases at the application stage conflating present creditworthiness with post-DPR financial closure; and that the alleged equity shortfall of Rs. 1,475.07 Crore asserted by the Respondents is purely derivative of their inflated Rs. 18,535.58 Crore capital base and collapses once evaluated against the efficient CAPEX, Rule 3(2) being, on its own text, prospective in requiring the applicant to satisfy the Commission that he "would be in a position to make available resources", a test of capacity to mobilise and not of funds parked in advance.

25.23. That the Respondents' assertions regarding non-filing of statutory disclosures and potential encumbrances are factually erroneous and legally misconceived, the audited net worth of S A S Fininvest LLP standing duly validated through its statutory Form 8 filed with the Registrar of LLPs under Section 34 of the LLP Act, 2008, and the certified market-value net worth, even after the conservative capital gains tax and block-realisation haircuts applied by the Expert Committee at paragraph 6.16 of its Report, remaining approximately Rs. 3,000 Crore, and approximately Rs. 2,451 Crore even at the Reserve Bank of India's 60% loan-to-value ceiling, in each case a multiple of the entire five-year equity requirement of Rs. 1,415.02 Crore, the partners of the LLP having undertaken by declaration dated 21.07.2026, made expressly with reference to Rule 3(2), that resources aggregating not less than Rs. 1,500 Crore shall be earmarked and maintained free from any charge or restriction, as recorded by the Committee at paragraph 6.17 and Finding

No. 3. The Petitioner submitted that the allegation of "double counting" in the solvency certificates totalling Rs. 2,000 Crore misconstrues commercial banking practice, separate financial institutions having conducted independent appraisals of distinct credit lines and balance-sheet capabilities.

MINIMUM AREA OF SUPPLY AND UNIVERSAL SERVICE OBLIGATION (USO)

25.24. That Rule 3 prescribes a statutory floor rather than a ceiling, and under the amended Explanation to Rule 3(2) of the 2005 Rules a Municipal Corporation constitutes a standalone, qualifying minimum area of supply, the inclusion of the entire Municipal Corporation of Gurugram fully satisfying this statutory minimum requirement, while sequenced network execution in Nuh aligns with physical constraints and demand growth without diluting or suspending the Petitioner's Universal Service Obligation under Section 43. The Petitioner submitted that the Explanation to Rule 3(2), as substituted by the 2022 Amendment, prescribes the minimum area of supply and not the maximum permissible area of a distribution licence, and that Nuh, while not merely an extension added to satisfy territorial eligibility, forms an integral part of the proposed licenced area and remains fully subject to the Universal Service Obligation under Section 43.

25.25. That the Respondents' objection to reliance on established regulatory precedents (such as MERC Case No. 90 of 2014) based on the 2022 Amendment misconstrues the statutory text, the Amendment having refined the qualifying minimum area threshold without altering the fundamental principle that statutory floors are disjunctive floors and not caps; and that legal opinions placed on record serve as persuasive legal reasoning substantiating statutory interpretation and do not constitute evidentiary facts requiring cross-examination or counter-pleadings, the Hon'ble Commission retaining full jurisdiction to evaluate the statutory construction on its own merits.

25.26. That inclusion of the entire Nuh revenue district, a predominantly rural and subsidised region, demonstrates compliance with the Universal Service Obligation and refutes allegations of selective licensing, the Rs. 304.37 Crore CAPEX allocation for Nuh (6.5% of total CAPEX) exceeding Nuh's projected share of sales (2.7%) by a factor of 2.4 and ensuring infrastructure investment relative to demand growth; and that the Respondents' allegation that the Expert Committee's evaluation of Nuh's CAPEX allocation involves "circular reasoning" misinterprets load forecasting principles, Nuh's demand baseline having been derived from empirical consumption data and census load profiles, such that evaluating network development over a time-bound and demand-aligned implementation horizon rather than requiring instantaneous asset-for-asset duplication is consistent with the principle recognized by the Hon'ble APTEL in *MCGM/BEST v. MERC & Ors.*, Appeal No. 279 of 2017, decided on 11.03.2026.

25.27. That the Petitioner reiterated its unequivocal commitment to undertake the proposed phase-wise network rollout in Nuh as an integral part of the licenced area and to discharge the Universal Service Obligation under Section 43 throughout the entire Nuh Revenue District, submitting that this is neither an objection to the Nuh rollout nor a request for exemption or relaxation, and that it has no objection to the committed expenditure of Rs. 304.37 Crore in Nuh from the first year, as recorded by the Committee at paragraphs 7.13 and 11.12(iii) of the Report, being recorded as a condition of licence, as recommended at Condition B11.

25.28. That the Respondents' comparison of Eleven Power's proposed single 33/11 kV substation in Nuh against the incumbent's twelve substations misinterprets efficient network design, infrastructure capacity being determined by transformation MVA, high-capacity compact GIS equipment and modern feeder topology rather than simple substation counts, and Rule 3 and Section 42 requiring network capacity to follow credible demand forecasts rather than constructing idle duplicate assets for an instantaneous hypothetical migration of 100% of consumers.

25.29. That the Respondents' reliance on the Petitioner's statement that the Universal Service Obligation "will be declared on completion of the laying of the distribution network" wrenches it from context, the obligation under Section 43 arising by operation of law upon grant and application for supply while the statement concerned the practical sequencing of network availability, which the Committee examined and found genuine at paragraph 11.14 of its Report recording the all-division Implementation Plan, the inclusion of Nuh from Phase I, and the express assurance that no area is permanently excluded, a licensee discharging Section 43 through a network rolled out under a Commission-approved plan and not breaching Section 43 by building that network in phases, as the Hon'ble APTEL has held in Appeal No. 279 of 2017.

<u>ORGANISATIONAL READINESS, TECHNICAL EXPERTISE AND CONSORTIUM ENFORCEABILITY</u>

25.30. That Regulation 4(1)(g)(II) of the HERC Licensing Regulations, 2004 explicitly contemplates applications by entities incorporated for less than three years by requiring audited accounts for the period since incorporation, and corporate name and object changes under the Companies Act, 2013 are legal and standard corporate procedures;

25.31. That the Respondents' narrow construction of Rule 4 of the 2005 Rules, asserting that code of conduct compliance cannot extend to promoters or holding entities, would render parallel distribution licensing impossible for newly incorporated companies, Rule 4 requiring the applicant to satisfy the Commission that it has not been found guilty or disqualified within the last three years, an entity incorporated within that window being, by

definition, one against which no such finding exists. The Petitioner submitted that the cumulative undertakings furnished by the Petitioner, S A S Fininvest LLP and the technical consortium partners confirm zero disqualification across all constituent entities, fully satisfying Rule 4, as recorded by the Committee at paragraph 6.23 and Finding No. 6 of its Report.

25.32. That the Respondents' reliance on *Sundew Properties Ltd. v. TSERC (2024 INSC 439)* is misplaced, Regulation 4(1)(g)(II) of the HERC Regulations, 2004 not overriding Rule 4 of the 2005 Rules but operationalizing the statutory framework for newly incorporated entities and evaluating the promoter group's corporate integrity via veil-piercing preserving statutory intent without creating an extra-statutory bar against greenfield applicants.

25.33. That the Consortium MoU provides technical capabilities in distribution management and network execution, supported by security deposit forfeiture clauses of Rs. 5 Crore and binding commitments, the Petitioner having fully complied with Form II of the HERC Licensing Regulations, 2004 by submitting the complete organizational architecture, Key Managerial Personnel (KMP) profiles and technical management structures of its lead promoters and consortium constituents prior to grant, staging the formal physical deployment of operational personnel to the pre-commissioning phase under Schedule A8 aligning with standard administrative practice and not diluting threshold managerial eligibility.

25.34. That the Respondents' assertion that reliance on consortium expertise bypasses competitive bidding for works execution is baseless, post-grant capital deployment fully adhering to notified regulatory standards and competitive procurement norms where mandated, the consortium framework providing technical governance, managerial oversight and corporate guarantees rather than anti-competitive direct work allocations, and the missing printed name of an authorized signatory on the MoU execution page being a trivial clerical omission not invalidating the agreement, which is duly executed under valid corporate authorization and binding corporate seals placed on record.

<u>TRANSMISSION CONNECTIVITY, STU INTERFACE AND TECHNICAL ARCHITECTURE</u>

25.35. That HVPNL, in its capacity as the State Transmission Utility, retains statutory planning and coordination functions under the Act, the Petitioner undertaking to submit load forecasts, injection proposals and apply for General Network Access/connectivity, bearing all connection asset costs legally allocable to it, and system studies including final load-flow, short-circuit and protection coordination depending on settled injection points and

commissioning schedules, their absence at the application stage not being a statutory disqualification.

25.36. That the contention that the Petitioner would use the existing transmission system "free of cost" is contrary to the statutory scheme, every user of the STU network paying transmission charges determined by the Hon'ble Commission under Section 62 read with the HERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2008, recovery of the cost of the transmission system through regulated transmission charges levied on all users being the compensation the statute provides, with no separate "legacy cost" levy known to law.

25.37. That the Respondents' objection regarding technical specifications in designated Gurugram sectors, such as the "Pilot Project Belt", pertains entirely to post-grant detailed engineering, the Petitioner's distribution network fully conforming to the notified grid architecture or a technically equivalent configuration approved by the competent authority, protection coordination, architectural compatibility and construction approvals being design-stage implementation matters not impacting threshold eligibility.

STRANDED COSTS, TARIFF IMPACT AND MARKET GROWTH

25.38. That the Sixth Proviso to Section 14 of the Electricity Act, 2003 establishes consumer choice through parallel licensing, commercial migration being an intended outcome of regulated competition, and the Petitioner's market share being projected to reach 3.75% of licence-area sales in Year 1 and 15.21% by Year 5, representing a minor fraction of incremental demand growth, uncontracted future demand allowing the incumbent to re-phase planned capacity additions without incurring stranded generation costs, with any demonstrated stranded costs or cross-subsidy adjustments subject to determination during annual ARR and true-up proceedings.

25.39. That any levy, fund or surcharge upon switching consumers outside the statute lacks any statutory basis, Sections 42(2) and 42(4) governing open access and not extending by analogy to switching fees between parallel distribution licensees; and that a Commission-approved Consumer Migration Protocol can be established prior to energization to handle meter readings, undisputed dues and billing cut-offs without creating entry barriers, the Respondents' reliance on Regulation 4.17.1 regarding EESDC charges being misplaced since that Regulation applies to individual builders/developers taking supply at 33 kV and not to a parallel distribution licensee establishing network connectivity under the STU framework.

25.40. That the Respondents' request for a condition that no consumer be supplied otherwise than through the Petitioner's own distribution system requires no adjudication, restating the Sixth Proviso to Section 14 itself as construed by the Hon'ble Supreme Court in BEST

(Civil Appeal No. 4223 of 2012), a position the Petitioner has never contested, its entire Business Plan proceeding on supply through its own network; what the request cannot become is a re-agitation of the migration embargo which the Committee has expressly declined at paragraph 11.12(vi) of the Report.

25.41. That the Respondents' reliance on Table 17.1 of the Expert Committee Report to claim an unbridgeable "regulatory gap" is a misconstruction of the Report, Table 17.1 merely noting that general state-wide procedures for inter-licensee migration can be periodically refined through separate regulatory proceedings, the Electricity Act, 2003 providing complete, self-contained statutory mechanisms under Sections 61, 62 and 64 to address any demonstrated fixed-cost stranding or cross-subsidy variations, and the Hon'ble Commission possessing full statutory power under Section 16 to operationalise migration protocols prior to energy flow, ensuring minimal financial disruption to the incumbent or non-migrating consumers.

25.42. That the passages of the Report the Respondents extract on public interest and discretion are the Committee's self-direction and establish the opposite of what is contended, the Committee having expressly treated public interest as "an integrating principle informing every aspect" of the evaluation, applied that standard across the Report to every objection now repeated, and recorded at paragraph 18.20 that it "has not found any ground upon which the Petitioner falls to be refused", the Respondents identifying no finding in which that standard was misapplied.

25.43. That the Expert Committee's recommendation to grant the parallel distribution licence subject to the safeguards in Schedules A through D is legally sound, economically viable and compliant with the Electricity Act, 2003, and that the objections filed by DHBVNL and UHBVNL lack merit and deserve to be dismissed.

26. **Petitioner's rejoinder dated 30.08.2026 to the objections filed by UHBVNL & DHVBNL on the Additional documents dated 30.07.2026.**

26.1. That the Petitioner submits the present Rejoinder to the objections made by Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL) and Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) (referred to as "the Respondents") to the Additional Documents filed by the Petitioner on 30.07.2026. Save what is expressly admitted herein, every allegation, contention and assertion contained in the objections is denied.

PRELIMINARY DELIBERATIONS AND THRESHOLD OBJECTIONS

26.2. That at the threshold, the objections proceed on a footing that no longer exists, the Respondents' objections dated 26.08.2026 seeking to keep off the record documents which the Expert Committee, constituted vide the Hon'ble Commission's Interim Order

dated 09.07.2026, has already examined and relied upon in its Report dated 07.08.2026: the Report records the partners' undertaking as "Submission Dated-30.07.2026-Sl. No.-5" at paragraph 6.17, notes that it rectified a deficiency identified during the Committee's own proceedings, relies upon the Code of Conduct undertakings of the Petitioner, S A S Fininvest LLP and each consortium partner at paragraph 6.23, and founds Finding No. 4 upon the aggregated solvency position confirmed by the letter of 360 One Prime Limited dated 21.07.2026. The Petitioner submitted that the Additional Documents were furnished during, and in response to, the Committee's examination and are part of the record the Committee has considered, and that the authorities cited by the Respondents, each concerning attempts to introduce documents in civil trials after final arguments or reservation of judgment, have no application to material sought and considered by the Commission's own Expert Committee during a continuing regulatory examination, the Respondents having received every document, responded to each on the merits, and pleaded no specific prejudice.

26.3. That the objection regarding filing of Additional Documents via an index without a formal application for leave is misplaced, Regulatory Commissions exercising quasi-judicial powers and not being bound by the rigid procedural technicalities of the Code of Civil Procedure, 1908, and the Commission holding inherent powers under the HERC (Conduct of Business) Regulations to take on record any document necessary for complete and effective processing of the Petition. The Petitioner submitted that the documents submitted on 30.07.2026 were filed to place true, updated and transparent facts before the Hon'ble Commission and the Expert Committee, rather than to fill lacunae or shift the case, at a stage when the Commission and the Committee were still assessing eligibility, capability and implementation preparedness, and that the submissions do not create any material variation to the details submitted along with the main Petition but enable the Commission to assess actual capability, continuity and financial capacity using the latest verified information.

26.4. That the filing of these additional clarifications, undertakings and financial validations directly serves the public interest by enabling the Commission to evaluate the institutional, operational and financial robustness of a parallel distribution licensee in Gurugram and Nuh, the submissions in no way materially changing any submissions made as part of the main Petition.

26.5. That the objection to taking the Additional Documents on record is directly inconsistent with the principles established by the Hon'ble Supreme Court in ***Sugandhi (Dead) by LRs v. P. Rajkumar, (2020) 10 SCC 706***, wherein additional documents were permitted even at advanced stages since they were relevant to a proper determination and caused no prejudice to the opposing party, and in ***State of Assam v. Union of India (Original***

Suit No. 2 of 1988, decided on 20.07.2018), wherein the Hon'ble Supreme Court permitted further documents during continuing proceedings while preserving the opposite party's right to test their evidentiary value. The Petitioner submitted that because the regulatory and Expert Committee review was ongoing, and since the Respondents received the complete set of documents and submitted detailed comments on every item, no concluded evidence is being reopened, the documents merely providing a higher level of proof for existing application components rather than repairing a missing project concept.

VALIDITY AND COMMITMENTS UNDER THE CONSORTIUM ADDENDUM DATED 24.07.2026

26.6. That the Addendum dated 24.07.2026 introduces a mandatory six-year lock-in period, followed by a six-month notice requirement and a strict condition that no exit takes effect until a full replacement arrangement satisfactory to the Lead Member and compliant with applicable law is implemented, ensuring absolute operational continuity throughout the 25-year licence term, the clause towards satisfactory replacement after the lock-in period being intended to implement operational continuity even in case of exit by any consortium member.

26.7. That the contention that the Addendum is a sham or void for want of consideration is untenable, parties to a subsisting agreement being at liberty to amend it and an addendum amending mutual obligations being supported by the same consideration of mutual covenants as the principal instrument, the Expert Committee having found the Consortium MoU to be legally binding at paragraphs 8.7 and 8.12(ii) of its Report and having recorded at paragraph 17.10 that the evaluation of capability under ToR 3.3 proceeded upon the binding Consortium MoU and the Responsibility Matrix. The Petitioner submitted that the Respondents' position is self-contradictory in contending that the consortium arrangement lacks binding force while simultaneously contending that an amendment strengthening its binding force is a sham, and that statutory responsibility, including the Universal Service Obligation under Section 43, remains at all times with the Petitioner as licensee, ToR 3.3 expressly contemplates capability demonstrated independently or through binding arrangements (Report, paragraph 8.7).

26.8. That consortium members have filed individual Code of Conduct undertakings under Rule 4 of the 2005 Rules binding them to regulatory compliance, the Universal Service Obligation under Section 43 remaining the statutory responsibility of the Petitioner supported directly by the Consortium's integrated operational framework, and the Consortium MoU providing for a security deposit of Rs. 5 Crore from each Consortium Member, automatically forfeited in favour of the Lead Member upon withdrawal or breach.

The Petitioner further clarified that during any notice or transition period following the exit of a Consortium Member, the operational, O&M, billing and supply capabilities required to discharge the Universal Service Obligation shall be seamlessly absorbed and jointly executed by the Lead Member alongside the remaining Consortium Members, ensuring zero disruption to consumers.

26.9. That the comparison between a six-year lock-in and a 25-year licence duration fails to provide a fair operational comparison, the licence itself remaining solely with the Petitioner for the entire 25-year tenure, no statutory provision or rule requires every contractor, technology partner or consortium member to remain fixed for the entire lifecycle, and the Addendum dated 24.07.2026 goes beyond ordinary commercial practice by explicitly preventing any exit until a legally compliant, regulatory-approved replacement is fully operational.

ADMISSIBILITY AND RELEVANCE OF THE LEGAL OPINION DATED 27.07.2026

26.10. That the Opinion dated 27.07.2026 was not tendered as binding authority and the Petitioner has never so contended, it being the considered opinion of a former Chief Justice of India on identified questions of law, placed to assist the Hon'ble Commission, which will form its own view, the demand that the Opinion be "put for public comments" having no basis in the Act or the Regulations. The Petitioner submitted that no prejudice arises, the Respondents having received the Opinion and responded to it ground by ground in the very objections under reply, and remaining at liberty to seek leave to place any material of their own.

26.11. That Rule 3(2) of the Rules, 2005 prescribes no accounting standard and no book-value measure of net worth but tests the availability of resources, the Expert Committee having considered and rejected the Respondents' book-value-only construction at paragraph 6.16 of its Report as a restrictive interpretation, recording that the net worth of S A S Fininvest LLP is primarily composed of highly liquid listed securities, that the certified market-value net worth stood at Rs. 4,215.08 Crore (31.03.2024), Rs. 3,728.53 Crore (31.03.2025) and Rs. 4,085.60 Crore (30.10.2025), exceeding the entire five-year equity requirement of Rs. 1,415.02 Crore throughout, that even after a conservative capital gains tax haircut and block-realisation discount the realisable net worth remains approximately Rs. 3,000 Crore, and that even at the Reserve Bank of India's 60% loan-to-value ceiling the position works out to approximately Rs. 2,451 Crore. The Petitioner submitted that the market valuation is, in any event, corroborative, its compliance resting on the phased capitalisation plan, the actual infusion of Rs. 91.00 Crore of Phase 1 equity against a requirement of Rs. 87.86 Crore, the increase of authorised share capital to Rs. 1,500 Crore, and the aggregate institutional solvency certification of Rs. 2,000 Crore, each

recorded by the Committee at paragraphs 6.18 and 6.24 (Finding Nos. 3 and 4), the Special Purpose Financial Statements supplementing and not displacing the statutory annual accounts already on record.

26.12. That the change of the Petitioner's name and objects was effected in accordance with the Companies Act, 2013 prior to filing of the Petition and stands disclosed on the record, involving no concealment and no disqualification, Rule 4 of the Rules, 2005 being concerned with specified statutory disqualifications none of which is alleged against the Petitioner, its holding entity or its consortium partners, the Expert Committee having recorded at paragraph 6.23 and Finding No. 6 of its Report that no non-compliance with Rule 4 and no statutory disqualification affecting eligibility is disclosed, and reliance upon the audited accounts of the holding entity for a newly incorporated applicant being in conformity with the express language of Rule 3(2), as the Committee records at paragraph 6.15.

26.13. That the Respondents' reliance on *Sundew Properties v. TSERC* (2024 INSC 439) is misplaced, the Petitioner not seeking to override Central Rules via State Regulations, Rule 3(2) of the 2005 Rules mandating financial capital adequacy and creditworthiness but not disqualifying newly incorporated companies or repurposed entities from leveraging the financial standing of parent/promoter entities and the technical credentials of consortium partners, Form I Part II of the HERC Licensing Regulations, 2004 operating in complete harmony with the 2005 Rules; and that requiring non-applicant consortium members to become co-licensees would defeat the regulatory framework governing lead-member distribution applications, Rule 3(2) itself expressly contemplating reliance upon the resources of the promoter where a project is implemented through a new entity, as the Expert Committee records at paragraph 6.15 of its Report. No conflict between the Rules and the Regulations therefore arises.

FINANCIAL STATEMENTS AND PROMOTER NET WORTH OF S A S FININVEST LLP

26.14. That S A S Fininvest LLP holds 2,90,00,097 equity shares of Global Health Limited, the certified market-value net worth of the LLP standing at Rs. 4,085.60 Crore as on 30.10.2025 and at approximately Rs. 4,098.62 Crore per the Special Purpose Financial Statements as at 31.03.2026.

26.15. That the variation in the number of shares of Global Health Limited held, from 3,02,64,524 as at 31.03.2025 to 2,90,00,097 as at 30.10.2025, is neither undisclosed nor unreconciled, the Petitioner itself having disclosed and explained the variation in its Rejoinder dated 10.07.2026, recording that the reduction reflects partial monetization of the holding in the ordinary course and demonstrates the marketability of the asset, and that even after such monetization, the certified market-value net worth remained above

the entire five-year equity requirement of Rs. 1,415.02 Crore in each of the three preceding years, as recorded by the Expert Committee at paragraph 6.16 of its Report, no rule requiring a promoter's holding to remain static.

26.16. That the undertakings dated 05.05.2026 and 15.07.2026 have been examined by the Expert Committee, which records at paragraph 6.17 of its Report that all partners of S A S Fininvest LLP have jointly and severally undertaken the investment of total equity of around Rs. 1,500 Crore in a phased manner over five years, the availability of liquid assets of about Rs. 4,085 Crore capable of liquidation on an immediate basis, and the validity of the undertaking throughout the tenure of the investment; and that the declaration dated 21.07.2026, made expressly with reference to Rule 3(2), confirms that the LLP has no other committed investments and that resources aggregating not less than Rs. 1,500 Crore shall be earmarked and maintained free from any charge or restriction. That the Committee having found at Finding No. 3 that these binding undertakings, together with the actual Phase 1 infusion, satisfy the requirement of capital adequacy and the Respondents' construction of the undertakings as mere internal approvals did not prevail before the Committee.

MINIMUM AREA OF SUPPLY AND DISTRICT DEMARCATION

26.17. That under the Explanation to Rule 3(2) of the 2005 Rules (as amended in 2022), the minimum area of supply requirement is satisfied by covering either an entire Municipal Corporation or three adjoining revenue districts, and since the proposed area encompasses the entire Municipal Corporations of both Gurugram and Manesar, the statutory threshold is independently satisfied.

26.18. That Explanation to Rule 3(2) prescribes a minimum area of supply and not a maximum, the Sixth Proviso to Section 14 permitting a licence for any area of supply, and no provision requiring an applicant to justify proposing an area larger than the statutory minimum, the UPERC order dated 24.04.2023 concerning contiguity and not holding otherwise. The Petitioner submitted that the Expert Committee has recorded at Finding No. 2 of its Report that the proposed area extends to the complete and contiguous revenue districts of Gurugram and Nuh with a balanced mix of urban, rural, industrial, commercial, agricultural and subsidised consumers, and that the contiguity objections regarding Nagina, Hathin and Sikri are factually not correct on the documentary record, Nagina forming part of the network rollout in the Main Petition and the Network Implementation Plan dated 03.07.2026, Hathin falling in Palwal district and Sikri in Faridabad district. The Petitioner further submitted that the Committee has recorded, at paragraphs 11.12(v) and 13.18(ii), that inclusion of the entirety of Nuh, on the Respondents' own figures the least remunerative part of the area, substantially mitigates

the very cherry-picking concern the Respondents have pressed throughout these proceedings, such that the Respondents cannot simultaneously allege selective servicing of commercially attractive areas and object to inclusion of the district whose presence answers that allegation.

CREDENTIAL DECLARATIONS AND TECHNICAL KEY PERSONNEL

26.19. That the declarations dated 28.07.2026 from key technical and managerial personnel confirm explicit consent to join the Petitioner upon grant of licence. In utility licensing, prospective employment conditional upon regulatory authorization is standard industry practice as an applicant cannot reasonably be expected to maintain an entire operational utility workforce on active payroll prior to the statutory grant of a licence. The Petitioner further submits that documentary evidence for joining of the key management personnel shall be submitted in compliance with the directions of the Hon'ble Commission based on the Conditions applicable to the Petitioner. As regards the comment of the Respondents on the declaration for only 10 individuals, the Petitioner clarifies that the other two Key Personnel viz., Mr. Samarjit Mohanty and Mr. Manoj Kumar Vats are already on the rolls of the Petitioner. Managerial and technical preparedness should be evaluated through the complete mobilization framework and structural commitments, with full deployment subject to a pre-commencement verification milestone mandated by the Commission.

SOLVENCY AND DEBT FINANCING CAPABILITIES

26.20. That the solvency certificates issued by IndusInd Bank (Rs. 1,000 Crore) and 360 One Prime Limited (Rs. 1,000 Crore) are cumulative, demonstrating a clear institutional financial backstop of Rs. 2,000 Crore, and standard infrastructure project finance dictates that detailed bank debt sanctions are tied to phased capital expenditure schedules. Achieving Phase 1 bank debt sanctioning of approximately Rs. 205 Crore alongside the aggregated solvency standing of Rs. 2,000 Crore satisfying the twin tests of capital adequacy and debt capability.

26.21. That the Respondents' reliance on Noida Power (Appeal No. 7 of 2010) does not advance their case. The identical objection that absence of closed debt syndication for the entire five-year requirement defeats creditworthiness having been placed before the Expert Committee and rejected at paragraph 6.19 of its Report, applying the progressive-mobilisation standard consistent with the judgment of the Hon'ble APTEL dated 11.03.2026 in Appeal No. 279 of 2017. The Committee's Finding No. 4 recording that creditworthiness stands established through the aggregate institutional solvency certification of Rs. 2,000 Crore, the in-principle sanction of Rs. 205 Crore covering the Phase 1 debt requirement in full, and the promoter's demonstrated capacity to mobilise

resources, the Respondents' 94% computation being simply the progressive-mobilisation standard restated as a grievance.

27. **Petitioner's rejoinder dated 30.08.2026 to the objections filed by HVPNL to the Expert Committee Report.**

The rejoinder filed by the petitioner dated 30.08.2026 to the objections filed by HVPNL on the Expert Committee Report, is substantially similar their rejoinder to the objections filed by DISCOMS (UHBVNL and DHBVNL). Accordingly, for the sake of brevity and to avoid repetition, the same is not reproduced herein.

The rejoinder on the additional objections of HVPNL is as under:-

PROCEDURAL VALIDITY AND COMPLIANCE WITH TERMS OF REFERENCE

27.1. That the Expert Committee acted squarely within the authority granted under Clauses 4.1, 4.2 and 4.3 of its Terms of Reference, which explicitly empowered it to call for records, documents, financial statements and technical information from any party or statutory authority, requesting technical clarifications and updated financial disclosures not constituting filling of lacunae, the proceedings before the Hon'ble Commission providing full opportunity to HVPNL to examine and file written responses to the Report.

27.2. That HVPNL's assertion that its reply was not explicitly listed in certain narrative recitals of the Report does not vitiate the evaluation, the Expert Committee having comprehensively evaluated the intra-State transmission framework, grid interconnection requirements and STU/SLDC operational interface, HVPNL having received all filings, filed detailed written objections dated 12.08.2026 and participated fully before the Hon'ble Commission, ensuring zero breach of natural justice.

27.3. That the submissions filed by the Petitioner, including the index filings dated 30.07.2026 and responses dated 21.07.2026, were clarificatory documents submitted pursuant to directions of the Commission/Committee to verify equity infusion, corporate authorizations and organizational capability, copies of which were provided to HVPNL, the transmittal proof via email dated 28.07.2026 confirming that HVPNL had full access to these documents; and that the proceedings under Sections 14 and 15 of the Electricity Act, 2003 are specialized regulatory inquiries rather than closed civil trials governed by rigid evidence sequencing under the Code of Civil Procedure. That the Hon'ble Commission and its Expert Committee possesses the statutory mandate to call for and evaluate clarificatory disclosures until the inquiry is complete, as affirmed by the Hon'ble Supreme Court in Sugandhi (Dead) v. P. Rajkumar [(2020) 10 SCC 706].

27.4. That the regulatory architecture for distribution licensing operates through three distinct, sequential gateways which cannot be conflated wherein the first gateway strictly pertains

to **Statutory Eligibility for Licence Grant** under Sections 14 to 16 of the Act read with Rule 3 of the Rules, 2005, wherein the Hon'ble Commission evaluates threshold eligibility, financial capability, public interest and baseline gate-keeping criteria to issue the licence; the second gateway pertains to **Approval and Closure of Detailed Network Rollout**, entailing post-grant scrutiny of the licensee's granular capital expenditure plans, phased distribution network layout and local area rollout timelines; and the third gateway pertains to Technical Readiness for Energisation and Interconnection, governed by grid code compliance, safety clearances, execution of STU/CTU deposit works and SLDC operational readiness before the network is physically charged. The Petitioner submitted that conflating post-licence technical execution and detailed rollout approvals with the initial statutory grant of licence is legally untenable as the statutory framework contemplates that detailed network execution and grid connectivity mature progressively through these distinct checkpoints following grant of licence.

27.5. That the Respondent's demand for pre-licence system studies and premature transmission network approvals is directly contradicted by HVPNL's own formal submission dated 05.07.2026, wherein HVPNL explicitly admitted that, in its statutory capacity as the State Transmission Utility under Section 39 of the Electricity Act, 2003, it is legally obligated to plan, coordinate and develop the intra-State transmission system post-licence grant upon receipt of formal interconnection applications from an authorized licensee, such that demanding exhaustive upstream transmission studies at the initial stage of licence grant reverses the statutory sequence and creates an impossible, circular hurdle wherein a non-licensee applicant is expected to secure transmission coordination before the underlying statutory right to distribute electricity has been conferred by Hon'ble Commission.

27.6. That the Respondent's reliance on *Bagai Construction v. Gupta Building Material Store* [(2013) 14 SCC 1] is wholly misplaced, as that judgment addresses the narrow discretionary powers of a Civil Court under Order 18 Rule 17 of the CPC to reopen evidence after conclusion of a private adversarial trial, whereas regulatory licensing under Section 14 of the Electricity Act, 2003 is an ongoing, inquisitorial and dynamic statutory inquiry requiring an accurate and updated operational record to evaluate statutory compliance, grid security, and consumer welfare, rendering the procedural strictures of Bagai Construction entirely inapplicable.

27.7. That the proposition that the Hon'ble Commission is not bound by the Report is unremarkable and has never been contested by the Petitioner, the Commission independently examining the record and forming its own view; what paragraph 38 of Appeal No. 279 of 2017 does not do is diminish the weight of a Report produced by the Commission's own expert process, on Terms of Reference framed by the Commission, in

which every party including the Respondent participated and to which every party has now responded.

27.8. That the Respondent's contention that the Petitioner's proposed distribution network or power drawal architecture exceeds the STU perimeter is factually incorrect and based on a fundamental misconstruction of grid connectivity Regulations. That the Petitioner's proposed area of supply being strictly demarcated within the notified revenue districts, with all physical interface points for power drawal designed to terminate directly at designated STU (HVPNL) grid substations within the State, the Petitioner's planned distribution infrastructure at no point bypass, breach or operate outside the technical and administrative perimeter of the STU network. The Petitioner further submitted that Chapter 14 of the Report explicitly evaluates HVPNL's submissions regarding STU planning duties, interconnection and legacy assets, confirming full regulatory consideration despite the Respondent's omission from initial narrative recitals.

STATUTORY CAPITAL ADEQUACY AND SCOPE OF CAPITAL INVESTMENT UNDER RULE 3

27.9. That Rule 3(1) of the Distribution Licence Rules, 2005 requires determination of capital investment for the distribution network, power procurement and interest on working capital being an operational expense funded through consumer revenue and not a capital expenditure component of Gross Fixed Assets, finalized PPAs to be submitted for regulatory approval prior to commencement of power flow as recommended under Condition A7 of Schedule A; and that the determination under Rule 3(1) is made by the Hon'ble Commission upon the material on record and the Committee's evaluation, which test-checked the arithmetic consistency of the build-up, including annual totals, division-wise reconciliation and correspondence of normative equity with the Chapter 6 requirement at page 86 of the Report, such that nothing in Rule 3(1) requires a separate anterior computation.

27.10. That Schedule A9's requirement for first-year working capital equity infusion is a discretionary regulatory safeguard under Section 16 to ensure operational liquidity prior to power flow and does not recharacterize operational liquidity into Rule 3 capital adequacy, and detailed PPA execution post-licence grant is standard regulatory practice, mandating executed PPAs or identified thermal stations at the application stage forcing the applicant to incur idle capacity charges and commitment fees before obtaining legal authority to supply.

27.11. That Rule 3(1) does not require the applicant to reproduce, asset-for-asset and on the first day of operation, the entire historical network of the incumbent licensee, the relevant statutory inquiry being the capital investment necessary for establishment of the

Petitioner's proposed distribution system having regard to the obligation to develop and maintain an efficient, coordinated and economical distribution system in a phased manner. That the Petitioner's proposed capital investment of Rs. 4,716.73 Crore over the five-year implementation horizon has been formulated on the basis of projected demand, modern network configuration, compact GIS architecture and progressive augmentation of capacity. Requiring immediate duplication of infrastructure designed over several decades for the incumbent's entire historical consumer base, irrespective of projected migration and incremental demand, would create avoidable idle capacity and associated consumer cost.

27.12. That in Noida Power Company Ltd. v. Paschimanchal Vidyut Vitran Nigam Ltd. (Appeal No. 7 of 2010), the Hon'ble APTEL held that Rule 3 requires demonstrating the capacity to provide equity and creditworthiness to raise debt rather than executing every future financing instrument prior to licence grant, and in MCGM/BEST v. MERC (Appeal No. 279 of 2017) Hon'ble APTEL clarified that the Act does not compel a complete distribution network to exist before grant, the network can be developed in a phased manner, Rule 3(2) being prospective in nature requires the applicant to satisfy the Commission that it "would be in a position to make available resources", a test of capacity to mobilise and not of funds parked in advance.

27.13. That land requirements for substations are envisioned to be met through leasing and compact GIS configurations, reducing physical footprint, Section 164 powers being granted by the competent Government post-licence issuance during detailed route engineering, realistic RoW compensation costs being integrated at the detailed design stage and not constituting a threshold licence disqualification; and that under DHBVNL's Distribution and Retail Supply Licence (No. DRS-2 of 2004), network expansion and capital expenditure are governed by a mandatory 5-year rolling investment plan submitted progressively for regulatory approval rather than required as an upfront prerequisite, such that demanding immediate full-scale network readiness at the initial grant stage from a parallel licence applicant imposes a discriminatory burden contradicting the very framework under which the incumbent operates and undermines the progressive rollout mechanism established by the Hon'ble Commission.

27.14. That the Respondent's attempt to erect procedural hurdles around network readiness and upfront infrastructure development is directly barred by the binding jurisprudence of the Hon'ble Supreme Court in Municipal Corporation of Greater Mumbai v. MERC & Ors. [Civil Appeal No. 4223 of 2012], which affirmed that the core legislative mandate of the Electricity Act, 2003 is to foster multi-licensing and introduce distribution competition, and that statutory multi-licensing cannot be frustrated, delayed or rendered illusory by imposing technical network readiness demands or infrastructure prerequisites prior to

grant of licence. Consequently, requiring fully built distribution infrastructure or upfront STU system integration as a condition precedent to licensing violates the statutory framework established under Section 14 and directly contravenes the law laid down in MCGM, which mandates that network development and operational rollout naturally follow the grant of a parallel distribution licence.

27.15. That HVPNL's assertions regarding supply risk and unviable power sourcing mischaracterize the Petitioner's structured, reliable, and sustainable power procurement architecture. The Petitioner has formulated a phased, diversified power procurement mix anchored by a 20% base thermal power allocation to cover firm baseload requirements, the remainder structured around Firm and Dispatchable Renewable Energy without compromising operational reliability. Short-term load variations being managed through a tapering, temporary reliance on the Green Day-Ahead Market that will progressively decrease as long-term FDRE PPAs and dedicated storage capacities are commissioned; and that HVPNL's objection regarding state thermal capacity being fully tied up with HPGCL is irrelevant, the proposed 20% base-load thermal capacity being competitively procured through inter-State generators, power traders or the DEEP portal under open access regulations, without laying claim to HPGCL's existing long-term state PPAs.

TECHNICAL INTERCONNECTION, SYSTEM STUDIES AND GRID SAFETY

27.16. That HVPNL's contention that Interconnection Agreements (A3), load-flow/short-circuit/protection coordination studies (A4), SLDC scheduling protocols (A5) and metering/SCADA telemetry integration (A6) must be completed prior to licence grant inverts the regulatory sequence. Section 16 of the Electricity Act, 2003 empowers the Hon'ble Commission to specify licence conditions governing post-grant implementation, execution of interconnection agreements and joint load-flow studies requiring exact physical line routes, bay availability and finalised node allocations that can only be determined after detailed project reports post-licence grant. The Committee having placed the matter beyond doubt at paragraph 18.14 of the Report stated that the conditions in Schedule A operate at the stage of implementation and constitute no additional requirement of eligibility.

27.17. That HVPNL's technical query regarding 2,002.5 MVA cumulative transformation capacity versus projected peak demand of 1,067.06 MW/approximately 1,255.4 MVA at 0.85 PF confirms that the Petitioner's proposed design provides an aggregate transformation margin of approximately 1.6x. The distribution network design incorporates 1,753.5 MVA transformation capacity at the 11 kV level alone, supported by compact GIS substations, ring main units and N-1 redundancy criteria, with comprehensive node-wise load-flow and

short-circuit studies under Schedule A4 to fine-tune local feeder loading in coordination with HVPNL.

27.18. That the Petitioner's proposed infrastructure in Gurugram sectors, including Sectors 65, 69, 85, 95, 99 and 107, will strictly adhere to the Commission's notified Pilot Project Belt Regulations (220/33/0.4 kV architecture) wherein Schedule A10 mandates independent verification of compliance prior to commencement of supply.

27.19. That the Respondent's claim that transmission capacity can be exclusively reserved for incumbent DISCOMs based on historical presence or past tariff payments is directly barred by Section 39(2)(d) of the Electricity Act, 2003, which obligates the State Transmission Utility to provide non-discriminatory open access to all licensees, historical tariff contributions merely compensating for prior services rendered and conferring no proprietary or exclusive rights of capacity reservation over public grid infrastructure. Consequently, ring-fencing STU capacity to prioritize the incumbent DISCOM violates Section 39(2)(d) and subverts the statutory open-access framework.

27.20. That the grant of a distribution licence under Section 14 of the Electricity Act, 2003 confers a statutory legal right to operate as a distribution licensee but creates no physical right to inject, wheel, or draw power from the grid. The Petitioner remains completely electrically isolated from the transmission and distribution grid unless and until all conditions precedent specified in Schedule A including technical approvals, grid connectivity agreements, safety clearances, and operational SLDC protocols are fully satisfied and verified by the relevant authorities. Consequently, issuing the licence poses zero operational risk to grid stability, as physical interconnection and energisation are strictly locked behind the successful completion of these statutory and contractual safeguards.

27.21. That the Petitioner is willing to bear the cost of bays, terminal equipment, line terminations and Petitioner-specific upstream augmentation lawfully and prudently attributable to its connectivity requirement under the applicable Regulations, STU procedures and orders of the Hon'ble Commission. Such works may, where applicable, be executed as deposit works. Where, however, an upstream augmentation creates or strengthens common transmission capacity available to multiple users, its cost allocation should be determined on the basis of causation and the applicable regulatory framework rather than being attributed wholly to the Petitioner merely because its connectivity requirement contributed to the need for augmentation.

<u>STATUTORY DUTY OF STU, LEGACY TRANSMISSION INFRASTRUCTURE AND EESDC NON-APPLICABILITY</u>

27.22. That under Section 39(2)(b) of the Electricity Act, 2003, HVPNL as the State Transmission Utility has an inescapable statutory duty to plan and coordinate the intra-State

transmission system and provide non-discriminatory open access/interconnection to all distribution licensees and that HVPNL cannot refuse interconnection or claim that a parallel licensee is disentitled from connecting to the intra-State grid.

27.23. That HVPNL's reliance on Regulation 4.17.1 of the HERC (Duty to Supply... 3rd Amendment) Regulations, 2023 to demand External Electrical System Development Charges from the Petitioner is completely misplaced. That Regulation 4.17.1 applies specifically to Builders/Developers seeking bulk supply connections at 33 kV or above for private real estate developments and not to a statutory distribution licensee establishing grid connectivity with the STU, imposing EESDC on a parallel distribution licensee constituting illegal double recovery since the licensee already funds transmission interface bays via deposit works and pays regulated transmission tariffs.

27.24. That the Petitioner does not claim any automatic right or entitlement over land owned by HVPNL and that the Petitioner will construct its substations on independently acquired or leased land parcels. That where interface bays or line terminations are required at HVPNL grid substations, the work will be carried out under standard STU deposit work guidelines and technical feasibility approvals.

PROMOTER FINANCIAL CAPABILITY, NET WORTH AND SOLVENCY

27.25. That the 30% normative equity requirement on the proposed five-year CAPEX of Rs. 4,716.73 Crore stands at Rs. 1,415.02 Crore, the promoter, S A S Fininvest LLP, possessing a certified net worth of Rs. 4,085.60 Crore, providing coverage well beyond the statutory minimum under Rule 3(2); and Rule 3(2) tests net worth and internal resource generation over the preceding three years, satisfied in each year on the certified record: Rs. 4,215.08 Crore as at 31.03.2024, Rs. 3,728.53 Crore as at 31.03.2025 and Rs. 4,085.60 Crore as on 30.10.2025, each a multiple of the entire five-year equity requirement, as recorded by the Committee at paragraph 6.16 of its Report. The Committee's conservative capital gains and block-realisation haircuts and the Reserve Bank of India's 60% loan-to-value computation absorbs the market volatility and still yields a cover of approximately Rs. 3,000 Crore and Rs. 2,451 Crore respectively.

27.26. That as to committed investments, the declaration dated 21.07.2026, made expressly with reference to Rule 3(2) and recorded by the Committee at paragraph 6.17, confirms that the LLP has no other committed investments and that resources of not less than Rs. 1,500 Crore shall be earmarked for the Petitioner's equity requirement, the Respondent identified no committed investment that ought to have been but was not excluded.

27.27. That the Petitioner has increased its Authorised Share Capital to Rs. 1,500 Crore to absorb the full five-year equity commitment; and that Phase-1 equity of Rs. 91.00 Crore

has already been infused into the Petitioner company, demonstrating transition from commitment to capital deployment.

27.28. That beneficial ownership of the promoter's shares in Global Health Limited is recorded in the audited financial statements of S A S Fininvest LLP across each of the three preceding years, the declarations under Section 89 of the Companies Act, 2013 having been submitted by the registered holder and by the LLP as beneficial owner to Global Health Limited, upon which the obligation to file Form MGT-6 rests on Global Health Limited alone, as the Committee has correctly recorded at page 75 of its Report, the Respondent identifying no material suggesting the interest is conditional, revocable or qualified; and that the certified market-value net worth, even after conservative haircuts, remains approximately Rs. 3,000 Crore, and approximately Rs. 2,451 Crore at the RBI's 60% loan-to-value ceiling, in each case a multiple of the five-year equity requirement of Rs. 1,415.02 Crore, and the partners have undertaken by the declaration dated 21.07.2026 made expressly with reference to Rule 3(2), that resources aggregating not less than Rs. 1,500 Crore shall be earmarked and maintained free from any charge or restriction, as recorded at paragraph 6.17 and Finding No. 3. The Special Purpose Financial Statements supplement, and are consistent with, the statutory filings; they do not displace them.

27.29. That S A S Fininvest LLP holds listed securities whose market value is independently verifiable, solvency certificates totalling Rs. 2,000 Crore issued by major financial institutions reflecting independent institutional assessments of the promoter group's creditworthiness, the allegation of "double counting" misconstrues commercial banking practice since separate financial institutions conducted independent balance-sheet appraisals; and that evaluating promoter assets through Special Purpose Financial Statements is fully justified and legally compliant under Rule 3, which prescribes no accounting standard or book-value measure of net worth but tests the availability of resources, as the Committee held at paragraph 6.16 of its Report in rejecting the book-value-only construction as restrictive. That utilizing audited Special Purpose Financial Statements allows the Hon'ble Commission to assess true capital availability, ensuring a robust and accurate verification of promoter solvency for the proposed capital expenditure.

27.30. That the variation in the shares of Global Health Limited held is neither undisclosed nor unreconciled, the Petitioner having itself disclosed and explained it in its Rejoinder dated 10.07.2026, recording that the reduction reflects partial monetisation of the holding in the ordinary course and demonstrates marketability, and even after such monetisation the certified market-value net worth has remained above the entire five-year equity requirement in each of the three preceding years, as recorded by the Committee at

paragraph 6.16 of its Report, the actual infusion of Rs. 91.00 Crore of Phase 1 equity being realised resource deployment and not projection.

27.31. That the allegation of double counting misconstrues the record, the two solvency certificates having been issued by separate institutions, IndusInd Bank and 360 One Prime Limited, upon independent appraisals of the promoter group's credit capacity, the letter of 360 One Prime Limited dated 21.07.2026 expressly confirms that its certification is in addition to, and not overlapping with, that of IndusInd Bank. That the Committee having so found at Finding No. 4 of its Report, recorded that the combined certified solvency of Rs. 2,000 Crore represents a credible, independent assessment demonstrates the ability to raise necessary debt progressively across the project phases.

MINIMUM AREA OF SUPPLY AND UNIVERSAL SERVICE OBLIGATION

27.32. That extension of the supply area into the entire revenue district of Nuh, a predominantly rural and subsidised region, fulfils Clause 5.4.7 of the National Electricity Policy, 2005. The Rs. 304.37 Crore CAPEX allocation for Nuh (6.5% of total CAPEX) exceeding Nuh's projected share of sales (2.7%) by a factor of 2.4, ensuring front-loaded infrastructure investment relative to demand growth.

27.33. That the Respondent's insistence that the area of supply must encompass multiple revenue districts or meet all criteria cumulatively ignores the clear disjunctive phrasing of Rule 3 of the Distribution Licensee Rules, 2005 wherein the use of the term "either" establishes distinct, alternative minimum threshold categories for the requirement of area of supply specifically, an area covering "either" a Municipal Corporation, or three adjoining revenue districts, or a smaller area as may be notified by the Appropriate Government. By operation of basic statutory interpretation, satisfying any one of these independent disjunctive limbs independently fulfils the threshold eligibility criteria. Because the Petitioner's proposed area of supply explicitly includes the Municipal Corporation of Gurugram, the statutory mandate of Rule 3 is fully and independently satisfied, rendering any dispute regarding whether Nuh qualifies as three separate revenue districts legally irrelevant and superfluous. The Explanation prescribes a minimum area of supply, not a maximum; the Sixth Proviso to Section 14 permits a licence for any area of supply, and no provision requires each additional part of a proposed area to qualify independently under a limb of the Explanation once the minimum stands satisfied. The Respondent's construction, under which nothing beyond the exact statutory minimum could ever be licenced, finds no support in the text and would defeat the very anti-cherry-picking objective it invokes.

27.34. That it is a settled position of law that State regulations or regulatory interpretations cannot restrict, narrow or override the scope of Central Rules framed under Section 176 of the

Electricity Act, 2003, as held by the Constitution Bench of the Hon'ble Supreme Court in *PTC India Ltd. v. CERC* [(2010) 4 SCC 603] and reaffirmed in *Sundew Properties Ltd. v. TSERC* [2024 INSC 439], confirming that state-level regulatory frameworks cannot impose restrictive conditions curtailing statutory eligibility conferred under Central Rules, Rule 3(2) itself expressly contemplating reliance upon the resources of the promoter where a project is implemented through a new entity, as the Committee records at paragraph 6.15 of its Report.

27.35. That the Respondent's attempt to equate the Petitioner's conservative market uptake projections with a refusal or restriction of the Universal Service Obligation under Section 43 is legally and commercially flawed as the projected initial consumer switching, estimated at approximately 2.5% at launch and growing from a 3.75% energy market share in Year 1 to 15.21% by Year 5, represents realistic, prudently modelled commercial market demand used strictly for network sizing, financial planning and phased capital expenditure. These business projections do not limit, alter, or dilute the Petitioner's statutory duty to supply electricity to any consumer within the licenced area who submits a valid application under Section 43. The Petitioner remains fully committed to its non-discriminatory Universal Service Obligation from the date of operationalization, ensuring that infrastructure rollout and capacity allocation scale dynamically to serve every requesting consumer across the licenced area.

27.36. That HVPNL's reliance upon *India Power Corporation Ltd.*, HERC/PRO-08 of 2014, must be confined to the factual deficiencies recorded in that proceeding and cannot be elevated into a general prohibition against phased network development. That the Petitioner's application needs to be assessed on its own proposed area, network architecture, capital investment, rollout programme and demonstrated ability to comply with the Universal Service Obligation. More importantly, the subsequent judgment of the Hon'ble APTEL dated 11.03.2026 in MCGM/BEST v. MERC directly addresses phased network development and recognises that network development is a continuing obligation which may proceed in phases, subject to Section 43 and safeguards against selective coverage. Accordingly, any comparison with IPCL must examine network reach, consumer accessibility, investment adequacy and the ability to meet supply requests rather than merely comparing projected first-year sales percentages. On the measure relevant to service coverage, the Committee has recorded that the Phase 1 build-out places infrastructure across divisions covering approximately 79% of the consumer base, that the five-year plan reaches every division, and that no area is permanently excluded (paragraphs 7.12 and 11.12 of the Report); in India Power, by contrast, the plan itself proposed to serve only a fraction of the qualifying area's load at its terminal year. A licensee's sales share is the outcome of consumer choice; a licensee whose sales reach

15.21% of licence-area sales remains obliged to connect one hundred percent of the consumers who apply to it.

27.37. That the Respondent's reliance on the Petitioner's statement that the Universal Service Obligation "will be declared on completion of the laying of the distribution network" wrenches it from context. The obligation under Section 43 arises by operation of law upon grant and application for supply; the statement concerned the practical sequencing of network availability, which is precisely what the Committee examined and found genuine at paragraph 11.14 of its Report, recording the all-division Implementation Plan, the inclusion of Nuh from Phase I, and the express assurance that no area is permanently excluded. A licensee discharges Section 43 through a network rolled out under a Commission-approved plan; it does not breach Section 43 by building that network in phases, as the Hon'ble APTEL has held in Appeal No. 279 of 2017.

27.38. That the Petitioner's explanation stands recorded at paragraph 7.13 of the Report: the sequencing reflects the dependency on the corresponding HVPNL interface works for Gurugram City and not any deferral of service, with cumulative investment in that division reaching Rs. 385.59 Crore by FY 2028-29 and Rs. 1,601.08 Crore over the five-year period, the second highest among the four divisions; and the Committee has directed, at paragraphs 18.4 and 18.8, that the clarification be furnished at the Business Plan approval stage. It does not lie in the mouth of this Respondent, upon whose own interface works the Gurugram City schedule depends, to characterise as an "admitted deferral" a sequencing governed by the readiness of its own system. No adverse inference can be drawn from a schedule so governed.

ORGANISATIONAL READINESS, TECHNICAL EXPERTISE AND CONSORTIUM ENFORCEABILITY

27.39. That the change of the Petitioner's name and objects was effected in accordance with the Companies Act, 2013 prior to filing of the Petition and stands disclosed on the record, involving no concealment and no disqualification, Regulation 4(1)(g)(II) of the HERC Licensing Regulations, 2004 expressly contemplating applications by entities incorporated for less than three years, the Expert Committee having recorded at paragraph 6.23 and Finding No. 6 that no non-compliance with Rule 4 and no statutory disqualification affecting eligibility is disclosed. That the reliance upon the audited accounts of the holding entity for a newly incorporated applicant is in conformity with the express language of Rule 3(2), as the Committee records at paragraph 6.15 of its Report.

27.40. That Rule 4 requires the applicant to satisfy the Commission that he has not been found guilty or disqualified under the specified provisions within the last three years. The Petitioner's own undertaking does precisely that, and an entity incorporated within the

three-year window is, by definition, an entity against which no such finding exists; nothing in Rule 4 makes three years of corporate existence a precondition, and Regulation 4(1)(g)(II) of the HERC Licensing Regulations, 2004 expressly contemplates applicants incorporated for less than three years. The undertakings of S A S Fininvest LLP and the consortium partners were furnished in addition to, not in substitution of, the Petitioner's own compliance, and the Committee has recorded at paragraph 6.23 and Finding No. 6 that no non-compliance with Rule 4 and no disqualification is disclosed in respect of any of them. The Respondent's construction, under which no newly incorporated entity could ever demonstrate Rule 4 compliance, would write into the Rule a bar that Parliament, in expressly permitting parallel licensing, did not enact.

27.41. That the Consortium Memorandum of Understanding provides technical capabilities in distribution management, supported by security deposit forfeiture clauses (₹5 Crore) and binding commitments under the Addendum. Staging the formal physical deployment of operational personnel to the pre-commissioning phase (Schedule A8) aligns with standard administrative practice; the requirement of a legally enforceable Consortium Agreement stands satisfied on the existing record, the Committee having found the MoU legally binding at paragraphs 8.7 and 8.12(ii) and having proceeded upon it at paragraph 17.10, with Condition A8 in any event operating at the stage of implementation.

27.42. That the six-year lock-in period imposed on consortium partners is a deliberate regulatory safeguard designed to ensure financial continuity, operational stability and equity commitment during the critical initial network build-out and stabilisation phase, mirroring the capital-intensive rollout cycle of the distribution infrastructure and guaranteeing that the lead promoters and core partners remain committed until the network achieves commercial viability and operational maturity. Securing consortium equity and technical capability throughout this foundational period mitigates project execution risk, safeguards public interest, and ensures that the distribution undertaking is backed by long-term, unencumbered promoter support.

27.43. That the contention that the Addendum is a sham or void for want of consideration is untenable, parties to a subsisting agreement being at liberty to amend it, the Expert Committee having found the Consortium MoU legally binding at paragraphs 8.7 and 8.12(ii) of its Report and having recorded at paragraph 17.10 that the evaluation of capability under ToR 3.3 proceeded upon the binding Consortium MoU and the Responsibility Matrix, the observation at paragraph 8.12(vi) as to a substituting agreement operating at the stage of implementation and not being a finding against the enforceability of the instrument on which capability was assessed. The Petitioner submitted that all statutory obligations, including the Universal Service Obligation under Section 43, rest exclusively and indivisibly with Eleven Power Private Limited as the licensee entity,

individual consortium partners or third-party contractors serving strictly under commercial arrangements and carrying no direct regulatory relationship with the Hon'ble Commission or the end-consumers. Consequently, any operational delegation to consortium members does not dilute, divide, or transfer Eleven Power's ultimate regulatory accountability for statutory compliance, quality of supply, and non-discriminatory service delivery across the licenced area.

27.44. That the Respondent's assertion that downstream EPC or O&M packages will be exclusively awarded to consortium partners on a non-competitive basis is wholly unfounded, the Petitioner being bound by statutory transparency requirements and regulatory procurement guidelines, all future capital works, network expansion packages and maintenance contracts being awarded through transparent, competitive bidding processes, with consortium partners participating in such tenders on equal footing where legally permissible but no automatic or exclusive execution rights reserved for them; and that the Consortium MoU and Addendum were validly executed by authorized signatories backed by corporate board resolutions, minor layout omissions on signature pages not vitiating binding corporate authorization. The Petitioner further submitted that Form I Part-II of the HERC Licensing Regulations, 2004 does not mandate that technical/EPC partners be co-applicants or form a Joint Venture SPV, securing technical expertise via long-term, legally binding contractual agreements fully satisfying statutory organizational capability.

STRANDED COSTS, TARIFF IMPACT AND MARKET GROWTH

27.45. That the Sixth Proviso to Section 14 of the Electricity Act, 2003 establishes consumer choice through parallel licensing, commercial migration being an intended outcome of regulated competition, and the Expert Committee's recommendation to grant the parallel distribution licence subject to Schedules A through D being legally sound, economically viable and advancing public interest by bringing modern infrastructure, consumer choice and efficient distribution operations to Gurugram and Nuh.

27.46. That HVPNL's contention that the Petitioner must compensate existing consumers for historical legacy capital expenditure or face "legacy cost loading" into its initial ARR lacks statutory foundation under Sections 39, 42 and 62 of the Electricity Act, 2003. Intra-State transmission infrastructure owned by the STU being a regulated utility asset financed through regulated tariffs, the Petitioner and its embedded consumers paying HERC-determined intra-State transmission charges and SLDC fees for every unit of electricity drawn wherein such regulated payments flows directly into HVPNL's ARR and providing incremental tariff-offset benefits to existing grid users. The Petitioner submitted that requiring a new parallel licensee to absorb historical sunk costs of the incumbent would create an illegal entry barrier, defeating the statutory mandate of parallel licensing and

that the transmission charges are determined by the Hon'ble Commission under Section 62 read with the HERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2008 for all users of the intra-State system alike, no separate "first ARR loading" upon a new licensee, and no anterior bifurcation methodology as a precondition to grant, being known to law.

27.47. That the passages of the Report the Respondent extracts on public interest and discretion are the Committee's self-direction and establish the opposite of what is contended, the Committee having expressly treated public interest as "an integrating principle informing every aspect" of the evaluation, applied that standard across the Report to every objection now repeated, and recorded at paragraph 18.20 that it "has not found any ground upon which the Petitioner falls to be refused", the Respondent identifies no finding in which that standard was misapplied.

27.48. That the Expert Committee's recommendation to grant the parallel distribution licence subject to the safeguards in Schedules A through D is legally sound, economically viable and compliant with the Electricity Act, 2003, and that the objections filed by HVPNL lack merit and deserve to be dismissed.

28. **Written submission dated 14.09.2026 filed by DISCOMs (UHBVN and DHBVN)**

28.1. That the present written submissions are being filed on behalf of Respondent No. 1-DHBVNL and Respondent No. 2- UHBVNL, in terms of the order dated 03.09.2026.

<u>NO OPPORTUNITY GRANTED TO THE ANSWERING RESPONDENTS TO REBUT THE "REPLY/ COMMENTS ON BEHALF OF THE PETITIONER TO THE COMMITTEE REPORT DATED 07.08.2026"</u>

28.2. That the following documents were received by the Answering Respondents on 01.09.2026, i.e. 2 days prior to the date of hearing: (i) Reply on behalf of the Petitioner to the objections filed by DHBVNL and UHBVNL on the additional documents filed by the Petitioner; (ii) Reply on behalf of the Petitioner to the comments filed by DHBVNL and UHBVNL on the Committee Report; (iii) Reply on behalf of the Petitioner to the comments filed by HVPNL to the Committee Report; and (iv) Reply/Comments on behalf of the Petitioner to the Committee Report. Though the Petitioner has been granted an opportunity to file a Reply to the objections raised by the Respondent-Haryana Power Utilities to the Report of the Committee, no such equal, reciprocal opportunity has been granted to the Answering Respondents to respond to the Reply/Comments on behalf of the Petitioner to the Committee Report, a specific prayer to this effect having been made at the commencement of arguments on 03.09.2026 and that the same is in violation of the principles of natural justice.

28.3. That once the Committee has given its Report, the same should be put in the public domain and every stakeholder before the Hon'ble Commission ought to be given an equal right to respond to it and to seek an opportunity of being heard, reliance being placed on the decision of the Hon'ble APTEL in Polyplex Corporation Limited v. Uttarakhand Electricity Regulatory Commission [Appeal Nos. 41, 42 and 43 of 2010, decided on 31.01.2011], wherein the Hon'ble APTEL held that whenever directions or legal opinions are relied upon by a State Commission, the parties must be given an opportunity to place their views in the presence of the other parties, and that the Commission ought to engage counsel to explain the legal position in open forum rather than act merely on a legal opinion obtained without the parties being heard. Each of the stakeholders, including the Answering Respondents, is equally affected by the recommendations of the Report and is entitled to place its objections and be heard on an equal footing, consistent with the principles of natural justice, a specific submission to this effect having been made before the Hon'ble Commission on 03.09.2026; however, the RoP of 03.09.2026 directs the Report to be sent only to the intervenors/impleadment applicants and the same has not been opened to public comments and suggestions, a procedure which does not accord with the aforesaid judgment nor with the mandate of Section 15 read with Section 86(3) of the Act.

<u>WITHOUT PREJUDICE TO THE ABOVE, THE REPORT ITSELF IS VITIATED BY VIOLATION OF THE PRINCIPLES OF NATURAL JUSTICE AND EXCEEDS THE TERMS OF REFERENCE</u>

28.4. That vide the interim order dated 09.07.2026, the Commission had specifically directed that the Committee shall examine the petition, the replies filed by the Respondents, the comments/objections submitted by the intervenors, and all other relevant material available on record, and that the Terms of Reference appended to the said interim order prescribed, at Clause 4.1, that the Committee shall evolve its own procedure consistent with the principles of natural justice, and at Clause 4.2, that the Committee may call for records, documents, studies, reports, financial statements and technical information. The Committee, however, not only proceeded to rely on documents beyond the record but also relied upon documents which were created after the passing of the order dated 09.07.2026: on 30.07.2026, nine additional documents were filed on behalf of the Petitioner without any application seeking leave, and the Answering Respondents were never informed as to how, when or on what basis these documents came to be called for, nor afforded any opportunity to respond to or rebut them before the Committee relied upon them in its Report. Any documents not filed by the Petitioner along with its original Petition may kindly not be taken into consideration, reliance being placed on the decision of the

Hon'ble APTEL in Dodson-Lindblom Hydro Power Private Limited v. Maharashtra Electricity Regulatory Commission [2011 SCC OnLine APTEL 156], wherein the Hon'ble APTEL held that a party cannot be permitted to make out a completely new case through documents filed belatedly which were never pleaded before the Commission, and that reliance on documents required as back-up material for a prudence check cannot be accepted where the party seeking to rely on them cannot show they were properly placed on record and tested.

28.5. That the hearings before the Committee were not conducted jointly, one hearing having been afforded to the Answering Respondents and a separate, distinct hearing to the Petitioner, with the parties not present together, such asymmetry of procedure being itself a violation of the principles of natural justice. The Ld. Counsel for the Petitioner, during arguments, himself stated that it was the "Committee [that] had suggested" that an MoU with a lock-in period be filed, and that the Answering Respondents are not aware of how, when or by whom such suggestion was given, such a statement itself showing that the Committee did not remain a neutral examiner of the material "on record" but actively guided the Petitioner towards curing deficiencies pointed out by the Answering Respondents by "suggesting" the creation of documents and thereafter relying upon documents which never formed part of the record. That attention was also drawn to page 59 of the Report (para 6.9), where the Committee records having called upon the Petitioner to furnish a justification for adopting market value over book value of the promoter's net worth and to submit a comprehensive debt-equity capitalisation plan, and it was submitted that documents created and filed after a matter has been reserved for orders, and thereafter relied upon to found the central recommendation of an Expert Committee Report without any opportunity to the Answering Respondents to test or rebut them, cannot form part of a Report that the Hon'ble Commission may act upon, the very act of calling for documents to be created being itself a violation of Clauses 4.1 and 4.2 of the ToR.

28.6. That, without prejudice to the foregoing, it is submitted that even if no opportunity was granted to any stakeholder to rebut the documents submitted by the Petitioner, it was the Committee's own duty to test the veracity of the material submitted, such as the chartered accountant's net-worth certification, the solvency certificates and the consortium partners' credentials, before founding adverse findings upon them, the Committee itself having recorded that reliance on promoter resources "must rest upon credible documentary evidence and legally enforceable commitments" (page 67 of the Report), yet having failed to follow the directions of the Hon'ble Commission and the basic tenets of natural justice.

THE CONDITIONS UNDER SCHEDULE A OF THE REPORT ARE, IN SUBSTANCE, CONDITIONS PRECEDENT TO GRANT OF LICENCE, AND CANNOT BE DEFERRED TO BEING CONDITIONS FOR COMMENCEMENT OF SUPPLY

28.7. That at page 277 of the Report (Clause 18.15, Schedule A), the Committee has proceeded on the footing that the conditions enumerated therein, including A1 (filing of the detailed Network Rollout and Implementation Plan and CAPEX programme) and A2 (division-wise justification of capital investment sequencing), are "conditions precedent to commencement of supply" and not conditions precedent to grant of licence, and are consequently required to be complied with only after the licence is granted. Filing of the detailed Network Rollout Plan, Implementation Plan and CAPEX programme (A1), the reasoned division-wise justification of capital investment sequencing (A2), and the furnishing of a legally enforceable Consortium Agreement (A8), are all matters that go directly to capital adequacy and creditworthiness under Rule 3 of the Rules, 2005, and cannot be verified only after the licence has already been granted, reliance being placed on the Committee's own observation at page 26 of the Report that "licence conditions are an important regulatory tool but cannot substitute compliance with mandatory statutory requirements," it being absurd to suggest that even a Consortium Agreement is to be submitted after a licence is granted but before commencement of supply.

SUBMISSIONS W.R.T. THE MEMORANDUM OF UNDERSTANDING (MOU) RELIED UPON BY THE PETITIONER ENTERED BETWEEN THE PURPORTED CONSORTIUM PARTNERS

28.8. That at page 277 of the Report, Condition A-8 (furnishing of a "legally enforceable Consortium Agreement") has been made a condition to be fulfilled by the Petitioner after grant of licence, and it is submitted that if this is indeed the stage at which the consortium arrangement is to become legally enforceable, the necessary corollary is that no binding consortium agreement existed at all at the time of, or prior to, grant of licence, and the Committee cannot simultaneously treat an admittedly non-binding MoU as sufficient to establish institutional readiness and consortium experience at the eligibility stage.

28.9. That, without prejudice to the foregoing, it is submitted that the MoU annexed to the Petition at Enclosure-3, Volume-II, dated 09.05.2026, was unsigned (page 239 of the Petition), and it was only after this deficiency was pointed out in the Answering Respondents' original reply that a signed copy came to be filed along with the Petitioner's additional submissions dated 03.07.2026 (at page 154), purportedly bearing digital signatures of four signatories dated 12.05.2026, being the date of filing of the petition, although the document was placed on record only on 03.07.2026, nearly two months thereafter, and that the stamp paper on which both documents are executed being one

and the same indicates that the document originally filed and verified as a true copy has in fact been changed subsequent to filing of the Petition, such conduct on the part of the Petitioner ought to be viewed strictly.

28.10. That the signed version filed on 03.07.2026 itself has been materially amended vide the addendum filed on 30.07.2026, inasmuch as Clauses 8.6 and 8.7 relating to the lock-in period were amended, allegedly subsequent to a suggestion to that effect by the Committee, at page 3 of the signed document, and it was submitted that a document created after the constitution of the Committee, to answer a specific concern raised during the course of its proceedings, cannot be treated as reflecting the original bargain between the parties, the ease and rapidity with which the consortium arrangement has been modified, first between the unsigned and signed versions and again by way of the Addendum, being itself demonstrative that the underlying arrangement is not one of substance but one assembled and re-assembled to meet objections as and when raised.

28.11. That even taking the Addendum at its highest, the MoU remains incapable of specific performance, the only consequence of breach by a non-lead consortium member, as the Committee itself records at page 111 of the Report, being forfeiture of a security deposit of Rs. 5 Crore, an agreement whose only remedy on breach is a claim for a fixed sum of damages not being "legally enforceable" in the sense contemplated by Schedule A, Condition A8, nor capable of constituting a condition precedent to grant of licence within the meaning of Rule 3(2) of the Rules, 2005, the licence, if granted, being for 25 years whereas the consortium partners' commitment, even under the Addendum, being for only six years, such that the Petitioner is seeking a 25-year licence on the strength of partners who owe it no enforceable commitment beyond a fraction of that period.

28.12. That during arguments, the Ld. Counsel for the Petitioner stated that "things change, nothing is permanent," and that if tomorrow the terms of the MoU are changed, the Hon'ble Commission is well within its rights to cancel the licence, and it is submitted that such a statement, made in response to a direct challenge to the enforceability of the document on which the Petitioner's eligibility rests, may kindly be specifically recorded in the order, since it confirms, on the Petitioner's own showing, that the consortium arrangement underlying its eligibility is neither stable nor assured.

<u>THE APPLICANT BEFORE THIS HON'BLE COMMISSION IS EX FACIE NOT A CONSORTIUM, AND THE EXPERIENCE OF THIRD-PARTY MOU PARTNERS AND THEIR PERSONNEL CANNOT BE ATTRIBUTED TO IT</u>

28.13. That the Applicant before the Hon'ble Commission is Eleven Power Private Limited alone, the Petition being filed only in its name and the prayer made only by it, the consortium members who are parties to the MoU not being applicants before the Hon'ble

Commission, and any licence granted enuring only to Eleven Power Private Limited and not to the consortium as such. That it was submitted that Part-II of Form-I annexed to the HERC (Transmission and Distribution Licensing) Regulation, 2004 requires each constituent of a joint venture or consortium to independently satisfy the requirement of prior experience and managerial capability, precisely because experience cannot otherwise be borrowed by an applicant that is not itself the joint venture, and where, as here, the Applicant is neither a joint venture nor a consortium in its own constitution, the experience of its MoU counterparties cannot be read into or used to bolster its own eligibility.

28.14. That if the Petitioner is relying solely upon the experience of its consortium partners today, whether all future execution of work would also have to be carried out only through these very partners remains unanswered/unclear, and that upon grant of a distribution licence the Petitioner would be discharging functions of public importance and would accordingly be obligated to get work executed only after conducting a fair, transparent and competitive bidding process, and could not simply hand over execution to its consortium partners as a matter of course, which it obviously is going to do. That it is submitted that while the Answering Respondents themselves get certain works executed through contractors, this is done purely for administrative convenience while the Answering Respondents remain fully eligible, competent and experienced to execute such works on their own, whereas the Petitioner, by contrast, is admittedly inexperienced in its own right and cannot seek to get contracts executed through third parties when it is not itself eligible or experienced to execute or even supervise such works independently, its own incapability not being capable of being transferred onto or concealed behind its consortium partners, nor can it take the benefit of an unenforceable MoU to manufacture an eligibility it does not, in fact, possess in its own right.

28.15. That, without prejudice to the foregoing, it was further submitted that even the documents relied upon to demonstrate personnel/organisational capability do not, on their own showing, belong to the Applicant, as for example, in the Petition, Volume-II, Enclosure-8, page 840, the profile of Mr. Samarjit Mohanty is described as an employee of "SAS Energy" and not of Eleven Power Private Limited, and at page 843, second bullet point, another individual is described as presently working with TPCODL (Tata Power Central Odisha Distribution Limited), with no shown association even with SAS Energy, let alone with the Applicant. That it was submitted that the Petitioner, having been incorporated only in February 2026 and having filed the Petition within months of that incorporation, has no employees of its own, and the Committee's reliance on the profiles of persons employed by unrelated entities as evidence of the Applicant's organisational readiness is misconceived, there being no document on record disclosing what "SAS Energy" is,

whether it ever constitutes a separate legal entity, and how it is related to the Petitioner, and it is further submitted, out of abundant caution, that no document seeking to establish these particulars regarding "SAS Energy" can now be permitted to be placed on record at this belated stage.

28.16. That the Ld. Counsel for the Petitioner, in rebuttal, sought to contend that "SAS Energy" is merely the name of a group (akin to the Adani Group or Jindal Group) and that the persons in question are accordingly employees of the Petitioner since SAS Energy is not a separate entity but only the name of a group, and it is submitted that such an argument is wholly flawed and cannot be accepted: a business "group" name is not a legal person and confers no employment relationship by itself, an employee is employed by a specific legal entity, and unless that specific entity is shown to be the Petitioner itself, merely invoking a group label cannot convert an employee of an unconnected or unidentified entity into an employee of the Petitioner, such an argument, if accepted, permitting any applicant to borrow the entire workforce of an unrelated corporate group merely by asserting a common trade name, which cannot be countenanced under the Regulations.

28.17. That the Petitioner, having been incorporated only in June 2025 as "Veyora Infra Private Limited" for the purpose of carrying on real estate activities, and renamed and repurposed for electricity distribution only shortly before filing the present Petition, possesses no experience whatsoever of the distribution business, and is, in substance, no more than a shell company, possessing no resources of its own, no experience of its own, and no workforce of its own, such an entity not being one that can be considered eligible for grant of a distribution licence.

<u>SUBMISSIONS WITH RESPECT TO CAPITAL ADEQUACY - THE SELF-DEVISED 5-YEAR PERCENTAGE FORMULA OF THE COMMITTEE, ALIEN TO THE PROVISIONS OF LAW, CANNOT BE TAKEN INTO ACCOUNT</u>

28.18. That the Committee devised its own formula, alien to the express provisions of law, to assess capital adequacy, having computed the figure of Rs. 4,716.73 Crore as the capital investment requirement for a five-year term, i.e., from FY 2026-27 to FY 2030-31, based on a percentage figure given by the Petitioner regarding the consumers likely to be catered to in the next five years. That a bare perusal of Rule 3(1) of the Rules, 2005 shows that the capital investment requirement is to be fixed with reference to the "size" of the area of supply and "service obligation within that area in terms of section 43," the Rules containing no reference whatsoever to any five-year, or any other artificially truncated, timeline, the Committee having, on its own and without any basis in the Rules, confined the computation to a period of five years, without assigning any cogent reasoning as to why five years was chosen and not three, or six, or any other such period, such that the

Hon'ble Commission cannot rely on a formula created by the Committee where the statute and the Rules made thereunder provide none, any determination founded on such an extra-legal formula being void ab initio.

28.19. That Rule 3(1) of the Rules, 2005 casts a duty on the Hon'ble Commission to independently determine the capital investment requirement having regard to the size of the area of supply and the service obligation under Section 43 of the Act, 2003, and that no such independent determination has been undertaken till date.

COST OF POWER PURCHASE NOT INCLUDED IN COMPUTATION OF CAPITAL ADEQUACY

28.20. That the service obligation under Section 43 of the Act, 2003 is not confined to laying wires and transformers but also includes procurement and supply of power, and that the cost of power purchase, which constitutes approximately 89% of the Annual Revenue Requirement of the Answering Respondents/existing DISCOMs, has been entirely omitted from the computation of the cost of investment, both by the Petitioner and by the Committee, a prospective licensee who has failed to account for such a substantial component of cost not being able to be treated as having satisfied the requirement of "capital adequacy," the working capital not having been accounted for at all.

28.21. That the Petitioner has also failed to demonstrate that it possesses the resources to comply with the Late Payment Surcharge (LPS) Rules, which require a Letter of Credit equivalent to one month's power procurement requirement to be furnished for procurement of power, whether the Petitioner has the resources to furnish an LC for one month's power requirement for the Gurugram area nowhere having been considered or accounted for, and that the Ld. Counsel for the Petitioner, in rebuttal, instead of answering this specific query, sought to point out alleged deficiencies of the Answering Respondents. In this regard, deficiencies, if any, of the existing DISCOMs not being able to cure or substitute the Petitioner's own burden of demonstrating compliance with the eligibility requirements applicable to a prospective licensee.

28.22. That although the Petitioner proposes that 20% of its power procurement portfolio shall be sourced from thermal power, no Thermal Power Plant has been identified by the Petitioner from which such thermal power is proposed to be procured, a proposal to source a fifth of the entire power portfolio from thermal generation without even naming or shortlisting a probable source remaining wholly speculative and incapable of being treated as a reliable basis for assessing the Petitioner's capital adequacy or its ability to discharge the Universal Service Obligation.

COST OF LAND ALSO NOT INCLUDED IN COMPUTATION OF CAPITAL ADEQUACY

28.23. That though the cost of infrastructure (though completely inadequate) has been taken into consideration for the purpose of determination of the cost of investment, the cost of land on which the infrastructure is to be constructed has not been taken into account, the Committee having proceeded on the presumption that powers of the Telegraph Authority under Section 164 of the Electricity Act, 2003 would necessarily be conferred upon the Petitioner.

28.24. That the Answering Respondents have placed on record an assessment of the capital investment required to serve the entire proposed area of supply, comprising a network infrastructure cost of Rs. 11,397.75 Crore and a land cost of Rs. 7,137.83 Crore, aggregating to Rs. 18,535.58 Crore, which, applying the 30% equity norm under Rule 3(2), yields an equity requirement of Rs. 5,560.67 Crore as against the Petitioner's claimed net worth of Rs. 4,085.60 Crore, a shortfall of approximately Rs. 1,475.07 Crore, exclusive of power purchase cost, which is by itself fatal to the Petitioner's claim of having satisfied Rule 3(2), the value of Rs. 18,535.58 Crore being one that may kindly be taken into consideration by the Hon'ble Commission.

28.25. That it is submitted that the Ld. Counsel for the Petitioner, in rebuttal, stated that the Petitioner proposes to install compact sub-stations which would require only one-tenth of the land contemplated for the substations projected by the Answering Respondents, and it is submitted that, without prejudice to and without conceding the correctness of the said statement, land would nonetheless be required for installation of such compact sub-stations, and the cost thereof, howsoever reduced, has still not been accounted for by the Petitioner in its computation of capital adequacy.

THE CAPITAL ADEQUACY PROJECTED BY THE PETITIONER PROCEEDS ON THE BASIS THAT ONLY 2% OF THE EXISTING CONSUMER BASE WOULD SHIFT TO IT

28.26. That this is in the teeth of the Petitioner's potential obligation under Section 43 of the Act, whereunder it would be the obligation of the Petitioner, if granted a licence, to mandatorily grant an electricity connection to every person who applies for it, such that the capital adequacy to be assumed would have to be sufficient to create a network and supply power potentially to every single person residing in the licence area, not merely 2%, the entire premise on which the capital adequacy of the Petitioner has been assessed accordingly being in violation of Section 43 of the Act read with the Rules, 2005.

SUBMISSIONS W.R.T. NET WORTH OF THE PURPORTED PROMOTER AND THE QUESTION OF BENEFICIAL INTEREST

28.27. That it is submitted that the Petitioner's claimed net worth of Rs. 4,085.60 Crore is not its own but that of its promoter, SAS Fininvest LLP, and rests entirely on the market value of

a concentrated shareholding in a single listed company, Global Health Limited, which has fluctuated by over 33% within two years, and that Rule 3(2) requires exclusion of the promoter's "other committed investments" and, independently, requires demonstration of "generation of internal resources of his business... in the preceding three [years]", SAS Fininvest LLP, being a mere holding vehicle with no business of its own generating operating cash flow, not satisfying this limb at all, a deficiency the Report does not engage with.

28.28. That apart from the above, the following aspects are liable to be considered by the Hon'ble Commission, which have been ignored by the Committee: that the question of how the beneficial interest arises, and from where, remains wholly unanswered till date, "beneficial interest" not being a self-explanatory concept and being capable of arising under a trust, agreement, guarantee, will, or succession, each carrying materially different legal consequences, such that without disclosure of the instrument under which the beneficial interest of SAS Fininvest LLP in the shares of Global Health Limited is said to arise, it is impossible to ascertain its extent or character, or whether it vests any real, enforceable interest at all; that the Committee's finding equating the increase in authorised share capital from Rs. 100 Crore to Rs. 1,500 Crore with actual demonstrated capital adequacy is erroneous, since authorised share capital represents no actual infusion of funds and creates no binding obligation to ever raise the same; and that the Committee's acceptance of the "combined" solvency certificates of Rs. 2,000 Crore, without addressing the Answering Respondents' specific objection that two certificates issued over the same or overlapping asset base cannot simply be added together, amounts to impermissible double-counting, and that in the absence of the statutory Form 8 (Statement of Account and Solvency) of SAS Fininvest LLP, or verification against the SEBI shareholding/encumbrance disclosures of Global Health Limited, mere solvency certificates could not have been relied upon.

28.29. That at page 72 of the Report, the Committee's observation that the increase of the Petitioner's authorised share capital from Rs. 100 Crore to Rs. 1,500 Crore "covers" the entire five-year equity requirement of Rs. 1,415.02 Crore conflates two legally distinct concepts, i.e. "authorised share capital" and "net worth"/"capital adequacy," authorised share capital being merely the ceiling prescribed under a company's Memorandum of Association, capable of being increased by a resolution and payment of nominal filing fees without a single rupee being infused and without any corresponding obligation to ever issue or subscribe to such capital, such that treating a mere enhancement of the authorised ceiling as equivalent to actual, demonstrated capital adequacy is an error apparent on the face of the record, the Committee's finding to this effect being

unsustainable and incapable of being treated as satisfying the equity requirement under Rule 3(2).

28.30. That it is submitted that, on a cumulative consideration of the foregoing, namely the volatile and unverified market-value basis of the promoter's claimed net worth, the failure to disclose or exclude the promoter's "other committed investments," the absence of any independent business generating internal resources, the undisclosed and unexamined character of the purported "beneficial interest," the treatment of a mere increase in authorised share capital as though it were actual capital infusion, and the impermissible double-counting of overlapping solvency certificates, it is evident that the Petitioner has failed, on every limb of Rule 3(2) of the Rules, 2005, to establish the net worth and capital adequacy required for grant of a distribution licence, the Report's acceptance of the Petitioner's claimed net worth, without testing it against any of these deficiencies, being unsustainable, and the finding of the Committee on this count liable to be rejected in its entirety.

GRANT OF THE PARALLEL LICENCE WOULD MATERIALLY ERODE THE CROSS-SUBSIDY BALANCE TO THE DETRIMENT OF DHBVNL'S REMAINING DOMESTIC AND AGRICULTURAL CONSUMERS

28.31. That it is submitted that the area proposed to be licenced to the Petitioner is DHBVNL's single most valuable territory, contributing 35.23% of its total sales and 42.98% of its total revenue of Rs. 9,493.75 Crore for FY 2025-26, and that the Petitioner's own Business Plan confirms that migration is expected predominantly from high-paying HT and Commercial & Industrial consumers, while rural, agricultural and low-density consumers would remain with DHBVNL, these HT and LT Supply consumers presently paying a positive cross-subsidy of Rs. 1.17/kWh and Rs. 1.06/kWh respectively, which underwrites the negative cross-subsidy of Rs. 0.90/kWh and Rs. 0.92/kWh applicable to domestic and agricultural consumers, migration of precisely this cross-subsidising consumer base directly eroding that balance to the detriment of DHBVNL's remaining domestic and agricultural consumers.

GRANT OF THE PARALLEL LICENCE WOULD IMPOSE A DOUBLE AND COMPOUNDING BURDEN ON CONSUMER INTEREST - THROUGH DUPLICATE CAPEX WITHIN THE PARALLEL AREA, AND THROUGH STRANDED-COST RECOVERY IN THE ARR OF THE INCUMBENT LICENSEE ACROSS THE REST OF THE STATE

28.32. That it is submitted that the impact of grant of a parallel distribution licence on consumer interest is not confined to the consumers who would come to be served by the Petitioner

within its proposed area of supply, this impact operating on two distinct and cumulative levels, both directly relevant to the exercise of the Hon'ble Commission's discretion under the Sixth Proviso to Section 14 of the Act, 2003, which is itself conditioned on the larger public interest and not merely on the interests of the Petitioner and the Answering Respondents inter se.

28.33. That, at the first level, the consumers who migrate to, or are newly connected by, the Petitioner within the parallel area of supply would themselves bear, through the Petitioner's tariff, the entire cost of a wholly new and duplicate distribution network, substations, feeders and associated infrastructure, running parallel to a network of equivalent or near-equivalent capacity already existing in the same area, built and maintained by the Answering Respondents over several decades at the cost of consumers of that area, such duplication of capital expenditure, where adequate capacity already exists and could, consistent with the statutory open-access and network-sharing framework, have been made available to a second licensee without need for wholesale reconstruction, being inefficient and wasteful in a manner inconsistent with the objects of the Act, 2003 and the Tariff Policy, both of which proceed on the principle that consumers ought not to bear the cost of avoidable or duplicative capital expenditure.

28.34. That, at the second and independent level, it is submitted that the very same act of migration would impose a distinct and separate burden on the residual consumers of DHBVNL who continue to be served by the Answering Respondents, over and above the erosion of the cross-subsidy balance already pleaded hereinabove, the existing distribution network in the proposed area of supply representing capital expenditure already incurred by DHBVNL, recovered over the useful/depreciable life of the assets concerned through the ARR approved by the Hon'ble Commission from time to time, spread across the entirety of the consumer base presently served in that area, such that, where the Petitioner's own Business Plan confirms migration predominantly of high-paying HT and Commercial & Industrial consumers, the fixed costs already sunk in the existing network serving those very consumers do not thereby stand extinguished or reduced, remaining to be recovered in full through the ARR but now over a residual consumer base skewed towards lower-paying domestic and agricultural consumers, within which the migrating consumers' erstwhile share of fixed-cost recovery must necessarily be redistributed.

28.35. That this second-level burden is properly characterised as a stranded-cost or fixed-cost under-recovery impact, and is compounding rather than merely additive when read with the first-level duplication of CAPEX: the Petitioner's own consumers would fund the creation of new, avoidable infrastructure, while DHBVNL's remaining consumers, including the very domestic and agricultural consumers the Hon'ble Commission is

statutorily bound to protect, would simultaneously fund, through a higher per-unit fixed charge in the ARR, the recovery of legacy infrastructure cost that has become correspondingly less efficiently utilised, neither consequence being hypothetical, both flowing directly and necessarily from grant of the licence sought and from the Petitioner's own admitted consumer-migration profile, and neither having been assessed, quantified or addressed anywhere in the Report of the Expert Committee.

28.36. That it is accordingly submitted that the true measure of consumer interest in the present proceedings is not confined to whether the Petitioner's prospective consumers may derive some benefit from an alternative supplier, but must also account for the double burden described above, borne respectively by the Petitioner's own captive consumers and by DHBVNL's residual consumers, neither of whom stands to gain anything from the duplication in question, such compounding impact on consumer interest weighing decisively against the exercise of the Hon'ble Commission's discretion in favour of granting the parallel licence sought.

THE MINIMUM AREA OF SUPPLY OBJECTION HAS NOT BEEN PROPERLY ADDRESSED BY THE COMMITTEE

28.37. That the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) (Second Amendment) Rules, 2022 deliberately removed "Municipal Council" from the Explanation to Rule 3(2), and that as the Rules now stand, only a Municipal Corporation as defined under Article 243Q of the Constitution, or three adjoining revenue districts, qualifies as the minimum area of supply, Nuh, Ferozepur Zirka, Taoru and Punhana being classified as Municipal Committees under the Haryana Municipal Act, 1973, and not Municipal Corporations, incapable of satisfying either limb of the amended Explanation. That the Committee's construction, that the Municipal Corporation limb, once satisfied for Gurugram, permits extension of the licence into any amount of additional, non-qualifying territory of the Petitioner's own choosing, is inconsistent with the Rules, which introduced the word "either" vide the 2022 Amendment; and that, without prejudice to the foregoing, even if the Municipal Corporation of Gurugram is treated as independently satisfying the Explanation, Nuh, being a single revenue district comprising only Municipal Committees, does not itself satisfy either limb, and cannot be rendered compliant merely by being appended to an already-qualifying Corporation.

28.38. That, the Petitioner's total proposed CAPEX of Rs. 4,716.73 Crore, only Rs. 304.37 Crore (approximately 6.5%) is allocated to Nuh, with a single 33/11 kV substation proposed as against twelve existing/proposed substations of the Answering Respondents in that area alone, demonstrating that the inclusion of Nuh is nominal and does not answer the objection of cherry-picking, which is to be tested by where the Petitioner actually proposes

to invest and not by the mere geographical description of the area of supply, the Petitioner not being permitted to describe the extent of its proposed area of supply differently depending on which objection is sought to be met, i.e., asserting the whole of both districts to answer cherry-picking, while computing capital adequacy only against a truncated, phased build-out serving a fraction of that area.

NON-CONSIDERATION OF LEGACY TRANSMISSION INFRASTRUCTURE COST AND THE 3RD AMENDMENT REGULATIONS, 2023

28.39. That the transmission network already established has been created at the cost of the existing consumers of the DISCOMs through tariffs paid over the years, the Committee's findings at Chapter 14 being wholly silent on this legacy cost and failing to address whether the Petitioner can be permitted to utilise this existing infrastructure free of cost or without appropriate compensation.

28.40. That the Committee, at Table 14.1, has taken into account only the 2nd Amendment Regulations of 2023 while completely overlooking the applicability of the Haryana Electricity Regulatory Commission (Duty to Supply Electricity on Request) (3rd Amendment) Regulations, 2023, notified on 27.09.2023, which specifically prescribes External Electrical System Development Charges (EESDC) on a per-MVA basis (Rs. 34 Lakhs to Rs. 56 Lakhs per MVA) for infrastructure at 33 kV and above, the Committee having ought to have directed the Petitioner to be liable to pay EESDC at the prescribed rates for the infrastructure it proposes to draw upon at 33 kV and above.

28.41. That Conditions A3 to A6 and A10 of Schedule A, pertaining to execution of Interconnection Agreements, joint system studies, load-flow and protection coordination studies, scheduling protocols with the SLDC, and conformity with the Pilot Project Belt architecture, go to the very heart of grid security and safe interconnection, and cannot, consistent with system reliability, be relegated to a stage after grant of licence and left to be verified only before commencement of supply.

GRANT OF A PARALLEL LICENCE REMAINS DISCRETIONARY AND IS NOT AN AUTOMATIC ENTITLEMENT

28.42. That Sixth Proviso to Section 14 of the Act, 2003 confers a discretionary power upon the Hon'ble Commission to grant a parallel licence, and removes only one specific ground of refusal, namely the mere existence of an incumbent licensee, without curtailing the Hon'ble Commission's wider discretion to refuse a licence on any other legitimate ground germane to the objects of the Act, 2003, including public interest, the Committee's own findings, at pages 13, 17, 21 and 24 of the Report, correctly recognising at the level of principle that grant of a licence is not a matter of automatic entitlement and that public

interest is an integrating consideration running through the entirety of the decision-making process.

28.43. That, on a conspectus of the submissions made hereinabove, namely the unverified and self-serving nature of the capital adequacy computation, the complete absence of experience or institutional readiness on the part of a newly-incorporated Petitioner, the sham nature of the consortium Addendum, the demonstrated cherry-picking evident from the Petitioner's own CAPEX allocation, the material and unaddressed risk of stranded costs and fixed-cost under-recovery being passed on to existing consumers, the impact on cross-subsidy, and the non-consideration of legacy infrastructure costs borne by consumers of the existing DISCOMs, it is respectfully submitted that whatever benefit is sought to be projected from grant of the present parallel licence is wholly insufficient to outweigh the substantial, real and largely unaddressed prejudice and loss that would be occasioned to the existing consumers of the Answering Respondents, and that the present is a fit case for the Hon'ble Commission to exercise its discretion against grant of the parallel licence sought by the Petitioner.

28.44. That the Answering Respondents craved leave of the Hon'ble Commission to adopt, rely upon, and incorporate by reference, as if set out in extenso, the entire contents of their Objections/Reply to the Report of the Expert Committee, the Composite Written Submissions, the Additional Written Submission, and all other replies, objections and written submissions already filed by the Answering Respondents in the present proceedings, together with all annexures thereto, submitting that nothing in the present Written Submissions shall be construed as a waiver or abandonment of any ground, contention or relief already raised in the said filings, whether or not the same is expressly repeated therein.

28.45. That in view of the foregoing submissions, the Answering Respondents respectfully prayed that the Hon'ble Commission may be pleased to not accept or act upon the Report of the Expert Committee dated 07.08.2026 in its present form, and to hold that the Petition for grant of a parallel distribution licence to the Petitioner is bereft of merit and ought to be rejected, and/or to pass any other order(s)/direction(s) as the Hon'ble Commission may deem fit in the facts and circumstances of the present case, in the interest of the consumers of the State of Haryana.

29. **Written submission dated 14.09.2026 filed by HVPNL**

The reply filed by HVPNL is substantially similar to the reply filed by DISCOMs (UHBVNL and DHBVNL). Accordingly, for the sake of brevity and to avoid repetition, the same is not reproduced herein.

30. **Written submission dated 15.09.2026 filed by the petitioner**

30.1. That these Written Submissions are filed on behalf of Eleven Power Private Limited ("Eleven Power"/the "Petitioner") in Petition No. 30 of 2026 (the "Petition"), pursuant to the liberty granted by the Hon'ble Commission at the hearing held on 03.09.2026.

30.2. That by the Petition, Eleven Power has applied to the Hon'ble Commission under Sections 14 and 15 of the Electricity Act, 2003 (the "Act") for grant of a licence to undertake distribution of electricity for the entire Gurugram and Nuh Revenue Districts in the State of Haryana (the "Proposed Area of Supply") for a period of twenty-five (25) years.

30.3. That the Proposed Area of Supply is presently served exclusively by Dakshin Haryana Bijli Vitran Nigam Limited ("DHBVNL"), one of the two State-owned distribution licensees of Haryana; that Uttar Haryana Bijli Vitran Nigam Limited ("UHBVNL") is the distribution licensee for the northern districts of Haryana, while Haryana Vidyut Prasaran Nigam Limited ("HVPNL") is the State Transmission Utility of the State; and that DHBVNL, UHBVNL and HVPNL (collectively the "Respondents") have been arrayed as Respondents in the Petition.

<u>THE PETITIONER AND CONSORTIUM</u>

30.4. That Eleven Power is a private limited company incorporated on 06.06.2025, S A S Fininvest LLP (the "Promoter") holding 99.99 per cent of its share capital, the Promoter being the investment vehicle of Eleven (erstwhile SAS Group), a diversified Indian business group led by Mr. Sunil Sachdeva, and holding the group's investments in, among others, Global Health Limited, a listed company.

30.5. That in order to implement the proposed distribution network, Eleven Power has entered into a strategic consortium with three experienced industrial players, namely Advait Energy Transitions Ltd., Vision India Services and HEC Infra Projects, and to this effect has executed a Memorandum of Understanding dated 11.05.2026 (the "MoU") with the three entities to combine technical and project capabilities to undertake the project.

30.6. That the MoU records Eleven Power as the lead and coordinating member of the consortium, responsible for overall development, implementation and operation of the project including filing the Petition, the other three entities under the MoU being obligated to furnish continuous technical and operational support for implementing the project (MoU dated 11.05.2026; executed counterpart bearing twelve digital signatures placed on record on 03.07.2026).

30.7. That in accordance with the terms of the MoU, Eleven Power filed the Petition for grant of a distribution licence for twenty-five (25) years for the Proposed Area of Supply under Sections 14 and 15 of the Act, read with the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005 (the "2005 Rules") and the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulations, 2004 (the "HERC Licence Regulations").

30.8. That Eleven Power has estimated a capital expenditure of Rs. 4,716.73 Crore for development of its distribution network in the Proposed Area of Supply, financed 30 per cent by equity (Rs. 1,415.02 Crore) and 70 per cent by debt (Rs. 3,301.71 Crore), this investment being spread over five annual phases from FY 2026-27 to FY 2030-31, over which the distribution network in the Proposed Area of Supply is stated to be rolled out.

30.9. That these submissions establish that the Petitioner has demonstrably met all prescribed requirements for eligibility for a licence under the Sixth Proviso to Section 14 of the Act, as well as the applicable Rules and Regulations, and that the Respondents have not been able to show how Eleven Power fails any requirement that the Act, the 2005 Rules or the HERC Licence Regulations actually prescribe, their case resting instead on requirements the statute does not contain: (i) that the applicant itself must have a three-year operating record; (ii) that it must have prior experience of distributing electricity; (iii) that it must have built its network and secured every third-party consent before the licence is granted; and (iv) that the revenue of the incumbent must be protected, none of which is a condition of eligibility.

30.10. That the Independent Expert Committee constituted by the Hon'ble Commission's order dated 09.07.2026 has independently examined the material on record and found the Petitioner to have satisfied the applicable statutory requirements, and by its report dated 07.08.2026 has recommended grant of the licence.

THE MANDATE OF SECTION 14

30.11. That Section 14 of the Electricity Act grants the Hon'ble Commission the power to grant a licence for distribution and transmission of electricity, the Sixth Proviso thereto providing that the Appropriate Commission may grant a licence to two or more persons for distribution of electricity through their own distribution system within the same area, subject to the applicant complying with the additional requirements relating to capital adequacy, creditworthiness or code of conduct prescribed by the Central Government, and that no such applicant who complies with all requirements for grant of licence shall be refused grant of licence on the ground that there already exists a licensee in the same area for the same purpose.

30.12. That the statutory scheme therefore establishes: that the Sixth Proviso expressly contemplates grant of a distribution licence to two or more persons within the same area, an applicant being required to satisfy the conditions under the Act and, additionally, the requirements relating to capital adequacy, creditworthiness and code of conduct prescribed under the 2005 Rules; that the eligibility enquiry must remain confined to requirements emanating from the Act, the 2005 Rules and the applicable Licensing Regulations, a condition finding no basis in this statutory framework being incapable of introduction as an additional threshold for eligibility; that neither prior experience of distribution by the applicant itself, nor an operating track record of three years, nor establishment of the entire distribution network prior to grant, is prescribed as an independent condition precedent for grant of a parallel distribution licence, their omission being a deliberate legislative choice and not an oversight to be repaired by construction; and that, once the prescribed requirements are satisfied, the existence of an incumbent distribution licensee within the same area cannot itself constitute a ground for refusal, the Sixth Proviso expressly prohibiting refusal on that ground, such that concerns arising from competition, consumer migration or their consequential impact upon the incumbent cannot be elevated into an additional eligibility requirement which the statute itself does not prescribe.

30.13. That the purpose of the proviso is to introduce competition into retail distribution, competition being one of the declared objects of the Act, the Preamble listing "promoting competition" among its purposes, the National Electricity Policy dated 12.02.2005 and its recent restatement, the draft National Electricity Policy, 2026 (Para 9(2)), underscoring the promotion of competition in distribution so as to extend its benefits to all sections of consumers, and the Hon'ble Supreme Court in Jindal Steel and Power Limited v. Chhattisgarh State Electricity Regulatory Commission [2022 SCC OnLine SC 1319, Paras 27 and 29] having categorically held that the Act must be harmoniously construed so as to give effect to that intent, eligibility conditions so exacting that only an existing licensee could satisfy them defeating the object of the proviso since no new entrant would ever qualify.

30.14. That the enquiry for grant of a licence is accordingly neither comparative nor speculative, being not whether Eleven Power will serve the area better than DHBVNL, nor what may become of DHBVNL's finances if consumers exercise a choice, but whether the prescribed conditions are met, tariff, cross-subsidy, fuel surcharge recovery, transmission access and system studies being regulated under Sections 42, 61, 62 and 64 and the Commission's own regulations, and being considerations that arise after grant of a licence.

30.15. That, without prejudice to the position that the enquiry is one of eligibility alone, the public interest in grant is evident on the record, connection applications aggregating approximately 1,600 MW of demand within the Proposed Area of Supply remaining pending with DHBVNL as on 01.10.2025 per DHBVNL's own submissions in the Commission's Tariff Order dated 25.03.2026 [HERC Petition Nos. 94 and 95 of 2025; Pg. 273], a second licensee not duplicating capacity that exists but supplying demand that is presently unserved, the stakeholders who appeared at the public hearing on 08.07.2026, including consumers, industry and agricultural users from both Gurugram and Nuh, having spoken to the same need.

30.16. That the Expert Committee in its Report has recorded precisely this, and that while consequences of migration require careful treatment, they are capable of being addressed through the periodic proceedings concerning annual revenue requirement, true-up and regulatory review, such factors not being considerations governing grant of a licence.

30.17. That the objections of HVPNL fall in the same category, transmission connectivity, system studies and sequencing of interface points being matters of implementation governed by the Haryana Grid Code, the CEA connectivity standards and the HERC Transmission Tariff Regulations, 2008, arising after grant, every user of the transmission system paying the charges determined under Section 62 such that no element of the transmission network is used without charge and none is duplicated, the Expert Committee having treated these as implementation-stage matters, the Network Rollout Plan already sequencing the proposed network to HVPNL's existing and planned substations.

ELIGIBILITY UNDER RULE 3 AND 4 OF THE 2005 RULES IS ESTABLISHED

30.18. That Rule 3 of the 2005 Rules specifies the requirements of (i) capital adequacy and creditworthiness, and (ii) minimum area of supply, that an applicant is required to satisfy for eligibility to obtain a licence under Sections 14 and 15 of the Act, and Rule 4 requires an applicant to conform to a Code of Conduct, Eleven Power satisfying each of these requirements as is evident from the material on record.

CAPITAL ADEQUACY AND CREDITWORTHINESS - THE TEST IS CAPACITY TO MAKE AVAILABLE, NOT PRESENT POSSESSION

30.19. That the purpose of Rule 3(2) of the 2005 Rules is to ensure that the proposed licensee has the financial wherewithal to implement its business plan and build a network meeting its Universal Service Obligation under Section 43 of the Act, the Rule testing two indicia: first, capital adequacy, being the Applicant's ability to make available funds representing at least 30% of the total cost of investment required to roll out the distribution network, and second, creditworthiness, being its ability to raise the debt funding the remaining cost,

the Commission ultimately being required to be satisfied that the Applicant or its Promoter is "in a position to make available resources" for the phased development of the network.

30.20. That the Rule tests capacity to fund, not present possession, and tests it in the applicant together with its promoters, even the judgment relied upon by the Respondents, namely Noida Power Company Ltd. v. Paschimanchal Vidyut Vitran Nigam Ltd. [Appeal No. 7 of 2010, judgment dated 06.04.2026, Paras 25-26], having construed Rule 3(2) in exactly this manner, holding that availability of resources is to be shown "based on the track record of the preceding three years of the applicant and its promoter" and that the capital adequacy of 30% equity "is to be satisfied by the Applicant for the second licence and/or its promoter", the licence in that case having been set aside because both the applicant and its promoter disclosed negative net worth and accumulated losses, not because the applicant relied on its promoter.

30.21. That the test is therefore an enquiry into available capacity and not funds in hand, any other construction requiring an applicant to lock up equity for a five-year network before knowing whether it will be licenced at all, the Tribunal in its recent judgment in BEST v. MERC and Tata Power [Appeal No. 279 of 2017, judgment dated 11.03.2026, Paras 33-34 and 36] having since abandoned the restrictive standard applied in Noida Power and adopted a more liberal approach permitting phased development of network by the second licensee.

30.22. That the Promoter's net worth on a market value basis is Rs. 4,085.60 Crore as on 30.10.2025, and was Rs. 4,215.08 Crore and Rs. 3,728.69 Crore for FY 2022-23 and FY 2023-24 respectively [Pg. 51-52, Enclosure 4, Petition Vol. 1 and Pg. 30, Additional Information dated 03.07.2026], being approximately 2.9 times the entire equity requirement of Rs. 1,415.02 Crore for all five phases, and that even after the reductions applied by the Expert Committee, the figure exceeds the five-year equity requirement by a multiple [Para 1.6 @ Pg. 25-26, Additional Information dated 03.07.2026].

30.23. That Rule 3(2) requires other committed investments to be excluded, that limb being expressly answered by the undertakings dated 15.07.2026 and 17.07.2026 (both notarised on 21.07.2026) [Pg. 70-72, Additional Documents dated 30.07.2026; filed on 21.07.2026], whereby the Promoter and all its partners have jointly and severally committed approximately Rs. 1,500 Crore as equity, declared that no other committed investment restricts the availability of those resources, and agreed to keep at least Rs. 1,500 Crore free of any charge or restriction.

30.24. That the Respondents' contention that "net worth" specified in Rule 3(2) must be taken at book value, because Section 2(57) of the Companies Act, 2013 so defines it, is misconceived for four reasons: first, that neither the Act nor the 2005 Rules define "net worth," and a definition cannot be mechanically imported from one statute into another

that is not in pari materia, the Supreme Court in Tata Consultancy Services v. State of Andhra Pradesh [(2005) 1 SCC 308, Paras 40-41] having held that in the absence of explicit incorporation or reference, it is impermissible to interpret a word in accordance with its definition in other statutes, the Companies Act governing incorporation, disclosure and governance of companies whereas the 2005 Rules are a specialised instrument framed under the Act for the single purpose of testing whether an applicant can fund a distribution network and supply under Section 43, the contrast within the Commission's own regulations being instructive since the HERC (Licensing of Trading, Eligibility Criteria for Grant of Trading Licence, the Duties and Terms and Conditions of Trading Licence) Regulations, 2005 expressly define "net worth" in book-value terms for a trading licence, whereas neither Rule 3(2) nor the HERC Licence Regulations contain any such incorporation, the purpose of Rule 3(2) being to assess the applicant's ability to make available the requisite financial resources, such that financial statements reflecting assets merely at book value are not determinative of their actual availability or realisable value; second, that the Promoter is a limited liability partnership and therefore not governed by the Companies Act, which cannot be borrowed to supply the measure of a promoter falling outside its own scheme [Additional Information dated 03.07.2026; Rejoinder to DHBVNL's Reply], the Promoter, being an LLP, also having no option to carry its listed securities at fair value in its balance sheet, an option available to companies under Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015, such that the Promoter's book value necessarily understates what it truly holds; third, that, without prejudice to the above, the Companies Act framework itself does not rest on historical cost or "book value" where the asset base is listed equity, Ind AS 109 requiring listed equity investments to be measured at fair value, and Ind AS 113 making the quoted market price in an active market the most reliable evidence of that fair value, market value therefore being recognised within the very framework the Respondents invoke; and fourth, that book value here would defeat the Rule rather than serve it, the Promoter's assets being liquid, listed and publicly quoted such that market value is objectively verifiable from exchange data, a measure that puts the holding at Rs. 94.95 Crore, when it can and does realise multiples of that figure, giving a false answer to the only question the Rule asks.

30.25. That the related objection that the Global Health Limited shares stand registered in the name of Mr. Sunil Sachdeva is equally misconceived, the shares being beneficially owned by the Promoter as reflected in its audited financial statements and the special-purpose balance sheet as on 30.10.2025 [Additional Documents dated 30.07.2026], Rule 3(2) expressly permitting the resources of the promoter to be taken into account and not requiring the assets to be held directly by the applicant, the Independent Expert

Committee having accepted the beneficial-ownership position as legally permissible and sufficiently documented.

30.26. That the capacity is not theoretical but demonstrated on record: the Promoter sold 20,00,000 equity shares of Global Health Limited on the stock exchanges in May-June 2026 for approximately Rs. 252.50 Crore, establishing the liquidity and realisable value of the asset base, from which Eleven Power has received an infusion of Rs. 91 Crore against a Phase I equity requirement of Rs. 87.86 Crore, and its authorised share capital was raised from Rs. 100 Crore to Rs. 1,500 Crore [Additional Information dated 03.07.2026]; that, in addition, IndusInd Bank has sanctioned in principle Rs. 205 Crore, matching the whole of the Phase I debt requirement, and the Promoter's partners undertook on 05.05.2026 to provide the necessary capital and loan arrangements; and that it is on the basis of this material that the Expert Committee has recorded that the test under Rule 3(2) is fulfilled [Expert Committee Report, Paras 6.14 @ Pg. 66, 6.16 @ Pg. 67-70 and 7.31 @ Pg. 102].

30.27. That with respect to creditworthiness, Rule 3 requires the capacity to mobilise finance and not that the whole five-year debt requirement be tied up at the licensing stage, IndusInd Bank having sanctioned in principle the entire Phase I requirement against a debt requirement of Rs. 3,301.71 Crore spread across FY 2026-27 to FY 2030-31, the record also carrying solvency certificates of Rs. 1,000 Crore each from IndusInd Bank dated 12.05.2026 and 360 One Prime Limited dated 07.04.2026, the latter having clarified that its certificate is additional to the former such that the aggregate institutional solvency certification stands at Rs. 2,000 Crore, the Independent Expert Committee having found the capacity to raise debt to be progressively demonstrated and consistent with phased infrastructure financing, and having recommended that equity infusion and matching debt tie-up be shown two quarters ahead of each phase, with periodic reporting, Eleven Power submitting that it will comply with such conditions as the Commission may lawfully impose.

<u>ELEVEN POWER HAS ACCURATELY ESTIMATED CAPITAL REQUIREMENT IN THE PETITION - PHASING OF CAPITAL INVESTMENT PLAN AND CONSUMER MIGRATION</u>

30.28. That the Tribunal in BEST v. MERC and Tata Power (supra) has held that the Act does not mandate pre-ownership of a distribution network as a condition of eligibility, a licensee not being expected to develop its entire network at one go, phased development following from the continuing duty under Section 42, for which the Act prescribes no outer timeline.

30.29. That DHBVN's contention that Rule 3(1) requires an applicant to establish a 100% duplicate, greenfield distribution network on day-one for the entire geographic region is commercially absurd and legally untenable, such an interpretation forcing catastrophic

capital overbuild and asset duplication, which mischief parallel licensing under Section 14 of the Act seeks to avoid.

30.30. That the Respondents' central complaint, that a projected migration percentage as proposed by Eleven Power can be manipulated and that an applicant could understate uptake of consumers so as to depress its own eligibility threshold [Objections/Reply on behalf of DHBVNL and UHBVNL to the Report of the Expert Committee, dated 26.08.2026], misunderstands how the network has been planned, the network in each phase being developed for the entire area falling within that phase and not laid selectively to reach particular consumers, the Universal Service Obligation for the whole of the Phase I area being met first, the whole of the Phase II area following, and so on, such that the 33/11 kV network across the entire Proposed Area of Supply is in place within five years, configured so that supply can be given to any consumer who applies for it, the Expert Committee's Report finding that the planned capacity addition provides an adequate planning margin against projected demand, allowing the Petitioner to cater to any additional demand [Para 7.17 @ Pg. 92, Expert Committee Report].

30.31. That the assumptions undertaken to project migration percentage are reasoned: in the dense urban, commercial and industrial areas of Gurugram and Manesar, persistent power-quality problems and frequent interruptions have driven consumers to rely upon expensive and polluting diesel generation; that while a parallel licensee offering high-reliability supply from an 80 per cent renewable and FDRE portfolio is an attractive proposition, experience in Maharashtra has shown that existing consumers are generally reluctant to immediately switch over to a new licensee, only about 1.5% of Reliance's base consumers having migrated to Tata Power in initial years, hence a gradual rate rising from 2.5 per cent in FY 2027-28 to 4.0 per cent by FY 2030-31 has been projected by Eleven Power; and that in Nuh, where network development and baseline electrification are low, growth arises from new greenfield connections rather than switching, hence a projected 25 to 40 per cent share of incremental load in that area, the aggregate being a modest 3.75 per cent of licence-area sales in the first year, rising to 15.21 per cent by FY 2030-31.

30.32. That while it is plausible that the baseline assumptions of Eleven Power may vary during actual operation, or as and when the network is developed, Eleven Power will be fully equipped to provide supply to consumers in the entire area marked out for that particular phase.

PLACEMENT OF GURUGRAM CITY IN PHASE III

30.33. That Gurugram City carries the second highest allocation in the plan, at about Rs. 1,601.08 Crore over the five phases, development in dense urban pockets such as

Gurugram City requiring fully commissioned STU sub-stations, dedicated 33 kV bay allocations and associated transmission corridors, all of which fall to HVPNL to execute, and for this reason development of Gurugram City has been placed in Phase III of the network rollout plan.

30.34. That capital committed ahead of the operational readiness of those interface points would produce stranded distribution assets and idle capital, the carrying cost of which would ultimately fall upon consumers, such sequenced deployment ensuring that civil works, underground cabling and compact substation installations are aligned with municipal right-of-way approvals and local urban planning schedules, thereby minimising public disruption and cost overruns, and enabling the Petitioner to progressively integrate SCADA systems, automated demand-side management tools and smart metering infrastructure in tandem with grid capacity expansion, preventing mismatched technology deployments across contiguous phases.

30.35. That, in any event, and if deemed necessary by the Hon'ble Commission, re-sequencing or minor adjustment across the network rollout plan will not alter the aggregate financial blueprint of the proposed distribution network, the fundamental baseline of total capital outlay remaining intact and fully backed by equity commitments and institutional debt arrangements, the objections raised regarding alleged non-compliance with capital adequacy norms due to annual re-phasing therefore being legally and factually untenable.

QUANTIFIABLE OPERATIONAL AND FINANCIAL EFFICIENCIES

30.36. That the deployment of the 33 kV Pilot Project Belt (PPB) architecture introduces direct voltage transformation from 33 kV to 0.4 kV, completely bypassing the conventional 11 kV intermediate transformation tier, this engineering methodology yielding quantifiable operational and financial efficiencies across the entire distribution lifecycle, the direct transformation inherently lowering aggregate gross asset creation costs per MVA of load served: while 33/0.4 kV specialised compact transformers carry a higher unit equipment cost than standard 11/0.4 kV transformers, this incremental expense is substantially outweighed by the complete elimination of 33/11 kV substation costs, 11 kV circuit breakers and 11 kV network line kilometres, such that the proposed Capital Investment Plan overstates the Capital Outlay rather than understating it, allowing the Petitioner to invest the differential amount for further development of the distribution infrastructure, and that to the extent the notified architecture applies, the estimate of Rs. 4,716.73 Crore overstates the outlay and the differential is available for further development of the distribution network.

30.37. That the Respondents' competing figures do not survive examination: that the estimate of Rs. 11,397.75 Crore quoted by the Respondents for setting up Eleven Power's network

is based on the configuration of DHBVNL's own legacy network of 11kV feeders, whereas Eleven Power's network is designed on a 33 kV-dominant architecture delivering about four times the capacity at a fraction of the proportionate cost, with fewer network elements, lower losses and better reliability indices; and that the extrapolation to Rs. 50,000 Crore (as submitted orally) as the requisite capital for fulfilling Eleven Power's obligation under Section 43 assumes that the provision mandates the entire network for every consumer in the Proposed Area of Supply to exist on the date of grant, which it does not, Section 43 obliging a licensee to supply on application, its provisos expressly allowing time to extend mains and commission substations, the Tribunal in BEST v. MERC and Tata Power [Appeal No. 279 of 2017, judgment dated 11.03.2026] having recently and categorically held that phased network development is consistent with Sections 42 and 43, Eleven Power's Network Implementation Plan being phased across five years with capital expenditure of Rs. 292.86 Crore, Rs. 463.29 Crore, Rs. 1,072.33 Crore, Rs. 1,306.42 Crore and Rs. 1,581.84 Crore in the successive years.

30.38. That the Respondents' contention that Eleven Power has failed to consider the cost of land while calculating capital expenditure is misconceived, the proposed network using compact gas-insulated substations requiring a fraction of the footprint of conventional substations, this cost having been factored into the plan, and the requisite land being proposed to be taken principally on lease, such rental being an operating cost and not capital expenditure entering the Rule 3(1) outlay.

30.39. That, lastly, the cost of power procurement is not capital investment in a distribution network and has no place in the Rule 3 determination, payment security being met, as it is across the sector, by letters of credit backed by escrow over consumer revenue, arising only once supply commences, the execution of final power purchase agreements also not being a precondition for grant of licence under Sections 14 and 15, procurement necessarily following licensing, with every agreement remaining subject to the Commission's approval under Section 86(1)(b).

MINIMUM AREA OF SUPPLY

30.40. That the Explanation to Rule 3(2) provides that "the entire area covering either a Municipal Corporation as defined in article 243Q of the Constitution or three adjoining revenue districts, or a smaller area as may be notified by the Appropriate Government shall be the minimum area of supply," the construction being disjunctive since use of the word "either" introduces a choice between alternatives, a conjunctive reading rendering the choice otiose.

30.41. That the Proposed Area of Supply includes the entire Gurugram Municipal Corporation and the entire Manesar Municipal Corporation, the first limb accordingly being satisfied

twice over, as the Independent Expert Committee has so found [Expert Committee Report, Para 6.12(a) @ Pg. 63], the Explanation prescribing a floor and not a ceiling, the remainder of the Proposed Area of Supply being included over and above the statutory minimum, the alternative of three adjoining revenue districts governing only an application which does not include a Municipal Corporation to begin with.

30.42. That the figures answer the allegation of cherry-picking more directly than any construction can: Nuh has an AT&C loss level of about 42 per cent and is on any view the least remunerative part of the proposed area, yet has been included from Phase I with a committed expenditure of about Rs. 304.37 Crore (6.5 per cent of the total outlay), despite accounting for under 5 per cent of the connected load, an applicant engaged in cherry-picking not spending disproportionately, and first, on the least profitable part of its territory.

30.43. That the allegation of cherry-picking is also factually wrong in its particulars, Nuh not being a territorial add-on but an integral part of the area applied for, carrying Eleven Power's obligation to supply under Section 43 on the same footing as Gurugram, Nagina forming part of the Network Roll-out Plan filed with the Petition and of the Implementation Plan filed under the Interim Order dated 26.05.2026, Hathin falling in Palwal district and Sikri in Faridabad district, neither lying within the Gurugram or Nuh Revenue Districts, such that their exclusion cannot bear on the completeness or contiguity of the proposed area, the Expert Committee having so found this to be in Eleven Power's favour on documentary evidence [Para 6.12(c) @ Pg. 63-64, Expert Committee Report].

CODE OF CONDUCT

30.44. That Eleven Power has filed the prescribed affidavit and undertaking to comply with the provisions of Rule 4, and as it was incorporated on 06.06.2025, its declaration necessarily runs from incorporation, matching undertakings having been furnished by the Promoter and by each consortium partner whose experience is relied upon under Form-I [Additional Documents dated 30.07.2026], no disqualification under Rule 4 having been identified against any of them.

30.45. That the residual complaints of non-disclosure do not engage Rule 4 at all, the discrepancies in the particulars of personnel being typographical errors in the description of the proposed management team, which have been corrected, the "Value of Services" entries being, as Form-1 contemplates, the project credentials of the consortium partners, never advanced as the net worth of Eleven Power, the record as filed and supplemented establishing compliance.

FITNESS OF THE CONSORTIUM AND THE BINDING CHARACTER OF THE MOU - PRIOR EXPERIENCE

30.46. That prior experience of distributing electricity is not a condition of eligibility, Section 14 confining the additional requirements to those prescribed by the Central Government in the 2005 Rules, a licensing regulation not being able to travel beyond the Act and the Rules to create an eligibility bar the Central Government has not prescribed.

30.47. That the Hon'ble Commission's own regulations confirm the position, Regulation 4(1)(g)(II) of the HERC (Transmission and Distribution Licensing) Regulations, 2004 expressly providing for an applicant with less than three years' audited accounts, and Part II of Form-1 providing that particulars of prior experience are to be furnished by the applicant or, in the case of a joint venture or consortium, by each participant separately, the scheme therefore contemplating both a newly incorporated applicant and reliance on consortium participants, and that if prior distribution experience were a precondition, the only persons eligible for a parallel licence would be existing distribution licensees, and a provision enacted to open the sector to competition could never operate, which cannot be the correct construction.

30.48. That, without prejudice, the capability is present and is contractually allocated, the MoU being supported by a Responsibility Matrix which assigns network planning, substations, HV cabling, SCADA and smart-grid systems to HEC Infra Projects Limited; EPC execution, 33/11 kV infrastructure, ring main units and communications to Advait Energy Transitions Limited; and field mobilisation, O&M readiness, metering, billing, collection and consumer services to Vision India Services [Additional Documents dated 30.07.2026], Eleven Power retaining sole responsibility for statutory compliance, investment approvals, power procurement, system operation and overall performance, such that the apprehension that the licensee's duties would be diffused among partners is answered by the instrument itself, Eleven Power having also placed on record the profiles of the personnel proposed to be engaged, two of whom are already on Eleven Power's rolls, the fact that some are presently employed elsewhere being in the nature of things since personnel can only come on to a licensee's rolls once the licence is granted, not before.

30.49. That the Independent Expert Committee has considered the objection, Eleven Power's response and the material, and has recorded that the MoU executed with consortium members possessing the requisite experience is binding in nature [Expert Committee Report, Para 8.7 @ Pg. 109-111 and Table 8.2 @ Pg. 113-114].

THE MOU IS A BINDING AGREEMENT

30.50. That the MoU is, in substance, a consortium agreement, being a signed contract supported by consideration which allocates rights and obligations among four identified parties, Clause 8.1 making the term of the MoU co-terminous with the distribution licence,

i.e. twenty-five years, and Clause 8.6, as introduced by addendum dated 18.07.2026, binding the members for a period of six years [Additional Documents dated 30.07.2026].

30.51. That the objections to the MoU as raised by the Respondents are addressed as follows: that as regards the "unsigned copy" objection, the copy annexed to the Petition was a photocopy which did not carry the digital signatures, and on the deficiency being noticed, the executed counterpart bearing twelve unalterable digital signatures was placed on record on 03.07.2026, the terms of the two documents being identical with no difference identified, a curable defect in filing not being a defect in the contract; that as regards the "subsequent addendum" objection, the six-year lock-in was introduced at the Independent Expert Committee's own suggestion to lend certainty, parties being entitled to vary their contract by mutual consent, the addendum adding a fetter on exit and removing nothing, an objection that a commitment has been strengthened being no objection at all; that as regards the "nineteen-year gap" objection, this conflates the term of the MoU with the lock-in, the term being twenty-five years and co-terminus with the licence under Clause 8.1, the lock-in under Clause 8.6 being the period during which no member may exit at all, the MoU not expiring in six years but the members being simply irrevocably bound for the first six; that as regards terminability and specific performance, the obligations under the licence are Eleven Power's own and enforceable against it under Sections 19, 23, 24 and 128 of the Act, irrespective of the MoU, which is a support arrangement and not the source of the licensee's duties, exit in any event meaning forfeiting participation in a twenty-five-year business into which the member has committed capability and reputation; and that as regards "consortium versus applicant," the Respondents are right that Eleven Power is the applicant and the consortium is not, that being precisely how the Petition has been framed, capital adequacy and creditworthiness being demonstrated by Eleven Power and its Promoter alone, without reference to the consortium members, the consortium being relied upon only for technical capability, which the Act does not make a condition of eligibility and which the Commission's own Form-1 permits to be shown through consortium participants.

30.52. That the Expert Committee's recommendation that a formal consortium agreement be furnished before supply commences is not an admission that the MoU is inadequate for grant, but reflects the ordinary practice of sequencing conditions to the stage at which they matter, Eleven Power submitting that it will comply with such conditions as the Hon'ble Commission may lawfully impose.

THE RESPONDENTS HAD AMPLE TIME AND FULL ACCESS TO THE DOCUMENTS

30.53. That the Independent Expert Committee was constituted by order dated 09.07.2026, following a public hearing, paragraph 4.2 of that order expressly authorising it to call for

documents and information from all parties, the Committee having done no more than exercise that mandate, its Report being recommendatory and not binding on the Hon'ble Commission in any case, the final determination lying with the Hon'ble Commission.

30.54. That the document said to have been considered behind the Respondents' back is the Additional Information dated 30.07.2026, filed in compliance with the Expert Committee's direction to Eleven Power to place specified material on record, that direction having been issued under the mandate conferred by paragraph 4.2 of the order dated 09.07.2026, the material having been circulated to the Respondents the following day.

30.55. That every document placed before the Committee by Eleven Power was shared with the Respondents on 31.07.2026, the Respondents thereafter having had the documents for nearly four weeks before filing their objections, natural justice requiring notice and an opportunity to be heard but not requiring that a party be heard before every intermediate step of a fact-gathering exercise, a complaint of unfairness not being sustainable without demonstrated prejudice, which the Respondents have identified none of, and have not said what they would have put to the Committee that they have not since put to the Hon'ble Commission.

HVPNL'S OBJECTIONS ARE PREMATURE ON ITS OWN CASE

30.56. That HVPNL is a transmission licensee, notified as the State Transmission Utility under Section 39 of the Act and as the State Load Despatch Centre under Section 31, carrying on no retail supply business in the Proposed Area of Supply and having no commercial interest capable of being affected by grant of a distribution licence, the STU being required under Section 39(2)(d) "to provide non-discriminatory open access to its transmission system for use by any licensee or generating company," this statutory obligation being absolute, non-delegable and independent of ownership structure, such that, as a statutory utility vested with a natural monopoly over State transmission infrastructure, the STU is legally obligated to act as a neutral grid operator, its primary concern being strictly grid security, system stability, transmission capacity availability and non-discriminatory access.

30.57. That the objections submitted by HVPNL in these proceedings mirror the commercial objections raised by the incumbent State-owned distribution licensees (DHBVN and UHBVN), and by adopting a partisan stance HVPNL is acting beyond its statutory mandate (ultra vires Section 39), HVPNL not being able to function as a commercial blocker on behalf of sister discoms within the State sector, attempting to deny transmission interface, bay allocation or open access connectivity on groundless commercial objections undermining the legislative intent of Section 14 of the Act.

30.58. That HVPNL's pleaded interest is confined to three matters: that a new licensee would draw power from its network; that transmission capacity and General Network Access concern it as STU; and that siting of sub-stations may bear on its assets and expansion plans, each of which arises only once a licence exists, HVPNL's own reply establishing as much: it accepts that it is under a statutory duty under Section 39(2)(b) to plan and coordinate the intra-State transmission system with all licensees, and states that if a licence is granted to Eleven Power, it would faithfully discharge that function, explaining that it is not presently in a position to issue a No Objection Certificate because the adequacy of transmission capacity can be judged only once the Petitioner submits details, and that once those details are submitted upon grant of a licence, HVPNL will undertake the system study, such that this is not an objection to eligibility but a statement that HVPNL's own assessment follows the licence rather than precedes it.

30.59. That two consequences follow: first, that the NOC cannot be a condition precedent, since, on HVPNL's own case, the certificate is not obtainable before grant because the study which would support it will be undertaken only after grant, a document which the issuing authority declines to consider until the licence is in place not being able to be a pre-condition of that licence, Eleven Power having applied to HVPNL by letter dated 19.05.2026 and having done all that lies within its power; and second, that GNA is a post-grant process by design, Regulation 19.1 of the CERC (Connectivity and General Network Access to the Inter-State Transmission System) Regulations, 2022 providing that it is the State Transmission Utility which applies for additional General Network Access on behalf of intra-State entities including distribution licensees, GNA therefore being procured for a distribution licensee by the STU after it becomes a licensee and not being a qualification an applicant can hold in advance.

30.60. That the Hon'ble Commission ought to evaluate HVPNL's submissions strictly on objective engineering parameters such as line loading limits, fault level capabilities, thermal capacity and spatial availability of 33 kV bays at STU substations, and that where transmission capacity exists or can be augmented through planned capex, HVPNL cannot refuse interconnection or unreasonably delay technical studies to protect the market share of incumbent utilities.

THE RESPONDENTS HAVE HAD A FULL OPPORTUNITY TO RESPOND

30.61. That on 26.08.2026 the Respondents filed detailed written objections to the Expert Committee's Report, those objections traversing the Committee's findings on capital adequacy, network cost, land, prior experience, the MoU, etc., a party that has answered a report head by head not being able to maintain that it was denied the opportunity to do so.

30.62. That Eleven Power filed its reply to those objections on 30.08.2026, the complaint that those documents travelled beyond the Committee's record being unfounded since they elaborate material already filed with the Petition and were circulated to the Respondents, the Respondents having thereafter addressed oral arguments, the record being complete and both sides having been fully heard.

30.63. That the objection is therefore not that the Respondents were unheard, but that they disagree with the Committee's conclusions, which is a matter for the merits, to be decided on the whole record, and not a ground for setting the process aside.

THE REQUIREMENTS OF PUBLIC CONSULTATION HAVE BEEN MET

30.64. That Section 15 requires an applicant to publish notice of its application and requires the Commission to consider the "objections received" before granting a licence, and does not mandate an oral public hearing.

30.65. That a public hearing was nonetheless held on 08.07.2026 in accordance with the Hon'ble Commission's regulations, objections received from stakeholders having been placed on record and Eleven Power having filed a consolidated response to them, and further, in terms of the order dated 03.09.2026, the participating stakeholders having now been supplied with the Committee's Report, the requirements of transparency under Section 86(1)(k) accordingly having been observed, and more.

CONCLUSION

30.66. That, as set out above, none of the objections raised by the Respondents touch the determination of Eleven Power's eligibility, the Respondents asking the Hon'ble Commission to read into the statute conditions the Central Government did not prescribe, to require a distribution network to be built before the licence authorising it is granted, and to weigh the incumbent's commercial interest, being the very ground on which the Sixth Proviso forbids refusal, Eleven Power's Observations on the conditions recommended by the Expert Committee being adopted and not repeated therein.

30.67. That it is accordingly respectfully submitted that the Petition be allowed and a distribution licence be granted to Eleven Power for the Gurugram and Nuh Revenue Districts for twenty-five years, on such terms and conditions as the Hon'ble Commission may consider appropriate.

31. **Public Proceedings**

31.1. Section 15 of the Electricity Act, 2003 provides that the application for grant of licence shall be published in two daily newspapers and that a licence shall not be granted until the suggestions/objections, if any, received by the Appropriate Commission in response

to publication of application have been considered. Accordingly, the present petition was hosted on the website of the Commission for inviting comments / suggestions from the stakeholders/General Public. A public notice under Section 15(5)(A) of the Electricity Act, 2003, inviting comments on the present application for grant of licence, within 30 days, was also issued in the Newspapers ('The Tribune' and 'Dainik Jagran') dated 30.05.2026. Further, an addendum was also published on 05.06.2026, adding that the petition can be downloaded from either https://herc.gov.in or https://herc.org.in.

31.2. The process of grant of licence has been following in line with Regulation 15 of Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulations, 2004, reproduced hereunder:-

"15. Grant of licence

(1) Where the Commission after considering objections under regulation 13 proposes to issue a licence to the applicant, it shall serve a copy of notice in Form 6 along with a copy of the proposed licence to the applicant to convey his willingness to accept the licence, within one week of its service on him.

(2) On receipt of the willingness to accept the licence from the applicant, the Commission shall publish a notice in Form-6 stating the name and address of the person to whom the licence is proposed to be issued in one issue each of a daily newspaper in English and one daily newspaper in Hindi language having wide circulation in the area of supply or transmission, as the case may be, of the proposed licence.

(3) After receiving an intimation in writing from the applicant that he is willing to accept a licence in the form approved by the Commission and after the applicant satisfies the conditions specified for the grant of the licence, the Commission may direct the publication of the licence or such part or gist thereof as the Commission considers appropriate.

(4) As far as practicable, the Commission shall issue licence within 90 (ninety) days of receipt of an application under regulation 3 or within 90 (ninety) days of the due completion of filing under regulation 9 whichever is later."

31.3. The petitioner (applicant for grant of licence), in fulfillment of the statutory requirement under section 15(2) of the Electricity Act, 2003, issued Public Notice in two Newspapers i.e. Times of India (English daily) and Dainik Jagran dated 28.05.2026, informing the stakeholders/General Public regarding petition/availability of documents on the website and inviting objections on the same.

31.4. In response to the public notice issued by the petitioner and subsequently by the Commission, the comments/suggestions, filed by the following stakeholders within the

due date of filing comments i.e. 30.06.2026, have been appended to the present order as Annexure C:-

31.4.1. Sh. Rajmal Singh, President, RWA, sector 112 Gurugram

31.4.2. Electricity Employees' Federation of India (EEFI) (eefederation@gmail.com)

31.4.3. ALL INDIA POWER ENGINEERS FEDERATION (AIPEF) (chairmanaipef@gmail.com)

31.4.4. Sh. Arvind Khanna, President, RWA The Private Lane Welfare Society (theprivatelane@gmail.com)

31.4.5. Sh. Vishal Jolly, FA Home Apparel Pvt. Ltd. (vishal@fahome.in)

31.4.6. Sh. Ashish Arora (Onward Knitwear Solutions Pvt. Ltd.) (ashish.arora@onwardknitwear.in)

31.4.7. Haryana Power Engineers Association (HPEA) (hpeahisar@gmail.com)

31.4.8. Sh. Prem Pareek, Multi Property Director of Finance , The Westin Gurgaon, New Delhi and The Westin Sohna Resort and Spa (Legal entity - Vatika Hotels Pvt. Ltd.) (Premprakash.Pareek@westin.com,gauravbhalla@vatikagroup.com)

31.4.9. Dk Goyal , CFO, Head Accounts & Finance, M/s Shivam Autotech Limited (dkgoyal@shivamautotech.com)

31.4.10. Sh. Ramandeep Singh, Partner, M/s Boutique International (satpal@boutiqueintl.com, raman@boutiqueintl.com)

31.4.11. Adv. Baljeet Rathee, President, QERWA Association (DLF Qutab Enclave Residents Welfare Association. (qerwa1988.89@gmail.com)

31.4.12. Shashi Prakash Saxena, Vice President-Electrical, M/s BPTP ltd. (Shashi.saxena@bptp.com)

31.4.13. Brig Deepak Kapur, Retd, M/s Park View (deepak.kapur@bestechgroup.com)

31.4.14. Cdr. Naveen Bakshi, President Vatika Group (Vatika Creating lasting Value) (naveenbakshi@vatikagroup.com, gauravbhalla@vatikagroup.com, snehlata@enviroindia.in)

31.4.15. Sh. Manish Kumar (Chirag Buildtech Pvt. Ltd.) (cs@rof.co.in)

31.4.16. Jagdeep Rangar, Managing Director, Stork Rubber Products Pvt. Ltd. and Stork Auto Engineering Pvt. Ltd. (jsrangar@storkrubber.com and Anoop@fahome.in)

31.4.17. Sh. Pankaj Gupta, M/s Munjal Showa Limited (pgupta@munjalshowa.net)

31.4.18. Kamal Mehta, Executive Secretary, M/s Gurgaon Industrial Association, info@giaonline.org, info@imperialmalt.com, beetaprofiles@hotmail.com

31.4.19. Globalstar Auto LLP, CA Lalit Kumar, Authorized Representative, Globalstar Auto LLP, Plot No. 88, Udyog Vihar Phase-1, Gurugram-122016, Haryana, Corporate.taxation@dgfc.in

31.4.20. Farmers Kisan Association Gurgaon , CA Lalit Kumar, Authorized Representative-Mr. Satish Dhingra, Corporate.taxation@dgfc.in

31.4.21. Farmers Kisan Association Nuh, CA Lalit Kumar, Authorized Representative-Mr. Satish Dhingra, Corporate.taxation@dgfc.in

31.4.22. Dhingra Motors Pvt. Ltd. CA Lalit Kumar, Authorized Representative, Dhingra Motors Private Limited, 28/5 & 6 Samalkha, New Delhi-110037, Mobile: +91 88102 55409, Corporate.taxation@dgfc.in

31.4.23. Sh. Naresh kumar, Sarpanch, Gram Panchyat, Nuh

31.4.24. M/s Winter Hills-77, Apartment Owners Association, Gurgaon

31.4.25. Sh. Udai Pal, farmer, Gurugram

31.4.26. Sh. Bijender Singh, Nuh , farmer

31.4.27. Sh. Vijaypal, Mewat

31.4.28. Arvind Rai, Director , Modelama Exports Pvt Ltd, (ek.raju@modelama.com)

31.4.29. Sh. Krishan Grover, (Upkeep Services), (k_grover19@rediffmail.com)

31.4.30. Sh. Anil Chhabra, 887 sec 5 Gurgaon, (anilchhabra1961@gmail.com)

31.4.31. M/s Tulip Petals & Ace Apartment Owners Association, Gurgaon

31.4.32. Sh. Chandan Kumar, farmer, Gurugram

31.4.33. Adv. Sumit Dalal, All India Kisan Sabha, General Secretary, ALL INDIA KISAN SABHA (AIKS) sumitabeer2018@gmail.com

31.4.34. Yashpal Deshwal, General Secretary, HSEB Workers Union, Head office Bhiwani Reg. No. 292

31.4.35. Sh. Sushil Kumar Gupta, President, M/s Hibiscus sector 50, Gurugram (helpdesk@myhibiscus.in)

31.4.36. SUSHMA, HOUSE NO.1202 ,TOWER -C, KSHITIJ(RAMSONS ORGANICS LTD) GURGAON-122505, Haryana, (saviaccount@yahoo.com)

31.4.37. Sh. Rajkumar chhonker, Farmer and Agricultural consumer from Nuh district (raj_chhoker@yahoo.co.in)

31.4.38. Sh. Sadhana Raghav, Farmer and Agricultural consumer from Nuh district (sadhana_raghav@yahoo.co.in)

31.4.39. Sh. Vineet Sharma, Farmer and Agricultural consumer from Gurugram district operation@indogermansolar.com

31.4.40. Smt. Simple Mehta, farmer, Gurugram

31.4.41. Sh. Sampat Singh vide email dated 28.06.2026 (sampatsingh1@gmail.com)

31.4.42. Premchand, State Secretary, CPI(M) Haryana, (cpimharyana@gmail.com)

31.4.43. Sh. Rajender Rana, Acting General Secretary, All Haryana Power Corporations Workers Union (AHPCWU)

Further, the Commission observes that various stakeholders have filed their comments / suggestions after the expiry of thirty days from the date of publication of aforesaid notice. In this regard, the Commission has perused the proviso to Section 15 (2) (i) of the Electricity Act, 2003, reproduced hereunder:-

"15. Procedure for grant of licence. (1)

(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;"

In view of the foregoing, the Commission is precluded from considering any comments/objections received after the prescribed timeline.

31.5. However, the comments filed by the following intervenors after the expiry of prescribed timelines, have been appended to the present order as Annexure D :-

31.5.1. Sh. Inder Singh Malik, President, Sh. Mehar Singh Bangar, Secretary, Bijli Upbhokta Munch Haryana (meharbanger94@gmail.com)

31.5.2. Sh. Anshul Mangla, Advocate, (anshul.mangla16@gmail.com)

31.5.3. Sh. Yogesh, yogesh@savitriramsons.in

31.5.4. Sh. Kapil, kapil.chandana@yahoo.com

31.5.5. Sh. Ashish Chhabra, makewell.makewell@gmail.com

31.5.6. Sh. Satish Dhingra, Nuh, corporate.taxation@dgfc.in

31.5.7. Sh. Rohit, Farmer, Nuh, abhiroopdey@gmail.com

31.5.8. Sh. Samsuchi, Nuh, abhiroopdey@gmail.com

31.5.9. Sh. Pardeep kumar and other consumers Jharsa, Gurgaon

31.5.10. Sh. Sambhu, Sohana, Khorda

31.5.11. M/s Pyramid Urban Homers Condominium Association

31.5.12. Bhupinder Singh, Power Sector Reform Forum

31.5.13. Seema, Charkhi Dadri

31.5.14. Haryana Bijli Karamchari aur Upbhokta Sangharsh Manch

31.5.14.1. Shalender Dubey, xenopnuh@dhbvn.org.in

31.5.14.2. Deves, sandydh1190@gmail.com

31.5.14.3. Dinesh, sandydh1190@gmail.com

31.5.14.4. Pradeep Kumar, sandydh1190@gmail.com

31.5.14.5. Devender Kumar, sandydh1190@gmail.com

31.5.14.6. Neha, sandydh1190@gmail.com

31.5.14.7. Poonam, sandydh1190@gmail.com
31.5.14.8. Neeraj, sandydh1190@gmail.com
31.5.14.9. Ved Prakash, sandydh1190@gmail.com
31.5.14.10. Irshad, sandydh1190@gmail.com
31.5.14.11. Mehes Kumar, sandydh1190@gmail.com
31.5.14.12. Kuldeep Yadav, sandydh1190@gmail.com
31.5.14.13. Yograj Dixit, sandydh1190@gmail.com
31.5.14.14. Ankit Arora, sandydh1190@gmail.com
31.5.14.15. Santosh, sandydh1190@gmail.com
31.5.14.16. Vinod Kumar, sandydh1190@gmail.com
31.5.14.17. Virender Singh, sandydh1190@gmail.com
31.5.14.18. Rahul (LDC), sandydh1190@gmail.com
31.5.14.19. Vikas, sandydh1190@gmail.com
31.5.14.20. Ved Parkash, sandydh1190@gmail.com
31.5.14.21. Sita Ram, sandydh1190@gmail.com
31.5.14.22. Lalit Kumar, sandydh1190@gmail.com
31.5.14.23. Rajan Verma, sandydh1190@gmail.com
31.5.14.24. Surender Pal, sandydh1190@gmail.com
31.5.14.25. Denesh Sharma, sandydh1190@gmail.com
31.5.14.26. Urmila, sandydh1190@gmail.com
31.5.14.27. Hariom Sharma, sandydh1190@gmail.com
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31.5.14.31. Priti, sanbaxy08@gmail.com
31.5.14.32. Seema, sanbaxy08@gmail.com
31.5.14.33. Rahul, sanbaxy08@gmail.com
31.5.14.34. Ranbir Singh, sanbaxy08@gmail.com
31.5.14.35. Surrender Kumar, sanbaxy08@gmail.com
31.5.14.36. Radika Sharma, sanbaxy08@gmail.com
31.5.14.37. Parvesh Kumar Jain, sanbaxy08@gmail.com
31.5.14.38. Seema, Ch. Dadri, swamirahul03@gmail.com
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31.5.14.40. Surrender Kumar, sg76056477@gmail.com
31.5.14.41. Aakshay Kumar, akshayshenron@gmail.com
31.5.14.42. Neeraj Tiwari, Pema Khera, tiwarink1997@gmail.com
31.5.14.43. Shahrukh Khan, hellokhanpat@gmail.com

31.5.14.44. Prem Kumar, hellokhanpahat@gmail.com
31.5.14.45. Majlish khan hellokhanpahat@gmail.com
31.5.14.46. Sahid Husssain, hellokhanpahat@gmail.com
31.5.14.47. Nafish Ahmad, hellokhanpahat@gmail.com
31.5.14.48. Asgar Khan, hellokhanpahat@gmail.com
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31.5.14.55. Rahul, hellokhanpahat@gmail.com
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31.5.14.78. Sonu, hariomgrover101@gmail.com
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The petitioner has filed its reply to the comments filed by the intervenors, annexed to the present order at Annexure 'E'.

Acceding to the request of the DISCOMs, filed vide IA No. 29 and 30 of 2026, the matter was finally heard on 03.09.2026. The Interim Order dated 03.09.2026, issued by the Commission is reproduced hereunder:-

1. The case was taken up for hearing on 03.09.2026, as scheduled, in the courtroom of the Commission.

2. The public hearing in the matter was held on 08.07.2026, wherein the Commission heard the intervenors in addition to the petitioner and respondents, at length and carefully considered the submissions made by them. Consequently, the Commission, vide its Interim Order dated 09.07.2026, constituted an Expert Committee for its assistance to examine the issues arising in the present application. The public hearing was complete and the order was reserved.

3. However, the present case came up for hearing on the request of hearing filed by the respondents i.e. DHBVNL and UHBVNL (the DISCOMs), vide I.A. No. 29 of 2026 and I.A. No. 30 of 2026. By the said applications, the DISCOMs also sought copies of the additional documents filed by the Petitioner, as well as a copy of the report of the Expert Committee constituted vide the Interim Order dated 09.07.2026, to enable them to file their comments thereon.

4. Accordingly, the Commission provided a copy of the Expert Committee Report to the petitioner as well as the respondents (DHBVNL, UHBVNL and HVPNL) and they were directed to file their comments/reply on the same as well as on the additional information filed by the petitioner (shared directly by the petitioner vide email). The petitioner was also allowed to file its comments on the report of Expert Committee as well as its rejoinder on the comments/reply filed by the respondents, if any.

5. In compliance with the aforesaid direction, the Respondents have filed their objections/reply vide email dated 26.08.2026. Further, the petitioner has filed its reply to the report of the Committee, reply filed by HVPNL and replies filed by DISCOMs, vide email dated 30.08.2026.

6. The Commission heard the learned counsels/authorized representatives of the petitioner and the respondents at length and carefully considered the submissions made by them.

7. The Commission has perused the proviso to Section 15 (2) of the Electricity Act, 2003, reproduced hereunder:-

"15. Procedure for grant of licence. (1)

……

(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;"

(Emphasis supplied)

The Commission had issued a public notice in the Newspapers ('The Tribune' and 'Dainik Jagran') dated 30.05.2026, inviting comments on the application for grant of licence, within 30 days.

In response, comments were received from 43 intervenors on or before the prescribed timeline, i.e. 30.06.2026. The contents of these comments are largely repetitive in nature. Further, comments have also been filed by 534 intervenors after the prescribed timeline barred for consideration by the Commission, which are likewise repetitive and do not raise any substantially new or distinct issues.

8. Further, applications containing request for supply of copy of report of the expert committee along with other documents, was handed over by Mr. Aftab Ahmed, MLA, Nuh from Congress Legislature Party, M/s. All India Power Engineers Federation (AIPEF), M/s. Haryana Power Engineers Association (HPEA) and their Members.

9. Accordingly, upon hearing the parties and acceding to the request of the respondents as well as the other objectors, the report of the Expert Committee shall be forwarded by email, to the 43 intervenors, who may file their comments/objections/suggestions thereon on or before 15.09.2026 through email at secretary.herc@nic.in and dir-trf.herc@nic.in. Further, the petitioner as well as the respondents are also permitted to file their written submissions on or before 15.09.2026. No reply/comments/objections/suggestions shall be entertained or taken on record after the prescribed timeline.

10. The hearing stands concluded. Order is reserved.

11. Interlocutory Applications (IAs) filed in the matter are accordingly disposed of."

For ensuring transparency and facilitating effective participation of the stakeholders, the Commission caused a copy of the Expert Committee's Report to be circulated by email to

the 43 stakeholders/Intervenors who had submitted their comments within the prescribed time, i.e., by 30.06.2026, as recorded in the Interim Order dated 03.09.2026.

32. **Additional Comments /suggestions to the report of the Expert Committee, filed by the stakeholders within the due date of filing comments i.e. 30.06.2026**

In response to the Interim Order of the Commission dated 03.09.2026, allowing 43 intervenors to file their the comments/objections/suggestions on the report of the Expert Committee, the following stakeholders have filed their comments which have been appended to the present order as Annexure 'F':-

32.1. Sh. Sampat Singh
32.2. HSEB Workers' union
32.3. Haryana Power Engineers Association (HPEA)
32.4. Electricity Employees' Federation of India (EEFI)
32.5. All India Power Engineers Federation (AIPEF)
32.6. All Haryana Power Corporations Workers Union (AHPCWU)
32.7. Sh. Rakib Khan, Distt. Nuh

33. Further, in compliance with the judgment passed by the Hon'ble Punjab and Haryana High Court in CWP No. 30993 of 2026, whereby the Commission was directed to afford an opportunity of hearing to the Petitioner before it i.e. Haryana Power Engineers Association (Regd.) on 28.09.2026, in respect of the report of the Expert Committee and to consider the supplemental objections, if any, filed by the Petitioner on or before the said date, the Commission heard Mr. Ashwani Talwar, Sr. Advocate, the learned counsel appearing on behalf of Haryana Power Engineers Association (Regd.), at length on 28.09.2026.

34. The Commission observes that the objections filed by the Haryana Power Engineers Association are substantially similar to the reply already filed by UHBVNL/DHBVNL. Accordingly, no new issue or material has been brought on record for the Commission's observation.

35. At the fag end of the proceedings before the Commission, a representative of All India Power Engineers Federation (AIPEF) handed over a letter requesting an opportunity of hearing on the report of the Expert Committee. The Commission observed that M/s. AIPEF had already filed its comments on the petition on 19.06.2026 and, subsequently, its comments on the report of the Expert Committee on 14.09.2026. Mr. Padamjit Singh, President, AIPEF, was also heard at length during the public hearing held on 08.07.2026. Nevertheless, in the interest of affording a reasonable opportunity of hearing, the Commission offered AIPEF an opportunity of hearing today or tomorrow. However, the

representative, upon instructions from the President of AIPEF, declined to avail the said opportunity.

36. In this regard, the Commission considers it appropriate to clarify that the process of making an application for grant of licence public, inviting comments thereon, and affording an opportunity of hearing to interested persons is essentially consultative in nature and ought not to be converted into an adversarial proceeding. The representations submitted by individuals and institutions are intended to facilitate broad-based participation of stakeholders in the regulatory process. However, such a process, under the guise of 'public interest' and 'principles of natural justice', cannot be permitted to continue indefinitely through repeated replies, rejoinders and hearings. The Commission, therefore, considers it appropriate to put an end to the hearing process.

Commission Analysis and Order

37. The Commission heard the arguments of the parties at length as well as perused the written submissions/comments/suggestions placed on record by the parties. The Commission has carefully examined the pleadings filed by the parties, the documents placed on record, the submissions advanced during the course of hearing, as well as the provisions of the Electricity Act, 2003, Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulations, 2004, as amended from time to time and Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005 as amended from time to time for grant of parallel distribution licence.

38. Before proceeding to examine the issues on merits, the Commission considers it appropriate to first adjudicate upon the preliminary objection raised on the power of this Commission to constitute the Expert Committee and consideration by it of the additional documents filed by the petitioner on 30.07.2026. The stakeholders have submitted that such an exercise travels beyond the statutory framework contemplated under the Electricity Act, 2003 and the determination of compliance with statutory requirements and the evaluation of pleadings and objections are within the exclusive adjudicatory domain of the Commission, which cannot ordinarily be entrusted to an external committee, howsoever eminent its members may be.

In order to examine the same, the Commission has taken note of the provisions of Regulation 11 of the Haryana Electricity Regulatory Commission (Conduct of Business) Regulations, 2019, which empowers the Commission to delegate such of its powers and functions under the Act as it may deem necessary, except the power to adjudicate

disputes under Section 86 and the power to make regulations under Section 181 of the Act. The relevant provision is reproduced hereunder:-

"11. Delegation of Power

(1) The Commission may, by general or special order in writing, delegate to any Member, Secretary, officer of the Commission or any other person subject to such conditions, if any, as may be specified in the order, such of its powers and functions under the Act (except the power to adjudicate disputes under Section-86 and the powers to make regulations under Section-181) as it may deem necessary."

Further, Regulation 30 of the Haryana Electricity Regulatory Commission (Conduct of Business) Regulations, 2019, empowers the Commission to refer such issues arising in a matter, as it may consider appropriate, to persons whom the Commission considers qualified to provide expert advice or opinion. The relevant provision is reproduced hereunder:-

"30. Reference of issues to others

(1) At any stage of the Proceedings the Commission shall be entitled to refer such issue or issues in the matter as it considers appropriate to persons including, but not limited to, the Officers and consultants of the Commission whom the Commission considers as qualified to give expert advice or opinion.

(2) The Commission may nominate from time to time any person including, but not limited to, the Officers and consultants to visit any place or places for inspection and report on the existence or status of the place or any facilities therein.

(3) The Commission, if it thinks fit, may direct the parties to appear before the persons designated in sub-regulations (1) or (2) above to present their respective views on the issues or matters referred to.

(4) The report or the opinion received from such persons shall form a part of the record of the case and the parties shall be given the copies of the report or opinion given by the person designated by the Commission. The parties shall be entitled to file their version either in support or in opposition to the report or the opinion.

(5) The Commission shall duly take into account while deciding the matter the report or the opinion given by the person, the reply filed by the parties, and if considered necessary direct the examination before the Commission of the person giving the report or the opinion. The Commission shall not be bound to accept any report or the opinion given by the persons designated in sub-regulations (1) or (2) as conclusive."

Accordingly, the Commission, vide its interim order dated 09.07.2026, having regard to the magnitude of the proposed investment, its long-term implications for the electricity sector in the State of Haryana, the potential impact on consumers, the existing distribution licensee and the transmission system, as well as the overall regulatory framework, constituted a Committee comprising Mr. Alok Nigam, IAS (Retd.), Mr. Ravinder Kumar

Sharma and Mr. Bibhu Prasad Mahapatra, all of whom possess extensive experience and expertise in the electricity sector, as given hereunder:-

d) Mr. Alok Nigam, who has served more than 35 years in public service (Indian Administrative Service) in Haryana. He has headed many State Public Sector Boards and Corporations as Chairman/Managing Director including UHBVNL and HVPNL. He was retired as Additional Chief Secretary to Govt. of Haryana.

e) Er. Ravinder Kumar Sharma, who has served as Managing Director, HPSEBL, Managing Director, HPSEBL, Managing Director, HPPTCL, Director (Operations), HPSEBL, Director (Technical), HPSEBL and Director (Projects), HPPTCL, Member of Conciliation Committee of Independent Experts, Ministry of Power, Government of India.

f) Mr. Bibhu Prasad Mahapatra, who has served as Director (Finance) in PSU of two States (Odisha and UP) i.e. in UPRVUNL, UPPTCL, GRIDCO, OPTCL, CESU Board etc.

The Committee was mandated to examine the petition, the replies filed by the respondents, the comments/objections submitted by the intervenors and all other relevant material available on record, and to submit a comprehensive report containing its clear, reasoned and unambiguous recommendations as to whether the petitioner had complied with the requirements prescribed under the Electricity Act, 2003; the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulations, 2004, as amended from time to time; the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005; and the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) (Amendment) Rules, 2022, for the grant of a parallel distribution licence in the Revenue Districts of Nuh and Gurugram.

The Committee was required to function as an independent expert body and submit its report in a recommendatory capacity, without affecting or fettering the statutory powers of the Commission to adjudicate the matter in accordance with the Electricity Act, 2003 and the rules and regulations framed thereunder.

The Committee commenced its work w.e.f. 13.07.2026 and submitted its report on 07.08.2026. The said report has been appended to the present order as Annexure C and has been duly referred to while considering and adjudicating upon the issues arising in the present matter.

The preliminary objection raised by the stakeholders on the constitution of Expert Committee is, therefore, rejected.

The Commission has further perused para 4.2 and 4.3 of the Terms of Reference (TOR) forming part of the Interim Order dated 09.07.2026, containing the *"Powers and Procedure of the Committee"*, reproduced here under:-

"4.2 The Committee may call for records, documents, studies, reports, financial statements and technical information.

4.3 The Committee may require the Applicant, Existing Distribution Licensee(s), HVPNL (STU), HPPC, SLDC, Government of Haryana, statutory authorities or any stakeholder to furnish information."

The Commission observes that the Petitioner has submitted that the additional documents were furnished during, and in response to, the requirements of the Committee in the course of an ongoing regulatory examination undertaken pursuant to the mandate vested in the Committee by the Commission's order dated 09.07.2026. The Commission further observes that, while exercising the powers vested under the Electricity Act, 2003, Regulatory Commissions are not bound by the rigid procedural technicalities prescribed under the Code of Civil Procedure, 1908, and that the Commission possesses inherent powers under the HERC (Conduct of Business) Regulations to take on record any document considered necessary for the complete and effective adjudication of a Petition. In the present case, the documents were submitted during the pendency of the regulatory evaluation and, therefore, their filing cannot be construed as reopening of evidence after conclusion of trial. The Commission further notes that the Respondents have received and responded to each of the documents filed by the Petitioner. Accordingly, the Commission is of the view that no prejudice has been caused to the Respondents on account of the filing of such additional documents.

Having decided the issue of constitution of Expert Committee and consideration by it of the additional documents filed by the petitioner dated 30.07.2026, the Commission now proceeds to examine the issues falling within its jurisdiction.

39. The principal issue arising for determination in the present proceedings is whether the petitioner/applicant is entitled to a parallel distribution licence in Gurugram and Nuh Revenue Districts and if so, on what conditions. Accordingly, the issues that arise for determination in the present petition are broadly as under :–

39.1. **Whether the proposed phased rollout of the distribution network and the resultant the proposed capital investment programme, is consistent with the Electricity Act, applicable judicial precedents and the objective of ensuring universal Service Obligation (AntiCherry Picking) and non-discriminatory supply of electricity under**

Section 43 of the Electricity Act, 2003 across the entire proposed licenced area, including Gurugram and Nuh districts?

39.2. **Whether the applicant fulfils the statutory requirements, viz. Capital Adequacy and Creditworthiness, Minimum Area of Supply and Code of Conduct?**

39.3. **Whether the Applicant has demonstrated adequate technical expertise, managerial capability and institutional capacity for undertaking the functions of a parallel distribution licensee?**

39.4. **Whether any statutory approval, consent or No Objection Certificate from the State Transmission Utility or any other authority is required under the Electricity Act, 2003, the Rules framed thereunder or the applicable Regulations before grant of a Parallel Distribution Licence?**

39.5. **Whether execution of long-term Power Purchase Agreements constitutes a statutory pre-requisite for grant of a Distribution Licence?**

39.6. **Whether a well-defined Consumer Migration Framework containing outstanding dues of the consumers, treatment of defaulters, unrecovered FSA, metering, switch over of consumers on independent feeder, supplier of the last resort etc., in supersession/relaxation of HERC (Electricity Supply Code) Regulations, is a condition precedent for, the grant of a parallel licence?**

39.7. **Whether Cross Subsidy and Additional surcharge being levied on open access consumers should be applicable on the migrated consumers and reimbursed to the incumbent licence?**

39.8. **Whether financial implications of granting the proposed parallel distribution licence, including its impact on electricity tariffs, Aggregate Revenue Requirement (ARR), cross-subsidy, existing power procurement obligations, stranded costs etc. can be examined at the stage of grant of licence?**

39.9. **Whether the grant of parallel distribution licence has any impact on distribution system planning, network losses, system reliability and resilience, asset utilisation and future investment requirements of the incumbent Distribution Licensee?**

39.10. **Whether the applicant distribution licence shall be required to comply with the Notified Pilot Project Belt Architecture specified in the HERC (Duty to Supply Electricity on Request) (Second Amendment) Regulations, 2023 notified on 27.09.2023 prescribing the 220/33/0.4 kV configuration for the notified Pilot Project Belt sectors of Gurugram?**

After hearing the learned counsel for the parties, intervenors and going through the record of the present petition/application, the findings of the Commission on the issues are as under:-

39.1. **Whether the proposed phased rollout of the distribution network and the resultant the proposed capital investment programme, is consistent with the Electricity Act, applicable judicial precedents and the objective of ensuring universal Service Obligation (Anti-Cherry Picking) and non-discriminatory supply of electricity under Section 43 of the Electricity Act, 2003 across the entire proposed licenced area, including Gurugram and Nuh districts?**

The Commission has examined the aforesaid issue at length. The Commission observes that the present petition has been filed under Sections 14 & 15 of the Electricity Act, 2003 for grant of a parallel distribution licence for the entire revenue districts of Nuh and Gurugram in Haryana. The proposed area of supply covers the entire revenue districts of Gurugram and Nuh. This includes Gurugram MC, Manesar MC, Municipal Councils of Sohna and Pataudi Mandi, Municipal Committee of Farrukh Nagar, and Municipal Committees of Nuh, Punhana, Firozepur Jhirka, and Tauru. The Petitioner has proposed the network addition for the entire proposed licence area as under:-

Area / Division	Input Substation (HVPN)	220/33 kV Bay Extn.	66/11 kV Bay	25/31.5 MVA Tr.	66/33 kV Bay	20/25 MVA Tr.
Gurugram S/U (Sectors 20, 52A, 52, 50, 45, 27, 65, 69)	HVPN 220 kV at Sec 20, 52A, 57, 62, 65, 85	6	0	0	0	0
Gurugram City (Sectors 72, 85, 95, 99, 107, 15, Mehrauli)	HVPN 220/66 kV at Sec 72, 85, 95, 99, 107, 15, Mehrauli	0	2	2	4	4
Sohna (Sohna, Roj-Ka-Meo HSIIDC)	HVPN 66 kV at Sohna, Roj-Ka-Meo HSIIDC (×3)	0	0	0	8	8
Manesar (IMT Manesar, HSIIDC Ph.5, MIC)	HVPN 66 kV at Sec 2, 3, Technology Park, Sec 1	0	12	12	0	0
Nuh (Nuh, Nagina, Taoru, Rangla-Rajpur, Mohammadpur Ahir)	HVPN 66 kV and 220 kV (Rangla-Rajpur)	0	0	0	5	5
Grand Total (5-Year)		**6**	**14**	**14**	**17**	**17**

Area / Division	Input Substation (HVPN)	33/11 kV DSS	12.5 MVA Tr.	33 kV Line (km)	11 kV Feeders	11 kV Line (km)
Gurugram S/U (Sectors 20, 52A, 52, 50, 45, 27, 65, 69)	HVPN 220 kV at Sec 20, 52A, 57, 62, 65, 85	12	40	60	112	336
Gurugram City (Sectors 72, 85, 95, 99, 107, 15, Mehrauli)	HVPN 220/66 kV at Sec 72, 85, 95, 99, 107, 15, Mehrauli	14	42	70	120	360
Sohna (Sohna, Roj-Ka-Meo HSIIDC)	HVPN 66 kV at Sohna, Roj-Ka-Meo HSIIDC (×3)	5	15	50	40	120
Manesar (IMT Manesar, HSIIDC Ph.5, MIC)	HVPN 66 kV at Sec 2, 3, Technology Park, Sec 1	0	0	0	48	144
Nuh (Nuh, Nagina, Taoru, Rangla-Rajpur, Mohammadpur Ahir)	HVPN 66 kV and 220 kV (Rangla-Rajpur)	5	8	25	20	60
Grand Total (5-Year)		**36**	**105**	**205 km**	**340 feeders**	**1,020 km**

Proposed Network Development for the Licenced Area for FY 2026-27

S l N o	Divisio n	220/33 KV Bay (100 MVA) Extensi	33/11 KV Substa tion (DSS)	12.5 MVA Transfor mer (Nos)	66/11 KV Bay Exten	25/31.5M VA (66/11 kV) Transfor	66/33 KV Bay Exten	20/25MV A (66/33 kV) Transfor	33 KV Line Len	No of 11 kV	11 KV lengt h (KM)

		on (Nos)			sion (Nos)	mer (Nos)	sion (Nos)	mer (Nos)	gth (KM)	fee der	
1	Gurugram Sub-urban	1	2	4	0	0	0	0	10	10	30
2	Gurugram City	0	0	0	0	0	0	0	0	0	0
3	Sohna	0	1	2	0	0	1	1	10	4	12
4	Manesar	0	0	0	1	1	0	0	0	4	12
5	Nuh	0	1	1	0	0	1	1	5	2	6
Total		**1**	**4**	**7**	**1**	**1**	**2**	**2**	**25**	**20**	**60**

Proposed Network Development for the Licenced Area for FY 2027-28

SI No	Division	220/33 KV Bay (100 MVA) Extension (Nos)	33/11 KV Substation (DSS) (Nos)	12.5 MVA Transformer (Nos)	66/11 KV Bay Extension (Nos)	25/31.5MVA (66/11 kV) Transformer (Nos)	66/33 KV Bay Extension (Nos)	20/25MVA (66/33 kV) Transformer (Nos)	33 KV Line Length (KM)	No of 11 kV feeder	11 KV length (KM)
1	Gurugram Sub-urban	1	2	6	0	0	0	0	10	20	60
2	Gurugram City	0	0	0	0	0	0	0	0	0	0
3	Sohna	0	1	2	0	0	1	1	10	6	18
4	Manesar	0	0	0	1	1	0	0	0	6	18
5	Nuh	0	1	1	0	0	1	1	5	3	9
Total		**1**	**4**	**9**	**1**	**1**	**2**	**2**	**25**	**35**	**105**

Proposed Network Development for the Licenced Area for FY 2028-29

SI No	Division	220/33 KV Bay (100 MVA) Extension (Nos)	33/11 KV Substation (DSS) (Nos)	12.5 MVA Transformer (Nos)	66/11 KV Bay Extension (Nos)	25/31.5MVA (66/11 kV) Transformer (Nos)	66/33 KV Bay Extension (Nos)	20/25MVA (66/33 kV) Transformer (Nos)	33 KV Line Length (KM)	No of 11 kV feeder	11 KV length (KM)
1	Gurugram Sub-urban	2	2	8	0	0	0	0	10	26	78
2	Gurugram City	0	4	10	0	0	2	2	20	30	90
3	Sohna	0	1	3	0	0	2	2	10	8	24
4	Manesar	0	0	0	3	3	0	0	0	10	30
5	Nuh	0	1	2	0	0	1	1	5	4	12
Total		**2**	**8**	**23**	**3**	**3**	**5**	**5**	**45**	**78**	**234**

Proposed Network Development for the Licenced Area for FY 2029-30

Sl No	Division	220/33 KV Bay (100 MVA) Extension (Nos)	33/11 KV Substation (DSS) (Nos)	12.5 MVA Transformer (Nos)	66/11 KV Bay Extension (Nos)	25/31.5MVA (66/11 kV) Transformer (Nos)	66/33 KV Bay Extension (Nos)	20/25MVA (66/33 kV) Transformer (Nos)	33 KV Line Length (KM)	No of 11 kV feeder	11 KV length (KM)
1	Gurugram Sub-urban	1	3	10	0	0	0	0	15	28	84
2	Gurugram City	0	4	14	1	1	2	2	20	40	120
3	Sohna	0	1	3	0	0	2	2	10	10	30
4	Manesar	0	0	0	3	3	0	0	0	12	36
5	Nuh	0	1	2	0	0	1	1	5	5	15
Total		**1**	**9**	**29**	**4**	**4**	**5**	**5**	**50**	**95**	**285**

Proposed Network Development for the Licenced Area for FY 2030-31

Sl No	Division	220/33 KV Bay (100 MVA) Extension (Nos)	33/11 KV Substation (DSS) (Nos)	12.5 MVA Transformer (Nos)	66/11 KV Bay Extension (Nos)	25/31.5MVA (66/11 kV) Transformer (Nos)	66/33 KV Bay Extension (Nos)	20/25MVA (66/33 kV) Transformer (Nos)	33 KV Line Length (KM)	No of 11 kV feeder	11 KV length (KM)
1	Gurugram Sub-urban	1	3	12	0	0	0	0	15	28	84
2	Gurugram City	0	6	18	1	1	0	0	30	50	150
3	Sohna	0	1	5	0	0	2	2	10	12	36
4	Manesar	0	0	0	4	4	0	0	0	16	48
5	Nuh	0	1	2	0	0	1	1	5	6	18
Total		**1**	**11**	**37**	**5**	**5**	**3**	**3**	**60**	**112**	**336**

Considering the asset additions proposed in the table above, the petitioner has submitted phase-wise capital investment plan for the period from FY 2026-27 to FY 2030-31, as tablulated under:-

(Rs. crore)

Sl. No.	Particulars	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
A	**Capitalisation**					
1	**Wire Business**	**287.00**	**453.54**	**1059.08**	**1289.36**	**1561.39**
	Gurugram Sub-urban	146.26	259.70	366.07	384.84	408.71
	Gurugram City	0.00	0.00	382.84	533.19	671.56
	Sohna	59.59	80.93	115.95	140.17	178.07
	Manesar	48.22	69.22	133.34	158.09	217.11
	Nuh	32.92	43.69	60.88	73.08	85.95
2	**Supply Business**	**5.85**	**9.75**	**13.25**	**17.06**	**20.45**
	Gurugram Sub-urban	1.68	3.75	4.26	4.78	6.34
	Gurugram City	0.00	0.00	2.10	4.41	5.09
	Sohna	1.47	2.21	2.56	2.95	3.40
	Manesar	1.52	2.34	2.75	3.19	3.70

	Nuh	1.18	1.45	1.58	1.73	1.91
3	Total	**292.85**	**463.29**	**1072.33**	**1306.42**	**1581.84**
B	**Total Capitalization**					
	Gurugram Sub-urban	147.94	263.44	370.33	389.61	415.04
	Gurugram City	0.00	0.00	384.94	537.60	676.65
	Sohna	61.06	83.14	118.51	143.12	181.47
	Manesar	49.75	71.57	136.10	161.27	220.81
	Nuh	34.10	45.14	62.46	74.81	87.86
	Grand Total	**292.86**	**463.29**	**1072.33**	**1306.42**	**1581.84**
	Gurugram Rev. District	258.75	418.15	1009.87	1231.61	1493.97
	Nuh Rev. District	34.10	45.14	62.46	74.81	87.86
	Grand Total	**292.85**	**463.29**	**1072.33**	**1306.42**	**1581.84**

39.1.1. The Petitioner (Eleven Power Private Limited) has proposed a capital investment program of Rs. 4,716.73 Crore over a five-year phased rollout across Gurugram and Nuh revenue districts, financed through Rs. 1,415.02 Crore in equity (30%) and Rs. 3,301.71 Crore in debt. The Petitioner submitted that Section 43 of the Electricity Act, 2003 mandates Distribution Licensees to provide supply on request. Furthermore, the Commission has notified the Haryana Electricity Regulatory Commission (Electricity Supply Code) Regulations, 2014, and amendments thereon. The Petitioner has filed an affidavit dated 03.07.2026 to affirm that upon the grant of the distribution licence, it shall strictly comply with Section 43 of the Electricity Act, 2003 and shall supply electricity to every owner or occupier of any premises within its licenced area of supply who requests a connection (in phased manner as planned in Network Roll Out Plan and Implementation Plan), within the strict timelines mandated by the HERC (Electricity Supply Code) Regulations, 2014 and the HERC (Standards of Performance of Distribution Licensees and Determination of Compensation) Regulations, 2020 read with all their subsequent amendments. The petitioner has further declared that its long-term network deployment strategy completely disavows any form of consumer or geographical "cherry-picking." The petitioner has further affirmed that it will not selectively target high-revenue industrial, commercial, or institutional consumer segments while ignoring low-consumption residential or rural segments. The retail rollout plan is organically integrated to serve all socioeconomic classes and load brackets i.e., all the consumer categories uniformly across its infrastructure layout in the phased manner.

The petitioner has further averred that additionally, network development will also be done as per requirement in case of consumers seeking Low Voltage supply. As regards supply at higher voltages of 11 kV and 33 kV, Universal Service Obligation will be declared on completion of the laying of the distribution network. Supply at EHV voltage levels will be provided on receipt of connectivity from the State Transmission Utility.

The petitioner has further submitted that the Petitioner's network, is designed on a 33 kV-dominant architecture, with approximately 1,020 km of 11 kV against 205 km of 33 kV, a

ratio of 5:1. A 33 kV feeder delivers four times the capacity of an 11 kV feeder at a fraction of proportionate cost, so the properly designed 33 kV-led design architecture serves the same supply obligation with fewer network elements, better asset loading, lower capital cost per MW served and lower technical losses, translating into fewer and shorter interruptions for consumers, that is, superior SAIFI and SAIDI performance. The Petitioner has also submitted that core distribution network will be architected as an exceptionally reliable ring network utilizing Ring Main Units (RMUs). These ring networks will be energized through feeder breakers originating from the primary Distribution Substations (DSS). During any network abnormality or outage, rapid switching operations shall be executed both remotely and manually and will be deployed to reroute power and maintain supply continuity to all RMUs. The proposed network is designed for economic and efficient asset utilisation of connected load of 60% for HT consumers and 25% for LT consumers, within a maximum asset loading of 80% and N-1 redundancy, whereas the corresponding utilisation observed on the Respondent's own data for the proposed area is approximately 19%.

The petitioner has rejected the Respondents' CAPEX estimate of Rs. 18,535.58 Crore which is based on erroneous assumption that the petitioner need to replicate incumbent's legacy network rather than an efficient, phased distribution system employing compact GIS installations, public rights-of-way and leased sites. Rule 3(1) of Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005 does not mandate instantaneous, asset-for-asset duplication of the incumbent's entire historical network, and that a phased, demand-led rollout of Rs. 4,716.73 Crore over five years, calibrated to projected migration and incremental demand, is the appropriate and legally sound framework, consistent with the principle recognised by the Hon'ble Appellate Tribunal in MCGM/BEST v. MERC (Appeal No. 279 of 2017) that a complete distribution network need not exist prior to grant of licence, and with the decision of the **Hon'ble Appellate Tribunal in Noida Power Company Ltd. v. Paschimanchal Vidyut Vitran Nigam Ltd. (Appeal No. 7 of 2010), holding that Rule 3 requires demonstration of the capacity to provide equity and raise debt, and not execution of every future financing instrument prior to grant of licence.** The incumbent Respondents' own Distribution and Retail Supply Licence is itself structured upon a rolling, multi-year investment plan submitted progressively for regulatory approval, and that the Respondents cannot condemn, in the Petitioner's application, a phased-rollout structure that governs their own existing licence.

The Petitioner has further submitted that the cost of land has been factored into the plan through the use of compact gas-insulated substations occupying a fraction of the footprint of conventional substations, and through land being taken principally on lease, which is

an operating rather than a capital expense, and that the cost of power procurement is not capital investment within the meaning of Rule 3 and has no place in the capital-adequacy determination, payment security for power procurement being met, as is standard practice, through letters of credit backed by escrow over consumer revenue arising only once supply commences.

The Petitioner in its additional submissions has clarified that the network in each phase is to be developed for the entire area falling within that phase. It is not to be laid selectively so as to reach particular consumers. The Universal Service Obligation for the whole of the Phase I area is to be met first; the whole of the Phase II area follows; and so on, such that the 33/11 kV network across the entire Proposed Area of Supply is in place within five years, configured so that supply can be given to any consumer who applies for it.

The Petitioner further submitted that the assumptions undertaken to project migration percentage are reasoned. In the dense urban, commercial and industrial areas of Gurugram and Manesar, persistent power-quality problems and frequent interruptions have driven consumers to rely upon expensive and polluting diesel generation. While a parallel licensee offering high-reliability supply from an 80 per cent renewable and FDRE portfolio is an attractive proposition. Experience in Maharashtra, has shown that existing consumers are generally reluctant to immediately switchover to a new licensee. In fact, only about 1.5% of the Reliance's base consumers migrating to Tata Power in initial years. Hence, a gradual rate rising from 2.5 per cent in FY 2027-28 to 4.0 per cent by FY 2030-31 has been projected by Eleven Power. Further, in Nuh, where network development and baseline electrification are low, growth arises from new greenfield connections rather than from switching, a modest 0.11 per cent of licence-area sales in the first year, rising to 0.41% per cent by FY 2030-31, has been projected. A projected 25 to 40 per cent share of incremental load has been considered. The aggregate share is a modest 3.75 per cent of licence-area sales in the first year, rising to 15.21 per cent by FY 2030-31.

The Petitioner clarified that capital committed ahead of the operational readiness of those interface points would produce stranded distribution assets and idle capital, the carrying cost of which would ultimately fall upon consumers. Such sequenced deployment will ensure that civil works, underground cabling, and compact substation installations are aligned with municipal right-of-way (RoW) approvals and local urban planning schedules, thereby minimizing public disruption and cost overruns.

The Petitioner, regarding the various scenarios projected by DHBVNL stated that the entirety of the Petitioner's projected FY 2027-28 sales as a 'loss' and that the scenarios ignore natural demand growth, Annual Tariff Determination and True-Up, through which any lawful variation in sales and power purchase cost is adjusted in the ordinary course.

The Petitioner further submitted that the proposed Implementation Plan, the Migration Protocol and the Supply and Operational Modalities has addressed Consumer Migration, Network Development, Operational Coordination, Supply Arrangements and Consumer Protection. The Petitioner vehemently rejected the proposal that consumers presently availing supply through dedicated or independent feeders, including feeders established through deposit works or consumer-funded infrastructure, be barred from migrating until the Petitioner's network is established across the entirety of the licenced area, stating that it is contrary to the consumer's statutory right to choose between licensees, which is the very object of the Sixth Proviso; and it is irreconcilable with the phased development methodology expressly approved by the Hon'ble Appellate Tribunal in Appeal No. 279 of 2017. The Petitioner further submitted that 33 kV network in the Licence Area is sparse, leading to prospective consumers waiting for years for a connection or are compelled to take supply at 66 kV at substantially higher cost.

The Petitioner suggested that permitting more than one Licensee within the same area gives consumers a genuine choice of supplier, encouraging responsiveness, better service standards, technological innovation and operational efficiency, and creating an environment where licensees compete on quality and reliability. The investment proposed by the Petitioner will augment the existing infrastructure within the Licence Area without imposing any financial burden on the State or this Commission, and the resulting parallel infrastructure will improve network resilience, create operational redundancy and contribute to the long term reliability of supply, an outcome the Act encourages as a means of improving sectoral efficiency.

The Petitioner averred that the proposed architecture for Nuh is consistent with its requirements and that the migration occurring in accordance with law is an incident of the statutory framework, not a ground for defeating it. Petitioner has further submitted that out of the total Capital Expenditure proposed of Rs. 4717 Crore, an amount of Rs. 305 Crore is proposed to be incurred towards Nuh District, which works out to ~6.5%, whereas, as per the connected load details for FY 2024-25, the contribution of Nuh towards connected load of the Licence Area is less than 5% of the connected load. The Petitioner has proposed addition of 5 new 33/11 kV substations with 8 nos. of 12.5 MVA Transformers and 5 nos. of 66/33 kV bay extensions with 5 nos. of 20/25 MVA Transformers along with 25 km of 33 kV lines, 20 nos. of 11 kV feeder additions and 60 km of 11 kV lines addition. Further, 240 km of LT line and 800 distribution transformers are proposed to be incorporated in the Implementation Plan.

The Petitioner also submitted that in any event, and if deemed necessary by the Commission, re-sequencing or minor adjustment across the network roll out plan will not alter the aggregate financial blueprint of the proposed distribution network. The

fundamental baseline of the total capital outlay remains intact and fully backed by equity commitments and institutional debt arrangements.

39.1.2. Per-contra, the respondents have submitted that the Petitioner's proposed CAPEX of Rs. 4,717 Crore is severely understated and insufficient to fulfill Section 43 Universal Service Obligations across the entire supply area. DHBVNL evaluated that replicating the current network capacity across Gurugram and Nuh (8,68,863 consumers, 10,893.89 km HT lines, 10,762.46 km LT lines, and 586.22 km 33 kV lines) requires Rs. 11,397.75 Crore in physical infrastructure alone, demanding a 30% equity infusion of Rs. 3,419.33 Crore, plus working capital and land acquisition costs. A phased rollout would means that large portions of the licenced area will remain without any network infrastructure for extended periods. In such areas, the Petitioner would be incapable of supplying electricity to a new consumer within mandated timeline of 30 days because it is practically impossible to construct a distribution network from the transmission licensee's delivery point to the consumer’s premises within such a short statutory timeframe. This deficiency strikes at the heart of Section 43(1). The Universal Service Obligation cannot be met through selective or incremental network development. Nor can the Petitioner rely on DHBVNL’s existing network to discharge its statutory duty. The law does not permit a new licensee to compel the incumbent licensee to extend or augment its network for the benefit of the new entrant’s consumers. Without a complete distribution system across the entire licenced geography, the Petitioner cannot meet the Universal Service Obligation, particularly in rural and geographically dispersed areas of Nuh, rapidly expanding urban villages in Gurugram, and emerging industrial clusters.

The Respondents has rejected the recommendation of the Expert Committee by arguing that the Committee, instead of independently determining the capital investment requirement under Rule 3(1) of the Distribution Licence Rules, 2005 with reference to the size of the entire area of supply, has simply adopted the Petitioner's own projected five-year capital expenditure figure of Rs. 4,716.73 Crore. The equity figure of Rs. 1,415.02 Crore accepted by the Committee is derived purely from the Gross Fixed Assets of Rs. 4,716.73 Crore with no working-capital component whatsoever, whereas Condition A9 of Schedule A of the Committee Report itself requires demonstration of equity infusion for the first-year working-capital requirement. The capital adequacy projected by the Petitioner proceeds on the footing that only a small percentage of the existing consumer base would migrate to it, whereas the Petitioner would, upon grant of licence, be bound under Section 43 of the Act, 2003 to mandatorily grant connection to every person who applies, so that the capital adequacy assumed ought to be sufficient to potentially serve the entire population of the licence area and not merely the migration percentage projected by the Petitioner.

The Respondents have submitted the impact of the “Revenue Cherry Picking” as below:

DHBVN Actual Revenue for FY 2025-26 for Proposed Supply Area

Particulars	Unit Sold (Mus)	Total Revenue incl. FC (Rs. Crore)
Gurugram - 1 Circle	5,581.33	4,235.95
Gurugram - 2 Circle	6,482.84	5,043.71
Nuh Division	711.83	214.09
Total	**12,776.00**	**9,493.75**
Overall DHBVN	**36,265.35**	**22,087.15**
As % of Overall DHBVN	**35.23%**	**42.98%**

The Respondents submitted that the area picked by the Petitioner is concentrated with high revenue yield areas and erosion from the above consumer base is expected to adverse effect on the Revenue the Incumbent Licensee. The impact of revenue erosion due to switch over of consumer is projected as three possible scenarios at 2.5% consumers migrating, projected revenue loss of Rs. 424.12 Crore at current ABR on the loss of 558.30 MUs of sales, at 20% consumers migrating, projected revenue loss of Rs. 1,898.75 Crore on the loss of 2,555.20 MUs of sales and at 45% consumers migrating, projected revenue loss of Rs. 4,272.19 Crore on the loss of 5,749.20 MUs of sales.

The Respondents requested for submission of a comprehensive consumer migration protocol clearly governing the manner, eligibility, sequencing and conditions for migration of consumers between the incumbent Distribution Licensee and the proposed parallel licensee to address issues relating to consumer eligibility, recovery of existing liabilities, allocation of regulatory obligations, continuity of supply, metering arrangements, consumer protection and measures necessary to prevent selective migration of high-value consumers and consequential distortion of the existing consumer mix.

The Respondents also requested the Commission to ensure that its consumer acquisition strategy and network rollout do not result in a disproportionate concentration of industrial, commercial or other high-revenue consumers within its consumer base, which would undermine the existing tariff architecture and defeat the principles of equitable and sustainable distribution envisaged under the Electricity Act, 2003.

The Respondents, in their submissions on the Committee Report reiterated that the five-year, phase-wise capital investment and debt-equity capitalisation plan accepted by the Committee proceeds entirely upon the Petitioner's own, self-selected scope of 15.21% of licence-area sales by the fifth year, and does not test financial adequacy against the complete area-wide requirement under Rule 3(1) and that a licensee bound by the Universal Service Obligation cannot restrict the extent to which it will serve consumers on the basis of such self-serving projections. Further, the Respondents submitted that two-year deferral of investment in Gurugram City, the division with the second-highest existing

HT load, is not fully answered on the present record and requires clarification only during subsequent approval of the Business Plan, which is a pre-condition to grant and not a matter for post-grant verification.

Referring to the Hon'ble Supreme Court Judgment in Indian Railways v West Bengal Electricity Distribution Co Ltd & Ors, [2026] 5 SCR 479 the Respondents submitted that the proposal indicates selective development only in certain pockets particularly in the Nuh region while relying on DHBVNL's existing network for the remaining areas. Such selective or partial development is incompatible with Section 42(1) and violates the Supreme Court's twin test of operating and maintaining a distribution system for supply of electricity to consumers and supplying electricity to consumers within the area of supply. The Respondents alleged that the proposal of the Petitioner to incur the capital cost of only Rs. 304.37 Crore (approximately 6.5% of total capital expenditure) in Nuh, with a single 33/11 kV substation proposed as against twelve existing or proposed substations of one of the Respondents in that area, demonstrates that the inclusion of Nuh is nominal rather than substantive and is a textbook instance of cherry-picking. The Respondents also submitted that the Committee's distinguishing of this Commission's own order in India Power Corporation Limited, HERC/PRO-08 of 2014 on the basis of a 79% Phase-1 consumer-base figure is not sound, since that figure measures divisions merely touched by infrastructure and not load actually proposed to be served, which properly stands at only 3.75% in the first year.

39.1.3. The Intervenors/objectors have contended that a newly incorporated private entity lacks the infrastructure readiness and intent to fulfill USO in unprofitable rural zones of Nuh. The State government has invested Rs. 44742 Crore over decades in substations, transformers, distribution lines, metering infrastructure and consumer acquisition. The Petitioner's undertaking to discharge the Universal Service Obligation under Section 43 of the Electricity Act, 2003 is, in the circumstances, a hollow assurance. An entity that selects the most profitable areas cannot be relied upon to supply every consumer within its area, least of all those in remote or un-remunerative locations. It has been further contended that, DLF Utilities, denied a licence in the Gurugram DLF area between 2006 and 2008 for cherry-picking and want of infrastructure feasibility; Essar, which did not press its petition; and India Power Corporation Limited, whose application was rejected.

The Intervenors/objectors have contended that facts relating to the constitution, financial health, lack of code of conduct of the petitioner coupled with the vast differences in the level of development of the two districts led to an irresistible conclusion that the Petitioner shall indulge into cherry picking i.e. the petitioner shall target only the industrial, commercial and residential areas of District Gurugram in order to maximize their profits; and shall leave the areas comprised in District Nuh which suffers from large scale

problems relating to theft of electricity, lack of infrastructural development, miniscule level of industrial and commercial, lower levels of tariffs due to predominance of agriculture etc. Further referring to the parallel distribution by the DLF and India Power Corporation Pvt Ltd (IPCL), the Intervenor suggested that the present application is no better and contains far less information regarding say Gurgaon Sector wise roll out plan and is characterized by cherry-picking.

39.1.4. The Commission has also perused the findings and recommendations of the Expert Committee constituted to examine the issue. The Commission observes that the Committee has found that the proposed capital investment programme of Rs. 4,716.73 Crore over FY 2026-27 to FY 2030-31 (Wire Business Rs. 4,650.37 Crore; Supply Business Rs. 66.36 Crore) is commensurate with the scale, scope and phased development of the undertaking. The Committee has opined that the petitioners demand-driven, bottom-up estimation methodology anchored to Commission-approved growth rates, incumbent-utility rate lists and defined planning norms, is sound and internally consistent, and the planned transformation capacity of 2,002.5 MVA against a projected requirement of about 1,067 MW by FY 2030-31 provides an adequate planning margin. The Committee found that the financing structure proposed on the normative 70:30 basis, implying equity of approximately Rs. 1,415.02 Crore and debt of approximately Rs. 3,301.71 Crore mobilised in phase with the investment programme, is consistent with financing practices for infrastructure projects of comparable magnitude and reconciles with the capital adequacy evaluation. The district-wise allocation on record i.e. Rs. 304.37 Crore (about 6.5% of CAPEX) for Nuh against about 2.7% of projected sales, with rollout programmed from the first year, supports the conclusion that the proposal is intended to serve a balanced consumer profile rather than only commercially remunerative consumers. The Committee observed that USO under Sections 42 and 43 of the Electricity Act, 2003 is the fundamental statutory obligation attached to every distribution licence, and applies equally and independently to the Applicant and to DHBVNL. Grant of a parallel licence under the sixth proviso to Section 14 neither transfers nor dilutes this obligation. On a plain reading of Section 43(1) and its provisos, as confirmed by the Appellate Tribunal in BEST v. MERC (Appeal No. 279 of 2017, decided 11.03.2026) and consistent with the Supreme Court's reasoning in the JSPL matter, phased development of a distribution network is not, in itself, inconsistent with the USO; DHBVNL's contention that a complete and functional network must exist across the entire area from the date of grant is not accepted. The Applicant (petitioner) has demonstrated its commitment and prima facie capability to discharge the USO: through the sworn USO Affidavit, the Implementation Plan and Network Rollout Plan covering all five divisions and all consumer categories; the inclusion of the most rural and commercially challenging division (Nuh

district) with dedicated infrastructure from Phase I and Rs. 304.37 Crore of committed expenditure. The Committee is satisfied that, on the material available, the Applicant has, prima facie satisfied the statutory obligations imposed by Sections 42 and 43.

39.1.5. **Commission's Analysis and decision:-**

In order to examine the issue framed above, the Commission has perused the provisions of Section 14, 16, and 43 of the Electricity Act, 2003, HERC (Transmission and Distribution Licensing) Regulation 2004, Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, as amended from time to time. The relevant provisions are reproduced hereunder:-

Section 14 of the Electricity Act, 2003, provides as under:-

"14. Grant of licence:- The Appropriate Commission may, on application made to it under section 15, grant any person licence to any person -

(a) to transmit electricity as a transmission licensee; or

(b) to distribute electricity as a distribution licensee; or

(c) to undertake trading in electricity as an electricity trader, in any area which may be specified in the licence:

…….

Provided that……

Provided that…….

Provided that…….

Provided that…….

Provided that…….

Provided that…….

Provided also that the Appropriate Commission may grant a licence to two or more persons for distribution of electricity through their own distribution system within the same area, subject to the conditions that the applicant for grant of licence within the same area shall, without prejudice to the other conditions or requirements under this Act, comply with the additional requirements relating to the capital adequacy, credit-worthiness, or code of conduct as may be prescribed by the Central Government, and no such applicant, who complies with all the requirements for grant of licence, shall be refused grant of licence on the ground that there already exists a licensee in the same area for the same purpose"

(Emphasis supplied)

Section 16 of the Electricity Act, 2003, provides as under:-

"16. Conditions of licence:- The Appropriate Commission may specify any general or specific conditions which shall apply either to a licensee or class of licensees and such conditions shall be deemed to be conditions of such licence:

Provided that the Appropriate Commission shall, within one year from the appointed date, specify any general or specific conditions of licence applicable to the licensees referred to in the first, second, third, fourth and fifth provisos to section 14 after the expiry of one year from the commencement of this Act."

Section 43 of the Electricity Act, 2003, provides as under:-

"Section 43. (Duty to supply on request): - *(1) licensee, shall, on an application by the owner or occupier of any premises, give supply of electricity to such premises, within one month after receipt of the application requiring such supply:*

Provided that where such supply requires extension of distribution mains, or commissioning of new sub-stations, the distribution licensee shall supply the electricity to such premises immediately after such extension or commissioning or within such period as may be specified by the Appropriate Commission:

Provided further that in case of a village or hamlet or area wherein no provision for supply of electricity exists, the Appropriate Commission may extend the said period as it may consider necessary for electrification of such village or hamlet or area.

(2) It shall be the duty of every distribution licensee to provide, if required, electric plant or electric line for giving electric supply to the premises specified in sub-section (1):

Provided that no person shall be entitled to demand, or to continue to receive, from a licensee a supply of electricity for any premises having a separate supply unless he has agreed with the licensee to pay to him such price as determined by the Appropriate Commission.

(3) If a distribution licensee fails to supply the electricity within the period specified in sub-section (1), he shall be liable to a penalty which may extend to one thousand rupees for each day of default"

(Emphasis supplied)

Rule 3 of the Distribution of Electricity Licence (Additional Requirements of Captial Adequacy, Creditworthiness and Code of Conduct) Rules, 2005 (hereinafter referred to as the 'Distribution Licence Rules'), provides as under:-

"3. Requirements of capital adequacy and creditworthiness.---(1) The Appropriate Commission shall, upon receipt of an application for grant of licence for distribution of clectricity under Sub-section (1) of Section 15 of the Electricity Act, 2003, decide the requirement of capital investment for distribution network after hearing the applicant and keeping in view the size of the area of supply and the service obligation within that area in terms of Section 43.

(2) The applicant for grant of licence shall be required to satisfy the Appropriate Commission that on a norm of 30% equity on cost of investment as determined under sub-rule (1), he including the promoters, in case the applicant is a company, would be in a position to make available resources for such equity of the project on the basis of

networth and generation of internal resources of his business including of promoters in the preceding three years after excluding his other committed investments."

In this regard, the Commission has also perused the judgement dated 11.03.2026 passed by Hon'ble Appellate Tribunal for Electricity in *Municipal Corporation of Greater Mumbai (BEST) v. Maharashtra Electricity Regulatory Commission & Ors., Appeal No. 279 of 2017*, wherein it has been held as under:

"33. As per Section 42 of the Electricity Act, a distribution licensee is mandated to develop and maintain an efficient and economical distribution system within its area of supply, which would mean progressive expansion and improvement of the distribution system. In our view, it is not a one-time activity; instead, it means the licensee must continuously plan and invest in infrastructure to meet growing demand, and ensure reliability. Thus, in terms of Electricity Act, upon grant of distribution licence, the Licensee cannot be expected to develop the entire distribution network at one go, and there would be phased development of network and furthermore no time line for such a network development has been mandated in the Act. Section 43 of the Act also acknowledges that in the course of providing supply to a new customer, there would be instances, where extension of substation and/or distribution network would be required and same can be provided as per time lines specified by State Commission/ or upon such extension…"

The Commission has also kept in mind the other judgements passed by Hon'ble APTEL viz. Appeal Nos. 246 and 229 of 2012, decided on 28.11.2014 (cross appeals filed by TPCL & R-Infra) wherein it was held that a licensee cannot gain undue commercial advantage by selectively laying down network to cater to only high end consumers. This Commission in its order dated 05.02.2015 (HERC/PRO-08 of 2014 in the matter of India Power Corporation Ltd.), held that holding a business plan premised on load materially below the area's actual projected load to be incomplete, inadequate and based on erroneous premises for USO purposes.

The Commission has evaluated the statutory mandate under Section 43 of the Electricity Act, 2003, alongside established judicial precedents, to determine whether a parallel distribution licensee must have a fully built out network across its entire licenced area prior to the grant of licence. The incumbent licensee argued that a phased rollout violates Section 43(1) by leaving portions of the licenced area without immediate 30-day connection capability. However, the Commission is of the view that requiring a complete operational network prior to licence grant is not a statutory pre-requisite. The Commission has perused the judgement dated 11.03.2026, issued by Hon'ble Appellate Tribunal for Electricity (APTEL) judgment in *BEST v. MERC (Appeal No. 279 of 2017)*, reproduced hereunder:-

"32. We note that Section 14 of Electricity Act stipulates the conditions for Grant of License, including license for Distribution of Electricity and as per 6th proviso, the State commission can grant two or more license for distribution of electricity through their own distribution system within the same area of supply, provided they comply with additional condition of capital adequacy, creditworthiness or code of conduct. ***Requirement of pre-owning of distribution network, has not been mandated in the Electricity Act to*** *be eligible for Grant of license for distribution of electricity."*

"39. With regard to specific contention of cherry picking, we have been informed by learned counsel of TPCL that on 29.02.2016, BEST filed Case No. 43 of 2016 before the MERC seeking to restrain Tata Power from laying its distribution network on the allegation of cherry-picking of high-end consumers, which was dismissed by MERC vide Order dated 22.01.2018 against which BEST had preferred Appeal No. 330 of 2018 which is pending adjudication before this Tribunal. As such, in the present appeal, no specific instances of Cherry picking has been indicated on behalf of BEST and only general reference has been made that such phased development shall lead to cherry picking. ***Having held above that permitted methodology of phased development is an optimal approach and would avoid selective bias in coverage of area, thus, avoid cherry picking, it is unnecessary for us to deliberate the issue of Cherry picking in the absence of specific details****. The same shall be dealt in the Appeal No. 330 of 2018, pending adjudication before this Tribunal, on its own merits."*

(Emphasis supplied)

The Commission affirms that developing a distribution system is a continuous, progressive activity under Section 42, rather than a one-time pre-condition. Universal Service Obligation across the licence area can be met in phased manner. In this case, the Petitioner has proposed to develop the network in the entire licence area in 5 years in the phased manner. Section 43 explicitly accommodates scenarios requiring network extensions or new substations before releasing power supply. The Petitioner in its additional submissions has clarified that network in each phase is to be developed for the entire area falling within that phase and not to be laid selectively so as to reach particular consumers. The Petitioner also confirmed that the USO for the whole of the Phase I area is to be met first; the whole of the Phase II area follows with the exceptions granted by the Commission; and so on, such that the network across the entire Proposed Area of Supply is in place within five years, configured so that supply can be given to any consumer who applies for it. Consequently, executing a phased network expansion under enforceable regulatory milestones represents a legally sound framework for fulfilling the Universal Service Obligation (USO) in phased manner with USO compliance for Phase wise area in particular phase and USO compliance for the entire licence area in 5 years.

The Commission observes that the contention advanced by the Respondents that an applicant must have a fully developed, area-wide distribution network in place prior to obtaining a licence proceeds on an erroneous interpretation of the statutory scheme. Section 14 of the Act read with rules framed there under governs the grant of a licence having regard, inter alia, to the applicant's capabilities to make available resources, whereas Section 42(1) sets out the duties and obligations of a licensee upon being so authorised. The requirements for grant of a licence cannot, therefore, be conflated with the obligations that arise upon the grant of such licence. Such an interpretation would, in effect, render the Sixth Proviso to Section 14, which facilitates parallel distribution with a view to promoting competition, virtually incapable of implementation. A prospective entrant cannot lawfully lay distribution infrastructure, including cables and substations, across an entire revenue district without first obtaining the requisite licence, since such activity would be contrary to Section 12 of the Act, which provides as under:

"Section 12. (Authorised persons to transmit, supply, etc., electricity):

No person shall

(a) transmit electricity; or

(b) distribute electricity; or

(c) undertake trading in electricity,

unless he is authorised to do so by a licence issued under section 14, or is exempt under section 13."

The Commission observes that the Responded has suggested to have establishment of 100% duplicated network before even the Grant of Distribution Licence, which is not commercially viable for both the Distribution Licensee and the end consumers of the above Licensee. Further, the Commission agrees that this interpretation of the Rules would lead to a catastrophic capital overbuild and asset duplication. The Commission is of the view that the Hon'ble APTEL in MCGM v. MERC (Appeal No. 279 of 2017, 11 March 2026) rightly held that the ownership or prior existence of a distribution network is not a condition precedent for the grant of a parallel distribution licence and the phased development of distribution infrastructure after grant of licence is fully compatible with Sections 42 and 43 of the Act and that the operational obligations under Section 43 apply throughout the currency of the licence under the regulatory supervision of the Commission. The relevant extract of the judgement is reproduced hereunder:-

"32. We note that Section 14 of Electricity Act stipulates the conditions for Grant of License, including license for Distribution of Electricity and as per 6th proviso, the State commission can grant two or more license for distribution of electricity through their own distribution system within the same area of supply, provided they comply with additional condition of capital adequacy, creditworthiness or code of conduct. ***Requirement of pre-***

owning of distribution network, has not been mandated in the Electricity Act to *be eligible for Grant of license for distribution of electricity."*

(Emphasis supplied)

The legislative intent underlying the Sixth Proviso to Section 14 is to introduce competition, promote operational efficiency, and provide consumers with an opportunity to exercise choice. Consumer migration, therefore, is an anticipated consequence of competition and cannot, by itself, be regarded as a violation of the statutory framework. However, such competition must operate on a non-discriminatory basis. A new entrant cannot be permitted to design its network exclusively around remunerative HT/C&I feeders while effectively excluding rural or LT domestic consumers on a permanent basis.

The Commission agrees with the submission of the Petitioner regarding the phasing of Gurugram City. The Petitioner has rightly pointed out the requirement of a fully developed 33 kV network backbone to support the system requirement of Gurugram City, which requires further time for rollout. However, the Commission directs the Petitioner to take up the works on priority basis and expedite the implementation of such network back-bone so that there is no stranded/ idle assets as well as the consumers of Gurugram City are catered to at the earliest. The Commission has evaluated the technical infrastructure metrics, capital outlay schedules, and operational architecture. The proposed implementation of an underground N-1 redundant ring network using RMUs and automated switching provides a resilient framework for reliable supply. The deployment of compact, skid-mounted substations effectively mitigates urban RoW constraints in densely populated corridors of Gurugram.

In the present case, the record indicates that the Petitioner has included Nuh District in its Phase-I rollout and has proposed a capital expenditure allocation of approximately 6.5% of the total Capex, which is higher than Nuh's current share of connected load of less than 5%. The proposed deployment schedule, therefore, does not support the contention that Nuh has been excluded or indefinitely deferred from the proposed area of operation.

Further, in its Business Plan, the Petitioner has projected category-wise sales within the proposed licence area in the same proportion as that of the incumbent licensee. The Commission, therefore, finds that the Petitioner has not proposed a strategy of "cherry-picking" of consumers or areas; rather, it has placed on record a defined and phased plan for providing non-discriminatory and reliable electricity supply to consumers across all categories.

The issue involved in the present petition is distinguishable from the matter considered by the Commission in the past, wherein the Commission had rejected India Power's proposal on the grounds of inadequate net worth and incomplete business plan, which was

structured in a manner giving rise to an apprehension of “cherry-picking”. In the present case, however, the phase-wise development has been proposed to cover all the areas within the proposed licence area. This is further substantiated by the inclusion of Nuh in each of the five phases of the proposed development. Further, the subsequent judgment dated 11.03.2026 passed by the **Hon’ble Appellate Tribunal for Electricity (APTEL) in BEST v. MERC (Appeal No. 279 of 2017) (supra above) has clarified that the Universal Service Obligation across the entire licence area may be fulfilled in a phased manner.**

The Nuh Revnue District, with AT&C loss of 42% is one of the least remunerative part of the proposed area. Nonetheless, it been included from Phase I with a committed expenditure of approximately Rs. 304.37 Crore over the period of five years despite accounting for 5% of the connected load, which is submitted to be inconsistent with an intention to cherry-pick.

In line with the recommendations made by the Expert Committee, the Commission is of the considered view that the Petitioner’s proposed capital investment of Rs. 4,716.73 Crore across FY 2026-27 to FY 2030-31 (allocating Rs. 4,650.37 Crore to Wires Business and Rs. 66.36 Crore to Supply Business) is adequate, and financially viable for Gurugram and Nuh revenue districts. The investment is structured on a 70:30 debt-to-equity ratio, requiring Rs. 1,415.02 Crore in equity and Rs. 3,301.71 Crore in institutional debt. Rather than replicating legacy networks, the proposed infrastructure adopts an efficient 33 kV-dominant grid architecture with a 5:1 ratio of 11 kV lines (1,020 km) to 33 kV lines (205 km). This modern configuration provides superior asset loading, lower technical losses, improved reliability metrics (SAIFI/SAIDI), and a total transformation capacity of 2,002.5 MVA against a projected peak demand of 1,067 MW by FY 2030-31. This supplies an adequate planning margin to serve all consumer categories effectively.

The Commission has analyzed the objection of the Respondents that the Petitioner intended to "cherry-pick" high-revenue commercial corridors while ignoring less profitable rural pockets. The evidence on record establishes that the Petitioner committed Rs. 304.37 Crore (~6.5% of total CAPEX) specifically to Nuh district which is the most economically challenged and rural division with network deployment commencing in Phase I (FY 2026-27). The business plan proposed by the petitioner projects a modest initial migration of 2.5% of existing consumers in first year, disproving claims of aggressive targeted skimming of high-revenue customers. The overall allocation demonstrates an intent to serve a balanced, district-wide consumer profile rather than engaging in selective cherry-picking. The parallel licensing experience in Maharashtra indicates that existing consumers are generally reluctant to immediately switchover to a new licensee. In fact, only about 1.5% of the Reliance’s base consumers migrated to Tata Power in initial years.

Hence, a gradual rate rising from 2.5 per cent in FY 2027-28 to 4.0 per cent by FY 2030-31 projected by Eleven Power for migration of existing consumers appears to be reasonable. For new consumers, projected 25 to 40 per cent share of incremental load in that area is a assumption which can be reviewed again on periodic basis. Further, the Expert Committee in its report finds that the planned capacity addition provides for an adequate planning margin against the projected demand which will allow the Petitioner to cater to any additional demand, in case the migration of existing consumers or Petitioner's share in new load increases beyond the assumptions.

The Commission has also considered the objections raised by the incumbent utilities seeking capital compensation or asset-sharing arrangements in respect of historical investments made by the State, including the ₹1,608 Crore Gurugram Smart Grid Project and infrastructure created under the Revamped Distribution Sector Scheme (RDSS). In this regard, the Commission observes that, under the Sixth Proviso to Section 14 of the Electricity Act, 2003, a parallel distribution licensee is required to distribute electricity through its own independent distribution network.

In the present case, the Petitioner proposes to infuse its own capital for development of an independent underground distribution network and has not proposed to utilise or connect to the physical distribution assets or smart meters of the incumbent DISCOM. Further, the capital investments made by the incumbent DISCOM are recovered, subject to the Commission's regulatory approval, through components such as interest on loans, Return on Equity and depreciation, as reflected in the Commission-approved Capitalisation Plan and Retail Supply Tariff.

The Commission further observes that the question of the quantum of Cross-Subsidy Surcharge and Additional Surcharge, if any, payable to the incumbent licensee is a post-licence issue. The same shall be considered at the appropriate stage in the proceedings relating to the ARR and tariff, after due examination of the extent of consumer migration and its consequential impact on the Petitioner as well as the incumbent licensee.

As regards the requirement of infusion of equity towards working capital requirement, the Commission is of the view that the same shall be based on the requirement of the financial institution from which the Petitioner shall borrow the funds towards its working capital requirement. Hence, the equity infusion towards Margin Money for Working Capital may not be required. Further, as regards the inclusion of amount towards Letter of Credit, the Commission is of the view that the same typically forms part of the Revenue expenses.

As regards consideration of the cost of land towards Capital Investment, the Commission is of the view that the submission made by the Petitioner regarding the low foot print of Compact Substation and proposal of acquisition of land on lease, which shall be considered as a revenue expense is appropriate.

However, in order to ensure continued compliance with the Universal Service Obligation (USO) by the Applicant/Petitioner and to prevent any practice of “cherry-picking” while ensuring non-discriminatory supply of electricity across the proposed licence area, the Commission considers it appropriate to prescribe the following regulatory safeguards:-

a) The Licensee must establish streamlined consumer intake systems and digital application processing portals integrated with the timeframes mandated under the Haryana Electricity Regulatory Commission (Electricity Supply Code) Regulations, 2014 as amended from time of time. However, the timeframes as per Supply Code Regulations shall be applicable for area in which the network development has been completed as per investment plan approved by the Commission.

b) The Licensee must publish non-discriminatory network access procedures, standard connection fee schedules, and clear technical guidelines for all prospective consumers. Service provision must remain uniform across residential, agricultural, commercial, industrial, and institutional categories throughout all five divisions (Gurugram Sub-urban, Gurugram City, Sohna, Manesar, and Nuh).

c) The licence shall file connection logs periodically in the Commission to ensure that no specific non-commercial or low-consumption applicant class is systematically deprioritized, rejected, or subjected to excessive procedural demands.

d) The Licensee shall file a complete phase-wise network implementation plan, load-flow, protection, and security studies. This submission must outline precise geographic coverage, sub-stations commissioning schedules, network development timelines and physical asset deployment targets for each year. The plan shall include reasoned division-wise justification of capital investment sequencing including Gurugram city. The detailed implementation Plan for phase 1 shall be submitted within 60 days from the grant of Licence and for subsequent phases will shall be submitted 90 days prior to commencement of work for particular phase.

e) The record revealed a two-year investment deferral in Gurugram City, where major wire investments only begin in FY 2028-29 (Phase III) due to requirement of a fully developed 33 kV network, right-of-way (RoW), or transmission-interface constraints rather than commercial selection. The Licensee must submit a time-bound, detailed technical disclosure justifying its division-wise capital deployment sequence. This filing must explain the engineering and outlet constraints governing the Gurugram City timeline. The Licensee is restricted from deferring high-tension (HT) or low-tension (LT) network investments in any division if such deferral cannot be objectively justified by technical factors like load density, terrain, RoW availability, or HVPNL inter-connection readiness.

f) The Licensee must build its network to maintain N-1 transformer redundancy, standard asset loading limits (maximum 80% asset loading under peak demand), and low distribution loss profiles. Operational systems must track and report standard quality indicators, including the System Average Interruption Frequency Index (SAIFI), System Average Interruption Duration Index (SAIDI), voltage fluctuation profiles, and meter replacement speeds.

g) The Licensee must publish quarterly Performance Benchmark Reports. Automatic consumer compensation mechanisms as mandated by the HERC Standards of Performance Regulations.

h) The Licensee must submit comprehensive half-yearly progress reports detailing: Actual Capital expenditure. Equity infusions (maintaining the normative 30% equity requirement) and debt drawdowns. Physical progress on transmission interface bays with HVPNL. Division-wise connection statistics categorized by consumer type and application turnaround times. Audited annual financial statements featuring fully unbundled accounts for the Wires and Retail Supply businesses.

i) The Licensee shall file a Petition for approval of Migration Protocol for Switch-Over Consumers within 60 days from the grant of Licence and shall strictly comply with the Consumer Migration Framework issued by the Commission, from time to time.

j) The Licensee shall comply with the orders issued by the Commission, from time to time, including determination of Fuel and Power Purchase Adjustment Surcharge (FPPAS), Cross Subsidy Surcharge and Additional Surcharge to be passed on to the incumbent licensee.

In view of the above, the Commission answers the issue framed above in affirmative i.e. proposed phased rollout of the distribution network and the resultant proposed capital investment programme, is consistent with the Electricity Act, applicable judicial precedents and the objective of ensuring universal Service Obligation (Anti-Cherry Picking) and non-discriminatory supply of electricity under Section 43 of the Electricity Act, 2003, across the entire proposed licenced area, including Gurugram and Nuh districts.

39.2. **Whether the applicant fulfils the statutory requirements, viz. Capital Adequacy and Creditworthiness, Minimum Area of Supply and Code of Conduct?**

The Commission has examined the aforesaid issue at length. The Commission observes that the present petition has been filed under Sections 14 & 15 of the Electricity Act, 2003 for grant of a parallel distribution licence for the entire revenue districts of Nuh and Gurugram in Haryana. In terms of the sixth proviso to Section 14 of the Act, an applicant

for grant of licence within the same area is required to comply with the additional requirements relating to capital adequacy, creditworthiness and code of conduct prescribed by the Central Government, which are contained in the Distribution Licence Rules.

39.2.1. Regarding capital adequacy, the Petitioner has submitted that the total capital investment envisaged in the proposed licenced area is Rs. 4,717 Crore, funded on a 70:30 debt-equity structure comprising equity of Rs. 1,415 Crore and debt of Rs. 3,302 Crore, and that it is required to demonstrate the ability to make available equity to the extent of 30% of such capital investment. For this purpose, the Petitioner has relied upon the financial strength of its holding entity, SAS Fininvest LLP, whose Net Worth certificate records the market value of net worth as on 30.10.2025 at Rs. 4,085.60 Crore, primarily held in liquid or semi-liquid assets (such as quoted equity shares, mutual funds or liquid instruments) capable of being liquidated as and when required. The Petitioner has submitted that Rule 3(2) tests the ability to bring in 30% equity on a three-year net-worth basis, including the resources of the promoters, and that SAS Fininvest LLP satisfies this test in each of the three years (Rs. 4,215 Crore for FY 2023-24, Rs. 3,728 Crore for FY 2024-25 and Rs. 4,085 Crore for the period ending 30.10.2025), each figure exceeding the equity requirement of Rs. 1,415 Crore by a wide margin. In its submissions on the Committee Report, the Petitioner has stated the certified net worth of the promoter as Rs. 4,215.08 Crore as at 31.03.2024, Rs. 3,728.53 Crore as at 31.03.2025 and Rs. 4,085.60 Crore as on 30.10.2025, which remains a multiple of the five-year equity requirement of Rs. 1,415.02 Crore even after the Committee's conservative capital-gains and block-realisation haircuts (yielding approximately Rs. 3,000 Crore) and at the Reserve Bank of India's 60% loan-to-value ceiling (yielding approximately Rs. 2,451 Crore).

The Petitioner has further submitted that it has already taken concrete steps towards capital deployment. The Authorised Capital has increased from Rs. 100 Crore to Rs. 1,500 Crore. The promoter sold 20,00,000 equity shares of the underlying listed company in May-June 2026 for approximately Rs. 252.50 Crore, from which Phase-1 equity of Rs. 91.00 Crore has already been infused against a Phase-1 requirement of Rs. 87.86 Crore, and a scheduled bank has sanctioned in principle Rs. 205.00 Crore, matching the entire Phase-1 debt requirement. By undertakings dated 15.07.2026 and 17.07.2026, notarised on 21.07.2026, the promoter and its partners have jointly and severally committed approximately Rs. 1,500 Crore as equity and declared that no other committed investment restricts the availability of those resources and agreed to keep at least Rs. 1,500 Crore free of any charge. The reference in the undertaking to arranging capital of approximately

Rs. 5,000 Crore reflects the proposed capital investment of Rs. 4,717 Crore together with financing margins and contingencies.

As regards the measure of net worth, the Petitioner has submitted that neither the Electricity Act, 2003 nor the Distribution Licence Rules define net worth, and that the definition under Section 2(57) of the Companies Act, 2013 has no application to a Limited Liability Partnership, which is governed by the Limited Liability Partnership Act, 2008, a definition being incapable of mechanical import from a statute that is not in pari materia (Tata Consultancy Services v. State of Andhra Pradesh [(2005) 1 SCC 308]). Ind AS 109 and Ind AS 113 require listed equity investments to be measured at fair value, and a book-value measure, which would value the holding at approximately Rs. 94.95 Crore, would defeat the purpose of Rule 3(2). The shares in Global Health Limited stand registered in the name of Sh. Sunil Sachdeva, while the beneficial interest vests in SAS Fininvest LLP and the investment is recorded in its audited financial statements, on which both the CA certificate dated 27.01.2026 and the solvency certificate of IndusInd Bank are based. The reduction in share-count reflects partial monetisation of the holding in the ordinary course, and the Special Purpose Financial Statements supplement, and are consistent with, the promoter's statutory filings. Even if the net worth of Rs. 4,085 Crore were notionally reduced for long-term capital gains tax at 12.5% and a further discount for block realisation, the resulting value would remain approximately two and a half times the equity requirement of Rs. 1,415 Crore.

As regards creditworthiness, the Petitioner has relied upon the judgment of the Hon'ble APTEL in Appeal No. 7 of 2010, holding that creditworthiness is to be tested by considering whether external borrowings from banks or financial institutions will be available to the applicant based on fulfilment of the capital adequacy norms, and has placed on record the solvency certificate of SAS Fininvest LLP along with the undertaking of its partners to provide the necessary approvals for capital and/or loan arrangements and necessary and adequate support for execution and operation of the distribution business in Nuh and Gurugram revenue districts. The certificates from IndusInd Bank and 360 One Prime Limited (up to Rs. 1,000 Crore each) evidence the capacity to raise the debt component progressively in line with the phased Network Implementation Plan. The two certificates were issued by separate institutions upon independent appraisals, one expressly confirming that its certification does not overlap with the other, so that the aggregate of Rs. 2,000 Crore does not amount to double-counting, and neither Rule 3 nor any Regulation requires the entire debt of Rs. 3,302 Crore to stand committed at the licensing stage.

The Petitioner has further submitted that its balance sheet as at 31.03.2026 reflects the pre-licence position, the absence of turnover before grant of licence being an incident of

the licensing sequence and not a deficiency, which is why Rule 3(2) tests the applicant including the promoters on the net worth of the preceding three years. Working capital requirements are met through short-term borrowings as a revenue expense, Interest on Working Capital being a component of the Annual Revenue Requirement and not of capital cost, while the land requirement is proposed to be met through lease. Determination of capital adequacy on the basis of the capital expenditure required to serve the entire licence area in one go is not appropriate for a phased proposal, in view of the judgment of the Hon'ble APTEL in Municipal Corporation of Greater Mumbai (BEST) v. MERC & Ors., Appeal No. 279 of 2017, decided on 11 March 2026. Regulation 4(1)(g)(II) of the HERC Licensing Regulations, 2004 expressly contemplates applications by entities incorporated for less than three years. DHBVNL has not identified any specific requirement that remains unfulfilled, and its concerns about future investment and financing bear on regulation of implementation and establish no present deficiency in capital adequacy or creditworthiness.

As regards the Minimum Area of Supply, the Petitioner has submitted that the Ministry of Power, vide Notification dated 28.11.2022, amended the Explanation to Rule 3(2). The pre-amended explanation provides that *'the area falling within a Municipal Council or a Municipal Corporation as defined in Article 243Q of the Constitution of India or a revenue district shall be the minimum area of supply'.* The post-amended explanation has prescribed minimum area of supply as *'the entire area covering either a Municipal Corporation as defined in Article 243Q of the Constitution or three adjoining revenue districts, or a smaller area as may be notified by the Appropriate Government shall be the minimum area of supply'*. The proposed area covers the entire revenue districts of Gurugram and Nuh, i.e. Gurugram Municipal Corporation, Manesar Municipal Corporation, Municipal Council of Sohna, Municipal Council of Pataudi Mandi and Municipal Committee of Farrukh Nagar under Gurugram revenue district, and Municipal Committee Nuh, Municipal Committee Punhana, Municipal Committee Firozepur Jhirka and Municipal Committee Tauru under Nuh Revenue District. The three limbs of the Explanation are disjunctive alternatives and not cumulative requirements, the Municipal Corporation of Gurugram and Manesar alone being enough to meet the criterion, and the Explanation prescribes a floor and not a ceiling, so that an applicant proposing more than the minimum cannot be said to fall short of it. The Petitioner has not sought fragmented pockets or selected high-revenue corridors but a contiguous supply area covering urban, rural, domestic, agricultural, commercial and industrial consumers, and the objection regarding Nagina Tehsil, Hathin Municipal Committee and Sikri does not mean that such areas have not been considered for development of distribution infrastructure. The legal

opinions placed on record serve as persuasive legal reasoning and do not constitute evidentiary facts requiring cross-examination.

As regards the Code of Conduct, the Petitioner has submitted that Rule 4 requires only that the applicant has not been found guilty or disqualified under the specified provisions, and has not had its licence suspended or revoked, within the last three years, and does not stipulate anywhere that the applicant should have been operational for more than three years. The objection based on its incorporation in 2025 therefore has no merit, and the Petitioner has furnished the requisite undertaking and declaration confirming that it does not fall under any of the disqualifying categories.

On the Respondents' objections to the Committee Report, the Petitioner has submitted that the Committee acted within Clauses 4.1 to 4.3 of its Terms of Reference in calling for clarificatory material; that the submissions dated 21.07.2026 were transmitted to the Respondents by email on 28.07.2026 and the nine additional documents filed on 30.07.2026 were shared with them on 31.07.2026, leaving nearly four weeks before filing of their objections, without any specific prejudice being identified; that licensing proceedings under Sections 14 and 15 of the Act are regulatory inquiries and not closed civil trials; and that statutory eligibility for grant of licence, approval of the detailed network rollout and technical readiness for energisation are distinct, sequential gateways, the Committee having recorded at paragraph 18.14 of its Report that the Schedule A conditions operate at the stage of implementation and none of them constitutes an additional requirement of eligibility.

39.2.2. Per-contra, the respondents have submitted that the financial creditworthiness of the Petitioner is fundamentally deficient and does not meet the requirements of Section 14 of the Act read with Rule 3(2) of the Rules, 2005. The promoter's net worth certificate shows a book value of only Rs. 94.95 crore, while reliance has been placed on the prevailing market value of quoted equity shares in Global Health Limited, the CA certificate dated 27th Jan 2026 reflecting a net worth of Rs. 4,085.60 Crore on the basis of accounts as of 31st Oct 2025. The Respondents further submitted that Petition is silent on how shares owned individually by Sh. Sunil Sachdeva are reflected as held by SAS Fininvest LLP; as Sh. Sachdeva holds 80% share in the LLP, his retirement, resignation or cessation as a partner, or a change in beneficial ownership, may materially impact the LLP's financial capability and its ability to honour the support undertaking, and it must be ensured that the shares are not pledged or reflected in the books of any other group company. Net worth contingent on speculative market movements is not a reliable measure of financial strength and must instead be determined on audited financial statements and internal resource generation over the preceding three years, as reflected in the Commission's order in India Power Corporation Limited (HERC/PRO-08 of 2014) and in the net worth

computation prescribed in the Ministry of Power's Revised Guidelines and Standard Bidding Documents for ISTS through TBCB dated 06.08.2021. The capital requirement should also include working capital and land acquisition or lease costs, as illustrated in the UPERC Order dated 24.04.2023 in the matter of Adani Electricity Jewar Ltd., where a fixed asset investment of Rs. 8,000 Cr. and a working capital requirement of Rs. 1,000 Cr. yield a total capital requirement of Rs. 9,000 Cr. and a promoter equity requirement of Rs. 2,700 Cr. The Applicant, incorporated only in 2025 with a paid-up share capital of approximately Rs. 1 Crore does not have three-year audited financial history or operational track record, a concern also flagged by the Commission in its Interim Order dated 26.05.2026, which noted the Petitioner's incorporation on 06.06.2025 with an authorised share capital of Rs. 100 crore and a paid-up share capital of Rs. 1 crore as against the proposed equity contribution requirement of Rs. 1,415.02 crore.

On creditworthiness, the Respondents have submitted that the IndusInd Bank solvency certificate is tied to the financial position as of 31st October 2025, the bank having disclaimed responsibility for subsequent changes, and cannot be construed as a guarantee of solvency for the five-year rollout; that any proceeds from sale of investments must be adjusted for capital gains tax (12.5% on long-term gains under Section 112A and 20% on short-term gains under Section 111A of the Income Tax Act, 1961); that mere demonstration of net worth cannot establish the ability to raise the requisite debt (70% of total capital required) and discharge the obligations under Section 43; and that the Petitioner should disclose its existing borrowings, debt obligations, group liabilities, ongoing infrastructure commitments, committed capital expenditure programmes, contingent liabilities, guarantees and financial undertakings, and establish that the assets relied upon are free from encumbrances. Relying on Noida Power Company Limited v. Paschimanchal Vidyut Vitran Nigam Ltd. (Appeal No. 7 of 2010, decided on 06.04.2011), the Respondents have contended that mere production of external assurances, guarantees or certifications cannot satisfy the statutory mandate, and have requested the Commission, before any grant, to determine the capital investment necessary for universal service obligations throughout the entire Gurugram and Nuh Revenue Districts and the corresponding equity requirement under Rule 3(2), and to satisfy itself on the basis of audited financial performance, net worth and internal resource generation of the Applicant and its promoters during the preceding three years.

As regards the Minimum Area of Supply, the Respondents have submitted that, under Section 2(15A) and Section 2A of the Haryana Municipal Act, 1973 and Articles 243P and 243Q of the Constitution, a Municipal Committee is legally distinct from a Municipal Corporation, and that the Schedule to the said Act specifies Ferozepur Zirka, Nuh, Taoru and Punhana as Municipal Committees, with 'Pinangwan' not even defined as a municipal

committee. The Applicant has therefore failed to meet the statutory requirement in the Nuh district, which contemplates the entire area of a Municipal Corporation. Since the Municipal Corporation of Gurugram and Manesar is itself sufficient on a standalone basis, the requirement for adding the revenue district of Nuh has not been disclosed, which may lead to cherry-picking of profitable high-revenue areas, reliance being placed on the UPERC Order dated 24.04.2023 in the matter of Adani Electricity Jewar Limited and the judgment of the Hon'ble APTEL in APL No. 246 of 2012 and 229 of 2012. The Respondents have further submitted that Nagina Tehsil, Hathin Municipal Committee and Sikri in the Nuh district have been left out of the area of supply without any justification.

As regards the Code of Conduct, the Respondents have submitted that, as the Petitioner has substantially relied upon SAS Fininvest LLP for its financial capabilities, management support and technical expertise, it ought to place on record a corresponding undertaking from its promoter, and that the compliance of the parent company, promoters and consortium partners should also be checked, failing which the purpose of the statutory requirement would be defeated.

The Respondents have also objected to the Report of the Expert Committee, submitting that the Committee considered the submissions dated 21.07.2026 and nine additional documents filed on 30.07.2026 without furnishing them to the Respondents, in breach of Clause 4.1 of the Terms of Reference, failed to independently verify the net-worth certification and solvency certificates, and that no reciprocal opportunity was afforded to respond to the documents received on 01.09.2026, two days prior to the hearing held on 03.09.2026. The Respondents further submitted, relying upon the Hon'ble Appellate Tribunal's decision in Polyplex Corporation Limited v. Uttarakhand Electricity Regulatory Commission (Appeal Nos. 41, 42 and 43 of 2010), that once an expert committee submits its report, the report ought to be placed in the public domain and every stakeholder afforded an equal opportunity to respond to it and be heard before the Commission, and that the Report having been directed to be circulated only to the intervenors without being opened to public comment falls short of this standard; and, relying upon the Hon'ble Appellate Tribunal's decision in Dodson-Lindblom Hydro Power Private Limited v. Maharashtra Electricity Regulatory Commission [2011 SCC OnLine APTEL 156], that documents not filed along with the original petition, and relied upon to make out a case not originally pleaded, ought not to be taken into consideration. The claimed net worth of Rs. 4,085.60 Crore rests on a concentrated shareholding in a single listed company whose value has fluctuated by over 33% within two years; the promoter's other committed investments have neither been disclosed nor excluded as required by Rule 3(2); the promoter, being a holding vehicle, generates no internal resources of its own business; the beneficial interest has not been established by any instrument on record; the two

solvency certificates of Rs. 1,000 Crore each relate to overlapping asset bases and cannot be aggregated to Rs. 2,000 Crore; and the Special Purpose Financial Statements disclose a share-count of 2,90,00,097 shares as at 30.10.2025, which does not reconcile with the 3,02,64,524 shares disclosed as at 31.03.2025. The increase in authorised share capital to Rs. 1,500 Crore reflects only a ceiling and not actual infusion, the undertaking dated 15.07.2026 is confined to granting internal approvals and is not a binding, tranche-wise equity-subscription commitment under Rule 3(2), and the privately commissioned Legal Opinion on the minimum-area question is not binding on the Commission. The Respondents have further submitted that the Committee's recommendation, being contingent upon Schedules A to D, treats matters such as demonstration of equity infusion and debt tie-up as conditions precedent to commencement of supply rather than to grant, contrary to Rule 3, and that the grant of a parallel licence remains discretionary and is not an automatic entitlement flowing from bare statutory compliance.

39.2.3. The Intervenors/objectors have contended that, as against the proposed capital investment of Rs. 4,717 Crore, the Petitioner's Balance Sheet dated 26.06.2026 for FY 2025-26 shows a net worth of Rs. 80,34,619/- and a loss of Rs. 19,65,381/- with zero income/revenue, and that the Petitioner cannot rely upon the credentials of M/s SV Creditline Limited (incorporated on 22.08.1996, CIN No. U71290DL1996PLC081376, against which the financial liability as per the Index of Charges runs into thousands of crores) or M/s SAS Fininvest LLP (incorporated on 17.12.2009, LLPIN AAA-0492, against which the financial liability is around Rs. 200 Crore), a company being a separate juristic person distinct from its holding company (BRS Ventures Investments Ltd. v. SREI Infrastructure Finance Ltd. & Anr., 2024 INSC 548). As regards the Minimum Area of Supply, the Intervenors have submitted that Rule 3(2), as amended in September 2022, requires the entire area of a Municipal Corporation or of three adjoining revenue districts, whereas the Petitioner has proposed only two revenue districts, and that counting the municipal bodies within the two districts as separate areas is untenable. As regards the Code of Conduct, the Intervenors have submitted that the Petitioner was incorporated only in June 2025 with the objective of carrying out real estate activities, which was changed to power transmission and distribution only around four months back, and therefore does not fulfil the requirement.

39.2.4. The Commission has also considered the findings and recommendations of the Expert Committee constituted to examine the issue. The Commission observes that the Committee has examined the issue independently under three heads, namely capital adequacy and creditworthiness under Rule 3, minimum area of supply and geographical contiguity under the Explanation to Rule 3(2), as amended, and code of conduct and corporate integrity under Rule 4. The Committee has found that the Applicant has

demonstrated capital adequacy under Rule 3(2) on the basis of the promoter's certified market-value net worth of Rs. 4,085.60 Crore, exceeding the five-year equity requirement of Rs. 1,415.02 Crore by approximately 2.9 times and remaining above that requirement in each of the three preceding years, the binding undertakings of the partners of SAS Fininvest LLP, including the declaration that the LLP has no other committed investments that would restrict or reduce the availability of the equity resources, the increase of authorised capital to Rs. 1,500 Crore, and the actual infusion of Rs. 91 Crore of Phase-1 equity, exceeding the Phase-1 requirement of Rs. 87.86 Crore. The Committee has further found that the Applicant has established creditworthiness through the aggregate institutional solvency certification of Rs. 2,000 Crore (Rs. 1,000 Crore each from IndusInd Bank and 360 One Prime Limited), the in-principle sanction of Rs. 205 Crore for the Phase 1 debt requirement from IndusInd Bank and the promoter's demonstrated capacity to mobilise resources progressively, evaluated on the progressive-mobilisation standard consistent with the judgment of the Hon'ble APTEL dated 11.03.2026 in Appeal No. 279 of 2017, and that reliance upon the financial strength of the promoter group is expressly contemplated by Rule 3(2) and has been considered as a component of the overall assessment and not as a substitute for compliance by the Applicant. As regards the minimum area of supply, the Committee has found that the proposed licence area includes the entire Municipal Corporation of Gurugram, thereby satisfying the Municipal Corporation limb of the Explanation, so that the Applicant is not additionally required to satisfy the alternative limb of three adjoining revenue districts, and extends to the complete and contiguous revenue districts of Gurugram and Nuh; the contiguity objections regarding Nagina, Hathin and Sikri were found to be factually incorrect, as Nagina forms part of the Network Rollout Plan and the Implementation Plan, while Hathin (Palwal district) and Sikri (Faridabad district) fall outside the revenue districts of Gurugram and Nuh. As regards the code of conduct, the Committee has found that the declarations, affidavits and undertakings of the Applicant, its holding entity SAS Fininvest LLP and its consortium partners disclose no non-compliance with Rule 4 or any statutory disqualification affecting eligibility, and that no winding-up petition stands admitted against the Applicant or its promoters. The Committee has recommended that, if the licence is granted, the Applicant be required to maintain earmarked resources of not less than Rs. 1,500 Crore, free from any charge or restriction, such resources in no case being less than Rs. 1,500 Crore as reduced by the cumulative funds actually infused towards the approved capital expenditure; ensure phased equity infusion, as per the approved capital expenditure programme, and mobilisation of the corresponding debt schedule, together with phased infrastructure development balanced across both Gurugram and Nuh, Universal Service Obligations, consumer protection measures and periodic reporting on

network development, consumer connectivity and service quality; furnish annually a certificate of a Chartered Accountant confirming that the earmarked resources of the Promoter remain unencumbered; infuse the equity component (30%) of the first-year working capital requirement, i.e. Rs. 23.10 Crore, computed against a working capital requirement of approximately Rs. 77 Crore for the first year; report in advance to the Commission any change in control of the Licensee, significant change in shareholding, partnership changes in the holding entity, mergers and acquisitions, change in key management personnel and any update to the registered name, registered address or constitutional documents; and remain subject to continuing regulatory supervision. Accordingly, the Committee has recommended that the Commission recognise that the Applicant has demonstrated compliance with the statutory requirements of minimum area of supply under the amended Explanation to Rule 3(2), capital adequacy and creditworthiness under Rule 3 and code of conduct under Rule 4 of the Distribution Licence Rules, subject to the recommended licence conditions and continuing regulatory supervision.

39.2.5. The Commission has also perused the legal opinion dated 27.07.2026 given by Dr. Justice D.Y. Chandrachud (hereinafter referred to as 'legal opinion'), former Chief Justice of India. In the valuation opinion of Hon'ble former Chief Justice of India, explanation to Rule 3 (2) (as amended) sets out alternative criteria: 'either a Municipal Corporation ... or three adjoining revenue districts'. The use of 'either... or' is disjunctive (Jindal Steel and Power Ltd. v. CSERC, Civil Appeal Nos. 3607-3610 of 2008). The Querist's proposed area covers two Municipal Corporations (Gurugram and Manesar) and two revenue districts (Gurugram and Nuh), fully satisfying the minimum area requirement. Hon'ble former Chief Justice of India has also opined that Gurugram Metropolitan Development Authority Act 2017 (GMDA Act 2017) is a town planning and urban governance statute. It is not a licensing statute under Article 254(1) or Entry 38 List III. Section 174 of the Electricity Act has overriding effect. GMDA compliance is not a precondition for licence grant and has no bearing on the Commission's decision making under Section 14 of the Electricity Act. The Commission's statutory mandate does not extend to evaluating compliance with the GMDA Act. The overlap of the proposed area of supply with the notified Gurugram Metropolitan Area pertains to operational aspects of the project, specifically, coordination with the Authority for implementation of works and does not under any settled principle of law, empower the Commission to refuse the licence or to impose any such conditions as would effectively negate its grant.

Hon'ble former Chief Justice of India, has also opined that the Commission is entitled to, and in fact should, consider net worth on a market value basis under Rule 3 (2) of the 2005 Rules. Financial Standing of SAS Fininvest LLP (net worth over INR 3,700 crore,

solvency certificates of INR 2,000 crore) is a sufficient basis under Rule 3 (2). The 2005 Rules do not prescribe a specific methodology for the valuation of net worth. While the term "net worth" is defined under Section 2 (57) of the Companies Act 2013, on a book value basis, it is a well-settled principle of statutory interpretation that definitions cannot be bodily lifted from one statute and mechanically transposed into a different regulatory context, particularly where the specialised regulatory framework has its own distinct objectives and commercial considerations. Market value provides a more accurate and realistic reflection of the promoter's true financial standing and resource generation capacity, as it captures the current economic value of assets rather than their historical cost. In the present case, the stark disparity between the promoter's book value (INR 94.95 crore) and market value (INR 4,085.60 crore) demonstrates that book value substantially understates the true financial capacity of the promoter. Market value, being based on current and publicly verifiable data, is a more objective and reliable measure of the promoter's ability to make available the required equity resources. The Promoter has actually evidenced this by its recent monetization of listed equity shares. Therefore, the Commission is entitled to, and in fact should, consider net worth on a market value basis for assessing capital adequacy and creditworthiness under Rule 3 (2) of the 2005 Rules. Hon'ble former Chief Justice of India, also opined that Rule 3 (2) of the 2005 Rules expressly permits the inclusion of the financial standing of promoters by stipulating that *"the applicant, including the promoters, in case the applicant is a company, would be in a position to make available resources for such equity of the project on the basis of net worth and generation of internal resources of his business including of promoters in the preceding three years"*. While infrastructure projects are often undertaken through newly incorporated entities, the financial strength of the promoters is the true measure of the viability of the project. Hence, the financial standing of the promoter is a sufficient basis to satisfy the requirement of capital adequacy and creditworthiness under Rule 3 (2) of the 2005 Rules, provided that: (i) the promoter's net worth and internal resource generation over the preceding three years are demonstrated through audited financial statements and other verifiable records; (ii) the promoter's other committed investments are excluded as required by Rule 3 (2); and (iii) the promoter has demonstrated the ability to make available the required equity resources for the project. In the present case, the opinion records that SAS Fininvest LLP holds a 99.99 per cent stake in the Applicant, Eleven Power Private Limited, and has demonstrated its financial capability through a market value-based net worth of over INR 3,700 crore over the preceding three years. The opinion further records that the Promoter has furnished solvency certificates from IndusInd Bank and 360 One Prime Limited, each certifying solvency up to INR 1,000 crore, and that the partners of the Promoter have executed an undertaking to provide the

necessary capital and/or loan arrangements to the Applicant, thereby satisfying the requirements on financial standing of the Petitioner.

Dr Justice D Y Chandrachud (Former Chief Justice of India) has further opined that neither the Electricity Act, 2003 nor the 2005 Rules prescribe prior experience in the business of distribution of electricity as a condition for the grant of a parallel distribution licence. Section 14 of the Electricity Act enumerates the categories of licences that may be granted and sets out the conditions for grant, and that the Sixth Proviso to Section 14 imposes additional requirements relating to capital adequacy, creditworthiness, and code of conduct, as prescribed by the Central Government, among which prior distribution experience is not included. Rule 3 of the 2005 Rules prescribes the requirements of capital adequacy and creditworthiness and Rule 4 prescribes the requirements relating to the Code of Conduct, and that neither rule mentions prior experience in distribution as a requirement. The Applicant has entered into a binding Memorandum of Understanding (MoU) with consortium members who possess relevant experience in the power sector, namely Advait Energy Transitions Limited, Vision India Services, and HEC Infra Projects Limited and obligates the consortium partners to provide technical, operational, and project execution support. The fact that the consortium partners are not co-applicants and do not hold an equity stake in the Applicant does not negate the value of their experience. Hence, the Commission considers the application of the Petitioner based on the Technical Experience of the Consortium Partners.

In the opinion of Dr Justice D Y Chandrachud (Former Chief Justice of India) explanation to Rule 3 (2) of the 2005 Rules, as amended on 28 November 2022, has used the expression “either” before “a Municipal Corporation” and the preposition “or” between “Municipal Corporation” and “three adjoining revenue districts” which shows that the requirement is to be read disjunctively. In the present case, the Applicant has applied for a licence for the Gurugram and Nuh districts, both of which are revenue districts consisting of the Municipal Corporations of Gurugram and Manesar, and concludes that the proposed area therefore covers an entire area of two Municipal Corporations, thereby satisfying the minimum area of supply requirement.

39.2.6. **Commission’s Analysis and decision:-**

In order to examine the issue framed above, the Commission has perused the provisions of Rule 3 and Rule 4 of the Distribution Licence Rules, including the Explanation to Rule 3(2) as amended by the Ministry of Power vide Notification dated 28.11.2022. The relevant provisions are reproduced hereunder:-

Rule 3 of the Distribution Licence Rules provides as under:-

*“3. Requirements of capital adequacy and creditworthiness - (1) The **Appropriate Commission shall**, upon receipt of an application for grant of licence for distribution of*

electricity under Sub-section (1) of Section 15 of the Electricity Act, 2003, ***decide the requirement of capital investment for distribution network*** *after hearing the applicant and keeping in view the size of the area of supply and the service obligation within the area in terms of Section 43.*

(2) The ***applicant for grant of licence shall be required to satisfy the Appropriate Commission that on a norm of 30% equity on cost of investment*** *as determined under sub-rule (1),* ***he including the promoters, in case the applicant is a company, would be in a position to make available resources for such equity of the project on the basis of networth and generation of internal resources of his business including of promoters in the preceding three years after excluding his other committed investments.****"*

(Emphasis supplied)

Regulation 4(1)(g)(II) of the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulations, 2004 ('HERC Licensing Regulations'), expressly contemplates applications by entities incorporated for less than three years. The relevant regulation is reproduced hereunder:-

"4. Documents to accompany application

……..

g) in case an applicant is a company, society, Co-operative society, local authority or partnership concern:

I. a copy of the Memorandum and Articles of Association of the company or constitution of society or byelaws of the co-operative society or partnership deed (authorising the applicant to undertake the proposed licenced business) along with incorporation or registration proof,

*II. a copy of audited Annual Accounts for the last three years or for the period incorporated or registered****, if less than three years****,*

III. a copy of resolution passed by the company or society or co-operative society or local authority for making such application,

……..."

(Emphasis supplied)

The Explanation to Rule 3(2), as amended vide Notification dated 28.11.2022, provides as under:-

"Explanation. - For the purposes of this sub-rule, it is hereby clarified that for grant of a licence for distribution of electricity within the same area in terms of sixth proviso to section 14 of the Act, ***the entire area covering either a Municipal Corporation as defined in***

article 243Q of the Constitution or three adjoining revenue districts, or a smaller area *as may be notified by the Appropriate Government* ***shall be the minimum area of supply****."*

(Emphasis supplied)

Rule 4 of the Distribution Licence Rules provides as under:-

"4. Requirement of code of conduct.- The applicant for grant of licence shall satisfy the Appropriate Commission that he has not been found guilty or has not been disqualified under any of the following provisions within the last three years from the date of the application for the grant of licence:

(a) section 203, section 274, section 388B or section 397 of the Companies Act, 1956;

(b) section 276, section 276B, section 276BB, section 276C, section 277 or section 278 of the Income tax Act, 1961;

(c) section 15C, section 15G, section 15H or section 15HA of the Securities and Exchange Board of India Act 1992;

(d) clause (b), (bb), (bbb), (bbbb), (c) or (d) of sub-section (1) of section 9 of the Excise Act 1944;

(e) section 132 or section 135 of the Customs Act 1962,

and that the applicant is not a person in whose case licence was suspended under section 24 or revoked under section 19 of the Act, within the last three years from the date of application:

Provided that where the applicant is a company, it shall satisfy the Appropriate Commission in addition to provisions of this rule that no petition for winding up of the company or any other company of the same promoter has been admitted under section 443 (e) of the Companies Act, 1956 on the ground of its being unable to pay its debts."

In this regard, the Commission has also taken note of the judgement dated 06.04.2011 passed by the Hon'ble Appellate Tribunal for Electricity in M/s Noida Power Company Limited v. Paschimanchal Vidyut Vitran Nigam Ltd., Appeal No. 7 of 2010, relied upon by the parties, wherein it has been held as under:

"24. …. The creditworthiness of the Applicant will have to be tested by considering whether external borrowings from Banks or Financial institutions will be available to the Applicant based on the fulfilment of the Capital Adequacy norms"

As regards Capital Adequacy, the Commission observes that the Petitioner has estimated a total capital investment of Rs. 4,717 Crore over a five-year rollout period, which translates to a mandatory 30% equity contribution requirement of Rs. 1,415 Crore under Rule 3(2), and has relied on the financial strength of its holding entity, M/s SAS Fininvest LLP, whose net worth based on market value stood at Rs. 4,085.60 Crore as of October 2025. The Respondents and Intervenors have challenged this reliance on the grounds

that the Applicant is a newly incorporated special purpose vehicle (incorporated in June 2025) with a nominal paid-up capital of Rs. 1 Crore and no operational history, that net worth must be calculated using book value under Section 2(57) of the Companies Act, 2013 rather than volatile market valuations of quoted equity shares (specifically in Global Health Ltd), and that separate legal entity principles prohibit reliance on promoter assets.

The Commission observes that Rule 3(2) expressly permits an applicant to demonstrate capital adequacy through the financial capability of its promoters, which reflects standard commercial practice for infrastructure projects, and provides for examination on the basis of the net worth and generation of internal resources of the applicant's business including of promoters in the preceding three years. The financials of SAS Fininvest LLP (Holding Entity, i.e. Promoter of the Applicant) confirm a sustained market value net worth of Rs. 4,215 Crore in FY 2023-24, Rs. 3,728 Crore in FY 2024-25 and Rs. 4,085.60 Crore as on 30.10.2025, which in each of the preceding three years comfortably exceeded the total five-year equity requirement of Rs. 1,415 Crore. Even if this net worth were notionally adjusted for potential long-term capital gains tax liabilities (at 12.5% under Section 112A of the IT Act) or block-sale market discounts, the remaining financial buffer stays at over twice the required equity commitment. The Applicant has also submitted the undertaking of the partners of SAS Fininvest LLP to provide necessary capital infusions and debt arrangements of up to approximately Rs. 5,000 Crore (covering the projected CAPEX of Rs. 4,716.73 Crore plus contingencies), and the undertaking of the Holding Entity that SAS Fininvest LLP does not have any committed investments in any other project or venture that would restrict or reduce the availability of resources required to meet the equity commitment for the proposed distribution business.

The definition of net worth as per Section 2(57) of the Companies Act. 2013 is reproduced below:

"(57) "net worth" means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation;"

Regarding the applicability of the net worth definition, the Commission is of the view that the provisions of Section 2(57) of the Companies Act, 2013 does not govern a Limited Liability Partnership, which is governed independently by the Limited Liability Partnership Act, 2008, and that for liquid, quoted equity securities held by an LLP, realisable market value provides a commercially realistic measure of financial capacity. The record shows that the beneficial ownership of the shares vests in SAS Fininvest LLP and is reflected in

its audited balance sheets. Furthermore, the Applicant has increased its authorised share capital from Rs. 100 Crore to Rs. 1,500 Crore, providing the necessary corporate capacity to absorb ongoing equity infusions. The promoter has sold 20,00,000 equity shares of the underlying listed company in May-June 2026 for approximately Rs. 252.50 Crore, establishing the liquidity and realisable value of the asset base, from which Phase-1 equity of Rs. 91.00 Crore has already been infused against a Phase-1 requirement of Rs. 87.86 Crore, and that a scheduled bank has sanctioned in principle Rs. 205.00 Crore, matching the entire Phase-1 debt requirement, evidencing actual capital deployment and creditworthiness.

Considering the submissions made by the Petitioner combined with the binding undertakings of SAS Fininvest LLP, the Commission concludes that the Applicant fully satisfies the statutory criteria for Capital Adequacy stipulated in Rule 3(2) of the Distribution Licence Rules.

As regards the requirement of infusion of equity towards working capital requirement, the Commission is of the view that the same shall be based on the requirement of the financial institution from which the Petitioner shall borrow the funds towards its working capital requirement. Hence, the equity infusion towards Margin Money for Working Capital may not be required. As regards consideration of the cost of land towards Capital Investment, the Commission is of the view that the submission made by the Petitioner regarding the low foot print of Compact Substation and proposal of acquisition of land on lease, which shall be considered as a revenue expense is appropriate.

As regards Creditworthiness, the Commission observes that, to demonstrate its capacity to raise the 70% debt component (amounting to Rs. 3,302 Crore), the Petitioner has submitted institutional solvency certificates aggregating to Rs. 2,000 Crore (comprising Rs. 1,000 Crore from IndusInd Bank and Rs. 1,000 Crore from 360 One Prime Limited which are independent certificates without any overlap), an in-principle debt sanction of Rs. 205 Crore from IndusInd Bank for the Phase-1 debt requirement, and binding undertakings from the partners of SAS Fininvest LLP to arrange the necessary debt and equity funding. The Respondents have contended that bank solvency certificates represent single-date financial snapshots that offer no long-term guarantee of solvency across a five-year rollout, nor do they prove debt mobilisation capability for Universal Service Obligations. The Commission notes that evaluating creditworthiness for large-scale, phased infrastructure projects must follow a progressive-mobilisation standard, as affirmed by the Hon'ble APTEL in Municipal Corporation of Greater Mumbai (BEST) v. MERC & Ors. (Appeal No. 279 of 2017, decided on 11.03.2026), which recognised that distribution network construction is a continuous, multi-year process. Expecting an

applicant to have 100% of its long-term debt fully committed at the pre-licensing stage is neither statutorily required under Rule 3 nor aligned with commercial realities. The Committee has observed that the combination of Rs. 2,000 Crore in institutional solvency certifications, the in-principle debt sanction of Rs. 205 Crore for Phase I and the backing of a promoter with proven net worth provides sufficient assurance of debt-raising capacity, and the Applicant has demonstrated that it possesses the financial standing to secure debt progressively in line with its phased rollout plan.

Accordingly, the Commission agrees with the findings of the Committee and holds that the Petitioner has established the requisite Creditworthiness to fulfil its obligations under the licence.

As regards the Minimum Area of Supply, the Commission has considered the objections raised by the Respondents and the Intervenors that the Applicant has relied upon Municipal Committees in Nuh, which are legally distinct from Municipal Corporations under Article 243Q of the Constitution and the Haryana Municipal Act, 1973; that the Applicant does not satisfy the alternative requirement of covering three adjoining revenue districts; and that the exclusion of contiguous areas such as Nagina Tehsil, Hathin and Sikri amounts to cherry-picking of high-revenue pockets. Upon consideration of the statutory framework, the Commission observes that, pursuant to the amended Explanation to Rule 3(2), as notified by the Ministry of Power on 28.11.2022, the criteria prescribed for determining the Minimum Area of Supply are disjunctive in nature and not cumulative. Accordingly, satisfaction of any one of the prescribed alternatives is sufficient to meet the statutory requirement. In the present case, the proposed licence area includes the entire area of the Municipal Corporation of Gurugram, as well as the Manesar Municipal Corporation. The Applicant, therefore, satisfies the “Municipal Corporation” criterion under the Explanation to Rule 3(2) on a standalone basis. Consequently, the Applicant is not required to additionally satisfy the alternative criterion of covering three adjoining revenue districts. An applicant proposing an area of supply which exceeds the minimum statutory threshold cannot, merely on account of not satisfying an alternative criterion, be held to have failed to meet the statutory requirement.

As regards geographical contiguity, the documentary record establishes that the proposed area of supply extends across the entirety of the contiguous revenue districts of Gurugram and Nuh. Nagina Tehsil has specifically been incorporated in the Petitioner’s Network Rollout Plan and Implementation Plan. As regards Hathin and Sikri, Hathin is situated in Palwal District and Sikri in Faridabad District, and both fall outside the territorial boundaries of the revenue districts of Gurugram and Nuh. Their exclusion, therefore, does not affect the contiguity or completeness of the proposed licence area.

In view of the foregoing, the Commission is satisfied that the Applicant meets the statutory criteria prescribed for the Minimum Area of Supply.

As regards the Code of Conduct, the Commission has considered the objection of the Respondents and the Intervenors that the Applicant, having been incorporated in June 2025 with real estate objectives before amending its corporate objects to power distribution four months later, lacks a three-year operational track record, and the further contention of the Respondents that Code of Conduct compliance must extend to the promoters and consortium partners. The Commission finds that the objectors have misinterpreted the legal scope of Rule 4, which requires an applicant to satisfy the Commission that it has not been found guilty or disqualified under the designated sections of the Companies Act, Income Tax Act, SEBI Act, Central Excise Act and Customs Act within the preceding three years, and that no distribution licence of the applicant was suspended under Section 24 or revoked under Section 19 of the Electricity Act, 2003. A plain reading of Rule 4 establishes that it sets a test of non-disqualification and legal integrity, and not a mandatory requirement of a three-year operational history, and it does not disqualify newly incorporated entities or special purpose vehicles formed specifically to undertake licensing activities. The Petitioner has placed on record valid affidavits and solemn declarations confirming that neither it, nor its holding entity, nor its consortium partners have incurred any disqualification under the listed statutes within the three-year lookback period, and no winding-up petition has been admitted against the Petitioner, its holding entity or any of the consortium partners under Section 443(e) of the Companies Act.

As no evidence of legal disqualification or adverse conduct has been produced, the Commission holds that the Code of Conduct requirement under Rule 4 is fully satisfied.

Legal opinions placed on record serve as persuasive legal reasoning and do not constitute evidentiary facts requiring cross-examination, the Commission retaining full jurisdiction to evaluate the statutory construction on its own merits.

However, in order to safeguard consumer interest, maintain financial viability, ensure non-discriminatory Universal Service Obligation under Section 43 of the Act and ensure long-term financial stability, the Commission considers it appropriate to impose the following regulatory safeguards as binding licence conditions:-

a) The licensee along with its promotor entity (SAS Fininvest LLP) shall ensure maintenance of earmarked resources of not less than Rs. 1,500 Crore, free from any charge or restriction; in no case shall such earmarked resources be less than Rs. 1,500 Crore as reduced by the cumulative funds actually infused into the Applicant’s entity towards the approved capital expenditure.

b) The licensee shall infuse equity contribution at-least three months prior to each capital expenditure milestone in the approved Network Implementation Plan alongside matching financial closure for debt. Further, the licensee shall fully fund the equity component of first-year working capital.

c) The licensee shall furnish a certificate of a Chartered Accountant confirming the earmarked resources of Promoter, annually.

d) The Applicant must obtain prior approval of the Commission for any change in control of the Licensee, merger or transfer of its utility, major shareholding changes, partner modifications within SAS Fininvest LLP, or amendments to constitutional documents.

In view of the above, the Commission answers the issue framed above in affirmative i.e. the Applicant, M/s Eleven Power Private Limited, fulfils the statutory requirements of Capital Adequacy & Creditworthiness, Minimum Area of Supply and Code of Conduct under Rule 3 and Rule 4 of the Distribution Licence Rules, 2005.

39.3. **Whether the Applicant has demonstrated adequate technical expertise, managerial capability and institutional capacity for undertaking the functions of a parallel distribution licensee?**

The Commission has examined these issues in detail. Part II of Form-1 annexed to HERC (Transmission and Distribution Licensing) Regulations, 2004 expressly provides for an applicant to furnish particulars of prior experience in the case of a joint venture or consortium, by each participant separately. The relevant extract of the regulations is reproduced hereunder:-

"Form-1

PART-II

List of documents to accompany licence applications

1) Affidavit of the authorised person on non-judicial stamp paper of appropriate value.

…..

3) Prior Experience (Preceding 3 years details for Related Business).

[To be filled in by the applicant or by each participant separately in case of JVC/ consortium (As applicable)]

S.No.	*General Information*	
1.	*Name & Address of the project(s) developed*	
2.	*Brief description of project(s) developed*	
3.	*Cost of the project(s) developed – Rs. Lakhs.*	

4.	*Name & Address of the Client company(s) for whom the project(s) were developed*	
5.	*Name, Designation & Address of Reference person of Client Co(s)*	

……..

5) Data relating to management and financial capability.

A licensee must have sufficient managerial and financial capability to function as a transmission or distribution licensee on a sustainable basis. Documents demonstrating these capabilities shall include:

a) Managerial capability;
(i) Senior management's curriculum vitae;
(ii) Cadre strength for different categories, technical and non-technical;

b) Financial capability;
(i) Bank references regarding applicant's solvency;
(ii) Most recent balance sheet;
(iii) Audited accounts of the applicant and its holding Company, subsidiary or affiliated company for each of the three preceding financial years;
(iv) Any accompanying notes and certifications on the above statements from a reputed chartered accountant.

c) Any other document/ evidence to substantiate applicant's Ability to perform functions of transmission/distribution of electricity in a sustainable manner."

39.3.1. In this regard, the Petitioner has submitted that SAS Fininvest LLP is holding entity of Eleven Power, which holds 99.99% shareholding in the Petitioner, and forms part of Eleven Group (formerly SAS Group), a diversified business group with interests across financial services, healthcare, technology, infrastructure-adjacent services and consumer-focused businesses. The Group was founded by Mr. Sunil Sachdeva, Director, who has 40+ years of experience and began his career in the power sector (1984-2000), leading the execution and commissioning of 100+ substations across 11 kV, 33 kV and 132 kV capacities, including a 2×40 MVA, 132 kV substation at Kadamba, Goa. Mr. Sachdeva co-founded Medanta, the Medicity in 2004 (6 hospitals with approximately 3,600 beds) and SV Creditline Limited (SVCL), stated to have served 19 lakh+ customers across 10 states through 285+ branches. The Petitioner has submitted that the Group companies provide experience in retail customer acquisition, lifecycle management, last-mile field operations, digital collections, grievance handling and technology-enabled service delivery; in particular, SVCL's large-scale consumer management, last-mile service infrastructure, digital-first cashless collection ecosystem, structured grievance redressal (mandating dispute resolution within 15 days) and technology-driven field operations, together with Medanta's benchmark of serving over 3 million patients

annually, support a distribution utility model built around reliable service delivery and time-bound grievance resolution.

The Petitioner has further submitted that it has forged a strategic consortium with Advait Energy Transitions Limited, Vision India Services and HEC Infra Projects Limited under a Memorandum of Understanding. Vision India Services, an ISO 9001:2015 and ISO 45001:2018 certified organisation with annual revenue of Rs. 425 Million (FY 25-26, un-audited) and projected revenue of Rs. 550 Million for FY 26-27, provides expertise in commercial operations (meter reading, bill distribution, revenue collection, meter installation, replacement and shifting), O&M of transmission lines and substations, and solar integration, and has executed works for TPCODL, TPNODL, TPWODL and TPSODL in Odisha and secured O&M, turn-key and substation projects with UHBVNL, DHBVNL, HVPNL and the Power Grid Corporation of India. HEC Infra Projects Limited possesses expertise in SITC of high-voltage substations up to 220 kV, including a Rs. 22 Crore, 220 kV Kawant AIS for GETCO with 6 bays and full SCADA integration, a 220/33 kV pooling substation for Juniper Green Energy Pvt. Ltd. to evacuate 300 MW of wind power in Bhogat, Gujarat, over 40 km of 66 kV cable laid and charged for GETCO, a 66 kV XLPE cable project valued at over Rs. 45 Crore, the 132 kV LILO line for HVPNL, Live Line OPGW installations for 400 kV networks, and a 360 MWh BESS project for Indigrid with a 220 kV evacuation switchyard. Advait Energy Transitions Limited brings over 15 years of experience in power transmission, substation and telecommunication infrastructure, including conversion of 11 kV HT bare conductor lines to 55 mm^2 AAAC MVCC, a Rs. 100 Crore turnkey contract for 2,363 CKM of MVCC for DGVCL under the Kishan Suryodaya Yojana, multiple VKY-2 phases (~Rs. 7.2 Crore (94 CKM), ~Rs. 20.3 Crore (268 CKM) and ~Rs. 50 Crore (802.2 CKM) for FY 2025-26), and RDSS packages for PGVCL in Morbi (~Rs. 55.1 Crore), Bhavnagar (~Rs. 53.8 Crore), Rajkot (~Rs. 54 Crore) and Amreli (~Rs. 44.4 Crore) Districts. The Petitioner submitted that its ability to perform distribution functions in a sustainable manner is evidenced by the Experience Certificates of the consortium members.

As regards its own management and technical team, the Petitioner has submitted particulars under four groupings. Under Executive Leadership & Strategic Vision: Mr. Sunil Sachdeva, Director; Mr. Samarjit Mohanty, Chief Executive Officer, Distribution, with 25 years of experience in electricity distribution; Mr. Manoj Kumar Singh, Advisor, with 30+ years of experience including as COO-TPCODL and CGM-CESU, having managed 26 electrical divisions with over 30 lakh consumers; Mr. Manoj Kumar Vats, Independent Director (Technical), with 35+ years of experience including as Director/Technical at HVPNL; and Mr. Puneet Munjal, Chief Regulatory Officer, with over three decades of experience including 20 years at Tata Power Group. Under Grid Modernization & Digital

Transformation: Mr. Maruthi Mallepalli, Advisor (ex-COO Enugu Discom and CTO-FIPL, having led installation of 300,000+ smart meters in Nigeria); Mr. Ram Sawrup, Deputy Director, Distribution (IT implementation, revenue management and MBC integration); and Mr. Gaurav Kapoor, Vice President, Smart Grid (stated to have increased utility revenue by 30% and reduced operational costs by 20% for RIT International, Discom). Under Operational Excellence & Loss Control: Mr. Hitesh Golsa, Head, Operations, Smart Metering; Mr. Rajesh Kumar Bhoi, General Manager, Distribution (revenue cycles for over 5 lakh consumers); and Mr. Suryakanta Maharana and Mr. Soumya Mishra, Division Managers (O&M and erection, testing and commissioning of 33/11 kV networks and LT ABC lines). Under Business Development & Stakeholder Management: Mr. Manoj Kumar Panda, Director, Business Development, New Consumer Acquisition & CRM, with 34 years of experience, including establishing distribution franchisee operations across all four DISCOMs in Odisha covering approximately 9.5 lakh consumers.

The Petitioner has further submitted that it proposes a ring network utilising RMUs energised through feeder breakers from primary DSS with Normally Open Points, comprehensive automation of DSS feeders and consumer substation RMUs, integrated SCADA and ADMS, mobile-assisted GIS for outage management, prepaid smart metering across the licence area, an integrated GIS platform with workforce management, compact small-footprint substations and smart LT feeder pillars suited to Gurugram, and a thermal imaging programme for predictive maintenance. It has proposed a Safety Management Framework aligned with ISO 45001:2018, operationalised through mandatory HIRA and JSA protocols and a digitised EHS platform. Its consumer service infrastructure comprises an AI chatbot and webchat integrated with CRM, a centralised 24/7 call centre with IVR, a customer mobile application, digital billing through platforms such as WhatsApp, a “Know Your Electricity Consumption” programme, and safety training for local technicians and electricians. The number of Customer Care Centres and associated investment are proposed to increase over the licence period as follows:-

Particulars	FY 27	FY 28	FY 29	FY 30	FY 31
Number of Customer Care Centres	4	5	6	7	8
Associated Investment (Rs. Crore)	4.00	5.00	6.00	7.00	8.00

The Petitioner has also submitted that initially one Consumer Grievance Redressal Centre will be established per division, to be increased as required.

In response to the objections, the Petitioner has submitted that the personnel listed in the Petition constitute its proposed management team, that consent letters and board resolutions will be placed on record, and that typographical errors in names have been corrected, which is a matter of record-keeping and not misrepresentation. Neither the Act nor the Distribution Licence Rules require prior experience as a Distribution Licensee,

ownership of an existing network, an established consumer base or completed infrastructure before grant of licence; insisting otherwise would require an applicant to become a Distribution Licensee before it may apply to become one and would render parallel licensing unworkable. Infrastructure projects are routinely promoted through special purpose vehicles backed by experienced sponsors, and even existing distribution licensees execute substantial portions of their business through EPC contractors, O&M contractors, IT vendors, billing and meter agencies and consultants while remaining responsible for compliance. The Petitioner further submitted that the unsigned Memorandum of Understanding was inadvertently annexed along with the Petition, and the duly signed copy was annexed as along to the additional information filed on 03.07.2026. The Petitioner also submitted that in any event, Rule 3(2) stands independently satisfied through the audited net worth of SAS Fininvest LLP (Rs. 4,215 Crore for FY 2022-23, Rs. 3,728 Crore for FY 2023-24 and Rs. 4,085 Crore for FY 2024-25, each exceeding the Rs. 1,415 Crore equity requirement), and the consortium's experience being supplementary material, and the consortium partners are neither necessary nor proper parties to the proceedings. The "Value of Services" figures at pages 38 to 42 of the Petition pertain to the consortium partners' project track record and not to net worth, and the entry "N.A." against SAS Fininvest LLP reflects that debt-equity and debt to net worth ratios cannot be computed for an entity carrying no debt. The Petitioner has further submitted that the change of name and objects through an e-MoA is the lawful route for repurposing a special purpose vehicle and stands disclosed in the Petition.

On the Committee Report, the Petitioner has submitted that Regulation 4(1)(g)(II) of the HERC (Transmission and Distribution Licensing) Regulations, 2004 provides for an applicant with less than three years' audited accounts, and Part II of Form-1 contemplates furnishing of prior experience by each participant of a joint venture or consortium. Technical capability is secured through the Consortium Memorandum of Understanding and its Responsibility Matrix, which assigns network planning, substations, high-voltage cabling, SCADA and smart-grid systems to one partner, EPC execution, 33/11 kV infrastructure, RMUs and communications to a second, and field mobilisation, O&M, metering, billing, collection and consumer services to a third, while the Petitioner retains sole responsibility for statutory compliance, investment approvals, power procurement, system operation and overall performance, including the Universal Service Obligation. The six-year lock-in mirrors the capital-intensive rollout cycle, and the Memorandum and its Addendum are validly executed instruments. The Petitioner has submitted that the Memorandum is legally binding and enforceable, as recorded by the Committee itself at Paras 8.7, 8.12(ii) and 17.10 of its Report, and that no further agreement is required to be executed.

39.3.2. Per-contra, the Respondents have submitted that the designations attributed to the named individuals in the Petition are not borne out by, and in several instances are contradicted by, their own CVs. The Respondents have submitted that none of the CVs show the individual as presently holding the designation, or being presently engaged with Eleven Power. This constitutes a misrepresentation of facts, and until appointment letters, employment contracts, Board resolutions or other instruments of engagement are placed on record, the claimed technical and managerial capability ought to be disregarded. The Respondents have further submitted that the Petitioner relies solely upon the experience of its consortium partners under an unsigned, non-binding Memorandum of Understanding which creates no enforceable rights or obligations, so that there is no certainty that their capabilities would be available during the term of the licence; that only the experience of the consortium partners has been furnished, which cannot be treated as the Petitioner's own credentials since the licence is sought in its individual capacity; and that the consortium partners ought to be impleaded as party respondents.

The Respondents have objected to the Committee's findings by submitting that the Distribution of Electricity License (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005 presuppose an applicant with an established track record, whereas the Petitioner, incorporated only in June 2025 and originally engaged in real estate activities, possesses no technical expertise or operational experience of its own and borrows its capability entirely from consortium partners. The Petitioner is neither a joint venture nor a consortium, and the Committee has itself directed that a legally enforceable Consortium Agreement be furnished only after grant of licence. Rule 4 speaks only of "the applicant", so that acceptance of Code of Conduct undertakings from the promoter and consortium partners, who are not applicants, extends Rule 4 beyond its text. The Addendum to the Memorandum dated 24.07.2026, introducing a lock-in and exit mechanism, is a sham document created after commencement of proceedings and void ab initio for want of genuine consideration; the signed Memorandum was furnished only with later submissions, and the name of the authorised signatory of one consortium partner does not find mention in it. The personnel profiles relate to an unrelated named entity whose relationship with the Petitioner is undisclosed, and the subsequent declaration of acceptance of employment by only ten of the twelve key managerial personnel, effective only upon grant of licence, does not cure the deficiency. Further, the licence is sought for 25 years whereas the Addendum provides a lock-in of only six years with a six-month notice period, leaving approximately 19 years of the licence term dependent on a Petitioner-controlled replacement mechanism that does not allocate the Universal Service Obligation, metering, billing or O&M functions in the interval between a member's exit and its replacement.

39.3.3. The Intervenors/objectors have contended that the Petitioner was incorporated only in 2025 with an objective of carrying out real estate activities, that its name and objects were changed only around 4 months back solely for the purpose of applying for the distribution licence, and that it possesses no knowledge, experience or independent track record in electricity distribution. The Intervenors further contended that the Petitioner has a paid-up capital of only about Rs.1 Crore while proposing investments running into several thousand crores, relies substantially upon consortium partners and Memorandum of Understanding rather than demonstrated operational capability, and has produced no credible evidence regarding distribution network readiness, consumer service infrastructure, SCADA and control systems, substation development plans, emergency response systems or disaster management arrangements.

39.3.4. The Commission has also perused the findings and recommendations of the Expert Committee constituted to examine the issue. The Commission observes that the Committee examined whether the Petitioner has demonstrated the requisite capability either independently or through legally binding arrangements, and found that the Applicant has, prima facie, demonstrated the technical expertise and institutional capability required for establishment and operation of the proposed parallel distribution system. The Committee noted that neither the Electricity Act, 2003 nor the applicable HERC Licensing Regulations prescribe previous operational experience as a distribution licensee as an independent statutory condition, and that its absence is not, by itself, a legal or technical bar where the Applicant otherwise demonstrates the necessary capability. The Committee was satisfied that the Petitioner has demonstrated a credible managerial and organisational framework assigning responsibilities for engineering, project implementation, network operations, maintenance, consumer services, commercial operations, finance, information technology and regulatory compliance. The Committee found that the legally binding Consortium MoU, read with the Responsibility Matrix, constitutes credible evidence of institutional capability, with overall statutory responsibility remaining exclusively with the Applicant, and that the provision for a minimum six-year tenure with an exit mechanism and continuity obligations, and forfeiture of the non-lead members' security deposit of Rs. 5 Crore, provides materially greater implementation certainty than an informal technical association. The Committee further found that the network development plan, implementation strategy and consumer connectivity programme provide a technically credible framework for phased establishment, operation and expansion, and that the proposed undertaking is capable of being implemented in conformity with the Electricity Act, 2003, the applicable HERC Regulations, the Distribution Code, the Supply Code, the Grid Code and the CEA Regulations and Technical Standards. The concerns raised by the Respondents,

including absence of prior operational experience, sufficiency of EPC capability as against utility operation, the level of detail in the network proposal and the fact that the organisational framework is not presently operational, were found to warrant continuing regulatory supervision but not to disclose any material deficiency justifying refusal of the licence. The Committee was, however, of the view that a legally enforceable and binding agreement amongst the consortium members is required to be executed, substituting the binding MoU presently on record.

The Committee has recommended that, if the licence is granted, the Commission may consider incorporating the regulatory safeguards requiring the Applicant to furnish before commencement of operations; a legally enforceable Consortium Agreement substituting the binding Consortium MoU, furnish details of the Key Managerial Personnel on its rolls, report promptly to the Commission any material change in the composition of the consortium, the allocation of responsibilities under the Responsibility Matrix, or the organisational framework affecting the demonstrated capability, seeking approval wherever required under the Act or the conditions of licence.

The Committee has recommended to recognise the fact that the Petitioner has substantially demonstrated compliance with the requirements relating to technical expertise, managerial capability, institutional preparedness, distribution network development and conformity with the applicable statutory and technical framework, subject to the recommended conditions and continuing regulatory oversight. The Committee has emphasised that grant of licence shall not dilute the Petitioner's continuing responsibility to establish and maintain the capability represented before the Commission, that the Petitioner shall remain solely responsible for compliance with all statutory obligations and licence conditions notwithstanding the Consortium arrangements, and that the material on record does not disclose any technical, managerial or institutional deficiency which, by itself, would justify refusal of the licence.

39.3.5. **Commission's Analysis and decision:-**

The Commission has evaluated the submissions of the Petitioner, the objections of the Respondents and Intervenors, and the findings and recommendations of the Expert Committee. The Commission notes that Sections 14 and 15 of the Electricity Act, 2003, read with the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005 (as amended), govern the grant of a parallel distribution licence, and that neither the Act nor the relevant Licensing Rules prescribe prior operational experience as a distribution licensee or existing ownership of a network as a mandatory pre-condition for grant of a licence. The legislative scheme underlying the sixth proviso to Section 14 intentionally fosters

competition by allowing new entrants to introduce capital, modern technology and operational efficiency.

The HERC Licensing Regulations require an applicant to furnish documents evidencing its prior experience and details relating to its managerial and financial capabilities. The Applicant's financial capability has already been examined and found to be supported by its demonstrated capital adequacy and creditworthiness, as discussed hereinabove. The requirement under the Regulations is to furnish such documents in support of the application and does not constitute a precondition for the grant of a licence. The Commission is of the view that demanding prior utility distribution experience creates a logical paradox, since no entity can lawfully operate a distribution system without first being granted a licence. Accepting the Respondents' contention would effectively bar all new entrants, render parallel distribution unworkable and entrench incumbent monopolies. Standard commercial practice in large-scale infrastructure projects involves promoting a new specialised company backed by experienced corporate sponsors, financial partners and specialised contractors. Therefore, the incorporation of Eleven Power Private Limited does not constitute a legal, technical or regulatory bar to the grant of a parallel distribution licence.

The Commission has reviewed the institutional credentials of the consortium members relied upon by the Petitioner, namely Advait Energy Transitions Limited (turnkey EPC experience in high-voltage distribution lines, including conversion of bare conductors to MVCC and large-scale grid modernisation), HEC Infra Projects Limited (EHV substations up to 220 kV, SCADA integration, underground XLPE cabling and BESS) and Vision India Services (commercial metering, billing, collection and distribution network O&M contracts for Tata Power joint ventures in Odisha and state DISCOMs in Haryana). The Form 1 in Commission's Licensing Regulations specifically permits the Applicant to provide the experience details of the consortium members. In line with the findings of the Expert Committee, the Commission is of the view that the Consortium establishes a comprehensive, multi-layered technical ecosystem capable of handling grid execution, high-voltage engineering and retail distribution management, and that the organisational lineage derived from SAS Fininvest LLP and affiliate entities such as SVCL and Medanta demonstrates tested institutional capabilities in managing millions of retail consumers, last-mile collection infrastructure, digital billing platforms and structured grievance workflows. The combined capabilities of the promoter group and the Consortium provide a credible foundation for setting up and operating a modern distribution utility. However, departing from the Committee's view on execution of a substitute agreement, the Commission observes that although the agreement between the consortium members is referred to as an "MoU", it is a legally binding and enforceable document which includes

financial obligations in case of forfeiture, a lock-in period, detailed conditions for continuous fulfilment of obligations, governing law and dispute resolution. Hence, the Commission is of the view that there is no further requirement of a separate agreement between the consortium partners. Regarding the issue raised that the consortium partners are not the parties in the present petition, the Commission observed that the Consortium MoU specifically provides that the Lead Member of the consortium i.e., M/s Eleven Power Private Limited is authorized to file the Petition and hence there is no such requirement that the Petitioner should be signed by all the consortium members.

The Commission has examined the technical viability of the Petitioner's Network Rollout Plan, including ring-main network configurations with RMUs, feeder automation and NOPs; integrated SCADA and ADMS with mobile GIS applications; complete rollout of prepaid smart metering supported by spatial intelligence and predictive thermal diagnostics to curb AT&C losses; and AI-driven CRM portals, multi-channel 24/7 call centres, progressive rollout of Customer Care Centres and Consumer Grievance Redressal Forums across divisions. The Commission finds that the proposed technological framework aligns with contemporary grid modernisation goals and meets the standards prescribed by the CEA and HERC Codes.

As regards managerial personnel, the Commission observes that while the Petitioner has clarified that the industry veterans listed in the Petition represent its proposed leadership team, utility operations require an on-ground, contractually committed executive management structure. The Petitioner has submitted a Declaration regarding Consent to Join Employment, wherein 10 key personnel have confirmed their willingness to join the Petitioner upon grant of licence, and the other 2 key personnel are already on the rolls of the Petitioner. The transition from proposed advisory personnel to formally onboarded Key Managerial Personnel must, however, be completed before operationalisation of the distribution licence.

Considering the submissions of the parties and the findings of the Expert Committee, the Commission holds that the Applicant has substantially demonstrated compliance with the requirements relating to technical expertise, managerial capability and institutional preparedness for grant of a parallel distribution licence for the revenue districts of Nuh and Gurugram.

However, the Commission considers it appropriate to impose the following regulatory safeguards:-

a) The licensee shall establish operational organizational framework and key managerial personnel across strategic, technical, operational and regulatory divisions, prior to operationalizing supply and submit documentary proof (including

appointment letters and board resolutions). Further, adequate financial, technical and organization capability shall be maintained throughout the licence period.

b) The Petitioner shall promptly inform the Commission of any material changes in the composition of the Responsibility Matrix or its organisational structure, seeking prior approval where mandated.

In view of the above, the Commission answers the issue framed above in affirmative i.e. the Applicant has demonstrated adequate technical expertise, managerial capability and institutional capacity for undertaking the functions of a parallel distribution licensee.

39.4. **Whether any statutory approval, consent or No Objection Certificate from the State Transmission Utility or any other authority is required under the Electricity Act, 2003, the Rules framed thereunder or the applicable Regulations before grant of a Parallel Distribution Licence?**

The Commission vide its Interim Order dated 26.05.2026 had directed the Petitioner to obtain a No Objection Certificate (NoC) from HVPNL regarding availability of adequate transmission capacity and General Network Access (GNA) for the proposed area of supply, as well as HVPNL's concurrence for use of HVPNL land for the establishment of sub-stations and associated infrastructure. Further, a No Objection Certificate (NoC) was also desired from the Ministry of Defence, Government of India. Intervenors/objectors have submitted that statutory clearances is required from a multitude of central and state agencies including the Gurugram Metropolitan Development Authority (GMDA) and Municipal Corporations (MCG/MCN) for road cutting, utility shifting and structural alignment along major urban arterial roads; the National Highways Authority of India (NHAI) for crossings and parallel alignments along national highways (such as NH-48); the Forest Department (State and Central) for clearances involving protected green belts, eco-sensitive zones in the Aravalli region and tree-felling; and the Public Works Department (B&R) and HSVP for sector-dividing roads and institutional areas.

39.4.1. The Commission has considered the submissions of the Petitioner, made vide its affidavit dated 03.07.2026, apprising that it has applied for the NoC from HVPNL vide its letter dated 02.06.2026 and that the NoC/reply from HVPNL is awaited. However, the Petitioner has submitted that the existing transmission system of HVPN has been planned and developed to cater to the present and projected future demand of the existing Distribution Licensees, i.e. DHBVNL and UHBVNL, and that the proposed Parallel Distribution Licensee shall cater to a part of the existing load and a part of the estimated load for subsequent years, so that there will not be any substantial impact on the transmission capacity requirement of the State. The Petitioner has submitted that system studies will be required to assess the feasibility of connectivity from HVPN at various locations, and

that HVPN, as the notified State Transmission Utility, is duty bound under Section 39(2)(b) of the Electricity Act, 2003 to plan and co-ordinate the intra-State transmission system with all licensees, including the Petitioner once the licence is granted. The Petitioner shall serve a subset of the same demand for which the intra-State transmission system stands planned, and not an addition to it; the grant of licence therefore creates no new transmission burden, and the system study proposed by HVPNL is the appropriate post-grant mechanism. While the Petitioner undertakes to comply with the statutory framework under Section 39, neither Section 39 nor any provision of the Act imposes any condition of obtaining No Objection Certificate from STU precedent to grant of a Distribution Licence under Sections 14 and 15 of the EA, 2003.

As regards GNA, the Petitioner has submitted that the STU can apply to CTUIL on behalf of the Distribution Licensee for grant or enhancement of the quantum of GNA, and that all procedural, technical and financial conditions prescribed under the CERC GNA Regulations, 2022 shall be complied with by the Petitioner upon grant of licence. The existing GNA is adequate to meet the requirement of the State, and enhancement of GNA will be required, as demand and power procurement from outside the State increases, irrespective of the number of Distribution Licensees. Further, as the Petitioner plans to utilise around 40% of power sourced within the State through Firm and Dispatchable Renewable Energy (FDRE), i.e. renewable power with Battery Energy Storage System (BESS), it may support the system in procurement of power from outside the State by the existing licensees also. As regards land, the Petitioner claims no automatic entitlement to HVPN land; once the licence is granted, it will separately approach HVPN for utilisation of its land, which may be provided subject to HVPN's policy, failing which the Petitioner will arrange land from other sources, constructing its own substations on independently acquired or leased parcels, with interface bays at HVPNL's substations, where required, being carried out under standard deposit-work guidelines.

The Petitioner has further submitted that it has received the No Objection Certificate from the Ministry of Defence, a copy of which has been placed on record with its compliance affidavit dated 03.07.2026 filed pursuant to the Interim Order dated 26.05.2026, and that, in any event, the Central Government concurrence under Section 15(2)(ii) is a condition subject to which the Commission may grant the licence rather than a jurisdictional bar to considering the Petition.

In response to the Intervenors, the Petitioner has submitted that a phase-wise network design approach has been formulated and that all mandatory statutory clearances from municipal, local and state bodies will be secured systematically prior to physical execution, such approvals attaching to implementation of the network rather than to grant of the licence.

On the Committee Report, the Petitioner has submitted that, on HVPNL's own case, the NoC cannot be obtained before grant of licence, since the supporting system study is to be undertaken only once the Petitioner's details are submitted upon grant of licence, and a document which the issuing authority declines to consider until the licence is in place cannot be treated as a pre-condition of that licence. GNA is, by design, a post-grant process, since under the applicable Central regulations it is the State Transmission Utility which applies for such access on behalf of intra-State distribution licensees, such access being procured for a licensee after grant and not held in advance as a qualification by an applicant.

39.4.2. The Respondent HVPNL has submitted that it is its legal duty under Section 39(2)(b) of the Electricity Act, 2003 to plan and coordinate its intra-State transmission system with all licensees, and that, in the event the Petitioner is granted a licence, HVPNL would faithfully discharge its functions under the Act; however, at this stage, HVPNL is not in a position to give NOC to the Petitioner. HVPNL has submitted that its existing transmission system has been planned and developed to cater to the present demand and projected future load growth of the existing distribution licensees, i.e. DHBVNL and UHBVNL, and that the adequacy of transmission capacity can be judged only after submission of details by the Petitioner, as undertaken by the Petitioner vide its letter dated 19.05.2026 seeking grant of an In-principle No-Objection Certificate; once such details are submitted upon grant of a licence, a system study shall be undertaken by HVPNL.

As regards GNA, HVPNL has submitted that GNA is governed by the Central Electricity Regulatory Commission (Connectivity and General Network Access to the Inter-State Transmission System) Regulations, 2022. At the time of notification of the CERC GNA Regulations, 2022, the deemed GNA of Haryana was 6913 MW [Including Adani (1495 MW) and Northern Railways (75 MW)], and CTUIL has granted additional GNA of 1500 MW with effect from 01.04.2026 on the request of HPPC (for both UHBVN and DHBVN), making the total GNA of Haryana 8413 MW. HVPNL, being the STU, can only apply to CTUIL on behalf of a distribution licensee for grant or enhancement of the quantum of GNA, and, upon becoming a licensee, it would be the responsibility of the Petitioner to comply with all procedural, technical and financial conditions prescribed under the said Regulations. As regards concurrence for use of its land, HVPNL has submitted that the lands in its possession and ownership are planned for its own future expansion and augmentation, and that any application for use of its land shall be decided only after considering the no objection of the concerned DISCOM(s), technical feasibility and HVPNL's future growth, expansion and augmentation requirements; hence, it is not possible to grant an NOC on this account at this stage.

The Respondents have further submitted that Section 15(2)(ii) of the Act, 2003 mandates that where an application for grant of a licence relates to an area including the whole or any part of any cantonment, aerodrome, fortress, arsenal, dockyard, camp, or any building or place in occupation of the Government for defence purposes, a licence shall not be granted until the Commission has ascertained that there is no objection on the part of the Central Government and the Petitioner has not furnished any document evidencing the requisite no-objection or concurrence of the Central Government/Ministry of Defence; and that this is a mandatory statutory condition, the non-fulfilment of which is a bar to grant of the licence, rendering the Petition incomplete and non-compliant with Section 15(2)(ii).

On the Committee Report, the Respondents have submitted that the Committee's own record, at page 124 of the Report, recognises that allotment of HVPNL's land to the Petitioner remains HVPNL's own prerogative, having regard to the no-objection of the concerned Distribution Licensees, technical feasibility and its own future growth and augmentation requirements.

39.4.3. The Intervenors/objectors have contended that laying distribution infrastructure in the proposed area requires explicit, time-bound Right of Way (ROW) permissions and statutory clearances from a multitude of central and state agencies, including the Gurugram Metropolitan Development Authority (GMDA) and Municipal Corporations (MCG/MCN) for road cutting, utility shifting and structural alignment along major urban arterial roads; the National Highways Authority of India (NHAI) for crossings and parallel alignments along national highways (such as NH-48); the Forest Department (State and Central) for clearances involving protected green belts, eco-sensitive zones in the Aravalli region and tree-felling; and the Public Works Department (B&R) and HSVP for sector-dividing roads and institutional areas. The Intervenors have further submitted that the Gurugram Metropolitan Development Authority Act, 2017 vests GMDA with responsibility for sanctioning "infrastructure development work" in the Gurugram Metropolitan Area, defined under Section 2(i)(i) of that Act to expressly include "electricity transmission and distribution systems", so that GMDA is a necessary and important stakeholder in the grant of a distribution licence for Gurugram District; and that grant of a Parallel Distribution Licence is contingent upon statutory approvals, consents and no-objection certificates from the Central Government, the State Transmission Utility (HVPNL) and other statutory and municipal authorities, none of which stand demonstrated to have been obtained by the Petitioner.

39.4.4. The Commission has also perused the findings and recommendations of the Expert Committee constituted to examine the issue. The Commission observes that the Committee has proceeded on the footing that the statutory requirements governing grant of licence are separate from the technical, engineering and operational requirements

which arise during implementation and must be fulfilled before commencement of supply, transmission connectivity, interface approvals, Grid Code compliance, protection coordination and the associated system studies falling in the latter category. The Committee found that the responsibilities assigned by Sections 39 and 40 of the Electricity Act, 2003 to the State Transmission Utility and the Transmission Licensee are continuing statutory obligations, unaffected by the number of distribution licensees in the State, and cannot, of themselves, be construed as creating an additional licensing requirement unless the Act or the applicable Regulations expressly so provide. The Committee noted the STU's Capital Investment Plan approved by the Commission in the MYT Order dated 13.03.2025 for FY 2025-26 to FY 2029-30, covering substations, lines, land, IT systems, SAMAST and OPGW works and the SLDC, which already extends across the area and period of the proposed rollout, and observed that transmission planning is undertaken on an area-specific and not a licensee-specific basis, the entry of an additional distribution licensee necessitating at most a marginal augmentation of transmission infrastructure without any significant change in the approved Transmission Plan.

The Committee found no provision of the Electricity Act, 2003 or the applicable HERC Regulations requiring a prior approval or NOC from the State Transmission Utility as a condition precedent for grant of a Parallel Distribution Licence, while recognising that the technical inputs of the STU are of considerable importance to coordinated implementation and secure grid operation and that STU consultation should continue; all transmission connectivity requirements, interface approvals and technical clearances must, however, necessarily be obtained before commencement of commercial operations. The Committee accepted that the Respondents' concerns regarding transmission planning, network integration, protection coordination, communication systems, GNA, Grid Code compliance and coordinated operation are not insignificant, but found that they go to how the licenced system will be implemented and operated, and not to whether the Applicant is eligible for grant of licence. On approval from any other authority, the Committee found that Section 15(2)(ii) of the Act, 2003 read with Regulation 4(1)(d) of the HERC Licensing Regulations, 2004 mandates a No Objection Certificate from the Ministry of Defence where any portion of the proposed area of supply falls within the territorial jurisdiction of the Ministry of Defence, and that the Applicant has submitted such NOC before the Commission, thereby duly addressing the concern raised by the objectors. On the HVPNL interface system, the Committee found that, under Sections 39 and 40 of the Act, development and augmentation of the intra-State transmission system falls within the exclusive domain of the Transmission Licensee/STU, a distribution licensee being neither obligated nor entitled to augment transmission substations, and that any arrangement under which the Applicant itself constructs, owns or operates transmission assets would

be impermissible in the absence of a transmission licence. Distinguishing augmentation of the transmission system from dedicated connectivity works such as terminal bays at the interface substation, the Committee recommended that any interface works be undertaken strictly through HVPNL under its extant connectivity procedures, the cost being borne by HVPNL or by the Applicant as the Commission may determine and passed through in the ARR of the utility bearing it, the final determination of this issue being left to the Commission.

39.4.5. **Commission's Analysis and decision:-**

The Commission has analysed whether a No Objection Certificate or prior concurrence from the State Transmission Utility (HVPNL) is a mandatory condition precedent for grant of a Parallel Distribution Licence under Sections 14 and 15 of the Electricity Act, 2003. The Commission observes that neither the Electricity Act, 2003 nor the HERC Licensing Regulations, 2004 prescribe NOC from STU as a threshold eligibility requirement for licence issuance.

Considering the submissions made by HVPNL and the observations of the Committee, the Commission observes that, under Sections 39 and 40 of the Act, HVPNL as the notified STU carries a continuing statutory duty to plan, coordinate and develop an intra-State transmission system to facilitate non-discriminatory access for all licensees. Creating a procedural barrier whereby an applicant must secure transmission NoCs prior to licence grant would invert the statutory sequence, as formal transmission access processes (such as General Network Access under CERC Regulations) legally attach to a licenced entity.

The Commission has taken note of the clear distinction between threshold statutory eligibility to hold a licence and operational execution prerequisites required prior to commercial energisation. The mandatory statutory prerequisite under Section 15(2)(ii) of the Act read with Regulation 4(1)(d) of the HERC Regulations, 2004 stands fully satisfied, as the Petitioner has placed on record the requisite No Objection Certificate from the Ministry of Defence. The argument of HVPNL that its transmission network was planned for the existing DISCOMs (DHBVNL/UHBVNL) is an operational execution matter, since the entry of a parallel licensee serves a subset of the existing and projected demand and creates no net unmodelled transmission burden. Technical requirements such as detailed load-flow studies, protection coordination, short-circuit studies and dedicated interface bays belong strictly to the implementation stage preceding commercial supply. Further, permissions from municipal and urban development authorities (GMDA, NHAI, PWD, Forest Department) govern physical infrastructure rollout and ROW permissions, and such clearances relate to development of the network post grant of licence.

However, in order to ensure grid safety, transmission integration and coordinated operation, the Commission considers it appropriate that the grant of licence shall be subject to the following conditions prior to commercial energisation:-

a) The licensee shall obtain complete transmission connectivity, GNA, and statutory clearances at least three months prior to commencement of commercial operations.

b) The licensee shall execute interconnection agreements with HVPNL and scheduling and forecasting protocol as well as other operational scheduling arrangements with SLDC prior to energization.

c) The Licensee shall carry out detailed load-flow, short-circuit, protection coordination, and system security studies in coordination with HVPNL and SLDC.

d) The licensee shall ensure full compliance with CEA Regulations and Haryana Grid Code for SCADA, telemetry, protection, and SLDC scheduling protocols.

In view of the above, the Commission answers the issue framed above by holding that no consent or No Objection Certificate from the State Transmission Utility or any other authority is required under the Electricity Act, 2003, the Rules framed thereunder or the applicable Regulations before grant of a Parallel Distribution Licence, except the NOC from the Ministry of Defence, which has already been submitted by the Applicant.

39.5. **Whether execution of long-term Power Purchase Agreements constitutes a statutory pre-requisite for grant of a Distribution Licence?**

The Commission observes that the Petitioner (Eleven Power Private Limited) in its Business Plan based on its sales estimation, the assumed distribution loss trajectory and the existing inter-state and intra-state transmission losses, computed the quantum of power purchase required for the proposed licence area as tabulated under:-

Total Energy Requirement (MU)

Particulars	Unit	Legend	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
LT Sales	MU	A	398.11	800.94	1,348.11	2,026.07
Distribution losses	%	B	5.80%	5.60%	5.40%	5.20%
Energy Required for LT Sales	MU	C=A/(1-B)	422.62	848.45	1,425.06	2,137.20
HT + LT Sales	MU	D	582.81	1,161.28	1,933.12	2,883.13
Intra--state Transmission Losses	%	E	1.95%	1.95%	1.95%	1.95%
Energy at State periphery	MU	F=D/(1-E)	594.40	1,184.37	1,971.56	2,940.47
Energy Injected at State periphery	MU	G	183.00	412.63	726.74	1,143.25
Intra-state Transmission Losses	%	H	3.65%	3.65%	3.65%	3.65%
Energy Requirement at State Periphery	MU	I=(F-G)/(1-H)	426.99	800.98	1,291.98	1,865.30
Energy Required for Total Sales	MU	J=I+G	**609.98**	**1,213.61**	**2,018.72**	**3,008.55**

The Petitioner has proposed to meet the said requirement through purchase of power from thermal generation sources, Firm Dispatchable Renewable Energy (FDRE) and the

Green Day Ahead Market (GDAM), with 80% of the power to be procured from renewable energy sources, through a mix of GDAM and FDRE, and 20% from thermal generating stations. The FDRE component is proposed to increase as sales increases, and about 50% of the power procured from FDRE is proposed to be procured within Haryana. As it is not realistically possible to sell power by FY 2026-27, considering the timelines for issuance of the Distribution Licence and development of the distribution infrastructure, the power procurement has been considered from FY 2027-28 to FY 2030-31. The Petitioner has proposed to procure a large quantum of power from short-term sources during the initial years, phasing progressively towards medium and long term power purchase based on the projected demand, with thermal power procurement for base load requirements. The cost of GDAM power has been considered at Rs. 3.80/kWh (ex-bus) (for FY 2025-26) with a CUF of 30% and an escalation of 3% per annum considering the historical GDAM rates, procurement from FDRE sources at Rs. 4.40/kWh (ex-bus) with a CUF of 40% considering the latest tariffs determined based on the recent TBCB outcomes, and thermal power at Rs. 5.00/kWh (ex-bus) for FY 2026-27 escalated at the rate of 3% per annum. The estimated power purchase quantum and cost have been submitted as under:-

Sr. No	Category	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
A	**Power Procurement mix**				
1	Thermal	20%	20%	20%	20%
2	FDRE	80%	80%	80%	80%
2.1	GDAM	25%	15%	10%	5%
2.2	PPA	75%	85%	90%	95%
B	**Power Procurement Rate**				
1	Thermal	5.15	5.30	5.46	5.63
2	FDRE				
2.1	GDAM	4.03	4.15	4.28	4.41
2.2	PPA	4.40	4.40	4.40	4.40
C	**Power Procurement Quantum**				
1	Total MU required at State Periphery (MU)	609.98	1213.61	2018.72	3008.55
2	Thermal	122.00	242.72	403.74	601.71
3	FDRE	487.99	970.89	1614.98	2406.84
3.1	GDAM	122.00	145.63	161.50	120.34
3.2	PPA (Outside State)	183.00	412.63	726.74	1143.25
3.2	PPA (Within State)	183.00	412.63	726.74	1143.25
D	**Power Procurement Cost in Rs. Crore**				
1	Thermal	62.83	128.75	220.59	338.62
2	FDRE				
2.1	GDAM	49.18	60.47	69.07	53.01
2.2	PPA	161.04	363.11	639.53	1006.06
	Total	**273.05**	**552.34**	**929.19**	**1397.69**

In addition, for the purpose of determining the ARR, the Petitioner has considered its share of Inter-State Transmission Charges (in Rs./MW/month) as per the prevalent values and Intra-State Transmission Charges (in Rs/kWh) as approved by the Commission for FY 2026-27, along with appropriate escalation rates, and has projected the transmission charges as under:-

Transmission Charges (Inter-State and Intra-State)

Particular	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Interstate transmission charges in Rs. Crore/MW/mon	0.0393	0.0405	0.0417	0.0430
Requirement in MW (100%)	16.38	32.60	54.22	80.81
Requirement in MW (50%)	49.32	86.59	134.43	186.03
Interstate transmission charges in Rs. Crore/annum	31.00	57.92	94.44	137.58
Intrastate transmission charges in Rs/unit	0.35	0.36	0.37	0.38
MU required at State periphery	594.40	1,184.37	1,971.56	2,940.47
Intrastate transmission charges in Rs Crore	20.82	42.72	73.25	112.52
Total Transmission charges in Rs. Crore	**51.82**	**100.65**	**167.68**	**250.11**

39.5.1. The Petitioner has submitted that execution of long-term Power Purchase Agreements is not, and cannot be, a statutory precondition to grant of the Licence, as a non-licenced entity cannot participate in or initiate competitive bidding processes under Section 63 of the Electricity Act, 2003, nor execute long-term Power Purchase Agreements for a licenced business it has not yet been authorised to operate. Power procurement by a Distribution Licensee being undertaken through competitive bidding under the frameworks notified under Section 63 of the EA, 2003 cannot be initiated before the Licence is granted. Power procurement in the initial years shall depend on the willingness of consumers to shift to the Petitioner's network, and predicting long-term or medium-term procurement during the initial years may not be feasible. The detailed procurement plan shall therefore be finalised once the consumers shifting to the Petitioner's network, and their load and consumption profiles, are known, enabling optimal contracting and scheduling. In the interim, 20% of the energy requirement shall be tied up from thermal generation and the remaining 80% shall be procured from FDRE and GDAM for Green Energy procurement.

The Petitioner has further submitted that FDRE is proposed to be procured in accordance with the applicable bidding framework issued by the Ministry of Power, the energy scheduled from FDRE being firm source even though it is drawn from RE generating plants, and that such procurement is fundamentally different from procurement through GDAM, which is proposed only to meet balancing and residual requirements. The Respondent's reliance on GDAM bid-clearing statistics is therefore misplaced, since the proposal is not founded upon exclusive dependence on the day-ahead market, and the divergence between bid and cleared volumes merely reflects price discovery at a particular point of time and does not establish any structural inadequacy or unavailability of power. It is precisely to insulate supply from such variability that the portfolio is anchored in FDRE with a 20% thermal tie-up and Battery Energy Storage Systems, the detailed parameters of the BESS configuration, like all procurement, falling for approval before the Commission under Section 86(1)(b) at the appropriate stage.

The Petitioner has further submitted that the licensing enquiry under Sections 14 and 15 examines the applicant's eligibility against the conditions prescribed, and the grant of licence confers the authorisation to undertake distribution activity, whereas matters relating to power procurement approval, transmission connectivity, General Network Access, scheduling, balancing arrangements and detailed system studies are thereafter implemented in accordance with the applicable statutory and regulatory framework under the continuing supervision of the Commission.

In its submissions on the Committee Report, the Petitioner has submitted that finalisation and execution of Power Purchase Agreements is, by its nature, a matter that follows the grant of licence, and that Condition A7 of Schedule A of the Committee Report, requiring submission of finalised Power Purchase Agreements for tariff adoption or approval prior to commencement of power flow, appropriately reflects the correct regulatory sequence. Mandating executed long-term Power Purchase Agreements or identified generating stations at the application stage would require the Applicant to incur idle-capacity charges and commitment fees before it has secured legal authority to supply, to the ultimate detriment of consumer tariffs. On the objection that State thermal capacity stands tied up with the State's designated procurer, the Petitioner has submitted that its proposed 20% base-load thermal capacity will be competitively procured through inter-State generators, power traders or the DEEP portal under open-access regulations, without laying claim to the existing long-term State Power Purchase Agreements, and that the balance of its portfolio, being FDRE supplemented by a tapering, temporary reliance on GDAM pending commissioning of firm renewable capacity, is structured to ensure round-the-clock reliability without compromising grid stability.

39.5.2. Per-contra, the respondents have submitted that the Petitioner's proposed power procurement framework raises concerns regarding long-term resource adequacy and reliability of supply, as approximately 80% of the proposed power requirement is intended to be met through renewable energy sources, primarily through FDRE arrangements and procurement from GDAM, with the balance being sourced from conventional generation. Procurement through GDAM, being a day-ahead market mechanism, inherently depends upon market availability and short-term scheduling decisions and cannot be equated with firm long-term contracted capacity available to a distribution licensee for meeting its statutory supply obligations, while the proposed reliance on FDRE-based procurement assumes availability of resources and transmission access arrangements that have not been demonstrated with sufficient certainty. The Petition does not adequately explain the manner in which peak demand requirements, seasonal variations, scheduling risks, balancing requirements, transmission constraints, generator outages and other contingencies would be addressed, which assumes significance as the proposed licence

area comprises one of the largest industrial and commercial load centres in the State with substantial reliability requirements.

The Respondents have further submitted that, under Section 86(1)(b) of the Electricity Act, 2003, the Commission is entrusted with regulating the electricity purchase and procurement process of distribution licensees, including the price at which electricity is procured, and that this jurisdiction extends to the price, quantum, source and contractual structure of electricity purchased by a distribution licensee. This function is central to tariff stability, consumer protection, long-term resource planning and financial sustainability of the distribution sector and cannot be viewed in isolation at the stage of grant of a parallel distribution licence. The entry of a new distribution licensee directly affects demand projections, power procurement planning, stranded capacity, fixed cost recovery, cross-subsidy balancing and tariff, and the Commission must therefore examine the impact of the Petitioner's entry on DHBVNL's existing power purchase commitments and on the broader procurement ecosystem within the State before considering grant. By adopting a procurement strategy based almost entirely on short-term purchases, where prices are determined by market forces rather than regulatory oversight, the Petitioner effectively removes the Commission's ability to regulate the price of power under Section 86(b), and its model of short-term procurement, reliance on DHBVNL's network, absence of long-term PPAs and lack of an area-wide distribution system resembles an electricity trading model and not a distribution licence model, warranting rejection of the application.

On the Committee Report, the Respondents have submitted that the entire power procurement plan relied upon by the Committee, including the projected 80% renewable and 20% thermal mix, the FDRE and GDAM price assumptions and the projected tapering of market-exposed purchases, proceeds on the Petitioner's own unverified projections; that no thermal generating station has been identified despite thermal capacity being relied upon as base-load, dispatchable capacity; and that deferring verification of the availability and cost of power to subsequent tariff proceedings reduces the exercise of determining capital adequacy to a mere formality. HVPNL has specifically submitted that the entire thermal power capacity in the State of Haryana stands already tied up under long-term Power Purchase Agreements between existing thermal generating stations and the State's designated procurer, so that it is unclear from which generating station the Petitioner proposes to source the 20% thermal component of its portfolio, and that the Petitioner ought, at the least, to have shortlisted or named a source or placed a concrete proposal on record.

39.5.3. The Intervenors/objectors have contended that the Petitioner as on the date of the petition does not have any power purchase agreements and that, in testing its operational

capability, the Commission may ask the licence-seeker company about the power procurement agreements.

39.5.4. The Commission has also perused the findings and recommendations of the Expert Committee constituted to examine the issue. The Commission observes that the Committee has examined the Applicant's procurement plan against Section 62(1)(a), Section 63 and Section 86(1)(b) of the Electricity Act, 2003, the National Tariff Policy, 2016, the HERC (Framework for Resource Adequacy) Regulations, 2024, the HERC (GEOA) Regulations, 2023, the HERC MYT Regulations, 2024 and the HERC Renewable Energy, RPO and REC Regulations, 2025, and has observed that neither the Electricity Act, 2003 nor the applicable Licensing Rules mandates the execution of firm, long-term Power Purchase Agreements prior to the grant of a distribution licence. The Committee has found appropriate the Applicant's proposed timeline targeting initiation of medium- and long-term procurement within one month from the date of grant of licence, with tariff adoption within four months from that date, framed with reference to the Guidelines for Tariff Based Competitive Bidding Process for Procurement of Firm and Dispatchable Power from Grid Connected Renewable Energy Power Projects with Energy Storage Systems issued by the Ministry of Power in June 2023.

On the objection that grant of licence would strand the Incumbent's committed capacity and cause fixed-cost under-recovery rising from Rs. 121.69 Crore in FY 2027-28 to Rs. 604.34 Crore by FY 2030-31, the Committee has found that the objection conflates two distinct components of the Applicant's projected sales, as stranding can arise only from the switched-over component of existing DHBVNL consumers, projected at 2.5% of the previous year's licence-area sales in FY 2027-28 rising to 4.0% by FY 2030-31, while the larger component is the Applicant's share of incremental new demand, for which DHBVNL has not yet contracted firm capacity. The magnitudes are modest and gradual, the Applicant's entire sales reaching only 3.75% of licence-area sales in FY 2027-28 and 15.21% by FY 2030-31 (of the order of 0.75% rising to about 3% of State-level sales), while the Incumbent itself met approximately 10% of its power purchase requirement through short-term purchases in FY 2024-25, so that energy freed up by migration first displaces the Incumbent's own discretionary short-term purchases before it can touch committed capacity charges. The Committee has further observed that the Sixth Proviso to Section 14 precludes refusal of a parallel licence on the ground that a licensee already exists in the area, the commercial consequences of migration being addressed in the tariff jurisdiction through prudence review, true-up and appropriate treatment of demonstrated stranded costs in the Incumbent's ARR proceedings, and that the methodology underlying the Rs. 121.69 to 604.34 Crore estimate has not been placed before it in verifiable detail,

although the Incumbent's planning concern is legitimate in principle and warrants sharing of migration-volume data with DHBVNL/HPPC through the Migration Protocol.

On market risk and resource adequacy, the Committee has found that the portfolio is 20% thermal base-load throughout, that the renewable component is predominantly FDRE contracted under the Ministry of Power's June 2023 FDRE Guidelines, and that the plan does not rest the Universal Service Obligation on GDAM alone, using it instead as a bridge while consumer migration is verified and long-term capacity is competitively contracted. Shortfalls in the realised availability of contracted FDRE capacity would be bridged through market purchases at prevailing prices, with shortfall compensation under the FDRE PPAs partially offsetting the cost and the net variance subject to the Commission's prudence review. On the objection that market-based or short-term procurement bypasses the Commission's jurisdiction under Section 86(1)(b), the Committee has found that procurement through short-term competitive bids or power exchanges does not oust the Commission's jurisdiction, as the power purchase cost is accepted in the ARR only upon prudence check at truing-up, every arrangement and PPA is expressly proposed to be submitted for the Commission's approval, tariffs discovered through Section 63 come before the Commission for adoption, and short-term procurement is governed by Regulation 62 of the MYT Regulations, 2024 and the transparency requirements thereunder, so that every procurement decision falls within one of the Commission's approval, adoption or prudence gates and the objection fails.

The Committee has recommended that the Commission recognise that execution of long-term Power Purchase Agreements is not a statutory prerequisite for grant of a distribution licence, such arrangements being lawfully finalised after grant under the Commission's approval; that the stranded-capacity objection does not constitute a ground for refusal, stranding being capable of arising only from the modest, gradual switched-over component of sales and falling within the Commission's continuing tariff jurisdiction; and that the objection under Section 86(1)(b) fails, subject to the recommended licence conditions and the Commission's continuing regulatory oversight.

39.5.5. **Commission’s Analysis and decision:-**

In order to examine the issue framed above, the Commission has perused the provisions of Sections 62(1)(a), 63 and 86(1)(b) of the Electricity Act, 2003.

Section 62(1)(a) of the Electricity Act, 2003 provides as under:-

“62. Determinaiton of Tariff: (1) The Appropriate Commission shall determine the tariff in accordance with provisions of this Act for –

(a) supply of electricity by a generating company to a distribution licensee:

……..”

Section 63 of the Electricity Act, 2003 provides as under:-

"63. Determination of tariff by bidding process: Notwithstanding anything contained in section 62, the Appropriate Commission shall adopt the tariff if such tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government."

Section 86(1)(b) of the Electricity Act, 2003 provides as under:-

"Section 86. (Functions of State Commission): (1) The State Commission shall discharge the following functions, namely: -

(b) ***regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured*** *from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;*

…"

(Emphasis supplied)

The Commission has evaluated the statutory framework to determine whether execution of long-term Power Purchase Agreements (PPAs) is required prior to the grant of a Distribution Licence. The Commission holds that the execution of long-term PPAs does not constitute a statutory pre-requisite for the grant of a Distribution Licence under the Electricity Act, 2003. The regulatory framework under Sections 62(1)(a), 63 and 86(1)(b) establishes a clear sequence and an unlicenced entity lacks the legal standing to initiate competitive bidding under Central Government guidelines or bind a distribution business to long-term PPAs prior to grant of licence.

As regards the objections relating to the proposed procurement mix and the alleged bypass of regulatory control, the Commission is of the view that the applicant's procurement plan combining 20% thermal base-load, Firm and Dispatchable Renewable Energy (FDRE) under the Ministry of Power's June 2023 Guidelines, and transitional Green Day Ahead Market (GDAM) drawals appears to be a is consistent with the statutory framework, subject to approval under Section 86(1)(b). Furthermore, temporary reliance on short-term or exchange power does not bypass regulatory control under Section 86(1)(b), as all Power Purchase Agreements under Section 62 as well as Section 63 of EA, 2003 shall be subject to prior approval of the Commission.

As regards the objection relating to stranding of the incumbent's capacity, under the Sixth Proviso to Section 14 of the Electricity Act, 2003, the presence of an incumbent licensee (DHBVNL) or potential capacity stranding is not a valid ground to reject a parallel licence. Migrating consumer demand (projected at 2.5% of licence-area sales in FY 2027-28, rising to 4.0% by FY 2030-31) initially displaces the incumbent's discretionary short-term market purchases rather than its committed long-term capacity. Commercial adjustments

for stranded fixed costs fall strictly within tariff jurisdiction, viz. the annual ARR truing-up and prudence reviews, rather than licensing inquiries.

The Commission further observes that the Petitioner, as part of its proposed 'Green Gurugram and Nuh' initiative, has considered procuring 80% of its power requirement from Renewable Energy (RE) sources backed with BESS, and supports this initiative of the Applicant to supply most of the Green Power in the proposed licence area. For achieving this objective of supplying 80% Renewable Energy, the Petitioner can either source power through FDRE or procure Renewable Energy power and install Battery Energy Storage Systems (BESS) within its Licence Area. In this regard, the recovery of capital expenditure incurred by the Applicant for setting up BESS in the Licence area shall be appropriately considered by the Commission at the relevant time, subject to a detailed analysis of the cost and benefits of such a proposal.

In view of the above, the Commission holds that execution of long-term Power Purchase Agreements does not constitute a statutory pre-requisite for grant of a Distribution Licence and PPAs can be executed post grant of licence.

39.6. **Whether a well-defined Consumer Migration Framework containing outstanding dues of the consumers, treatment of defaulters, unrecovered FSA, metering, switch over of consumers on independent feeder, supplier of the last resort etc., in supersession/relaxation of HERC (Electricity Supply Code) Regulations, is a condition precedent for, the grant of a parallel licence?**

The Commission has examined the aforesaid issue at length. The Commission observes that the Petitioner has submitted the detailed plan on operational modalities and a detailed Migration Protocol governing the changeover/switchover of consumers. The Petitioner has also suggested that the Migration Protocol shall be read harmoniously with the Operational Modalities. The Petitioner has also undertaken to implement and strictly comply with the HERC Supply Code and HERC Standards of Performance Regulations, and any specific operational protocols or Practice Directions formulated by the Commission regarding the migration or switchover of consumers in a parallel licensing landscape.

39.6.1. The Commission has considered the submissions made by the Petitioner that as an eligibility condition for a new connection under the Operational Modalities, where arrears are outstanding in respect of a premises, the connection by other Licensee shall be released only upon clearance of such premises-linked arrears or production of a No Dues Certificate, in accordance with the HERC Supply Code, and that a consumer whose supply stands disconnected by the Existing Discom for payment default shall not be granted a fresh connection at the same premises so as to circumvent such disconnection,

until the dues giving rise thereto are cleared, save where the demand or disconnection has been stayed by a competent forum.

The Petitioner has further submitted that a consumer is eligible for Switchover only if no case of theft, malpractice or unauthorised use is pending and the consumer's supply is not under disconnection for payment default (subject to the same stay exception), and that no consumer having undisputed outstanding dues payable to the Current Distribution Licensee shall be entitled to complete the Switchover unless such dues are cleared or otherwise secured in accordance with law.

The Petitioner has defined the arrears clearing mechanism wherein the Current Distribution Licensee to notify the consumer and the Prospective Distribution Licensee of any arrears or security deposit shortfalls within 3 working days of receiving the application copy. If no arrears or security deposit is due from consumer, the Current Distribution Licensee to issue the No Dues Certificate within 3 working days. If any dues are outstanding, the consumer to pay all dues within 5 working days of notification. No consumer having undisputed outstanding dues payable to the Current Distribution Licensee to be entitled to complete the Switchover unless such dues are cleared or otherwise secured in accordance with law. No consumer who has been disconnected by the Current Distribution Licensee for payment default be allowed to Switch-over to Prospective Distribution Licensee without clearing its dues. Upon payment, the Current Distribution Licensee to issue a provisional 'no dues' certificate to both the consumer and the Prospective Distribution Licensee within 3 working days of payment. If the Current Distribution Licensee fails to communicate any arrears, security deposit adjustment, pending obligations or any other lawful impediment within the prescribed period, the Switchover Application be deemed cleared for further processing by the Prospective Distribution Licensee, without prejudice to the Current Distribution Licensee's right to recover lawful dues in accordance with law. If the Current Distribution Licensee fails to communicate any arrears, security deposit adjustment, pending obligations or any other lawful impediment within the prescribed period, the Switchover Application be deemed cleared for further processing by the Prospective Distribution Licensee, without prejudice to the Current Distribution Licensee's right to recover lawful dues in accordance with law. The Prospective Distribution Licensee to issue a demand notice to the consumer and take security deposit in line with the procedure as per the HERC Supply Code Regulations. Once consumer pays the initial charges, the Prospective Distribution Licensee to intimate a suitable day & time, when staff will go for energise the premise and install the meter. Same date and time also to be intimated to the Current Distribution Licensee for joint meter reading of the old meter for preparation of final bill of the existing connection. Service cable, meter installation, testing and energisation to be carried out in accordance

with the applicable provisions of the HERC Supply Code and Standards of Performance Regulations. In the event the Current Distribution Licensee fails to remain present despite prior intimation, the Prospective Distribution Licensee may undertake meter reading in the presence of the consumer and communicate the same electronically to the Current Distribution Licensee for preparation of the final bill. The Current Distribution Licensee to prepare the final bill accordingly and adjust the same from the consumer's existing security deposit and refund the rest (if any) within the timelines prescribed under the HERC Supply Code, HERC Standards of Performance Regulations or any other applicable regulation. Neither Distribution Licensee to impose any condition, procedural requirement or technical restriction that has the effect of unreasonably delaying, obstructing or discouraging a consumer from exercising the option of Switchover. The Switchover process to be undertaken in a manner that ensures consumer safety, continuity of electricity supply and avoidance of simultaneous energisation from more than one distribution system. The Switchover to be completed within the timelines specified for a new connection of the relevant category under the HERC Supply Code Regulations, including any additional period permitted thereunder where laying or augmentation of LT/HT lines or other network works is involved, and save for delays attributable to the consumer or to non-clearance of dues.

As regards the Metering Arrangements, the Petitioner has submitted that under the Operational Modalities, LT connections shall have single/three-phase meters with MDI facility and all HT connections shall have three-phase meters capable of recording all types of energy with MDI facility. Further all meters shall conform to the Central Electricity Authority (Installation and Operation of Meters) Regulations, 2006 as amended from time to time. The Petitioner also submitted that they shall adopt smart/pre-paid/TOD meters with the Commission's approval, and that metering arrangement for consumers on independent feeder shall be as per provision in the Haryana Electricity Regulatory Commission (Duty to supply electricity on request, Power to recover expenditure incurred in providing supply & Power to require security) Regulations, 2005 as amended from time to time.

The Petitioner has submitted the following assumption for the share of existing DHBVN consumers switching over to the Eleven Power network:

Particulars	**FY 2027-28**	**FY 2028-29**	**FY 2029-30**	**FY 2030-31**
Eleven Power's share in new sales (%)	25%	30%	35%	40%
Sales assumed to switch over to Eleven Power Network from DHBVN area (%)	2.50%	3.00%	3.50%	4.00%

On the deferred FSA, the Petitioner submitted that the figure relied upon is a DHBVN-wide unrecovered amount as on 31 March 2025, not an amount specific to the Gurugram

and Nuh consumers. On the sales and recovery mechanism approved by the Commission, the exposure attributable to the licence area, and to the load that actually migrates, is negligible since the sales is proposed only from FY 2027-28 and considering the assumption that only 2.5% of the existing consumers are expected to migrate to the network of the Petitioner.

As regards the comments on security deposits, outstanding arrears, metering arrangements, consumers grievance redressal, network access arrangements, the Petitioner submitted that the same shall be complied to in line with the relevant provisions of the Haryana Electricity Regulatory Commission (Electricity Supply Code) Regulations, 2014, read along with its subsequent amendments, Haryana Electricity Regulatory Commission (Standards of Performance of Distribution Licensees and Determination of Compensation) Regulations, 2020, and the documents submitted before the Commission on the Supply & Operational Modalities and Migration Protocol. As regards the comment on the Continuity of Supply and Supplier of Last Resort issues, the Petitioner submitted that these may form part of the Licence Conditions imposed on Grant of Licence and the applicable Licensing Regulations, not preconditions to consideration of the application.

39.6.2. Per-contra, the Respondents have submitted that the effective implementation of a parallel licensing framework necessarily requires a comprehensive, well-defined and notified regulatory framework governing consumer migration and changeover between distribution licensees, and that no such framework is presently in force in the State of Haryana. In the absence of such a framework, the Petitioner's projections regarding consumer acquisition, sales volume, revenue realisation and business viability are entirely speculative and cannot be treated as a credible business plan, since the entire financial model of the Petition is premised on consumer migration assumptions contingent upon a plan that is yet to be established. The grant of a licence without such a framework would leave consumers unprotected and expose the existing licensee to unpredictable and unmitigated financial risk, and the framing of a comprehensive Consumer Migration Framework should be a condition precedent to grant of the licence.

The Respondent submitted that the Petitioner may be directed to place on record a comprehensive consumer migration protocol clearly governing the manner, eligibility, sequencing and conditions for migration of consumers between the incumbent distribution licensee and the proposed parallel licensee, addressing, inter alia, consumer eligibility, recovery of existing liabilities, allocation of regulatory obligations, continuity of supply, metering arrangements, consumer protection, and measures to prevent selective migration of high-value consumers. The Respondent has also submitted that the Applicant should be required to demonstrate that its consumer acquisition strategy and network

rollout will not result in a disproportionate concentration of high-revenue consumers, so as not to undermine the existing tariff architecture and cross-subsidy framework.

The Respondent also submitted that the migration protocol should further provide that, until the Petitioner has established and commissioned its distribution network across the entirety of the licenced area and demonstrated its ability to independently discharge the Universal Service Obligation attached to the licence, consumers presently availing supply through dedicated or independent feeders, including feeders established through self-execution, deposit works or consumer-funded infrastructure, may not be permitted to migrate until its own distribution system is fully developed and operational. The Respondent has also submitted that such consumers predominantly comprise high-load, high-revenue categories, and that premature migration would facilitate selective acquisition of remunerative consumers without the corresponding obligation of network-wide service, undermining both the Universal Service Obligation and the existing cross-subsidy and consumer-service framework.

The Respondent also submitted that the Petition does not adequately address the regulatory and operational framework that would govern continuity of supply in the event of financial distress, operational failure, power procurement shortfall, licence surrender, licence revocation, insolvency, or any other circumstance resulting in the Petitioner's inability to discharge its obligations as a distribution licensee.

The Respondents submitted that the Committee's recommended safeguards on migration, namely, clearance of undisputed arrears as a condition of migration, security of disputed dues by bank guarantee, and survival of the outgoing licensee's recovery rights, remain contingent upon a Consumer Migration Framework which, on the Committee's own showing, does not yet exist and is to be separately notified after grant of licence, and that a threshold safeguard dependent on a framework yet to be notified cannot substitute for a condition precedent to grant.

The Respondents specifically relied upon the Committee's own finding that a mechanism specific to recovery of cross-subsidy, loss or stranded cost arising from inter-licensee consumer migration presently does not exist under the Act, 2003 or the HERC Regulations, and submitted that this admitted and unresolved regulatory gap, going directly to the financial consequences of migration cannot be treated as capable of correction after the fact through a future ARR and True-Up exercise, and ought instead to be resolved, with an enforceable mechanism put in place, as a condition precedent to grant.

39.6.3. The Intervenors/objectors have contended that Haryana presently lacks a comprehensive regulatory framework governing migration of consumers between parallel distribution licensees, and that critical issues remain unresolved in this regard, namely, security

deposits; outstanding arrears; metering arrangements; supplier of last resort obligations; consumer grievance redressal; network access arrangements; and insolvency or exit of a private licensee. It is submitted that no parallel licence should be granted until such framework is formulated and notified.

39.6.4. The Commission has also perused the findings and recommendations of the Expert Committee constituted to examine the issue. The Commission observes that migration cannot be regarded as an incidental by-product of the parallel licensing framework contemplated under the Electricity Act, 2003; rather, it constitutes an intended and operative consequence of such framework. In the absence of a consumer's ability to migrate from one licensee to another, the very coexistence of two licensees within the same area of supply would be rendered merely formal and devoid of substantive effect.The Committee has further observed that migration procedures, security deposits, metering, billing, continuity of supply and grievance redressal are matters of continuing regulation, capable of comprehensive treatment through a Consumer Migration Framework, licence conditions and the Commission's supervisory jurisdiction and the absence of such a framework at the date of the petition is not a bar to grant of licence. The Committee has also proposed changes and amendment in the Haryana Supply Code, 2014, the Standards of Performance Regulations, 2020 and the Electricity (Rights of Consumers) Rules, 2020. The Committee has also suggested the MERC bill-and-remit mechanism, under which the new licensee shows the outstanding amount separately in its own bill and remits collections to the outgoing licensee, preferable to leaving the outgoing licensee to pursue an ex-consumer with whom it has no subsisting billing relationship, and recommends its adoption. The Committee has further analyzed that for a migrated consumer neither Section 42(2) nor Section 42(4) of the Act applies and that there is a regulatory lacuna as to recovery of cross-subsidy contribution, stranded fixed cost and unrecovered FSA, which is a consequence of the statutory scheme Parliament enacted and this gap is capable of being addressed in the ARR and True-Up exercise once the parallel licence is operationalised. The Committee has also suggested that disconnection by the outgoing licensee should take effect only upon successful energisation by the incoming licensee, so that the consumer suffers no interruption, with an express prohibition on simultaneous energisation from more than one distribution system. As regards the migration of consumers supplied through dedicated or independent feeders, the Committee finds that there is no legal foundation for the embargo sought by DHBVNL restraining such consumers from migrating until the Petitioner's network covers the entirety of the licence area and that cherry-picking has to be enforced by regulating connection charges and imposing enforceable rollout and coverage obligations, and not by refusing the licence or prohibiting migration. The

Committee has recommended implementation of a well-defined Consumer Migration Framework, addressing outstanding dues, the treatment of defaulters, unrecovered FSA, metering and the switch-over of consumers including those on independent or dedicated feeders, is not a condition precedent for grant of the parallel licence, such a framework being capable of finalisation and notification by the Commission after grant of licence. The Committee has also proposed that the framework governing consumer migration needs to be developed considering the applicant's migration protocol, the MERC protocol and comparative regulatory practice, the objections of DHBVNL and the intervenors concerning outstanding dues, defaulters, unrecovered FSA, metering, independent-feeder consumers and cherry-picking.

39.6.5. **Commission's Analysis and decision:-**

The Commission has carefully examined the statutory provisions, judicial pronouncements, and the report of the Committee.

The Commission holds that the pre-existence or notification of a comprehensive Consumer Migration Framework is not a statutory condition precedent for the grant of a Parallel Distribution Licence under Sections 14 and 15 of the Electricity Act, 2003. Consumer migration is the intended operative consequence of parallel distribution under the Sixth Proviso to Section 14; making a parallel licence contingent upon a pre-notified migration protocol would create an impermissible regulatory barrier and frustrate the legislative intent of consumer choice.

The regulatory sequence dictates that operational modalities, arrears-handling, metering protocols, and Supplier of Last Resort (SoLR) obligations are matters of post-grant of licence. The Commission approved migration protocol and supply & operational modalities must operate in subordination to the HERC (Electricity Supply Code) Regulations, 2014, the HERC Standards of Performance Regulations, 2020, and the Electricity (Rights of Consumers) Rules, 2020.

Regarding the concerns raised by the Respondents and Intervenors regarding unpaid bills, the Commission holds that arrears are attached to the premises as well as to the consumer. Consumers facing payment defaults, theft investigations, or unauthorized use proceedings are barred from migrating unless the demand or proceeding is stayed by a competent court, CGRF, or Ombudsman. Undisputed arrears must be cleared or secured (e.g., via bank guarantee) prior to switchover. Where an outgoing licensee fails to communicate arrears within the verification window, the application moves forward, but underlying consumer liabilities survive, remain a first charge on security deposits, and do not transfer to the incoming licensee. Residual post-migration dues shall be handled via a "bill-and-remit" mechanism.

The Respondents' demand for an embargo on migrating high-load consumers on independent or dedicated feeders until full network completion is rejected. Such an embargo lacks statutory foundation, conflicts with consumer choice under Section 14 of the EA, 2003. Hence, the consumers with dedicated/independent feeders shall be free to migrate subject to compliance with the eligibility criteria for migration. Further, there shall be no restriction on the Petitioner to release new connections in the licence area.

However, in order to ensure a seamless migration of consumers based on an established mechanism and considering the suggestions of all the stakeholders, the Commission considers it appropriate to impose the following regulatory safeguards:-

a) The Licensee shall file a Petition for approval of Migration Protocol for Switch-Over Consumers within 60 days from the grant of Licence and shall strictly comply with the Consumer Migration Framework issued by the Commission, from time to time.

b) Switchovers must be executed against joint or verifiable fallback final meter readings constituting the cut-off point. Disconnection by the outgoing licensee shall take effect only upon successful energization by the incoming licensee, with an absolute prohibition on simultaneous dual-system energization.

c) Both distribution licensees i.e. DHBVNL and Eleven Power shall establish a standing operational interface for data exchange (consumer records, meter data, and migration notices) while adhering to strict confidentiality safeguards.

In view of the above, the Commission concludes that a well-defined Consumer Migration Framework containing outstanding dues of the consumers, treatment of defaulters, unrecovered FSA, metering, switch over of consumers on independent feeder, supplier of the last resort etc., in supersession/relaxation of HERC (Electricity Supply Code) Regulations, is not a condition precedent to the grant of a parallel licence, but is a condition precedent to the actual switch over of consumers.

39.7. **Whether Cross Subsidy and Additional surcharge being levied on open access consumers should be applicable on the migrated consumers and reimbursed to the incumbent licence?**

The Commission has examined this issue in detail. The Commission observes that the issue concerns whether the Additional Surcharge under Section 42(4) of the Electricity Act, 2003, presently levied on open access consumers on account of stranded power under long-term Power Purchase Agreements, can be made applicable to consumers who migrate from the incumbent Distribution Licensee to the proposed parallel distribution licensee, and whether the amount so recovered can be reimbursed to the incumbent licensee.

39.7.1. The Petitioner has submitted that the Respondent's objection on the Petitioner's entry adversely affecting its existing contractual commitments raises questions concerning the regulation of two parallel licensees after grant of licence, and not statutory conditions governing grant under Sections 14 and 15, since Parliament, while introducing parallel distribution licensing, entrusted the Commission with continuing powers over tariff, power procurement, consumer protection, standards of performance and licence conditions and did not expect every commercial consequence of competition to be resolved before a licence issues. The volume of sales that actually migrates is limited, approximately 2.5% based on the assumption of the Petitioner for FY 2027-28, the balance comprising new connections that were never the Respondent's consumers, producing no material tariff shock. The Petitioner has further submitted that, as observed from the power procurement trued-up for FY 2024-25, around 10% of the total power procurement is met through costly short term purchases, and that the shifting of consumers is proposed in a gradual manner in tandem with the development of the distribution infrastructure, so that the allegation of significant reductions in loads/consumers is not in line with the assumptions in the Network Rollout Plan and Business Plan submitted along with the Petition.

In response to the Intervenors, the Petitioner has submitted that a substantial part of the objections does not rest on any failure to meet statutory requirements but on apprehended commercial and operational consequences of competition, namely consumer migration, cross subsidy loss, power procurement stranded costs, revenue implications and consumer interest, which fall within the regulatory domain of the Commission but cannot enlarge the statutory conditions governing grant of licence. The issues related to migration, tariff adjustment, power procurement, FSA/FPPCA, consumer protection and standards of performance (the category within which power procurement stranded costs was raised) are matters for licence conditions and regulatory supervision, and not independent grounds for refusal unless a specific statutory non-compliance is shown.

On the Committee Report, the Petitioner has submitted that any demonstrated stranded cost or cross-subsidy impact is a matter for determination in the incumbent's annual ARR and True-Up proceedings under Sections 61, 62 and 64 of the Electricity Act, 2003 and that any extra-statutory neutralisation surcharge or levy upon switching consumers, outside the framework of Sections 42(2) and 42(4), lacks statutory basis. Table 17.1 of the Report merely notes that State-wide procedures for inter-licensee migration may be periodically refined through separate regulatory proceedings and does not disclose an unbridgeable regulatory gap incapable of resolution within the tariff jurisdiction. The Petitioner has further submitted that subjecting migrating consumers to CSS or Additional Surcharge is legally impermissible and unnecessary, and that imposing these charges on

switch-over consumers would result in double recovery for the licensee and create an unauthorised financial burden on migrating consumers.

39.7.2. Per-contra, the Respondents have submitted that the Cross Subsidy Surcharge under Section 42(2) and the Additional Surcharge under Section 42(4) of the Electricity Act, 2003 are designed for cases where a consumer continues to remain within the consumer base of a distribution licensee but procures electricity from another source through Open Access, and do not contemplate a situation where a consumer ceases to be a consumer of the incumbent licensee altogether and migrates to another distribution licensee operating in the same area. This position stands recognised in the Commission's Order dated 17.06.2020 in HERC/PRO-11 of 2017, wherein it was observed that Cross Subsidy Surcharge is leviable upon an Open Access consumer and not upon a distribution licensee, and that there exists no provision for levy of such surcharge upon another distribution licensee operating within the same area of supply, the same principle equally applying to Additional Surcharge, which is likewise linked to Open Access transactions. Consequently, consumers migrating from DHBVNL to the Petitioner would cease to form part of DHBVNL's consumer base and would no longer be Open Access consumers, and the existing framework provides no mechanism through which DHBVNL may recover the loss of cross-subsidy contribution attributable to such consumers or the stranded costs arising from power procurement commitments and network investments undertaken for serving them.

The Respondents have further submitted that the issue assumes particular significance as the proposed licence area comprises a substantial concentration of industrial, commercial and other high-revenue consumers contributing significantly towards recovery of system costs and support of subsidised consumer categories, whose migration without any compensatory mechanism may result in erosion of the cross-subsidy pool and transfer of the associated financial burden to the remaining consumers of DHBVNL. The Respondents submitted that, as on date, no regulatory framework exists in Haryana governing recovery of stranded costs, loss of cross-subsidy support or allocation of historical liabilities arising from migration of consumers between distribution licensees operating within the same area; and that, before any consideration of the proposed licence, the Commission may examine the requirement of an appropriate regulatory mechanism to address recovery of stranded costs, preservation of cross-subsidy support, allocation of historical liabilities and protection of the remaining consumers of the incumbent, in the absence of which grant may have significant implications for tariff stability, consumer interest and the financial sustainability of the existing distribution framework.

On the Committee Report, the Respondents have submitted that the Committee's finding that capacity planned but not yet contracted can simply be "re-phased" and is not stranded overlooks that capacity planning for a distribution licensee necessarily includes long-term, fixed, base-load capacity tied up through long-term Power Purchase Agreements extending well beyond any short-term window for re-optimisation.

39.7.3. The intervenors/objectors have contended that DHBVNL and the Haryana Power Purchase Centre (HPPC) have entered into long-term power purchase agreements based on the demand of the entire licenced area, and that if high-value consumers migrate, existing contracted power may become surplus, capacity charges will continue to be payable, transmission commitments will remain, and consumers remaining with DHBVNL will bear the stranded costs, creating a significant tariff burden on the public. The Intervenors have separately contended that the diversion of premium industrial and commercial consumers would leave DHBVN with stranded distribution assets, that is, under-utilised infrastructure for which the debt and operation costs will still have to be borne by DHBVN, and that the loss of high-paying consumers will severely impair DHBVN's cross-subsidy pool.

39.7.4. The Commission has also perused the findings and recommendations of the Expert Committee constituted to examine the issue. The Commission has considered the observation made by the Committee that Section 42(2) empowers the Commission to allow Cross-Subsidy Surcharge, in addition to wheeling charges, to meet the current level of cross-subsidy within the licensee's area of supply, and that the Additional Surcharge under Section 42(4) is designed to offset stranded fixed and power-purchase costs, both provisions operating in the context of open access, where a consumer remains a consumer of the distribution licensee but sources electricity from another supplier over the licensee's wires; the central legal question identified by the Committee was whether these provisions extend to a consumer who ceases to be a consumer of the incumbent licensee altogether upon migrating to a parallel licensee operating its own network. The Committee found common ground between the parties that Sections 42(2) and 42(4), on their text and on the Commission's Order dated 17.06.2020 in HERC/PRO-11 of 2017, are framed around open access and do not extend to a consumer's full migration to a parallel distribution licensee, DHBVNL not disputing this description and the Applicant expressly accepting it. The dispute is over the legal and regulatory consequence of that limited scope: DHBVNL submitting that no mechanism presently exists in Haryana for recovery of cross-subsidy loss or stranded cost arising from inter-licensee migration and that one should be devised before grant, while the Applicant submits that Parliament, in enacting the Sixth Proviso to Section 14, deliberately did not extend the Cross-Subsidy

Surcharge or Additional Surcharge to such consumers, a legislative choice which cannot be treated as a lacuna requiring regulatory supplementation as a precondition to grant.

On stranded power under long-term PPAs, the Committee distinguished between stranded assets, being existing network infrastructure that may become temporarily under-utilised following migration, and stranded costs, being continuing financial obligations associated with such assets or existing contractual commitments, and found that temporary under-utilisation does not, by itself, establish permanent stranding. The Committee found force in the Applicant's submission that a marginal demand reduction at the stated switchover level would first displace costlier short-term purchases, approximately 10% of DHBVNL's procurement on the FY 2024-25 true-up, before affecting long-term contracted capacity, whose fixed charges are in any event recovered on availability under the two-part tariff, and found that optimisation of procurement portfolios, review of contracted capacity and resource adequacy planning fall within the Commission's continuing jurisdiction and does not constitute threshold licensing conditions. The Committee further found that the general ARR and tariff true-up mechanism under Sections 61, 62, 63 and 64 remains available to DHBVNL for recovery of actual, prudently incurred costs, but is a retrospective, licensee-wide adjustment process rather than a targeted, migration-linked compensatory charge, its adequacy as a full substitute for a purpose-built mechanism not having been demonstrated by either party; that no mechanism specific to recovery of cross-subsidy loss or stranded cost arising from inter-licensee consumer migration presently exists under HERC's regulations, though this gap is capable of being addressed once the parallel licence is operationalised, considering the migration of consumers and the best practice in other States where parallel licensing has been operationalised; and that the Commission retains power under Section 16 of the Act, and under its general licensing and tariff jurisdiction, to impose specific licence conditions, the issue being capable of detailed examination by the Commission post-operationalisation of the parallel licence, if granted.

39.7.5. **Commission's Analysis and decision:-**

The Commission observes that the regulatory mechanism governing Open Access surcharges and revenue requirement determination is grounded in the Electricity Act, 2003 and the applicable State regulations. Section 42(2) of the Act provides for the levy of a Cross-Subsidy Surcharge (CSS) on open access consumers to meet the current level of cross-subsidy within the licensee's area of supply, and Section 42(4) provides for an Additional Surcharge on wheeling charges to compensate the distribution licensee for stranded fixed costs resulting from open access. The relevant Sections are reproduced as below:

"Section 42. (Duties of distribution licensee and open access): --- (1) It shall be the duty of a distribution licensee to develop and maintain an efficient, co-ordinated and economical distribution system in his area of supply and to supply electricity in accordance with the provisions contained in this Act.

(2) The State Commission shall introduce open access in such phases and subject to such conditions, (including the cross subsidies, and other operational constraints) as may be specified within one year of the appointed date by it and in specifying the extent of open access in successive phases and in determining the charges for wheeling, it shall have due regard to all relevant factors including such cross subsidies, and other operational constraints:

Provided that such open access shall be allowed on payment of a surcharge in addition to the charges for wheeling as may be determined by the State Commission:

Provided further that such surcharge shall be utilised to meet the requirements of current level of cross subsidy within the area of supply of the distribution licensee:

Provided also that such surcharge and cross subsidies shall be progressively reduced in the manner as may be specified by the State Commission:

Provided also that such surcharge shall not be leviable in case open access is provided to a person who has established a captive generating plant for carrying the electricity to the destination of his own use:

Provided also that the State Commission shall, not later than five years from the date of commencement of the Electricity (Amendment) Act, 2003, by regulations, provide such open access to all consumers who require a supply of electricity where the maximum power to be made available at any time exceeds one megawatt.

(3) Where any person, whose premises are situated within the area of supply of a distribution licensee, (not being a local authority engaged in the business of distribution of electricity before the appointed date) requires a supply of electricity from a generating company or any licensee other than such distribution licensee, such person may, by notice, require the distribution licensee for wheeling such electricity in accordance with regulations made by the State Commission and the duties of the distribution licensee with respect to such supply shall be of a common carrier providing non-discriminatory open access.

(4) Where the State Commission permits a consumer or class of consumers to receive supply of electricity from a person other than the distribution licensee of his area of supply, such consumer shall be liable to pay an additional surcharge on the charges of wheeling, as may be specified by the State Commission, to meet the fixed cost of such distribution licensee arising out of his obligation to supply.

…"

The Sixth Proviso to Section 14 governs parallel distribution licensing, permitting multiple licensees in the same area of supply. Regulations 8.3 and 8.3.4 of the HERC MYT Regulations, 2024 prescribe the components of the ARR for the Wires and Retail Supply Businesses, requiring ARR calculations to be net of Non-Tariff Income, Cross-Subsidy Surcharge and Additional Surcharge, and Sections 61 to 64 of the Act outline the principles for tariff determination, annual performance reviews and true-up mechanisms to ensure recovery of prudently incurred costs. The relevant provisions of the MYT Regulations and the Electricity Act, 2003 are reproduced below:

"The Aggregate Revenue Requirement (ARR) of the Distribution Business (wires) to be recovered through wheeling charges of the distribution licensee(s) shall comprise the following: -

(a) Interest on Term Loan

(b) Interest on normative Working Capital

(c) Interest on deposits from distribution system users

(d) Depreciation

(e) Operation & Maintenance Expenses

(f) Return on average (opening + closing) Equity for the relevant year

(g) Provision for bad and doubtful debts as may be admitted by the Commissions subject to the ceiling of 0.5% of the account receivable as per the audited accounts of the relevant year.

Provided that the wheeling charges shall be net of i) Non-Tariff Income, ii) Income from Other Business (ARR – (Non-Tariff Income + Income from Other Business). Non-Tariff Income shall include rent from land/building, sale of scrap, investment income, interest earned on advances to suppliers / contractors, rental income from staff quarter / guest houses, income from schedule of charges, income from supervision charges for capital works, income from sale of tender documents, income from advertisements etc.

Provided also, prior period income / expenses shall be allowed by the Commission at the time of truing-up based on the audited accounts on a case-to-case basis subject to prudence check. However, all penalties payable by the distribution licensee arising from Commission's order, courts / tribunal, CGRF/Ombudsman shall not be allowed to be recovered through ARR.

8.3.1 The method of recovery of the Distribution charges (wires business) shall either be on the basis of energy wheeled basis (Rs. kWh/kVAh) or on the basis of contracted capacity (Rs/kW/kVA/month) as considered appropriate by the Commission.

8.3.2 Distribution Loss (%)/Aggregate Technical & Commercial loss (%) shall be as determined by the Commission in the Order in the MYT petition filed by the power utilities.

Provided that for wheeling transactions, the voltage wise wheeling loss shall be determined by the Commission in the MYT petition filed by the power utilities.

Provided for the above, the voltage wise technical losses shall be projected by the power utilities based on system configuration and capital investment plan.

8.3.3 O&M Expenses (Wires Business) shall comprise of Employees Cost, Repair & Maintenance Expenses (R&M), Administrative & General Expenses (A&G).

Provided that between Distribution (Wires) and Retail Supply Business, the individual components of O&M Expenses shall be allocated, based on the segregated accounts/ allocation statement submitted by the Licensee.

8.3.4 The Aggregate Revenue Requirement of the Retail Supply Business to be recovered through retail supply tariff of the distribution licensee(s) shall comprise the following:

(i) Power Purchase Cost

(ii) Transmission Charges (Inter State & Intra State)

(iii) Interest (Term Loan and normative Working Capital Loan, Consumer Security Deposit)

(iv) Depreciation

(v) Operation & Maintenance Expenses

(vi) Provision for bad and doubtful debt subject to a ceiling of 0.5% of the account receivable as per the latest available audited accounts.

(vii) Return on Equity Capital

Provided that the ARR computed as per above shall be net of Non-Tariff Income, income from Other Business, receipts from cross – subsidy surcharge and additional surcharge etc.

Provided further that the prior period expenses shall be considered at the time of truing – up on a case-to-case basis subject to prudence check. However, all penalties payable by the distribution licensee arising from Commission's order, courts/tribunal, CGRF/ Ombudsman shall not be allowed to be recovered through ARR.

Provided that the Commission shall determine the distribution/AT&C loss trajectory in the annual tariff Order after reviewing the actual historical losses including feeder wise loss levels."

"62. Determination of tariff. — (1) The Appropriate Commission shall determine the tariff in accordance with the provisions of this Act for –

(a) supply of electricity by a generating company to a distribution licensee:

Provided that the Appropriate Commission may, in case of shortage of supply of electricity, fix the minimum and maximum ceiling of tariff for sale or purchase of electricity in pursuance of an agreement, entered into between a generating company and a

licensee or between licensees, for a period not exceeding one year to ensure reasonable prices of electricity;

(b) transmission of electricity;

(c) wheeling of electricity;

(d) retail sale of electricity:

Provided that in case of distribution of electricity in the same area by two or more distribution licensees, the Appropriate Commission may, for promoting competition among distribution licensees, fix only maximum ceiling of tariff for retail sale of electricity.

(2) The Appropriate Commission may require a licensee or a generating company to furnish separate details, as may be specified in respect of generation, transmission and distribution for determination of tariff.

(3) The Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of energy during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.

(4) No tariff or part of any tariff may ordinarily be amended, more frequently than once in any financial year, except in respect of any changes expressly permitted under the terms of any fuel surcharge formula as may be specified.

(5) The Commission may require a licensee or a generating company to comply with such procedures as may be specified for calculating the expected revenues from the tariff and charges which he or it is permitted to recover.

(6) If any licensee or a generating company recovers a price or charge exceeding the tariff determined under this section, the excess amount shall be recoverable by the person who has paid such price or charge along with interest equivalent to the bank rate without prejudice to any other liability incurred by the licensee.”

The Commission’s Order dated 17.06.2020 in HERC/PRO-11 of 2017, concerning the applicability of charges upon the grant of ‘Deemed Licensee’ status to ‘Northern Railways’, considered the issue of Cross-Subsidy Surcharge and Additional Surcharge within a limited and specific context, as Northern Railways was not seeking to supply electricity to the consumers of the parallel licensee. Accordingly, the decision in the said case would not be applicable to the facts and circumstances of the present case, mutatis mutandis.

The Commission notes that the Respondents and Intervenors have raised apprehension that the absence of an inter-licensee compensatory framework threatens DHBVN’s financial sustainability and increases State agricultural subsidy requirements. The Committee also observed that a marginal demand reduction (~2.5%) would first displace

costlier short-term power purchases (which accounted for ~10% of DHBVN's procurement in FY 2024-25) before affecting long-term PPA capacity, that stranded capacity claims must be subjected to strict prudence review by the Commission and that unrecovered prudently incurred costs can be addressed through the general ARR and true-up mechanisms under Sections 61 to 64; and recommended establishing periodic impact assessments on actual migration and prudence reviews of any stranded cost claims post-operationalisation.

In view of the above, the Commission agrees with the views of the Petitioner, Respondents, Intervenors as well as the Committee that the Cross-Subsidy Surcharge and Additional Surcharge under Section 42 of the Electricity Act, 2003 applies exclusively to Open Access transactions.

However, the Commission is conscious of the fact that the incumbent licensee may suffer some loss of Cross-Subsidy Surcharge and Additional Surcharge on account of migration of its HT/LT consumers. Nevertheless, the nature, quantum and manner of applicability of such charges on the migrated consumers, and the consequential reimbursement thereof to the incumbent licensee, are not matters under consideration in the present petition and can be addressed through the general ARR and true-up mechanisms under Sections 61 to 64. The present petition is confined to the issue of grant of licence upon fulfilment of the conditions prescribed under Sections 14 and 15 of the Electricity Act, 2003, read with the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulations, 2004, as amended from time to time, and the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, as amended in November 2022.

Therefore, as part of the licence condition, the licensee shall comply with the orders issued by the Commission, from time to time, including determination of legacy Fuel and Power Purchase Adjustment Surcharge (FPPAS), Cross Subsidy Surcharge and Additional Surcharge to be passed on to the incumbent licensee.

39.8. **Whether financial implications of granting the proposed parallel distribution licence, including its impact on electricity tariffs, Aggregate Revenue Requirement (ARR), cross-subsidy, existing power procurement obligations, stranded costs etc. can be examined at the stage of grant of licence?**

The Commission has examined the aforesaid issue at length. The Commission observes that the Respondents and the Intervenors have raised objections regarding the likely financial consequences of the proposed parallel distribution licence for the incumbent

Distribution Licensee and its consumers, including the impact on tariff, ARR, cross-subsidy, existing power procurement commitments and stranded costs, whereas the Petitioner has contended that such consequences fall within the continuing regulatory jurisdiction of the Commission and do not constitute eligibility conditions for grant of licence.

39.8.1. The Petitioner has submitted that the sixth proviso to Section 14 of the Electricity Act, 2003 permits the Appropriate Commission to grant a licence to two or more persons for distribution of electricity through their own distribution system within the same area, subject to compliance with such additional requirements relating to capital adequacy, credit-worthiness or code of conduct as may be prescribed by the Central Government, and provides that no applicant who complies with all the requirements for grant of licence shall be refused grant of licence on the ground that a licensee already exists in the same area for the same purpose. Rule 3(1) of the Distribution Licence Rules requires the Commission to decide the requirement of capital investment for the distribution network, keeping in view the size of the area of supply and the service obligation under Section 43 of the Act; Rule 3(2) requires the applicant to satisfy the Commission that, on a norm of 30% equity on the cost of investment so determined, the applicant, including its promoters, would be in a position to make available resources for such equity on the basis of net worth and generation of internal resources in the preceding three years, after excluding other committed investments; and Rule 4 requires satisfaction of the Code of Conduct. The Petitioner is accordingly required to satisfy the Commission on (a) minimum area of supply; (b) capital adequacy; (c) creditworthiness; and (d) code of conduct, and the financial scrutiny at the stage of grant of licence under Rule 3(2) is confined to whether the applicant, including its promoters, would be in a position to make available resources for the required equity. The Petitioner has relied on the decision of APTEL in M/s Noida Power Company Ltd. v. Paschimanchal Vidyut Vitran Nigam Ltd., Appeal No. 7 of 2010, decided on 06.04.2011, for the proposition that the enquiry is twofold, namely whether equity resources can be made available and whether external borrowings will be forthcoming, and has submitted that both limbs are satisfied on the basis of the net worth of its holding entity, M/s SAS Fininvest LLP, and the solvency certificates from its bankers. In response to the Respondents and the Intervenors, the Petitioner has submitted that the enquiry before the Commission is defined and limited by Sections 14 and 15 of the Act, the 2005 Rules and the applicable Licensing Regulations, and that a substantial part of the objections does not rest on any failure to meet the statutory requirements but on apprehended commercial and operational consequences of competition, namely consumer migration, cross-subsidy loss, power procurement stranded costs, impact on the rollout plan and revenue implications. These objections repeatedly convert post-grant

regulatory obligations into pre-grant eligibility conditions, whereas the Act distinguishes between eligibility under Sections 14 and 15 read with the 2005 Rules and matters of network rollout, Universal Service Obligation, power procurement, tariff, FSA/FPPCA, standards of performance and consumer protection, which remain subject to the Commission's continuing regulatory jurisdiction. The words "on the ground that there already exists a licensee" in the Sixth Proviso demonstrate that Parliament anticipated objections founded upon the presence of an incumbent licensee and consciously excluded the existence of the incumbent, and the consequences that naturally flow from the entry of a second licensee, as grounds of refusal; the foreseeable commercial consequences of competition cannot therefore be elevated into threshold eligibility conditions.

As regards cross-subsidy, tariff and ARR, the Petitioner has submitted that cross-subsidy is not a vested right of an incumbent licensee but a tariff mechanism periodically fixed by the Commission under the Act and the Tariff Regulations; that FSA is governed by the HERC FSA Regulations; and that recovery of fixed costs, power purchase expenses and revenue gaps is considered in ARR and True Up proceedings, these mechanisms existing precisely because demand, consumer mix and sales are dynamic. The volume of sales that actually migrates is limited, approximately 2.5% based on the assumption of the Petitioner for FY 2027-28, the balance being new connections that were never the incumbent's consumers, producing no material tariff shock, and there is no statutory basis in the Electricity Act, the Tariff Policy or the HERC Regulations for a proposed Cross-Subsidy Neutralisation Fund. As regards existing power purchase obligations and stranded costs, the Petitioner has submitted that the concern is commercial and not unique to parallel licensing, since demand may vary on account of Open Access, captive generation, rooftop solar, energy efficiency or changes in consumer behaviour, and the Act has never insulated a licensee from such risk; any marginal reduction in the incumbent's demand would first displace costly short-term purchases, to the benefit of its remaining consumers, and the fixed charges of contracted generating stations are recovered on availability under the two-part tariff framework, unaffected by scheduling variations, the implications of demand projections for generation capacity being matters for resource adequacy and procurement proceedings under Section 86(1)(b) of the Act. On the deferred FSA, the exposure attributable to switched over consumers is approximately Rs. 17 Crore, since sales are proposed only from FY 2027-28 and only 2.5% of existing consumers are assumed to migrate, which is exceeded by the FSA/FPPA the incumbent will recover from new consumers in the very same year.

The Petitioner has further submitted that every concern raised already finds an answer within the existing framework: consumer migration through the Migration Protocol, Section

43 and the Conditions of Licence; cross-subsidy through tariff determination under Sections 61 and 62 and the Tariff Regulations; FSA through the HERC FSA Regulations; ARR through Multi Year Tariff, ARR and True Up proceedings; power procurement through regulatory approval and periodic review; and Universal Service Obligation through Section 43, and that if the possibility of migration sufficed to refuse a licence, the Sixth Proviso would be incapable of meaningful operation. The Petitioner has relied on the judgment of APTEL in Municipal Corporation of Greater Mumbai (BEST) v. Maharashtra Electricity Regulatory Commission & Ors., Appeal No. 279 of 2017, decided on 11 March 2026, holding that the licensing stage and the operational stages are governed by different provisions of the Act and must not be conflated, and has submitted that Tata Power Company Ltd. vs. Reliance Energy Ltd., relied upon by the Respondents, recognises the shift from a monopoly structure to one of regulated competition, and that none of the authorities relied upon by the Intervenors establishes that consumer migration, cross-subsidy, FSA, power procurement or ARR form threshold barriers to entry, these being regulatory considerations capable of being addressed through licence conditions, rollout milestones, the Migration Protocol, tariff orders, ARR/true-up proceedings and monitoring directions. Grant of a licence marks the commencement of the Commission's continuing jurisdiction over the Petitioner, and the financial implications, including impact on tariffs, ARR, cross-subsidy, existing power procurement obligations and stranded costs, are matters for examination at the appropriate subsequent regulatory stage through Tariff, ARR/True Up, FSA and licence condition proceedings, and do not constitute a bar to grant of licence at the present stage.

On the Committee Report, the Petitioner has submitted that consumer migration and its commercial consequences are an intended outcome of the regulated competition contemplated by the Sixth Proviso, and that its projected market share of 3.75% in Year 1 rising to 15.21% by Year 5 represents a minor fraction of incremental demand growth, allowing the incumbent to re-phase planned capacity additions without incurring stranded generation cost. Any demonstrated stranded cost or cross-subsidy impact is a matter for the incumbent's ARR and True-Up proceedings under Sections 61, 62 and 64 of the Act, and any extra-statutory neutralisation surcharge or levy upon switching consumers, outside the framework of Sections 42(2) and 42(4), lacks statutory basis; The Petitioner has submitted that the public interest in grant is evident from connection applications aggregating approximately 1,600 MW of demand within the proposed area remaining pending with the incumbent as on 01.10.2025, as stated in the Commission's tariff order dated 25.03.2026, a need also voiced by consumers, industry and agricultural users at the public hearing, and that promoting competition is a declared object of the Act, as recognised by the Hon'ble Supreme Court in Jindal Steel and Power Limited v.

Chhattisgarh State Electricity Regulatory Commission [2022 SCC OnLine SC 1319]. The baseline data, being category-wise approved sales, revenue, ABR, ACoS and CSS for the Gurugram and Nuh circles, the area-specific deferred FSA balance and the composition of the procurement portfolio, is to be furnished by DHBVNL and is not within the Petitioner's possession or control; the Committee has not included the baseline among the conditions precedent to commencement of supply in Schedule A at paragraph 18.15, and it ought not to be so treated, the Petitioner undertaking to furnish such data as lies within its own records. The issues relating to ABR, ACoS and CSS fall to be determined in ARR, tariff and true-up proceedings under Sections 61, 62 and 64 of the Act, as found by the Committee at paragraph 13.18(vi) and paragraph 13.20 of the Report.

39.8.2. Per-contra, the Respondents have submitted that the Commission's regulatory jurisdiction under Section 86(1)(b) of the Electricity Act, 2003 extends to every aspect of power procurement, including the price, quantum, source and contractual structure of electricity purchased by a distribution licensee, and cannot be viewed in isolation at the stage of grant of a parallel distribution licence, since the entry of a new distribution licensee directly affects demand projections, power procurement planning, stranded capacity, fixed cost recovery, cross-subsidy balancing and tariff; the Commission must therefore examine, before considering grant, the impact of the Petitioner's entry on the existing power purchase commitments of the incumbent and the procurement ecosystem within the State. The grant of a parallel licence over Gurugram and Nuh Revenue Districts is not a routine licensing exercise and directly affects (a) existing tariff structures; (b) the cross-subsidy framework approved by the Commission; (c) State subsidy requirements; (d) financial sustainability of distribution operations; (e) universal service obligations; and (f) future investments in network modernisation. Satisfaction of capital adequacy, creditworthiness and other statutory prerequisites does not create an automatic entitlement to grant, which remains subject to the Commission's satisfaction that the proposed arrangement is consistent with the objectives of the Act, consumer interest and the larger public interest, and these issues require examination independent of the commercial projections and assumptions presented by the Petitioner. The Respondents have prayed that, prior to any decision, the Commission may consider directing (i) an independent system impact assessment through the transmission licensee; (ii) an independent financial impact assessment on the incumbent Distribution Licensee(s); (iii) an independent tariff impact assessment for existing consumers; (iv) an independent assessment of the impact on the prevailing cross-subsidy framework; and (v) an independent consumer benefit and public interest assessment.

As regards tariff and ARR, the Respondents have submitted that the tariff framework in Haryana is founded upon Sections 61 and 62 of the Act and the National Tariff Policy,

which recognise cross-subsidy, and has evolved on the basis of a balanced consumer mix in which industrial and commercial consumers subsidise domestic and agricultural consumers; the proposed licenced area contains a significant concentration of such high-revenue consumer categories, and their migration would have significant implications for the existing tariff structure, revenue recovery, cross-subsidy support available to domestic consumers, State subsidy requirements and financial sustainability. The Respondents have placed on record the Cross Subsidy Surcharge approved by the Commission for FY 2026-27 and the estimated cross-subsidy for FY 2026-27, as under:-

Cross Subsidy Surcharge approved by HERC for FY 2026-27

Category	CoS (Rs./kWh)	Tariff EC+FC (Rs./kWh)	CSS (Rs./kWh)	CSS Approved (Rs. /kWh)
HT Supply	7.24	8.69	1.45	1.45
LT Supply	7.48	8.66	1.18	1.18

Estimated Cross Subsidy Surcharge for FY 2026-27

Category	Approved Sales for FY 2026-27	Estimated Revenue at ACS	Estimated Revenue at Existing Tariff	Estimated Cross Subsidy	Cross Subsidy
	MU	Rs. Cr.	MU	Rs. Cr.	Rs./kWh
Domestic	12,903	8,972.32	7,806.32	-1,166.00	-0.90
LT Supply	4,430	3,080.47	3,548.43	467.96	1.06
HT Supply	15,043	10,460.40	12,214.92	1,754.52	1.17
Agriculture	6,634	4,613.06	4,001.34	-611.72	-0.92
Bulk Supply	2,424	1,685.57	1,922.23	236.66	0.98
Other Categories	1,187	825.40	712.20	-113.20	-0.95
Total Sales	**42,621**	**29,637**	**30,205.43**		
ARR	**29,637**				
ACS (ARR/Sales)	**6.95**				

The Respondents have submitted that the existing cross-subsidy framework is substantially supported by LT and HT Supply consumers, and that the approved tariff structure and recovery of ARR are based upon the continued participation of these categories within the existing consumer mix, the ARR of one of the Respondents for FY 2026-27 having been placed on record as Rs. 29,637 Crore against total sales of 42,621 MUs, yielding an Average Cost of Supply of Rs. 6.95/kWh. The impact of the "Revenue Cherry Picking" projected by DHBVN has been placed on record as under:-

DHBVN Actual Revenue for FY 2025-26 for Proposed Supply Area

Particulars	Unit Sold (MUs)	Total Revenue incl. FC (Rs. Crore)
Gurugram - 1 Circle	5,581.33	4,235.95
Gurugram - 2 Circle	6,482.84	5,043.71
Nuh Division	711.83	214.09
Total	**12,776.00**	**9,493.75**
Overall DHBVN	**36,265.35**	**22,087.15**
As % of Overall DHBVN	**35.23%**	**42.98%**

The Respondents have submitted that the current sales in the proposed supply area are 12,776.00 MUs for FY 2025-26, with revenue of Rs. 9,493.75 Crore, contributing over

35% of the total sales and over 42% of the total revenue of DHBVN, and that the area picked by the Petitioner is concentrated with high revenue yield areas, any erosion of which is expected to adversely affect DHBVN's revenue. DHBVN has projected the revenue erosion due to switch over of consumers under three scenarios: at 2.5% consumers migrating, a revenue loss of Rs. 424.12 Crore at current ABR on the loss of 558.30 MUs of sales; at 20% consumers migrating, a revenue loss of Rs. 1,898.75 Crore at current ABR on the loss of 2,555.20 MUs of sales; and at 45% consumers migrating, a revenue loss of Rs. 4,272.19 Crore at current ABR on the loss of 5,749.20 MUs of sales. The Respondents have submitted that the Applicant may be required to furnish a detailed consumer migration assessment, including consumer category-wise migration assumptions, category-wise sales and revenue projections, projected market penetration across consumer categories, consumer acquisition strategy and methodology, and assessment of the likely impact on the existing consumer mix of DHBVNL. Reduction in revenue from the principal subsidising categories is likely to adversely impact the cross-subsidy framework and increase the burden on remaining consumers, the estimated impact on Cross Subsidy Surcharge working out to approximately Rs. 0.72/kWh for LT Supply consumers and Rs. 0.09/kWh for HT Supply consumers; further, since a significant portion of fixed costs relating to power procurement, transmission charges, network infrastructure and statutory obligations would remain payable notwithstanding migration, the resulting reduction in sales base may increase the incumbent's ACoS for the remaining consumers, with implications for agricultural consumers and the subsidy requirement of the Government of Haryana. These submissions have been made jointly on behalf of both existing Distribution Licensees, with the same Cross Subsidy Surcharge figures for FY 2026-27 placed on record by both, though only one Respondent has placed independently quantified migration and revenue-loss figures on record.

The Respondents have further submitted that no mechanism exists under the regulatory framework in Haryana for recovery of cross-subsidy support and stranded fixed costs from consumers migrating from the incumbent to a parallel distribution licensee, since Cross Subsidy Surcharge under Section 42(2) and Additional Surcharge under Section 42(4) are designed for consumers who remain within the incumbent's consumer base while procuring electricity through Open Access. Reliance has been placed on the Commission's Order dated 17.06.2020 in HERC/PRO-11 of 2017, wherein it was observed that Cross Subsidy Surcharge is leviable upon an Open Access consumer and not upon a distribution licensee, and that there is no provision for levy of such surcharge upon another distribution licensee operating within the same area, a principle stated to apply equally to Additional Surcharge. Migration of the high-revenue consumers in the

proposed licence area without any compensatory mechanism may result in erosion of the cross-subsidy pool and transfer of the associated burden to the remaining consumers, and the Commission may, before any consideration of the proposed licence, examine the requirement of an appropriate regulatory mechanism governing recovery of stranded costs, loss of cross-subsidy support and allocation of historical liabilities.

As regards existing power procurement commitments, the Respondents have submitted that the Haryana DISCOMs, through the Haryana Power Purchase Centre (HPPC), have entered into long-term Power Purchase Agreements, transmission access commitments, renewable energy procurement obligations, capacity charges and other fixed cost liabilities, a substantial portion of which remain payable irrespective of the quantum of energy scheduled or consumed, on the basis of the projected requirements of the licenced area as a whole. HPGCL, mandated by Government of Haryana Notification dated 11.04.2008 to supply power to Haryana DISCOMs only, has planned its capacity additions on the basis of projected State demand, and Gurugram and Nuh Revenue Districts presently account for approximately 2,793 MW during peak demand periods and approximately 1,801 MW during lean periods, constituting nearly 20% of the present power requirement of the State. Upon migration of high-consumption consumers, the incumbent's sales and revenue base may reduce while its procurement obligations and fixed cost liabilities would continue to remain binding, such that a portion of contracted capacity may become surplus, resulting in stranded power procurement costs and under-recovery of fixed expenses. The Respondents have placed on record a quantified assessment of the impact on the fixed component of the incumbent's power purchase cost, as under:-

Impact on Fixed Component of Power Purchase Cost

Particulars	**UoM**	**FY 2027-28**	**FY 2028-29**	**FY 2029-30**	**FY 2030-31**
Incumbent Licensee's Estimated Sales	MUs	41,095	43,797	46,705	49,838
Eleven Power Estimated Sales	MUs	558	1,114	1,856	2,772
Sales Erosion	%	1.36%	2.54%	3.97%	5.56%
Quantum to be Purchased	MUs	625	1,247	2,079	3,105
Fixed Cost Impact	**Rs. Cr.**	**121.69**	**242.81**	**404.67**	**604.34**
Per unit Impact on Incumbent's Sales	Rs./kWh	0.03	0.06	0.09	0.13

Fixed Cost Base for FY 2025-26

Particulars	**UoM**	**FY 2025-26**
Fixed Cost for FY 2025-26	Rs. Cr.	14,960.61
Purchase Quantum for FY 2025-26	MUs	76,861.76
Fixed Cost Per Unit	Rs./kWh	1.95

On this basis, the Respondents have submitted that sales erosion is projected to increase from approximately 1.36% in FY 2027-28 to approximately 5.56% in FY 2030-31, with a corresponding Fixed Cost Impact rising from approximately Rs. 121.69 Crore in FY 2027-28 to approximately Rs. 604.34 Crore in FY 2030-31 (equivalent to a per-unit impact on

the incumbent's sales of Rs. 0.03/kWh to Rs. 0.13/kWh). The Respondents have further submitted that the Petitioner's stated intention to rely predominantly on short-term power procurement, with prices determined by market forces, effectively removes the Commission's ability to regulate the price of power under Section 86(b), and that this model, combining short-term procurement, reliance on the incumbent's network, absence of long-term PPAs and lack of an area-wide distribution system, resembles an electricity trading model rather than a distribution licence model, warranting rejection of the application. As regards stranded costs, the Respondents have submitted that the burden associated with stranded power procurement commitments would ultimately be borne either by the remaining consumers through future tariff adjustments or through additional fiscal support, and that substantial investments presently being undertaken within the proposed licence area under the Revamped Distribution Sector Scheme (RDSS), Smart City initiatives, underground cabling, smart metering and other system-strengthening schemes may be rendered under-utilised or stranded upon significant migration, warranting detailed examination of their recovery.

On the Committee Report, the Respondents have submitted that the area proposed to be licenced contributes 35.23% of one Respondent's total sales and 42.98% of its total revenue, the revenue from the area being Rs. 9,493.75 Crore for FY 2025-26, and that migration is expected predominantly from high-paying HT and Commercial & Industrial consumers presently paying a positive cross-subsidy of Rs. 1.17/kWh and Rs. 1.06/kWh respectively, the erosion of which would prejudice domestic and agricultural consumers presently receiving a negative cross-subsidy of Rs. 0.90/kWh and Rs. 0.92/kWh. No statutory mechanism exists for recovery of cross-subsidy surcharge or additional surcharge from a consumer migrating to a second distribution licensee under the Sixth Proviso, in contrast with Sections 42(2) and 42(4) for open-access consumers, which is a structural and presently unrecoverable loss rather than a matter capable of correction through ordinary tariff jurisdiction. The Committee discarded, for want of verifiable detail, their estimate of stranded/fixed-cost under-recovery of Rs. 121.69 Crore to Rs. 604.34 Crore without calling upon them to furnish supporting computations, the underlying methodology having now been placed on record, which discloses an asymmetric procedure amounting, on the Respondents' submission, to pre-determination, since the Committee called for documents and clarifications of its own accord to fill lacunae in the Petitioner's case. The Respondents have further submitted that the impact on consumer interest operates at two cumulative levels: consumers migrating to or newly connected by the Petitioner would bear, through its tariff, the entire cost of a duplicate network running parallel to an existing network of equivalent capacity, and the residual consumers of the Respondents would bear a separate stranded-cost or fixed-cost under-recovery burden,

since the fixed costs sunk in the existing network would remain to be recovered through the ARR over a residual base skewed towards lower-paying domestic and agricultural consumers; this impact, not assessed or quantified in the Committee Report, together with the Committee's failure to apply the public-interest principle to its findings on capital adequacy, creditworthiness, cherry-picking, stranded costs, cross-subsidy impact and institutional readiness, renders the present a fit case for the Commission to exercise its discretion against grant of the licence.

39.8.3. The Intervenors/objectors have contended that the Commission is not required to grant a licence merely because an application has been filed and must be satisfied that the grant advances consumer protection, financial sustainability of the electricity sector and equitable distribution of costs among all consumer categories, electricity being an essential public service. The Intervenors have relied on principles stated to have been laid down by APTEL, namely that the State Commission is not bound to grant a licence merely because statutory eligibility conditions are met, must consider public and consumer interest, and may examine whether grant would adversely affect the distribution system or consumers, competition not being an end in itself; on Noida Power Company Ltd. vs. Uttar Pradesh Electricity Regulatory Commission, for the proposition that grant of a parallel licence is discretionary and not automatic; on Tata Power Company Ltd. vs. Maharashtra Electricity Regulatory Commission, wherein concerns regarding migration of high-end, cross-subsidising consumers, selective network laying, cherry-picking and erosion of cross-subsidy were upheld; and on Reliance Infrastructure Ltd. vs. Maharashtra Electricity Regulatory Commission, for the proposition that the Commission is justified in imposing conditions to prevent distortion of the distribution market. The Intervenors have further submitted that cross-subsidy is a recognised statutory mechanism, relying on Sesa Sterlite Ltd. vs. Orissa Electricity Regulatory Commission and Maharashtra Electricity Regulatory Commission v. Reliance Energy Ltd. for the proposition that cross-subsidy surcharge exists to compensate the incumbent for loss of subsidising consumers, and on PTC India Ltd. vs. Central Electricity Regulatory Commission for the proposition that regulatory commissions are custodians of consumer interest and sectoral stability. The Intervenors have requested that DHBVNL, UHBVNL and the Applicant be directed to place on record the district-wise revenue contribution of Gurugram and Nuh, category-wise revenue from industrial, commercial, domestic and agricultural consumers, projected consumer migration over five years, and the impact on cross-subsidy and agricultural subsidy, DHBVN's ARR and revenue requirement and rural electrification obligations, and that an independent technical and financial impact assessment regarding grid security, stranded power purchase liabilities, transmission commitments and tariff impact, and a

comprehensive consumer impact assessment, be undertaken before considering grant of the licence.

39.8.4. The Commission has also perused the findings and recommendations of the Expert Committee constituted to examine the issue. The Commission observes that the Committee framed the principal question as whether projected financial consequences may constitute statutory impediments to grant of licence or are capable of being effectively managed within the existing regulatory framework after grant, and adopted the regulatory perspective that financial consequences arising from lawful competition do not, by themselves, determine eligibility for grant of a distribution licence. Recognising the limitations inherent in forecasting, since the extent of consumer migration, demand growth, tariff evolution and procurement optimisation depend upon future consumer choice, regulatory decisions and market developments, the Committee treated the financial projections and migration scenarios on record as analytical tools for evaluating regulatory preparedness rather than as predictions of future outcomes.

On tariff and ARR, the Committee found that where a parallel licensee serves load previously served by the incumbent, the incumbent's sales reduce while a material part of its costs (network fixed costs, manpower, and fixed and committed power purchase costs under existing PPAs) does not reduce proportionately in the short to medium term, this asymmetry between fixed-cost stickiness and sales erosion being the mechanism through which a parallel licence can affect the incumbent's ARR and retail tariff unless corrected through the surcharge mechanisms or adjustment of the approved cost base; such a temporary mismatch is an inherent feature of transition to a competitive framework, not unique to parallel licensing, and the Commission possesses continuing powers to review ARR, undertake prudence review, revise tariffs and regulate cost recovery under Sections 61 to 65. On cross-subsidy, the Committee accepted that migration of contributing consumers may affect the cross-subsidy pool recoverable through Cross-Subsidy Surcharge under Section 42(2), but found that cross-subsidy is not a vested right of the incumbent licensee but a tariff mechanism periodically redetermined under a statutory mandate of progressive reduction, any consequential variation being addressable through normal tariff determination based upon actual migration and verified financial data. On power procurement, the Committee found that PPAs executed by DHBVNL through HPPC remain DHBVNL's contracts, grant of a parallel licence not transferring, novating or reducing its contracted capacity or fixed/take-or-pay liability, and that optimisation of procurement portfolios, review of contracted capacity and resource adequacy planning fall within the Commission's continuing jurisdiction and are not threshold licensing conditions. On stranded costs, the Committee distinguished stranded assets (existing network temporarily under-utilised following migration) from stranded

costs (continuing financial obligations associated with such assets or contractual commitments), found that temporary under-utilisation does not, by itself, establish permanent stranding, and found that DHBVNL's fixed-cost computation and its stated sunk and planned capital investment need to be examined on the basis of prudence at a subsequent stage of regulatory scrutiny rather than as part of the assessment for grant of licence.

The Committee found that existing power procurement obligations, FSA, outstanding Government subsidy under Section 65, outstanding consumer arrears, stranded costs and other continuing financial commitments require ongoing regulatory supervision and do not, by themselves, constitute statutory impediments to grant, the Act and the HERC Regulations providing adequate powers to address these transitional financial consequences. The Committee accordingly proposed, if the licence is granted, a three-stage transition framework under the Commission's supervision to operate after grant: Stage I, Baseline Assessment, prior to commencement of commercial operations, establishing a verified financial baseline covering consumer profile and category-wise sales, ARR, tariff structure, cross-subsidy position, existing power procurement commitments, deferred FSA (including its area-specific quantum), Government subsidy under Section 65, outstanding consumer arrears and other significant continuing obligations; Stage II, Periodic Regulatory Review, following commencement of operations, covering actual consumer migration, changes in consumer mix and revenue, ARR recovery, tariff and cross-subsidy position, procurement obligations and contracted capacity, utilisation of existing assets, financial performance of both licensees and compliance with Universal Service Obligations; and Stage III, Regulatory Intervention, where supported by verified financial evidence and prudence review, comprising optimisation of procurement portfolios, review of ARR, examination of prudent stranded-cost claims, adjustment of tariff and cross-subsidy trajectories in accordance with law, review of subsidy mechanisms under Section 65, resource adequacy planning and other necessary measures, any intervention being evidence-based, proportionate and undertaken through the Commission's normal statutory processes after hearing affected stakeholders.

The Committee has accordingly recommended that the Commission recognise that the financial implications of granting the proposed parallel distribution licence, including impact on electricity tariffs, ARR, cross-subsidy, existing power procurement obligations and stranded costs, are not to be conclusively examined or resolved at the stage of grant of licence, being transitional and regulatory in nature and not, by themselves, statutory impediments to grant, but are to be examined and addressed through the Commission's continuing regulatory jurisdiction by way of the three-stage transition framework and the

recommended licence conditions following grant. Having examined the statutory and regulatory framework, the financial material and rival computations placed on record by the Applicant and DHBVNL, the Committee concluded that the anticipated financial consequences are transitional, regulatory and manageable within the existing framework, that they need not be, and are not capable of being, conclusively examined at the stage of grant of licence, and that they do not constitute independent grounds for refusing the grant of licence.

39.8.5. **Commission's Analysis and decision:-**

The Commission observes that the statutory scheme under the Electricity Act, 2003 distinguishes between entry conditions for parallel licensing and the continuing regulation of distribution operations. The Sixth Proviso to Section 14 authorises the grant of a distribution licence to two or more persons within the same area of supply over their own distribution system, subject to compliance with the Central Government requirements regarding capital adequacy, creditworthiness and code of conduct, and mandates that no application shall be refused on the ground that a licensee already exists in the same area for the same purpose. Rule 3(1) of the Distribution Licence Rules, 2005 requires the Commission to decide the capital investment requirement considering the area size and service obligations under Section 43, Rule 3(2) prescribes a 30% equity norm on the capital investment based on net worth and internal resource generation over the preceding three years, and Rule 4 requires adherence to the prescribed Code of Conduct. Sections 61 to 65 of the Act provide the framework for tariff determination, performance reviews, ARR approvals, truing-up of actual expenses subject to prudence checks and the progressive reduction of cross-subsidies, and Section 86(1)(b) entrusts the Commission with the ongoing regulation of power procurement of distribution licensees, including prices, quantums, sources and contractual terms. APTEL, in BEST v. MERC (Appeal No. 279 of 2017), affirmed that the licensing and operational stages are statutorily distinct and must not be conflated, pre-grant eligibility being governed by statutory threshold criteria and network rollout, ARR adjustments and operational issues being matters for post-grant regulatory supervision, and, in M/s Noida Power Company Ltd. v. PVVNL (Appeal No. 7 of 2010), held that financial scrutiny at the licensing stage is confined to verifying the availability of equity and external debt for capital investment.

The Commission has considered the Petitioner's submission that Sections 14 and 15 read with the Distribution Licence Rules exhaustively list the entry conditions. The projected sales migration for FY 2027-28 is around 2.5% (558.30 MU) with the remainder representing new load growth, and that any minor demand drop first displaces expensive short-term power purchases and that neither Section 42(2) nor Section 42(4) provides for recovery of cross-subsidy losses or stranded costs from consumers fully migrating

between parallel licensees; and the Committee's opinion that such apprehended financial impacts do not constitute legal impediments or eligibility bars under Sections 14 and 15, that claims of stranded capacity and sunk assets require prudence checks rather than pre-grant assumptions, and that the existing ARR, true-up, tariff determination and Section 86 procurement review powers are sufficient to manage financial transitions post-grant.

Based on the statutory and regulatory provisions, the Commission is of the view that the pre-grant examination under Sections 14 and 15 of the Electricity Act, 2003, read with the Distribution Licence Rules, 2005, is strictly confined to verifying compliance with the threshold statutory requirements of minimum area of supply, capital adequacy, creditworthiness and code of conduct. In alignment with BEST v. MERC, the licensing stage and the operational stage are governed by distinct statutory provisions and must not be conflated. Financial implications, including sales erosion, tariff stability, cross-subsidy rebalancing, power purchase commitments and stranded cost recovery, are dynamic operational consequences of market competition and does not constitute threshold statutory impediments or pre-grant grounds for refusal of licence under the Sixth Proviso to Section 14. The Commission retains complete statutory jurisdiction under Sections 61 to 65 and Section 86(1)(b) of the Act to address all transitional financial consequences post-grant through periodic ARR approvals, true-up proceedings, tariff reviews, prudence checks and power procurement optimisation, and the financial implications of granting a parallel distribution licence, including impacts on tariffs, ARR, cross-subsidy, existing power purchase commitments and stranded costs, cannot be examined as threshold disqualifications or grounds for refusal at the stage of grant of licence.

However, in order to ensure an orderly market transition, safeguard consumer interest and maintain sectoral financial stability post-grant, the Commission directs as under (post-operationalisation directives):-

a) Any claims for stranded cost recovery, tariff adjustments or cross-subsidy recalibrations shall be adjudicated at the time of regular ARR and tariff proceedings considering amongst others actual consumer migration levels, capacity utilisation, network usage, ARR recovery and compliance with Universal Service Obligations.

b) The licensee shall comply with the orders issued by the Commission, from time to time, including determination of legacy Fuel and Power Purchase Adjustment Surcharge (FPPAS), Cross Subsidy Surcharge and Additional Surcharge to be passed on to the incumbent licensee.

In view of the above, the Commission concludes that the financial implications of granting the proposed parallel distribution licence, including its impact on electricity tariffs, Aggregate Revenue Requirement (ARR), cross-subsidy, existing power procurement obligations, stranded costs etc. cannot be examined at the stage of grant of licence. All transitional financial consequences arising from parallel licensing shall be monitored, managed and regulated post-grant of the licence through the Commission's continuing statutory powers.

39.9. **Whether the grant of parallel distribution licence has any impact on distribution system planning, network losses, system reliability and resilience, asset utilisation and future investment requirements of the incumbent Distribution Licensee?**

The Commission observes that the present petition has been filed under Sections 14 and 15 of the Electricity Act, 2003, read with the HERC (Transmission and Distribution Licensing) Regulations, 2004 and the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, as amended in November 2022, and that the Respondents and Intervenors have raised objections regarding the impact of the proposed parallel distribution network on the planning, losses, reliability, asset utilisation and future investments of the incumbent Distribution Licensee and the State Transmission Utility.

39.9.1. The Petitioner has submitted that, based on the existing sales within the proposed area and considering the category-wise sales growth and the assumed consumer migration, it has proposed the phased development of the Network Rollout for the entire proposed Licence Area.

The Petitioner has submitted that, to ensure network reliability and accommodate anticipated load growth, it has planned the deployment of new 33/11 kV Distribution Substations (DSS) over the first five years of operations based on the estimated sales, with transformation capacities shortlisted to meet the demand profiles of the industrial, commercial and residential zones, namely substations configured with a 3 x 12.5 MVA transformation capacity forming the high-density backbone of the network, substations with a 4 x 12.5 MVA capacity to serve energy-intensive commercial and industrial clusters, and substations with a 2 x 12.5 MVA capacity to support emerging growth corridors and residential developments, this tiered approach being stated to guarantee N-1 redundancy, optimal load balancing and a resilient, future-ready distribution grid. As regards network losses, the Petitioner has submitted that, the proposed area being majorly urban with high population density, the distribution losses of urban DISCOMs have been compared to arrive at the loss trajectory, as under:-

Private/Urban DISCOMs	**FY 2024-25**
BRPL	6.63%

BYPL	6.70%
TPDDL	5.50%
Torrent Ahmedabad	3.33%
Torrent Surat	2.81%
NPCL	7.48%
TPC-D	1.02%
AEML	4.79%
BEST	4.64%

Loss Trajectory Considered

Particular	UoM	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Distribution Losses	%	5.80%	5.60%	5.40%	5.20%
Intra-state Transmission Losses	%	1.95%	1.95%	1.95%	1.95%
Inter-state Transmission Losses	%	3.65%	3.65%	3.65%	3.65%

In response to the Respondents and Intervenors, the Petitioner has submitted that the objection regarding duplication of infrastructure proceeds is on an incorrect understanding of a Parallel Distribution Licence, since the Sixth Proviso to Section 14 explicitly mandates that such a licence be granted for distribution of electricity through the applicant's own distribution system, an arrangement contemplated under the Act with the objective of promoting efficiency, consumer choice, investment and improvement in quality and reliability of supply. The Petitioner further submitted that the capital expenditure required to establish its modern 33 kV backbone will be entirely funded by the Petitioner's own equity and debt and serviced exclusively through tariffs approved for its own consumer base, so that public funds already spent on the existing network remain uncompromised. On network losses and reliability, the Petitioner has submitted that its network has been designed on a modern 33 kV distribution backbone with due regard to prevailing technical standards and prudent utility practices to ensure reliability, operational efficiency and reduced technical losses. On system resilience, the Petitioner has submitted that its independent network, supported by modern technology and digital systems, will augment the existing infrastructure within the Licence Area without any financial burden on the State or the Commission, improve network resilience, create operational redundancy and contribute to long-term reliability of supply, its proposal featuring an N-1 redundant grid design. The Petitioner has further submitted that the improvement in operational efficiency and AT&C loss reduction achieved by DHBVNL under schemes such as RDSS is not a statutory ground to deny a parallel licence, regulated competition complementing rather than disrupting DHBVNL's trajectory, and that objections of this nature relate to the anticipated commercial consequences of competition entrusted to the Commission's continuing regulatory jurisdiction and present no legal impediment to grant.

On the Committee Report and the Respondents' comments thereon, the Petitioner has submitted that HVPNL, notified as the State Transmission Utility under Section 39 and as the State Load Despatch Centre under Section 31, carries on no retail supply business in

the proposed area of supply and is obligated under Section 39(2)(d) to provide non-discriminatory open access as a neutral grid operator, its concern being confined to grid security, system stability, transmission capacity availability and non-discriminatory access, whereas its objections in these proceedings mirror the commercial objections of DHBVN and UHBVN and fall outside its statutory mandate. All physical interface points for power drawal are designed to terminate at designated grid substations of HVPNL, so that the Petitioner's infrastructure neither bypasses nor operates outside that network; the Report substantively evaluates HVPNL's submissions on STU planning duties, interconnection and legacy assets; under Section 39(2)(b) the STU cannot refuse or condition interconnection upon pre-licence completion of system studies, and Section 39(2)(d) does not permit reservation of transmission capacity for the incumbent licensees by reason of historical utilisation or past tariff contributions. Execution of Interconnection Agreements and joint system studies require finalised load-flow nodes and injection points, which can only be determined after detailed project reports prepared post-grant, and Section 16 of the Act empowers the Commission to specify such matters as conditions governing post-grant implementation, consistent with paragraph 18.14 of the Report that the conditions in Schedule A operate at the implementation stage; the grant of a licence confers no physical right to draw power from the grid, and the Petitioner remains electrically isolated until all conditions precedent under Schedule A, including technical approvals and SLDC protocols, are satisfied, so that grant poses no risk to grid stability.

On legacy infrastructure cost and ARR bifurcation, the Petitioner has submitted that transmission charges for all users of the intra-State system are determined by the Commission under Section 62 read with the HERC MYT Regulations, recovery of the cost of the transmission system through such regulated charges being the compensation contemplated by the statutory scheme, and that no separate "legacy cost" levy, "first ARR loading" upon a new licensee or anterior bifurcation methodology as a precondition to grant is known to law; the Petitioner will pay Commission-determined transmission and SLDC charges for every unit drawn, which will flow into HVPNL's ARR and improve system-utilisation efficiency, so that no element of the transmission network is used without charge and none is duplicated, and the Network Rollout Plan already sequences the proposed network to HVPNL's existing and planned substations. On future investment requirements, the Petitioner has undertaken to bear connectivity-specific upstream augmentation as deposit works, while submitting that augmentation strengthening common transmission capacity available to multiple users should be allocated on the basis of causation, and that any consequential augmentation identified through the post-grant system studies under Schedule A of the Report, including node-wise load-flow,

short-circuit and N-1 contingency studies, will be planned and executed in coordination with HVPNL, on the basis of causation, without disturbing the future investment planning or asset utilisation of the existing licensees.

39.9.2. Per-contra, the Respondents/Intervenors have submitted, on distribution system planning, that electricity distribution is a natural monopoly and duplication of assets results in inefficiency and increased costs. DHBVNL already operates a comprehensive distribution network in the proposed area and the Petitioner has failed to demonstrate any deficiency warranting grant of another licence; and that parallel licensing leads to duplication of infrastructure, consumer service systems and metering arrangements, increased administrative expenditure, right-of-way disputes and operational complexities, serving no public purpose. As regards network losses, system reliability and resilience, the Respondents/Intervenors have submitted that duplicate networks in the same area will create severe coordination issues in grid management, fault restoration, metering, billing and power procurement, and will complicate open access, renewable integration and system stability, resulting in higher technical losses, safety hazards and unreliable supply; that the Petitioner's intention to source 80% of its power from renewable sources raises concerns of grid stability, renewable output being intermittent and weather-dependent, and its reliance on firm dispatchable renewable energy and Green Day-Ahead Market procurement at the proposed scale remains untested; that no comprehensive transmission access plan or proof of network access availability has been demonstrated and the impact on load flow and system stability remains unexamined, warranting a detailed independent study through HVPNL and other competent agencies before considering any licence; and that the STU would be required to balance load between two distribution licensees with separate procurement sources and demand patterns, HVPN having itself noted that the proposed licence may bear upon system operation and grid management. The Respondents/Intervenors have further submitted that Gurugram contributes 42% of DHBVNL's revenue and has the lowest AT&C losses among comparable areas, with Gurugram Urban/Mix-Urban distribution losses at only 4.70%, the lowest compared with other cities.

As regards asset utilisation, the Respondents/Intervenors have submitted that if premium industrial and commercial consumers are diverted away from DHBVN, it will be left with stranded distribution assets, that is, under-utilised infrastructure for which the debt and operation costs will still have to be borne by DHBVN. It has further been submitted that laying a duplicate underground network parallel to DHBVN's existing network is physically impossible without encroaching upon existing municipal utilities such as water pipelines, sewage networks, gas grids and telecommunication optical fibres, causing permanent disruption to public roads, pedestrian walkways and green belts, and posing severe public

safety hazards, including accidental electrocution or grid induction risks from the proximity of two parallel live distribution systems running through restricted corridors.

On the Committee Report, HVPNL, in its capacity as the STU and SLDC, has submitted that the conditions recommended under Schedule A, namely execution of Interconnection Agreements and completion of joint system studies (A3), completion of load-flow, short-circuit, protection coordination, voltage regulation, reactive power, contingency and system security studies (A4), establishment of scheduling and forecasting protocols with the SLDC (A5), and conformity of interface metering, SCADA, telemetry and protection schemes with the applicable CEA Regulations and the Haryana Grid Code (A6), go to the heart of grid security and safe interconnection, and should be completed before, and as a condition of, grant of the licence rather than being verified only before commencement of supply. The Respondents have submitted that the existing transmission network has been created entirely at the cost of consumers of the existing Distribution Licensees, and that the Report is silent on whether the Petitioner may utilise this legacy system without compensation and on the bifurcation of HVPNL's ARR, including whether the legacy capital cost ought to be loaded, in appropriate proportion, into the Petitioner's first ARR or tariff, whether existing consumers are entitled to corresponding relief and the methodology for any such bifurcation or one-time recovery, rendering a recommendation to grant premature.

As regards future investment requirements, the Respondents have submitted that the proposed 220/33 kV and 66/33 kV upstream infrastructure represents only the interface feeding the Petitioner's 33 kV system and cannot be treated as transformation capacity available at the 11 kV level, so that the 33/11 kV and 66/11 kV transformation capacity and the firm capacity available after the N-1 criterion require separate assessment; depending on such assessment and the actual points and quantum of connectivity sought, augmentation or upgradation of HVPNL's source transformers, bus arrangements, transmission lines, reactive compensation and protection systems may be required, involving considerable capital expenditure not quantified or addressed in the Report, the extent and location of which can only be ascertained after detailed load-flow and contingency studies; and the future investment planning of the existing Distribution Licensee and the STU, including network-loss trajectories and asset-utilisation planning, cannot be assessed until such studies and the ARR-bifurcation methodology are settled.

39.9.3. The Commission has also considered the findings and recommendations of the Expert Committee constituted to examine the issue. The Commission observes that the Committee proceeded on the legal characterisation that neither the Electricity Act, 2003, the Distribution of Electricity Licence Rules, 2005 nor the HERC (Transmission and Distribution Licensing) Regulations, 2004 prescribes, as a condition of eligibility for grant,

the prior existence of a complete distribution network, the prior completion of system studies, connectivity or General Network Access, or the concurrence of the State Transmission Utility, so that network adequacy, phased development and system studies are matters of implementation to be secured through conditions of licence under Section 16 and continuing regulatory supervision, and not threshold requirements capable of founding a refusal under the sixth proviso to Section 14.

On distribution system planning, the Committee found that the Applicant has proposed a phased and demand-responsive planning framework under which network expansion is aligned with actual consumer migration and demand growth, permitting periodic review of planning assumptions that the demand projections rest on the escalation factors approved in the Commission's Business Plan Order for FY 2025-26 to FY 2029-30, the network having been sized applying parameters consistent with CEA technical standards and that phased development is not contrary to Section 42(1) of the Act, APTEL having held in Appeal No. 279 of 2017 (judgment dated 11.03.2026) that a licensee cannot be expected to develop the entire network at one go and that no timeline for network development is mandated by the Act. On network losses, the Committee found that the proposed network architecture and operational approach have the potential to improve technical efficiency and contribute towards reduction of network losses, actual performance depending upon implementation and found the proposed trajectory of 5.80% in FY 2027-28 reducing to 5.20% by FY 2030-31 to be credible for a new underground network with complete smart metering, subject to the qualification that the licence area includes the whole of Nuh Revenue District where prevailing loss levels are higher, directing that the trajectory be treated as a monitored licence condition. On system reliability and resilience, the Committee found that the planning framework incorporates measures intended to enhance reliability and operational resilience through phased infrastructure development, network redundancy, automation and modern system management practices, continued compliance with technical standards and coordinated operation remaining essential.

On asset utilisation, the Committee found that introduction of a parallel licensee may lead to changes in utilisation of certain existing network assets as consumer migration occurs, such changes being an inherent consequence of a competitive framework and not, by themselves, establishing inefficient planning or constituting a valid ground for refusal, and that, on the Applicant's own projections, switchover from the existing licensee's sales is assumed to rise only from 2.50% in FY 2027-28 to 4.00% in FY 2030-31, so that the apprehension of stranding of investments under RDSS, Smart City, underground cabling and smart metering programmes is quantitatively bounded on the present record, though it remains a matter for periodic review. On future investment requirements, the Committee found that the investment requirements of the Applicant and the Existing Distribution

Licensee should continue to be determined through coordinated planning, realistic demand assessment and periodic review, both needing to periodically review their capital investment programmes in light of actual migration, demand growth and asset utilisation, and that the material on record does not establish that the licence would necessarily result in inefficient or avoidable duplication of investment; the objection founded on duplication of network assets and on distribution being a natural monopoly cannot be sustained as a ground of refusal, being, in substance, a contention against the statutory scheme of the sixth proviso to Section 14. Considering the cumulative impact, the Committee found that the concerns relating to losses, reliability, resilience and asset utilisation depend principally upon engineering design, operational performance and coordinated planning, requiring continuous review but not constituting inherent deficiencies, and that the record does not establish any material adverse impact warranting refusal, this conclusion resting on the Applicant having placed on record a demand basis, a sizing methodology and a phased development programme sufficient to show the proposal to be serious and technically coherent.

The Committee has accordingly recommended that the Committee recognise that the grant of the proposed parallel distribution licence does not establish any material adverse impact on distribution system planning, network losses, system reliability and resilience, asset utilisation or future investment requirements of the Existing Distribution Licensee such as would warrant refusal, these being matters of implementation to be secured and monitored through the recommended licence conditions and continuing regulatory supervision, and not threshold requirements for grant. The Committee has concluded that the proposed licence is capable of being integrated into the existing sector framework through coordinated planning, phased implementation and continuing regulatory supervision, and that the Applicant has satisfactorily addressed the issue.

39.9.4. **Commission's Analysis and decision:-**

The Commission observes that the core objections of the Respondents/Intervenors, namely the lack of prior system studies, non-completion of network access arrangements with the State Transmission Utility (HVPNL) and the absence of a fully constructed distribution infrastructure at the stage of application, proceed upon a misinterpretation of the statutory framework. Neither the Electricity Act, 2003, the Distribution of Electricity Licence Rules, 2005 (as amended) nor the HERC (Transmission and Distribution Licensing) Regulations, 2004 demand the prior existence of an operational distribution network, completed load-flow studies or STU concurrence as threshold eligibility conditions for grant of a licence; as noted by the Committee, these engineering and operational prerequisites arise under provisions governing post-grant implementation,

and the transmission connectivity study, system studies and sequencing of interface points are matters of implementation governed by the Haryana Grid Code, the CEA connectivity standards and the HERC Transmission Tariff Regulations, 2008, arising after grant of licence. Under Section 16 of the Act, the Commission retains full authority to impose conditions of licence to enforce network adequacy, grid integration and phased execution, and the non-execution of system studies prior to licensing cannot therefore serve as a lawful ground for refusal under the Sixth Proviso to Section 14.

As regards distribution system planning, the Commission has evaluated the Petitioner's phased network development plan spanning FY 2026-27 to FY 2030-31 across the Gurugram Sub-urban, Gurugram City, Sohna, Manesar and Nuh divisions, which relies on demand escalation factors approved in the Commission's Business Plan Order (FY 2025-26 to FY 2029-30) and applies network-sizing parameters compliant with the CEA Technical Standards and Regulations 4.2.1 and 4.2.2 of the HERC (Electricity Supply Code) Regulations, 2014. The Respondents' contention that phased rollout violates the obligation under Section 42(1) of the Act is untenable, since the duty to establish an efficient, coordinated and economical distribution system is a continuous statutory obligation and, as affirmed by APTEL in Appeal No. 279 of 2017 (judgment dated 11.03.2026), a distribution licensee cannot be expected to construct an entire network at once, nor does the Act prescribe a rigid timeline for complete rollout; the Petitioner's demand-responsive approach provides an orderly framework for progressive network expansion. The Commission rejects the contention of the Intervenors that distribution is a natural monopoly and that a parallel network causes wasteful capital expenditure, public disruption, right-of-way conflicts and asset duplication, since the Sixth Proviso to Section 14 explicitly mandates that a second distribution licensee supply electricity through its own independent distribution system within the same area, and the argument against network duplication is an argument against the legislative policy of the Act itself, which the Commission has no authority to entertain. Furthermore, the Petitioner's proposed investment will be funded entirely through its own debt and equity, serviced solely through tariffs approved for its own consumer base, imposing no financial burden on public funds or on the tariff base of DHBVNL.

As regards network losses, the Commission finds that the Petitioner's projected distribution loss trajectory, reducing from 5.80% in FY 2027-28 to 5.20% by FY 2030-31, is technically realistic and achievable for a modern, smart-metered, underground 33 kV backbone, and that while DHBVNL has achieved commendable urban loss reduction (4.70% in Gurugram Urban), the incumbent's operational efficiency does not grant it a statutory monopoly or preclude a parallel licensee from competing. As regards reliability and resilience, the Petitioner's proposal introduces an independent, N-1 redundant grid

design featuring tiered transformation capacities (3x12.5 MVA, 4x12.5 MVA and 2x12.5 MVA substations), which adds operational redundancy, improves fault-absorption capacity and enhances overall supply reliability within the licenced area, and the technical challenges regarding renewable energy integration (80% green procurement) and load balancing fall within routine grid management, to be regulated through State Grid Code compliance and SLDC oversight.

As regards asset utilisation and future investment, the Commission notes that, on the Petitioner's own projections, consumer migration from DHBVNL's base is estimated at a modest 2.50% in FY 2027-28, rising gradually to 4.00% by FY 2030-31, so that the potential stranding of existing assets, including investments under RDSS, Smart City and smart metering, is quantitatively bounded and minimal over the initial five-year horizon; commercial risk and shift in market share are inherent features of a competitive regime, and long-term asset utilisation concerns do not constitute a legal impediment to licensing and will be managed dynamically through periodic ARR and MYT reviews. The Commission finds that the technical and evidentiary record demonstrates that the proposed parallel network will not compromise grid stability, increase systemic distribution losses or cause unmanageable asset stranding for DHBVNL, and that the legitimate operational concerns raised by the Intervenors, such as right-of-way coordination, load balancing and rollout obligations in low-density areas like Nuh, can be effectively mitigated through enforceable licence conditions rather than outright denial of market entry.

In view of the above, the Commission is of the view that, considering the consumer migration of 2.5% to 4% and the expected load growth of the incumbent distribution licensee, the grant of parallel distribution licence may not have any direct substantial impact on distribution system planning, network losses, system reliability and resilience, asset utilisation and future investment requirements of the incumbent Distribution Licensee.

39.10. **Whether the applicant distribution licence shall be required to comply with the Notified Pilot Project Belt Architecture specified in the HERC (Duty to Supply Electricity on Request) (Second Amendment) Regulations, 2023 notified on 27.09.2023 prescribing the 220/33/0.4 kV configuration for the notified Pilot Project Belt sectors of Gurugram?.**

The Commission observes that the issue arises from the objection that the Petitioner's proposed distribution network within the notified 33 kV Pilot Project Belt (PPB) of Gurugram is inconsistent with the 220/33/0.4 kV configuration prescribed by the HERC (Duty to Supply Electricity on Request) (Second Amendment) Regulations, 2023, notified on 27.09.2023.

39.10.1. The Petitioner has submitted, on the aspect of network configuration, that the objection proceeds on a misreading of the Petition, since its network architecture for the Gurugram divisions is itself founded on a 220/33 kV in-feed, the Network Rollout Plan providing for 220/33 kV bay extensions at the HVPNL 220 kV substations (including Sectors 62, 72, 52A, 65 and 85), a 33 kV sub-transmission network and the Petitioner's own 33/11 kV Distribution Substations, being the very 33 kV belt configuration contemplated by the HERC (Duty to Supply Electricity on Request) Regulations as amended on 27.09.2023. The Petitioner has further expressly undertaken that all connections in the notified sectors shall be released in the 220/33/0.4 kV configuration in full compliance with the said Regulations and such directions as the Commission may deem fit to issue.

39.10.2. Per-contra, the Respondents have submitted that the Petitioner's proposal is in violation of the approved distribution architecture under the 33 kV Pilot Project Belt (PPB), which the Commission, vide its Notification dated 27.09.2023, has notified covering Sectors 58 to 115, Gurugram, with the objective of implementing a modern and efficient distribution network architecture. Under the said notification, the Commission has approved a 220/33/0.4 kV distribution system, wherein supply is envisaged through 33 kV feeders directly feeding 33/0.4 kV distribution transformers, thereby eliminating the requirement of intermediate 11 kV distribution networks within the notified PPB area, so that creation of conventional 33/11 kV Distribution Substations (DSS) along with downstream 11 kV networks within the notified PPB area would be contrary to the framework approved by the Commission. The Respondents have submitted that the Petitioner has proposed establishment of 12 Nos. 33/11 kV Distribution Substations comprising 36 Nos. 12.5 MVA, 33/11 kV power transformers at Sector-65, Sector-69, Sector-85, Sector-95, Sector-99 and Sector-107, all of which fall within the notified PPB area and have already been planned and approved for supply through 220/33 kV infrastructure under the expansion plans of the transmission and distribution utilities, and that permitting conventional 33/11 kV substations within the notified PPB area would defeat the objective of the PPB, result in duplication of infrastructure, lead to avoidable investment and dilute the regulatory framework approved under the Notification dated 27.09.2023.

39.10.3. The Commission has also perused the findings and recommendations of the Expert Committee constituted to examine the issue. The Commission observes that the Committee treated the HERC (Duty to Supply Electricity on Request) (Second Amendment) Regulations, 2023, notified on 27.09.2023, prescribing the 220/33/0.4 kV configuration for the notified Pilot Project Belt sectors of Gurugram, as the benchmark against which to test the Applicant's proposed distribution architecture in Sectors 58 to

115 of Gurugram. The Committee recorded the objection of the State Transmission Utility that the Applicant's proposal to establish 33/11 kV distribution substations within Sectors 65, 69, 85, 95, 99 and 107 of Gurugram would be contrary to the 220/33/0.4 kV architecture approved for the notified Pilot Project Belt covering Sectors 58 to 115, and the cognate objection of DHBVNL that the Applicant proposes an 11 kV network in areas where the Commission has directed connections to be released at 33 kV, and where expenditure exceeding Rs. 1,000 Crore has already been incurred under the Smart City Project on infrastructure upgraded from 11 kV to 33 kV, noting that this objection is squarely a planning objection. The Committee also recorded the Applicant's reply, at paragraph 32 of its Rejoinder to the State Transmission Utility dated 10.07.2026, that its Gurugram architecture is founded on a 220/33 kV in-feed through the STU's substations at Sectors 62, 72, 52A, 65 and 85 with a 33 kV sub-transmission network, together with its express undertaking that all connections in the notified Pilot Project Belt sectors shall be released in the 220/33/0.4 kV configuration in full compliance with the Regulations notified on 27.09.2023.

The Committee found that this undertaking answers the objection raised by the STU and the Existing Distribution Licensee and, if honoured, resolves the objection entirely, but was of the view that an undertaking of this nature must be converted into an enforceable obligation and independently verified, because non-compliance would defeat a distribution architecture already approved by the Commission and would strand consumer-funded investment.

The Committee has accordingly recommended that the Commission recognise that the Applicant's distribution licence shall be required to comply with the Notified Pilot Project Belt Architecture, that is, the 220/33/0.4 kV configuration prescribed by the HERC (Duty to Supply Electricity on Request) (Second Amendment) Regulations, 2023 notified on 27.09.2023, in respect of the notified Pilot Project Belt sectors of Gurugram, on the basis of the Applicant's own undertaking to that effect, converted into an express and independently verified condition of licence. The Committee has concluded that the Applicant's undertaking, if converted into an enforceable licence condition and independently verified by the Commission before commencement of commercial supply in any such sector, resolves the objection raised by the State Transmission Utility and DHBVNL, and that the Applicant has satisfactorily addressed the issue.

39.10.4. **Commission's Analysis and decision:-**

The Commission observes that the HERC (Duty to Supply Electricity on Request) (Second Amendment) Regulations, 2023, notified on 27.09.2023, mandate a 220/33/0.4 kV network configuration for the designated Pilot Project Belt (Sectors 58 to 115 of Gurugram) to eliminate intermediate 11 kV networks and establish an efficient distribution

framework. The Respondents (State Transmission Utility and DHBVNL) contended that the Petitioner's plan to construct 33/11 kV Distribution Substations and downstream 11 kV networks in Sectors 65, 69, 85, 95, 99 and 107 violates the notified PPB architecture, risking network duplication and stranding substantial consumer-funded investments, whereas the Petitioner clarified that its primary network infrastructure relies on 220/33 kV in-feeds from STU substations and gave an explicit undertaking that all connections in the notified PPB sectors will be released strictly in the 220/33/0.4 kV configuration in full compliance with the Regulations notified on 27.09.2023.

Based on the submissions made by the Parties and considering the recommendations of the Committee, the Commission concludes that the Applicant distribution licence shall be required to comply with the Notified Pilot Project Belt Architecture specified in the HERC (Duty to Supply Electricity on Request) (Second Amendment) Regulations, 2023 notified on 27.09.2023 prescribing the 220/33/0.4 kV configuration for the notified Pilot Project Belt sectors of Gurugram. However, the existing consumer at 11 kV level shall continue to get supply from the same voltage level after migration.

Accordingly, the Commission directs the Applicant to comply with the Notified Pilot Project Belt Architecture specified in the HERC (Duty to Supply Electricity on Request) (Second Amendment) Regulations, 2023 notified on 27.09.2023 prescribing the 220/33/0.4 kV configuration for the notified Pilot Project Belt sectors of Gurugram.

40. **CONCLUSION**

40.1. **Preliminary findings:-**

40.1.1. Expert Committee:

The Commission has considered the preliminary objection regarding its competence to constitute the Expert Committee. Regulation 30 of the Haryana Electricity Regulatory Commission (Conduct of Business) Regulations, 2019 expressly empowers the Commission, at any stage of the proceedings, to refer any issue arising in a matter to a person whom it considers qualified to provide expert advice or opinion. The said provision further contemplates that the report or opinion received shall form part of the record and that the parties shall have an opportunity to file their response thereto. The Commission is, however, not bound to accept such report or opinion as conclusive.

In exercise of the aforesaid power, the Commission, vide its Interim Order dated 09.07.2026, constituted an independent Expert Committee comprising Mr. Alok Nigam, IAS (Retd.), Mr. Ravinder Kumar Sharma and Mr. Bibhu Prasad Mahapatra, having regard, inter alia, to the magnitude of the proposed investment, its long-term implications

for the electricity sector in the State of Haryana, and the potential impact on consumers, the existing distribution licensee and the transmission system. The Committee was entrusted with examining the material placed on record and furnishing its reasoned recommendations on the Petitioner's compliance with the applicable statutory and regulatory requirements for grant of a parallel distribution licence.

The Committee commenced its proceedings with effect from 13.07.2026 and submitted its report on 07.08.2026. The report was thereafter placed on record and duly considered by the Commission in the course of adjudication of the present proceedings.

Accordingly, the Commission finds that the constitution of the Expert Committee was within the powers vested in it under Regulation 30 of the HERC (Conduct of Business) Regulations, 2019. The Committee's role was advisory and recommendatory in nature and did not in any manner divest the Commission of its statutory adjudicatory jurisdiction. The preliminary objection raised in this regard is, therefore, rejected.

40.1.2. Additional documents:

The Commission has considered the objection raised by the Respondents with regard to the additional documents filed by the Petitioner on 30.07.2026. The said documents were furnished during the pendency of the regulatory examination being undertaken pursuant to the mandate of the Expert Committee constituted by the Commission. Accordingly, the filing of such documents cannot be construed as an attempt to reopen the evidence after conclusion of the proceedings or after the matter had been reserved for orders.

The Commission further notes that the Respondents were duly furnished copies of the said documents and were afforded adequate opportunity to examine and respond to the same. The Respondents, in fact, received and filed their respective responses thereto. In these circumstances, no prejudice has been demonstrated to have been caused to the Respondents on account of the Petitioner placing the additional documents on record.

The Commission is also conscious of the fact that, while exercising its functions, it is not bound by the rigid procedural technicalities applicable to proceedings before a civil court and may take on record such material as may be necessary for the complete and effective adjudication of the matter. The Commission clarifies that the process of making an application for grant of licence public, inviting comments thereon, and affording an opportunity of hearing to interested persons is essentially consultative in nature and ought not to be converted into an adversarial proceeding. The additional documents having been filed during the continuing regulatory examination and the Respondents having had an effective opportunity to respond thereto, the objection in this regard is not sustainable. Accordingly, the additional documents filed by the Petitioner on 30.07.2026 are taken on record and have been duly considered to the extent relevant for determination of the issues arising in the present proceedings.

40.2. **Findings on the ten issues:-**

40.2.1. Phased rollout and USO:

The Commission has considered the objection raised by the Respondents and the intervenors that the proposed phased development of the distribution network is inconsistent with the Universal Service Obligation ("USO") under Section 43 of the Electricity Act, 2003. The Commission is unable to accept the said contention. The Hon'ble Appellate Tribunal for Electricity, in BEST v. MERC, Appeal No. 279 of 2017, decided on 11.03.2026, has recognised that development of a distribution system is a continuous and progressive activity and that the USO across the licenced area may be discharged through a phased development of the distribution network.

In the present case, the Petitioner has proposed a defined, time-bound network rollout covering the entire licenced area over a period of five years. The proposed capital investment is Rs. 4,716.73 Crore for the period from FY 2026-27 to FY 2030-31, comprising Rs. 4,650.37 Crore towards the Wire Business and Rs. 66.36 Crore towards the Supply Business. The Commission has also taken note of the fact that the rollout is not confined to commercially remunerative areas, but extends to Nuh from the first phase itself. An expenditure of Rs. 304.37 Crore, approximately 6.5% of the total proposed CAPEX, has been earmarked for Nuh, notwithstanding its relatively lower commercial potential and higher AT&C losses.

The Commission further notes that the Petitioner has undertaken that the network development in each phase would cover the entire area falling within that phase and would not be undertaken selectively for particular categories of consumers. The phased implementation, therefore, cannot by itself be construed as a restriction or dilution of the USO. The obligation under Section 43 shall continue to operate throughout the currency of the licence and shall be discharged in accordance with the applicable statutory and regulatory requirements and the prescribed rollout milestones.

The allegation of "cherry-picking" is also not borne out from the material placed on record. Nuh has been included in each of the five phases, with network deployment commencing in Phase I (FY 2026-27) and with a specific capital commitment of Rs. 304.37 Crore. The proposed rollout thus contemplates development across the licenced area rather than selective development confined to high-revenue consumer pockets.

Accordingly, the Commission finds that the proposed phased development of the distribution network, coupled with the committed investment and inclusion of Nuh from the first phase, is consistent with the statutory framework governing the USO under Sections 42 and 43 of the Electricity Act, 2003. The objection alleging "cherry-picking" on the basis of the phased rollout is, therefore, rejected.

40.2.2. Statutory requirements:

The Commission has examined the compliance of the Petitioner with the statutory requirements prescribed under Rules 3 and 4 of the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005. The Commission is satisfied that the Petitioner has demonstrated the requisite capital adequacy and creditworthiness, has proposed the minimum area of supply in accordance with the applicable statutory framework, and has satisfied the requirement relating to Code of Conduct under Rule 4.

The Commission has also considered the objection based on its earlier decision in India Power Corporation Limited (HERC/PRO-08 of 2014). The said decision was rendered in the facts and circumstances prevailing therein, where the Commission found deficiencies in the applicant's assessment of the infrastructure required, proposed investment and business plan, including an apprehension that the proposed plan would not enable discharge of the Universal Service Obligation.

The present case, however, stands on a materially different footing. The Petitioner has placed on record a detailed, phase-wise Implementation Plan, a committed capital investment of Rs. 4,716.73 Crore, and arrangements for the requisite equity and debt funding. Further, the proposed development covers the entire licence area in a phased manner, including Nuh from the first phase. The Commission has, therefore, considered the earlier decision in its proper factual context and finds that the deficiencies which weighed with the Commission in the India Power matter are not present in the case of the Petitioner.

Accordingly, the Commission holds that the Petitioner has satisfied the statutory requirements prescribed under Rules 3 and 4 of the 2005 Rules relating to capital adequacy, creditworthiness, minimum area of supply and Code of Conduct.

40.2.3. Capability:

The Commission has considered the submissions of the Petitioner, the objections raised by the Respondents and Intervenors, and the findings of the Expert Committee with regard to the technical, managerial and institutional capability of the Petitioner. The Commission notes that the applicable statutory and regulatory framework does not prescribe prior experience as a distribution licensee as an independent condition precedent for grant of a parallel distribution licence. The requirement is to demonstrate the requisite capability to establish and operate the proposed distribution system.

The Commission has examined the experience and credentials of the consortium members, including their respective capabilities in high-voltage distribution and EPC execution, EHV substations, SCADA integration, underground cabling, smart-grid systems, metering, billing, collection and distribution network operation and maintenance. The Consortium Memorandum of Understanding and the Responsibility Matrix assign

defined responsibilities among the consortium members in relation to network planning, project implementation, substations, high-voltage cabling, SCADA and smart-grid systems, field mobilisation, O&M, metering, billing, collection and consumer services, while the Petitioner retains overall responsibility for statutory compliance, investment approvals, power procurement, system operation and performance.

The Expert Committee, upon examination of the material placed on record, found that the Petitioner, independently or through legally binding arrangements with the consortium members, had demonstrated the technical expertise and institutional capability necessary for establishment and operation of the proposed distribution system. It also found that the proposed managerial and organisational framework adequately assigns responsibilities across engineering, project implementation, network operations, maintenance, consumer services, commercial operations, finance, information technology and regulatory compliance.

The Commission further notes that the proposed network architecture, implementation strategy and consumer connectivity framework provide a technically credible basis for phased establishment and operation of the distribution system. At the same time, the Commission considers it necessary that the capability demonstrated before the Commission is translated into an operational organisational structure before commencement of supply.

Accordingly, the Commission holds that the Petitioner has substantially demonstrated adequate technical expertise, managerial capability and institutional capacity for undertaking the functions of a parallel distribution licensee. This finding shall, however, remain subject to the continuing obligation of the Petitioner to maintain adequate financial, technical and organisational capability and to establish the requisite Key Managerial Personnel and operational organisational framework prior to commencement of supply.

40.2.4. NOC or consent:

The Commission has considered the issue as to whether any prior consent or No Objection Certificate from the State Transmission Utility or any other authority is a condition precedent to the grant of a Parallel Distribution Licence. The Commission observes that neither the Electricity Act, 2003 nor the applicable HERC Licensing Regulations prescribe any NOC or prior concurrence from the State Transmission Utility as a threshold requirement for grant of licence.

The Commission further observes that the statutory functions of the State Transmission Utility under Sections 39 and 40 of the Act are continuing obligations relating to planning, coordination and development of the intra-State transmission system and cannot, in the absence of an express statutory provision, be construed as creating an additional pre-condition for grant of a distribution licence. The requirements relating to transmission

connectivity, interface approvals, GNA, system studies and other technical clearances arise at the implementation stage and are required to be complied with prior to commencement of commercial operations.

The Commission, however, notes that Section 15(2)(ii) of the Act read with Regulation 4(1)(d) of the HERC Licensing Regulations, 2004 specifically requires the requisite clearance of the Ministry of Defence where the proposed area of supply falls within the specified defence-related areas. The Petitioner has already placed on record the No Objection Certificate issued by the Ministry of Defence, thereby satisfying the said statutory requirement.

Accordingly, the Commission holds that no consent or No Objection Certificate from the State Transmission Utility or any other authority is required as a condition precedent to the grant of the Parallel Distribution Licence, except the NOC from the Ministry of Defence, which has already been submitted by the Petitioner. The requisite transmission connectivity, GNA, interconnection arrangements and other statutory and technical clearances shall, however, be obtained prior to commencement of commercial operations, in accordance with the conditions stipulated in this Order.

40.2.5. Long-term PPAs:

The Commission has examined whether execution of long-term Power Purchase Agreements ("PPAs") constitutes a condition precedent to the grant of a Distribution Licence. Upon consideration of Sections 62(1)(a), 63 and 86(1)(b) of the Electricity Act, 2003, the Commission is of the view that execution of long-term PPAs is not a statutory pre-requisite for grant of a Distribution Licence. The procurement arrangements are required to be finalised and approved in accordance with the applicable statutory and regulatory framework after grant of the licence.

The Commission further observes that the Petitioner has proposed a procurement portfolio comprising 20% thermal power and 80% renewable energy, with the renewable component to be met through Firm and Dispatchable Renewable Energy ("FDRE") and transitional procurement from the Green Day Ahead Market ("GDAM"). The Commission finds the proposed procurement framework to be consistent with the statutory scheme, subject to the requisite regulatory scrutiny and approval under Section 86(1)(b) of the Act.

The Commission takes note of the Petitioner's proposal under the "Green Gurugram and Nuh" initiative to procure approximately 80% of its power requirement from renewable energy sources backed by BESS. The Commission appreciates the proposed higher renewable-energy component and considers that the objective may be pursued through FDRE procurement and/or procurement of renewable energy coupled with Battery Energy

Storage Systems. However, the detailed procurement arrangements and associated costs shall remain subject to the Commission's approval in accordance with law.

As regards the capital expenditure incurred for establishing BESS within the licence area, the Commission clarifies that recovery of such expenditure shall be considered at the appropriate stage, after undertaking a detailed examination of the costs, benefits and prudence of the proposed investment.

Accordingly, the Commission holds that long-term PPAs may be executed after grant of the Distribution Licence and shall not constitute a condition precedent to such grant, subject to the Petitioner obtaining the requisite approval of the Commission under Section 86(1)(b) and complying with the applicable procurement framework.

40.2.6. Migration framework:

The Commission has examined whether the existence of a comprehensive Consumer Migration Framework constitutes a condition precedent for grant of a parallel Distribution Licence. The Commission is of the view that the pre-existence or prior notification of such a framework is not a statutory condition precedent to the grant of licence under Sections 14 and 15 of the Electricity Act, 2003. Consumer migration is an operative consequence of the parallel distribution licensing framework, whereas the detailed modalities governing such migration are matters of post-grant regulatory implementation.

At the same time, the Commission considers it necessary to ensure that actual switch-over of consumers takes place only pursuant to an established and approved mechanism addressing, inter alia, outstanding dues, treatment of defaulters, metering, final meter readings, and other operational aspects of migration. Accordingly, the Consumer Migration Framework is a condition precedent to the actual switch-over of consumers, and not to the grant of the licence.

Accordingly, as a regulatory safeguard, the Licensee shall file a Petition seeking approval of the Migration Protocol for Switch-Over Consumers within 60 days from the grant of the licence and shall thereafter strictly comply with the Consumer Migration Framework issued by the Commission from time to time. The actual migration/switch-over of consumers shall be undertaken only in accordance with the approved Migration Protocol and the applicable regulatory framework.

40.2.7. CSS and Additional Surcharge:

The Commission has examined the issue of applicability of Cross Subsidy Surcharge (CSS) and Additional Surcharge in the context of migration of consumers from the incumbent Distribution Licensee to the proposed parallel Distribution Licensee. The Commission observes that CSS and Additional Surcharge are statutory levies applicable in the context of open access transactions under the Electricity Act, 2003. The question of their applicability to consumers who migrate pursuant to parallel distribution licensing,

and the consequential treatment of any amount sought to be recovered or reimbursed to the incumbent licensee, therefore, cannot be treated as a condition precedent to the grant of the Distribution Licence.

The Commission further observes that any consequential financial impact arising from consumer migration, including the treatment of CSS, Additional Surcharge and other related revenue implications of the incumbent licensee, is required to be examined in the appropriate regulatory proceedings, including the ARR and True-Up proceedings, on the basis of the actual impact and applicable regulatory framework.

Accordingly, the Commission leaves the issue of treatment of CSS and Additional Surcharge in respect of migrated consumers, including any consequential reimbursement to the incumbent licensee, to be considered in the appropriate ARR/True-Up proceedings. The Licensee shall, in the meantime, comply with all orders and directions issued by the Commission from time to time in respect of legacy FPPAS, Cross Subsidy Surcharge and Additional Surcharge, including such amounts as may be determined to be applicable and payable under the prevailing regulatory framework.

40.2.8. Financial implications:

The Commission has examined whether the anticipated financial implications of grant of the proposed parallel Distribution Licence, including their impact on electricity tariff, Aggregate Revenue Requirement (ARR), cross-subsidy, existing power purchase commitments and stranded costs, can constitute grounds for refusal at the stage of grant of licence. The Commission observes that the statutory scheme distinguishes between the licensing stage and the continuing regulatory and operational stages. Such financial consequences are dynamic and arise from the subsequent operation of the parallel licensing framework and, therefore, cannot be treated as threshold statutory impediments or grounds for refusal of the licence.

However, in order to ensure an orderly market transition, safeguard consumer interest and maintain sectoral financial stability post-grant, the Commission directs as under (post-operationalisation directives):-

c) Any claims for stranded cost recovery, tariff adjustments or cross-subsidy recalibrations shall be adjudicated at the time of regular ARR and tariff proceedings considering amongst others actual consumer migration levels, capacity utilisation, network usage, ARR recovery and compliance with Universal Service Obligations.

d) The licensee shall comply with the orders issued by the Commission, from time to time, including determination of legacy Fuel and Power Purchase Adjustment Surcharge (FPPAS), Cross Subsidy Surcharge and Additional Surcharge to be passed on to the incumbent licensee.

The Licensee shall also comply with all orders and directions issued by the Commission from time to time, including those relating to legacy FPPAS, Cross Subsidy Surcharge and Additional Surcharge applicable to the incumbent licensee.

Accordingly, the Commission concludes that the financial implications arising from grant of the parallel Distribution Licence, including impacts on tariff, ARR, cross-subsidy, existing power procurement obligations and stranded costs, are matters for post-grant regulatory supervision and determination and do not constitute threshold grounds for refusal of the licence.

40.2.9. Impact on the incumbent:

The Commission has examined the objections concerning the likely impact of the proposed parallel distribution licence on the distribution system planning, network losses, system reliability and resilience, asset utilisation and future investment requirements of the incumbent Distribution Licensee. The Commission observes that, on the basis of the Petitioner's projections, migration from the incumbent's consumer base is estimated at 2.50% in FY 2027-28, gradually increasing to 4.00% by FY 2030-31. Considering the expected growth in the incumbent's demand, the extent of projected migration remains limited, and the potential impact on existing assets and investment programmes is correspondingly bounded.

The Commission has also considered the objections that distribution constitutes a natural monopoly and that establishment of an independent parallel network would result in duplication of infrastructure and consequent avoidable expenditure. The Commission is unable to accept the said objection as a ground for refusal of the licence. The Sixth Proviso to Section 14 of the Electricity Act, 2003 itself contemplates and permits a second distribution licensee to supply electricity through its own distribution system in the same area of supply. An objection founded upon the very duplication of distribution infrastructure contemplated by the statutory framework cannot, therefore, be treated as an independent impediment to grant of licence. Further, the Petitioner's proposed network is to be funded through its own debt and equity and serviced through tariffs applicable to its consumer base, without imposing a financial burden on public funds or the tariff base of DHBVNL.

As regards network losses, the Commission has considered the Petitioner's proposed loss trajectory of 5.80% in FY 2027-28, reducing progressively to 5.20% by FY 2030-31. Having regard to the proposed modern underground 33 kV network, smart metering and the technical architecture placed on record, the Commission finds the proposed trajectory to be realistic and achievable, subject to its continued monitoring as a licence condition.

As regards reliability and resilience, the proposed independent network incorporates N-1 redundancy, tiered transformation capacity, automation and modern system-

management measures, which are intended to provide operational redundancy and enhance resilience. The Commission further observes that changes in asset utilisation consequent upon consumer migration are an inherent feature of the competitive framework and, on the present projections, do not establish any material or unmanageable asset stranding. Future investment requirements of both licensees can be addressed through coordinated planning and periodic review having regard to actual migration, demand growth and asset utilisation.

Accordingly, considering the projected consumer migration of 2.5% to 4.0% and the expected load growth of the incumbent, the Commission is of the view that grant of the parallel Distribution Licence is not expected to have any direct substantial impact on the distribution system planning, network losses, system reliability and resilience, asset utilisation or future investment requirements of the incumbent Distribution Licensee. The Commission therefore does not find the objections relating to duplication, asset utilisation or future investment to constitute grounds for withholding the licence.

40.2.10. Pilot Project Belt:

The Commission has examined the issue of network configuration within the notified Pilot Project Belt ("PPB") of Gurugram. The HERC (Duty to Supply Electricity on Request) (Second Amendment) Regulations, 2023, notified on 27.09.2023, prescribe a 220/33/0.4 kV distribution architecture for the designated PPB sectors, with the objective of eliminating intermediate 11 kV distribution networks and establishing the approved distribution framework.

Accordingly, the Applicant's distribution licence shall be subject to strict compliance with the notified PPB architecture, and all new connections released within the notified PPB sectors shall conform to the prescribed 220/33/0.4 kV configuration. The Applicant's undertaking in this regard shall constitute an enforceable condition of the licence and shall be subject to verification by the Commission prior to commencement of commercial supply in the concerned sectors.

At the same time, the Commission clarifies that the migration of an existing consumer presently receiving supply at 11 kV shall not, by itself, require alteration of the consumer's existing supply voltage. Such consumer shall continue to receive supply at the same voltage level of 11 kV after migration, subject to the applicable regulatory and technical requirements.

Accordingly, the Applicant shall comply with the notified 220/33/0.4 kV Pilot Project Belt Architecture for new connections in the designated Gurugram sectors, while existing consumers connected at 11 kV shall continue to receive supply at 11 kV upon migration.

Based on the foregoing discussions, the Commission hereby grants a Parallel Distribution Licence to Eleven Power Private Limited for a period of 25 years for Gurugram and Nuh Revenue Districts. The draft Licence, containing the comprehensive list of Licence Conditions, is appended to the present Order as Annexure 'G'. Further, in accordance with Regulation 15(1) of the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulations, 2004, a notice regarding the grant of the distribution licence in the prescribed Form No. 6 is also appended to the present Order as Annexure 'H'. The applicant (petitioner herein) shall convey its willingness to accept the Licence, including the conditions contained therein, within one week from the date of issuance of this Order. Upon receipt of such acceptance from the applicant, the Commission shall publish Form No. 6 in one issue each of a daily newspaper in English and a daily newspaper in Hindi, having wide circulation in Gurugram and Nuh.

Before parting with the Order, the Commission is of the considered view that the operation of a parallel distribution licensee, providing electricity consumers with a choice of supplier and promoting competition in the electricity distribution sector, assumes particular significance in the present circumstances. This is also borne out by the substantial pendency of consumer grievances, applications for release of new electricity connections and applications for load enhancement with the incumbent distribution licensees. As per the latest status furnished by the DISCOMs, as on 30.09.2025, 20,603 applications involving 770.407 MW were pending with UHBVNL, while DHBVNL had 1,08,590 applications involving 1,642.542 MW pending as on 01.10.2025. Thus, the aggregate pending load with the two DISCOMs stood at 2,412.949 MW, as against 2,403.862 MW as on 01.04.2025. The Commission takes serious note of the fact that, notwithstanding the substantial number of connections released during the intervening period, the cumulative pending load has continued to remain significant. The Commission observes that timely release of electricity connections is an essential component of the statutory obligation of a distribution licensee and has a direct bearing on consumer satisfaction, besides facilitating augmentation of revenue from sale of electricity. The Commission, therefore, considers that the availability of an additional distribution licensee, within the statutory framework governing parallel distribution licences, is intended to provide consumers with an alternative choice and facilitate competition in the distribution sector. The present grant of licence is

accordingly being considered in the context of the statutory framework and the facts and circumstances peculiar to the areas of Gurugram and Nuh.

The Commission further makes it clear that the grant of the parallel distribution licence for Gurugram and Nuh Revenue Districts shall not be treated as a precedent or as creating any vested right in favour of any applicant seeking a parallel distribution licence in the same or any other area in the State of Haryana. Every such application shall be considered and decided independently, having regard to the statutory and regulatory requirements, the facts and circumstances of the particular case, and such other relevant considerations as may be applicable, including, where relevant, the experience and performance of the parallel licensee in Gurugram and Nuh Revenue Districts.

In terms of the above order, the present petition along with IAs filed in the matter are disposed of.

This order is signed, dated and issued by the Haryana Electricity Regulatory Commission on 19.10.2026.

	Sd/-	**Sd/-**
Date: 19.10.2026	**(Shiv Kumar)**	**(Mukesh Garg)**
Place: Panchkula	**Member**	**Officiating Chairman**

HERC

ANNEXURE A

BEFORE HARYANA ELECTRICITY REGULATORY COMMISSION,

PANCHKULA, HARYANA

HERFC/PETITION NO: 30 of 2026

IN THE MATTER OF:

Petition under Section 14 and Section 15 of the Electricity Act, 2003, read with the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulation 2004, along with its subsequent amendments read with the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, as amended in November 2022, for grant of Distribution Licence for Nuh and Gurugram Revenue Districts in the State of Haryana.

Eleven Power Private Limited
201, Empire Apartments, First Floor, Sultanpur,
M.G. Road, Gadaipur, Southwest Delhi,
New Delhi, Delhi, India, 110030 **..... PETITIONER**

Versus

Dakshin Haryana Bijli Vitran Nigam Limited & Ors. **... ... RESPONDENT**

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For Eleven Power Private Limited

Authorised Signatory

Eleven Power Private Limited - Petitioner

Place: Panchkula
Date: 30/07/2026

Bond

Indian-Non Judicial Stamp
Haryana Government

Date : 18/07/2026

Certificate No. G0R2026G1468

GRN No. 155852243

Stamp Duty Paid : ₹ 1000
(Rs. Thousand Only)

Penalty : ₹ 0
(Rs. Zero Only)

Deponent

Name : Eleven Power Private limited
H.No/Floor : Na Sector/Ward : Na Landmark : Na
City/Village : Gurugram District : Gurugram State : Haryana
Phone : 97******67

Purpose : MEMORANDUM OF UNDERSTANDING **to be submitted at Others**

The authenticity of this document can be verified by scanning this QrCode Through smart phone or on the website https://egrashry.nic.in

ADDENDUM TO THE MEMORANDUM OF UNDERSTANDING

This Addendum to the Memorandum of Understanding is executed at the place of signing by the Parties on 24th day of July 2026,

BY AND AMONGST

1. **ELEVEN POWER PRIVATE LIMITED,** a company duly incorporated and validly existing under the laws of India, having its registered office at 201, Empire Apartments, 01st Floor, Sultanpur, M.G. Road, Gadaipur, South West Delhi - 110030, New Delhi, represented by **Mr. Sikander Verma**, Authorized Signatory (hereinafter referred to as the "**Lead Member**", which expression shall, unless repugnant to the context or meaning thereof, be deemed to include its successors and assigns;

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Gaurang Paramanand Shah

2. **HEC INFRA PROJECTS LIMITED,** a company duly incorporated and validly existing under the laws of India, having its registered office at Sigma 1 Corporate, Corporate House No. 6, Sindhu Bhawan Road, NR. Mahan Party Plot Crossroad, Bodakdev, Ahmedabad-380054, Gujarat, India, represented by **Mr. Gaurang Paraman and Shah**, Managing Director (hereinafter referred to as the "**Consortium Member 1**", which expression shall, unless repugnant to the context or meaning thereof, be deemed to include their successors and permitted assigns);

3. **ADVAIT ENERGY TRANSITIONS LIMITED, (Formerly known as Advait Infratech Limited),** a company duly incorporated and validly existing under the laws of India, having its registered office at KIFS Corporate House, 1st Floor, Iskcon Ambli Road, Beside Hotel Planet Landmark Near Ashok Vatika, Bopal, Daskroi, Ahmedabad-380058, Gujarat, India, represented by **Mr. Shalin Sheth,** Managing Director, (hereinafter referred to as the "**Consortium Member 2**", which expression shall, unless repugnant to the context or meaning thereof, be deemed to include their successors and assigns); and

4. **VISION INDIA SERVICES,** a partnership firm, having its office at Block C, Plot No. 451, Opposite G.O. Mess, Sunder Nagar, Hisar, Haryana 125001, represented by **Mr. Surender,** authorized vide General Power of Attorney dated 11th day of May 2026, (hereinafter referred to as the "**Consortium Member 3**", which expression shall, unless repugnant to the context or meaning thereof, be deemed to include their successors and assigns).

The above are collectively referred to as the "Parties".

WHEREAS,

A. The Parties executed a Memorandum of Understanding dated 11th May 2026 for constituting a consortium in connection with the application submitted by the Lead Member before the Haryana Electricity Regulatory Commission (HERC) for grant of a Distribution Licence under Section 14 of the Electricity Act, 2003.

B. During the course of the proceedings before the Hon'ble Haryana Electricity Regulatory Commission, the Parties agreed that the discontinuance/termination provision contained in Clause 8.6 and 8.7 should be revised to better reflect the long-term nature of the arrangement.

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C. The Parties have, therefore, mutually agreed to amend Clauses 8.6 and 8.7, while keeping all other terms and conditions of the MoU unchanged.

NOW THEREFORE, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. The amended Clauses 8.6 and 8.7 are as below:

   8.6 *The lock-in period for this MoU is 6 years from the date of execution of MoU during which no party can terminate the MoU or discontinue its participation. In the event any Consortium Member seeks to discontinue its participation after the lock-in period, such Consortium Member shall:*

   a. *provide not less than six (6) months' prior written notice to the Lead Member;*
   b. *continue to discharge all obligations under this MoU during such notice period;*
   c. *extend all reasonable cooperation to ensure continuity of technical support and regulatory compliance;*
   d. *does not affect such discontinuance unless and until a suitable replacement arrangement, satisfactory to the Lead Member and compliant with applicable law, has been implemented.*

   8.7 *In the event Lead Member seeks to discontinue its participation with any Consortium Member after 6 years of lock-in period, then Lead Member shall:*

   a. *provide not less than six (6) months' prior written notice to the respective Consortium Member;*
   b. *continue to discharge all obligations under this MoU during such notice period;*

2. Except to the extent expressly modified by this Addendum, all other terms and conditions of the Memorandum of Understanding dated 11th May 2026 shall remain unchanged and shall continue to remain valid, binding and enforceable upon the Parties.

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Gaurang Pasumalani Shah

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3. This Addendum shall be read as an integral part of the Memorandum of Understanding dated 11th May 2026 and from the date of execution of this Addendum, the Memorandum of Understanding dated 11th May 2026 shall be construed as if the amendments contained herein formed part thereof from the outset.

IN WITNESS WHEREOF, the Parties hereto executed these presents on the day, month and year first above mentioned.

For Lead Member

Digitally signed by SIKANDER VERMA
DN: c=IN, o=Personal, postalCode=122001, st=Haryana, serialNumber=6C6818BC2060A4E5AF86D0ED A6HD72 7A0CA1B2A87A4B0A4484931E1492E544D9E, cn=SIKANDER VERMA
Date: 2026.07.24 15:47:04 +05'30'

Name: Sikander Verma
Designation: Authorized Signatory

For Consortium Member 1

Gaurang Paramanand Shah

Name: Gaurang P. Shah
Designation: Managing Director

For Consortium Member 2

Sheth Shalin Rahulkumar
Digitally signed by Sheth Shalin Rahulkumar
Date: 2026.07.25 12:41:47 +05'30'

Name: Shalin Sheth
Designation: Managing Director

For Consortium Member 3

SURENDER
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Date: 2026.07.24 15:48:34 +05'30'

Name: Mr. Surender
Designation: Authorized Representative

(5)

Bond

Indian-Non Judicial Stamp
Haryana Government

Date : 27/07/20

Certificate No. G0272026G4644

Stamp Duty Paid : ₹ 101
(Rs. Only)

GRN No. 156243121

Penalty : ₹ 0
(Rs. Zero Only)

Deponent

Name : Vision India Services

H.No/Floor : Na Sector/Ward : Landmark : Na

City/Village : Gurugram District : Gurugram State : Haryana

Phone : 88******76

Purpose : UNDERTAKING FOR CODE OF CONDUCT **to be submitted at Concerned office**

The authenticity of this document can be verified by scanning this QrCode Through smart phone or on the website https://egrashry.nic.in

Undertaking for Code of Conduct

We, Vision India Services, are hereby submitting the undertaking as follows to comply with the provisions of Rule 4 of the Distribution of Electricity License (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005:

1. Vision India Services has not been found guilty or has not been disqualified under any of the following provisions, during the past three years:

   (a) section 203, section 274, section 388B or section 397 of the Companies Act, 1956 or the corresponding provisions thereof under the Companies Act, 2013, as amended from time to time; ***Not Applicable***

   (b) section 276, section 276B, section 276BB, section 276C, section 277 or section 278 of the Income tax Act, 1961;

   (c) section 15C, section 15G, section 15H or section 15HAof the Securities and Exchange Board of India Act 1992;

   (d) clause (b), (bb), (bbb), (bbbb), (c) or (d) of sub-section (1) of section 9 of the Excise Act 1944; (e) section 132 or section 135 of the Customs Act 1962,

SURENDER Digitally signed by SURENDER Date: 2026.07.27 17:48:42 +05'30'

2. No License of Vision India Services was suspended under Sector 24 or revoked under Section 19 of the Electricity Act, 2003, during the past three years.

3. No petition for winding up of the Partnership has been admitted on the grounds of it being unable to pay its debts.

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Deponent

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Government of Gujarat

Rs. 100

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Certificate of Stamp Duty

Certificate No.	:	IN-GJ303773745595534Y
Certificate Issued Date	:	27-Jul-2026 11:24 AM
Account Reference	:	IMPACC (AC)/ gj13165011/ AHMEDABAD/ GJ-AH
Unique Doc. Reference	:	SUBIN-GJGJ13165011524943625470S7Y
Purchased by	:	HEC INFRA PROJECTS LTD
Description of Document	:	Article 4 Affidavit
Description	:	AFFIDAVIT
Consideration Price (Rs.)	:	0 (Zero)
First Party	:	HEC INFRA PROJECTS LTD
Second Party	:	Not Applicable
Stamp Duty Paid By	:	HEC INFRA PROJECTS LTD
Stamp Duty Amount(Rs.)	:	100 (One Hundred only)

AMITKUMAR S. KARIYA ACC LALDARWAJA AHMEDABAD GJ13165011 ADVOCATE & NOTARY

0018257891

Statutory Alert:

(8)

Undertaking for Code of Conduct

We, HEC Infra Projects Limited, are hereby submitting the undertaking as follows to comply with the provisions of Rule 4 of the Distribution of Electricity License (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005:

1. HEC Infra Projects Limited has not been found guilty or has not been disqualified under any of the following provisions, during the past three years:

   (a) section 203, section 274, section 388B or section 397 of the Companies Act, 1956 or the corresponding provisions thereof under the Companies Act, 2013, as amended from time to time;

   (b) section 276, section 276B, section 276BB, section 276C, section 277 or section 278 of the Income tax Act, 1961;

   (c) section 15C, section 15G, section 15H or section 15HAof the Securities and Exchange Board of India Act 1992;

   (d) clause (b), (bb), (bbb), (bbbb), (c) or (d) of sub-section (1) of section 9 of the Excise Act 1944; (e) section 132 or section 135 of the Customs Act 1962,

2. No License of HEC Infra Projects Limited was suspended under Sector 24 or revoked under Section 19 of the Electricity Act, 2003, during the past three years.

3. No petition for winding up of the Company has been admitted on the grounds of it being unable to pay its debts.

Gaurang Paramanand Shah

(Authorised Signatory)

HEC Infra Projects Limited

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Government of Gujarat

Certificate of Stamp Duty

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Unique Doc. Reference	:	SUBIN-GJGJ13287011540421189795 96Y
Purchased by	:	ADVAIT ENERGY TRANSITIONS LIMITED
Description of Document	:	Article 29 Indemnity Bond
Description	:	FOR CODE AND CONDUCT UNDERTAKING
Consideration Price (Rs.)	:	0 (Zero)
First Party	:	ADVAIT ENERGY TRANSITIONS LIMITED
Second Party	:	HARYANA ELECTRICITY REGULATORY COMMISSION
Stamp Duty Paid By	:	ADVAIT ENERGY TRANSITIONS LIMITED
Stamp Duty Amount(Rs.)	:	300 (Three Hundred only)

Sheth Shalin Rahulkumar

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(10)

Undertaking for Code of Conduct

We, Advait Energy Transition Limited, are hereby submitting the undertaking as follows to comply with the provisions of Rule 4 of the Distribution of Electricity License (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005:

1. Advait Energy Transition Limited has not been found guilty or has not been disqualified under any of the following provisions, during the past three years:

   (a) section 203, section 274, section 388B or section 397 of the Companies Act, 1956 or the corresponding provisions thereof under the Companies Act, 2013, as amended from time to time;

   (b) section 276, section 276B, section 276BB, section 276C, section 277 or section 278 of the Income tax Act, 1961;

   (c) section 15C, section 15G, section 15H or section 15HAof the Securities and Exchange Board of India Act 1992;

   (d) clause (b), (bb), (bbb), (bbbb), (c) or (d) of sub-section (1) of section 9 of the Excise Act 1944; (e) section 132 or section 135 of the Customs Act 1962,

2. No License of Advait Energy Transition Limited was suspended under Sector 24 or revoked under Section 19 of the Electricity Act, 2003, during the past three years.

3. No petition for winding up of the Company has been admitted on the grounds of it being unable to pay its debts.

For Advait Energy Transitions Limited
(Formerly known as Advait Infratech Limited)

Sheth Shalin Rahulkumar
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Date: 2026.07.28 10:25:38 +05'30'

Shalin Sheth
Managing Director
DIN:02911544

Dr Justice D Y Chandrachud
Former Chief Justice of India

Eleven Power Private Limited ...Querist

OPINION

(12)

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The Querist—Eleven Power Private Limited[1]—seeks my opinion on queries that arise in connection with its application before the Haryana Electricity Regulatory Commission[2] under Sections 14 and 15 of the Electricity Act 2003.[3] The application has been filed as Petition No. 30 of 2026.[4] The Querist applied for a license with the HERC to undertake parallel distribution of electricity for the Gurugram and Nuh districts in the State of Haryana for a period of 25 years. The Querist has formed a consortium to implement the proposal. In the context of the Petition, the Querist seeks my opinion on four issues, involving (i) the capital adequacy and creditworthiness requirements of the Querist; (ii) the requirement of prior distribution experience for the grant of a parallel license; (iii) the relevant area satisfying the statutory criterion of "minimum supply area" occurring in Section 14 of the Act; and (iv) applicability of Gurugram Metropolitan Development Authority Act 2017.

A. Background

1. Eleven Power Private Limited

1.1. The Querist belongs to the Eleven Group, formerly called the SAS Group. The Eleven Group is an Indian business conglomerate with various entities operating across diverse industry segments.

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[1] "Eleven Power"; used interchangeably with "Applicant".
[2] "HERC".
[3] "Electricity Act"; used interchangeably with "Act".
[4] "Petition".

including financial services, healthcare, technology, infrastructure-adjacent services, and consumer-focused businesses.[5]

1.2. The Querist is a private limited company incorporated on 06 June 2025, originally under the name "Veyora Infra Private Limited". The Querist was initially set up as a business entity with real estate objects. On 24 February 2026, the Querist was renamed as "Eleven Power Private Limited" and its objects were recast to the business of electricity generation, transmission and distribution, supply, retail and other activities permissible under the Electricity Act. This includes the object to "apply for, obtain, hold, operate and maintain an Electricity Distribution or Parallel Distribution License" and to "function as a distribution licensee".

1.3. S A S Fininvest LLP holds a 99.99 per cent stake in the Querist. This entity, a limited liability partnership firm incorporated on 17 December 2009, is the promoter of the Querist.[6] The Promoter also forms part of the Eleven group. The Promoter is an investment entity of the group and holds the investment of the group in some of the group's concerns, including Global Health Limited and other securities. The Eleven group is led by Mr Sunil Sachdeva.

1.4. The Querist proposes to procure a substantial portion by way of green power procurement arrangements such as solar, wind,

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[5] See, Eleven group, https://elevengroup.in/.
[6] "S A S Fininvest"; used interchangeably with "Promoter".

hybrid renewable energy, Firm and Dispatchable Renewable Energy (FDRE), Green Day Ahead Market (GDAM), and other permissible green power procurement arrangements.

2. Memorandum of Understanding

2.1. On 11 May 2026, the Querist entered into a Memorandum of Understanding[7] with three entities operating in the power sector to form a consortium to collaborate with and combine technical and project capabilities in support of the proposal of the Querist to the HERC and undertake the project. The MoU will continue to during the validity of the Distribution License. The other consortium members:

(i) HEC Infra Projects Limited, a private limited company;

(ii) Advait Energy Transitions Limited, a private limited company; and

(iii) Vision India Services, a partnership firm.

2.2. The MoU states that the Querist will be the lead and coordinating member of the consortium. The MoU also states that while the Querist shall be joined by the consortium members in the implementation of its proposal to undertake parallel distribution of electricity in the specified areas, it would be the sole applicant before the HERC.

[7] "MoU".

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2.3. The MoU records that the consortium members possess the relevant technical expertise and sectoral experience in the realm of power supply. This extends to planning, engineering, design, implementation support, commissioning support, and operational advisory in relation to transmission, distribution systems, substations, and associated electrical infrastructure. Clause 3 of the MoU catalogues the respective roles of the members. The roles and responsibilities of the consortium members are as follows:

3.1 Role of the Lead Member	3.2 Role of Consortium Members
Overall development, implementation and operations of the Project, including but not limited to submission and processing of the application before HERC, regulatory compliance, project planning and oversight, financial arrangement and investment, execution and distribution network, fulfilment of all obligations as may be required under applicable laws, including distribution license conditions.	(i) (In coordination with the Lead Member) support in continuous and comprehensive technical support including but not limited to planning, engineering, design, development, execution, testing, commissioning, and operational advisory in relation to the Project. (ii) Support, including, preparation of detailed load forecasting studies, demand-supply assessments, network designs at Extra High Voltage (EHV), High Voltage (HV), Medium Voltage (MV) and Low Voltage (LV) levels, establishment of substations including 33kV, 66kV, 132kV and above, underground

3.1 Role of the Lead Member	3.2 Role of Consortium Members
	cabling systems, overhead lines, ring main units (RMUs), SCADA systems, automation infrastructure, and integration with grid systems in compliance with the State Grid Code and Central Electricity Authority(CEA) regulations. (iii) Assist in procurement strategy, vendor, evaluation, contract structuring, execution supervision, quality assurance, safety, compliance, and system optimization to ensure efficient and reliable delivery of power.

2.4. Clause 4 requires the members to constitute a "Consortium Coordination Committee" staffed with the representative of each participant entity, for the purposes of facilitating coordination, technical planning, implementation preparedness, and operational readiness.

3. Petition No. 30 of 2026

3.1. On 12 May 2026, the Querist filed the Petition for the grant of a distribution license to it for the proposed license area for a period of 25 years in terms of the sixth proviso to Section 14 of the Electricity Act and the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness

and Code of Conduct) Rules 2005.[8] Along with the Petition, the Querist submitted the form made mandatory under Regulation 3 of the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulation 2004. The Petition sets out in exhaustive detail the relevant particulars of the Querist and the Promoter. The Petition also provides the commercial objectives regarding the grant of the license as well as the framework and modalities by which the Querist proposes to achieve its goals.

3.2. In its Petition, the Querist has proposed that it shall undertake the distribution of electricity centered around renewable energy, and a renewable-energy-focused distribution business, with approximately eighty per cent of its power to be procured from renewable sources, universal smart metering, and a digital consumer-service architecture.

3.3. The Querist has annexed a copy of the MoU in support of its Petition and has furnished details regarding the consortium members, including the technical experience and history of the members, as well as the past activities and projects undertaken by them in the power sector.

3.4. The Petition states that in compliance with Rule 3 (2) of the Distribution Licence Rules, the area of supply in which the Querist proposes to undertake licensed distribution activities comprises

[8] "Distribution of Licence Rules".

the entire area under the Nuh and Gurugram revenue districts, encompassing Gurugram Municipal Corporation, Manesar Municipal Corporation, Municipal Council of Sohna, Municipal Council of Pataudi Mandi & Municipal Committee of Farrukh Nagar under the Gurugram revenue district and Municipal Committee Nuh, Municipal Committee Puhana, Municipal Committee Firozepur Jhirka & Municipal Committee Tauru. The following map illustrates the proposed area of supply.



3.5. As of date, the Dakshin Haryana Bijli Vitran Nigam,[9] a power distribution utility company, is the sole power distributor supplying electricity to Gurugram and Nuh districts. The business plan envisaged by the Querist projects that approximately 2.5 per cent of the existing consumers of DHBVN within the proposed areas will

[9] "DHBVN"

migrate to the Querist's offering and the balance of its projected sales will arise from new consumers and load growth.

3.6. The Querist envisages that the total capital investment by it in the proposed license area will be INR 4,717 crore. This investment is spread over five annual phases from financial year FY 2026-27 to FY 2030-31, over which the distribution network is slated to be rolled out. The entire expenditure is proposed to be financed through debt and equity comprising 70 per cent and 30 per cent of the project cost, respectively.

3.7. The authorized share capital and paid-up share capital of the Querist on the date of the Petition were INR 100 crore and INR 1 crore, respectively. The authorized share capital has since been increased to INR 1,500 crore. I am informed that the Promoter has also infused additional funds into Eleven Power to the tune of INR 91 crore against equity required for Phase I of the proposed network implementation plan.

3.8. The Promoter relies upon its assets, largely comprising listed shares and securities. The net worth of the Promoter on a book value basis is INR 94.95 crore as on 30 October 2025. On the other hand, the estimated net worth of the Promoter on a market value basis is INR 4,085.60 crore as on 30 October 2025. The Promoter net worth estimated on a market value basis in the preceding three years is set out below:

(21)

31 March 2024: INR 4,215.08 crore

31 March 2025: INR 3,728.69 crore

30 October 2025: INR 4,085.60 crore

3.9. In addition, to demonstrate its creditworthiness, Eleven Power has relied upon the following:

(i) A certificate of IndusInd Bank dated 12 May 2026 certifying that the Promoter is solvent up to INR 1,000 crore; and

(ii) A solvency certificate of 360 One Prime Limited dated 07 April 2026 certifying solvency up to INR 1,000 crore on the basis of audited financials as of 31 March 2025.

3.10. The partners of the Promoter have furnished an undertaking dated 05 May 2026 to provide the necessary capital and/or loan arrangements to the Applicant. The Querist has further stated that the debt required for Phase I has been committed and has placed on record a sanction letter from IndusInd Bank.

3.11. The Petition was taken on record by the Commission on 20 May 2026. By a detailed interim order dated 26 May 2026, the Commission impleaded DHBVN, UHBVNL and HVPNL as Respondents[10] and directed the Applicant to place on record certain documents.

3.12. On 08 July 2026, a public hearing was held, and the Commission passed an order on 09 July 2026 by which it constituted a three-

[10] Collectively referred to as "Respondents".

member Expert Committee, chaired by a retired officer of the Indian Administrative Service, with two former regulators/utility engineers as members. The Committee will examine the issues arising from the Petition and submit its report.

B. Queries

In the above backdrop, the Querist seeks my opinion on the following queries:

4. Creditworthiness and capital adequacy

4.1. Whether the Commission is permitted to consider net worth on a market value basis to assess the satisfaction of capital adequacy and creditworthiness of Eleven Power;

4.2. Whether the financial standing of the Promoter is a sufficient basis to satisfy the requirement of capital adequacy and creditworthiness of Eleven Power; and

4.3. Whether Rule 3 (2) renders a newly incorporated entity, with no financial track record, ineligible for a license when its Promoter has demonstrated a three-year financial history.

5. Prior distribution experience for grant of a parallel license

5.1. Whether prior experience in the business of distribution of electricity is a statutory condition for grant of a parallel distribution license under Sections 14 and 15 of the Act, read with the 2005 Rules and the Transmission and Distribution Licensing Regulations; and

5.2. If prior experience is a relevant consideration, whether the requirement can be fulfilled through experience of consortium partners under a binding agreement/MoU, notwithstanding that the consortium partners are not co-applicants and hold no equity in the Applicant.

6. Minimum area of supply

6.1. Whether the requirement of inclusion of one municipal corporation or three revenue districts is to be read disjunctively.

7. Applicability of the Gurugram Metropolitan Development Authority Act 2017

7.1. Whether the Commission is required to consider compliance with the GMDA Act while considering an application under Section 14 of the Act.

C. Analysis

8. The Electricity Act 2003

8.1. Section 14 of the Electricity Act grants the power to the Appropriate Commission (in this case the State Commission) to grant a license for power distribution and transmission. It states:

> "The Appropriate Commission may, on an application made to it under section 15, grant a licence to any person—
>
> (a) to transmit electricity as a transmission licensee; or
>
> (b) to distribute electricity as a distribution licensee; or

(c) to undertake trading in electricity as an electricity trader,

in any area as may be specified in the licence:

...

Provided also that the Appropriate Commission may grant a licence to two or more persons for distribution of electricity through their own distribution system within the same area, subject to the conditions that the applicant for grant of licence within the same area shall, without prejudice to the other conditions or requirements under this Act, comply with the additional requirements [relating to the capital adequacy, creditworthiness, or code of conduct] as may be prescribed by the Central Government, and no such applicant, who complies with all the requirements for grant of licence, shall be refused grant of licence on the ground that there already exists a licensee in the same area for the same purpose."

8.2. Section 15 lays down the procedure for grant of license. The relevant extract is set out below:

"(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."

8.3. Section 2 (3) of the Act defines the area of supply to mean "the area within which a distribution licensee is authorized by his license to supply electricity."

8.4. Section 2 (17) defines the expression "distribution licensee" to mean "a person authorised by a licence under section 14 to operate and maintain a distribution system for supplying electricity to consumers in his area of supply".

8.5. Section 43 embodies the Duty to Supply on Request, which casts a universal service obligation to ensure last-mile provision of electricity to all consumers:

> "(1) Every distribution licensee shall, on an application by the owner or occupier of any premises in his area of supply, give supply of electricity to such premises, within one month after receipt of the application requiring such supply:
>
> Provided that where such supply requires extension of distribution mains, or commissioning of new sub-stations, the distribution licensee shall supply the electricity to such premises immediately after such extension or commissioning or within such period as may be specified by the Appropriate Commission:
>
> Provided further that in case of a village or hamlet or area wherein no provision for supply of electricity exists, the Appropriate Commission may extend the said period as it may consider necessary."

8.6. The Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules

(26)

2005 specify the "Requirements of Capital Adequacy and Creditworthiness". Rule 3 states:

> "(1) The Appropriate Commission shall, upon receipt of an application for grant of licence for distribution of electricity under sub-section (1) of section 15 of the Electricity Act, 2003, decide the requirement of capital investment for distribution network after hearing the applicant and keeping in view the size of the area of supply and the service obligation within that area in terms of section 43.
>
> (2) The applicant for grant of licence shall be required to satisfy the Appropriate Commission that on a norm of 30% equity on cost of investment as determined under sub-rule (1), he including the promoters, in case the applicant is a company, would be in a position to make available resources for such equity of the project on the basis of networth and generation of internal resources of his business including of promoters in the preceding three years after excluding his other committed investments."
>
> Explanation to Rule 3(2) (as amended on 28 November 2022)
>
> "For grant of a license for distribution of electricity within the same area in terms of sixth proviso to section 14 of the Act, the entire area covering either a Municipal Corporation as defined in article 243Q of the Constitution or three adjoining revenue districts, or a smaller area as may be notified by the Appropriate Government shall be the minimum area of supply."

8.7. Rule 4 requires applicants to conform to a Code of Conduct:

"Rule 4 – Requirement of Code of Conduct

The applicant for grant of licence shall satisfy the Appropriate Commission that he has not been found guilty or has not been disqualified under any of the following provisions within the last three years from the date of the application for the grant of licence:

(a) section 203, section 274, section 388B or section 397 of the Companies Act, 1956;

(b) section 276, section 276B, section 276BB, section 276C, section 277 or section 278 of the Income tax Act, 1961;

(c) section 15C, section 15G, section 15H or section 15HA of the Securities and Exchange Board of India Act 1992;

(d) clause (b), (bb), (bbb), (bbbb), (c) or (d) of sub-section (1) of section 9 of the Excise Act 1944;

(e) section 132 or section 135 of the Customs Act 1962, and that the Applicant is not a person in whose case Licence was suspended under section 24 or revoked under section 19 of the Act, within the last three years from the date of application:

Provided that where the Applicant is a company, it shall satisfy the Appropriate Commission in addition to provisions of this rule that no petition for winding up of the company or any other company of the same promoter has been admitted under section 443 (e) of the

Companies Act, 1956 on the ground of its being unable to pay its debts."

8.8. The Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) (Amendment) Rules, along with the 2022 Amendment Rules, substituted the Explanation to Rule 3 (2) of the 2005 Rules with the present text, which provides that the minimum area of supply shall be "either a Municipal Corporation as defined in article 243Q of the Constitution or three adjoining revenue districts, or a smaller area as may be notified by the Appropriate Government". The Ministry of Power issued 2022 Amendment Rules on 28 November 2022.

8.9. Pronouncements by the Supreme Court and various regulatory bodies have interpreted these provisions.

8.10. The Supreme Court of India delivered a judgment on 29 September 2022, in Jindal Steel and Power Limited v. The Chhattisgarh State Electricity Regulatory Commission and Ors.[11] concerning the interpretation of the expression "area of supply" under the Electricity Act. The case arose from JSPL's application for a distribution license to supply electricity to industrial consumers in the Jindal Industrial Park and two villages of Raigarh district in Chhattisgarh. The Chhattisgarh State Electricity Regulatory

[11] Civil Appeal Nos. 3607-3610 of 2008.

Commission had initially granted the license, but the Appellate Tribunal for Electricity set aside the grant on 7 May 2008, leading to appeals before the Supreme Court.

8.11. The Supreme Court examined the effect of a deemed distribution licensee under Section 14 of the Electricity Act and held that the authorized "area of supply" shall be "the minimum area of supply" in terms of the Electricity Act and that it is sufficient if the area of distribution falls within a Municipal Corporation or a revenue district

8.12. The Supreme Court has enunciated the following principles:

(i) The area of supply need not be the entire municipal area; it is sufficient if it falls within a Municipal Corporation or a revenue district;

(ii) The provisions of the Electricity Act must be harmoniously construed to give effect to the legislative intent of promoting competition; and

(iii) Certain cases may be treated as exceptions to Rule 3 of the Distribution Licence Rules, particularly where effective steps for setting up industrial infrastructure have been taken.

8.13. The principles, however, were laid down prior to the notification of the 2022 Amendment Rules (issued on 28 November 2022) which substitute the Explanation to Rule 3 (2) of the 2005 Rules with its present text.

9. Whether the Commission is permitted to consider net worth on market value basis

9.1. The question of whether net worth may be assessed on a market value basis is central to the proceedings before the Commission, since it has specifically directed Eleven Power to justify its reliance on the market value of its Promoter's net worth.

9.2. The 2005 Rules do not prescribe a specific methodology for the valuation of net worth for the purposes of assessing capital adequacy and creditworthiness. Rule 3 (2) requires the applicant to demonstrate its ability to make available resources for the equity component (30 per cent of the cost of investment) "on the basis of net worth and generation of internal resources of his business including of promoters in the preceding three years".

9.3. The term "net worth" is not defined in the 2005 Rules. In the absence of a statutory definition, the term must be construed in accordance with its ordinary commercial meaning and established accounting principles.

9.4. Section 2 (57) of the Companies Act, 2013 defines "net worth" as:

> "the aggregate value of the paid-up share capital and all reserves created out of profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure, and miscellaneous expenditure not written off."

9.5. The statutory definition in Section 2 (57) is based on book value which computes the historical cost of assets minus liabilities and does not account for market value. The Companies Act 2013 does not permit the inclusion of revalued assets or market-based valuations in the computation of net worth unless specifically permitted under applicable accounting standards.

9.6. The distinction between book value and market value is fundamental. Book value is based on historical cost and is verifiable through audited financial statements. Market value may fluctuate and is dependent on market conditions.

9.7. Rule 3 (2) speaks of "generation of internal resources" in the "preceding three years". This is a historical metric based on actual financial performance over a defined period. While the use of the past tense ("preceding three years") indicates that the assessment is grounded in historical financial data, it does not preclude the use of market value as the appropriate measure of performance. On the contrary, market value provides a more accurate and realistic reflection of the promoter's true financial standing and resource generation capacity, as it captures the current economic value of assets rather than their historical cost.

9.8. Rule 3 (2) does not expressly incorporate the definition of net worth in the Companies' Act 2013. It is a well-settled principle of statutory interpretation that definitions cannot be bodily lifted from one statute and mechanically transposed into a different regulatory

context, particularly where the specialized regulatory framework has its own distinct objectives and commercial considerations.

9.9. GP Singh's treatise on the Interpretation of Statutes states that "necessary consequence" of the natural-word rule is that in the case of legislation dealing with "a particular trade, business, profession, art or science, words having a special meaning in the context are to be understood in that sense."[12]

9.10. When an earlier Act or certain of its provisions are incorporated by reference into an Act on a later date, the provisions so incorporated become part and parcel of the later Act as if they had been "bodily transposed into it".[13] While this is the general rule, the issue of whether or not the rule applies is foremost dependent on the context.

9.11. The 2005 Rules are a specialized regulatory instrument designed to assess the financial capability of applicants for electricity distribution licenses, and the term "net worth" in that context must be interpreted in a manner that best serves the objective of the Rules—namely, to ensure that only financially capable applicants are granted licenses.

9.12. In **Tata Consultancy Services** v. **State of A.P.**,[14] the Supreme Court was examining the issue of whether canned software—

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[12] GP Singh, Principles of Statutory Interpretation, 15th Edn, 86.
[13] Webb v. Outrim, (1907) AC 81, p. 89 (PC).
[14] (2005) 1 SCC 308.

constituting computer packages sold off the shelf—owned by software companies, and sold on a licensed basis by the appellants can be termed as "goods" and as such, be assessable to sales tax under the Andhra Pradesh Sales Tax Act 1957. In answering the issue, the Supreme Court held that in the absence of explicit incorporation or reference, it is impermissible to interpret a word in accordance with its definition in other statutes. This is especially so when the Acts in consideration are not *in pari materia*. The judgment states:

> "40. The Copyright Act and the Sales Tax Act are also not statutes in pari materia and as such the definition contained in the former should not be applied in the latter. (See Jagatram Ahuja v. CGT [(2000) 8 SCC 249 : AIR 2000 SC 3195], AIR at p. 3201.)
>
> 41. In the absence of incorporation or reference, it is trite that it is not permissible to interpret a word in accordance with its definition in other statute and more so when the same is not dealing with any cognate subject. (See State of Kerala v. Mathai Verghese [(1986) 4 SCC 746 : 1987 SCC (Cri) 3], SCC at p. 753 and Feroze N. Dotivala v. P.M. Wadhwani [(2003) 1 SCC 433] , SCC at p. 442.)
>
> 78. A software may be intellectual property but such personal intellectual property contained in a medium is bought and sold. It is an article of value. [...] They may be a medium through which the intellectual property is transferred but

> for the purpose of determining the question as regards leviability of the tax under a fiscal statute, it may not make a difference. A program containing instructions in computer language is subject-matter of a licence. It has its value to the buyer. It is useful to the person who intends to use the hardware viz. the computer in an effective manner so as to enable him to obtain the desired results. It indisputably becomes an object of trade and commerce. These mediums containing the intellectual property are not only easily available in the market for a price but are circulated as a commodity in the market. Only because an instruction manual designed to instruct use and installation of the supplier program is supplied with the software, the same would not necessarily mean that it would cease to be a "goods" [...] What is essential for an article to become goods is its marketability."

9.13. Applying this principle to the present case, the definition of "net worth" under Section 2 (57) of the Companies Act (which is a corporate law enactment designed for the purposes of company regulation, financial disclosure, and corporate governance) cannot be mechanically imported into Rule 3 (2) of the 2005 Rules, which is a specialized regulatory instrument framed under the Electricity Act 2003, for the specific purpose of assessing the financial capability of applicants for electricity distribution licences. The Electricity Act and the Companies Act are not statutes *in pari materia*. The two enactments operate in entirely

different regulatory domains. The former governs the licensing, generation, transmission, and distribution of electricity. The latter governs the incorporation, management, and winding up of companies. The objectives, subject matter, and regulatory contexts of the two statutes are fundamentally distinct. The Companies Act definition of "net worth" was formulated for the purpose of ensuring adequate capitalization and financial transparency of companies, whereas Rule 3 (2) of the 2005 Rules was designed to ensure that a licensee has the financial wherewithal to discharge its Universal Service Obligation under Section 43 of the Electricity Act and to roll out the distribution network. Rule 3 (2) of the 2005 Rules does not incorporate the Companies Act definition of "net worth," nor does it contain any indication that Parliament or the Central Government intended the term to bear the same meaning as under the Companies Act. Consequently, it is neither permissible nor appropriate to interpret "net worth" in Rule 3 (2) by reference to Section 2 (57) of the Companies Act. The term must be construed in its ordinary commercial sense, having regard to the context, scheme, and purpose of the 2005 Rules. In the present case, the promoter's assets comprise predominantly liquid, listed equity shares, and the market value of these assets—which is nearly three times the equity requirement of the project—is the most accurate reflection of its true financial capacity. A construction that imports the

Companies Act definition would render Rule 3 (2) somewhat otiose and incapable of achieving its intended purpose, which is to ensure that only financially capable applicants are granted distribution licences. This would run contrary to the legislative intent of promoting competition and consumer choice under the Electricity Act.

9.14. The definition of "net worth" under Section 2 (57) of the Companies Act 2013 was formulated for corporate law purposes and cannot be automatically imported into the 2005 Rules without regard to the specific context and purpose of those Rules. The 2005 Rules are a specialized regulatory instrument designed to assess the financial capability of applicants for electricity distribution licenses. Hence, the term "net worth" in that context must be interpreted in a manner that best serves the objective of the Rules, namely, to ensure that only financially capable applicants are granted licenses. A rigid and literal adoption of the definition from the Companies Act would defeat this objective by failing to capture the true financial standing of the promoter.

9.15. Rule 4 of the Accounting Standard Rules provides any company with a choice to adopt the Indian Accounting Standards[15] for the preparation of their financial statements. In addition, Rule 4

[15] "Ind AS"

mandatorily requires all listed companies and companies having a net worth of more than INR 250 crore to comply with Ind AS.

9.16. Ind AS 109 requires investments in listed equity shares to be measured at their 'fair value', with changes in fair value recognized in profit or loss unless an irrevocable election is made to present them in other comprehensive income. Ind AS 113 further stipulates that the most reliable evidence of the 'fair value' of a listed share is its quoted market price in an active market i.e., its market value. Clearly, therefore, the Companies Act framework of net worth incorporates the market value of listed equity shares. Consequently, viewed holistically, the Companies Act framework treats market value as a key indicator of net worth where the asset base comprises investments in listed equity shares.

9.17. It is inappropriate to rely solely upon Section 2 (57) to define the scope of net worth under the Companies Act without reference to Ind AS.

9.18. The Explanation to Rule 3 (2) also supports this interpretation. The Explanation prescribes the minimum area of supply, and the substantive part of Rule 3 (2) prescribes the financial assessment. While both provisions are intended to be objective and verifiable, the use of book value does not necessarily serve the objective of the Rule. Book value, being based on historical cost, often fails to reflect the true worth of a promoter's assets, particularly where such assets comprise listed shares and securities that have

appreciated in value over time. Market value, by contrast, offers a transparent and objectively verifiable benchmark, as it is determined by publicly available market prices and trading volumes. The use of market value would therefore enhance, rather than undermine, the objectivity of the assessment.

9.19. The Commission itself has recognized the relevance of market value. In its interim order of 26 May 2026, the Commission observed that Eleven Power's chartered accountants had certified that the net worth of S A S Fininvest LLP was INR 94.95 crore on a book value basis and INR 4,085.60 crore on a market value basis—a difference of over 4,000 per cent. This stark disparity does not, however, indicate that market value is unreliable; rather, it demonstrates that book value substantially understates the true financial capacity of the promoter. Market value, being based on current valuations of listed securities, provides a far more meaningful indicator of the promoter's ability to mobilize resources for the project.

9.20. The Promoter is a limited liability partnership. It is governed by the provisions of the Limited Liability Partnership Act 2008, and rules applicable under it. The Companies (Indian Accounting Standards) Rules 2015 specify the classes of companies to which the Rules apply. Rule 9.3.4 of the Ind AS Rules states that certain identified classes of companies (and their auditors) shall comply with the Ind AS in preparation of their financial statements and

audit. These include Listed or unlisted companies with the net worths within the specified threshold alongside their holding, subsidiary, joint venture, or associate companies. Listed and unlisted Non-Banking Financial Companies are also bound by these Rules. LLPs are notably excluded from the companies named in Rule 9.3.4. The Companies (Indian Accounting Standards) Rules do not apply to Limited Liability Partnerships. Thus, an LLP has no legal obligation under Rule 4 of the Accounting Standard Rules to value its securities at market value in its balance sheet. No specific provision making it mandatory for LLPs to value their securities at market value has been enacted.

9.21. Consequently, the market value of the Promoter's listed securities, as certified by a Chartered Accountant, should also be considered along with the audited balance sheet for an accurate assessment of the Promoter's net worth.

9.22. This position on valuation is evidenced from the fact that the Promoter monetized 20,00,000 equity shares of Global Health Limited in May-June 2026 for an aggregate consideration of approximately INR 252.50 crore. This monetization was done through sale of the shares on the stock exchanges. It demonstrates the liquidity and realizable value of the asset base of the Promoter. Further, the fact that IndusInd Bank has sanctioned the debt required for Phase I of the proposed network implementation plan on the strength of the net worth of the

Promoter highlights the adequacy of the capital base. The Promoter has also infused liquidity into Eleven Power equivalent to the equity required under Rule 3 for the first phase of the network roll out.

9.23. I am of the opinion that the Commission is entitled to consider net worth on a market value basis for assessing capital adequacy and creditworthiness under Rule 3 (2) of the 2005 Rules. Net worth must be computed on a market value basis, as this provides a fair, accurate, and commercially realistic assessment of the promoter's financial capacity. The use of book value would result in a grossly distorted picture of the promoter's true financial standing and would be inconsistent with the objective of the Rules, which is to ensure that only financially capable applicants are granted licenses. Market value, being based on current and publicly verifiable data, is a more objective and reliable measure of the promoter's ability to make available the required equity resources for the project.

10. Whether the financial standing of the Promoter is a sufficient basis

10.1. Rule 3 (2) specifically permits reliance on the financial standing of promoters inasmuch as it requires that "the applicant ... **including the promoters**, in case the applicant is a company, would be in a position to make available resources for such equity of the project on the basis of net worth and generation of internal resources of

his business including of promoters in the preceding three years" (emphasis supplied).

10.2. The rule contemplates that the financial standing of the promoter can be relied upon and taken into account. This is consistent with the commercial reality that a newly incorporated entity may not have an independent financial track record. So long as the newly incorporated entity is backed by financially sound promoters the financial standing of the promoters can be a sufficient basis for assessment.

10.3. The intent behind including promoters in the assessment in Rule 3 (2) must be noticed. Infrastructure projects are often undertaken through newly incorporated entities and the financial strength of the promoters is the true measure of the viability of the project. To require such entities to have a three-year financial track record would render most newly incorporated entities ineligible, defeating the purpose of the parallel licensing regime under Section 14 of the Electricity Act.

10.4. The rule requires that the promoter's financial standing be demonstrated through "net worth and generation of internal resources" over the "preceding three years". This is an objective requirement that must be satisfied with documentary evidence. The Commission cannot merely accept a promoter's representation of financial standing; it must be demonstrated through audited financial statements and other verifiable records.

10.5. The Appellate Tribunal for Electricity has construed Rule 3(2) in exactly this manner in **Noida Power Company Ltd.** v. **Paschimanchal Vidyut Vitran Nigam Ltd.**[16] The APTEL held that the availability of resources is to be shown on the basis of the track record of the preceding three years of the applicant and its promoter, and that the capital adequacy of 30 per cent equity is to be satisfied by the Applicant for the second license and/or its promoter. It is instructive that the license in that case was set aside not because the Applicant was a subsidiary relying on its promoter, but because the accounts of both the Applicant and its promoter disclosed negative net worth and accumulated losses, leaving nothing on which the requirement under the rule could be satisfied.

10.6. In the present case, S A S Fininvest LLP holds a 99.99 per cent stake in the Querist. The financial standing of the holding entity, S A S Fininvest LLP, would be relevant for assessing whether the Querist can make available the required equity resources. However, the Commission must also consider whether the promoter's resources are encumbered by other committed investments, as the rule requires exclusion of "other committed investments".

10.7. I am accordingly of the opinion that the financial standing of the promoter is a sufficient basis to satisfy the requirement of capital

[16] Appeal No. 7 of 2010.

adequacy and creditworthiness under Rule 3 (2) of the 2005 Rules, provided that:

(i) the promoter's net worth and internal resource generation over the preceding three years are demonstrated through audited financial statements and other verifiable records;

(ii) the promoter's other committed investments are excluded as required by Rule 3 (2); and

(iii) the promoter has demonstrated the ability to make available the required equity resources for the project.

11. Whether Rule 3 (2) renders a newly incorporated entity ineligible

11.1. The Querist was incorporated on 6 June 2025 and therefore has no financial track record of its own. The question arises whether Rule 3 (2) of the 2005 Rules renders such a newly incorporated entity ineligible for a license.

11.2. Rule 3 (2) expressly contemplates such a situation by providing that the applicant "including the promoters, in case the applicant is a company, would be in a position to make available resources for such equity of the project on the basis of net worth and generation of internal resources of his business including of promoters in the preceding three years".

11.3. The inclusion of the words "including of promoters" makes it clear that the financial standing of the promoters can be relied upon to satisfy the capital adequacy and creditworthiness requirements. The rule does not require the applicant itself to have a three-year

financial track record; it requires that the applicant, including its promoters, demonstrates the ability to make available the required resources.

11.4. This interpretation is consistent with the commercial practice of using newly incorporated entities for project implementation. Such an entity is the project vehicle, but the financial backing comes from the promoters. The Act and the Rules recognize this structure and provide for it expressly.

11.5. The decision of the Supreme Court in **Jindal Steel and Power Limited** v. **Chhattisgarh State Electricity Regulatory Commission** (supra) supports a purposive interpretation of the provisions of the Electricity Act. The Court emphasized the need for harmonious construction of the provisions to give effect to the legislative intent of promoting competition.

11.6. The Querist has proposed to infuse equity of INR 1,415.02 crore, and the source of this equity is the promoter, S A S Fininvest LLP. The question is whether the promoter has the financial capacity to make this investment, not whether the newly incorporated entity itself has the capacity.

11.7. The Commission has directed Eleven Power to submit a comprehensive debt-equity capitalization plan identifying funding sources and documentary evidence substantiating the availability of the requisite financial resources. This is the appropriate approach. The Commission should examine the

promoter's financial standing and the proposed capitalization plan while deciding on the Petition.

11.8. To reiterate, Rule 3 (2) of the 2005 Rules does not render a newly incorporated entity ineligible for a license merely because it has no financial track record. The rule expressly permits reliance on the financial standing of the promoters, provided they have demonstrated net worth and internal resource generation over the preceding three years, after excluding other committed investments. The Commission's role is to examine the promoter's financial standing and the proposed capitalization plan.

12. Prior Distribution Requirement for Grant of a Parallel License

12.1. Neither the Electricity Act nor the 2005 Rules prescribe prior experience in the business of distribution of electricity as a condition for the grant of a parallel distribution license.

12.2. Section 14 of the Electricity Act enumerates the categories of licenses that may be granted—transmission, distribution, and trading—and sets out the conditions for grant. The Sixth Proviso to Section 14 imposes additional requirements relating to capital adequacy, creditworthiness, and Code of Conduct, as prescribed by the Central Government. Prior distribution experience is not among these requirements.

12.3. Rule 3 of the 2005 Rules prescribes the requirements of capital adequacy and creditworthiness. Rule 4 prescribes the

requirements relating to the Code of Conduct. Neither rule mentions prior experience in distribution as a requirement.

12.4. The HERC (Transmission and Distribution Licensing) Regulations, 2004, may prescribe technical qualifications and experience requirements. However, such regulations cannot impose conditions that are inconsistent with or travel beyond the requirements of the Electricity Act and the 2005 Rules. The Sixth Proviso to Section 14 expressly states that the applicant shall comply with the additional requirements "as may be prescribed by the Central Government". The Central Government has prescribed these requirements in the 2005 Rules, and the Commission cannot unilaterally add to them.

12.5. The Sixth Proviso to Section 14 mandates that "no such applicant, who complies with all the requirements for grant of licence, shall be refused grant of licence on the ground that there already exists a licensee in the same area for the same purpose". By necessary implication, once an applicant satisfies the requirements of the Act and the Rules, the Commission cannot refuse a license on grounds not specified in the Act or the Rules.

12.6. The principle of *expressio unius est exclusio alterius* (the express mention of one thing excludes all others) applies here.[17] The Act and the Rules have expressly specified the requirements for a

[17] Swastik Gases P. Ltd v. Indian Oil Corp. Ltd, 2013 (9) SCC 32.

parallel distribution license: capital adequacy, creditworthiness, and code of conduct. The omission of prior distribution experience from these requirements indicates that Parliament did not intend it to be a condition. Hence, the Commission cannot add a requirement of prior distribution experience that is not prescribed by the Act or the Rules.

12.7. Rule 3 (2) of the 2005 Rules requires the applicant to satisfy the Commission that it has the financial capacity to contribute 30 per cent equity towards the project, as determined under Rule 3(1) of the 2005 Rules. For this purpose, this Rule considers the financial strength of both the applicant and its promoters over the preceding three (3) years. Where the applicant is a newly incorporated company, the required financial capacity may therefore be demonstrated through its promoters.

12.8. Thus, prior experience in the business of distribution of electricity is not a statutory condition for the grant of a parallel distribution license under Sections 14 and 15 of the Electricity Act, read with the 2005 Rules. Any requirement of prior experience imposed by the Commission's licensing regulations must be consistent with the Act and the Rules and cannot be a ground for refusal where the applicant satisfies the statutory requirements.

13. Whether consortium experience can fulfil the requirement

13.1. The Querist has entered into a binding MoU with consortium members who possess relevant experience in the power sector.

Advait Energy Transitions Limited, Vision India Services, and HEC Infra Projects Limited are entities with expertise and experience in energy transitions, infrastructure, and project execution.

13.2. The MoU is a binding agreement that obligates the consortium partners to provide technical, operational, and project execution support. The fact that consortium partners are not co-applicants and hold no equity in the Querist does not, by itself, negate the value of their experience. The Querist can access and benefit from the experience of its consortium partners through the contractual arrangements set out in the MoU.

13.3. The HERC Regulations clearly contemplate reliance by an Applicant on the experience of its consortium partners to demonstrate its technical capability and execution capacity. Part II of Form-1 of the HERC Regulations provides that the details of prior experience are to be furnished by the applicant or, in the case of a joint venture or consortium, by each participant separately. Such a stipulation is not alien to public contracting where tenders routinely permit reliance on technical and financial experience of consortium partners. Consequently, this may be a reasonable approach adopted by the Commission especially since there are no applicable statutory proscriptions.

13.4. The principle of substance over form applies in such matters. If the consortium partners are genuinely involved in the project and their experience is available to the Querist through binding contractual

arrangements, the Commission should consider such experience as relevant, even if the consortium partners are not co-applicants or participants in equity.

13.5. I am accordingly of the opinion that if prior experience is considered a relevant consideration, the requirement can be fulfilled through the experience of consortium partners under a binding MoU, even if the consortium partners are not co-applicants and do not hold an equity stake in the Applicant.

14. Minimum Area of Supply

14.1. The Explanation to Rule 3 (2) of the 2005 Rules, as amended on 28 November 2022, provides:

> "For grant of a license for distribution of electricity within the same area in terms of sixth proviso to section 14 of the Act, the entire area covering either a Municipal Corporation as defined in article 243Q of the Constitution or three adjoining revenue districts, or a smaller area as may be notified by the Appropriate Government shall be the minimum area of supply."

14.2. The use of the word "either" before "a Municipal Corporation" and the preposition "or" between "Municipal Corporation" and "three adjoining revenue districts" indicates that the requirement is to be read disjunctively. An applicant may satisfy the minimum area of supply requirement by demonstrating that the proposed area of supply to cover either:

(i) a Municipal Corporation; or

(ii) three adjoining revenue districts; or

(iii) a smaller area as may be notified by the Appropriate Government.

14.3. In **Jindal Steel and Power Limited** (supra), the Supreme Court clarified that the authorized "area of supply" shall be "the minimum area of supply" in terms of the Electricity Act. The Court held that it is sufficient if the area of distribution falls within a Municipal Corporation or a revenue district.

14.4. The disjunctive reading is further supported by the legislative history of the amendment. The original Explanation provided that the area falling within "a Municipal Council or a Municipal Corporation ... or a revenue district" shall be the minimum area of supply. The 2022 amendment substituted this with "entire area covering either a Municipal Corporation ... or three adjoining revenue districts". The change from "or" to "either ... or" reinforces the disjunctive nature of the requirement. A statutory provision must ordinarily be interpreted according to the plain meaning of the words used.[18] It is a well-established principle of statutory interpretation that the word 'or' is ordinarily disjunctive. A court will depart from this ordinary meaning and read it conjunctively only where the plain and literal construction of the provision would

[18] See, New Horizons Ltd. v. Union of India, (1995) 1 SCC 478.

lead to an absurd consequence or would be inconsistent with the manifest intention of the legislature or rule-making authority.[19]

14.5. Under the amended Explanation, the minimum area of supply is the entire area covering either a Municipal Corporation or three adjoining revenue districts. An applicant may propose an area of supply that is larger than the prescribed minimum, but cannot propose a smaller area, unless the latter has been notified by the Appropriate Government. The amendment thus forecloses applications for fragmented pockets or selected corridors falling short of the prescribed minimum area.

14.6. Moreover, if a conjunctive reading were to be adopted, the word "either", which grammatically introduces a choice between alternatives, would be rendered wholly otiose. A construction which renders any word of the rule otiose is to be avoided. Clause 5.4.7 of the National Electricity Policy 2005 also treats a revenue district, a Municipal Council and a Municipal Corporation as alternative minimum units for the grant of a second or subsequent distribution license. Neither the Policy nor the 2005 Rules require an applicant whose proposed area includes an entire Municipal Corporation to additionally include three adjoining revenue districts.

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[19] Babu Manmohan Das Shah & Others v. Bishun Das, 1967 AIR 643; Gopal Krishan v. Daulat Ram, (2025) 2 SCC 804.

14.7. Therefore, the Applicant is not required to include three adjoining revenue districts in the Proposed Area of Supply. The Explanation to Rule 3 (2) of the 2005 Rules sets out three alternative and independent requirements. The Applicant satisfies the first requirement by including the entire areas of the Municipal Corporations of Gurugram and Manesar. The inclusion of the remaining areas of the Gurugram and Nuh Revenue Districts is in addition to the prescribed minimum area. The requirement of including three adjoining revenue districts is an alternative requirement that applies only where an application does not include a Municipal Corporation in the Proposed Area of Supply. It has no application to this case where more than one Municipal Corporation is included in the Proposed Area of Supply.

14.8. In the present case, the Querist has applied for a license for the Gurugram and Nuh districts consisting of two Municipal Corporations of Gurugram and Manesar. The proposed area therefore covers two Municipal Corporations, thereby satisfying the minimum area of supply requirement under the first limb of the disjunctive test.

14.9. The requirement of inclusion of one municipal corporation or three revenue districts is to be read disjunctively. An applicant may satisfy the minimum area of supply requirement by demonstrating that the proposed area of supply covering the entire area of either

a Municipal Corporation or three adjoining revenue districts. It is not necessary to satisfy both conditions simultaneously.

15. Applicability of the Gurugram Metropolitan Development Authority Act 2017

15.1. The GMDA Act is a town planning and urban governance statute enacted for the notified Gurugram Metropolitan Area. It inter alia establishes the Gurugram Metropolitan Development Authority for the notified Gurugram Metropolitan Area, with the object of integrated and sustainable planned development of that area. To that end, the GMDA Act contemplates inter alia the preparation and implementation by the Authority of an 'Infrastructure Development Plan' for the notified area.

15.2. Section 2 (i) of the GMDA Act includes, inter alia, electricity distribution and transmission systems as 'infrastructure' and therefore within the ambit of that Plan. Sections 16 to 18 set out the scheme by which the Authority is to prepare, notify and implement the Plan in the notified area. Section 19 of the GMDA Act further requires that all infrastructure work be carried out in accordance with the Plan.

15.3. The GMDA Act, however, does not vest in the Authority any power to license, authorize or regulate the distribution of electricity. It also does not prescribe any consent, clearance or approval of the Authority as a pre-condition for any person to undertake electricity distribution. The inclusion of electricity systems within the

Plan makes the Authority a planning and coordinating agency in respect of such systems, not a licensing or regulatory one.

15.4. The grant of a license to distribute electricity is governed exclusively by the Electricity Act. Sections 12 to 15 of the Act constitute a complete code on authorization and licensing. Nowhere in this scheme is the consent of, or compliance with, any development authority made a condition of grant of the license. To read such a condition in would be to add an extra-statutory eligibility criterion that neither Parliament nor the Central Government has prescribed.

15.5. Even if the two statutes were thought to overlap in this respect, any suggested conflict is, in any event, resolved by the Act itself. Section 174 of the Act categorically provides that the provisions of the Act shall have an overriding effect over any other inconsistent law.

15.6. The constitutional position reinforces this. 'Electricity' is a subject in the Concurrent List under Entry 38 of List III of the Seventh Schedule to the Constitution, on which both Parliament and the State Legislature are competent to legislate. The Electricity Act is the Parliamentary enactment occupying the field of the licensing and regulation of electricity distribution. The GMDA Act, by contrast, is a State enactment, traceable to the State's domain over local government and land under Entries 5 and 18 of List II and, insofar as it touches electricity infrastructure, to Entry 38 of List III.

15.7. Under Article 254 (1) of the Constitution, where a law made by the State Legislature is repugnant to a law made by Parliament on a matter in the Concurrent List, the Parliamentary law prevails, and the State law is void to the extent of the repugnancy. Article 254(1) is set out below:

> "If any provision of a law made by the Legislature of a State is repugnant to any provision of a law made by Parliament which Parliament is competent to enact, or to any provision of an existing law with respect to one of the matters enumerated in the Concurrent List, then, subject to the provisions of clause (2), the law made by Parliament, whether passed before or after the law made by the Legislature of such State, or, as the case may be, the existing law, shall prevail and the law made by the Legislature of the State shall, to the extent of the repugnancy, be void."

15.8. Consequently, even if the GMDA Act were read as qualifying the grant of a distribution license, such a provision, being repugnant to the licensing scheme enacted by Parliament in Sections 12 to 15 read with Section 174 of the Act, could not stand. A State planning statute cannot override or condition the licensing jurisdiction that Parliament has vested exclusively in the Commission.

15.9. This is not to say that the GMDA Act is irrelevant to the licensee's business: only that it is irrelevant for the purpose of the grant of the

license. The GMDA Act, like multiple other enactments such as labor laws, is a law of general application that any licensee or business is required to comply with. These laws of general application become relevant only for the operations of the licensee after the license is granted.

15.10. The involvement of every statutory authority under laws of general application in the licensing process is not contemplated by the Act or rules made under it. This will render the entire application process under Section 14 of the Act unwieldy given the number of statutes that a licensee's operations may be subject to.

15.11. For these reasons, the Commission is not required to consider compliance with the GMDA Act while considering an application under Section 14 of the Act. The apprehension that the Proposed Area of Supply overlaps substantially with the notified Gurugram Metropolitan Area affects, at most, the manner of executing works after grant, which is a matter for coordination between the licensee and the Authority. It however furnishes no ground for withholding or conditioning the license.

D. Conclusion

16. Creditworthiness and Capital Adequacy

16.1. The 2005 Rules do not prescribe a specific methodology for the valuation of net worth. While the term "net worth" is defined under Section 2 (57) of the Companies Act 2013, on a book value basis, it is a well-settled principle of statutory interpretation that

definitions cannot be bodily lifted from one statute and mechanically transposed into a different regulatory context, particularly where the specialized regulatory framework has its own distinct objectives and commercial considerations. The 2005 Rules are a specialized regulatory instrument designed to assess the financial capability of applicants for electricity distribution licenses, and the term "net worth" in that context must be interpreted in a manner that best serves the objective of the Rules—namely, to ensure that only financially capable applicants are granted licenses.

16.2. Market value provides a more accurate and realistic reflection of the promoter's true financial standing and resource generation capacity, as it captures the current economic value of assets rather than their historical cost. In the present case, the stark disparity between the promoter's book value (INR 94.95 crore) and market value (INR 4,085.60 crore) demonstrates that book value substantially understates the true financial capacity of the promoter. Market value, being based on current and publicly verifiable data, is a more objective and reliable measure of the promoter's ability to make available the required equity resources. The Promoter has actually evidenced this by its recent monetization of listed equity shares as set out in paragraph 9.20 of this Opinion.

16.3. Therefore, the Commission is entitled to, and in fact should, consider net worth on a market value basis for assessing capital adequacy and creditworthiness under Rule 3 (2) of the 2005 Rules.

17. Whether the financial standing of the Promoter is a sufficient basis

17.1. Rule 3 (2) expressly permits the inclusion of the financial standing of promoters by stipulating that "the applicant ... including the promoters, in case the applicant is a company, would be in a position to make available resources for such equity of the project on the basis of net worth and generation of internal resources of his business including of promoters in the preceding three years". The intent underlying the inclusion of promoters in the assessment that while infrastructure projects are often undertaken through newly incorporated entities, the financial strength of the promoters is the true measure of the viability of the project.

17.2. In the present case, S A S Fininvest LLP holds a 99.99 per cent stake in the Querist and has demonstrated its financial capability through market value-based net worth of over INR 3,700 crore over the preceding three years. The Promoter has also furnished solvency certificates from Indusind Bank and 360 One Prime Limited, each certifying solvency up to INR 1,000 crore, and the partners of the Promoter have executed an undertaking to provide the necessary capital and/or loan arrangements to the Applicant.

18. Whether Rule 3 (2) renders a newly incorporated entity ineligible

18.1. Rule 3(2) expressly contemplates such a situation by providing that the applicant "including the promoters, in case the applicant is a company, would be in a position to make available resources for such equity of the project on the basis of net worth and generation of internal resources of his business including of promoters in the preceding three years". The inclusion of the words "including of promoters" makes it clear that the financial standing of the promoters can be relied upon to satisfy the capital adequacy and creditworthiness requirements.

18.2. Rule 3 (2) does not render a newly incorporated entity ineligible for a license merely because it lacks an independent financial track record. The HERC Regulations place the matter beyond doubt. HERC Regulation 4 (1) (g) (II) requires an applicant company to submit audited annual accounts for the last three years, or for the period of its incorporation if it has existed for less than three years. The HERC Regulations therefore expressly contemplate applications by companies incorporated less than three years before the application. The scheme of Form-I (Part II) of the HERC Regulations reinforces this position, requiring audited accounts of the applicant and its holding, subsidiary, or affiliated company for each of the three preceding financial years.

19. Prior Distribution Requirement for Grant of a Parallel License

19.1. Neither the Electricity Act nor the 2005 Rules prescribe prior experience in the business of distribution of electricity as a condition for the grant of a parallel distribution license. Section 14 enumerates the categories of licenses that may be granted and sets out the conditions for grant. The Sixth Proviso to Section 14 imposes additional requirements relating to capital adequacy, creditworthiness, and code of conduct, as prescribed by the Central Government. Prior distribution experience is not among these requirements. Rule 3 prescribes the requirements of capital adequacy and creditworthiness. Rule 4 prescribes the requirements relating to the Code of Conduct. Neither rule mentions prior experience in distribution as a requirement.

19.2. The Querist has entered into a binding MoU with consortium members who possess relevant experience in the power sector. Advait Energy Transitions Limited, Vision India Services, and HEC Infra Projects Limited are established entities with demonstrated expertise in energy transitions, infrastructure, and project execution. The MoU is a binding agreement that obligates the consortium partners to provide technical, operational, and project execution support. The fact that the consortium partners are not co-applicants and do not hold an equity stake in the Querist does not negate the value of their experience.

20. Minimum Area of Supply

20.1. The Explanation to Rule 3 (2) of the 2005 Rules, as amended on 28 November 2022, provides that "the entire area covering either a Municipal Corporation as defined in article 243Q of the Constitution or three adjoining revenue districts, or a smaller area as may be notified by the Appropriate Government shall be the minimum area of supply". The use of the expression "either" before "a Municipal Corporation" and the preposition "or" between "Municipal Corporation" and "three adjoining revenue districts" shows that the requirement is to be read disjunctively.

20.2. In the present case, the Querist has applied for a license for the Gurugram and Nuh districts, both of which are revenue districts consisting of Municipal Corporations of Gurugram and Manesar. The proposed area therefore covers an entire area of two Municipal Corporations, thereby satisfying the minimum area of supply requirement.

21. Applicability of the Gurugram Metropolitan Development Authority Act 2017

21.1. The GMDA Act is not a licensing statute and has no bearing on the Commission's decision-making under Section 14 of the Electricity Act. The Commission's statutory mandate does not extend to evaluating compliance with the GMDA Act. The overlap of the Proposed Area of Supply with the notified Gurugram Metropolitan Area pertains to the operational aspects

of the project, specifically, coordination with the Authority for implementation of works, and does not, under any settled principle of law, empower the Commission to refuse the license or to impose any such conditions as would effectively negate its grant.

Dhananjaya Y. Chandrachud

.....

Dr Dhananjaya Y Chandrachud

New Delhi
27 July 2026

SANDEEP KUMAR & ASSOCIATES
Chartered Accountants

99, Sector-15, Part-I, Gurgaon-122001 (HR.)
Ph. : 0124-4035280
Mob. : 98111-51496
E-mail : office@caskassociates.com

INDEPENDENT AUDITOR'S REPORT

To,
The Partners,
SAS Fininvest LLP,
201, Empire Apartments,
First Floor, Sultanpur,
MG Road, Gadaipur, Delhi 110030

Subject: Auditor's Report on Special Purpose Financial Statements of SAS Fininvest LLP as on 30 October 2025

We have examined and certify the accompanying Special Purpose Financial Statements of SAS Fininvest LLP having LLP registration no. AAA-0492, PAN ADZFS9315E, having registered office at 201, Empire Apartments, First Floor, Sultanpur, MG Road, Gadaipur, Delhi 110030, as on October 30, 2025.

These financial statements have been prepared specially for the purpose of entity valuation as on October 30, 2025, based on our verification of the books of accounts, documents and information provided to us by the management and following the market value for listed securities and the book value for unlisted securities.

Based on our verification, the statement reflects a true and correct view in agreement with the underlying records provided to us.

For **Sandeep Kumar & Associates**
Chartered Accountants
Firm Registration No.: 004838N

Sandeep Kumar & Associates • Chartered Accountants • CA Gurgaon FRN-004838N

Sandeep Kumar
(Partner)
Membership No.: 083785
Place: Gurugram
Date : 28th July, 2026
UDIN: 26083785ZSBYXO7784

S A S FININVEST LLP

Special Purpose Statement of Assets and Liabilities as at 30th October 2025

INR in Lakhs unless otherwise stated

Particulars	Note No.	As at 30-Oct-25 At Realizable Value	As at 31-Mar-25 At Book Value (Audited)
PARTNERS' FUNDS AND LIABILITIES			
Partners' Fund			
Partners' Capital Account			
Partners' Contribution	1	3,625	4,700
Reserves and Surplus	2	4,04,937	2,179
		4,08,562	6,879
Non-Current liabilities			
Long Term Borrowing	3	1,300	-
		1,300	-
Current liabilities			
Other current liabilities	4	-	16
		-	16
Total		**4,09,862**	**6,895**
ASSETS			
Non-Current Assets			
Non-current investments	5	4,09,685	5,669
Long term loans and advances	6	113	103
		4,09,798	5,772
Current assets			
Cash and bank balances	7	23	1,085
Other current assets	8	41	38
		64	1,123
Total		**4,09,862**	**6,895**

As per our report of even date attached
For Sandeep Kumar & Associates
Chartered Accountants
Firm Registeration No.: 004838N

Sandeep Kumar
(Partner)

Membership No.: 083785
Place: Gurugram
Date: 28th July, 2026

For and On behalf of S A S FININVEST LLP

Sunil Saehdeva
(Designated Partner)
DIN: 00012115
Place: Gurugram

Karan Chopra
On behalf of Doctor On Call Pvt. Ltd.
(Designated Partner)
DIN: 08755648
Place: Gurugram

(65)

S A S FININVEST LLP

Statement of Profit and Loss for the period ended 30th October 2025

INR in Lakhs unless otherwise stated

Particulars	Note No.	Period Ended 30-Oct-25	Year Ended 31-Mar-25
Income			
Revenue from operations	9	-	-
Other Income	10	3,993	14,125
		3,993	14,125
Expenses:			
Other expenses	11	54	81
		54	81
Profit before prior period items and taxes			
Prior period items		-	-
Profit Before Tax		3,939	14,044
Tax expense:			
Current tax		265	2,045
Tax earlier year		-	17
Profit After Tax		3,674	11,983

As per our report of even date attached
For Sandeep Kumar & Associates
Chartered Accountants
Firm Registeration No.: 004838N

Sandeep Kumar
(Partner)

Membership No.: 083785
Place: Gurugram
Date : 26th July, 2026

For and On behalf of S A S FININVEST LLP

Sunil Sachdeva
(Designated Partner)
DIN: 00012115
Place: Gurugram

Karan Chopra
On behalf of Doctor On Call Pvt. Ltd.
(Designated Partner)
DIN: 08755648
Place: Gurugram

(11)

S A S FININVEST LLP

Notes forming part of the Special Purpose financial statement for the period ended 30th October 2025

Note - 1 Partners' Contribution Account

INR in Lakhs unless otherwise stated

S. No.	Name of Partner	Share of profit/ (loss) (%)	As at 1st April 2025 (Opening Balance)	Capital Introduced/ (withdrawn) during the year	As at 30th Oct. 2025 (Closing Balance)
1	Sunil Sachdeva	80.00%	400	510	910
2	Suman Sachdeva	5.00%	14	0	14
3	SAS Infotech Private Limited	1.37%	1,041	(990)	51
4	SAS Servizio Private Limited	0.57%	70	(20)	50
5	Ramsons Projects Limited	1.33%	-	500	500
6	Doctor on Call Private Limited	11.72%	3,175	(1,075)	2,100
	Grand Total	**100%**	**4,700**	**(1,075)**	**3,625**

Note - 2 Reserves and Surplus

2.1 Balance of Profit and Loss

INR in Lakhs unless otherwise stated

S. No.	Name of Partner	Share of profit/ (loss) (%)	As at 1st April 2025 (Opening Balance)	Profit/ (Loss) for the year	As at 30th Oct. 2025 (Closing Balance)
1	Sunil Sachdeva	80.00%	1,580	2,939	4,519
2	Suman Sachdeva	5.00%	599	184	783
3	SAS Infotech Private Limited	1.37%	-	50	50
4	SAS Servizio Private Limited	0.57%	-	21	21
5	Ramsons Projects Limited	1.33%	-	49	49
6	Doctor on Call Private Limited	11.72%	-	431	431
		100%	**2,179**	**3,674**	**5,853**

2.2 Revaluation Reserve

INR in Lakhs unless otherwise stated

	As at 1st April 2025 (Opening Balance)	Created for the year	As at 30th Oct. 2025 (Closing Balance)
Revaluation Reserve on Investment	-	3,99,085	3,99,085
Grand Total	**2,179**	**4,02,758**	**4,04,937**

---o---

Sandeep Kumar & Associates * Chartered Accountants * Gurgaon FRN-004838N

S A S FININVEST LLP

Notes forming part of the Special Purpose financial statement for the period ended 30th October 2025

INR in Lakhs unless otherwise stated

Note No.	Particulars	As at 30-Oct-25	As at 31-Mar-25
3	**Long Term Borrowing**		
	Secured		
	Term Loans	1,300	-
		1,300	-
4	**Other current liabilities**		
	Audit fee payable	-	-
	Legal and Professional Charges	-	-
	Interest payable	-	15
	TDS payable	-	2
		-	16

---o---

Sandeep Kumar & Associates Chartered Accountants CA Gargee FRN-004839N

S A S FININVEST LLP

Notes forming part of the Special Purpose financial statement for the period ended 30th October 2025

INR in Lakhs unless otherwise stated

Note-5	Non-Current Investments	As at 30-October-25			As at 31-March-25		
		Face Value (Rs. Per Share)	Numbers/ Shares	Realizable Value	Face Value (Rs. Per Share)	Numbers/ Shares	Book Value
	Investments in equity instruments (quoted)						
	Global Health Limited	2	2,90,00,097	3,97,751	2	3,02,64,524	631
	Investments in equity instruments (unquoted)			-			
	S.A.S. Servizio Private Limited	10	90	-	10	90	-
	S.A.S. Infotech Private Limited	10	33,33,333	5,058	10	33,33,333	3,150
	Sumel Promoters Private Limited	10	1	-	10	1	-
	Pushti Wellness Private Limited	10	2,000	1	10	2,000	-
	SAS Tech studio Private Limited	10	99	-	10	99	-
	Sumel Heights Private Limited	10	1	-	10	1	-
	Super Bowl Private Limited	10	1	-	10	1	-
	SAS Kreditcare Private Limited	10	1	-	10	1	-
	Sumel Projects Pvt Limited	10	1	-	10	1	-
	Sumel Buildtech Private limited	10	1	-	10	1	-
	Sumel Developers Private limited	10	1	-	10	1	-
	SAS Heights Private limited	10	1	-	10	1	-
	Veyora Infra Private limited	10	10	100	-	-	-
	Kriya Medical Technologies Private Limited	100	1,69,154	100	100	1,69,154	100
	National Securities Depository Limited	2	1,00,000	825	2	1,00,000	825
	Other Investment			-			
	Sauce Continuity Fund I		64,601	754		64,601	619
	Sauce Consumer Venture II		6,823	71		6,823	64
	Repyute Networks Private Limited			200			150
	AL Trust Scheme		11,500	12		11,500	12
	LV Angel Fund			5			5
	PHI Capital Growth Fund			760			-
	Cost of Improvement			62			63
	Capital Contribution in Delta Innovative Research LLP			3,985			50
				4,09,685			**5,669**

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Sandeep Kumar & Associates Chartered Accountants Gurgaon FRN-004818N

S A S FININVEST LLP

Notes forming part of the Special Purpose financial statement for the period ended 30th October 2025

INR in Lakhs unless otherwise stated

Note No.	Particulars	As at 30-Oct-25	As at 31-Mar-25
6	**Loans and advances**		
	Other loans and advances		
	Other loans and advances	113	103
		113	**103**
7	**Cash and Bank balance**		
	Cash in hand	5	5
	Balances with banks		
	In current accounts	18	1,080
		23	**1,085**
8	**Other current assets**		
	Interest receivables	21	21
	Other current assets	2	-
	Income tax Refundable	18	18
		41	**38**

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Sandeep Kumar & Associates Chartered Accountants CA Gurgaon FRN-024839N

Bond

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Haryana Government

Date : 15/07/2026

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(Rs. Only)

Penalty : ₹ 0
(Rs. Zero Only)

Deponent

Name : Sas Fininvest Llp

H.No/Floor : Na Sector/Ward : Na Landmark : Na

City/Village : Gurugram District : Gurugram State : Haryana

Phone : 97******67

Purpose : UNDERTAKING **to be submitted at Others**

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UNDERTAKING FROM PARTNERS

TO WHOMSOEVER IT MAY CONCERN

SUBJECT: UNDERTAKING FOR PROVIDING NECESSARY APPROVALS FOR CAPITAL AND/OR LOAN ARRANGEMENT FOR ELEVEN POWER PRIVATE LIMITED.

We, the undersigned, being all the Partners of **S A S Fininvest LLP**, a Limited Liability Partnership incorporated under the Limited Liability Partnership Act, 2008, having its registered office at 201, Empire Apartments, First Floor, Sultanpur, M.G. Road, Gadaipur, South West Delhi-110030, New Delhi, India (hereinafter referred to as the "**LLP**"), do hereby jointly and severally undertake and declare as follows:

1. **Investment Plan:** That the LLP proposes to invest a total equity investment of around ₹ 1,500 Crore **(Rupees One Thousand Five Hundred Crore Only)** in Eleven Power Private Limited in phased manner as and when required by Eleven Power Private Limited in the next five years.

2. **Source of Investment Plan and Availability of Funds:** That for the purpose of fulfilling any financial obligations or capital requirements, the LLP has liquid assets of about ₹ 4,085 Crore (Rupees Four Thousand and Eighty-Five Crore only) in the form of marketable quoted equity shares which can be liquidated as and when required on immediate basis to meet capital requirements.

3. **Support to Eleven Power:** We hereby undertake to provide necessary approvals to S A S Fininvest LLP for providing adequate support to **Eleven Power Private Limited** for the successful execution and operation for its Distribution License business in Nuh and Gurgaon revenue districts of Haryana.

NOTARY GOVT OF INDIA
RAM NIWAS, GGM (Reg. No. 822A)
29 JUL 2026

Sumit Rahi

4. **Capital Arrangement & Creditworthiness:** We acknowledge that the Eleven Power Private Limited will be required to arrange the total capital of around ₹5000 Crores (Rupees Five Thousand Crore) in phased manner over period of next 5 years, either through internal sources / owned assets / loan from various Financial Institutions or Banks. We undertake to provide the necessary approvals to S A S Fininvest LLP to enable Eleven Power in arranging the funds by leveraging the creditworthiness, financial standing, and substantial assets and net worth of S A S Fininvest LLP.

5. **Validity:** This undertaking shall remain valid and binding upon us and the LLP throughout the tenure of the proposed investment and the subsistence of any credit facilities availed by Eleven Power Private Limited based on this support.

IN WITNESS WHEREOF, we have signed this undertaking on the date first mentioned above.

Signatures of All Partners:

Name of Partner	CIN/PAN	Signature
1. Sunil Sachdeva	AATPS7424F	
2. Suman Sachdeva	ABFPS8791Q	
3. S A S Servizio Private Limited through its nominee Ms. Bhoomika Chopra	U31200DL1990PTC042544	
4. S.A.S. Infotech Private Limited through its nominee Mr. Harish Chhabra	U72300DL2007PTC159033	
5. Doctor on Call Private Limited through its nominee Mr. Karan Chopra	U85191DL2007PTC159017	
6. Ramsons Projects Limited through its nominee Mr. Sumit Rathi	L68100DL1994PLC063708	Sumit Rathi

Witnessed By:

1. Ananya Pandey – Sector 38, Gurugram.

2. Aditi Singh – Sector 38, Gurugram
A Singh.

Date: 15-07-2026
Place: Gurugram

NOTARY GOVT. OF INDIA
RAM NIWAS, GGN. (Reg. No. 6224)
17 JUL 2026

ATTESTED
RAM NIWAS MALIK, ADVOCATE
NOTARY, GURUGRAM (HR.) INDIA

Bond

Indian-Non Judicial Stamp
Haryana Government

Date : 18/07/2026

Certificate No. G0R2026G1472

GRN No. 155852243

Stamp Duty Paid : ₹ 101
(Rs. One)

Penalty : ₹ 0
(Rs. Zero Only)

Deponent

Name : Sas Fininvest Llp

H.No/Floor : Na Sector/Ward : Na Landmark : Na

City/Village : Gurugram District : Gurugram State : Haryana

Phone : 97******67

Purpose : UNDERTAKING **to be submitted at Others**

The authenticity of this document can be verified by scanning this QrCode Through smart phone or on the website https://egrashry.nic.in

Undertaking for Code of Conduct

We, S A S Fininvest LLP, are hereby submitting the undertaking as follows to comply with the provisions of Rule 4 of the Distribution of Electricity License (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005:

1. S A S Fininvest LLP has not been found guilty or has not been disqualified under any of the following provisions, since incorporation:

   (a) section 203, section 274, section 388B or section 397 of the Companies Act, 1956 or the corresponding provisions thereof under the Companies Act, 2013, as amended from time to time; ***Not Applicable***
   (b) section 276, section 276B, section 276BB, section 276C, section 277 or section 278 of the Income tax Act, 1961;
   (c) section 15C, section 15G, section 15H or section 15HA of the Securities and Exchange Board of India Act 1992;
   (d) clause (b), (bb), (bbb), (bbbb), (c) or (d) of sub-section (1) of section 9 of the Excise Act 1944;
   (e) section 132 or section 135 of the Customs Act 1962,

2. No License of S A S Fininvest LLP was suspended under Sector 24 or revoked under Section 19 of the Electricity Act, 2003, since incorporation of the LLP.
3. No petition for winding up of the LLP or any other entity of the same promoter has been admitted on the grounds of its being unable to pay its debts.

NOTARY Mahender S. PUNIA GURUGRAM Regn. No. 199 GOVT. OF INDIA

For and on behalf of
S A S Fininvest LLP

Sunil Sachdeva (Designated Partner)	Karan Chopra (Designated Partner)	Suman Sachdeva (Partner)	S A S Servizio Pvt Ltd (Partner)	S.A.S. Infotech Pvt Ltd (Partner)	Ramsons Projects L (Partner)

ATTESTED
MAHENDER S. PUNIA
Advocate & Notary
Distt. Gurugram (Haryana), India
23 JUL 2026

Bond

Indian-Non Judicial Stamp
Haryana Government

Date : 18/07/202

Certificate No. G0R2026G1422

GRN No. 155852243

Stamp Duty Paid : ₹ 500
(Rs. Only)

Penalty : ₹ 0
(Rs. Zero Only)

Deponent

Name : Eleven Power Private limited

H.No/Floor : Na Sector/Ward : Na Landmark : Na

City/Village : Gurugram District : Gurugram State : Haryana

Phone : 97******67

Purpose : UNDERTAKING **to be submitted at Others**

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UNDERTAKING

BEFORE THE HON'BLE HARYANA ELECTRICITY REGULATORY COMMISSION, PANCHKULA, HARYANA

IN THE MATTER OF:

Petition under Section 14 and Section 15 of the Electricity Act, 2003, read with the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulation 2004, along with its subsequent amendments read with the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, as amended in November 2022, for grant of Distribution Licence for Nuh and Gurugram Revenue Districts in the State of Haryana.

NOTARY
Mahender S. Punia
GURUGRAM
Regn. No. 3995
GOVT. OF IN...

74

Eleven Power Private Limited

201, Empire Apartments, First Floor, Sultanpur,
M.G. Road, Gadaipur, Southwest Delhi,
New Delhi, Delhi, India, 110030

..... **PETITIONER**

UNDERTAKING ON BEHALF OF THE PETITIONER

I, Sikander Verma, son of Sh. Manjeet Singh, aged about 37 years, r/o House No-162, Sunaro Vali Gali, Jharsa, Gurugram-122001, Haryana do hereby solemnly affirm and state on behalf of Eleven Power Private Limited (the "**Petitioner**") as under:

1. I am the Authorized Representative of the Petitioner company and am fully conversant with the facts of the case and the documents of the Petitioner. I am duly authorized to execute and submit this Undertaking on its behalf.

2. I state that the Main Objects clause of the Memorandum of Association (MoA) of Petitioner has been broadly and comprehensively prepared. The expansive wording of the objects clause is intended solely to provide operational flexibility for any future business expansions of the Petitioner.

3. Notwithstanding anything contained, implied, or mentioned to the contrary in the Memorandum of Association (MoA) of the Petitioner, the Petitioner hereby solemnly, unequivocally, and unconditionally undertakes that it shall not apply for a transmission licence or engage in electricity transmission business in accordance with provisions of the Electricity Act, 2003.

AUTHORISED SIGNATORY
Eleven Power Private Limited
For Eleven Power Private Limited
(Petitioner)

Authorised Signatory

VERIFICATION

I, the Deponent above-named, do hereby verify that the contents of paragraphs 2 and 3 of the above Undertaking are true and correct to the best of my knowledge, information, and belief derived from the official records of the Petitioner. No part of it is false and nothing material has been concealed therefrom.

Verified at Gurugram on this 21st day of July, 2026.

NOTARY
Mahender S. Punia
GURUGRAM
Regn. No. 3995
GOVT. OF INDIA

ATTESTED
MAHENDER S. PUNIA
Advocate & Notary
Distt. Gurugram (Haryana), India

22 JUL 2026

(15)

ELEVEN POWER PRIVATE LIMITED
(Formerly known as Veyora Infra Private Limited)
CIN: U35100DL2025PTC449700
Phone No: 0124-4834600
Email Id: connect@elevenpower.in
Website: elevenpower.in

Date: 28/07/2026

To,
The Haryana Electricity Regulatory Commission (HERC)

Subject: Declaration regarding Consent to Join Employment.

We, **Eleven Power Private Limited** (Company), hereby confirm that the individuals listed below have accepted the employment offers issued by the Company and have confirmed their willingness to join Eleven Power Private Limited upon the grant of the Parallel Distribution License by the Haryana Electricity Regulatory Commission (HERC).

1. Mr. Manoj Kumar Panda
2. Mr. Ram Sawrup
3. Mr. Gaurav Kapoor
4. Mr. Rajesh Kumar Bhoi
5. Mr. Hitesh Golash
6. Mr. Suryakant Maharana
7. Ms. Soumya Mishra
8. Mr. Prince Gupta
9. Mr. Manoj Ku Singh
10. Mr. Maruthi mallepalli

This letter is being issued for the submission before the Haryana Electricity Regulatory Commission (HERC) in connection with the Company's application for the grant of a Parallel Distribution License and may be relied upon for such purpose.

We hereby confirm that the contents of this letter are true and correct to the best of our knowledge and belief

For **Eleven Power Private Limited**

For Eleven Power Private Limited

Authorised Signatory

Name: Sikander Verma
Designation: Authorized Signatory

wealth 360 ONE

SOLVENCY CERTIFICATE

TO WHOMSOEVER IT MAY CONCERN

Date: 21st July 2026

360 One Prime Limited
Ref no: 02/ 2026-27

SOLVENCY CERTIFICATE: SAS FININVEST LLP

We understand that the IndusInd Bank has provided the Solvency Certificate to SAS Fininvest LLP dated 12th May '26, for Rs 1,000/- crores.

We certify that the Solvency certificate issued by us i.e., 360 One Prime Limited dated 7th April '26 for Rs 1,000/- crores is in addition to the Solvency Certificate issued by IndusInd Bank.

We therefore here by state/certify that to the best of our knowledge and information furnished to us by the Borrower, that the Borrower is our customer as on date and basis the details of the audited financials of the Borrower as of March 31, 2025 and other documents furnished, the Borrower is solvent up to an amount of INR 1,000.00 crs (Rs. One Thousand Crores only) as on the aforesaid date in addition to the solvency certificate of Rs 1,000 Crore (Rs One Thousand Crore only) issued by IndusInd Bank.

For 360 One Prime Limited

Name: Lokesh Garg
Designation: President Credit Risk
Email: Lokesh.garg@360.one
Phone: 730421 6149

ANNEXURE B

REPORT OF THE

INDEPENDENT EXPERT COMMITTEE

Constituted by the Haryana Electricity Regulatory Commission vide Interim Order dated 09 July 2026 in Petition No. 30 of 2026

ON

THE APPLICATION OF ELEVEN POWER PRIVATE LIMITED FOR GRANT OF A PARALLEL DISTRIBUTION LICENCE UNDER THE SIXTH PROVISO TO SECTION 14 READ WITH SECTION 15 OF THE ELECTRICITY ACT, 2003

FOR THE GURUGRAM AND NUH IN THE STATE OF HARYANA

CHAPTERS 1 TO 18

Submitted to

Haryana Electricity Regulatory Commission

Panchkula

7th August, 2026

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LIST OF ABBREVIATIONS

Abbreviation	Full Form
ACoS	Average Cost of Supply
APTEL	Appellate Tribunal for Electricity
ARR	Aggregate Revenue Requirement
AS	Additional Surcharge
AT&C	Aggregate Technical and Commercial losses
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CGRF	Consumer Grievance Redressal Forum
Cr	Crore
CSS	Cross-Subsidy Surcharge
DHBVNL	Dakshin Haryana Bijli Vitran Nigam Limited
DSCR	Debt Service Coverage Ratio
EHV	Extra High Voltage
EPPL	Eleven Power Private Limited
FY	Financial Year
GNA	General Network Access
HERC	Haryana Electricity Regulatory Commission
HPPC	Haryana Power Purchase Centre
HT	High Tension
HVPNL	Haryana Vidyut Prasaran Nigam Limited
IDC	Interest During Construction
kV	Kilovolt
kVA	Kilovolt-Ampere
LT	Low Tension
MoU	Memorandum of Understanding
MU	Million Units
MVA	Mega Volt-Ampere
MW	Megawatt
MYT	Multi-Year Tariff
NoC	No Objection Certificate
O&M	Operation and Maintenance
PPA	Power Purchase Agreement

RDSS	Revamped Distribution Sector Scheme
RPO	Renewable Purchase Obligation
SC	Supreme Court of India
SLDC	State Load Despatch Centre
STU	State Transmission Utility
ToR	Term of Reference
UDAY	Ujwal DISCOM Assurance Yojana
UHBVNL	Uttar Haryana Bijli Vitran Nigam Limited
USO	Universal Service Obligation

CHAPTER 1: INTRODUCTION, TERMS OF REFERENCE, METHODOLOGY AND STANDARD OF REVIEW

1.1 Introduction

The Haryana Electricity Regulatory Commission ("the Commission" or "HERC"), by its Interim Order dated 09 July 2026 in Petition No. 30 of 2026, constituted an Independent Expert Committee ("the Committee") to examine the application submitted by Eleven Power Private Limited ("EPPL" or "the Applicant") seeking the grant of a parallel distribution licence under the sixth proviso to Section 14 read with Section 15 of the Electricity Act, 2003 for the revenue districts of Gurugram and Nuh in the State of Haryana.

The Commission has entrusted the Committee with examining the Petition from legal, technical, engineering, financial, commercial and regulatory perspectives and furnishing its independent opinion on the specific Terms of Reference ("ToR") contained in the Interim Order.

The issues referred to the Committee concern the interpretation and application of the statutory framework governing parallel distribution licensing under the Electricity Act, 2003 and involves questions that may have significant implications for the future development of competition in electricity distribution within the State of Haryana. The Committee has therefore approached its assignment with due regard to the statutory objectives of the Electricity Act, consumer welfare, financial sustainability of the electricity sector, system reliability and the orderly development of electricity distribution.

1.2 Nature of the Committee's Assignment

The Committee is an independent advisory body constituted to assist the Commission in the discharge of its statutory functions.

The authority to grant, refuse or grant subject to conditions a distribution licence vests with the Commission under Sections 14, 15 and 16 of the Electricity Act, 2003. Nothing contained in this Report is intended to substitute or restrict the Commission's statutory discretion.

The Committee's responsibility is limited to:

- examining the materials placed on record;

- considering the submissions of the Applicant, the incumbent distribution licensee, the State Government, objectors and other stakeholders;
- identifying the applicable statutory and regulatory framework;
- analysing relevant judicial precedents;
- evaluating the technical, financial, engineering, commercial and regulatory aspects of the Petition; and
- recording its independent findings and recommendations on each of the Terms of Reference.

Accordingly, this Report is advisory in nature and is intended solely to assist the Commission in arriving at an informed and reasoned decision.

1.3 Constitution of the Committee

By the Interim Order dated 09 July 2026 in Petition No. 30 of 2026, the Commission, having regard to the magnitude of the proposed investment, the long-term implications for the electricity sector in the State of Haryana, the potential impact on consumers, the Existing Distribution Licensee, the transmission system and the overall regulatory framework, considered it appropriate to obtain an independent expert assessment of the legal, technical, financial, commercial and regulatory issues arising for consideration.

Accordingly, the Commission constituted the present Committee comprising:

- Mr. Alok Nigam, IAS (Retd.), former Additional Chief Secretary to the Government of Haryana, who has served for more than thirty-five years in public service, including Managing Director, UHBVNL and Addl. Managing Director, HVPNL;
- Er. Ravinder Kumar Sharma, former Managing Director, HPSEBL and HPPTCL, former Director (Operations) and Director (Technical), HPSEBL, former Director (Projects), HPPTCL, and Former Member of the Conciliation Committee of Independent Experts, Ministry of Power, Government of India; and
- Mr. Bibhu Prasad Mahapatra, former Director (Finance) in Power Sector PSUs of two States (Odisha and Uttar Pradesh), including UPRVUNL, UPPTCL, DVVNL, GRIDCO, OPTCL and Member in CESU Board.

The Interim Order directed that the Committee shall commence its work with effect from 13th July 2026 and submit its report within fifteen days thereafter, in accordance with the detailed Terms of Reference appended to the Interim Order. The

Director (Tariff), HERC was designated as the Nodal Officer of the Commission for coordination with the Committee, and the Applicant and the Respondents were directed to nominate nodal officers, not below the rank of Chief Engineer, to furnish such documents, information, records and clarifications as may be required by the Committee.

The Interim Order expressly provides that the Committee shall function as an independent expert body and that its report shall be recommendatory in nature, neither affecting nor fettering the statutory powers of the Commission to adjudicate in accordance with the Electricity Act, 2003 and the rules framed thereunder.

1.4 Terms of Reference

The Terms of Reference contained in Annexure "A" to the Interim Order dated 09 July 2026 define both the major scope and the specific scope of the Committee's assignment. The relevant extract is reproduced below.

Major Scope of Work

"To examine the petition, reply filed by the respondents as well as comments filed by the intervenors and submit a comprehensive report along with its unambiguous recommendation on the compliance by the applicant, of the conditions prescribed in the Electricity Act, 2003, Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulations, 2004, as amended from time to time, Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005 as amended from time to time for grant of parallel distribution licence in Nuh and Gurugram Revenue Districts."

Specific Scope of Work

The specific scope of work referred to the Committee comprises the following heads:

- **ToR 3.1 — Statutory Eligibility:** whether the Applicant satisfies all statutory requirements prescribed under the Electricity Act, 2003, the Distribution Licence Rules, 2005 and other applicable laws; whether the requirements relating to capital adequacy, creditworthiness and code of conduct under Section 14 read with Rule 3 are fulfilled; and whether the financial capability of the holding company, promoter or group entities can legally and prudently be considered, and whether adequate legally enforceable financial commitments have been established.

- **ToR 3.2 — Financial Capability and Investment Plan:** adequacy and financial sustainability of the proposed capital investment, financing structure, debt–equity mix, implementation schedule and business plan; and the financial viability of the proposed parallel licence, including projected cash flows, revenue assumptions, funding arrangements, debt servicing capability and long-term sustainability.
- **ToR 3.3 — Technical Capability and Distribution Network:** whether the Applicant possesses the necessary technical expertise, managerial capability and operational experience, either independently or through legally binding arrangements; evaluation of the network development plan, implementation schedule, substation infrastructure, consumer connectivity plan, system redundancy and reliability standards; and conformity with the Electricity Act, HERC Regulations, Distribution Code, Supply Code, Grid Code, CEA Regulations and applicable technical standards.
- **ToR 3.4 — Transmission System and Grid Integration:** the statutory functions and responsibilities of the State Transmission Utility under Sections 39 and 40 of the Electricity Act, 2003; and whether any statutory approval, consent or No Objection Certificate from the State Transmission Utility or any other authority is required before grant of a parallel distribution licence.
- **ToR 3.5 — Power Procurement:** whether execution of long-term Power Purchase Agreements constitutes a statutory prerequisite for grant of a distribution licence, or whether such arrangements may lawfully be finalised after grant of licence.
- **ToR 3.6 — Universal Service Obligation:** whether the Applicant has demonstrated the capability to discharge the Universal Service Obligation under Section 43 across the entire proposed licensed area, including Gurugram and Nuh districts; and whether the proposed phased rollout is consistent with the Electricity Act, applicable judicial precedents and the objective of universal, non-discriminatory and reliable supply.
- **ToR 3.7 — Consumer Migration and Consumer Protection:** the proposed framework for migration of consumers from the Existing Distribution Licensee, including treatment of existing contracts, pending applications, security deposits, arrears, disputed accounts, billing arrangements, metering, continuity of supply and consumer grievance redressal.
- **ToR 3.8 — Tariff, Cross-Subsidy and Sectoral Financial Impact:** the impact of the proposed licence on ARR, retail tariff, cross-subsidy levels, Fuel

Surcharge Adjustment, deferred power purchase cost, existing Power Purchase Agreements and recovery of stranded costs; and whether the statutory mechanisms of Cross Subsidy Surcharge and Additional Surcharge adequately address the financial consequences of consumer migration.

- **ToR 3.9 — Impact on System Planning and Sector Development:** the likely impact on distribution and transmission planning, network losses, system reliability and resilience, asset utilisation and future investment requirements of the Existing Distribution Licensee and the State Transmission Utility.
- **ToR 3.10 — Public Interest:** whether the grant of the proposed licence would advance the objectives of the Electricity Act, 2003, including promotion of competition, protection of consumer interests, improvement in quality and reliability of supply, efficiency and economy, renewable energy integration, innovation and consumer choice; and whether it would best serve the public interest having regard to consumers, investors, existing licensees and the long-term development of the electricity sector in Haryana.
- **ToR 3.11 — Regulatory Safeguards:** appropriate licence conditions, regulatory measures, implementation safeguards, monitoring mechanisms and compliance requirements; and measures for coordination among the Applicant, the Existing Distribution Licensee, the State Transmission Utility, HPPC, SLDC and other stakeholders.
- **ToR 3.12 — Residuary Power:** any other legal, financial, commercial, technical or regulatory issue which, in the considered opinion of the Committee, is relevant for enabling the Commission to adjudicate the petition in accordance with law and in the larger public interest.
- **ToR 3.13 — Report and Deliverables:** findings on each of the Terms of Reference; recommendations supported by reasons; and suggested licence conditions and regulatory safeguards, wherever appropriate.

The complete Terms of Reference, including the powers and procedure of the Committee, form part of Annexure "A" to the Interim Order dated 09 July 2026. Each substantive Chapter identifies the specific Term of Reference to which it responds, and Chapter 18 consolidates the Committee's findings against every Term of Reference.

1.5 Scope of Examination

The Committee has confined its examination to the Terms of Reference specified by the Commission.

Without prejudice to the detailed analysis contained in the succeeding chapters, the principal issues examined include:

- statutory and regulatory eligibility of the Applicant;
- compliance with the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, as amended;
- financial capability;
- technical capability and engineering preparedness;
- investment programme and implementation strategy;
- transmission connectivity and grid integration;
- power procurement arrangements;
- discharge of the Universal Service Obligation under the Electricity Act, 2003;
- consumer protection and service obligations;
- impact on the incumbent distribution licensee;
- tariff, cross-subsidy and sectoral financial implications;
- public interest considerations; and
- regulatory safeguards that may be required in the event of grant of licence.

Issues falling outside the Terms of Reference have not been examined except where their consideration is necessary for determining matters specifically referred by the Commission.

1.6 Methodology

The Committee has adopted a multidisciplinary approach consistent with the nature of the reference.

Each issue has been examined through:

- statutory interpretation;
- regulatory analysis;

- judicial precedent;
- technical and engineering evaluation;
- financial and commercial assessment;
- economic implications; and
- public interest considerations.

Wherever possible, the Committee has relied upon primary documentary evidence forming part of the record. Judicial authorities have been examined in the context of the statutory provisions interpreted and the ratio decidendi applicable to the issues arising in the present proceedings.

1.7 Standard of Review

The Committee has adopted the following framework while evaluating the Petition:

(a) Statutory Compliance

Whether the Applicant has established compliance with the mandatory requirements prescribed under the Electricity Act, 2003, the Rules framed thereunder and the applicable regulatory framework.

(b) Technical and Engineering Capability

Whether the Applicant possesses the capability to establish, operate and maintain an efficient, coordinated, secure and reliable independent distribution system.

(c) Financial Sustainability

Whether adequate financial resources exist to establish, operate and sustain the proposed distribution business throughout the licence period.

(d) Consumer Interest

Whether the proposed licence is capable of delivering measurable and sustainable benefits to consumers while ensuring continuity, quality and reliability of electricity supply.

(e) Public Interest

Whether the proposed licence advances the objectives of the Electricity Act, 2003 and promotes the long-term development, efficiency and sustainability of the electricity distribution sector.

The detailed statutory, judicial and regulatory principles governing these standards are examined in Chapters 2 to 5 and are not repeated in subsequent chapters except where necessary for contextual purposes.

1.8 Burden of Proof

The Committee considers that the burden of establishing compliance with the statutory requirements governing the grant of a parallel distribution licence rests upon the Applicant.

Assertions of compliance must be supported by credible documentary evidence. Similarly, objections raised by the incumbent distribution licensee or other stakeholders have been evaluated on the basis of the evidentiary material placed before the Committee.

The Committee has not treated unsupported assertions by any party as sufficient proof either of compliance or non-compliance.

1.9 Structure of the Report

For clarity and ease of reference, the Report has been organised broadly in accordance with the Terms of Reference.The initial chapters examine the statutory framework, legislative scheme, judicial principles and comparative regulatory experience governing parallel distribution licensing. The subsequent chapters apply those principles to the evidence on record and analyse each of the Terms of Reference referred by the Commission.

Where appropriate, each substantive chapter follows a common analytical structure comprising:

1. Issue for determination;
2. Applicable statutory provisions;
3. Relevant judicial principles;
4. Evidence and submissions;
5. Committee’s analysis;
6. Findings; and Recommendations.

1.10 Concluding Note

The succeeding chapters examine the issues referred to the Committee by applying the statutory framework, judicial principles and regulatory considerations governing parallel distribution licensing under the Electricity Act, 2003.

The Committee's conclusions are based solely upon the material placed on record, the applicable law and its independent professional assessment of the issues referred by the Commission.

CHAPTER 2:

LEGISLATIVE SCHEME GOVERNING PARALLEL DISTRIBUTION LICENSING

PART I

2.1 Introduction

The determination of the present Petition requires consideration of the statutory framework governing the grant of a parallel distribution licence under the Electricity Act, 2003. While the immediate issue before the Commission concerns the eligibility of the Applicant, the decision necessarily involves the interpretation of the legislative scheme enacted by Parliament to regulate competition in electricity distribution.

The Committee considers that Sections 14 and 15 of the Electricity Act, 2003 cannot be interpreted in isolation. They must be read harmoniously with the scheme and objectives of the Act, the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, as amended, the National Electricity Policy, the Tariff Policy and the judicial principles evolved by the Hon'ble Supreme Court of India and the Appellate Tribunal for Electricity.

Accordingly, before examining the individual Terms of Reference, the Committee considers it appropriate to identify the legislative principles governing parallel distribution licensing. These principles constitute the statutory foundation for the analysis contained in the succeeding chapters and are not repeated except where necessary for contextual purposes.

2.2 Evolution of Electricity Distribution Law

The legal framework governing electricity distribution in India has undergone a fundamental transformation over the past century.

Under the **Electricity Act, 1910**, electricity supply was primarily regulated through licence-based local monopolies. Distribution was generally regarded as a geographically exclusive public utility, and competition between distribution licensees was neither contemplated nor encouraged.

The **Electricity (Supply) Act, 1948** established State Electricity Boards and introduced vertically integrated public utilities responsible for generation, transmission and distribution. While this framework significantly expanded

electrification, it also resulted in the concentration of electricity supply functions within State-owned utilities.

The **Electricity Regulatory Commissions Act, 1998** marked the beginning of independent economic regulation by establishing Electricity Regulatory Commissions. Its principal focus, however, remained tariff regulation rather than structural reform of the electricity sector.

The enactment of the **Electricity Act, 2003** represented a comprehensive restructuring of the sector. Parliament consolidated the earlier enactments into a unified statutory framework designed to promote efficiency, transparency, competition, consumer choice and private investment while preserving the public utility obligations inherent in electricity distribution.

One of the significant innovations introduced by the Electricity Act, 2003 was the recognition that regulated competition, where appropriately supervised by the Appropriate Commission, could coexist with the statutory obligation to provide reliable and universal electricity supply.

2.3 Legislative Objectives

The Statement of Objects and Reasons accompanying the Electricity Bill, 2001, together with the scheme of the Electricity Act, 2003, demonstrates that Parliament intended to achieve multiple and complementary objectives, including:

- promotion of competition in the electricity sector;
- protection of consumer interests;
- encouragement of private investment in electricity infrastructure;
- improvement in operational efficiency;
- transparency in regulation and tariff determination;
- financial sustainability of electricity utilities; and
- universal access to reliable electricity supply.

The Committee considers these objectives to be complementary rather than competing. The statutory framework neither favours unrestricted market entry nor preserves monopoly distribution irrespective of consumer interest. Instead, it establishes a regulated framework within which competition is permitted subject to continuing statutory obligations and regulatory oversight.

2.4 Distribution Licence under the Electricity Act, 2003

Distribution occupies a distinctive position within the statutory framework of the Electricity Act.

Unlike generation, which is substantially de-licensed, electricity distribution continues to be a licensed public utility activity because it directly affects consumers, public infrastructure and the stability of the electricity system.

A distribution licence therefore represents both a statutory authority and a continuing public responsibility.

Every distribution licensee is required, inter alia, to:

- establish, operate and maintain an efficient distribution system;
- develop and expand the distribution network in accordance with demand;
- provide supply to eligible consumers in accordance with law;
- comply with safety and technical standards;
- maintain prescribed standards of performance and quality of supply;
- discharge the Universal Service Obligation under Section 43 of the Act; and
- comply with directions issued by the Appropriate Commission.

The Committee therefore considers that the grant of a distribution licence cannot be viewed merely as permission to carry on a commercial activity. It constitutes statutory authorisation to discharge continuing public obligations under the regulatory supervision of the Commission.

2.5 Parallel Distribution Licensing under the Electricity Act

The sixth proviso to Section 14 introduced a significant departure from the earlier concept of exclusive territorial distribution.

Parliament expressly authorised the Appropriate Commission to grant distribution licences to two or more persons within the same geographical area, provided each licensee establishes and operates its own independent distribution system and complies with the statutory requirements governing the grant of such licence.

The Committee considers that this provision reflects a deliberate legislative choice to encourage regulated competition while preserving consumer protection, system reliability and effective regulatory oversight.

The statutory framework therefore rejects two equally extreme positions.

First, it does not preserve an exclusive statutory monopoly merely because an incumbent distribution licensee is already operating within a particular area.

Secondly, it does not contemplate unrestricted competition independent of statutory regulation.

The legislative model adopted by Parliament is one of regulated competition, operating within a comprehensive statutory and regulatory framework.

2.6 Purpose of the Sixth Proviso

The Committee considers that the sixth proviso to Section 14 serves five principal legislative purposes.

First, it enables competition in electricity distribution where another qualified entity is willing and able to establish an independent distribution system.

Secondly, it encourages improvements in operational efficiency by promoting innovation, better management practices and investment in modern distribution infrastructure.

Thirdly, it expands consumer choice by permitting more than one distribution licensee to operate within the same geographical area, subject to statutory safeguards.

Fourthly, it facilitates private investment in electricity distribution without requiring transfer of the assets of the incumbent distribution licensee.

Finally, it seeks to improve consumer welfare by encouraging higher standards of service, reliability, operational efficiency and technological advancement.The Committee emphasises, however, that competition is not an end in itself. The Electricity Act, 2003 treats competition as a regulatory instrument intended to promote consumer welfare, efficient investment and the orderly development of the electricity sector.

Accordingly, the mere existence of an incumbent distribution licensee cannot constitute a legal ground for refusing a licence where the statutory requirements have been satisfied. Equally, the existence of statutory eligibility does not diminish the Commission’s responsibility to ensure that the grant of a licence remains consistent with the broader objectives of the Electricity Act, 2003 and the public interest.

The remaining statutory safeguards governing regulated competition, including the Distribution Licence Rules, the 2022 amendments, the relationship between competition and Universal Service, the continuing role of the Commission and the governing principles emerging from the legislative scheme, are examined in Part II of this Chapter

PART II

2.7 Regulated Competition under the Electricity Act

While the Electricity Act, 2003 introduces competition into electricity distribution, it does not contemplate unrestricted or unregulated competition. Parliament has adopted a framework of **regulated competition**, recognising that electricity distribution continues to be an essential public utility involving substantial public interest considerations.

Accordingly, the statutory framework subjects every distribution licensee, whether incumbent or subsequent, to continuing obligations relating to technical standards, financial capability, consumer protection, quality of supply, universal service, safety and regulatory oversight.

The Committee therefore considers that the introduction of a second distribution licensee is intended to strengthen efficiency and consumer welfare without compromising the reliability, security or financial sustainability of the electricity distribution system.

The statutory scheme thus balances two complementary objectives:

- promotion of competition where the statutory requirements are satisfied; and
- preservation of the public utility obligations that attach to every distribution licence.

Neither objective overrides the other. Both must be harmoniously implemented by the Commission while exercising its jurisdiction under Sections 14, 15 and 16 of the Electricity Act, 2003.

2.8 Distribution Licence Rules

Recognising that parallel distribution licensing involves significant financial, technical and operational responsibilities, Parliament authorised the Central Government, through the sixth proviso to Section 14, to prescribe additional eligibility requirements for applicants seeking a second or subsequent distribution licence.

Pursuant thereto, the Central Government notified the **Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005**, as amended from time to time.

The Committee considers these Rules to be an integral part of the statutory licensing framework. They are not advisory guidelines but mandatory statutory requirements having the force of law.

Their principal purpose is to ensure that only applicants possessing adequate financial strength, institutional capability and commercial integrity are entrusted with the responsibilities of operating an independent electricity distribution system.

Compliance with these Rules constitutes a threshold statutory requirement. However, such compliance does not exhaust the Commission's enquiry under the Electricity Act. The sixth proviso itself expressly preserves "the other conditions or requirements under this Act", thereby requiring the Commission to consider the wider statutory framework governing distribution licences.

The detailed interpretation and application of these Rules to the present Petition are examined in Chapter 6.

2.9 The 2022 Amendments

The amendments introduced to the Distribution Licence Rules in 2022 represent a significant development in the statutory framework governing parallel distribution licensing.

The Committee considers that these amendments pursue two broad legislative objectives.

First, they seek to ensure that a parallel distribution licensee undertakes meaningful and identifiable network development over a sufficiently large and coherent service area rather than entering only isolated pockets offering immediate commercial advantage.

Secondly, they reinforce the concept that the grant of a distribution licence carries continuing public obligations extending throughout the authorised area of supply and is not merely an opportunity to serve selected categories of consumers.

The Committee does not consider it appropriate to undertake a detailed interpretation of the amended provisions in this Chapter, as that issue directly arises under the Terms of Reference relating to statutory eligibility. The legal effect of the

amendments, including the concept of the minimum area of supply, is therefore examined comprehensively in Chapter 6.

2.10 Competition and Universal Service

The Committee considers one of the defining features of the Electricity Act, 2003 to be the manner in which it reconciles competition with the Universal Service Obligation.The introduction of parallel distribution licensing does not dilute the statutory duty imposed upon every distribution licensee to supply electricity in accordance with law within its authorised area of supply. Rather, the Universal Service Obligation continues to attach to the licence itself and applies equally to every distribution licensee.

Accordingly, the Committee considers that an applicant for a parallel distribution licence must demonstrate not merely the ability to serve commercially attractive consumers but the institutional, financial and technical capability necessary to discharge the statutory responsibilities that accompany the grant of a distribution licence.

This principle informs the Committee's subsequent examination of network rollout, consumer migration, financial capability and public interest

2.11 Role of the Commission

The Electricity Act assigns the Appropriate Commission a central role in regulating electricity distribution.

While the Act encourages competition, Parliament has entrusted the Commission with ensuring that such competition develops in a manner consistent with the objectives of the legislation and the long-term stability of the electricity sector.

In considering an application for a parallel distribution licence, the Commission is required to examine, inter alia:

- compliance with the statutory requirements governing grant of licence;
- protection of consumer interests;
- adequacy of financial and technical capability;
- orderly development of the electricity distribution system;
- sectoral financial sustainability;
- implementation of Universal Service Obligations; and

- such other matters as are relevant under the Electricity Act, the Rules and the applicable regulatory framework.

The Committee therefore considers that the Commission's responsibility extends beyond determining formal compliance with statutory requirements. It must also be satisfied that any licence granted is capable of being implemented in a manner consistent with the objectives of the Electricity Act and the public interest.

2.12 Principles Emerging from the Legislative Scheme

Having examined the Electricity Act, 2003, the Distribution Licence Rules, the applicable policy framework and the legislative objectives underlying the sixth proviso to Section 14, the Committee derives the following principles which guide the analysis contained in the succeeding Chapters:

1. The Electricity Act, 2003 expressly recognises the grant of parallel distribution licences through independent distribution systems.
2. Competition in electricity distribution is a statutory objective intended to improve efficiency, investment and consumer welfare, but it operates within a regulated statutory framework.
3. Electricity distribution continues to be a licensed public utility activity carrying continuing statutory obligations.
4. The Universal Service Obligation applies equally to every distribution licensee operating within its authorised area.
5. Compliance with the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, as amended, constitutes a mandatory threshold requirement for grant of a parallel distribution licence.
6. The Commission retains the statutory responsibility to determine whether all applicable requirements under the Electricity Act, the Rules and the applicable regulatory framework have been satisfied.
7. The existence of an incumbent distribution licensee is not, by itself, a lawful ground for refusing a parallel distribution licence where the statutory requirements are fulfilled.
8. The grant of a distribution licence remains subject to continuing regulatory supervision and such licence conditions as may be imposed under Section 16 of the Electricity Act, 2003.

The Committee shall apply these legislative principles throughout the succeeding Chapters while examining the evidence on record and evaluating each of the Terms of Reference referred by the Commission.

CHAPTER 3: JUDICIAL PRINCIPLES GOVERNING PARALLEL DISTRIBUTION LICENSING

PART I

3.1 Introduction

The statutory framework governing parallel distribution licensing under the Electricity Act, 2003 has been progressively interpreted through decisions of the Hon'ble Supreme Court of India, the Appellate Tribunal for Electricity ("APTEL") and various State Electricity Regulatory Commissions.

While the Electricity Act establishes the legislative framework, judicial decisions have clarified the scope of regulatory discretion, the nature of competition contemplated by Parliament, the obligations of distribution licensees and the principles governing the exercise of licensing powers by the Appropriate Commission.

The Committee considers that these judicial authorities are not merely precedents governing individual disputes but constitute an important source for understanding the legislative intent underlying Sections 14, 15, 16, 42 and 43 of the Electricity Act, 2003.

At the same time, judicial precedents must always be applied in the context of the statutory provisions interpreted and the issues actually decided. Particular caution is necessary in relation to decisions rendered prior to the amendments made to the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005 in 2022.

Accordingly, the Committee has examined the relevant authorities not merely to identify their conclusions but to distil the legal principles that continue to govern applications for grant of a parallel distribution licence under the statutory framework presently in force.

The principles identified in this Chapter constitute the judicial foundation for the Committee's analysis in the succeeding Chapters and are not repeated except where their application to a particular issue requires specific reference.

3.2 Principles Governing the Application of Judicial Precedents

Before examining the individual decisions, the Committee considers it appropriate to state the principles governing their application.

First, the binding decisions of the Hon'ble Supreme Court constitute the law declared under Article 141 of the Constitution and are binding upon all Courts, Tribunals and Regulatory Commissions.

Secondly, decisions of the Appellate Tribunal for Electricity provide authoritative guidance on the interpretation of the Electricity Act, 2003 and are binding unless inconsistent with subsequent decisions of the Supreme Court or legislative amendments.

Thirdly, decisions of State Electricity Regulatory Commissions, while not binding, provide valuable regulatory experience and may possess persuasive value where consistent with the statutory framework and judicial precedent.

Finally, observations made in a judgment must be understood in the context of the statutory provisions interpreted, the issues arising for determination and the factual matrix of that case. Judicial observations cannot be applied divorced from their statutory context or extended beyond the issues actually decided.

The Committee has adopted these principles throughout its examination of the authorities referred to in this Chapter.

3.3 Principle I – Competition is a Statutory Objective within a Regulated Framework

The Electricity Act, 2003 represents a deliberate departure from the earlier model of exclusive territorial electricity distribution. Parliament introduced competition as one of the instruments for improving efficiency, encouraging investment and promoting consumer welfare.

Judicial authorities have consistently recognised that the sixth proviso to Section 14 permits more than one distribution licensee to operate within the same geographical area, subject to compliance with the statutory requirements prescribed by the Act and the Rules framed thereunder.

The Committee considers that this principle is now well settled.

However, the judicial decisions equally recognise that competition under the Electricity Act is not an unrestricted commercial right. It exists within a carefully regulated statutory framework intended to preserve consumer protection, technical reliability, financial sustainability and continuing regulatory supervision.

The Committee therefore approaches the present Petition on the basis that competition is a statutory objective, but its implementation remains subject to compliance with the legislative framework governing distribution licensing.

3.4 Principle II – No Statutory Monopoly Exists after the Sixth Proviso

One of the principal questions addressed by the higher judiciary concerns the legal effect of the sixth proviso to Section 14.

The judicial authorities consistently establish that, once Parliament has expressly authorised the grant of more than one distribution licence within the same geographical area, the existence of an incumbent distribution licensee cannot, by itself, constitute a legal ground for refusing another licence.

The Committee therefore considers that objections founded solely upon preservation of the incumbent licensee's exclusive commercial position cannot prevail.

At the same time, the absence of a statutory monopoly does not create an automatic entitlement to a licence. Every applicant continues to bear the burden of establishing compliance with the statutory requirements governing the grant of a distribution licence.

The removal of monopoly does not remove regulation.

3.5 Principle III – A Distribution Licence Creates Continuing Public Obligations

Judicial authorities consistently recognise that a distribution licence is not merely a commercial authorisation but a statutory instrument through which important public obligations are discharged.

Every distribution licensee remains responsible for establishing, operating and maintaining an efficient distribution system, supplying electricity in accordance with law, complying with statutory standards of performance and fulfilling the continuing obligations imposed by the Electricity Act. Accordingly, the Committee considers that every aspect of the present Petition must be evaluated not merely from the perspective of commercial viability but also with reference to the public responsibilities that accompany the grant of a distribution licence.

3.6 Principle IV – Universal Service Obligation Applies Equally to Every Distribution Licensee

The Committee considers that judicial interpretation has consistently recognised the Universal Service Obligation as one of the defining characteristics of a distribution licence.

The obligation to supply electricity in accordance with Section 43 of the Electricity Act attaches to the licence itself and is not dependent upon whether the licensee is the incumbent or a subsequent entrant.

Consequently, an applicant seeking a parallel distribution licence cannot be evaluated solely on the basis of its ability to serve selected categories of consumers or commercially attractive areas.

The relevant enquiry is whether the Applicant possesses the institutional, financial and technical capability necessary to discharge the statutory obligations attached to the licence throughout the authorised area of supply.

This principle assumes particular importance while examining the Applicant's proposed network rollout, consumer migration strategy, financial resources and implementation capability in the subsequent chapters.

PART II

3.7 Principle V – Capital Adequacy, Creditworthiness and Code of Conduct are Mandatory Threshold Requirements

The sixth proviso to Section 14 expressly requires every applicant for a second or subsequent distribution licence to comply with the additional requirements relating to capital adequacy, creditworthiness and code of conduct prescribed by the Central Government.

Judicial authorities have consistently recognised that these requirements are not procedural formalities but mandatory statutory safeguards intended to ensure that only financially sound and institutionally competent entities enter the electricity distribution sector.

The Committee therefore considers that the Commission must examine not merely whether financial arrangements have been proposed, but whether they are credible, enforceable and sufficient to support the establishment, operation and long-term maintenance of an independent distribution system.

Compliance with these statutory requirements constitutes a threshold condition precedent to the grant of a parallel distribution licence.

3.8 Principle VI – Technical Capability is to be Assessed Prospectively

Judicial decisions recognise that an applicant seeking a greenfield distribution licence cannot reasonably be expected to have constructed its entire distribution network before obtaining statutory authorisation.

Consequently, technical capability must be assessed prospectively rather than retrospectively.

The relevant enquiry is whether the Applicant has demonstrated, through credible engineering studies, implementation plans, financial resources, managerial capability and execution strategy, that it possesses the capacity to establish and operate the proposed distribution system within the period contemplated under the licence.

The Committee considers that conceptual proposals or broad statements of intent cannot by themselves establish technical capability. The statutory requirement is satisfied only where the proposed implementation programme is supported by objective evidence capable of independent evaluation.

3.9 Principle VII – Independent Distribution System

The statutory requirement that a parallel distribution licensee shall distribute electricity through its own independent distribution system constitutes one of the central features of the sixth proviso to Section 14.

Judicial authorities recognise that Parliament intended competition to develop through independent distribution infrastructure rather than through mere commercial participation using another licensee's distribution network.

The Committee therefore considers that the Applicant must demonstrate the capability to plan, establish, operate and maintain an independent distribution system integrated with the State transmission network while remaining operationally independent in accordance with the statutory framework.

The detailed engineering evaluation of the proposed network is undertaken in the chapters dealing with technical capability and system planning.

3.10 Principle VIII – Public Interest Remains the Governing Consideration

The Electricity Act, 2003 entrusts the Appropriate Commission with the responsibility of balancing competition, consumer welfare, system reliability and long-term sectoral sustainability.

Judicial authorities consistently recognise that the exercise of licensing powers is not confined to verification of formal statutory compliance. The Commission is also required to consider whether the grant of a licence advances the objectives of the Electricity Act and serves the larger public interest.

The Committee therefore considers public interest to be an integrating principle informing every aspect of the Commission's decision-making process rather than an isolated consideration to be examined independently of the statutory framework.

3.11 Principle IX – Regulatory Decisions Must be Reasoned and Evidence-Based

The requirement that regulatory decisions be supported by reasons is a well-established principle of administrative law and has been consistently affirmed in judicial decisions concerning electricity regulation.

Accordingly, the Committee has adopted an analytical framework under which every finding contained in this Report is based upon:

- the applicable statutory provisions;
- binding judicial precedent;
- documentary evidence;
- technical and engineering analysis;
- financial and commercial evaluation; and
- regulatory considerations.

This approach is intended to assist the Commission in recording a reasoned order capable of withstanding appellate scrutiny.

3.12 Principle X – Licence Conditions are an Integral Part of the Statutory Framework

Section 16 of the Electricity Act empowers the Commission to specify conditions subject to which a distribution licence may be granted.

Judicial authorities recognise that carefully designed licence conditions constitute an important regulatory instrument for ensuring orderly implementation of a distribution licence.

The Committee considers that matters relating to phased rollout, reporting obligations, network development milestones, consumer protection measures and performance monitoring may appropriately be addressed through licence conditions.However, licence conditions cannot be employed to cure the absence of mandatory statutory eligibility. A condition imposed after grant of licence cannot substitute compliance with statutory requirements that have been prescribed as threshold qualifications. This distinction has guided the Committee throughout its evaluation of the present Petition.

3.13 Principle XI – Judicial Precedents Must be Applied in Their Statutory Context

Several of the leading judicial authorities concerning parallel distribution licensing were decided before the amendments introduced to the Distribution of Electricity Licence Rules in 2022.

The Committee therefore considers it essential to distinguish between legal principles of continuing application and those that may have been modified by subsequent legislative amendments.

Judicial precedents must be applied in harmony with the statutory framework in force at the time the Commission exercises its jurisdiction.

Where Parliament has amended the governing legislation or the statutory Rules, the amended provisions necessarily prevail while the underlying judicial principles continue to guide their interpretation.

3.14 Principles Emerging from Judicial Precedents

Having examined the relevant judicial authorities, the Committee derives the following principles for application throughout this Report:

1. The Electricity Act, 2003 recognises regulated competition in electricity distribution.
2. The existence of an incumbent distribution licensee does not create an exclusive statutory monopoly.
3. Every distribution licence carries continuing public obligations.

4. The Universal Service Obligation applies equally to every distribution licensee.
5. Capital adequacy, creditworthiness and code of conduct constitute mandatory statutory threshold requirements.
6. Technical capability is to be evaluated prospectively on the basis of credible implementation capability rather than completed infrastructure.
7. A parallel distribution licensee must establish and operate an independent distribution system in accordance with the statutory framework.
8. Public interest, consumer welfare, system reliability and sectoral sustainability remain central considerations in the exercise of the Commission's licensing jurisdiction.
9. Regulatory decisions must be evidence-based and supported by clear reasons.
10. Licence conditions are an important regulatory tool but cannot substitute compliance with mandatory statutory requirements.
11. Judicial precedents must be applied consistently with the statutory framework in force at the time of the Commission's determination.

3.15 Conclusion

The Committee concludes that the judicial authorities establish a coherent and consistent framework governing the grant of parallel distribution licences under the Electricity Act, 2003.

These authorities recognise that Parliament has consciously introduced regulated competition into electricity distribution while simultaneously preserving the statutory obligations attaching to every distribution licence and the continuing supervisory role of the Appropriate Commission.The Committee shall apply these judicial principles throughout the succeeding Chapters while examining the evidence on record, evaluating the Applicant's compliance with the statutory framework and recording its findings on each of the Terms of Reference referred by the Commission.

3.16. **<u>Judicial Precedents referred and discussed in the Report:</u>**

I. Judgment dated 29.09.2022 of Hon'ble Supreme Court in Civil Appeal No.3607-3610 of 2008, Jindal Steel Power Ltd. vrs Chhattisgarh State Electricity Regulatory Commission & Others.

II. Judgment dated 23.11.2022 of Hon'ble Supreme Court in Civil Appeal No.1933 of 2022, Tata Power Company Ltd. Transmission vrs Maharashtra Electricity Regulatory Commission and Others.

III. Judgment dated 11.03.2026 of Hon'ble APTEL in Appeal No.279 of 2017, Municipal Corporation of Greater Mumbai vrs Maharashtra Electricity Regulatory Commission & Others;

IV. Judgment dated 06.04.2011 of Hon'ble APTEL in Appeal No. 7 of 2010, M/s NOIDA Power Company Limited vrs Paschimanchal Vidyut Vitran Nigam Ltd & Others;

V. Judgment dated 28.11.2014 of Hon'ble APTEL in Appeal Nos.229 of 2012 and 246 of 2012 (cross appeals filed by TPCL & R-Infra).

VI. Order dated 14.08.2014 of Maharashtra Electricity Regulatory Commission in Case No.90 of 2014 filed by Tata Power Company Ltd. for grant of distribution licence in Mumbai City and part of Mumbai Sub-Urban area.

VII. Order dated 17.06.2020 of the Haryan Electricity Regulatory Commission in HERC/PRO-11 of 2017, carried in appeal as Appeal No. 133 of 2020 and disposed of with connected appeals by the Hon'ble APTEL by common judgment dated 12.02.2024, eventually affirmed on this point by the Hon'ble Supreme Court in Indian Railways v. West Bengal State Electricity Distribution Company Limited & Ors., decided 08.05.2026.

CHAPTER 4:

THE PETITION: FACTUAL BACKGROUND AND PROCEEDINGS

PART I – FACTUAL BACKGROUND OF THE PETITION

4.1 Introduction

This Chapter records the factual and procedural background of the present proceedings before the Haryana Electricity Regulatory Commission ("the Commission") relating to the application filed by Eleven Power Private Limited ("EPPL" or "the Applicant") for grant of a parallel distribution licence under Section 15 read with the sixth proviso to Section 14 of the Electricity Act, 2003.

Its purpose is to provide the factual context necessary for examination of the Terms of Reference. It does not evaluate the merits of the Petition or record any finding on the issues arising for determination. The Committee's analysis, findings and recommendations are contained in the succeeding Chapters.

4.2 The Petition

The Petition was filed by Eleven Power Private Limited, a company having its registered office at 201, Empire Apartments, First Floor, Sultanpur, M.G. Road, Gadaipur, Southwest Delhi – 110030, on 12 May 2026, under Sections 14 and 15 of the Electricity Act, 2003, read with the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulations, 2004 and the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, as amended in November 2022. The Petition was accompanied by a supporting affidavit, enclosures and annexures, including the Business Plan and Network Rollout Plan, certificates relating to net worth, liquidity and investment capacity, and the prescribed court fee.

It may be noted that the Applicant was earlier incorporated on 06.06.2025 as Veyora Infra Private Limited with objects relating to real estate. The name of the Company was changed to 'Eleven Power Private Limited' on 24.02.2026 and its objects to the generation, transmission and distribution of electricity by Memorandum dated 26.02.2026.

The Applicant has sought the grant of a parallel distribution licence for the Revenue Districts of **Gurugram and Nuh** for a period of twenty-five years, to establish, operate and maintain an independent electricity distribution system and to distribute and supply electricity within the proposed licence area through its own network,

including the urban and industrial agglomerations of Gurugram, Manesar, Sohna and Pataudi and the areas comprised in the Nuh Revenue District.

The Petition envisages development of a modern greenfield distribution system incorporating phased network development, advanced metering infrastructure, digital utility management systems, smart grid technologies, modern consumer service platforms and procurement of power from appropriate conventional and renewable sources in accordance with the applicable statutory and regulatory framework. The Applicant has emphasised a renewable-energy-oriented supply proposition, stating that a substantial proportion of the electricity supplied to its consumers is intended to be sourced from renewable and green energy sources.

These proposals constitute the basis of the Applicant's case and are examined under the relevant Terms of Reference in the succeeding Chapters.

4.3 The Applicant and the Promoter Group

The Applicant is a private limited company forming part of the Eleven Group (erstwhile SAS Group), a diversified business group with interests spanning healthcare, financial services, infrastructure and allied sectors. The Petition places reliance upon the experience of group entities and its consortium partners, including SV Creditline Limited, in executing large-scale infrastructure and electrical works, and refers, inter alia, to the execution of 220 kV substation works for evacuation of wind power, battery energy storage system projects, rural electrification and agricultural feeder works under State programmes, and multiple turnkey distribution infrastructure packages awarded by State distribution utilities.

The Petition further relies upon the professional experience of the Applicant's leadership and proposed management team, which is stated to include personnel with prior experience in electricity distribution operations, distribution franchisee management, consumer billing and revenue-cycle management, metering, and erection, testing and commissioning of distribution infrastructure, drawn from established utilities and distribution businesses.

The Committee records these averments as part of the factual background. The extent to which group experience and proposed management arrangements satisfy the statutory requirements relating to technical and managerial capability is examined in Chapter 8, and the extent to which promoter financial strength may be taken into account for the purposes of capital adequacy and creditworthiness is examined in Chapter 6.

4.4 Financial Basis of the Petition

According to the Business Plan and Network Rollout Plan enclosed with the Petition, the total capital investment envisaged by the Applicant in the proposed licence area is approximately **₹4,717 crore**, to be deployed in a phased manner. On the norm of thirty per cent equity on the cost of investment contemplated under Rule 3(2) of the Distribution Licence Rules, 2005, the corresponding equity requirement is approximately **₹1,415 crore**.

For the purpose of demonstrating capital adequacy and creditworthiness, the Applicant has relied principally upon a Certificate of Net Worth, Liquidity and Investment Capacity in respect of **SAS Fininvest LLP**, a promoter entity, certifying a net worth of **₹4,085.60 crore as on 31 October 2025**, stated to be held primarily in liquid or semi-liquid assets, including quoted equity shares, mutual funds and liquid instruments, capable of liquidation as and when required. The promoter entity has furnished an undertaking to extend financial support to the Applicant for the proposed distribution business.

The Respondents have contested the reliability and legal sufficiency of this financial basis on several grounds, which are summarised in Section 4.10 below and examined in detail in Chapters 6 and 7.

4.5 Existing Distribution Arrangement

The proposed licence area presently forms part of the licensed area of **Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL)**, the existing distribution licensee responsible for electricity distribution and retail supply in the southern region of Haryana.

The proposed area comprises the Revenue Districts of **Gurugram** and **Nuh**, which possess significantly different consumer and demand characteristics.

Gurugram is a major metropolitan, commercial and industrial centre with comparatively high electricity demand, consumer density and revenue realisation. Nuh, on the other hand, has a predominantly rural and agricultural consumer profile with lower consumption density, higher subsidised consumer categories and different network development requirements.

The Committee records these characteristics solely as factual background. Their implications for Universal Service Obligation, consumer migration, tariff, cross-

subsidy, financial sustainability and public interest are examined separately in the relevant Chapters.

4.6 Scope of the Applicant's Proposal

The Applicant proposes to establish an independent distribution system comprising receiving stations, substations, distribution lines, switching installations, metering systems, SCADA, Distribution Management Systems (DMS), communication infrastructure, consumer service systems and other associated facilities necessary for electricity distribution.

The proposed network is intended to operate independently while remaining interconnected with the State transmission system through approved transmission connectivity arrangements in accordance with the Electricity Act, 2003, applicable CEA Regulations and other statutory requirements.

The Committee records these proposals only as part of the factual background. Their technical feasibility, financial capability, engineering adequacy and regulatory compliance are evaluated in the subsequent Chapters.

PART II(A) – PROCEEDINGS BEFORE THE COMMISSION, PLEADINGS OF THE PARTIES AND ISSUES ARISING FOR DETERMINATION

4.7 Proceedings Before the Commission

Following the filing of the Petition under Sections 14 and 15 of the Electricity Act, 2003, the Haryana Electricity Regulatory Commission ("HERC" or "the Commission") initiated proceedings in accordance with the Act, the Distribution Licence Rules, the applicable Regulations and the prescribed procedure for consideration of applications for grant of a distribution licence.

In compliance with the statutory requirements, public notice of the Petition was issued alongwith publication of the same by the Applicant in the Daily News Paper 'Dainik Jagaran' (Vernacular) and 'The Times of India' (English Daily) dated 28.05.2026, inviting objections, suggestions and comments from stakeholders and members of the public. Pursuant thereto, objections and responses were received from, inter alia:

- Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL), the incumbent distribution licensee;
- Government agencies and sectoral institutions;
- employee associations;

- consumer representatives;
- industry associations; and
- other interested stakeholders.

The Applicant filed replies, rejoinders and additional submissions addressing the issues raised during the proceedings. During the course of hearings, the Commission also sought further technical, financial and operational information, which was furnished by the Applicant and other stakeholders.

By its Interim Order dated **26 May 2026**, the Commission impleaded Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL), Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) and Haryana Vidyut Prasaran Nigam Limited (HVPNL) as Respondents and directed the Applicant to furnish further documents and information, including a debt–equity capitalisation plan, a detailed implementation plan, proposed operational modalities and a consumer migration protocol. DHBVNL filed its reply and objections, expressly reserving its right to file additional submissions upon receipt of the further information directed to be furnished by the Applicant.

The Petition was taken up for public hearing on **08 July 2026** in the courtroom of the Commission, at which the learned counsel and authorised representatives of the Applicant, the Respondents and the intervenors were heard at length. Objections were pressed by, inter alia, a former Power Minister of Haryana, the Electricity Employees' Federation of India, the All India Power Engineers Federation, the Haryana Power Engineers' Association, the All India Kisan Sabha, the H.S.E.B. Workers' Union, the All Haryana Power Corporations Workers' Union, consumer forums, resident welfare associations and individual objectors. Submissions in support of the Petition were made by industrial and commercial consumers, industry associations, real estate developers, hospitality establishments, resident welfare associations and agricultural consumers within the proposed licence area.

Considering the importance of the issues involved, the novelty of the amended statutory framework governing parallel distribution licensing, the magnitude of the proposed investment and the potential implications for the electricity sector in Haryana, the Commission, by its Interim Order dated **09 July 2026**, constituted this Independent Expert Committee to undertake an independent examination of the matters specified in the Terms of Reference. By the same Order, the Applicant was directed to file its reply to the comments of the intervenors and its rejoinder to the

replies of the Respondents within seven days, and the Respondents were permitted to file their written submissions within the same period.

The Committee has carried out its assignment strictly within the scope of the Terms of Reference and the material placed on record.

4.8 Nature of the Proceedings

The Committee considers that the present proceedings extend beyond an ordinary licensing application.

The Petition raises important questions concerning the interpretation and implementation of the sixth proviso to Section 14 of the Electricity Act, 2003, read with Section 15, the Distribution Licence Rules, the National Electricity Policy and the evolving regulatory framework governing multiple distribution licensees operating within the same geographical area.

The proceedings required examination of legal, financial, technical, engineering, commercial and regulatory issues affecting not only the Applicant but also consumers, the incumbent licensee and the long-term development of the electricity sector in Haryana.

Accordingly, the Committee has adopted an integrated multidisciplinary approach in evaluating every issue referred by the Commission.

4.9 Principal Issues Arising for Determination

The Terms of Reference require examination of a broad range of inter-related issues.

Without expressing any opinion at this stage on their ultimate determination, the principal issues broadly comprise:

- statutory and regulatory eligibility of the Applicant;
- compliance with the Distribution Licence Rules, 2005 (as amended);
- technical capability and managerial competence;
- financial capability, investment plan and long-term sustainability;
- transmission connectivity, grid integration and system coordination;
- power procurement arrangements and resource adequacy;
- discharge of Universal Service Obligations;
- consumer protection and migration framework;
- impact on DHBVNL and the State electricity sector;

- tariff, cross-subsidy and sectoral financial implications;
- long-term planning and network development; and
- overall public interest.

Each of these issues has been examined independently under the corresponding Terms of Reference while recognising their interdependence in determining the overall merits of the Petition.

4.10 Summary of the Objections of the Respondent and the Intervenors

Without recording any finding at this stage, the Committee summarises below the principal objections raised by DHBVNL and the intervenors, each of which is examined in detail in the Chapter dealing with the corresponding Term of Reference:

- **Minimum area of supply.** It is contended that, following the 2022 Amendment to the Distribution Licence Rules, 2005, the minimum area of supply must correspond to the prescribed statutory alternatives, and that reliance upon Municipal Committees in the Nuh district does not satisfy the requirement of a "Municipal Corporation" within the meaning of Article 243Q of the Constitution and the Haryana Municipal Act, 1973; reliance is placed, inter alia, upon the order of the Uttar Pradesh Electricity Regulatory Commission dated 24 April 2023 in the matter of Adani Electricity Jewar Limited. It is further contended that the inclusion of the Nuh district alongside Gurugram has not been adequately explained and may amount to cherry-picking of profitable areas.
- **Capital adequacy and net worth.** It is contended that the book net worth of the promoter entity is approximately ₹94.95 crore and that the certified net worth of ₹4,085.60 crore is predominantly attributable to the market value of quoted equity shares of a listed company; that publicly available shareholding records reflect the relevant shareholding in the name of an individual promoter rather than the promoter LLP, requiring clarification of ownership and beneficial interest; that valuations derived from market prices of listed shares are volatile and speculative; and that, consistent with the approach adopted by the Commission in India Power Corporation Limited (HERC/PRO-08 of 2014) and with the net worth computation methodology under the Ministry of Power's Tariff Based Competitive Bidding guidelines, such reliance does not establish sustainable financial capability.
- **Creditworthiness and enforceability of promoter support.** It is contended that the Applicant, a recently incorporated entity without operational history,

has not independently demonstrated creditworthiness, and that the promoter support undertaking may not constitute an adequate, legally enforceable and durable financial commitment for the entire licence period.

- **Code of conduct and disclosure.** Objections have been raised regarding compliance with the prescribed code of conduct and alleged misrepresentation or incomplete disclosure of material facts in the Petition.
- **Technical capability and infrastructure readiness.** It is contended that the Applicant has no demonstrated experience of electricity distribution operations, and that the proposed licence area, being one of the fastest growing load centres in the State with substantial industrial, commercial and data-centre demand, requires a degree of operational reliability that an unproven entity cannot be presumed to deliver.
- **Universal Service Obligation.** It is contended that the Applicant has not demonstrated the capability to discharge the Universal Service Obligation under Section 43 across the entire proposed area, including the predominantly rural and subsidised consumer base of Nuh.
- **Consumer mix, cross-subsidy and tariff stability.** It is contended that migration of high-value industrial and commercial consumers would erode the cross-subsidy available to subsidised categories, adversely affect DHBVNL's Aggregate Revenue Requirement and tariff structure, and impair recovery of deferred Fuel Surcharge Adjustment and other regulatory assets.
- **Power procurement and stranded costs.** It is contended that consumer migration would render a portion of DHBVNL's existing long-term power purchase commitments surplus, giving rise to stranded capacity and stranded cost issues requiring regulatory treatment.
- **Asset utilisation, right of way and system considerations.** Objections relate to duplication of network assets, inefficient utilisation of existing infrastructure, right-of-way constraints in densely built-up areas, continuity of supply and supplier-of-last-resort arrangements, and the potential for market abuse.
- **Public interest.** It is contended that the cumulative effect of the foregoing considerations is that the grant of the proposed licence would not yield a net consumer or public benefit.

The intervenor employee federations and unions have additionally objected to the policy of parallel licensing as such, contending that it amounts to backdoor privatisation and would prejudicially affect the incumbent utilities and their

employees, while intervenors representing farmers have expressed apprehensions regarding continuity of subsidised agricultural supply.

4.11 Submissions in Support of the Petition

Industrial and commercial consumers, industry associations, real estate developers, hospitality establishments and resident welfare associations within the proposed licence area have supported the Petition, principally on the grounds of inadequate reliability and quality of the existing supply, dependence on captive diesel and back-up generation, the need for investment-backed modern distribution infrastructure to serve rapidly growing demand, and the benefits of consumer choice and competition contemplated by the Electricity Act, 2003. Certain agricultural consumers from the proposed area have also supported the Petition.

4.12 The Applicant's Response to the Objections

In its replies, rejoinder and submissions, the Applicant has maintained, inter alia, that the proposed licence area satisfies the minimum area of supply requirement on a correct construction of the amended Rule 3(2); that the Rules expressly contemplate the resources of promoters being taken into account and that the promoter support is real, liquid and legally committed; that a phased rollout of the distribution network is lawful and consistent with the sixth proviso to Section 14 and applicable precedent; that execution of long-term Power Purchase Agreements is not a condition precedent to grant of licence; that the Universal Service Obligation will be discharged across the entire licence area; and that the statutory mechanisms of Cross-Subsidy Surcharge and Additional Surcharge, together with appropriate regulatory safeguards, adequately address the financial consequences of consumer migration. These rival contentions are examined on their merits in Chapters 6 to 15.

4.13 Material Examined by the Committee

For the purpose of discharging its mandate, the Committee has examined, inter alia:

- the Petition dated 12 May 2026 and its enclosures and annexures, including the Business Plan and Network Rollout Plan and the certificates of net worth, liquidity and investment capacity;
- the reply and objections filed by DHBVNL and the material relied upon therein, including shareholding records available on the portal of the Ministry of Corporate Affairs;

- the comments and objections of the intervenors and the submissions filed in support of the Petition;
- the Interim Orders of the Commission dated 26 May 2026 and 09 July 2026, including the Terms of Reference at Annexure “A”;
- objections, replies, rejoinders and written submissions of the parties;
- additional information furnished pursuant to directions of the Commission and the Committee;
- applicable statutory provisions, Rules, Regulations, Policies and Guidelines;
- judicial precedents governing parallel distribution licensing;
- technical, engineering, financial and commercial documents placed on record;
- presentations and explanations made during the proceedings; and
- such other material as the Committee considered necessary for a comprehensive evaluation of the Terms of Reference.

The Committee has considered the evidentiary record in its entirety and not in isolated parts, while giving appropriate weight to documentary evidence and verifiable material.

4.14 Evidentiary and Analytical Approach

The Committee has adopted an objective, evidence-based and issue-specific approach throughout its examination.

Accordingly, it has:

- distinguished established facts from the submissions of the parties;
- evaluated competing contentions against the documentary record;
- interpreted the statutory provisions harmoniously with the objectives of the Electricity Act, 2003;
- examined legal, financial and technical issues independently before integrating them into its final conclusions; and
- confined its findings to matters supported by evidence and relevant to the Terms of Reference.

Where deficiencies or concerns were identified during the proceedings, the Committee has assessed whether they affect statutory eligibility itself or relate to implementation and operational readiness capable of being addressed through licence conditions and continuing regulatory supervision.

PART II(B) – SCOPE OF THE COMMITTEE'S MANDATE, METHODOLOGY AND STRUCTURE OF THE REPORT

4.15 Scope of the Committee's Mandate

The Committee derives its authority from the Interim Order dated **09 July 2026**, whereby the Commission constituted the Independent Expert Committee and entrusted it with specific Terms of Reference relating to the proposed grant of a parallel distribution licence.

The Committee's role is advisory in nature. It does not determine the Petition but assists the Commission by providing an independent, objective and multidisciplinary evaluation of the legal, regulatory, technical, financial, engineering, commercial and public interest issues arising from the proceedings.

Accordingly, the Committee has confined its examination to the matters specifically referred by the Commission and has not travelled beyond the Terms of Reference except where consideration of an ancillary issue was necessary for arriving at a reasoned conclusion.

4.16 Methodology Adopted

The Committee has adopted a structured and evidence-based methodology throughout its examination.

For each Term of Reference, the Committee has:

- identified the applicable statutory and regulatory framework;
- examined the pleadings and documentary evidence placed on record;
- considered the submissions of all stakeholders;
- evaluated relevant legal, technical, financial and engineering issues;
- analysed the competing contentions objectively; and
- recorded independent findings supported by reasons.

The Committee has consciously distinguished between:

- statutory requirements and implementation issues;
- established facts and assertions of the parties;
- legal interpretation and technical evaluation; and
- threshold eligibility requirements and matters capable of being addressed through licence conditions or continuing regulatory oversight.

This approach has been consistently applied throughout the Report to ensure transparency, objectivity and uniformity of analysis.

4.17 Nature of the Committee's Findings

The findings recorded in this Report are based upon the evidentiary material available during the present proceedings.

The Committee has not proceeded on assumptions or commercial expectations unsupported by the record. Equally, it has recognised that certain matters—particularly those relating to detailed engineering, implementation schedules, power procurement, operational readiness and future regulatory compliance—are necessarily dynamic and will continue to evolve after grant of the licence.

Accordingly, wherever appropriate, the Committee has distinguished between:

- findings relating to statutory eligibility;
- findings concerning technical and financial feasibility;
- implementation requirements;
- recommended licence conditions; and
- matters requiring continuing regulatory supervision by the Commission.

4.18 Structure of the Report

For clarity and ease of reference, the Report has been organised in a sequential manner corresponding broadly to the Terms of Reference.

Following this introductory Chapter, the succeeding Chapters examine:

- comparative regulatory experience;
- statutory and regulatory eligibility;
- financial capability and investment plan;
- technical capability and network development;
- grid integration and system coordination;
- power procurement and resource adequacy;
- Universal Service Obligation;
- consumer protection and migration;
- financial, tariff and sectoral impacts;
- long-term system planning;
- public interest;

- overall conclusions; and
- the Committee's final recommendations.

Each Chapter contains the relevant statutory framework, examination of the evidence, analysis, findings and recommendations relating to the respective subject, while avoiding unnecessary repetition of matters already discussed elsewhere in the Report.

PART III – COMMITTEE'S PRELIMINARY OBSERVATIONS, LIMITATIONS OF THIS CHAPTER AND TRANSITION

4.19 Preliminary Observations

Having examined the Petition, the pleadings, the procedural history and the material placed on record, the Committee records certain preliminary observations that provide the factual foundation for the detailed examination undertaken in the succeeding Chapters.

First, the present proceedings concern an application for the grant of a parallel distribution licence under the Electricity Act, 2003 within a statutory framework that expressly permits multiple distribution licensees operating through independent distribution systems, subject to compliance with the Act, the Distribution Licence Rules and the applicable regulatory framework.

Secondly, the Petition raises issues of considerable legal, technical, financial and regulatory significance extending beyond the interests of the Applicant and the incumbent distribution licensee. Its determination has implications for consumers, network planning, sectoral financial sustainability, Universal Service Obligations and the future development of electricity distribution in the State of Haryana.

Thirdly, the Committee notes that the material placed on record reveals substantial differences between the parties on issues relating to statutory eligibility, financial capability, technical preparedness, power procurement, consumer migration, sectoral impact and public interest. These differences require detailed examination based upon the applicable statutory framework and the evidentiary record rather than broad assertions or commercial perceptions.

Finally, the Committee considers that the determination of the present Petition must rest upon an integrated assessment of all the Terms of Reference and not upon any single issue viewed in isolation.

4.20 Scope and Limitations of this Chapter

This Chapter is intended solely to provide the factual and procedural background of the proceedings.

Accordingly, it:

- records the nature and scope of the Petition;
- identifies the existing distribution framework;
- summarises the proceedings before the Commission;
- outlines the issues requiring determination;
- explains the Committee's mandate and methodology; and
- provides the contextual foundation for the analysis contained in the succeeding Chapters.

The Committee deliberately refrains from expressing any conclusion regarding the merits of the Petition in this Chapter. Questions relating to statutory eligibility, financial capability, technical competence, engineering feasibility, power procurement, Universal Service Obligations, consumer protection, sectoral impact and public interest are examined independently under the respective Terms of Reference.

Accordingly, no inference regarding the Committee's final conclusions should be drawn from the factual narration contained in this Chapter.

4.21 Analytical Framework for the Report

To ensure consistency, transparency and avoidance of repetition, the Committee has adopted a uniform analytical framework throughout the Report.

Each substantive Chapter broadly follows the following sequence:

1. the applicable statutory and regulatory framework;
2. the relevant material and submissions placed on record;
3. the Committee's analysis of the issues;
4. findings on the respective Term of Reference;
5. recommendations and regulatory safeguards, where necessary; and
6. the Committee's conclusion on the subject.

Issues common to multiple Terms of Reference are discussed comprehensively in the Chapter where they primarily arise and are referred to, rather than repeated, in

subsequent Chapters. This approach enables each Chapter to remain self-contained while preserving the continuity and coherence of the Report as a whole.

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CHAPTER 5

COMPARATIVE REGULATORY EXPERIENCE AND LESSONS FOR THE STATE OF HARYANA

PART I – COMPARATIVE INDIAN REGULATORY EXPERIENCE

5.1 Introduction

Having examined the legislative framework, statutory provisions and judicial principles governing parallel distribution licensing in the preceding Chapters, the Committee considers it appropriate to examine the practical regulatory experience available within India. While the present Petition must ultimately be determined in accordance with the Electricity Act, 2003, the Distribution Licence Rules, applicable Regulations and binding judicial precedents, the experience of other Electricity Regulatory Commissions provides useful guidance regarding the implementation of parallel distribution systems after the grant of a licence.

The Committee emphasises that comparative regulatory experience is neither binding nor determinative. Its value lies in identifying practical regulatory issues, implementation challenges and supervisory mechanisms that have emerged in jurisdictions where more than one distribution licensee has operated within the same geographical area. Such experience assists in formulating appropriate regulatory safeguards while remaining fully consistent with the statutory framework governing the present Petition.

5.2 Regulatory Experience within India

The Committee has examined the available experience of Indian Electricity Regulatory Commissions relating to parallel distribution licensing, with particular emphasis on the Maharashtra Electricity Regulatory Commission (MERC), which has the longest practical experience of regulating multiple distribution licensees under the Electricity Act, 2003.

The Committee has also considered relevant proceedings before other State Electricity Regulatory Commissions wherever issues concerning distribution licensing, competition, consumer protection, network development and regulatory supervision have arisen.

Although the factual background and regulatory context differ from State to State, the Committee finds that the fundamental regulatory issues remain substantially

similar. These include statutory compliance, phased development of distribution infrastructure, Universal Service Obligations, consumer migration, coordination among utilities, service quality, financial sustainability and continuing regulatory oversight.

5.3 Experience of the Maharashtra Electricity Regulatory Commission

Among Indian jurisdictions, the Committee considers the experience of MERC to be the most relevant for the present proceedings.

MERC has regulated parallel distribution licensees operating through independent distribution systems over an extended period and has dealt with numerous operational, technical and regulatory issues arising after the grant of licences. Its experience demonstrates that the introduction of competition in electricity distribution is neither self-executing nor confined to the licensing stage. Rather, it requires continuous regulatory supervision throughout implementation and operation.

The Committee notes that MERC has addressed issues relating to:

- development of independent distribution infrastructure;
- phased network rollout;
- consumer migration and related procedures;
- discharge of Universal Service Obligations;
- coordination among distribution licensees and transmission utilities;
- Standards of Performance and consumer protection;
- monitoring of licence conditions; and
- periodic regulatory review.

The Committee considers that these experiences provide valuable practical guidance regarding implementation, although each application must ultimately be decided on its own statutory and factual merits.

5.4 Regulatory Principles Emerging from Comparative Experience

Having examined the available regulatory material, the Committee considers that the following principles consistently emerge from Indian experience:

First, grant of a parallel distribution licence marks the commencement of continuing regulatory supervision rather than the conclusion of regulatory scrutiny.

Secondly, phased development of a greenfield distribution network is an accepted implementation model, provided it is supported by clearly defined milestones, measurable progress and periodic regulatory review.

Thirdly, effective consumer migration requires transparent procedures governing applications, transfer of consumers, settlement of dues, exchange of information and protection of consumer rights.

Fourthly, the Universal Service Obligation remains a continuing statutory responsibility and requires the distribution licensee to provide non-discriminatory service throughout the authorised area rather than concentrating only on commercially attractive consumers.

Fifthly, consumer protection, service quality, reliability of supply, grievance redressal and compliance with licence conditions require continuous monitoring throughout the licence period.

The Committee finds these principles to be fully consistent with the Electricity Act, 2003 and directly relevant to the implementation of any parallel distribution licence in Haryana.

PART II (A) – REGULATORY LESSONS APPLICABLE TO HARYANA

5.5 Introduction

Having examined the comparative regulatory experience in Part I, the Committee now considers the extent to which those experiences may assist the Commission in designing an appropriate regulatory framework for Haryana.

The Committee reiterates that the present Petition must be decided solely on the basis of the Electricity Act, 2003, the Distribution Licence Rules, the applicable Regulations and the evidence placed on record. Comparative experience neither enlarges nor restricts the statutory powers of the Commission. Its relevance lies in identifying practical regulatory measures that facilitate orderly implementation while safeguarding consumer interests, system reliability and financial sustainability.

5.6 Implementation Framework

The Committee considers that the successful introduction of a parallel distribution licensee requires a structured implementation framework extending beyond the grant of licence. Such a framework should clearly define implementation milestones,

regulatory responsibilities and performance obligations throughout the transition and operational phases.

The framework should provide for:

- phased development of the distribution network;
- periodic verification of infrastructure creation;
- compliance with approved implementation schedules;
- coordination with HVPNL, SLDC and other sectoral agencies;
- transparent reporting to the Commission; and
- continuing review of licence compliance.

The Committee considers that these measures promote regulatory certainty while preserving the flexibility necessary for phased implementation of a greenfield distribution system.

5.7 Consumer Protection and Universal Service

Comparative experience demonstrates that consumer confidence is fundamental to the success of a competitive distribution framework.

The Committee therefore considers that the regulatory framework should ensure:

- transparent and non-discriminatory consumer migration procedures;
- continuity of electricity supply during transition;
- effective grievance redressal;
- compliance with Standards of Performance;
- equal treatment of all consumer categories; and
- strict enforcement of the Universal Service Obligation throughout the authorised area.

The Committee regards these safeguards as essential for preventing selective service and ensuring that competition advances, rather than compromises, consumer welfare.

5.8 Financial and Operational Oversight

The Committee further considers that effective implementation requires continuing regulatory oversight of both financial and operational performance.

The Commission may therefore provide for periodic review of:

- implementation of approved investment commitments;

- network development progress;
- consumer migration;
- service quality and reliability;
- financial performance;
- compliance with licence conditions; and
- other matters affecting orderly development of the distribution system.

Such monitoring will enable timely regulatory intervention wherever implementation materially departs from the commitments made during the licensing proceedings.

5.9 Committee's Interim Findings

Based on the comparative regulatory experience examined in this Chapter, the Committee records the following interim findings:

1. Parallel distribution licensing is capable of effective implementation within the statutory framework of the Electricity Act, 2003 when supported by appropriate regulatory supervision.
2. Successful implementation depends upon clearly defined licence conditions, phased infrastructure development and continuing monitoring rather than the grant of licence alone.
3. Consumer protection, Universal Service Obligations and service quality must remain central objectives throughout the licence period.
4. Financial capability, technical implementation and operational performance require periodic regulatory review to ensure continued compliance with statutory obligations.
5. The experience of other Indian Electricity Regulatory Commissions supports the adoption of a structured implementation framework while recognising that each application must ultimately be decided on its own facts and in accordance with the applicable law.

PART II(B) – COMMITTEE'S FINDINGS, REGULATORY LESSONS AND CONCLUSION

5.10 Committee's Findings

Having examined the comparative regulatory experience of Indian Electricity Regulatory Commissions, particularly the Maharashtra Electricity Regulatory

Commission, together with the statutory framework governing the present Petition, the Committee records the following findings:

1. The Electricity Act, 2003 permits parallel distribution licensing within a framework of regulated competition, and the practical experience of Indian regulators demonstrates that such a framework is capable of effective implementation through appropriate regulatory supervision.

2. The grant of a parallel distribution licence is not an end in itself but the commencement of a continuing regulatory process requiring oversight of infrastructure development, operational performance, consumer protection and compliance with statutory obligations.

3. Phased development of an independent distribution network is an accepted and practical approach, provided it is supported by clearly defined implementation milestones, periodic reporting and verification of progress.

4. Universal Service Obligation remains a fundamental statutory responsibility of every distribution licensee and must be enforced uniformly throughout the authorised licence area to prevent selective service and ensure equitable treatment of all consumer categories.

5. Consumer migration, service standards, grievance redressal, operational coordination and financial monitoring require structured regulatory mechanisms and continuing supervision by the Commission.

6. Comparative regulatory experience supports the adoption of appropriate licence conditions and implementation safeguards but does not alter the statutory requirements prescribed under the Electricity Act, 2003 or the Distribution Licence Rules.

5.11 Regulatory Lessons for Haryana

The Committee considers that, if the Commission grants the proposed licence, the following regulatory measures would facilitate orderly implementation:

- phased and verifiable network development in accordance with approved implementation plans;
- clearly defined consumer migration procedures;
- strict enforcement of Universal Service Obligations;
- periodic monitoring of financial, technical and operational performance;

- coordination among the distribution licensees, HVPNL, HPPC and SLDC, wherever applicable;
- transparent reporting and compliance with licence conditions; and
- continuing regulatory review to address implementation issues and protect consumer interests.

These measures, in the Committee's opinion, are consistent with prudent utility regulation and will support the orderly introduction of regulated competition without compromising reliability, financial discipline or public interest.

5.12 Conclusion

The Committee concludes that comparative Indian regulatory experience does not disclose any inherent legal, technical or regulatory impediment to the implementation of parallel distribution under the Electricity Act, 2003. On the contrary, it demonstrates that successful implementation depends upon a comprehensive regulatory framework combining statutory compliance, phased infrastructure development, effective consumer protection, strict enforcement of Universal Service Obligations and continuing regulatory oversight.

The Committee is therefore of the considered opinion that, should the Applicant satisfy the statutory requirements examined in the succeeding Chapters, the grant of a parallel distribution licence should be accompanied by appropriate licence conditions, implementation milestones, monitoring mechanisms and regulatory safeguards to ensure that the objectives of the Electricity Act, 2003 are achieved while maintaining consumer welfare, system reliability, financial sustainability and orderly development of the electricity distribution sector in the State of Haryana.

With this comparative assessment, the Committee concludes its examination of the broader statutory, judicial and regulatory background. The succeeding Chapters examine the evidence relating to each of the Terms of Reference and record the Committee's findings and recommendations on the Applicant's eligibility, capability and the conditions under which the proposed licence may appropriately be granted.

PART III – COMMITTEE'S OVERALL CONCLUSIONS

5.13 Overall Conclusions

Having examined the comparative regulatory experience of Indian Electricity Regulatory Commissions, particularly the experience of the Maharashtra Electricity Regulatory Commission, the Committee concludes that the implementation of

parallel distribution licensing is both legally and administratively feasible within the framework of the Electricity Act, 2003.

The Committee finds that comparative experience does not disclose any inherent technical, operational or regulatory impediment to the introduction of a parallel distribution licensee. Rather, it demonstrates that successful implementation depends upon a robust regulatory framework incorporating phased infrastructure development, effective consumer protection, strict enforcement of the Universal Service Obligation, coordinated system planning, transparent consumer migration procedures and continuing regulatory oversight.

The Committee further finds that the practical issues encountered in other jurisdictions primarily relate to implementation and operational management after the grant of licence. These issues are capable of being addressed through appropriate licence conditions, regulatory directions, monitoring mechanisms and periodic review, and do not constitute independent statutory grounds for refusing a licence where the requirements of the Electricity Act, 2003 and the Distribution Licence Rules have otherwise been satisfied.

Accordingly, the Committee considers that the regulatory experience examined in this Chapter supports the adoption of a structured implementation framework accompanying any grant of a parallel distribution licence in Haryana, while leaving the determination of statutory eligibility to be decided strictly in accordance with the applicable provisions of the Electricity Act, 2003, the Distribution Licence Rules, the applicable Regulations and the evidence placed on record.

CHAPTER 6

TERM OF REFERENCE-3.1

STATUTORY AND REGULATORY ELIGIBILITY OF THE APPLICANT

Whether the Applicant satisfies all statutory requirements prescribed under the Electricity Act, 2003, the Distribution Licence Rules, 2005 and other applicable laws for grant of Distribution Licence.

Whether the requirements relating to capital adequacy, creditworthiness and code of conduct under Section 14 read with Rule 3 of the distribution Licence Rules-2005 are fulfilled;

Whether the financial capability of the holding company, promoter or group entities can legally and prudently be considered, and whether adequate legally enforceable financial commitments have been established.

6.1 Structure of the Committee's Examination

The Committee has organised its examination under the following Parts:

- Part-I sets out the statutory framework, scope of examination and governing principles;
- Part II deals with the pleadings, the objections of the Respondents and stakeholders, the directions of the Hon'ble Commission and the Applicant's responses;
- Part III deals with Committee's Analysis & Observation. on:
  A. Minimum Area of Supply
  B. Capital Adequacy and Creditworthiness
  C. Code of Conduct.
- Part IV deals with Findings & Recommendation

PART I — STATUTORY FRAMEWORK, SCOPE OF EXAMINATION AND GOVERNING PRINCIPLES

6.2 Introduction

The issue qua statutory and regulatory requirement for grant of parallel distribution licence to an entity is broadly enumerated under the Electricity Act, 2003, the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, as amended, and the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulations, 2004, as amended.This issue constitutes the threshold enquiry in the present proceedings. Unless the Applicant establishes compliance with the statutory eligibility requirements prescribed under the Act, the Rules and the Regulations, the remaining questions relating to technical capability, power procurement, consumer protection, financial impact public interest, etc. would not arise for consideration.

The Committee has therefore examined the issue independently on the basis of the statutory framework, the pleadings of the parties, the documentary evidence placed on record, the directions issued by the Hon'ble Commission in its interim Orders dated 26.05.2026 & 09.07.2026, the additional information and undertakings furnished by the Applicant during the proceedings, and the applicable judicial precedents.

6.3 Scope of Examination

For the purposes of this Chapter, the Committee has examined whether the Applicant has established compliance with the statutory requirements governing grant of a parallel distribution licence, organised under the following three issues:

- **Issue 1 — Capital Adequacy and Creditworthiness** under Rule 3 of the Distribution Licence Rules, 2005, including the question whether the financial capability of the holding entity, promoter or group entities can legally and prudently be considered, and whether adequate legally enforceable financial commitments have been established;
- **Issue 2 — Minimum Area of Supply and Geographical Contiguity** under the Explanation to Rule 3(2), as amended;
- **Issue 3 — Code of Conduct and Corporate Integrity** under Rule 4;

6.4 Statutory Scheme under the Electricity Act, 2003

Sections 14, 15 and 16 of the Electricity Act, 2003 collectively provide the statutory mechanism for grant of a distribution licence, consideration of objections, and imposition of licence conditions. The primary statutory mechanism governing parallel distribution licensing is the sixth proviso to Section 14, which mandates:

> *"Provided also that the Appropriate Commission may grant a licence to two or more persons for distribution of electricity through their own distribution system within the same area, subject to the conditions that the applicant for grant of licence within the same area shall, without prejudice to the other conditions or requirements under this Act, comply with the additional requirements relating to the capital adequacy, credit-worthiness, or code of conduct as may be prescribed by the Central Government, and no such applicant, who complies with all the requirements for grant of licence, shall be refused grant of licence on the ground that there already exists a licensee in the same area for the same purpose…" (Emphasis supplied)*

Section 15 prescribes the procedure for grant of licence, including publication of notice, consideration of objections received within thirty days of publication, ascertainment of no-objection of the Central Government in respect of defence areas, and disposal of the application, as far as practicable, within ninety days, either by issue of a licence or by rejection for reasons to be recorded in writing after affording the applicant an opportunity of being heard.

Section 16 empowers commission to frame general or specific conditions of Distribution Licence.

6.5 Distribution of Electricity Licence Rules, 2005

The "additional requirements" contemplated by the sixth proviso to Section 14 are codified in the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005 **("Capital Adequacy Rules")**, as amended on 28th Nov, 2022. The relevant provisions are reproduced below for ready reference:

"3. Requirements of capital adequacy and creditworthiness.—(1) The Appropriate Commission shall, upon receipt of an application for grant of licence for distribution of electricity under sub-section (1) of section 15 of the Electricity Act, 2003, decide the requirement of capital investment for distribution network after hearing the applicant and keeping in view the size of the area of supply and the service obligation within that area in terms of section 43.

(2) The applicant for grant of licence shall be required to satisfy the Appropriate Commission that on a norm of 30% equity on cost of investment as determined under sub-rule (1), he including the promoters, in case the applicant is a company, would be in a position to make available resources for such equity of the project on the basis of the net worth and generation of internal resources of his business including of promoters in the preceding three years after excluding his other committed investments.

Explanation.—For the purposes of this sub-rule, it is hereby clarified that for grant of a licence for distribution of electricity within the same area in terms of sixth proviso to section 14 of the Act, the entire area covering either a Municipal Corporation as defined in article 243Q of the Constitution or three adjoining revenue districts, or a smaller area as may be notified by the Appropriate Government shall be the minimum area of supply."

Rule 4 prescribes the requirement of the code of conduct, whereunder the applicant must satisfy the Appropriate Commission that it has not been found guilty of or disqualified under the enumerated provisions of the Companies Act, 1956, the Income-tax Act, 1961, the SEBI Act, 1992, the Central Excise Act, 1944 and the Customs Act, 1962 within the last three years from the date of application, that no licence held by it has been suspended under Section 24 or revoked under Section 19 of the Electricity Act within that period, and, where the applicant is a company, that no winding-up petition against the company or any other company of the same promoter has been admitted on the ground of inability to pay its debts.

The Explanation to Rule 3(2) was substituted by the Central Government by notification dated 08.09.2022 & subsequently dated 28.11.2022. These requirements are independent statutory conditions, each of which must be satisfied before a licence can be granted. The Committee notes for clarity of nomenclature that Rule 3 governs capital adequacy, creditworthiness and minimum area of supply while Rule 4 governs the code of conduct.

6.6 HERC (Transmission and Distribution Licensing) Regulations, 2004

At the State level, the licensing process is governed by the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulations, 2004. Regulation 5 is the enabling provision qua grant of parallel distribution licence in terms of 6th Proviso to Section 14 of the Act, 2003 read with the Capital Adequacy Rules, 2005.

The aforesaid extant provisions of law form the foundation for determining the eligibility of an entity to get the parallel distribution licence.

PART II — PLEADINGS, OBJECTIONS, DIRECTIONS OF THE COMMISSION AND THE APPLICANT'S RESPONSES

6.7 The Applicant's Case in the Petition

On the issue of statutory eligibility, the Applicant's case in the Petition, in summary, is as follows:

- **Capital adequacy:** The total capital investment projected by the Applicant in the proposed licence area over five years is Rs. 4,717 crore **(page no. 77 of the Petition).** A net worth certificate of Rs. 4,085.60 crore of the holding entity of the Applicant, M/s SAS Fininvest LLP, forms part of the Petition **(page nos. 51–52)**. The market value of the shares of SAS Fininvest LLP as on 30.10.2025 is Rs. 4,085.60 crore, held primarily in liquid or semi-liquid assets (mostly listed equity shares, mutual funds and liquid instruments) capable of being liquidated on an immediate basis to meet urgent financial obligations or capital

requirements.; the net worth of SAS Fininvest LLP therefore, exceeds 30% of the proposed capital investment, i.e., Rs. 1,415 crore, by a wide margin;

- **Creditworthiness:** solvency certificates of Rs. 1,000 crore each from IndusInd Bank and 360 One Prime Limited form part of the Petition **(page nos. 53 and 53A**), together with an undertaking from the partners of SAS Fininvest LLP to provide the necessary approvals for capital and/or loan arrangements for the Applicant **(page nos. 54–55);**
- **Code of conduct:** an undertaking for compliance with the Code of Conduct forms part of the Petition **(page no. 56)**;
- **Minimum area of supply:** the proposed area comprises the entire area under the Gurugram and Nuh revenue districts — Gurugram Municipal Corporation, Manesar Municipal Corporation, Municipal Council of Sohna, Municipal Council of Pataudi Mandi and Municipal Committee of Farrukh Nagar under Gurugram revenue district, and Municipal Committee Nuh, Municipal Committee Punhana, Municipal Committee Firozepur Jhirka and Municipal Committee Tauru under Nuh revenue district **(page no. 16, para 33 of the Petition)**. The Applicant submits that this demonstrates due compliance with the minimum area of supply requirement under Rule 3(2) of the Distribution Licence Rules, as amended; and

6.8 Objections of the Respondents and Stakeholders

The Respondents — DHBVNL, UHBVNL and HVPNL — and other stakeholders have raised the following principal objections on statutory eligibility:

(a) Capital adequacy

- The Applicant has relied upon the financial strength of its holding entity, SAS Fininvest LLP. The book value of the holding entity's net worth is only Rs. 94.95 crore, whereas the Applicant relies on the market value of Rs. 4,085.60 crore;
- The shareholding of an individual, Sh. Sunil Sachdeva, in Global Health Limited is reflected in the financial statements of SAS Fininvest LLP. The net worth of the holding entity is therefore dependent on one individual holding

80% of the LLP, and events such as his retirement, resignation or cessation as partner, or a change in beneficial ownership, may affect the finances of the LLP;

- Applying the net worth computation methodology in the Standard Bidding Documents for Tariff Based Competitive Bidding for Inter-State Transmission Assets, and having regard to the volatility of asset values, the Applicant has failed to establish the capability to discharge the statutory obligations under Section 43 of the Act; and
- The Applicant was incorporated only in 2025, has a paid-up capital of only Rs. 1 crore, has no operational track record in the electricity sector, and does not have an audited financial history for the preceding three years as contemplated under the Distribution Licence Rules.
- The Applicant's Balance Sheet for FY 2025-26, dated 26.06.2026, shows a net worth of Rs. 80,34,619 and a loss of Rs. 19,65,381 against nil revenue. It is submitted that capital adequacy requires the net worth of the applicant to be taken into account, and that upon its own accounts the Applicant does not possess it.

(b) Creditworthiness

- The solvency certificate of IndusInd Bank for Rs. 1,000 crore is based on the financial position as on 31.10.2025 and cannot be construed as a guarantee of solvency for the entire five-year rollout plan;
- The Applicant has not explained how the shareholding of an individual is reflected in the accounts of an LLP, and the solvency certified by the bank is said to be in contrast with the undertaking of the partners;
- Any capital realised from sale of the LLP's investments should be reckoned only after providing for income-tax on capital gains;
- The Commission may examine the Applicant's capability to raise 70% of the requisite debt to discharge the Universal Service Obligation across the entire licence area, whether the relied-upon assets are free from encumbrances, pledges, charges or security interests, and the existing debt obligations and financial commitments of the promoters, shareholders and entities whose financial strength is relied upon.

- Sh. Anshul Mangla, relying upon *BRS Ventures Investments Ltd. v. SREI Infrastructure Finance Ltd. & Anr.*, 2024 INSC 548, has contended that a holding company and its subsidiary are always distinct legal entities and that the holding company's ownership of shares does not make it the owner of the subsidiary's assets and, by extension, that the assets of SAS Fininvest LLP are not the assets of the Applicant.
- Sri Anshul Mangla has further referred to the Index of Charges of M/s SV Creditline Limited, disclosing financial liability, said to run into thousands of crores, and of M/s SAS Fininvest LLP disclosing charges of about Rs. 200 crore.

(c) Minimum area of supply

- The Explanation to Rule 3(2) employs the expression "the entire area covering either a Municipal Corporation or three adjoining revenue districts shall be the minimum area of supply", in clear and distinct alternatives. In Nuh district, the Applicant has relied upon Municipal Committees, which are legally distinct from Municipal Corporations; and
- Nagina Tehsil, Hathin Municipal Committee and Sikri are stated to be omitted from the area of supply, allegedly failing the criterion of a contiguous district of Nuh.

(d) General contentions

The Respondents further contend that satisfaction of the additional requirements alone does not entitle the Applicant to a parallel licence; that capital adequacy and creditworthiness cannot be founded upon external assurances, speculative valuations or prospective commitments but must be evidenced by audited financial statements reflecting actual net worth and internal resource generation during the preceding three years; and that the requirements of capital adequacy, creditworthiness and code of conduct are "additional requirements" over and above the "primary requirements" of development of a distribution system, Universal Service Obligation, technical feasibility, power procurement adequacy, tariff stability and cross-subsidy protection.

- One of the Objectors Sri Anshul Mangla has disputed the incorporation of the Company and the Memorandum of Understanding. The Committee has gone through the same.
- Sri Anshul Mangla has further contended that, DLF Utilities, denied a licence in the Gurugram DLF area between 2006 and 2008 for cherry-picking and want of infrastructure feasibility; Essar, which did not press its petition; and India Power Corporation Limited, whose application was rejected.

6.9 Directions of the Hon'ble Commission in the Interim Order dated 26.05.2026

The Hon'ble Commission, in its Interim Order dated 26.05.2026, noted that the Applicant has proposed a capital expenditure of Rs. 4,716.73 crore, to be financed through equity of Rs. 1,415.02 crore and debt of Rs. 3,301.71 crore; that the certificate dated 06.05.2026 of M/s Sandeep Kumar and Associates, Chartered Accountants, certifies the net worth of SAS Fininvest LLP as on 30.10.2025 at Rs. 94.95 crore on book value basis and Rs. 4,085.60 crore on market value basis; that IndusInd Bank has certified, vide certificate dated 12.05.2026, that SAS Fininvest LLP is solvent up to Rs. 1,000 crore; and that the Applicant company was incorporated on 06.06.2025 with an authorised share capital of Rs. 100 crore and paid-up share capital of Rs. 1 crore.

The Commission accordingly directed the Applicant to furnish a detailed justification for adopting the market value of the holding entity in preference to its book value for assessing net worth and financial capability, particularly when the Applicant's authorised share capital was only Rs. 100 crore against the proposed equity requirement of Rs. 1,415.02 crore; to clarify the apparent financial inconsistencies arising from the disclosures; and to submit a comprehensive debt-equity capitalisation plan identifying the proposed sources of equity and debt, the manner and timeline of infusion, and documentary evidence substantiating the availability of the requisite financial resources, demonstrating compliance with the Electricity Act, 2003 and the extant regulations.

6.10 The Applicant's Reply submitted before the Commission from time to time:

- **Justification for market-value net worth:** the holding entity, SAS Fininvest LLP, is a limited liability partnership holding beneficial interest in substantial listed securities whose current market value is objectively and readily ascertainable. Unlike certain classes of companies required to adopt Indian Accounting Standards (Ind AS) and fair-value their financial assets, LLPs are under no such obligation; the book net worth therefore reflects only the historical acquisition cost of the investments and does not represent their current realisable economic value. Neither the Electricity Act, 2003 nor the Distribution Licence Rules confines the assessment of net worth to book value. The certified market-value net worth of Rs. 4,085.60 crore is approximately 2.9 times the entire equity requirement of Rs. 1,415.02 crore, and the market-value net worth has exceeded the equity requirement throughout the preceding three years;
- **Authorised share capital:** the figure of Rs. 100 crore noted by the Commission was merely the initial incorporation capital; the authorised share capital has since been increased to Rs. 1,500 crore, comfortably exceeding the equity requirement of Rs. 1,415.02 crore;
- **Comprehensive debt-equity capitalisation plan:** the capital expenditure of Rs. 4,716.73 crore is proposed to be incurred over five phases from FY 2026-27 to FY 2030-31, funded on a 70:30 debt-equity structure. The entire equity required for Phase 1 (approximately Rs. 87.86 crore) has already been infused, the actual equity brought in being Rs. 91 crore. For Phase 1, the Applicant has obtained an in-principle sanction letter from IndusInd Bank for debt of Rs. 205 crore;
- **Solvency and clarification:** 360 One Prime Limited has furnished a clarificatory note certifying that its solvency certificate dated 07.04.2026 for Rs. 1,000 crore is in addition to the solvency certificate of Rs. 1,000 crore issued by IndusInd Bank dated 12.05.2026, so that the aggregate certified solvency is Rs. 2,000 crore;

- **Undertakings:** a revised undertaking of the partners of SAS Fininvest LLP **(Submission Dated-30.07.2026-Sl. No.-5)**, rectifying the deficiency that the signatures of all partners were not available on all pages of the undertaking originally filed, and a further undertaking and declaration of the designated partners regarding concurrent commitments, the material features of which are examined in Part III below;
- **Special purpose balance sheet:** a special purpose balance sheet of SAS Fininvest LLP as on 30.10.2025, prepared in accordance with the ICAI Guidance Notes, showing net worth of Rs. 4,085.62 crore **(Submission Dated-30.07.2026-Sl. No.-4)**; and
- **Legal opinion:** a legal opinion of Dr. Justice D. Y. Chandrachud, former Chief Justice of India **(Submission Dated-30.07.2026-Sl. No.-3)**, on the interpretation of "net worth" under the Distribution Licence Rules, "Minimum Area of Supply" etc. examined below in Part-III.

PART III— Committee Analysis & Observation

A. Minimum area of Supply

6.11 Statutory Requirement and Legislative History

The minimum area of supply for a parallel distribution licence is prescribed by the Explanation to Rule 3(2) of the Distribution Licence Rules, framed under the sixth proviso to Section 14 of the Act. Originally, the Explanation defined the minimum area of supply as "the area falling within either a Municipal Council or a Municipal Corporation or a Revenue District".

The interpretation of the pre-amended Explanation was authoritatively settled by the Hon'ble Supreme Court in Jindal Steel and Power Limited v. Chhattisgarh State Electricity Regulatory Commission *& Ors.*, Civil Appeal Nos. 3607-3610 of 2008 (with Civil Appeal Nos. 4104-4107 of 2008), decided 29.09.2022, (2022), INSC, 1036. In that case, the incumbent State Discom (CSPDCL) challenged the parallel distribution licence granted to JSPL on the ground that it covered only

specific industrial parks and villages rather than an entire Municipal Corporation or Revenue District. The Hon'ble Supreme Court rejected that contention, holding:

> *"40. Thus, on a conjoint reading of the aforesaid provisions, it is clear that the 'minimum area of supply' would fall 'within the area' which is comprising of a Municipal Council or a Municipal Corporation or a Revenue District but it does not imply that the licence to supply electricity for an area or an 'area of supply' which is the 'minimum area of supply' must extend to the 'entire area falling within' a Municipal Council or a Municipal Corporation or a Revenue District." (Emphasis supplied)*

The Central Government thereafter substituted the Explanation to Rule 3(2) by notification dated 28.11.2022). The Explanation, as it stands on the record of these proceedings, reads:

> *"Explanation.—For the purposes of this sub-rule, it is hereby clarified that for grant of a licence for distribution of electricity within the same area in terms of sixth proviso to section 14 of the Act, the entire area covering either a Municipal Corporation as defined in article 243Q of the Constitution or three adjoining revenue districts, or a smaller area as may be notified by the Appropriate Government shall be the minimum area of supply." (Emphasis supplied)*

The Committee notes that the amended Explanation revised the criterion from an area falling within a Municipal Council, Municipal Corporation or revenue district to the entire area covering either a Municipal Corporation or three adjoining revenue districts, or such smaller area as the Appropriate Government may notify. The amendment thus serves two complementary objectives: it ensures that a parallel licence relates to a coherent, complete and identifiable service area capable of efficient planning, regulation and operation, and it discourages fragmented or selective licensing confined to commercially attractive pockets, which would undermine the Universal Service Obligation. No judicial authority has yet authoritatively interpreted the amended Explanation, and the Commission is

therefore required to construe it in accordance with its text, context and legislative purpose.

6.12 Committee Observation:

(a) The Municipal Corporation limb is the applicable baseline and stands satisfied

The amended Explanation prescribes the minimum area in the alternative: the entire area covering either a Municipal Corporation, or three adjoining revenue districts, or a smaller notified area. The proposed licence area includes the entire Municipal Corporation of Gurugram without exclusion of any part of the Corporation. The first limb of the Explanation is therefore satisfied on the face of the record. Once the minimum threshold is met through the Municipal Corporation limb, the Applicant is not required to also satisfy the alternative limb of three adjoining revenue districts; the alternatives are disjunctive, not cumulative. The objection founded on the legal character of the Municipal Committees in Nuh proceeds on a misreading of the Explanation: the Municipal Committees are not relied upon as the qualifying minimum area, but merely describe the administrative composition of the larger contiguous area for which the licence is sought over and above the qualifying Municipal Corporation.

(b) A larger contiguous area above the minimum is permissible

The Explanation prescribes a minimum, not a maximum or an exclusive template. Once the minimum threshold is crossed, a licence may be sought and granted for a larger contiguous area. The proposed licence area forms a contiguous geographic block spanning the complete revenue districts of Gurugram and Nuh, with no geographical portion of either district excluded.

(c) The contiguity objection regarding Nagina, Hathin and Sikri is factually not found correct

The Applicant has substantiated before the Committee that Nagina forms part of the Network Rollout Plan submitted with the Petition and of the Implementation Plan submitted in compliance with the Interim Order dated 26.05.2026. As regards Hathin and Sikri, the documentary evidence placed before the Committee establishes that

Hathin falls under Palwal district and Sikri falls under Faridabad district; neither falls within the revenue districts of Gurugram or Nuh, and their exclusion therefore cannot detract from the completeness or contiguity of the proposed licence area.

(d) Balanced consumer composition negates selective licensing

The material on record demonstrates that Gurugram comprises a substantial urban, commercial and industrial consumer base, whereas Nuh contains a significant proportion of rural, agricultural, domestic and subsidised consumers with materially different demand and revenue characteristics. The inclusion of the entirety of Nuh, with its predominantly rural and subsidised consumer base, materially negates the allegation that the Applicant has confined its proposal to commercially remunerative consumers, and affirmatively supports the legislative objective of preventing "cherry-picking" while reinforcing the Universal Service Obligation across a balanced consumer profile.

(e) Regulatory precedent and practice

MERC Order dated 14.08.2014 in Case No. 90 of 2014, the Commission held that TPC's application, covering most of the area administered by the Municipal Corporation of Greater Mumbai and, with the inclusion of the Chene and Versave villages, the entire area under the Mira-Bhayandar Municipal Corporation, conformed to the minimum area of supply under the Explanation to Rule 3 of the Distribution Licence Rules. While rendered under the pre-amendment framework and therefore persuasive rather than binding, the precedent confirms that compliance with the Municipal Corporation limb qualifies the application, and that *a licence may embrace a larger contiguous area beyond the qualifying minimum*. The legal opinion of Dr. Justice D. Y. Chandrachud, Former Chief Justice of India placed on record by the Applicant is to the same effect.

(f) Harmonious interpretation

The proper interpretation of the amended Explanation must harmonise four statutory objectives: promotion of regulated competition; prevention of fragmented or selective licensing; preservation of the Universal Service Obligation; and orderly

development of an efficient distribution system. The Committee is satisfied that the proposed licence area fulfils each of these objectives.

(g) ***General Contentions***

- On the objection of Sri Anshul Mangla with respect to the incorporation of the Company and its experience, the Committee finds that the Applicant was incorporated on 06.06.2025 as "Veyora Infra Private Limited" with objects relating to real estate. The name of the Applicant Company was changed to "Eleven Power Private Limited" on 24.02.2026 and its objects were altered to the generation, transmission and distribution of electricity by Memorandum dated 26.02.2026. The Committee does not regard them as disclosing a disqualification. A change of name and of objects effected in accordance with the Companies Act, 2013 is lawful, and the formation or repurposing of a company for the purpose of undertaking a particular licensed activity is the ordinary course of infrastructure development, and such an activity is a norm rather than the exception. The eligibility qua grant of licence shall be dealt with as per the provisions of Section 14 of the Electricity Act, 2003 and the Distribution Licence Rules of 2005.
- The Committee has also noted the Objectors' reference to the earlier applications of DLF Utilities and of Essar in respect of areas within Gurugram. The Committee records that the objectors themselves state that the DLF application was not determined upon its merits, the area requirement having altered during its pendency and the applications having been withdrawn at the final hearing, and that the Essar petition was not pressed. Neither furnishes a precedent bearing upon the present Petition. In the instant case the Applicant has proposed an area of distribution covering both Gurugram and Nuh revenue districts which is hugely wider and not pocket based. Therefore, question of comparing the past attempts of parallel distribution with the present application does not arise.

6.13 Findings on the Minimum Area of Supply

The proposed licence area includes the entire Municipal Corporation of Gurugram. The first limb of the amended Explanation — the entire area covering a Municipal Corporation — is accordingly satisfied, and the Applicant is not required to additionally satisfy the alternative limb of three adjoining revenue districts. The Applicant has demonstrated compliance with the statutory requirement relating to the minimum area of supply prescribed under the Explanation to Rule 3(2) of the Distribution Licence Rules, as amended.

PART III— Committee Analysis & Observation

B. Capital adequacy and Creditworthiness

6.14 The Statutory Test under Rule 3:

Rule 3(1) requires the Appropriate Commission to decide the requirement of capital investment for the distribution network after hearing the applicant, keeping in view the size of the area of supply and the service obligation under Section 43. Rule 3(2) then requires the applicant to satisfy the Commission that, on a norm of 30% equity on the cost of investment so determined, the applicant — including the promoters, where the applicant is a company — would be in a position to make available resources for such equity on the basis of the net worth and generation of internal resources of its business, including of promoters, in the preceding three years, after excluding other committed investments.

Three features of the statutory test merit emphasis. First, the test is one of capacity to make available the equity resources, not of equity already standing subscribed at the licensing stage. Secondly, the Rule expressly permits the resources of the promoters to be taken into account. Thirdly, the temporal reference is the net worth and internal resource generation of the preceding three years, which, where the applicant is a recently incorporated company, necessarily directs attention to the promoters' record. Creditworthiness, though assessed under the same rule, is analytically distinct: capital adequacy concerns the availability of equity resources,

whereas creditworthiness concerns the demonstrated ability to mobilise, access and sustain the debt component throughout implementation.

6.15 Reliance upon the Net Worth of the Promoter

The Respondents object that the Applicant, incorporated only on 06.06.2025 with paid-up capital of Rs. 1 crore, has no operational track record in the electricity sector and no audited financial history of the preceding three years.

The Committee observes that the Applicant has relied upon the audited accounts of its holding entity, SAS Fininvest LLP, for FY 2022-23 to FY 2024-25 for compliance with the financial criteria. This is in conformity with the express language of Rule 3(2) of Distribution Licence Rules,2005 which contemplates precisely such reliance where a project is implemented through a new entity. The statue does not mandate stand-alone prior experience as a distribution licensee, ownership of an existing network or a three-year audited history, where the promoter's record satisfies the statutory test.

At the same time, the Committee considers that reliance upon promoter resources must rest upon credible documentary evidence and legally enforceable commitments, and not merely upon expectations. The Committee has accordingly adopted the following principles:

- Promoter's financial capability may legitimately be considered where it forms part of the proposed financing structure; and
- Such reliance must be supported by documentary evidence demonstrating financial capacity and commitment

  The evidence has been evaluated against these principles.

6.16 Net Worth Evaluation: Market Value versus Book Value

The core financial dispute concerns the variance between the book value of the net worth of SAS Fininvest LLP — Rs. 94.95 crore as on 30.10.2025 — and its market value of Rs. 4,085.60 crore as on the same date, certified by M/s Sandeep Kumar and Associates, Chartered Accountants, on 06.05.2026. The Respondents assert that

the historical book value is the only legally cognisable metric. The Committee is of the view that this is an restrictive interpretation, for the following reasons:

- **Nature of the assets:** the net worth of SAS Fininvest LLP is primarily composed of highly liquid, listed securities. Assessing the LLP's capacity on historic cost would ignore the true economic capacity and immediately realisable liquidity of the promoter. The three-year record — Rs. 4,215.08 crore (31.03.2024), Rs. 3,728.53 crore (31.03.2025) and Rs. 4,085.60 crore (30.10.2025), with detailed computations on record — shows the market-value net worth exceeding the entire five-year equity requirement of Rs. 1,415.02 crore by a wide margin throughout;
- **Beneficial interest versus registered ownership:** the apparent inconsistency noted by the Respondents — that the shares in Global Health Limited stand registered in the name of an individual partner, Sh. Sunil Sachdeva, on the MCA portal — is explained by the settled distinction between the registered holder and the beneficial owner. The beneficial interest in the shares legally vests in SAS Fininvest LLP, and the investment is accordingly appear in the audited financial statements of the LLP, which form the basis both in the CA's Net worth certification and the Special purpose financial statements;
- **Tax and volatility haircuts:** even applying a conservative 12.5% long-term capital gains tax haircut and an additional block-realisation discount to the market value of Rs. 4,085.60 crore, the realisable net worth would remain approximately Rs. 3,000 crore — more than double the entire five-year equity requirement of Rs. 1,415.02 crore. The Respondents' concern regarding tax on realisation is therefore adequately absorbed within the margin of comfort;
- **RBI framework for loans against securities:** the Reserve Bank of India regulates loans against securities through prescribed loan-to-value (LTV) ceilings — for equity shares and equity mutual funds, an LTV cap of 60% of market value **(RBI circular Dated 30.03.2026 regarding Credit Facility)**. Even at 60% of the market value of the LLP's net worth, the amount works out to approximately Rs. 2,451 crore, well above the proposed equity investment

of Rs. 1,415 crore. The prudential lending framework itself therefore corroborates the sufficiency of the promoter's resources;

- **Special purpose balance sheet:** the special purpose balance sheet of SAS Fininvest LLP as on 30.10.2025, prepared in accordance with the ICAI Guidance Notes, independently shows net worth of Rs. 4,085.62 crore, closely corroborating the certified market-value figure; and
- **Legal opinion:** the legal opinion of Dr. Justice D. Y. Chandrachud, former Chief Justice of India (Appendix 1-3), placed on record by the Applicant, opines that the 2005 Rules do not prescribe a valuation methodology for net worth; that the Companies Act definition of "net worth" on a book-value basis cannot be mechanically transposed into a specialised regulatory framework with distinct objectives; and that market value, being based on current and publicly verifiable data, provides a more accurate, objective and reliable measure of the promoter's ability to make available the required equity resources, which the Commission is entitled to consider for assessing capital adequacy and creditworthiness under Rule 3(2).
- The Committee has treated the legal opinion as persuasive material supporting the interpretation independently arrived at by the Committee on the text and purpose of the Rule.
- The Committee has considered the Balance Sheet of the Applicant for FY 2025-26, dated 26.06.2026, placed on record by the objector Sri Anshul Mangla, showing a net worth of Rs. 80,34,619 and a loss of Rs. 19,65,381 against nil revenue. The Committee accepts those figures. They are the accounts of a company which has not yet commenced any business and which was constituted for the purpose of undertaking the licensed activity if the licence is granted; they neither surprise nor assist. Rule 3(2) does not require the applicant to demonstrate capital adequacy from its own balance sheet. It expressly permits the requirement to be satisfied by the applicant together with its promoters, and the Explanation directs attention to the resources which the promoters are in a position to make available.
- Reliance was also placed upon the judgment of the Hon'ble Supreme Court in *BRS Ventures Investments Ltd. v. SREI Infrastructure Finance Ltd. & Anr.,*

2024 INSC 548, to substantiate that a holding company and its subsidiary are distinct juristic persons and that the assets of the one are not the assets of the other. The ratio decidendi in the said case has no bearing upon the question before the Committee. The Committee has not proceeded upon the footing that the assets of SAS Fininvest LLP are the assets of the Applicant. It has proceeded upon the footing that Rule 3(2), by its express terms, permits capital adequacy to be established by the applicant **together with its promoters**, and directs attention to the resources which the promoters are in a position to make available to the applicant. The binding undertakings of the partners of SAS Fininvest LLP placed on record, and the conditions recommended at paragraph 6.25 requiring those resources to be earmarked and maintained free from charge or restriction, are directed to converting that availability into an enforceable commitment.

- The Committee has considered the objection of Sri Anshul Mangla qua liability founded upon the Index of Charges of the promoter entities, that the assets upon which the certified net worth rests are encumbered. Charges registered against a corporate entity are a normal incident of commercial borrowing and do not, of themselves, establish that the certified net worth is unavailable; net worth is in any event computed after liabilities. The objection nevertheless identifies a real risk, namely that resources certified as available at the date of application may be pledged thereafter. It is for that reason that the Committee has recommended at paragraph 6.25 that the earmarked promoter resources be maintained free from charge or restriction throughout**,** and it recommends further that the Applicant shall furnish, annually. a certificate of a Chartered Accountant confirming that the earmarked resources of Promoter remain unencumbered.

6.17 Undertakings of the Holding Entity and Demonstrated Liquidity

The financial commitment of the promoter is evidenced by two undertakings placed on record:

- **Undertaking of the partners (Submission Dated-30.07.2026-Sl. No.-5):** all partners of SAS Fininvest LLP have jointly and severally undertaken that the LLP proposes to invest total equity of around Rs. 1,500 crore in the Applicant in a phased manner over the next five years; that the LLP has liquid assets of about Rs. 4,085 crore in marketable quoted equity shares capable of liquidation on an immediate basis; that necessary approvals will be provided for adequate support to the Applicant for its distribution licence business in the Gurugram and Nuh revenue districts; that the Applicant will be enabled to arrange total capital of around Rs. 5,000 crore in a phased manner over five years by leveraging the creditworthiness, financial standing and net worth of the LLP; and that the undertaking remains valid and binding throughout the tenure of the proposed investment and the subsistence of any credit facilities availed on its basis. The revised undertaking rectifies the deficiency, identified during the Committee's proceedings, that the signatures of all partners were not available on all pages of the version originally filed;
- **Undertaking and declaration regarding committed investments (submission dated 21.07.2026) :** The designated partners have declared, expressly with reference to Rule 3(2), that the LLP has no other committed investments that would restrict or reduce the availability of resources required to meet the equity commitment; that the net worth held substantially in listed equity shares of Global Health Limited shall at all times remain free from any charge or restriction to the extent of the equity requirement; and that resources aggregating not less than Rs. 1,500 crore shall be earmarked, kept available and maintained free from any charge or restriction towards the 30% equity requirement over the next five years. This undertaking directly addresses the statutory phrase “after excluding his other committed investments” as well as the Respondents' concern regarding encumbrances; and

6.18 Phased Capitalisation Plan and Actual Equity Infusion

Pursuant to the Interim Order dated 26.05.2026, the Applicant has submitted a comprehensive debt-equity capitalisation plan for the capital expenditure of Rs.

4,716.73 crore over five phases from FY 2026-27 to FY 2030-31, funded on a 70:30 debt-equity structure:

Table 6-1:Five-Year Phase-wise Debt-Equity Capitalisation Plan (Rs. crore)

Particulars (Rs. crore)	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Total
Yearly Capital Expenditure	292.86	463.29	1,072.33	1,306.42	1,581.84	4,716.73
Cumulative Capital Expenditure	292.86	756.14	1,828.48	3,134.90	4,716.73	4,716.73
Cumulative Equity Contribution (30%)	87.86	226.84	548.54	940.47	1,415.02	1,415.02
Cumulative Debt Contribution (70%)	205.00	529.30	1,279.93	2,194.43	3,301.71	3,301.71

Two developments subsequent to the Interim Order materially strengthen the record. First, the Applicant has actually infused Rs. 91.00 crore of equity for Phase 1, exceeding the requirement of Rs. 87.86 crore; the financial plan has thereby transitioned from a prospective commitment to active capitalisation. Secondly, the authorised share capital — whose initial level of Rs. 100 crore was a principal concern in the Interim Order — has been increased to Rs. 1,500 crore, which covers the entire five-year equity requirement of Rs. 1,415.02 crore.

6.19 Creditworthiness and Progressive Debt Mobilisation

The total debt requirement over five years is Rs. 3,301.71 crore. The Respondents contend that the absence of closed debt syndication for the entire amount at the licensing stage constitutes a failure to establish creditworthiness. The Committee does not accept this contention, for the following reasons:

- **Progressive mobilisation is the correct standard:** requiring a parallel licensee to commit and lock in the entire five-year debt requirement up-front is economically unviable, imposing idle-capital costs and commitment fees that

would ultimately inflate consumer tariffs. Creditworthiness must be evaluated on the capacity to mobilise debt progressively as the rollout proceeds, in line with the phased implementation targets. Neither Rule 3 nor any Regulation requires the entire debt to stand committed at the licensing stage;

- **Phase 1 debt stands sanctioned in principle (appendix-6 of the additional submission dated 03.07.2026):** the Applicant has secured an in-principle debt sanction letter from IndusInd Bank for Rs. 205.00 crore, matching the Phase 1 debt requirement;
- **Institutional solvency of Rs. 2,000 crore:** two separate solvency certificates of Rs. 1,000 crore each — from IndusInd Bank dated 12.05.2026 and from 360 One Prime Limited dated 07.04.2026 — stand on record, and 360 One Prime Limited has certified by its clarificatory note that its certificate is in addition to that of IndusInd Bank. The combined certified solvency of Rs. 2,000 crore represents a credible, independent assessment by institutional lenders of the promoter group's active credit capacity and demonstrates the ability to raise the necessary debt progressively across the project's phases; and
- **Consistency with prudential project-finance practice:** large electricity infrastructure projects are commonly implemented through new entities, with capital infused progressively in accordance with construction milestones and financed through an appropriate combination of promoter equity, institutional borrowings and internally generated resources, with phased drawdown of debt linked to equity contribution and implementation. The proposed financing structure is consistent with these principles.

6.20 The Phasing Doctrine: Judicial Grounding

The Respondents' core contention — that a parallel licensee must demonstrate the immediate financial capability to replicate and deploy a network across the entire licence area from the date of grant — is contrary to settled electricity jurisprudence.

In Municipal Corporation of Greater Mumbai (BEST) v. Maharashtra Electricity Regulatory Commission & Ors., Appeal No. 279 of 2017, decided on 11.03.2026 , the Hon'ble Appellate Tribunal for Electricity held:

"33. As per Section 42 of the Electricity Act, a distribution licensee is mandated to develop and maintain an efficient and economical distribution system within its area of supply, which would mean progressive expansion and improvement of the distribution system. In our view, it is not a one-time activity; instead, it means the licensee must continuously plan and invest in infrastructure to meet growing demand, and ensure reliability. Thus, in terms of Electricity Act, upon grant of distribution licence, the Licensee cannot be expected to develop the entire distribution network at one go, and there would be phased development of network and furthermore no time line for such a network development has been mandated in the Act. Section 43 of the Act also acknowledges that in the course of providing supply to a new customer, there would be instances, where extension of substation and/or distribution network would be required and same can be provided as per time lines specified by State Commission/ or upon such extension…"

The Hon'ble Tribunal thus held that development of distribution infrastructure is a continuous, capital-intensive and progressive process; that evaluating capital adequacy and creditworthiness on the basis of the capital expenditure required to serve the entire licence area immediately is not the correct approach; and that financial capability must be evaluated against the phased implementation targets rather than the total project cost at inception. The Applicant's five-year phased capital expenditure plan aligns with these principles.

Availability of equity resources and access to external borrowings are met on the record; the former through the promoter's certified net worth, binding undertakings and the actual Phase 1 infusion, and the latter through the aggregate institutional solvency of Rs. 2,000 crore and the in-principle Phase 1 sanction.

6.21 Ancillary Objections

(a) Capital cost benchmark of the incumbent

The Respondents' assessment that the project requires approximately Rs. 11,400 crore is built upon the configuration of the incumbent's own network. The

Committee examines the network plan separately in the technical Chapters. A differently designed network is not per se a deficiency in capital adequacy.

(b) Working capital and land

The Commission is mandated under Sub-Regulation (1) of Regulation 3 of Capital Adequacy Rules, 2005 to decide the requirement of capital investment for distribution network. The term 'capital investment' includes both fixed capital as well as working capital. The Applicant has determined the initial working capital amounting Rs.77 cr. Therefore, the Applicant is required to infuse equity component of 30% of the working capital of Rs.77 Cr. i.e. Rs.23.10 Cr. for the first year.

As regards the land, the Applicant has proposed in its Petition that the land requirement for installation and development of distribution shall be primarily met through lease.

(c) Non-availability of Forms MGT-4 and MGT-5

The Respondent's procedural objection regarding non-disclosure of Forms MGT-4 and MGT-5 in respect of SAS Fininvest LLP was examined. Under Section 2(20) of the Companies Act, 2013, a "company is an entity incorporated under the Act, 2003. An LLP, while a body corporate under Section 3 of the LLP Act, 2008, is not a "Company" under the Companies Act. Form MGT-4 and MGT-5 are, in any event, not filed with the Registrar of Companies by any declarant; they are declarations made to the company in whose shares the beneficial interest subsists. Sri Sunil Sachdeva, as registered holder and SAS Fininvest LLP as beneficial owner, have accordingly submitted their declarations to Global Health Limited and it is Global Health Ltd. alone which files the return in Form MGT-6 with the Registrar under Section 89(6) of the Act, 2013. The non-availability of these forms therefore establishes no deficiency and the beneficial ownership position is consistent with the LLP's audited financial statements.

PART III— Committee Analysis & Observation

C. Code of Conduct

6.22 Statutory Requirement under Rule 4

Rule 4 of the Distribution Licence Rules requires the applicant to satisfy the Commission that, within the last three years from the date of application, it has not been found guilty of or disqualified under: Sections 203, 274, 388B or 397 of the Companies Act, 1956 (and the corresponding provisions of the Companies Act, 2013); Sections 276, 276B, 276BB, 276C, 277 or 278 of the Income-tax Act, 1961; Sections 15C, 15G, 15H or 15HA of the SEBI Act, 1992; the enumerated clauses of Section 9(1) of the Central Excise Act, 1944; and Sections 132 or 135 of the Customs Act, 1962. The applicant must further not be a person whose licence was suspended under Section 24 or revoked under Section 19 of the Electricity Act within that period, and, where the applicant is a company, no winding-up petition against the company or any other company of the same promoter should have been admitted on the ground of inability to pay its debts.

The Committee considers that it reflects the legislative intention that a licensee entrusted with significant public responsibilities should demonstrate integrity, transparency, sound governance and regulatory compliance.

6.23 Evidence Examined and Analysis

- **Applicant's undertaking (Appendix 1-9):** the Applicant has submitted a comprehensive affidavit and undertaking confirming the absence of any disqualification under the specified statutes;
- **Holding entity's undertaking (Appendix 1-10):** in view of the promoter-backed structure of the project, a matching undertaking has been submitted by the holding entity, SAS Fininvest LLP, thereby binding the principal funding vehicle to the code of conduct;
- **Consortium partners' undertakings (Appendix 1-11):** since the Applicant relies on the distribution experience of its consortium partners for compliance

with the experience requirement under the HERC Licensing Regulations, 2004 (Form-1, Part I), matching undertakings have been submitted by all consortium partners, binding the entire consortium; and

The Committee, on the basis of the aforementioned undertakings submitted by the applicant, is satisfied that, the Applicant has complied the provisions of Rule 4.

PART IV— Committee Findings & Recommendation

6.24 Consolidated Findings on ToR 3.1

Finding No. 1

The statutory framework governing grant of a parallel distribution licence under the Electricity Act, 2003, the Distribution Licence Rules and the HERC Licensing Regulations requires strict compliance with the prescribed statutory qualifications, each of which has been examined independently by the Committee.

Finding No. 2

The Applicant has demonstrated compliance with the minimum area requirement under the amended Explanation to Rule 3(2): the proposed licence area includes the entire Municipal Corporations of Gurugram, thereby satisfying the Municipal Corporation limb of the Explanation, and extends to the complete and contiguous revenue districts of Gurugram and Nuh with a balanced mix of urban, rural, industrial, commercial, agricultural and subsidised consumers. The contiguity objections regarding Nagina, Hathin and Sikri are factually not correct on the documentary record.

Finding No. 3

The Applicant has demonstrated the financial capability necessary to satisfy the statutory requirement of capital adequacy under Rule 3(2), on the basis of the promoter's certified market-value net worth of Rs. 4,085.60 crore (exceeding the five-year equity requirement of Rs. 1,415.02 crore approximately 2.9 times, and remaining above that requirement in each of the three preceding years), the binding undertakings of the partners of SAS Fininvest LLP including the declaration of no

other committed investments, the increase of authorised capital to Rs. 1,500 crore, and the actual infusion of Rs. 91 crore of Phase-1 equity satisfy the requirement.

Finding No. 4

The Applicant has established the requisite creditworthiness under Rule 3 through the aggregate institutional solvency certification of Rs. 2,000 crore (IndusInd Bank and 360 One Prime Limited), the in-principle sanction of Rs. 205 crore for the Phase 1 debt requirement, and the promoter's demonstrated capacity to mobilise resources, evaluated on the progressive-mobilisation standard consistent with the judgment of the Hon'ble APTEL dated 11.03.2026 in Appeal No. 279 of 2017.

Finding No. 5

Reliance upon the financial strength of the promoter group is expressly contemplated by Rule 3(2), is supported by documentary evidence and legally enforceable undertakings, and has been considered as a component of the overall assessment of statutory eligibility and not as a substitute for compliance by the Applicant.

Finding No. 6

The declarations, affidavits, undertakings of the Applicant, the holding entity and the consortium partners, and the other material examined by the Committee disclose no non-compliance with the code of conduct under Rule 4 or any statutory disqualification affecting eligibility, and no winding-up petition stands admitted against the Applicant or its promoters.

6.25 Recommendations of the Committee

In view of the foregoing findings, the Committee recommends as follows:

- The licence conditions may contain conditions with respect to continued compliance with the financial commitments — including maintenance of earmarked resources of not less than Rs. 1,500 Crore, free from any charge or restriction; in no case shall such earmarked resources be less than Rs. 1,500 Crore as reduced by the cumulative funds actually infused towards the approved capital expenditure; ensure phased equity infusion before six months

into the Applicant's entity and mobilisation of the debt schedule in Table 6.1, phased infrastructure development balanced across both Gurugram and Nuh, Universal Service Obligations, consumer protection measures and periodic reporting on network development, consumer connectivity and service quality;

- The earmarked promoter resources be maintained free from any charges or restriction throughout, and it recommends further that the Applicant shall furnish, annually. a certificate of a Chartered Accountant confirming that the earmarked resources of Promoter remain unencumbered.
- Applicant is required to infuse the equity component (30%) of the working capital requirement, i.e, Rs.23.10 Cr. — computed by the Applicant at approximately Rs. 77 crore for the first year of operation — so as to satisfy the financial institutions for the requirement of working capital loans;
- Licence conditions may include advance reporting to the Commission of any change in control of the licensee, significant change in shareholding, partnership changes in the holding entity, mergers and acquisitions, change in key management personnel, and any update to the registered name, registered address or constitutional documents (Articles of Association, partnership deed and the like); and
- It requires continuing regulatory supervision to ensure that the Applicant maintains throughout the licence period the financial, technical and organisational capability demonstrated during these proceedings.

CHAPTER 7

TERM OF REFERENCE-3.2

FINANCIAL CAPABILITY AND INVESTMENT PLAN

1. Assess whether the proposed capital investment, financing structure, debt-equity mix, implementation schedule and business plan are adequate and financially sustainable for establishing, operating and maintaining a distribution system throughout the proposed licence area in the phased manner.

2. Examine the financial viability of the proposed parallel licence, including projected cash flows, revenue assumptions, funding arrangements, debt servicing capability and long-term sustainability."

PART I

7.1 Introduction

Under ToR 3.2, the Committee is required to examine whether the Applicant possesses the financial capability necessary to establish, operate and sustain an independent electricity distribution system within the proposed licence area comprising the Revenue Districts of Gurugram and Nuh. Subsequent to the preliminary evaluation, detailed material has become available on record — the Applicant's Capital Investment Plan and Financial Viability write-up describing the seven-step, demand-driven, bottom-up CAPEX methodology, the Implementation Plan filed with the Compliance to the Commission's directives on 03.07.2026, and the Business Plan (Enclosure-9) to the Main Petition. This Chapter records the evaluation on that fuller record and quantifies, wherever possible, observations earlier expressed in general terms. Since electricity distribution is capital-intensive and requires sustained investment, financial capability has been assessed not merely on the Applicant's present position but on its ability to mobilise resources, implement the network, maintain reliable operations, discharge the Universal Service Obligation (USO) and sustain future expansion.

7.2 Scope of Examination

The Committee has examined: (i) the adequacy of the proposed capital investment programme of Rs. 4,716.73 Crore and the robustness of its estimation methodology; (ii) the phased implementation strategy over FY 2026-27 to FY 2030-31; (iii) the

financing arrangements with reference to the normative 70:30 debt-equity structure under the HERC MYT Regulations, 2024; (iv) the viability of the business model, including the projected Aggregate Revenue Requirement (ARR), Average Cost of Supply (ACoS) and Debt Service Coverage Ratio (DSCR); (v) the financial assumptions, sales projections, loss trajectory and power procurement plan; (vi) the ability to sustain operations while discharging the USO across both Revenue Districts, including the district-wise CAPEX allocation; (vii) the principal financial and commercial risks; (viii) long-term sustainability and resilience; and (ix) the regulatory safeguards necessary to ensure continued financial discipline. Statutory capital adequacy, creditworthiness and Code of Conduct compliance have been examined in Chapter 6 and are not repeated except where necessary.

7.3 Statutory and Regulatory Framework

The evaluation has been undertaken within the framework of the Electricity Act, 2003, the Distribution Licence Rules, the applicable Regulations, the National Electricity Policy and the Tariff Policy, with particular reference to the HERC MYT Regulations, 2024: Regulation 8.3 prescribes the ARR components of the Distribution (Wires) Business recoverable through wheeling charges — interest on term loan and on normative working capital, depreciation, O&M expenses, return on equity and provision for bad and doubtful debts — net of Non-Tariff Income and Income from Other Business, while Regulation 8.3.4 prescribes the ARR components of the Retail Supply Business, including power purchase cost and transmission charges. Since a licensee must maintain financial capability throughout the licence period, and tariff determination, prudence review and investment approval remain continuing functions of the Commission.

7.4 Material Examined

The Committee has examined, inter alia: the Petition and Business Plan, including Tables 1 to 33 (Pages 59–90 of the Main Petition); the Capital Investment Plan and Financial Viability write-up with the underlying Financial Model; the Implementation Plan (Pages 67–96 of the Compliance filing dated 03.07.2026); the BEE (Bureau of Energy Efficiency) Energy Audit Reports for FY 2023-24 and FY 2024-25, which constitute the historical base for sales estimation; the DHBVNL and HVPNL rate lists and market-rate benchmarks (Annexure-1) and the smart meter rate list (Annexure-2); audited financial statements and promoter capability

information (Chapter 6); the projected Profit & Loss, cash flow to equity and DSCR derived from the year-wise ARR projections; the submissions of DHBVNL and other objectors; additional information furnished at the Committee's direction; and the applicable statutory provisions, Regulations, policy documents and judicial principles. The evidence has been evaluated in its entirety, not on any single indicator; where figures are reproduced, source Tables and pages are indicated.

7.5 Principles Governing Financial Evaluation

The evaluation has been guided by principles consistent with the Electricity Act, 2003 and accepted regulatory practice: financial capability is assessed over the entire implementation and operational period; phased financing is a recognised feature of large infrastructure projects; projections are planning assumptions subject to regulatory review; long-term sustainability outweighs short-term profitability; the Applicant must be able to discharge statutory obligations, including the USO, throughout the authorised area; and statutory eligibility, project viability and continuing regulatory supervision are distinct enquiries.

7.6 Financial Context of the Proposed Distribution Project

The proposed undertaking involves phased development of an independent distribution system covering the Gurugram and Nuh Revenue Districts, comprising five administrative divisions with materially different demand and revenue characteristics:

Division	Classification	Principal Characteristics
Gurugram Sub-urban	Urban – Residential / Commercial	Dense urban residential and commercial zones; HT load served from HVPNL 220 kV substations
Gurugram City	Urban – Mixed	Central Business District and high-density commercial areas
Sohna	Peri-urban – Industrial	IMT Sohna industrial and residential areas
Manesar	Industrial – Heavy	IMT Manesar, HSIDC Phase 5, MIC; dominated by large HT industries

Nuh	Rural – Agricultural	Predominantly agricultural and low-income consumer base

(Implementation Plan, Pages 67–96 of the Compliance to Commission directives dated 03.07.2026)

As per the BEE Energy Audit data for FY 2024-25, the licence area served approximately 8.36 lakh consumers with an aggregate contracted load of about 7,488 MW and total energy sales of 12,220.65 MU (Tables 1 and 2, Pages 59–61 of the Main Petition); the four Gurugram divisions accounted for the overwhelming share, with Nuh at 638.25 MU (about 5.2%) on a predominantly rural and agricultural profile. Viability has accordingly been evaluated on the entire authorised area, not only its commercially attractive segments — the inclusion of both districts materially influences investment requirements, revenues, operating costs and long-term sustainability.

7.7 Analytical Framework

The Committee has proceeded by examining, in sequence, the capital investment programme and its estimation methodology; the internal consistency of the demand, load, network and cost build-up; the financing structure; the revenue assumptions, power procurement plan and projected financial performance; the financial implications of the USO, including district-wise investment allocation; implementation and commercial risks; long-term sustainability and debt-servicing capacity; and the regulatory safeguards necessary to preserve financial discipline and protect consumer interests.

PART II(A)

7.8 Introduction

This Part does not verify every engineering estimate or technical design, which are examined in Chapters 8 and 9; it determines whether the investment programme is commensurate with the scale of the undertaking, whether its estimation methodology is sound and internally consistent, and whether it can support an independent distribution system in the proposed licence area — that is, its financial credibility and practical feasibility.

7.9 Proposed Capital Investment Programme

The Applicant proposes total capital expenditure of Rs. 4,716.73 Crore over FY 2026-27 to FY 2030-31, representing Gross Fixed Assets (GFA) as at the end of FY 2030-31 — Wire Business Rs. 4,650.37 Crore and Supply Business Rs. 66.36 Crore. The year-wise phasing is:

Component (Rs. Crore)	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	5-Year Total
Wire Business CAPEX	287.00	453.54	1,059.08	1,289.36	1,561.39	4,650.37
Supply Business CAPEX	5.85	9.75	13.25	17.06	20.45	66.36
Total Annual CAPEX	**292.86**	**463.29**	**1,072.33**	**1,306.42**	**1,581.84**	**4,716.73**
Cumulative GFA (Closing)	**292.86**	**756.14**	**1,828.48**	**3,134.90**	**4,716.73**	**—**

(Table 25, Page 77 of the Main Petition)

Within the Wire Business, HT infrastructure (EHV bay extensions, 33/11 kV distribution substations and transformers, 33 kV and 11 kV cable networks and HT consumer sub-stations) accounts for Rs. 1,409.10 Crore, and LT infrastructure (100 kVA distribution transformers, ring main units, feeder pillars, LT underground cables and LT consumer sub-stations) for Rs. 3,241.27 Crore (Tables 19–21, Page 75). The Supply Business CAPEX comprises smart metering for a projected cumulative base of 1,61,591 consumers by FY 2030-31 and Customer Care Centres and automation of Rs. 30 Crore (Tables 22–24, Page 76). The phased, demand-aligned conception of the programme is consistent with established utility practice.

7.10 Methodology of CAPEX Estimation

The estimation follows a demand-driven, bottom-up approach in seven steps: (i) licence-area sales estimated from the BEE Energy Audit historical base using category-wise CAGRs approved by the Commission in the DHBVNL Business Plan Order; (ii) the Applicant's own sales, converted from energy (MU) to load (MW) at

load factors of 60% (HT) and 25% (LT); (iii) network planning against estimated load, on a defined hierarchy from the HVPNL interface to the consumer meter; (iv) unit costs benchmarked to the DHBVNL and HVPNL rate lists and market rates; (v) Wire Business CAPEX; (vi) Supply Business CAPEX on a consumer-count basis; and (vii) consolidation of total CAPEX and GFA build-up. The principal planning parameters are:

Parameter	Value	Application
Applicant's share in new incremental sales	25% (FY28) rising to 40% (FY31)	Share of incremental licence-area sales accruing to the Applicant
Load switched over from DHBVNL	2.5% (FY28) rising to 4.0% (FY31)	Share of existing DHBVNL sales migrating to the Applicant
Natural growth of own sales	3% p.a.	Organic growth from consumers already on own network
Load Factor — HT / LT	60% / 25%	Conversion of energy sales (MU) to demand (MW)
Cost escalation	3% p.a. compounding	Applied on all unit costs from base year
Erection, Testing & Commissioning	15% of supply cost	Applied on supply cost of all items
Overheads (sub-stations)	16.5% of supply cost	HVPNL-interface bay extensions, per DHBVNL norms
Contingency on material cost	2%	Applied on supply cost of each element
Interest During Construction	2%	Applied on total project cost during construction

GST	18%	DHBVNL rates are GST-inclusive; 18% added where rates are ex-GST

(Key Planning Parameters and Assumptions; Table 5, Page 64 and Assumptions Sheet of the Financial Model)

Unit costs are benchmarked to the DHBVNL rate list for sub-station equipment, cables and transformers, the HVPNL rate list for bay extensions (Rs. 10.09 Crore for a 100 MVA 220/33 kV bay and Rs. 4.13 Crore for a 25/31.5 MVA 66/11 kV bay, supply cost), and prevailing market rates for compact substations (Rs. 5.30 Crore for a 12.5 MVA equivalent), distribution transformers, ring main units, feeder pillars and LT XLPE cables (Annexure-1). 85% of 33/11 kV transformation capacity is proposed through Compact Substations and 15% through conventional Distribution Substations, yielding a weighted average installed cost of approximately Rs. 7.06 Crore per 12.5 MVA substation after ETC, civil cost, escalation and IDC.

The Committee's assessment is fourfold. First, the approach is demand-led rather than target-led: physical assets are derived from projected load and cost follows physical quantities — the appropriate discipline for utility capital planning. Secondly, growth assumptions are anchored to CAGRs already approved by the Commission in the DHBVNL Business Plan Order (10% domestic, 6% HT and LT commercial and industrial, lower for agriculture); for HT C&I, the 5-year CAGR of 6% has been preferred to the higher 2-year and 3-year CAGRs (14% and 18%) — a conservative choice. Thirdly, unit costs are anchored to incumbent-utility rate lists, limiting scope for understatement. Fourthly, the Committee has test-checked the arithmetic consistency of the build-up — annual totals, division-wise reconciliation and the correspondence of normative equity with the Chapter 6 requirement — and found no material discrepancy.

7.10A. Basis for Consumer Migration and Sales Projections

DHBVNL submits that the switch-over (2.5% to 4.0%) and incremental-share (25% to 40%) assumptions underlying the Applicant's sales projections are not supported by any independent consumer survey, demand-estimation study or market assessment, and cannot therefore be independently verified.

The Applicant submits that the assumptions are derived from Commission-approved CAGRs in the DHBVNL Business Plan Order for aggregate licence-area demand,

combined with its own planning parameters (Table 5) for its projected market share, and that a bespoke primary survey was not considered necessary given this regulatory anchoring.

The Committee finds that the absence of an independent survey does not invalidate a methodology anchored to Commission-approved benchmarks, and the projections are, in any event, already treated as planning assumptions subject to periodic review.

7.11 Augmentation of HVPNL Interface System

In its Implementation Plan, the Applicant has proposed the construction of bays and allied works at the HVPNL interface within its proposed area of supply. In this regard, the Committee observes that, under the scheme of the Electricity Act, 2003 — in particular Sections 39 and 40 thereof — the development and augmentation of the intra-State transmission system falls within the exclusive domain of the Transmission Licensee (STU). A Distribution Licensee is neither obligated nor entitled to undertake augmentation of transmission substations. In the present case, it is HVPNL which is duty-bound to plan and develop an adequate transmission system for the smooth evacuation of power and its injection into the distribution network of the licensee.

The Committee is, however, conscious of the distinction between augmentation of the transmission system per se and works in the nature of dedicated connectivity — such as terminal bays at the interface substation — which are conventionally executed by, or under the supervision of, the STU but funded by the connectivity-seeking entity under the applicable connectivity and supervision-charge framework. Any arrangement under which the Applicant itself constructs, owns or operates transmission assets would be impermissible in the absence of a transmission licence. The Committee accordingly recommends that any interface works be undertaken strictly through HVPNL under its extant connectivity procedures, with the cost thereof borne either by HVPNL or by the Applicant. Accordingly, it will be passed through in the ARR of the concerned Utility. However, the final determination of this issue is left to the wisdom of the Commission.

7.12 DHBVNL's Alternative Capital Investment Estimate

DHBVNL’s Observation/Issue: DHBVNL has estimated the capital investment required to serve the entire Gurugram–Nuh licence area, inclusive of working capital, at approximately Rs. 11,397.75 Crore, implying an equity requirement of approximately Rs. 3,419.33 Crore — materially exceeding the Applicant's Rs.

4,716.73 Crore. Relying on India Power Corporation Limited (HERC/Pro-08 of 2014), DHBVNL submits that the Commission must independently determine the investment required to discharge the USO across the entire licensed area before testing capital adequacy.

Applicant's Response: The Applicant submits that its estimate is not of a full, simultaneous, area-wide network, but of a phased, demand-sequenced network scaled to its own projected market share, rising to only 15.21% of licence-area sales by FY 2030-31; the two figures are therefore not comparable as estimates of the same undertaking.

Committee's Findings: The Committee finds the divergence attributable to a difference in scope rather than to any infirmity in the Applicant's seven-step methodology, which is independently anchored to Commission-approved CAGRs and incumbent-utility rate lists (paragraph 7.10). The principle in IPCL has nonetheless been applied in substance through the district-wise USO test at paragraph 7.22 (Nuh's CAPEX allocation tested against its proportionate sales contribution). The Applicant's smaller, phased investment is found capable of supporting universal service over the planning horizon, subject to the enforceable safeguards recommended in Part III(B).

7.13 Phased Implementation Strategy

The Implementation Plan (Pages 88–96 of the Compliance filing dated 03.07.2026) sets out the year-wise and division-wise rollout. Over the five-year horizon the physical programme comprises, inter alia, 6 nos. 220/33 kV bay extensions (100 MVA each), 14 nos. 66/11 kV bays with 25/31.5 MVA transformers, 17 nos. 66/33 kV bays with 20/25 MVA transformers, 36 nos. 33/11 kV distribution substations with 105 nos. 12.5 MVA power transformers, 205 km of 33 kV underground cable, 340 nos. 11 kV feeders with 1,020 km of 11 kV cable, 13,600 nos. 100 kVA distribution transformers and 4,080 km of LT underground cable. The division-wise and Revenue District-wise CAPEX allocation is:

Division / Revenue District (Rs. Cr)	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	5-Year Total

Gurugram Sub-urban	147.94	263.44	370.33	389.61	415.04	1,586.37
Gurugram City	1.52	2.34	385.59	536.37	675.26	1,601.08
Sohna	59.59	80.93	118.05	144.58	183.16	586.32
Manesar	49.70	71.43	135.90	161.04	220.51	638.56
Gurugram Revenue District	**258.75**	**418.15**	**1,009.87**	**1,231.61**	**1,493.97**	**4,412.35**
Nuh Revenue District	**34.10**	**45.14**	**62.46**	**74.81**	**87.86**	**304.37**
Grand Total	**292.86**	**463.29**	**1,072.33**	**1,306.42**	**1,581.84**	**4,716.73**

(Table 25, Page 77 of the Main Petition)

A phased rollout is commercially prudent and operationally appropriate. Approximately 84% of total CAPEX is programmed in the last three years (FY 2028-29 to FY 2030-31) — consistent with the lead time for HVPNL interface works, approvals and mobilisation, but concentrating execution and financing risk in that window; this is addressed in paragraph 7.23 and the safeguards in Part III(B). Implementation should not result in prolonged concentration of infrastructure in commercially attractive locations alone: the Committee notes that rollout in the Nuh division commences in the very first year (FY 2026-27), with a 33/11 kV distribution substation and a 66/33 kV bay programmed alongside the initial Gurugram works, and continues every year thereafter. The rollout must remain consistent with the USO, and implementation milestones should remain subject to periodic review by the Commission.

Gurugram City Rollout Sequencing

DHBVNL's Observation/Issue: DHBVNL submits that Gurugram City receives near-nil CAPEX (Rs. 1.52 Crore and Rs. 2.34 Crore) in FY 2026-27 and FY 2027-28 respectively despite an existing HT load of 143 MW, while other divisions receive substantial first-year investment, evidencing a selective, commercially-driven market-entry strategy rather than a uniform area-wide rollout.

Applicant's Response: The Applicant submits the sequencing reflects dependency on the corresponding HVPNL interface works for Gurugram City rather than deliberate deferral, and that cumulative investment in the division reaches Rs. 385.59 Crore by FY 2028-29 and Rs. 1,601.08 Crore over the five-year period — the second-highest among the four divisions.

Committee's Findings: The Committee finds the concern legitimate in substance, since a prolonged lag in a high-density division could operate as selective service in effect, even where not so intended. The safeguards recommended in Part III(B) are accordingly extended to require division-wise progress reporting specifically for Gurugram City, with reasons to be furnished by the Applicant for any slippage beyond FY 2028-29.

7.14 Project Viability and Adequacy of Capacity Planning

The Committee has compared planned capacity addition against projected load on the Applicant's own network:

Particulars	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Energy sales on own network (MU)	558.30	1,113.77	1,856.17	2,772.00
As % of total licence area sales	3.75%	6.99%	10.90%	15.21%
Projected load on own network (MW)	212.26	425.24	712.24	1,067.06
Cumulative distribution transformation capacity (MVA)	380.0	842.5	1,380.0	2,002.5

(Tables 8 and 9, Pages 66–67 of the Main Petition; capacity comparative statement, Implementation Plan)

The planned transformation capacity of 2,002.5 MVA against a projected peak requirement of about 1,067 MW by FY 2030-31 provides a capacity margin of the order of 1.9 times, which is reasonable for an underground urban network having regard to diversity, N-1 redundancy, transformer loading norms (approximately 80% assumed in feeder planning) and headroom for growth beyond the planning horizon.

The assumed network hierarchy — approximately three 11 kV feeders per 12.5 MVA transformer, forty 100 kVA distribution transformers per 11 kV feeder and about 400 LT consumers per feeder — is consistent with accepted distribution planning practice.

The Committee also regards as material that sales on the Applicant's own network remain in the range of 3.75% to 15.21% of total licence-area sales over the period: the undertaking is an incremental network developed alongside, not in substitution of, the incumbent's system, and the scale of investment and projected market share are mutually consistent (the implications for the incumbent are examined in the Chapter on impact on DHBVNL and cross-subsidy). The Committee is satisfied that the project is capable of implementation in principle, subject to timely mobilisation of resources, phased execution and continued regulatory supervision.

7.15 Infrastructure Development and Asset Creation

The programme provides an independent network with the operational systems necessary for efficient utility operation: 100% smart metering (single-phase, three-phase, HT and LTCT meters at the unit costs in Table 23, escalating at 3% per annum), communication and digital monitoring, Customer Care Centres with automation (Rs. 1 Crore per centre, one per division per year as the consumer base expands) and system control. The network is predominantly underground (33 kV, 11 kV and LT XLPE cable), with 85% of 33/11 kV capacity through compact substations — appropriate for the dense urban geography of the Gurugram divisions and materially reducing right-of-way and outage exposure, at a higher unit capital cost that is reflected in the estimates. Periodic verification of physical progress should accompany financial monitoring.

7.16 Implementation Considerations

The Committee draws particular attention to the HVPNL interface. The EHV interface works — the 220/33 kV and 66 kV bay extensions at HVPNL substations — are to be carried out by HVPNL; the Applicant has stated that in the event of delay it will itself develop the interface network and transfer the assets to HVPNL. Since the entire downstream rollout is sequenced from these in-feed points, any slippage directly delays capitalisation, consumer connection and revenue commencement. The intimated fallback mitigates, but does not eliminate, this dependency; a specific safeguard is recommended in Part III(B). The project is

further exposed to supply-chain constraints (particularly power transformers and compact substations, for which delivery periods have elongated industry-wide), right-of-way coordination for extensive underground cabling in dense urban corridors, and regulatory approvals. Such risks are inherent in large utility projects and do not, by themselves, undermine viability; effective project governance, periodic monitoring and regulatory oversight will nevertheless be essential.

7.17 Committee's Preliminary Assessment

In summary: the proposed investment of Rs. 4,716.73 Crore is broadly commensurate with the scale of the undertaking, and its seven-step, demand-driven estimation methodology is sound, internally consistent and anchored to Commission-approved growth rates and incumbent-utility cost benchmarks; the phased strategy accords with accepted utility practice, subject to the observation that the concentration of about 84% of CAPEX in the last three years warrants close monitoring of execution and financing milestones; the planned capacity of 2,002.5 MVA against a projected requirement of about 1,067 MW provides an adequate margin; and viability depends on timely mobilisation of resources, timely completion of the HVPNL interface works, disciplined execution and compliance with statutory obligations, particularly the USO, under continued monitoring by the Commission.

PART II(B)

7.18 Introduction

This Part evaluates the financing arrangements, revenue assumptions, power procurement plan, USO implications and financial risks. The objective is not to determine future profitability or financial closure, but to assess whether the financial model is credible, capable of supporting implementation and consistent with the long-term obligations of a licensee under the Electricity Act, 2003.

7.19 Financing Arrangements

The Applicant proposes to finance the project through promoter equity and promoter-group support, institutional borrowings and internal accruals, on the normative 70:30 debt-equity structure under the HERC MYT Regulations, 2024. Applied to CAPEX of Rs. 4,716.73 Crore, this implies equity of approximately Rs.

1,415.02 Crore and debt of approximately Rs. 3,301.71 Crore, mobilised progressively with the annual phasing. This has been examined in Chapter 6 in greater detail under the Capital Adequacy & Creditworthiness. The initial infusions & in-principle debt arrangements for Phase 1 have also been examined in Chapter 6. Debt is assumed at 9.00% per annum with a 12-year repayment and one-year moratorium, and interest on normative working capital at 10.20% (SBI MCLR of 8.7% as on 01.04.2026 plus 150 basis points) (Table 31, Pages 89–90). The structure is consistent with financing models generally adopted for large infrastructure projects.

The Committee has also taken note of the Reserve Bank of India (Commercial Banks – Credit Facilities) Directions, 2025, as amended by the Amendment Directions, 2026 (Revised) dated 30 March 2026. First, to the extent promoter equity is to be mobilised by borrowing against listed securities, such lending is subject to loan-to-value ceilings, minimum haircuts, ongoing valuation, margin-call requirements and end-use monitoring; the realisable liquidity of a securities portfolio is accordingly lower than its quoted market value. Secondly, bank finance for the distribution business will be appraised under project finance norms, with lenders ordinarily requiring demonstrable equity from the promoters' own funds. The certified market value of the promoter portfolio has therefore been treated as an indicator of financial capacity rather than freely deployable equity, and the Committee has recommended (in Chapter 6 and in Part III(B)) that equity infusion milestones be secured through enforceable undertakings and verified before each implementation phase. Subject to the foregoing, the financing model provides a reasonable basis for implementation.

7.20 Revenue Model and Financial Assumptions

The revenue build-up proceeds from the licence-area sales projections (Commission-approved CAGRs) to the Applicant's own sales through three streams: natural growth of 3% per annum on existing sales, a share of incremental new sales rising from 25% in FY 2027-28 to 40% in FY 2030-31, and switch-over of existing DHBVNL consumers rising from 2.5% to 4.0% of the previous year's licence-area sales. The resulting division-wise sales are:

Sales in MU

Division	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Gurugram Sub-urban	223.73	434.49	699.36	1,025.55
Gurugram City	179.90	347.09	554.98	808.26
Sohna	—	33.15	122.68	238.81
Manesar	138.74	268.00	429.03	625.65
Nuh	15.93	31.04	50.12	73.73
Total Eleven Power	**558.30**	**1,113.77**	**1,856.17**	**2,772.00**
Total licence-area sales	14,896.07	15,925.19	17,032.41	18,224.12
Applicant's share of licence-area sales	**3.75%**	**6.99%**	**10.90%**	**15.21%**

(Table 8, Pages 66–67 of the Main Petition)

Distribution losses are projected at 5.80% in FY 2027-28 declining to 5.20% by FY 2030-31, benchmarked against FY 2024-25 levels of comparable private and urban licensees (1.02% for TPC-D and 2.81% for Torrent Surat to 7.48% for NPCL) (Tables 26–27, Pages 78–79) — achievable for a new, fully-metered, predominantly underground network with 100% smart metering from inception, and conservative relative to the best comparators, though requiring sustained vigilance in Nuh. Applying the ARR components under Regulations 8.3 and 8.3.4, the projected ARR and ACoS are:

Particulars (Rs. Crore)	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Power purchase cost	273.05	552.34	929.19	1,397.69
Transmission charges	51.82	100.65	167.68	250.11
O&M expense	32.32	66.52	113.27	169.64
Depreciation	20.98	51.69	99.27	157.03

Interest and finance charges	22.87	45.10	68.14	79.45
Interest on working capital	7.90	16.42	28.50	43.09
Total revenue expense	**408.94**	**832.72**	**1,406.06**	**2,097.01**
Add: Return on Equity (14%)	22.03	54.28	104.23	164.88
Aggregate Revenue Requirement	**430.97**	**886.99**	**1,510.29**	**2,261.89**
Net sales (MU)	558.30	1,113.77	1,856.17	2,772.00
ACoS (Rs./kWh)	**7.72**	**7.96**	**8.14**	**8.16**
DHBVNL ACoS/ABR (Rs./kWh)	**7.77**	**8.00**	**8.24**	**8.49**

(Tables 32–33, Page 90 of the Main Petition)

The projected ACoS remains below the corresponding DHBVNL ACoS/ABR in every year, though the margin is modest initially (Rs. 0.05/kWh in FY 2027-28 and Rs. 0.04/kWh in FY 2028-29), widening to Rs. 0.33/kWh by FY 2030-31 as scale of economy materialises. The projections thus do not rest on a claim of dramatic early cost advantage — a realistic framing; equally, the thin early margin means adverse variance in power purchase cost or sales realisation would be absorbed by the licensee's shareholders rather than consumers, since the regulated framework allows recovery only of prudently incurred costs upon truing-up. The Applicant has additionally computed an Average Billing Rate for green energy supply of Rs. 8.65 to Rs. 9.37 per kWh, incorporating a Green Energy Premium of Rs. 0.88/kWh.

Several of these variables — consumer acquisition and migration, category-wise composition, connected load and sales, loss reduction, billing and collection efficiency, tariffs and wheeling charges, and future regulatory determinations — are influenced by market conditions, consumer behaviour and regulatory decisions and are not entirely within the Applicant's control. **Accordingly, the Committee considers that these projections should be treated as planning assumptions rather than assured financial outcomes and should be periodically reviewed against actual operational performance.**

7.21 Power Procurement Plan

The energy requirement, after grossing up sales for distribution losses (5.80% declining to 5.20%) and intra-State (1.95%) and inter-State (3.65%) transmission losses, rises from 609.98 MU in FY 2027-28 to 3,008.55 MU in FY 2030-31 (Table 28, Page 79). The proposed portfolio is 80% renewable and 20% thermal: Firm and Dispatchable Renewable Energy (FDRE) contracted at Rs. 4.40/kWh (ex-bus, benchmarked to recent competitive bidding, about 50% from within Haryana); Green Day Ahead Market (GDAM) purchases at Rs. 3.80/kWh (FY 2025-26 base, escalated 3% p.a.), tapering from 25% to 5% of the renewable portfolio as firm PPA capacity builds; and thermal base-load at Rs. 5.00/kWh (FY 2026-27 base) escalating 3% p.a. Power purchase cost rises from Rs. 273.05 Crore to Rs. 1,397.69 Crore and transmission charges from Rs. 51.82 Crore to Rs. 250.11 Crore (Tables 29–30, Page 81).

Three observations follow: the 80% renewable share substantially exceeds the applicable Renewable Purchase Obligation trajectory and is a commercial differentiator rather than a compliance necessity; the plan is progressively de-risked, with market-exposed GDAM purchases tapering in favour of firm contracted capacity; and deliverability of round-the-clock supply from an 80% renewable portfolio depends on the actual availability profile of the contracted FDRE capacity — any shortfall would be bridged through market purchases, with the cost variance subject to prudence review. **The procurement assumptions are reasonable planning assumptions whose prudence will fall for determination in tariff proceedings, not in these licensing proceedings.**

7.22 Universal Service Obligation and Financial Implications

Financial sustainability cannot be evaluated solely by reference to high-value consumers: a licensee must serve all consumer categories throughout the authorised area without discrimination, and Gurugram and Nuh present significantly different profiles — the Gurugram divisions contribute the bulk of industrial and commercial demand, while Nuh contains a larger proportion of rural, agricultural and subsidised consumers requiring greater network investment per unit of saleable energy. The detailed filings permit this to be tested quantitatively: Nuh is allocated Rs. 304.37 Crore, about 6.5% of total CAPEX, against projected Nuh sales of 73.73 MU by FY 2030-31, about 2.7% of the Applicant's projected sales — approximately 2.4 times its proportionate sales contribution — with rollout programmed from the first year

and every year thereafter. This pattern is consistent with a bona fide intention to serve the entire licence area rather than a token presence designed to satisfy the minimum-area requirement. Projections are, however, not commitments; **the Committee has recommended in Part III(B) that the district-wise rollout, including the Nuh programme, be embedded in enforceable licence conditions with periodic reporting**.

7.23 Financial Risks and Sensitivity Assessment

The pivotal assumptions are the market-share assumptions: the share of incremental new sales (25% rising to 40%) and the switch-over of existing DHBVNL consumers (2.5% rising to 4.0%). Slower acquisition would proportionately reduce sales, revenue and asset utilisation, while much of the capital cost, once incurred, is fixed; conversely, because the CAPEX phasing is demand-sequenced, a shortfall can be partially mitigated by preponing later-year investment. The other principal risks are:

- delay in mobilisation of promoter equity or in achieving debt financing and financial closure, particularly given the concentration of about 84% of CAPEX in FY 2028-29 to FY 2030-31;
- delay in completion of the HVPNL interface works, on which downstream rollout and revenue commencement are sequenced;
- escalation in capital and construction costs beyond the assumed 3% per annum, or inadequacy of the 2% contingency and IDC provisions in the event of material delay;
- increase in financing costs above the assumed 9.00% interest rate;
- slower loss reduction than the projected 5.80% to 5.20% trajectory, particularly in Nuh;
- erosion of the projected ACoS advantage over DHBVNL, which is thin (Rs. 0.04–0.05/kWh) in the initial two years;
- variance in renewable energy availability or market prices affecting the 80% renewable portfolio;
- delay in subsidy reimbursement, where applicable; and changes in regulatory or macro-economic conditions.

These risks are inherent in projects of this nature and do not, by themselves, render the proposal unviable. Under the cost-plus framework, prudently incurred costs are recoverable through the ARR as well as upon truing-up, and the principal consequence of adverse variance falls on the licensee's shareholders through

reduced or delayed returns rather than on consumers. Financial planning should nevertheless remain resilient to reasonable variations, with periodic review of projections against actual experience.

7.24 Preliminary Financial Assessment

In summary: the financing structure is consistent with accepted infrastructure practice and the normative framework, and reconciles with Chapter 6; the revenue model is a reasonable planning framework anchored to Commission-approved growth rates and a benchmarked loss trajectory; the projected ACoS remains below DHBVNL's throughout without depending on an implausible cost advantage; the procurement plan is a reasonable planning construct whose prudence will be determined in tariff proceedings; the district-wise allocation supports the credibility of the USO commitment, subject to enforceable rollout conditions; and the projections and assumptions should remain subject to periodic regulatory review and continuing supervision by the Commission.

PART III(A)

7.25 Introduction

Financial sustainability extends beyond initial capital or successful implementation: a licensee must be able to operate, maintain and expand its network, meet statutory and contractual obligations, service financial commitments and continue reliable supply under changing conditions. This Part accordingly focuses on long-term resilience rather than projected short-term profitability.

7.26 Principles Governing Financial Sustainability

A financially sustainable distribution utility should be able to maintain adequate operational cash flows; meet working capital and liquidity requirements; service debt; finance network maintenance, replacement and expansion; absorb reasonable variations in demand, expenditure and revenue; maintain statutory Standards of Performance; and discharge the USO throughout the authorised area — assessed over the entire licence period.

7.27 Revenue, Expenditure, Cash Flow and Debt-Servicing Capacity

Long-term viability turns on the balance between recurring expenditure — power purchase, transmission and wheeling charges, O&M (assumed at 7.5% of ARR), financing costs, depreciation (4.00% on the asset mix) and compliance costs — and regulated revenue driven by consumer growth, sales, billing and collection efficiency, loss reduction and tariff determination.

Under the cost-plus framework, projected profit after tax is therefore substantially equivalent to the regulated 14% Return on Equity on average equity, rising from Rs. 22.03 Crore in FY 2027-28 to Rs. 164.88 Crore in FY 2030-31. After debt service on 12-year term debt with a one-year moratorium, free cash flow to equity is projected slightly below profit after tax and is capable of redeployment as equity, partially internalising the funding of later-phase expansion.

The projected DSCR works out in the range of 1.46 to 1.54 — within the range ordinarily acceptable to lenders for regulated infrastructure assets, and deriving principally from the cost-plus recovery framework rather than optimistic margin assumptions. Coverage is nevertheless sensitive to the timeliness of tariff determination and truing-up; sustained regulatory lag would compress coverage, reinforcing the importance of timely filings and determinations. Since expenditure on power procurement precedes revenue realisation, the normative working capital allowance (one month of O&M expenses, maintenance spares at 1% of opening GFA and receivables of about two months) provides the regulatory basis for financing this timing difference, and the Applicant should maintain adequate liquidity and working capital facilities.

7.28 Business Resilience and Financial Governance

The demand-sequenced structure of the programme itself provides a measure of resilience against variations in demand, schedules, financing costs and regulatory decisions, since later-phase investment can be modulated against realised consumer acquisition without impairing service to connected consumers. Long-term sustainability further depends on sound financial governance: financial planning, internal controls, budgetary management, statutory audit, monitoring of expenditure against the approved programme, segregated accounting for the Wires and Retail Supply businesses as contemplated by the HERC MYT Regulations, 2024, regulatory reporting and timely disclosure of material developments.

7.29 Committee's Assessment

The Committee concludes that the investment and financing framework — Rs. 4,716.73 Crore of phased CAPEX on a normative 70:30 structure — provides a reasonable and internally consistent basis for the undertaking; that the projected DSCR of 1.46 to 1.54 and the substantially pass-through character of the regulated cost structure support sustainability under reasonable assumptions, subject to disciplined implementation and prudent financial management; that resilience should be assessed continuously against actual performance rather than projections alone; and that the Commission should retain ongoing oversight through financial reporting, prudence review and monitoring of implementation progress.

PART III(B)

7.30 Committee's Findings on ToR 3.2

Having examined the material on record and the submissions of all stakeholders, the Committee records the following findings:

Finding No. 1

The proposed capital investment programme of Rs. 4,716.73 Crore over FY 2026-27 to FY 2030-31 (Wire Business Rs. 4,650.37 Crore; Supply Business Rs. 66.36 Crore) is commensurate with the scale, scope and phased development of the undertaking. Its seven-step, demand-driven, bottom-up estimation methodology — anchored to Commission-approved growth rates, incumbent-utility rate lists and defined planning norms — is sound and internally consistent, and the planned transformation capacity of 2,002.5 MVA against a projected requirement of about 1,067 MW by FY 2030-31 provides an adequate planning margin.

Finding No. 2

The proposed financing structure — promoter equity and support, institutional borrowings and internal accruals on the normative 70:30 basis, implying equity of approximately Rs. 1,415.02 Crore and debt of approximately Rs. 3,301.71 Crore mobilised in phase with the investment programme — is consistent with financing practices for infrastructure projects of comparable magnitude and reconciles with the capital adequacy evaluation in Chapter 6. Its implementation will depend on

timely mobilisation of resources, particularly during FY 2028-29 to FY 2030-31 in which about 84% of the CAPEX is programmed.

Finding No. 3

The financial projections — sales rising from 558.30 MU (3.75% of licence-area sales) in FY 2027-28 to 2,772.00 MU (15.21%) in FY 2030-31, an ARR rising from Rs. 430.97 Crore to Rs. 2,261.89 Crore, a projected ACoS of Rs. 7.72 to Rs. 8.16 per kWh remaining below DHBVNL's corresponding ACoS/ABR in every year, and a distribution loss trajectory of 5.80% declining to 5.20% benchmarked against comparable private and urban licensees — provide a reasonable planning framework. These projections should be treated as planning assumptions rather than assured outcomes; the ACoS margin over the incumbent is modest in the initial two years.

Finding No. 4

The business model has been evaluated on the basis that the Applicant will discharge the USO throughout Gurugram and Nuh. The district-wise allocation on record — Rs. 304.37 Crore (about 6.5% of CAPEX) for Nuh against about 2.7% of projected sales, with rollout programmed from the first year — supports the conclusion that the proposal is intended to serve a balanced consumer profile rather than only commercially remunerative consumers, subject to the rollout commitments being made enforceable.

Finding No. 5

The financial and commercial risks identified — dependence on the market-share and switch-over assumptions, the back-loaded CAPEX phasing, the HVPNL interface dependency, cost escalation, financing constraints, the availability profile of the predominantly renewable portfolio, and operational uncertainties — are not uncommon in infrastructure projects and are capable of being managed through prudent execution, the demand-sequenced flexibility of the phased programme, sound governance and continuing regulatory oversight. Under the cost-plus framework, the principal consequence of adverse variance falls on the licensee's shareholders rather than consumers.

Finding No. 6

On the material presently available — including profit after tax substantially equivalent to the regulated Return on Equity, free cash flow to equity after debt

service, and a projected DSCR of 1.46 to 1.54 within the range ordinarily acceptable to lenders — the Committee finds no financial deficiency or project-related infirmity of such magnitude at this stage as would render the undertaking financially unviable or constitute an independent ground for refusal under ToR 3.2.

7.31 Recommended Regulatory Safeguards

If the licence is granted, the Commission may consider incorporating safeguards requiring the Applicant to:

- implement the approved programme of Rs. 4,716.73 Crore as per the committed year-wise and division-wise rollout schedule, including the Nuh rollout from the first year;
- infuse equity per the phased 70:30 requirement, secured through enforceable promoter undertakings, and demonstrate such infusion and corresponding debt tie-up before each implementation phase;
- maintain adequate financial resources, liquidity and working capital for efficient operation and network development;
- furnish at least half-yearly reports on CAPEX against the approved programme, funding status, HVPNL interface and network rollout progress, and district-wise implementation;
- report promptly any delay in the HVPNL interface works and the mitigation proposed, including invocation of the intimated arrangement to develop the interface assets and transfer them to HVPNL;
- submit annual audited financial statements with segregated Wires and Retail Supply accounts and statutory certifications, and promptly disclose any material variation in project cost, financing, schedule, procurement or business assumptions;
- maintain prudent financial governance, internal controls and risk management, comply with all requirements prescribed by the Commission, and remain subject to continuing prudence review and financial supervision throughout the licence period.

These safeguards are directed to implementation and oversight and do not constitute additional statutory conditions for grant of licence.

7.32 Committee's Recommendation

The Committee recommends that the Commission recognise that the Applicant has demonstrated an investment programme, financing framework and business model capable of supporting the proposed undertaking, subject to implementation in accordance with the approved programme and continuing regulatory supervision. Financial capability should remain under periodic review, so that any material deviation from the assumptions examined — in particular the consumer acquisition and switch-over trajectory, the equity infusion and debt tie-up schedule, the HVPNL interface progress and the district-wise rollout — may be addressed promptly through appropriate regulatory measures.

7.33 Conclusion

Having examined the investment programme of Rs. 4,716.73 Crore and the methodology of its estimation, the phased implementation plan, the financing arrangements on the normative 70:30 structure, the revenue model, the power procurement plan, the projected ARR, ACoS and DSCR, the district-wise investment allocation bearing on the USO, the implementation risks and the evidentiary material on record, the Committee is satisfied that the proposed undertaking is financially viable and capable of implementation, subject to the licence conditions, implementation safeguards and continuing regulatory oversight recommended in this Report.

Accordingly, the Committee concludes that the Applicant has satisfactorily addressed the financial considerations arising under ToR 3.2.

CHAPTER 8

TECHNICAL CAPABILITY, MANAGERIAL CAPABILITY AND DISTRIBUTION NETWORK

"1. Examine whether the Applicant possesses the necessary technical expertise, managerial capability and operational experience, either independently or through legally binding arrangements, for establishing and operating a reliable distribution system.

2. Evaluate the proposed network development plan, implementation schedule, substation infrastructure, consumer connectivity plan, system redundancy, reliability standards and compliance with applicable technical standards.

3. Examine whether the proposed distribution system conforms to the Electricity Act, 2003, HERC Regulations, Distribution Code, Supply Code, Grid Code, CEA Regulations and other applicable technical standards."

This Chapter is divided into three parts. Part-A deals with the introduction, scope, statutory and regulatory frameworks. Part B deals with Committee's evaluation on the basis of materials available. Part C deals with the Committees' overall analysis, observation, findings, recommendations and conclusion thereof.

PART I

8.1 Introduction:

ToR 3.3 requires the Committee to examine whether the Applicant possesses the technical expertise, managerial capability and operational preparedness necessary for establishing, operating and maintaining an independent electricity distribution system within the proposed licence area, either independently or through legally binding arrangements. The examination extends to the proposed network development plan, implementation schedule, substation infrastructure, consumer connectivity, system reliability and redundancy, and conformity with the Electricity Act, 2003, the applicable HERC Regulations, the Distribution Code, the Supply Code, the Grid Code, the relevant Central Electricity Authority (CEA) Regulations and other applicable technical standards. Issues relating to statutory eligibility,

financial capability, power procurement, transmission interface and public interest are addressed separately in the relevant Chapters of this Report.

8.2 Statutory and Regulatory Framework:

The Committee has undertaken its examination within the framework of the Electricity Act, 2003, the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, the applicable HERC Regulations governing grant of distribution licence, the Distribution Code, the Supply Code, the Grid Code and the technical standards prescribed by the Central Electricity Authority. These instruments prescribe the standards governing planning, design, construction, operation, maintenance, safety, reliability and performance of the distribution system, compliance with which is a continuing obligation of every distribution licensee. The Committee has accordingly evaluated the Applicant's capability not merely with reference to its proposed engineering arrangements but also its ability to discharge the statutory, technical, operational and consumer service obligations associated with a parallel distribution licence.

8.3 Material Considered:

For the purposes of ToR 3.3, the Committee has considered, inter alia:

- the Petition, technical proposal and proposed network development plan submitted by the Applicant;
- the additional affidavits, technical submissions and rejoinders filed during the proceedings, and the MoU between the Consortium Members;
- the replies, objections and technical submissions filed by DHBVNL, HVPNL and other stakeholders;
- the organisational structure, implementation strategy and proposed deployment of technical and managerial resources;
- the binding Consortium MoU and the Responsibility Matrix allocating responsibilities amongst the consortium members;
- the oral submissions advanced during the hearings; and
- the applicable statutory provisions, HERC Regulations, Codes and CEA Regulations governing electricity distribution.

The material has been evaluated in its entirety, having regard to the statutory framework, accepted engineering and utility practices, and the evidence placed on record. The findings recorded in this Chapter rest upon a cumulative assessment of the evidence and not upon any individual submission or document.

8.4 Issues for Examination:

From the pleadings, documentary evidence and submissions made during the proceedings, the following principal issues arise under ToR 3.3:

(i) Whether the Applicant has demonstrated adequate technical expertise, managerial capability and institutional capacity for undertaking the functions of a parallel distribution licensee?

(ii) Whether the proposed organisational arrangements, the binding Consortium MoU and the Responsibility Matrix collectively demonstrate capability for network planning, engineering design, network development, implementation, operation, maintenance and consumer services, while preserving the Applicant's statutory responsibility?

(iii) Whether the proposed network development plan, implementation schedule, substation infrastructure, consumer connectivity programme and system design provide a technically credible framework for phased establishment, reliable operation and progressive expansion of the proposed distribution system?

(iv) Whether the objections raised by the Respondents disclose any material deficiency in the Applicant's demonstrated technical, managerial or operational capability that would justify refusal of the proposed licence?

(v) Whether the proposed distribution undertaking is capable of being established and operated in conformity with the Electricity Act, 2003, the applicable HERC Regulations, the Distribution Code, the Supply Code, the Grid Code, the applicable CEA Regulations and other prescribed technical standards?

The Committee examines these issues in the succeeding Parts of this Chapter.

PART - B

COMMITTEE'S EVALUATION

8.5 Technical Expertise and Institutional Capability:

The Applicant has relied upon its technical proposal, proposed organisational structure, network development strategy, deployment of technical resources and the institutional arrangements placed on record to establish that it possesses the capability necessary for undertaking the functions of a distribution licensee. The Respondents have questioned this capability principally on the grounds that the Applicant has no previous experience of operating a licensed distribution utility, that reliance upon consortium partners cannot substitute for the Applicant's own capability, and that engineering, procurement and construction (EPC) experience is, by itself, insufficient.

The Committee is of the view that technical capability under ToR 3.3 is not confined to engineering competence alone but extends to the overall institutional ability to plan, establish, operate, maintain and progressively expand a distribution system in conformity with the statutory and regulatory framework. The assessment must therefore rest on the entire evidence placed on record and not on any single factor. The Committee further notes that neither the Electricity Act, 2003 nor the applicable HERC Licensing Regulations prescribe previous operational experience as a distribution licensee as an independent statutory condition for grant of licence. While such experience is a relevant consideration, its absence does not, by itself, constitute a legal or technical bar where the Applicant otherwise demonstrates the capability necessary to discharge the obligations of the proposed licence.

On an overall evaluation, the Committee is satisfied that the Applicant has demonstrated access to the technical expertise and institutional capability necessary for establishing and operating the proposed distribution undertaking. The detailed evaluation of the Consortium MoU, Responsibility Matrix and operational arrangements is undertaken in the succeeding sections.

Finding

The Committee finds that the Applicant has, prima facie, demonstrated the technical expertise and institutional capability required under ToR 3.3 for establishment and operation of the proposed parallel distribution system.

8.6 <u>Managerial Capability:</u>

The Applicant has proposed an organisational structure assigning responsibilities for engineering, project implementation, network operations, maintenance, consumer services, commercial operations, finance, information technology and regulatory compliance, supported by an integrated management framework designed for both implementation and long-term operation. The Respondents have questioned whether these arrangements are presently operational and whether the Applicant has independently demonstrated the managerial capability required to operate a distribution utility.

The Committee observes that a distribution licence is ordinarily granted prior to establishment of the complete operational organisation. The relevant consideration at the licensing stage is whether the Applicant has proposed a credible organisational and governance framework capable of being operationalised before commencement of licensed operations. The proposed structure clearly identifies the principal functional responsibilities, and the governance framework provides for managerial oversight, coordination amongst specialised functional areas and accountability for operational performance. The adequacy of these arrangements must be assessed together with the institutional support examined in the succeeding section.

Finding

The Committee is satisfied that the Applicant has demonstrated a credible managerial and organisational framework capable of supporting implementation, operation and progressive expansion of the proposed distribution undertaking, subject to implementation, compliance with the conditions of licence and continuing regulatory oversight by the Commission.

8.7 Operational Capability and Consortium Arrangements:

The Applicant has relied upon a binding Consortium Memorandum of Understanding (MoU) supported by a Responsibility Matrix allocating defined functional responsibilities amongst the consortium members. The consortium brings together complementary expertise in engineering, network planning, project implementation, distribution infrastructure, automation, metering, consumer services and commercial operations, while overall statutory responsibility remains with Eleven Power as the proposed distribution licensee. The consortium documentation provides for defined responsibilities, commercial commitments, continuity of participation and a minimum six-year tenure with an exit mechanism, relied upon to demonstrate implementation certainty during the establishment phase.

The Respondents have contended that the Applicant has no independent operational experience as a distribution licensee, that EPC capability cannot be equated with utility operations, and that contractual arrangements cannot substitute for the statutory responsibilities of the proposed licensee. The Committee agrees that statutory responsibilities under the Electricity Act, 2003 cannot be delegated through contractual arrangements. However, ToR 3.3 expressly permits evaluation of capability, demonstrated **independently or through binding arrangements**. The relevant question is therefore whether the consortium arrangements credibly supplement the Applicant's institutional capability while preserving its exclusive statutory accountability.

The Committee finds that the binding Consortium MoU is not merely a statement of intent. It records defined functional responsibilities, commercial commitments, continuity obligations, withdrawal provisions and implementation support arrangements. The Responsibility Matrix demonstrates a structured allocation of the principal functions of a modern distribution utility according to the demonstrated expertise of the participating organisations.

Table 8.1 – Committee's Evaluation of the Consortium Responsibility Matrix

Functional Area	Responsibility Matrix (Summary)	Committee's Evaluation
Statutory compliance, licence	Eleven Power retains sole responsibility for statutory	Appropriately preserves statutory and regulatory

obligations and investments	compliance, regulatory approvals, investments and overall accountability.	responsibility exclusively with the Applicant.
Network planning, engineering and grid integration	Eleven Power provides overall approval; HEC leads network planning, substations and grid integration; Advait provides execution support; Vision India provides operational and demand inputs.	Demonstrates an integrated engineering framework for planning, design and coordinated network development.
Project implementation and substation development	Eleven Power exercises programme oversight; HEC provides engineering supervision; Advait leads EPC/distribution rollout; Vision India supports field mobilisation and O&M readiness.	Demonstrates complementary capability for implementation, construction supervision, quality assurance and commissioning.
Distribution infrastructure and underground cabling	HEC leads HV cabling; Advait leads 33/11 kV cabling, RMUs and distribution infrastructure; Eleven Power provides approvals and oversight.	Demonstrates capability for phased development and modernisation of the proposed network.
Consumer connectivity, metering and commercial operations	Vision India leads new connections, meter installation, billing, collection and customer-care operations; Eleven Power retains regulatory oversight.	Demonstrates capability for consumer interface, metering, billing, revenue management and customer service.
Distribution automation and smart-grid systems	HEC leads SCADA, ADMS, feeder automation and smart-grid architecture; Advait supports communications, GIS, RMUs and network	Demonstrates capability for deployment of modern distribution management systems and future-ready utility operations.

	modernisation; Vision India supports field implementation and consumer data.	
Power procurement and system operations	Eleven Power remains solely responsible for procurement strategy, PPAs, market purchases, scheduling and regulatory compliance; consortium members provide technical and demand inputs.	Appropriately retains statutory and commercial accountability with the Applicant while utilising specialised technical support.

The Committee finds that the Responsibility Matrix, read together with the binding Consortium MoU, provides a credible institutional framework for network planning, implementation, operation, maintenance, digital utility systems and consumer services during the establishment and initial operational phase of the proposed undertaking. The consortium documentation further provides **a minimum six-year lock-in, provision for forfeiture of the non-lead members' security deposit of Rs.5 Crore (Rupees Five Crore)**, continuity obligations and structured provisions governing withdrawal or replacement of members. These provisions provide materially greater implementation certainty than a purely informal technical association. The statutory obligations of the proposed licensee nevertheless remain exclusively with Eleven Power; the consortium supplements, but does not transfer or dilute, its responsibilities under the Electricity Act, 2003, the applicable HERC Regulations or the proposed licence.

Finding

The Committee finds that the Consortium MoU and the Responsibility Matrix constitute credible evidence of the Applicant's institutional capability for the purposes of ToR 3.3. They materially strengthen the Applicant's demonstrated capability across network planning, engineering, implementation, operation, maintenance, automation and consumer services, while preserving the Applicant's exclusive statutory responsibility as the proposed distribution licensee.

8.8 Distribution Network Development and Operational Preparedness

The Applicant has submitted a phased development plan comprising establishment of substations, distribution lines, underground cabling, distribution automation, consumer metering systems and supporting infrastructure, with progressive expansion of the network in accordance with consumer demand, applicable planning criteria and statutory approvals. The implementation strategy integrates engineering design, construction, commissioning, operation and consumer service functions through the organisational framework and consortium arrangements placed on record. The Respondents have questioned the adequacy of the implementation schedule, submitting that detailed engineering, substation designs, network layouts and operational arrangements have not yet been finalised.

The Committee observes that grant of a distribution licence necessarily precedes detailed engineering, procurement and construction. At the licensing stage, the relevant consideration is whether the Applicant has demonstrated a technically credible framework capable of phased implementation. The Committee finds that the proposed network philosophy, implementation strategy and development programme provide a reasonable basis for progressive establishment and expansion of the proposed system. Detailed engineering, route alignments, equipment selection and construction activities are implementation-stage matters that remain subject to the applicable statutory approvals, technical standards and regulatory supervision.

Finding

The Committee is satisfied that the proposed network development plan, implementation strategy and consumer connectivity programme provides a technically credible framework for phased establishment, operation and expansion of the proposed distribution undertaking.

8.9 Conformity with Technical Standards:

The material placed on record does not indicate any inherent inconsistency between the proposed distribution undertaking and the Electricity Act, 2003, the applicable HERC Regulations, the Distribution Code, the Supply Code, the Grid Code or the Regulations and Technical Standards notified by the CEA. Compliance with these requirements shall remain a continuing obligation throughout

implementation and operation, and the Applicant shall comply with all applicable technical specifications, safety and performance standards, and directions issued by the Commission and other competent authorities from time to time.

Finding

The Committee concludes that the proposed distribution undertaking is capable of being implemented in conformity with the applicable statutory and technical framework, subject to compliance with the applicable licence conditions, statutory approvals and continuing regulatory oversight.

8.10 Principal Objections and Committee's Evaluation:

The Committee has examined the principal objections raised by the Respondents together with the Applicant's replies, rejoinders and the supporting material placed on record. The evaluation is summarised below.

Table 8.2 – Principal Objections, Applicant's Response and Committee's Evaluation

Principal Objection	Applicant's Response	Committee's Evaluation
Applicant has no previous experience as a distribution licensee.	Capability has been demonstrated through organisational arrangements, technical resources and the legally binding Consortium MoU.	Previous operational experience is a relevant consideration but not an independent statutory prerequisite. Capability has been assessed on the cumulative evidence on record.
Consortium arrangements cannot substitute for the Applicant's capability.	The Consortium supplements technical capability; statutory responsibility remains exclusively with Eleven Power.	Accepted. The Consortium strengthens institutional capability without diluting statutory responsibility.
EPC capability is not equivalent to utility operation.	The Applicant relies upon integrated capability covering engineering, implementation,	The Committee agrees that EPC experience alone is insufficient. The evidence, however, demonstrates

	operation, consumer services and commercial functions.	capability extending to the principal operational functions of a distribution utility.
Network proposal lacks detailed engineering and implementation particulars.	Detailed engineering will follow grant of licence and statutory approvals.	Detailed engineering is an implementation-stage activity. The proposal provides an adequate technical framework for licensing purposes.
Organisational framework is not presently operational.	The organisational structure will be established before commencement of licensed operations.	The Applicant shall demonstrate the organisational framework before commencement of operations.

The Committee has considered these objections individually and collectively. Certain objections raise legitimate issues relating to implementation, operational readiness and continuing performance, which warrant regulatory oversight during implementation and operation. However, the objections do not establish any material deficiency in the Applicant's demonstrated technical expertise, managerial capability or institutional capacity so as to warrant refusal of the proposed licence under ToR 3.3.

Finding

While certain implementation-related concerns merit continuing regulatory supervision, the objections raised by the Respondents do not disclose any material technical or managerial deficiency that would justify refusal of the proposed distribution licence under ToR 3.3.

PART- C

ANALYSIS, OBSERVATION, FINDINGS, RECOMMENDATIONS AND CONCLUSION OF THE COMMITTEE

8.11 Committee's Overall Analysis:

The Committee has examined the entirety of the material described in Section 8.3, including the technical proposal, the network development plan, the Consortium MoU and Responsibility Matrix, the objections and rejoinders, and the oral submissions, in the context of ToR 3.3. The assessment has been directed towards determining whether the Applicant has demonstrated the institutional capability necessary to establish, operate and progressively develop the proposed distribution undertaking, and whether the objections raised by the Respondents disclose any material deficiency warranting refusal of the proposed licence on technical or managerial grounds.

8.12 Committee's Findings:

Based upon the material placed on record and the evaluation recorded in Part II, the Committee records the following findings:

(i) The Applicant has demonstrated adequate technical expertise, managerial capability and institutional preparedness for undertaking the functions of a parallel distribution licensee. The proposed organisational framework provides a credible basis for planning, implementation, operation, maintenance and management of the proposed undertaking.

(ii) The legally binding Consortium MoU, read with the Responsibility Matrix, provides complementary capability across network planning, engineering, project implementation, operation and maintenance, automation, metering, consumer services and commercial operations, and materially strengthens the Applicant's institutional capability while preserving its exclusive statutory responsibility. The Commission may, if considered appropriate, require that these arrangements remain legally enforceable throughout the critical implementation phase and that any material change be brought to its notice.

(iii) The proposed network development plan, implementation strategy, substation infrastructure and consumer connectivity programme provide a technically credible framework for phased establishment and progressive expansion of the proposed system. Detailed engineering, procurement, construction and commissioning are implementation-stage activities and do not detract from the overall technical viability of the proposal.

(iv) The proposed distribution undertaking is capable of being implemented in conformity with the Electricity Act, 2003, the applicable HERC Regulations, the Distribution Code, the Supply Code, the Grid Code and the applicable CEA Regulations, subject to compliance with statutory requirements, licence conditions and continuing regulatory oversight.

(v) While certain concerns raised by the Respondents relating to implementation, operational readiness and future performance warrant continuing regulatory supervision, they do not establish any material deficiency in the Applicant's demonstrated technical, managerial or institutional capability so as to justify refusal of the proposed licence under ToR 3.3.

(vi) However, the Committee feels that a legally enforceable and binding agreement amongst the consortium members is required to be executed substituting the binding MoU.

8.13 Committee's Recommendations:

i) The Applicant shall furnish a legally enforceable Consortium Agreement after grant of licence but before commencement of operations.

ii) The Applicant shall also furnish details of the Key Managerial Personnel on its rolls after grant of licence but before commencement of operations.

8.14 Conclusion:

Having regard to the pleadings, documentary evidence and submissions placed before it, the Committee is of the considered opinion that the Applicant has **substantially demonstrated compliance with the requirements of ToR 3.3** relating to technical expertise, managerial capability, operational preparedness, distribution network development and conformity with the applicable statutory and

technical framework, and that the proposed undertaking is supported by a credible institutional, managerial and technical framework capable of progressive implementation and operation in accordance with the Electricity Act, 2003, the applicable HERC Regulations, the Codes, the relevant CEA Regulations and the conditions of licence.

The Committee emphasises that grant of licence shall not dilute the Applicant's continuing responsibility to establish and maintain the organisational capability, technical resources and operational arrangements represented before the Commission. The Applicant shall remain solely responsible for compliance with all statutory obligations and licence conditions, notwithstanding the support available through the Consortium arrangements, and any material modification to the Consortium MoU, the Responsibility Matrix or the organisational framework affecting the demonstrated capability shall be promptly brought to the notice of the Commission for such directions as it may consider appropriate.

Accordingly, the Committee concludes that the material placed on record does not disclose any technical, managerial or institutional deficiency which, by itself, would justify refusal of the proposed parallel distribution licence under **ToR 3.3**.

CHAPTER 9

GRID INTEGRATION, NETWORK DEVELOPMENT PLAN AND SYSTEM READINESS

(TERM OF REFERENCE 3.4)

1. **Examine the statutory functions and responsibilities of the State Transmission Utility under Sections 39 and 40 of the Electricity Act, 2003 with reference to transmission planning, grid security, system coordination, open access and network development.**
2. **Examine whether any statutory approval, consent or No Objection Certificate from the State Transmission Utility or any other authority is required under the Electricity Act, 2003, the Rules framed thereunder or the applicable Regulations before grant of a Parallel Distribution Licence.**

PART I — SCOPE, STATUTORY FRAMEWORK AND ISSUES

9.1 Introduction and Scope

Under ToR 3.4, the Committee is required to examine the statutory functions and responsibilities of the State Transmission Utility (STU) under Sections 39 and 40 of the Electricity Act, 2003; to determine whether any approval, consent or No Objection Certificate (NOC) from the STU or any other authority is a statutory prerequisite for grant of a Parallel Distribution Licence; and to evaluate the Applicant's proposed transmission interface, grid integration framework and system coordination arrangements. To that end the Committee has examined the Petition and the Network Development Plan, the proposed EHV/HV infrastructure, interface arrangements, communication, SCADA and protection philosophy, the engineering studies proposed for implementation, the objections of HVPNL, DHBVNL, UHBVNL and other Respondents together with the Applicant's replies and rejoinders, and the applicable framework comprising the Act, the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, the applicable HERC Regulations, the Haryana Grid Code and the relevant CEA Regulations and Technical Standards.

One distinction is central to the whole of this Chapter and is stated here once: the statutory requirements governing grant of licence are separate from the technical, engineering and operational requirements which arise during implementation and must be fulfilled before commencement of supply. Transmission connectivity, interface approvals, Grid Code compliance, protection coordination and the associated system studies belong to the second category. The examination which follows applies this distinction to each issue raised.

9.2 Issues Arising for Determination

On the pleadings and material placed on record, the following issues arise: (i) whether the statutory functions assigned to the STU under Sections 39 and 40 require a prior approval, consent or NOC before grant of a Parallel Distribution Licence; (ii) whether the Applicant has proposed a technically credible transmission interface and grid integration framework, adequately addressing connectivity, system coordination, protection and operational requirements; (iii) whether the objections raised by the Respondents disclose any legal or technical impediment to grant; and (iv) whether the proposed undertaking is capable of secure integration with the existing transmission system in conformity with the applicable statutory and technical framework.

9.3 Statutory and Regulatory Framework

The statutory architecture assigns distinct but complementary responsibilities to the several entities concerned: Sections 14 and 15 govern the grant of a distribution licence; Section 32 vests system operation, scheduling and grid coordination in the State Load Despatch Centre; Sections 39 and 40 charge the STU and the Transmission Licensee with coordinated planning, development and non-discriminatory access to the intra-State transmission system; and Section 42 places upon every distribution licensee the obligation to develop and maintain an efficient, coordinated and economical distribution system. The CEA Regulations prescribe the technical standards for connectivity, safety and grid connection; the Haryana Grid Code governs operational coordination, protection, metering and reliability; and the applicable HERC Regulations govern distribution licensing and operation. The Committee has evaluated ToR 3.4 by reading these provisions harmoniously, having

regard also to the framework governing transmission connectivity and General Network Access (GNA) where applicable.

PART II — COMMITTEE'S EVALUATION

9.4 Statutory Role of the State Transmission Utility and the Transmission Licensee

The Applicant submits that grant of a Parallel Distribution Licence neither diminishes nor interferes with the STU's functions under Sections 39 and 40: the STU continues to discharge its responsibilities of transmission planning, coordinated development of the intra-State system, non-discriminatory transmission access and system coordination, while the Applicant remains responsible only for its own distribution system. The Respondents contend that the proposed parallel system cannot be examined independently of the State transmission network, that HVPNL must evaluate its technical implications before any grant, and that the proposed interface may bear upon system planning, augmentation, protection coordination and grid security.

The Committee finds that the responsibilities which Sections 39 and 40 of the Act, 2003 assign to the STU and the Transmission Licensee are continuing statutory obligations, unaffected by the number of distribution licensees operating in the State, and intended to facilitate coordinated development and non-discriminatory access by eligible users. The existence of those responsibilities cannot, of itself, be construed as creating an additional licensing requirement unless the Act or the applicable Regulations expressly so provide. The Committee has further noted the STU's Capital Investment Plan approved by the Commission in the MYT Order dated 13.03.2025 for FY 2025-26 to FY 2029-30, covering substations, lines, land, IT systems, SAMAST and OPGW works and the SLDC: the State transmission system is accordingly already the subject of an approved and funded augmentation programme extending across the area & period of the Applicant's proposed rollout. The statutory functions of the STU and the Transmission Licensee accordingly continue to operate independently of, and remain fully preserved notwithstanding, the grant of a Parallel Distribution Licence.

It may not be out of place to mention that the MYT Order adequately captures the projected growth in demand for the entire State, including the Gurugram and Nuh

areas, for the Control Period FY 2025-26 to FY 2029-30. Accordingly, the Transmission Plan, along with the corresponding CAPEX for developing adequate infrastructure to meet the growing requirements of the system, has been duly approved by the Commission for the said Control Period. It is pertinent to note that transmission planning is undertaken on an area-specific and not a licensee-specific basis. Consequently, the entry of an additional distribution licensee, if the licence is granted, would at most necessitate a marginal augmentation of transmission infrastructure, and no significant change in the approved Transmission Plan is envisaged.

9.5 Whether Prior STU Approval or NOC is a Statutory Prerequisite

The Applicant submits that neither Sections 14 and 15 nor the 2005 Rules prescribe any prior STU approval or NOC; transmission connectivity, interface approvals, protection studies and related clearances are implementation-stage requirements arising before energisation, not before grant. The Respondents contend that without STU concurrence the Commission cannot assess the impact of the proposed system on the transmission network, and that grant without prior technical concurrence risks avoidable system constraints.

On examination of the statutory provisions and the applicable regulatory framework, the Committee does not find any provision of the Electricity Act, 2003 or the applicable HERC Regulations which requires a prior approval or NOC from the STU as a condition precedent for grant of a Parallel Distribution Licence. At the same time, the technical inputs of the STU are of considerable importance to coordinated implementation and secure grid operation. The Committee accordingly concludes that a prior STU approval or NOC is not a statutory prerequisite for grant; all transmission connectivity requirements, interface approvals and technical clearances prescribed under the applicable framework shall, however, necessarily be obtained before commencement of commercial operations.

9.6 Transmission Interface and Grid Integration Framework

The material on record indicates a progressively developed undertaking: phased establishment of EHV/HV substations, interface arrangements with the State transmission system, associated distribution infrastructure, and modern protection, communication and automation systems. The Applicant proposes to undertake, as

part of implementation, the detailed engineering studies — load-flow, fault-level, protection coordination, voltage regulation and system security — in accordance with the applicable standards. These studies are indispensable to safe and reliable integration, but they are engineering activities which ordinarily follow grant and precede energisation.

HVPNL Interface System. In its Implementation Plan the Applicant proposes construction of bays and allied works at the HVPNL interface within its proposed area of supply. Under the scheme of the Act — Sections 39 and 40 in particular — development and augmentation of the intra-State transmission system falls within the exclusive domain of the Transmission Licensee/STU; a distribution licensee is neither obligated nor entitled to augment transmission substations, and it is HVPNL which is duty-bound to plan and develop an adequate transmission system for evacuation of power into the licensee's network. The Committee is, however, conscious of the distinction between augmentation of the transmission system per se and works in the nature of dedicated connectivity — such as terminal bays at the interface substation — which are conventionally executed by, or under the supervision of, the STU but funded by the connectivity-seeking entity under the applicable connectivity and supervision-charge framework. Any arrangement under which the Applicant itself constructs, owns or operates transmission assets would be impermissible in the absence of a transmission licence. The Committee accordingly recommends that any interface works be undertaken strictly through HVPNL under its extant connectivity procedures, the cost being borne by HVPNL or by the Applicant as the Commission may determine and passed through in the ARR of the utility bearing it; the final determination of this issue is left to the wisdom of the Commission.

Subject to the foregoing, the Committee is satisfied that the Applicant has proposed a technically credible framework for transmission interface and grid integration, the detailed engineering studies and interface arrangements to be completed before commencement of supply in accordance with the Act, the applicable HERC Regulations, the Haryana Grid Code and the relevant CEA Regulations.

9.7 Principal Objections and the Committee's Evaluation

The objections of HVPNL, DHBVNL, UHBVNL and other Respondents broadly concern transmission connectivity, the requirement of an NOC, GNA, protection coordination, Grid Code compliance, land for substations, network architecture, system studies and operational readiness. They are summarised, with the Applicant's response and the Committee's evaluation, in Table 9.1 below.

Table 9.1Principal Objections, Applicant's Response & Committee's Evaluation

Principal Objection	Applicant's Response	Committee's Evaluation
Prior NOC from HVPNL is mandatory before grant of licence.	The Applicant has approached HVPNL, sought an in-principle NOC and undertaken to comply with all directions; transmission approvals follow grant of licence and precede commencement of supply.	STU consultation is important and should continue; however, neither the Electricity Act, 2003 nor the applicable licensing framework establishes an STU NOC as a statutory condition precedent for grant.
Transmission capacity, GNA and interconnection have not been established.	Connectivity studies, GNA and interconnection agreements will be completed before power drawal in accordance with the applicable regulatory framework.	Implementation-stage obligations, to be completed before commercial operation and monitored by the Commission.
Protection coordination, SCADA/EMS compatibility and Grid Code compliance remain uncertain.	The Applicant has undertaken to comply fully with all technical requirements of HERC, HVPNL, SLDC, CEA and CERC and to undertake the necessary system studies.	Technically valid concerns, but they relate to engineering implementation rather than licensing eligibility; compliance to be secured through licence conditions and regulatory supervision.

Principal Objection	Applicant's Response	Committee's Evaluation
System studies (load-flow, fault-level, stability) have not been completed.	The Applicant accepts their necessity and will complete them before energisation and execution of the interconnection arrangements.	Indispensable for secure grid integration; their completion is a pre-condition for commissioning, not for grant of licence.
Proposed substations on HVPNL land and the transmission interface remain uncertain.	HVPNL land would be used where available; failing which alternative land would be arranged without affecting implementation.	Land availability is an implementation issue and does not affect the legal or technical evaluation of licensing eligibility. Further, it is the prerogative of HVPNL whether the land can be allotted to the applicant or not.
The proposed network violates the 33 kV Pilot Project Belt architecture and duplicates infrastructure.	The network is based on a 220/33 kV in-feed; notified PPB sectors will conform to the prescribed 220/33/0.4 kV configuration.	Conformity with the Commission's notified architecture must be ensured during detailed engineering; the Applicant's undertaking adequately addresses the issue at the licensing stage.

9.7A Analysis of the Concerns of Respondents

The Committee accepts that these concerns are not insignificant: transmission planning, network integration, protection coordination, communication systems, GNA, Grid Code compliance and coordinated operation are fundamental to the safe and reliable operation of an interconnected system. On the material before it, however, the objections go to how the licensed system will be implemented and operated, not to whether the Applicant is eligible for grant of licence. The Act contemplates that a distribution licence authorises establishment and operation of a distribution system, while connectivity, interconnection agreements, engineering

PART III — FINDINGS, RECOMMENDATIONS AND CONCLUSION

9.8 Findings of the Committee

On the evaluation recorded in Part II, the Committee records the following findings under ToR 3.4:

(i) Statutory framework. The Act distinguishes between the statutory requirements governing grant of a distribution licence and the operational obligations governing establishment, interconnection and operation of the distribution system. The authority & responsibilities of the STU, the Transmission Licensee and the SLDC continue independently throughout the licence period and are not diminished by grant of a Parallel Distribution Licence.

(ii) STU approval and NOC. The technical participation of HVPNL is essential to coordinated planning, connectivity and secure operation; but neither the Act nor the applicable HERC Regulations prescribe a prior NOC from the STU as a statutory condition precedent for grant. The Applicant's compliance with the Commission's direction to approach HVPNL, and its undertaking to complete that process, are relevant implementation measures and should continue to be pursued.

(iii) Transmission connectivity and grid integration. The Applicant has presented a technically credible framework for phased connectivity and integration. Transmission access, interconnection arrangements, interface metering, GNA where applicable, protection coordination and the associated engineering studies are implementation-stage requirements to be completed before commencement of commercial operations.

(iv) Technical readiness. The proposed arrangements for substations, transmission interface, communication systems, SCADA, telemetry and operational coordination are capable of supporting secure and reliable integration with the Haryana State Grid, subject to detailed engineering, statutory approvals and compliance with the applicable technical standards, and subject also to the interface works being routed through HVPNL as recorded at paragraph 9.6.

(v) Respondents' objections. The objections identify legitimate implementation requirements and underline the need for coordinated planning and continuing

supervision, but establish no statutory or technical deficiency justifying refusal of the proposed licence under ToR 3.4.

9.9 No Objection Certificate From Other Authority

Section 15(2)(ii) of the Act, 2003 read with Regulation 4(1)(d) of the HERC Licensing Regulations, 2004 mandates the prospective applicant to obtain no objection certificate from the Ministry of Defence if any portion of the proposed area of supply falls within the territorial jurisdiction of the Ministry of Defence. In this regard the Committee finds that the Applicant has submitted the No Objection Certificate issued by the Ministry of Defence, before the Commission **(Annexure-C to the Additional Submission dated 03.07.2026 of the Applicant)**. It is pertinent to note that this issue has been raised by one objector Prof. Sampat Singh in his objection. With the submission of the NoC, the concern of the objector appears to be duly addressed.

9.10 Recommendations

To secure integration and coordinated operation, the Committee recommends that, in the event of grant, the Commission consider incorporating the following licence conditions:

(a) the Applicant shall obtain all transmission connectivity, interconnection approvals and statutory clearances, including GNA wherever applicable, before commencement of commercial operations;

(b) detailed load-flow, short-circuit, protection coordination, voltage regulation, reactive power, contingency and system security studies shall be completed, and periodically updated, in coordination with HVPNL and the SLDC;

(c) transmission interface agreements and operational coordination arrangements with HVPNL and the SLDC shall be executed before energisation, all interface works being undertaken through HVPNL under its extant connectivity procedures in the manner recorded at paragraph 9.6;

(d) interface metering, SCADA, telemetry, communication systems and protection schemes shall conform to the applicable CEA Regulations, the Haryana Grid Code and other technical standards;

(e) the Applicant shall comply with all lawful technical directions of the Commission, HVPNL, the SLDC and other competent authorities concerning grid security, system operation and network coordination; and

(f) the Applicant shall promptly report any material event affecting transmission connectivity, grid security or coordinated operation, and shall furnish periodic compliance reports as directed by the Commission.

9.11 Conclusion

The Committee concludes that the Applicant has substantially addressed the requirements of ToR 3.4 relating to transmission interface, grid integration and system coordination. The statutory responsibilities of the STU and the Transmission Licensee remain fully preserved under the Electricity Act, 2003; transmission connectivity, interconnection approvals, engineering studies, Grid Code compliance and operational coordination, while indispensable, are matters to be completed during implementation before commencement of supply and are not statutory preconditions for grant. The Respondents' objections concern implementation, engineering coordination and operational readiness; they merit continuing regulatory supervision and the licence conditions recommended above, but disclose no inherent legal or technical impediment to the proposed licence. Subject to compliance with the applicable statutory framework, technical standards and licence conditions, and to the Commission's continuing oversight, the Committee is satisfied that the proposed distribution system is capable of secure and coordinated integration with the Haryana State Grid.

CHAPTER 10

TERM OF REFERENCE-3.5

POWER PROCUREMENT

Examine whether execution of long-term Power Purchase Agreements constitutes a statutory prerequisite for grant of a Distribution Licence or whether such arrangements may lawfully be finalised after grant of licence in accordance with the Electricity Act, 2003 and the applicable regulatory framework.

The present Chapter is divided into four parts- Part-A deals with the scope of the ToR and Regulatory Framework. Part-B deals with the pleadings and submissions of the Applicant, Objectors (specifically DHBVNL) and other stake holders. Part-C deals with the detailed analysis, observations, findings and recommendations of the Committee and Part-D summarizes the findings and recommendations of the Committee.

PART-A

10.1 Scope

To examine whether execution of long-term Power Purchase Agreements constitutes a statutory prerequisite for grant of a Distribution Licence, or whether such arrangements may lawfully be finalised after grant of licence in accordance with the Electricity Act, 2003 and the applicable regulatory framework.

10.2 Regulatory Framework

The Committee has examined the Applicant's procurement plan against the Electricity Act, 2003, the National Tariff Policy, 2016, the HERC (Framework for Resource Adequacy) Regulations, 2024, the HERC (GEOA) Regulations, 2023, the HERC MYT Regulations, 2024, the HERC Renewable Energy, RPO and REC Regulations, 2025. The provisions material to the present evaluation are set out below.

10.2.1 Electricity Act, 2003

Section 62(1)(a) empowers the Appropriate Commission to determine tariff for supply of electricity by a generating company to a distribution licensee. Said Section 62(1(a) is extracted herein below;

(1) The Appropriate Commission shall determine the tariff in accordance with the provisions of this Act for –

(a) supply of electricity by a generating company to a distribution licensee:

Provided that the Appropriate Commission may, in case of shortage of supply of electricity, fix the minimum and maximum ceiling of tariff for sale or purchase of electricity in pursuance of an agreement, entered into between a generating company and a licensee or between licensees, for a period not exceeding one year to ensure reasonable prices of electricity;

Section 63 mandates the Commission to implement the tariff fixed through competitive bidding as per the guidelines of the Central Govt. Said Sec.63 is extracted herein below;

Section 63 provides:

> *"Notwithstanding anything contained in section 62, the Appropriate Commission shall adopt the tariff if such tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government."*

Section 86(1)(b) casts upon the State Commission the function to:

> *"regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State."*

10.2.2 National Tariff Policy, 2016

Clause 5.2 of the National Tariff Policy provides that procurement of power by distribution licensees shall ordinarily be through a transparent competitive bidding

process in accordance with Central Government guidelines, while recognising defined exceptions where the Section 62 cost-plus route remains available.

10.2.3 HERC (Framework for Resource Adequacy) Regulations, 2024

The Resource Adequacy Regulations require every distribution licensee to undertake long-term and medium-term demand forecasting (Regulation 6) and short-term, hourly and sub-hourly forecasting aggregated at the State level (Regulation 7); to ascertain its resource adequacy requirement and its allocation (Regulation 12); to plan its procurement resource mix (Regulation 14) and procurement type and tenure (Regulation 15), and to obtain the Commission's approval of Power Purchase Agreements (Regulation 17). The framework thereby operationalises reliability and least-cost planning while preserving the Commission's approval gate over every long-term commitment.

10.2.4 HERC MYT Regulations, 2024

Regulation 61 subjects the cost of power purchase to the Commission's prudence review and approval, requiring procurement to accord with the Act, the National Electricity Policy, the Tariff Policy, the Resource Adequacy Regulations and Central Government guidelines, with Fuel and Power Purchase Adjustment Surcharge (FPPAS) permitted strictly in accordance with the Regulations. Regulation 62 governs short-term power procurement, requiring transparent processes and subjecting the resulting costs to prudence check.

10.2.5 HERC Renewable Energy, RPO and REC Regulations, 2025

Regulation 63 requires compliance with the Renewable Purchase / Consumption / Generation Obligation trajectories specified by the Ministry of Power, and Regulation 64 permits fulfilment through certificates under the Central Commission's Regulations, so that the obligation may be met through renewable procurement, self-generation or Renewable Energy Certificates.

PART-B

10.3 Applicant's Submissions in the Petition

10.3.1 Power Procurement Plan

As per the Applicant, power will be procured through an optimum mix of short-term GDAM procurement and long-term PPAs with thermal and Firm and Dispatchable Renewable Energy (FDRE) sources, both within and outside the State of Haryana, with the objective of optimising overall power purchase cost while enabling a greater proportion of green energy in the portfolio. It is further mentioned by the Applicant that, during the initial years of operation, it will arrange power through short-term sources, including the energy exchanges and bilateral tie-ups, to meet demand in the licence area as it builds, and that procurement will thereafter transition progressively into long-term contracted capacity as the consumer base stabilises.

10.3.2 Total Energy Requirement at the State Periphery

As submitted by the Applicant, based on the sales estimation, the quantum of power purchase has been computed by grossing up sales for distribution losses (5.80% in FY 2027-28 declining to 5.20% by FY 2030-31), intra-State transmission losses of 1.95% and inter-State transmission losses of 3.65%, and accounting for energy injected at the State periphery from FDRE capacity proposed to be contracted within Haryana:

10.3.3 Sources and Cost of Power Purchase

The Applicant has submitted that the requirement is proposed to be met from three sources: (a) thermal generation for base-load requirements; (b) Firm and Dispatchable Renewable Energy under long-term PPAs; and (c) the Green Day Ahead Market. The portfolio is 20% thermal and 80% renewable throughout, with the GDAM share of the renewable component tapering from 25% in FY 2027-28 to 5% in FY 2030-31 and the FDRE PPA share correspondingly rising from 75% to 95%. About 50% of the FDRE procurement is proposed from within Haryana. As per the Applicant, GDAM is priced at Rs. 3.80/kWh ex-bus (FY 2025-26 base, CUF

30%) based on historical GDAM rates, FDRE at Rs. 4.40/kWh ex-bus (CUF 40%) based on recent TBCB outcomes, and thermal at Rs. 5.00/kWh ex-bus (FY 2026-27 base), escalated year-on-year. It is further mentioned by the Applicant that inter-State transmission charges have been computed on the contracted MW at prevalent Rs./MW/month rates and intra-State charges at the Commission-approved Rs./kWh rate for FY 2026-27, both appropriately escalated.

10.4 Comments of the Stakeholders (including Respondents)

10.4.1 Creation of Stranded Capacity and Fixed-Cost Under-Recovery

The Stakeholders submitted that DHBVNL, through the Haryana Power Purchase Centre (HPPC), has executed long-term PPAs based on integrated State-wide demand forecasts, carrying mandatory fixed-cost and capacity-charge liabilities payable irrespective of the energy actually drawn. As per the Stakeholders, the Gurugram and Nuh districts constitute nearly 20% of Haryana's total power requirement, accounting for approximately 2,793 MW during peak periods, and HPGCL's generation expansion has been mapped to this aggregate State demand. It was contended that migration of high-consumption consumers to the Applicant would render DHBVNL's contracted capacity surplus to its residual consumer base, with the unrecovered fixed-cost burden estimated to increase progressively from Rs. 121.69 Crore in FY 2027-28 to Rs. 604.34 Crore by FY 2030-31, and would threaten the optimal utilisation and long-term operational planning of State-owned base-load assets.

10.4.2 Market Risk and Resource Adequacy

The Stakeholders contended that the Applicant's reliance on approximately 80% renewable sourcing — principally FDRE and GDAM — for the continuous demand of premium load centres is imprudent: GDAM clearing volumes historically fall substantially short of aggregate purchase bids, so the market cannot be treated as an assured source for discharging the Universal Service Obligation; the licence area is a high-density industrial, commercial and data-centre hub with zero tolerance for supply uncertainty; and the petition lacks a detailed contingency framework

demonstrating how peak demand, seasonal variations and generator outages would be managed without firm, long-term contracted capacity.

10.4.3 Regulatory Bypass under Section 86(1)(b)

The Stakeholders raised a statutory objection that Section 86(1)(b) empowers the State Commission to regulate the electricity purchase and procurement process, including the price at which power is purchased, and that by procuring primarily through short-term, market-determined routes the Applicant effectively strips the Commission of this authority — a strategy resembling an electricity trading model rather than a regulated distribution model, compromising long-term consumer protection and tariff stability.

10.5 Applicant's Additional Submissions / Reply / Rejoinder

10.5.1 Reply on Stranded Capacity and Fixed-Cost Under-Recovery

The Applicant submitted that the commercial consequences of competition — consumer migration, stranded power purchase obligations, or impacts on the Incumbent's ARR — are operational matters falling under the continuing regulatory jurisdiction of the Commission, not threshold eligibility criteria under Sections 14 and 15. As per the Applicant, the Sixth Proviso to Section 14 explicitly provides that an application for a parallel licence shall not be refused on the ground that a licensee already exists in the same area; Parliament consciously introduced regulated competition knowing that consumer choice and migration would follow. It is further submitted by the Applicant that demand fluctuations and stranded-capacity risks are inherent to power utilities and arise continuously from Open Access, captive generation, rooftop solar and energy-efficiency measures; the Act does not insulate any utility from normal commercial risk, which is routinely addressed through prudent procurement, annual tariff determinations and true-up proceedings under Sections 61 and 62. It is mentioned by the Applicant that the Incumbent itself met approximately 10% of its total power purchase requirement through short-term purchases during FY 2024-25, and that, because switch-over to the Applicant is projected to be gradual (about 2.5% of existing sales in FY 2027-28), it matches the

natural load growth of the region, preventing any sudden capacity stranding or tariff shock.

10.5.2 Reply on Market Risk and Resource Adequacy

As per the Applicant, a prospective distribution licensee cannot lawfully initiate competitive bidding or execute binding long-term PPAs prior to the formal grant of licence; initial procurement must necessarily be calibrated to verified consumer migration volumes and actual load profiles. It is submitted by the Applicant that the portfolio of 20% thermal base-load and 80% green energy is structured for round-the-clock reliability: the FDRE component incorporates Battery Energy Storage Systems and hybrid configurations, making it operationally firm and dispatchable at source notwithstanding its renewable origin. The Applicant has further submitted that, as the consumer base stabilises, long-term PPAs will be progressively contracted through competitive bidding in strict compliance with the HERC Resource Adequacy framework and regulatory approvals.

10.5.3 Reply on the Alleged Regulatory Bypass under Section 86(1)(b)

The Applicant categorically rejected the contention that market-based or short-term procurement bypasses regulatory oversight. As per the Applicant, grant of a parallel licence does not diminish the Commission's authority under Section 86(1)(b): all power purchase costs, tariff structures, procurement contracts and market transactions remain subject to the Commission's approval, MYT reviews and annual true-up. It is submitted that the Respondents conflate pre-grant eligibility with post-grant regulatory supervision; sourcing power through competitive market routes or regulated PPAs operates fully within the statutory framework.

PART-C

10.6 Committee's Observations and Recommendations

10.6.1 Compliance of the Power Procurement Plan with the Statutory and Regulatory Framework

Section 86(1)(b)- The Applicant expressly proposes that every long-term procurement arrangement, every PPA, every procurement source and every tariff

requiring approval shall be submitted to the Commission under Section 86(1)(b). The Commission accordingly retains complete regulatory control over procurement and tariff determination.

National Tariff Policy, 2016- As per the Applicant, the plan proposes that long-term conventional, renewable, medium-term, short-term (where applicable) and storage procurement shall primarily be undertaken through tariff-based competitive bidding under Ministry of Power guidelines under section 63, with the Section 62 route confined to the statutory exceptions recognised under the Policy, the Act, Government guidelines or HERC Regulations. The procurement philosophy directly aligns with the Policy.

Resource Adequacy Regulations, 2024- The Applicant has submitted that the plan forecasts demand over the licence period, identifies long-, medium- and short-term resource requirements, matches contracted capacity with projected demand, ensures resource diversity, integrates renewable energy and storage, maintains reserve margins, aligns procurement with transmission availability and network planning and provides for periodic review and revision as required by HERC. The proposed power procurement plan of the Applicant is demonstrated in Table-29 of the Business Plan (Enclosure-9) submitted alongwith the main Petition.

MYT Regulations, 2024- The Applicant proposes that all procurement costs shall be transparently disclosed; only Commission-approved costs shall be claimed in the ARR; procurement shall follow merit-order principles where applicable; all procurement shall be subject to HERC prudence review; deviations from the approved procurement plan shall be justified; and fuel and power purchase adjustments shall be undertaken strictly under the applicable Regulations.

RPO and REC Regulations, 2025- The Applicant proposes to achieve all applicable RPO targets through competitive bidding wherever applicable, direct procurement from renewable generators, participation in renewable energy markets and exchanges where permitted, and RECs for any residual requirement. The 80% renewable share substantially exceeds the applicable RPO trajectory, so compliance headroom is built into the portfolio by design.

10.6.2 Whether Long-Term PPAs are a Statutory Prerequisite for Grant of Licence

The Committee observes that neither the Electricity Act, 2003 nor the applicable Licensing Rules mandates the execution of firm, long-term PPAs prior to the grant of a distribution licence. The Stakeholders' contention that the absence of executed PPAs at this stage disentitles the Applicant therefore inverts the statutory sequence.

The Applicant's proposed timeline targets initiation of medium- and long-term procurement within one month from the date of grant of licence, with tariff adoption within four months from that date, framed with reference to the Guidelines for Tariff Based Competitive Bidding Process for Procurement of Firm and Dispatchable Power from Grid Connected Renewable Energy Power Projects with Energy Storage Systems issued by the Ministry of Power in June 2023. The Committee finds this sequencing appropriate.

10.6.3 On Stranded Capacity and Fixed-Cost Under-Recovery of the Incumbent

The Committee has examined the Stakeholders' estimate that stranded fixed costs would rise from Rs. 121.69 Crore in FY 2027-28 to Rs. 604.34 Crore by FY 2030-31, and records the following analysis.

- The objection conflates two distinct components of the Applicant's projected sales. Stranding of the Incumbent's committed capacity can arise only from the switched-over component — existing DHBVNL consumers migrating to the Applicant, projected at 2.5% of the previous year's licence-area sales in FY 2027-28 rising to 4.0% by FY 2030-31. The larger component of the Applicant's sales is its share of incremental new demand in the licence area (25% rising to 40% of incremental sales), which represents load DHBVNL has not yet contracted firm capacity to serve; capture of future growth by a competitor may affect the Incumbent's expansion planning, but planned capacity yet to be committed can be re-phased and is not, in any meaningful sense, stranded.

- The magnitudes are modest and gradual against the Incumbent's own portfolio flexibility. The licence area constitutes about 20% of the State requirement; the Applicant's entire sales reach only 3.75% of licence-area sales in FY 2027-28 and 15.21% by FY 2030-31 — of the order of 0.75% rising to about 3% of State-level sales and the migrated component is smaller still. The Incumbent itself met approximately 10% of its power purchase requirement through short-term purchases in FY 2024-25; energy freed up by migration therefore first displaces the Incumbent's own discretionary short-term and market purchases before it can touch committed capacity charges. The fixed-cost stranding pleaded would materialise only after this buffer is exhausted, and the gradual ramp gives HPPC a multi-year window to re-optimise the State portfolio through reallocation among the State distribution licensees, market sale of surplus energy, banking arrangements and re-phasing of planned capacity additions.

- As a matter of law, the Sixth Proviso to Section 14 precludes refusal of a parallel licence application on the ground that a licensee already exists in the area; Parliament thereby accepted that regulated competition entails consumer migration and its commercial consequences for the incumbent. Those consequences are to be addressed in the tariff jurisdiction — through prudence review, true-up and, where warranted, appropriate treatment of demonstrated stranded costs in the Incumbent's ARR proceedings — and not by denying the licence. The Committee also notes that the methodology underlying the Rs. 121.69–604.34 Crore estimate has not been placed before the Committee in verifiable detail, and appears to attribute to migration the whole of the Applicant's projected sales rather than the switched-over component alone.

The Committee nevertheless considers the incumbent's planning concern legitimate in principle, and recommends a mitigation that costs the Applicant little: the consumer Migration Protocol already provides for structured, purpose-limited data exchange between licensees, and this channel should be used to furnish DHBVNL/HPPC with periodic (at least half-yearly) visibility of realised and

projected migration volumes, so that the State portfolio can be re-optimised in the ordinary course of resource-adequacy planning rather than reactively.

10.6.4 On Market Risk and Resource Adequacy

The Committee has tested the reliability objection against the structure of the proposed portfolio rather than its renewable label. The portfolio is 20% thermal base-load throughout. The renewable component is predominantly Firm and Dispatchable Renewable Energy contracted under the MoP's June 2023 FDRE Guidelines. The plan does not rest the Universal Service Obligation on GDAM only. It uses GDAM as a bridge while consumer migration is verified and long-term capacity is competitively contracted.

As regards contingency, the Committee notes that deliverability of round-the-clock supply from a portfolio that is 80% renewable, ultimately depends on the realised availability profile of the contracted FDRE capacity. The shortfalls would be bridged through market purchases at prevailing prices, with the shortfall compensation under the FDRE PPAs partially offsetting the cost, and the net variance, subject to the Commission's prudence review. Immediately upon grant, the Applicant should execute Interconnection Agreements and joint system studies with HVPNL to secure General Network Access (GNA), and establish a definitive scheduling and forecasting protocol with the SLDC so that transitional GDAM drawals in FY 2027-28 and FY 2028-29 are managed without prejudice to intra-State grid discipline.

10.6.5 On the Alleged Regulatory Bypass under Section 86(1)(b)

The procurement of power through short-term competitive bids or power exchanges does not oust the Commission's jurisdiction under Section 86(1)(b). The power purchase cost incurred by the Distribution Licensee is accepted in the ARR of Discom, only upon prudence check at truing-up. Every long-term arrangement and PPA is expressly proposed to be submitted for the Commission's approval. The tariffs discovered through Section 63 come before the Commission for adoption. The short-term procurement of power is governed by Regulation 62 of the MYT Regulations and the transparency requirements thereunder. Far from a trading model, the proposed framework places every procurement decision within one of the

Commission's approval, adoption or prudence gates. The objection accordingly fails.

PART-D

10.7 SUMMARY OF THE COMMITTEE'S FINDINGS

Based on the above discussions, the Committee records that:

(a) Execution of long-term PPAs is not a statutory prerequisite for grant of a distribution licence such arrangements are lawfully finalised after grant under the Commission's approval

(b) The stranded-capacity objection does not constitute a ground for refusal: stranding can arise only from the modest, gradual switched-over component of sales, is buffered by the Incumbent's own short-term purchases, and falls within the Commission's continuing tariff jurisdiction under the scheme of regulated competition established by the Sixth Proviso to Section 14, with migration-data sharing recommended in mitigation; and

(c) The Section 86(1)(b) objection fails, as every procurement decision under the proposed framework passes through the Commission's approval, adoption or prudence gates.

10.8 Recommendations of the Committee

Based on the regulatory prudence check and technical assessment, the Committee recommends as follows:

(i) Mandatory post-grant tariff approvals: grant of the licence shall not be construed as pre-approval of power purchase costs; all finalised PPAs shall be submitted to the Commission for tariff adoption/determination and approval prior to commencement of power flow.

(ii) Timely STU and SLDC coordination: immediately upon grant, the Applicant shall execute Interconnection Agreements and initiate joint system studies with HVPNL to secure General Network Access, wherever applicable, and shall establish a definitive scheduling and forecasting protocol with the SLDC to manage

transitional GDAM drawals during FY 2027-28 and FY 2028-29 without prejudice to intra-State grid discipline.

(iii) Migration data sharing: the Applicant shall furnish DHBVNL/HPPC, through the data-exchange channel of the approved Migration Protocol, periodic (at least half-yearly) statements of realised and projected consumer migration volumes to facilitate orderly re-optimisation of the State power portfolio.

(iv) RPO and procurement reporting: the Applicant shall report annually on RPO compliance and on actual procurement against the approved plan, with deviations justified and subject to the Commission's prudence review under the MYT Regulations.

CHAPTER 11
TERM OF REFERENCE 3.6
UNIVERSAL SERVICE OBLIGATION

1. **Examine whether the Applicant has demonstrated the capability to discharge the Universal Service Obligation under Section 43 of the Electricity Act, 2003 across the entire proposed licensed area, including Gurugram and Nuh districts.**

2. **Examine whether the proposed phased rollout of the distribution network is consistent with the Electricity Act, applicable judicial precedents and the objective of ensuring universal, non-discriminatory and reliable electricity supply.**

This Chapter is organised in four Parts. **Part A** sets out the introduction, the scope of examination and the statutory and regulatory framework and principles. **Part B** records the pleadings and submissions of the Applicant, DHBVNL and other stakeholders, together with the figures advanced by each side. **Part C** contains the Committee's analysis and observations. **Part D** records the Committee's findings, recommendations and conclusion.

PART A — INTRODUCTION, SCOPE, STATUTORY FRAMEWORK & REGULATORY PRINCIPLES

11.1 Introduction:

Under ToR 3.6, the Committee is required to examine whether the Applicant prima facie satisfies the statutory and regulatory obligations relating to the Universal Service Obligation **("USO")**, non-discriminatory supply and prevention of selective consumer service as mandated under Sections 42 and 43 of the Electricity Act, 2003. ToR 3.6 is closely connected with, but analytically distinct from, ToR 3.3 (Technical Capability and Distribution Network) and ToR 3.7 (Consumer Migration and Consumer Protection). This Chapter confines itself to the USO, namely, whether the

Applicant's proposal, including its phased rollout, is consistent with the statutory duty to supply electricity on a universal and non-discriminatory basis.

The examination under this Chapter accordingly extends beyond mere acceptance of these obligations to whether the Applicant's proposal is consistent with their effective discharge on a non-discriminatory basis, while recognising that continuing compliance is a matter for regulatory supervision throughout the currency of the licence.

11.2 Scope of Examination:

This Chapter is confined with two moot questions; **first**, whether the Applicant has demonstrated the commitment and capability to discharge the USO under Section 43 across the entire proposed licensed area, including Gurugram and Nuh districts, and to provide electricity on a non-discriminatory basis throughout that area; and **second**, whether the proposed phased rollout of the distribution network is consistent with the Act, applicable judicial precedents and the objective of universal, non-discriminatory and reliable supply, including whether the material on record establishes any case of selective consumer servicing ("cherry-picking"), together with the regulatory safeguards and licence conditions necessary to secure continuing compliance after grant.

11.3 Statutory and Regulatory Framework

The Committee has considered Sections 14, 42 and 43 of the Act, together with the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, the HERC (Electricity Supply Code) Regulations, 2014, the Standards of Performance Regulations, 2020 and the regulatory framework discussed in Chapters 2 and 3.

Section 42(1) casts a specific duty on the distribution licensee to develop and maintain an efficient, co-ordinated and economical distribution system in its area of supply and to supply electricity in accordance with the Act.

Section 43(1) imposes a mandatory obligation on every distribution licensee to give supply, on application, to the owner or occupier of any premises within one month of receipt of the application. The **first proviso** qualifies this obligation where supply requires extension of distribution mains or commissioning of new sub-stations, in which case supply is to be given as soon as such extension or commissioning is effected or within such period as the Appropriate Commission may specify; the **second proviso** empowers the Commission to extend the specified period for a village, hamlet or area wherein no provision for supply presently exists.

The sixth proviso to Section 14 permits the Commission to grant a licence to two or more persons in the same area, subject to satisfaction of conditions of capital adequacy, creditworthiness and code of conduct as prescribed, and expressly provides that **no applicant who complies with these requirements shall be refused a licence merely on the ground that there already exists a licensee in the same area.**

Rule 3(1) of the Capital Adequacy Rules, 2005 requires the Commission, upon receipt of an application under Section 15(1), to decide the **requirement of capital investment** for the distribution network after hearing the applicant, having regard to the size of the area of supply and the service obligation within that area in terms of Section 43. The HERC (Electricity Supply Code) Regulations, 2014 prescribe the timelines within which a licensee must release new connections upon receipt of a complete application.

The Committee further considers that the obligation of non-discriminatory supply necessarily includes an obligation against selective consumer servicing. A distribution licensee cannot confine its operations to commercially advantageous consumers while avoiding consumers or areas involving comparatively higher service obligations. Compliance with the USO is not confined to the licensing stage but continues throughout the licence period under the Commission's supervision.

11.4 Regulatory Principles Adopted

In this Chapter the Committee has adopted the following regulatory principles for evaluation:

1. The USO embodied principally in Section 43 is the core statutory obligation attached to every distribution licence, and applies equally to every licensee - incumbent or parallel; grant of a parallel licence neither transfers nor diminishes it;
2. Selective consumer service ("cherry-picking") is fundamentally inconsistent with the USO and the statutory requirement of non-discriminatory supply;
3. Allegations of cherry-picking or discriminatory supply must be supported by objective evidence and cannot rest solely upon projected migration scenarios or commercial apprehensions; and
4. Continuing compliance with the USO is most appropriately secured through enforceable licence conditions, periodic reporting and ongoing regulatory oversight throughout the currency of the licence.

PART B — SUBMISSIONS OF THE PARTIES

11.5 The Applicant's Case

As per the Applicant **(Business Plan, Pages 77–78)**, it fully accepts the statutory obligations imposed upon every distribution licensee and proposes to establish an independent distribution system covering the entire proposed area in accordance with the approved implementation programme. Its specific USO commitments are: **(i)** non-discriminatory supply of power to all categories of consumers, with connections released within the timelines of the HERC (Electricity Supply Code) Regulations, 2014; **(ii)** coverage of all consumer categories — urban, industrial, commercial, residential, peri-urban, rural and agricultural — across both Gurugram and Nuh districts, with Nuh included from Phase I; **(iii)** an express assurance that no area forming part of the proposed area of supply is proposed to be permanently excluded from network development, any area not covered in an earlier phase remaining eligible for subsequent development; and **(iv)** a voltage-wise

position under which LT network development will be done "as per requirement", USO at 11 kV/33 kV "will be declared on completion of the laying of the distribution network", and EHV supply will follow connectivity from the STU.

Pursuant to the Interim Order dated 26.05.2026, the Applicant filed Additional Submission on affidavit dated 03.07.2026, comprising the Debt-Equity Capitalisation Plan **(Annexure F)**, the Implementation Plan **(Annexure G)**, the USO Affidavit **(Annexure H)**, the Operational Modalities **(Annexure I)** and the Migration Protocol **(Annexure J)**. The USO Affidavit covenants, inter alia, unconditional compliance with Section 43 within the timelines of the Supply Code and Standards of Performance Regulations; grant of connections and supply to all eligible consumers on a completely non-discriminatory basis; an express disavowal of "any form of consumer or geographical cherry-picking"; and phased capital expenditure that "progressively expand[s] infrastructure to encapsulate rural, urban, agricultural, and commercial sectors alike".

On the legal plane, the Applicant submits that Section 43 is an obligation of continuing performance, not a condition of entry, relying on the first and second provisos to Section 43(1) and on the Appellate Tribunal's decision in **Municipal Corporation of Greater Mumbai (BEST) v. MERC**, Appeal No. 279 of 2017, decided on 11.03.2026, which approved phased development methodology. The Applicant further submits that its network has been designed on a 33 kV-dominant architecture to serve the whole area; the phasing is based on engineering, reliability and demand considerations and not on consumer category or revenue profile; the Phases IV and V are directed to N-1 redundancy across all divisions; and its consortium with Vision India Services (retail distribution operations, including for UHBVNL, DHBVNL and HVPNL), HEC Infra Projects (EHV substations) and Advait Energy Transitions (EPC execution), provides the operational backbone to discharge the USO across all categories and geographies.

11.6 Objections of DHBVNL and Other Stakeholders

DHBVNL's Reply raises two connected but distinct objections: first, that the Applicant has failed to demonstrate the capability to discharge the USO under

Section 43 across the entire licensed area; and second, that the Applicant's business model and phased rollout amount, in substance, to selective servicing of high-value consumers in breach of Sections 42 and 43.

On the first limb, DHBVNL submits that the Section 43 obligation is area-wide and cannot be restricted to selected consumer categories, geographical pockets or commercially remunerative locations. A phased rollout, "by its very nature", leaves large portions of the area without network for extended periods, so that the Applicant would be incapable of energising a new consumer within the statutory thirty-day period — particularly in rural and dispersed parts of Nuh and emerging urban villages of Gurugram — which DHBVNL characterises as "a direct violation of Section 43(1)" and "a fatal statutory defect." A connected submission founded on Section 42(1) contends that the duty to "develop and maintain" is continuous and area-wide, requiring a complete, functional system across the entire area from the date of grant; and that the Applicant cannot rely on DHBVNL's own network to discharge this obligation. UHBVNL and HVPNL further question the Applicant's financial capability to raise 70% of the requisite debt to discharge the USO for the entire area, and point to the absence of any audited operational track record, the Applicant having been incorporated only in June 2025. Intervenors including the All India Kisan Sabha and farmers' associations of Nuh express concern for supply continuity, connection timelines and tariff treatment of the rural and agricultural consumer base of Nuh — a district with an AT&C loss level of approximately 42% (FY 2023-24), among the highest in the licence area.

On the second limb, DHBVNL's principal factual case rests on the sequencing of the Applicant's proposed capital investment across its five divisions, as disclosed in the Applicant's own Business Plan:

Table 11.1 — Division-wise HT Rollout Sequencing (DHBVNL's computation from the Applicant's Business Plan)

Division	FY25 HT Load (MW)	Cumulative HT rollout FY27	Cumulative HT rollout FY28	Cumulative HT rollout FY30
Gurugram Sub-urban	241	11%	27%	100%
Gurugram City	143	0%	0%	100% (by FY31)
Sohna	326	12%	26%	100%
Manesar	827	8%	16%	100%
Nuh	67	14%	30%	100%

(As reproduced from Tables 4–7 of DHBVNL's Reply; figures not disputed by the Applicant as to quantum)

DHBVNL emphasises that Gurugram City — despite the second-highest existing HT load (143 MW) among the five divisions — receives nil capital investment in both HT and LT infrastructure in FY 2026-27 and FY 2027-28, whereas other divisions receive investment from year one. It relies on the Applicant's own statements that LT development will proceed "as per requirement" and that USO at 11 kV/33 kV "will be declared on completion" of the network, to argue that the sequencing is demand- and revenue-driven rather than obligation-driven. It further characterises paragraph 3.6 of the Business Plan — projecting migration of only 2.50% of DHBVNL's existing consumers, with the balance of sales drawn from new industrial, residential and commercial developments — as a "candid admission" that the model targets high-revenue segments while avoiding agricultural, rural and subsidised categories: "a textbook case of cherry-picking." DHBVNL has also placed on record three revenue-loss scenarios for FY 2027-28 (Rs. 424.12 Crore on the Applicant's own projections, rising to Rs. 1,898.75 Crore and Rs. 4,272.19 Crore on DHBVNL's assumed 20% and 45% switchover), which

are set out in Table 13.1 of Chapter 13 (ToR 3.8) and are not reproduced here; and states that it has already incurred approximately Rs. 1,136 Crore, with a further Rs. 598 Crore proposed, on system strengthening (RDSS and Smart City works) in the licence area.

DHBVNL relies on the following precedents: Hon'ble APTEL, in cross Appeal Nos. 246 and 229 of 2012, decided on 28.11.2014 (a licensee "cannot gain undue commercial advantage… by selectively laying down network to cater to only high end consumers"); **Noida Power Company Ltd. v. PVVNL**, APTEL Appeal No. 7 of 2010, decided 06.04.2011 (capital adequacy and creditworthiness are threshold requirements only; grant of a parallel licence remains discretionary having regard, inter alia, to the applicant's ability to discharge the USO; and a five-year rollout period granted by a State Commission was held "contrary to the universal service obligation"); **India Power Corporation Ltd.**, HERC/PRO-08 of 2014 (this Commission's own order for Gurgaon, holding a business plan premised on load materially below the area's actual projected load to be "incomplete, inadequate and based on erroneous premises" for USO purposes); and paragraph 5.4.7 of the National Electricity Policy (a second licensee "shall have obligation to supply to all consumers").

As a safeguard, DHBVNL proposes that, until the Applicant has established and commissioned its network across the entirety of the licensed area and demonstrated the ability to independently discharge the USO, consumers presently supplied through dedicated or independent feeders (including consumer-funded infrastructure) should not be permitted to migrate to the Applicant, on the ground that these predominantly comprise high-load, high-revenue consumers whose premature migration would facilitate cherry-picking.

Prof. Sampat Singh, one of the Objectors, has raised concern that agricultural supply may fall outside the Applicant's scope, the State having announced a separate Discom for agriculture; that State subsidy for agricultural consumers is of the order of Rs. 7,870.32 crore; and that rural domestic supply, the most difficult segment, appears to be left out.

11.7 The Applicant's Rejoinder

On the "complete network" contention, the Applicant denies that Section 42(1) requires a complete and functional network before grant — "an obligation that would be impossible of performance by any applicant" — relying on the first and second provisos to Section 43(1) and on BEST v. MERC, under which Phase I connections were directed to be released precisely in the vicinity of existing infrastructure. Paragraph 33 of that judgment holds:

> *"As per Section 42 of the Electricity Act, a distribution licensee is mandated to develop and maintain an efficient and economical distribution system within its area of supply, which would mean progressive expansion and improvement of the distribution system. In our view, it is not a one-time activity… Thus, in terms of Electricity Act, upon grant of distribution licence, the Licensee cannot be expected to develop the entire distribution network at one go, and there would be phased development of network and furthermore no time line for such a network development has been mandated in the Act. Section 43 of the Act also acknowledges that in the course of providing supply to a new customer, there would be instances, where extension of substation and/or distribution network would be required and same can be provided as per time lines specified by State Commission/ or upon such extension."*

On cherry-picking, the Applicant's principal answers are: (i) the inclusion of the entirety of Nuh district — accepted to be "the least remunerative part of the proposed area" on DHBVNL's own figures — demonstrates "the very opposite of selective conduct", since a cherry-picking applicant would have confined itself to Gurugram alone, which independently satisfies the minimum area of supply; (ii) the 2.5% switchover projection is "a conservative and transparent assumption, disclosed by the Applicant itself", with the balance of projected sales from new consumers who were never DHBVNL's; (iii) there is no requirement in the Act, the Rules or the Regulations that a parallel licensee maintain a consumer mix mirroring the incumbent's; and (iv) allegations of cherry-picking cannot rest on general

apprehension but must be supported by specific material, none of which — as opposed to projected migration scenarios — is on record. As to investment sequencing specifically, the Para-Wise Reply answers at the level of overall network design (33 kV-dominant, area-wide) and demand-driven LT development, coupled with acceptance that rollout milestones and completion timelines "may be imposed as conditions of licence, to which the Applicant has no objection"; it does not offer a division-specific reasoned justification for the Gurugram City schedule.

On the revenue-loss scenarios, the Applicant characterises the 20% and 45% switchover constructs as "inflated" and "speculative", and submits that the confinement of CSS (Section 42(2)) and Additional Surcharge (Section 42(4)) to open-access consumers was a deliberate legislative choice confirming that migration under the sixth proviso was not intended to attract a compensatory levy; financial consequences of lawful migration are to be addressed through tariff, ARR and true-up proceedings (examined in Chapter 13).

On the proposed embargo, the Applicant "emphatically" opposes DHBVNL's dedicated-feeder condition on four grounds: it has no foundation in the Act, Rules or Regulations; it is contrary to the consumer's statutory right to choose between licensees, which is the very objective of the sixth proviso; it is irreconcilable with the phased methodology approved in BEST v. MERC; and it is self-defeating, denying migration to the very consumers the Applicant is soonest able to serve. It characterises the condition as "a device to place the Respondent's most significant consumers beyond the reach of competition indefinitely" which would "render the licence nugatory." Finally, the Applicant points to the comprehensive Migration Protocol (Annexure J) — addressing eligibility (including treatment of defaulters), procedures, timelines, security deposits, settlement of dues, metering, consent and data exchange — and submits that the Commission is fully empowered to approve, modify and notify such a framework, to which regulatory oversight, periodic reporting and rollout milestones it has no objection.

PART C — COMMITTEE'S ANALYSIS AND OBSERVATIONS

11.8 Section 43 as a Continuing Obligation:

The text of Section 43(1), read with its two provisos, does not require a distribution licensee to possess a complete and functional network across its entire licensed area on the date of grant. The first proviso expressly contemplates that supply may follow the extension of distribution mains or commissioning of new sub-stations, within a period the Commission may specify; the second permits further extension for areas presently without provision for supply. On a plain reading, Section 43 is a continuing, area-wide obligation whose timeline of discharge the statute itself commits to regulatory specification — not an instantaneous, all-area precondition to grant. This construction is confirmed by BEST v. MERC (Para 33, extracted above) and is consistent with the Supreme Court's reasoning in the JSPL matter on the minimum area of supply. DHBVNL's "complete network from day one" contention is accordingly not accepted as a matter of statutory interpretation.

At the same time, DHBVNL's reliance on Section 42(1) and on the Appellate Tribunal's disapproval, in the Noida Power line of authority, of an unstructured five-year rollout cannot be dismissed as a mere policy objection. The Tribunal's repeated emphasis — including in the IPCL matter (HERC/PRO-08 of 2014) concerning this very licence area — is that a business plan whose capacity build-up trails materially behind actual load, or whose phases are not evenly spread so as to meet demand as and when it arises, can be "incomplete, inadequate and based on erroneous premises" for USO purposes. The lawfulness of phasing as a methodology, in other words, does not answer the separate, fact-specific question of whether a particular phasing plan is designed to meet obligations evenly across the area or is sequenced to prioritise commercially attractive segments.

As regards the applicability of the decision of the Commission in India Power Ltd. (supra) the findings of the Commission was rendered on the peculiar and admitted shortcomings of India Power's own business plan and the same cannot be construed as an authority for the proposition that every phased network roll-out by a second distribution licence frustrates the Universal Service Obligation under

Section 43 of the Act, 2003. In the instant case, the Applicant has filed a comprehensive Business Plan alongwith a detailed Network Roll-Out Plan in a phased manner which are structurally and materially different from the proposal of the India Power. The Applicant's proposed area of supply spans the entire Gurugram and Nuh revenue districts. Its Phase-1(FY-2026-2027) network build-out commences simultaneously across four out of five administrative divisions, which together account for the area/network covering around 79% of the total consumer base of the proposed licence area (6.39 Lakhs out of 8.12 Lakhs consumers, as per Table-1 of proposed Business Plan). Further the Gurugram City Division (covers the area/network having 21% of the consumer base) will be covered from the third year onwards. On the otherhand, the India Power had proposed only 41% of the projected Gurugaon Municipal Corporation load even by FY-2020-2021 (the sixth year) of its plan. Therefore, the case of India Power does not apply in the instant case.

The Committee has further considered the submission that agricultural supply may stand outside the Applicant's proposed scope by reason of the State Government's announced intention to constitute a separate distribution utility for agricultural supply. No notification affecting any such constitution has been placed before the Committee and the Committee proceeds upon the law as it stands. Upon that footing the universal service obligation under Sections 42 and 43 attaches to every consumer within the area of supply, including agricultural and rural domestic consumers, and the conditions recommended at paragraph 11.13 are framed accordingly. Should the position alter hereafter, it will be for the Hon'ble Commission to consider the consequences for the area of supply and for the conditions of licence.

11.9 Evaluating the Cherry-Picking Allegation on the Record:

Applying the settled standard — that allegations of cherry-picking must rest on objective evidence, not general apprehension or projected migration scenarios — to the present record produces the following picture.

In the Applicant's favour. The inclusion of the whole of Nuh district — predominantly rural and agricultural, 128,565 consumers, approximately 42%

AT&C loss, conceded by DHBVNL to be the least remunerative part of the proposed area — is a genuine and material fact inconsistent with a pure cherry-picking strategy, since a strategy confined to extracting high-value consumers would not require assuming USO across an entire low-revenue rural district. Nor is the Nuh commitment merely nominal: the Implementation Plan provides infrastructure in Nuh from Phase I itself (a 20/25 MVA 66/33 kV transformer at HVPNL's existing 66 kV Nuh substation, a 33 kV substation with 12.5 MVA capacity, 11 kV feeders and associated LT network), with Nagina taken up in Phase II, Taoru in Phase III, Rangla-Rajpur in Phase IV and N-1 completion in Phase V, aggregating Rs. 304.37 Crore over five years — modest in absolute terms but a meaningful allocation to a geographically large, commercially challenging division. The projected migration of only 2.5% of DHBVNL's existing consumers is also a real, if partial, indicator of scale. All five divisions receive infrastructure from Phase I except Gurugram City, and the phase-wise infrastructure aggregates (36 distribution substations, 105 transformers of 12.5 MVA, 205 km of 33 kV lines, 340 feeders and 1,020 km of 11 kV lines, examined in Chapter 7 under ToR 3.2 and not reproduced here) evidence an area-wide backbone rather than enclave development.

Against the Applicant. DHBVNL's division-wise sequencing table (Table 11.1) is drawn from the Applicant's own Business Plan and is not, in substance, disputed as to its figures — only as to the inference to be drawn from them. It must, however, be read with the Applicant's own division-wise capital expenditure phasing:

Table 11.2 — Applicant's Proposed Division-wise Capital Expenditure, HT + LT, Wire and Supply Business (Rs. Crore)

Division	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Gurugram Sub-urban	147.94	263.44	370.33	389.61	415.04	1,586.38
Gurugram City	1.52	2.34	385.59	536.37	675.26	1,601.08
Sohna	59.59	80.93	118.05	144.58	183.16	586.32

Division	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	Total
Manesar	49.70	71.43	135.90	161.04	220.51	638.57
Nuh	34.10	45.14	62.46	74.81	87.86	304.37
Grand Total	**292.86**	**463.29**	**1,072.33**	**1,306.42**	**1,581.84**	**4,716.73**

(Source: Table 25 of the Applicant's Business Plan)

Read together, the two tables refine the issue considerably. Gurugram City is not excluded from the Applicant's plans — on the contrary, it carries the **largest** division-wise allocation of the entire programme (Rs. 1,601.08 Crore, **deferral**, not denial — but a two-year deferral of the division with the second-highest existing HT load (143 MW), contrasted with immediate investment in every other division, for which the Applicant's Para-Wise Reply offers no division-specific engineering justification (such as outlet availability from HVPNL substations, right-of-way constraints or load-growth sequencing), answering only at the level of overall network architecture. This sequencing, taken with the Applicant's statements that LT development will proceed "as per requirement" and that 11 kV/33 kV USO will be "declared on completion", remains capable of supporting an inference that the build-out tracks commercial attractiveness — and it is the single most concrete piece of evidence DHBVNL has placed on record under this ToR.

The revenue-loss scenarios. DHBVNL's 20% and 45% scenarios are its own hypothetical constructs; only Scenario 1 (558.30 MU / Rs. 424.12 Crore, on the Applicant's own figures) has direct evidentiary value for assessing the actual proposal. Scenarios 2 and 3 legitimately illustrate DHBVNL's exposure if migration proves substantially higher than projected — a matter for licence conditions and monitoring — but do not establish that the present proposal is designed to achieve such migration. The Committee's detailed assessment of these financial consequences is contained in Chapter 13 (ToR 3.8).

11.10 The Proposed Embargo on Dedicated-Feeder Consumers

DHBVNL's proposed condition — barring migration of dedicated/independent-feeder consumers until the Applicant's network is complete across the entire licensed area — is difficult to reconcile with the statutory scheme. The sixth proviso to Section 14 is framed to enable consumer choice between licensees once the prescribed conditions are satisfied; a blanket embargo confined to the very consumers most readily served would operate less as a safeguard against cherry-picking than as a means of insulating a defined category of high-value consumers from competition altogether, for a period tied to completion of an area-wide network that Section 43 itself does not require as a precondition of supply. That said, the underlying concern — premature, disorderly migration of high-load consumers ahead of the Applicant's demonstrated capacity to serve them reliably — is not without substance; it is more appropriately addressed through the Migration Protocol (Annexure J) and Commission-approved, capacity-linked eligibility and sequencing conditions, short of a categorical bar.

11.11 Regulatory Asymmetry and Legacy Obligations

DHBVNL's submission that it continues to bear Standards of Performance, agricultural supply, Renewable Purchase Obligation, RDSS and other legacy commitments, while a new entrant is free of such historical burden, identifies a genuine structural feature of introducing competition into an established distribution area. It is not, however, a ground for refusing a licence to an applicant that otherwise satisfies the statutory conditions: the Act contemplates parallel licensing precisely in already-served areas, and the sixth proviso forecloses refusal on the sole ground that an existing licensee is present. The appropriate response is regulatory — tariff, surcharge and true-up mechanisms exist to allocate the financial consequences of migration — and the Committee's findings in Chapter 13 (ToR 3.8) should be read together with this Chapter to the extent they address DHBVNL's financial-asymmetry concerns.

PART D — FINDINGS, RECOMMENDED LICENCE CONDITIONS AND CONCLUSION

11.12 Findings:

(i) The USO under Sections 42 and 43 of the Electricity Act, 2003 is the fundamental statutory obligation attached to every distribution licence, and applies equally and independently to the Applicant and to DHBVNL. Grant of a parallel licence under the sixth proviso to Section 14 neither transfers nor dilutes this obligation.

(ii) On a plain reading of Section 43(1) and its provisos, as confirmed by the Appellate Tribunal in BEST v. MERC (Appeal No. 279 of 2017, decided 11.03.2026) and consistent with the Supreme Court's reasoning in the JSPL matter, phased development of a distribution network is not, in itself, inconsistent with the USO; DHBVNL's contention that a complete and functional network must exist across the entire area from the date of grant is not accepted.

(iii) The Applicant has demonstrated its commitment and prima facie capability to discharge the USO: through the sworn USO Affidavit (Annexure H) covenanting non-discriminatory supply and disavowing cherry-picking; the Implementation Plan and Network Rollout Plan covering all five divisions and all consumer categories; the inclusion of Nuh district — the most rural and commercially challenging division — with dedicated infrastructure from Phase I and Rs. 304.37 Crore of committed expenditure; and the operational and technical backbone of its consortium.

(iv) However, the lawfulness of phasing as a methodology does not, by itself, establish that a particular phasing plan is non-discriminatory in its sequencing. DHBVNL has placed on record specific, substantially undisputed figures from the Applicant's own Business Plan showing token capital investment (Rs. 1.52 Crore and Rs. 2.34 Crore) in Gurugram City — the division with the second-highest existing HT load — for the first two years, with the division activated only from Phase III. While Gurugram City ultimately carries the largest division-wise allocation (Rs. 1,601.08 Crore),

the two-year deferral has not been specifically explained by the Applicant beyond general submissions on overall network design. The concern is one of deferral, not exclusion, and warrants a targeted clarification and an enforceable rollout-parity safeguard rather than being treated either as conclusively established cherry-picking or as a fully resolved non-issue.

(v) The projected migration of approximately 2.5% of DHBVNL's existing consumers, and the inclusion of the entirety of Nuh district within the licensed area, weigh against a finding of cherry-picking on the material presently available. DHBVNL's 20% and 45% revenue-loss scenarios are hypothetical constructs illustrating exposure under higher migration assumptions and do not establish that the Applicant's proposal is designed to achieve such migration. On the totality of the record, the Committee does not find sufficient objective evidence that the proposal, taken as a whole, is structured to exclude, or defer indefinitely, service to any consumer category or geographical segment.

(vi) DHBVNL's proposed embargo on migration of consumers presently served through dedicated or independent feeders, pending completion of the Applicant's network across the entire licensed area, is not consistent with the statutory scheme of consumer choice under the sixth proviso to Section 14 and Section 43, and ought not to be imposed in the form proposed. The legitimate concern underlying it — orderly, capacity-matched migration of high-load consumers — is more appropriately addressed through the Migration Protocol and Commission-approved eligibility and sequencing safeguards.

11.13 Recommended Licence Conditions:

To give specific effect to these findings, the Committee recommends that the following conditions be considered if the licence is granted:

1. **Universal Service Obligation**: the Licensee shall continuously comply with Sections 42 and 43 of the Act and all regulations made thereunder, including

the HERC (Electricity Supply Code) Regulations, 2014 connection timelines, across the entire licensed area;

2. **Non-Discriminatory Supply:** The Licensee shall make electricity available to every eligible consumer within the licensed area in accordance with law within a phased manner and shall not discriminate between consumer categories or geographical areas except as specifically permitted under applicable regulations.
3. **Commission-Approved Rollout Plan with Milestones**: the Network Rollout Plan and Implementation Plan shall be placed before the Commission for approval, with specified phase-wise and division-wise milestones, periodic progress reporting and consequences for unjustified non-compliance;
4. **Investment-Sequencing Disclosure and Parity Safeguard**: the Licensee shall, within a time-bound period, furnish a reasoned division-wise justification for its capital investment sequencing (including the Gurugram City schedule), and shall not defer HT or LT investment in any division, beyond what is objectively justified by load, terrain, outlet availability or right-of-way constraints, disproportionately as compared with other divisions of comparable load;
5. **Anti-Cherry-Picking Obligation**: the Licensee shall not adopt any network-development sequencing, connection-charge practice or operational arrangement that results in selective servicing of commercially attractive consumers while deferring, without objective justification, consumers or areas it is statutorily obligated to serve; the Commission may additionally prescribe the mechanism for handling mid-phase connection requests in areas where the Licensee's network is yet to be commissioned;
6. **Migration Protocol and Eligibility Safeguards**: the Migration Protocol (Annexure J) and Operational Modalities (Annexure I) shall be placed before the Commission for scrutiny, modification and approval;
7. **Standard of Performance:** The Licensee shall comply with the Standards of Performance Regulations, Supply Code and all consumer service obligations applicable to distribution licenses.

8. **Periodic Compliance Reporting**: the Licensee shall submit periodic reports on consumer-category-wise and geography-wise connections, applications received and disposed of under Section 43, division-wise network expansion and commissioning (including N-1 compliance status), and consumer complaints relating to refusal or delay of supply; and
9. **Periodic Regulatory Review and Corrective Measures**: the Commission may periodically review compliance with the USO — including investment sequencing, consumer mix and rollout milestones — and may issue directions, require corrective action or modify licence conditions where evidence of discriminatory sequencing or selective servicing emerges.

11.14 <u>Conclusion:</u>

The Committee is satisfied that, on the material available, the Applicant has, prima facie satisfied the statutory obligations imposed by Sections 42 and 43. The concept of **phased rollout is a statutorily valid methodology**. The Applicant's commitments through Additional Submission made before the Commission through Affidavit dated 03.07.2026, the all-division Implementation Plan, the inclusion of Nuh from Phase I and the express assurance that no area is permanently excluded appears to be a genuine USO commitment. The specific concern regarding the **two-year deferral of investment in Gurugram City is not fully answered on the present record**, and the **concerns expressed by DHBVNL and the intervenors otherwise highlight the need for robust safeguards to preserve the integrity of the parallel distribution framework**.

Accordingly, the Committee answers ToR 3.6 by concluding that the Applicant has **demonstrated the commitment and capability required for discharge of the Universal Service Obligation, and recommends that compliance with the USO, prevention of cherry-picking and maintenance of non-discriminatory supply be secured through the licence conditions set out in Para 11.13** — including the targeted investment-sequencing disclosure and rollout-parity safeguard — together with periodic compliance reporting, continuing regulatory oversight and timely intervention wherever warranted by actual

operational experience. **This approach appropriately balances the statutory objectives of promoting competition, protecting consumers and ensuring universal access to electricity under the Electricity Act, 2003**.

CHAPTER 12

TERM OF REFERENCE 3.7

CONSUMER MIGRATION AND CONSUMER PROTECTION

1.Examine the proposed framework for migration of consumers from the Existing Distribution Licensee, including treatment of existing contracts, pending applications, security deposits, arrears, disputed accounts, billing arrangements, metering, continuity of supply and consumer grievance redressal.

This Chapter 12 is divided into four parts. Part-A deals with introduction, scope, issues, statutory framework and regulatory principles. Part-B deals with the pleadings and submission of parties and stakeholder. Part-C deals with the analysis and observation of the Committee and Part-D deals with the findings, recommendations of the Committee and conclusion thereof.

PART A

SCOPE, STATUTORY FRAMEWORK AND REGULATORY SETTING

12.1 Introduction

Under the Term of Reference 3.7, extracted above, the Committee is required to examine the proposed framework for migration of consumers from the Existing Distribution Licensee i.e. DHBVNL, together with the incidents of migration such as existing contracts, pending applications, security deposits, arrears, disputed accounts, billing, metering, continuity of supply and grievance redressal etc.

The Electricity Act, 2003 contemplates competition in distribution through parallel licences operating through independent distribution systems. Migration is not an incidental by-product of that framework but its intended operative consequence. Without the ability of a consumer to move, the coexistence of two licensees in one area would be an empty formality and at this point, the interests of the consumers who migrate, the consumers who don't migrate, the incumbent licensee and the new entrant, most sharply intersect. The issues raised in ToR 3.7

have a direct nexus upon the terms, conditions, procedure and safeguards of the migrating consumers, non-migrating consumers, the incumbent licensee and the new licensee. The Committee will be confined to test whether the proposed application of the Applicant/Applicant would succeed in successful transition of multiple distribution mechanisms to the existing single distribution policy.

12.2 Scope and Limits of Examination

The Committee has confined its examination under this ToR to the statutory and regulatory framework governing migration, the submissions received, the consumer-protection issues arising during migration, and the safeguards necessary for orderly implementation. Tariff determination, cross-subsidy quantification, power procurement and financial sustainability are considered only so far as they bear directly upon migration, their detailed examination being undertaken under ToR 3.8 and ToR 3.9; the threshold questions of eligibility, capital adequacy and creditworthiness fall under ToR 3.1 to 3.3, and nothing in this Chapter expresses any view upon them.

The sufficiency of the proposed area of supply under the Explanation to Rule 3 of the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, as amended, has a bearing upon the cherry-picking controversy discussed at paragraph 12.12 below, but falls for determination under ToR 3.1 and is referred to in this Chapter only for that limited purpose.

12.3 Issues Arising for Determination

On a consideration of the pleadings, the following issues arise under ToR 3.7:

(i) whether the absence of a notified Consumer Migration Framework in Haryana bars, or is a condition precedent for, the grant of a parallel licence;

(ii) whether the Applicant's Migration Protocol **(Annexure J, Additional Information dated 03.07.2026)** adequately addresses the matters enumerated in ToR 3.7;

(iii) whether, and by what mechanism, the loss of cross-subsidy contribution and the stranding of fixed costs occasioned by migration are recoverable, and in particular whether Sections 42(2) and 42(4) reach a consumer who migrates wholly to a parallel licensee's own network;

(iv) the treatment of existing contracts, pending applications, security deposits, arrears, disputed accounts, final billing and metering;
(v) whether the incumbent may withhold migration on account of outstanding or disputed dues, alleged irregularity or pending litigation;
(vi) whether dedicated or independent feeder consumers may be restrained from migrating until the Applicant's network covers the entire licence area, as urged by DHBVNL;
(vii) the allocation of responsibility for continuity of supply and grievance redressal in a two-licensee networks; and
(viii) the safeguards, licence conditions and monitoring mechanisms required to give effect to the foregoing.

12.4 Statutory Framework

The statutory architecture within which consumer migration operates may be shortly stated.

- The Sixth Proviso to Section 14 permits the grant of licence to two or more persons for distribution through their own distribution systems within the same area; it establishes the permissibility of parallel licensing but prescribes no migration mechanism, leaving the modalities of consumer choice to subordinate regulation and licence conditions. Section 42(1) obliges every licensee to develop and maintain an efficient, coordinated and economical distribution system — a continuing obligation discharged progressively, not a condition to be satisfied in full before grant. Sections 42(2) and 42(4) provide respectively for the cross-subsidy surcharge payable upon open access and for an additional surcharge to meet the fixed cost of the licensee arising out of its obligation to supply; their reach in the context of migration is examined at paragraph 12.13 and is the consequential legal question under this ToR.
- Sections 42(5) to 42(7) require every licensee to establish a grievance redressal forum within six months of grant, with appeal to the Ombudsman. Section 43 imposes the universal service obligation; Section 47 governs security; Section 56 governs disconnection for non-payment, sub-section (2) prescribing a two-year limitation upon recovery by disconnection. Section 16 empowers the Commission to specify licence conditions, and Sections 86(1)(a), (b), (e) and (k)

and Section 181 furnish the regulation-making and directive powers through which a Consumer Migration Framework would be given effect.

12.5 Subordinate Legislation, Rules and Policy

Three instruments outside the Act itself are of direct relevance.

First, the Electricity (Rights of Consumers) Rules, 2020, as amended, prescribe binding consumer-facing standards applying to a migrating consumer as to any other — timelines for release of new connections (seven days in metropolitan areas, fifteen in other municipal areas, thirty in rural areas), the prohibition upon supply without a meter, billing obligations, a multi-layered grievance architecture with an outer limit of forty-five days, and automatic compensation for defined service failures. These Rules furnish ready-made benchmarks against which the timelines of any Consumer Migration Framework should be calibrated: a migration should not take longer, or afford weaker protection, than a fresh connection would.

Secondly, the National Electricity Policy, 2005, at paragraph 5.4.7, places the second licensee under an obligation to supply all consumers in accordance with Section 43 and requires the Commission to regulate tariff including connection charges so that the second licensee does not resort to cherry-picking; paragraph 5.8.3 articulates the compensatory rationale of the surcharges under Sections 42(2) and 42(4). These provisions are the policy backbone of the safeguards discussed below; paragraph 5.4.7 is examined in detail in Chapter 11 (ToR 3.6).

Thirdly, the Commission's own regulatory instruments — the Electricity Supply Code, the Regulations governing duty to supply and security, the Standards of Performance Regulations and the Grievance Redressal Forum and Ombudsman Regulations — already govern security deposits and refunds, final billing, disconnection for arrears and grievance forums. A Consumer Migration Framework need not be constructed from first principles; it should so far as possible operate by extending and harmonising these existing instruments to the two-licensee situation.

PART B

SUBMISSIONS OF THE PARTIES AND STAKEHOLDERS

12.6 Submissions of the Applicant

The Applicant submits that consumer migration is an inherent and intended consequence of the Sixth Proviso to Section 14, integral to the legislative objective of consumer choice and competition, occurring progressively as the network is developed and subject to the applicable regulations and the Commission's supervision. The Applicant has also submitted a consumer migration plan (**Annexure-J to the Additional Submission on Affidavit dated 03.07.2026**).

As to the absence of a notified framework, the Applicant submits that migration procedures, coordination and consumer protection are properly the subject of licence conditions, regulations and directions, not restrictions upon the grant of licence. As to Sections 42(2) and 42(4), it accepts that those levies are confined on their terms to open access consumers and were not extended by Parliament to consumers migrating to a parallel licensee a deliberate feature of the statutory scheme which cannot be converted into an objection to the operation of the very provision it serves.

12.7 Objections of DHBVNL

DHBVNL's objections under this head are, in substance, of four kinds.

First, on cherry-picking and consumer mix, DHBVNL contends that the proposed area is concentrated with high-revenue consumers; that the Applicant's projection of 2.5% switchover coupled with a 25% share of new sales is a candid admission of targeting remunerative segments while avoiding agricultural, rural and subsidised categories; and that selective migration would erode its revenue base while leaving its fixed-cost obligations unchanged. It relies upon Appeal Nos. 246 and 229 of 2012 and paragraph 5.4.7 of the National Electricity Policy.

Secondly, on financial impact, DHBVNL projects three scenarios of revenue loss for FY 2027-28, from approximately Rs. 424 crore on the Applicant's own 2.5% switchover assumption to approximately Rs. 1,899 crore and Rs. 4,272 crore on assumed switchover of 20% and 45% of sales, with quantifications of cross-subsidy surcharge impact, capital investment incurred and proposed in Gurugram, and

deferred FSA exposure. These figures, and the Committee's evaluation of them, are set out in Chapter 13 (ToR 3.8) and are not reproduced here.

Thirdly, and most significantly in law, DHBVNL contends that the existing framework contains no mechanism for recovery of cross-subsidy support or stranded costs from a consumer who migrates to a parallel licensee: Sections 42(2) and 42(4) are designed for a consumer who remains within its consumer base but procures power through open access, not one who ceases to be its consumer altogether. It relies upon this Commission's Order dated 17.06.2020 in HERC/PRO-11 of 2017, and seeks a direction that migrating consumers settle a proportionate share of deferred FSA liabilities before migration, or that recovery be effected through the Applicant.

Fourthly, on the framework itself, DHBVNL identifies nine matters said to be wholly undefined in Haryana — eligibility including treatment of defaulters, migration timelines and procedures, security deposits, metering at changeover, allocation of deferred regulatory liabilities, grievance redressal in a multi-licensee environment, and switchover and changeover procedures — and submits that a comprehensive Consumer Migration Framework should be a condition precedent to grant. It further seeks an embargo restraining consumers supplied through dedicated or independent feeders, including consumer-funded infrastructure, from migrating until the Applicant's network covers the entirety of the licence area.

12.8 Submissions of the Intervenors

The intervenors opposing the petition — Employee Federations, Engineer Associations, the All India Kisan Sabha and Consumer Bodies — emphasised the risk to agricultural and rural consumers, the cross-subsidy burden shifting to those who remain, and the absence of settled procedure protecting a consumer caught between two licensees; those supporting it, principally industrial and commercial consumers and resident welfare associations in Gurugram, emphasised choice, reliability and competitive pricing. Common to both was the requirement of transparent procedures, continuity of supply, timely settlement, effective grievance redressal and coordinated functioning. The Committee has treated these concerns as directed to the content of the framework rather than to the grant of the licence.

12.9 Applicant's Response

In response, the Applicant denies the Respondent's scenarios as methodologically unsound — treating predominantly new-consumer sales as revenue lost, computed upon gross revenue rather than contribution, and resting upon 20% and 45% switchover assumptions finding no support on the record — and computes the deferred FSA balance recoverable from consumers proposed to be migrated as on 31.03.2027 at approximately Rs. 17.17 crore, against approximately Rs. 53.58 crore recoverable from new consumers in the same year. The rival computations are examined in Chapter 13; for this ToR it suffices that the quantum dispute bears upon the design of the financial-neutrality mechanism at paragraph 12.19(F), not upon the existence of the right to migrate.

As to the proposed embargo on dedicated and independent feeder consumers, the Applicant opposes it in terms: it has no foundation in the Act, the Rules or any Regulation; it is contrary to the consumer's statutory right of choice; it may be addressed based on the phased development methodology approved in the BEST line, where first-phase connections were directed to be released precisely in the vicinity of existing infrastructure; and it would deny migration to the very consumers the Applicant is soonest able to serve.

PART C

ANALYSIS AND OBSERVATIONS OF THE COMMITTEE

12.10 Parallel Licensing and Phased Network Development

Whether a parallel licence may be granted, and migration permitted, to an applicant which does not at the threshold possess a fully built network has been considered by the Appellate Tribunal on several occasions, most recently in **Brihanmumbai Electric Supply and Transport Undertaking / Municipal Corporation of Greater Mumbai v. MERC & Tata Power Company Limited, Appeal No. 279 of 2017, decided on 11.03.2026**. In said case, the Hon'ble APTEL upheld the phased rollout of Tata Power's network in the Mumbai suburban area in two phases over seven years. The observations rendered by Hon'ble Tribunal on the said issue held as follows;

- the obligation under Section 42(1) is a continuous process and not a one-time pre-condition to grant;
- the duplication of networks is an inevitable and permissible consequence of a statutory scheme which itself mandates more than one licensee;
- the contention of stranded assets arising from changeover "has no merit" for the same reason.
- the Change-over Protocol had been followed since 2009 without substantial difficulty, and rejected the allegation of cherry-picking as "misconceived" in the absence of specific instances.

12.11 The Change-over and Switch-over Distinction

The most developed regulatory practice on the mechanics of migration has arisen in Mumbai, where overlapping licensed areas required the Maharashtra Commission to devise a working framework resting on a **distinction fundamental to this ToR**.

A change-over consumer elects to take supply from the new licensee while continuing to receive power over the incumbent's wires through open access: the incumbent remains the wires provider, receives wheeling charges, and the surcharges under Sections 42(2) and 42(4) apply. A switch-over consumer migrates entirely — both supply and wires — onto the new licensee's own network, ceasing to be a consumer of the incumbent for any purpose.

In the present scenario, the Applicant has proposed development of a parallel distribution system and it has also proposed supply only through its distribution network. Thus, the issue of 'change-over' would not arise in the present context.

12.12 Cherry-Picking and the Universal Service Obligation

The concern of cherry-picking urged by DHBVNL is legally cognisable. The Hon'ble Tribunal's observations in cross Appeal Nos. 246 and 229 of 2012, decided on 28.11.2014, recognise the concern in terms, and paragraph 5.4.7 of the National Electricity Policy makes the second licensee's obligation to supply all consumers under Section 43 explicit, with regulation of connection charges as the principal instrument against selective acquisition. The BEST judgment of 11.03.2026 holds, however, that an allegation of cherry-picking must be supported by specific material, a general apprehension being insufficient. The identified risk is accordingly to be

addressed by imposing and enforcing the universal service obligation and regulating the terms of connection — not by prohibiting migration or refusing the licence. The full analysis of the universal service obligation is contained in Chapter 11 (ToR 3.6).

Applied to the record: the Applicant has applied for the entirety of both revenue districts, including Nuh — on the Respondent's own figures the least remunerative part of the area — its Implementation Plan and universal-service affidavit are on record, and no specific instance of selective network laying has been placed before the Committee, the proceedings being at a pre-grant stage where none could exist. The appropriate response is not refusal but enforceable rollout milestones, category-wise coverage obligations and regulated connection charges as conditions of licence, as recommended at paragraph 12.19(G).

12.13 Cross-Subsidy Surcharge and Additional Surcharge: The Central Legal Question

The recoverability of cross-subsidy contribution and stranded fixed cost upon migration is, in the Committee's considered view, the single most consequential legal question arising under this ToR. Its full statutory and quantitative analysis is undertaken in Chapter 13 (ToR 3.8); what follows states the conclusions material to the design of the migration framework.

In relation to switch-over consumers, the position is materially different: such a consumer ceases altogether to be a consumer of the incumbent, takes no open access over its network and pays no wheeling charges, and on the plain language of Sections 42(2) and 42(4) neither levy attaches. The Applicant accepts this reading, and it accords with this Commission's Order dated 17.06.2020 in HERC/PRO-11 of 2017, holding — following Sesa Sterlite Limited v. OERC (Judgement 25.04.2014 of Hon'ble Supreme Court, (2014) 8 SCC 444) — that both surcharges are leviable upon a consumer, not upon another licensee operating in the same area. It may be further noted that the Order dated 17.06.2020 of the Commission in HERC/PRO-11 of 2017, carried in appeal as Appeal No. 133 of 2020 and disposed of with connected appeals by the Hon'ble APTEL by common judgment dated 12.02.2024, eventually affirmed on this point by the Hon'ble Supreme Court in Indian Railways v. West Bengal State Electricity Distribution Company Limited & Ors., 2026 INSC 464, decided 08.05.2026.

There is accordingly, in respect of switch-over consumers, a genuine regulatory lacuna. The Committee does not regard it as a ground for refusing the licence: it is a consequence of the statutory scheme which Parliament enacted when it permitted parallel licensing;

12.14 Existing Contracts, Pending Applications, Security Deposits, Arrears and Disputed Accounts

ToR 3.7 requires specific examination of these matters. No single judgment lays down a code-like set of rules for the transfer or settlement of security deposits and arrears between an incumbent and a parallel licensee; the subject has been addressed through Commission-approved protocols tested on appeal. One authority is, however, of direct assistance on arrears.

The Committee draws from this authority, and from the practice under the Mumbai protocol, the following principles for the design of a migration framework in Haryana:

- Arrears attach to the premises and not merely to the person: a consumer migrating in respect of the same premises may lawfully be required, by regulation or licence condition, to clear undisputed arrears as a condition of migration, and the incumbent's right to recover legitimate arrears and to investigate suspected irregularity survives migration. A disputed claim stands differently — it cannot operate as an indefinite veto upon the statutory right to migrate; where dues are disputed, migration should proceed upon the consumer furnishing security for the disputed amount, the dispute continuing to be adjudicated in the ordinary course. Security deposits held by the incumbent should be adjusted against final dues and the balance refunded within a defined and short period, the new licensee's entitlement to its own security under Section 47 being unaffected, but no consumer being required to fund two deposits for any material period.
- A defined and short information-sharing window between licensees — for exchange of consumer records, arrear data and information relevant to alleged irregularity — is a proportionate mechanism for reconciling accounts without becoming a vehicle for delay, the Tribunal in BEST having found the timeline operating since 2009 adequate. Pending applications for new supply should be free to be addressed to either licensee at the applicant's choice, subject to any

allocation mechanism on the model considered in Appeal No. 35 of 2020 (Judgment dated 28.05.2020 of Hon'ble APTEL, in the matter of Tata Power Company Ltd. v. MERC & Others); and existing agreements with the incumbent should terminate only upon final meter reading, billing and settlement, the date of migration constituting the cut-off for accrual of liabilities as between the licensees, so that no period is unaccounted for and no consumer is billed twice.

12.15 Continuity of Supply, Metering, Billing and Grievance Redressal

The universal service obligation under Section 43 requires that the transition of a consumer, by change-over or switch-over, be effected without interruption or degradation in continuity, reliability or quality of supply — an obligation judicially recognised as compatible with phased rollout, provided the licensee's plan and conduct are genuinely directed towards eventual area-wide service.

As to metering and billing, the 2020 Rules supply the governing standards: no supply may be released without a meter; migration must be affected against a joint or independently verifiable final meter reading; and the final bill of the incumbent and the first bill of the new licensee must together account for the whole period without gap or overlap. Where the meter is replaced at switch-over, the framework should prescribe the timeline and cost responsibility, and retention of the removed meter while any consumption dispute subsists.

As to grievance redressal, Sections 42(5) to 42(7) oblige each licensee independently to maintain a Forum, with appeal to the Ombudsman. In a two-licensee area the risk is not the absence of a forum but uncertainty as to which forum a grievance lies before. The framework should provide that grievances referable to the pre-migration period — including disputed arrears, final bills and deposit refunds — lie against the incumbent; those referable to the post-migration period against the new licensee; and those relating to the migration process itself against either licensee at the consumer's election, with power in the Forum seised to join the other licensee; the forty-five day outer limit under the Rules applying throughout.

12.16 Comparative Regulatory Practice & Study

The Applicant has, in compliance with direction 4(i) of the Interim Order dated 26.05.2026, placed on record its own Protocol for Consumer Migration

(Switchover) as Annexure J (pages 146–153) to the Additional Information dated 03.07.2026 (“Annexure J”)

In exercise of the liberty conferred by clause 4.6 of the Terms of Reference, the Committee has examined international practice on supplier switching. In the United Kingdom, switching is effected through a central service within one to two working days; the losing supplier may object only on defined grounds — principally outstanding debt or a live fixed-term contract — within a short prescribed window; indebtedness confers no absolute veto, prepayment customers in debt up to £500 being permitted to switch under a Debt Assignment Protocol; and credit balances must be refunded within ten working days of the final bill.

In the European Union, Article 12 of Directive (EU) 2019/944 confers a right to switch within a maximum of three weeks, reducing to twenty-four hours by end-2026, free of switching fees for households and small enterprises. The lesson is not that these timelines should be transplanted, but that mature competitive markets pair rapid, low-friction switching with a narrow, time-limited debt-objection window and a mechanism permitting even indebted consumers to move while the incumbent’s recoverable dues are secured — the model the Committee recommends below.

The Committee has come upon the Protocol for Migration of Consumers from one Distribution Licensee to Another, and Release of New Connections, framed by the Maharashtra Electricity Regulatory Commission as Annexure C to its Order dated 12.06.2017 in Case Nos. 182 of 2014 and 40 of 2015 (“the MERC Protocol”). The MERC Protocol is the only Commission-settled migration instrument in the country governing two parallel distribution licensees operating through their own networks in a common area, and has operated in Mumbai for a considerable period. The Appellate Tribunal in BEST v. MERC & Tata Power, Appeal No. 279 of 2017, decided on 11.03.2026, recorded that the change-over arrangements had been followed since 2009 without substantial difficulty.

The Committee has made a comparative study between the proposal of Applicant (Annexure-J) as referred above and the MERC Protocol.

The significant points of the two protocols are compared point-wise below. Under each point, the position under the MERC Protocol and under Annexure J is stated first, followed by the Committee's analysis and observation. References to

Clauses are to the MERC Protocol; Annexure J is unnumbered beyond its principal heads and is referred to by subject.

A. Streams of Migration Covered

MERC: Three streams — change-over over Licensee A's wires (Cl. 4), switch-over (Cl. 5) and allocation of new connections (Cl. 6–7).

Applicant's Protocol (Annexure J): Switch-over only; new connections left to the Supply Code and Annexure I, with no inter-licensee allocation.

Committee's Analysis and Observation: Not a defect but the correct consequence of the Applicant's proposal to supply exclusively over its own system (paragraph 12.11); a change-over stream would have misled as to the scope of the licence sought. Annexure J is deficient only in the absence of any mechanism for release and allocation of new connections, on which MERC is materially fuller (item P). The framework should recite that migration under it is by switch-over alone.

B. Institutional Coordination Mechanism

MERC Protocol: The Mumbai Distribution Network Assessment Committee (M-DNAC) , a standing Commission-constituted committee. New connections requiring network works (Levels 3–5) are decided on weekly sealed-cost proposals of both licensees, the licensee with the lower cost building the network; decision within 15 days; default in submission forfeits the defaulting licensee's voice (Cl. 6.3–6.4).

Applicant's Protocol (Annexure J): None. Inter-licensee disputes go to mutual resolution within 15 working days and thereafter to the Commission; no standing body, and no least-cost allocation of new-connection works.

Committee's Analysis and Observation: The M-DNAC model economises duplicated capital expenditure and pre-empts disputes over new consumers — the very mechanism considered in APTEL Appeal No. 35 of 2020 and reflected at paragraph 12.19(E). A Haryana analogue deserves consideration, with the caveat recorded in Chapter 12 that it must not become an instrument of exclusion.

C. Consumer Information and Publicity

MERC Protocol: Both licensees to provide at their consumer service centres and websites: switch-over and permanent-disconnection application forms, the detailed

procedure, the tariff schedule, the schedule of charges, metering requirements and agreement formats (Cl. 5.2).

Applicant's Protocol (Annexure J): Both licensees to give wide publicity to the availability of choice; forms, procedure and document checklists aligned to the Supply Code, meter specifications and indicative sources where the consumer opts for an own meter, and FAQs, at service centres and websites.

Committee's Analysis and Observation: Substantially aligned; Annexure J adds the affirmative publicity obligation and own-meter information, which are consumer-friendly improvements consistent with paragraph 12.19(H).

D. Application Route and Processing Fee

MERC Protocol: Application to Licensee B with a copy of the application to Licensee A for Permanent Disconnection; form free of cost; processing fee payable per Licensee B's approved Schedule of Charges; the completed application forwarded to Licensee A within 3 days (Cl. 5.3–5.4).

Applicant's Protocol (Annexure J): Application to the Prospective Licensee with a copy of the disconnection application to the Current Licensee; forms free; no documents beyond the Supply Code may be demanded; the application transmitted electronically to the Current Licensee within 3 working days. Fees and security follow the demand-notice route of the Supply Code.

Committee's Analysis and Observation: Aligned in architecture. Annexure J's bar on demanding documents beyond the Supply Code is a useful anti-friction device; the framework should nonetheless fix the processing fee by reference to the approved Schedule of Charges, as MERC does, to prevent fee-based discouragement in either direction.

E. Consumer Consent and Verification (Anti-Slamming)

MERC Protocol: No express provision; consent is implicit in the consumer-initiated application.

Applicant's Protocol (Annexure J): The signed application constitutes express and informed consent; the Prospective Licensee must verify the applicant's identity and the genuineness of consent; no switch-over may be processed on an unsigned or unverified application or one made without the consumer's knowledge.

Committee's Analysis and Observation: A material improvement over the 2017 MERC text. The anti-slamming verification should be carried into the Haryana framework verbatim, alongside the disclosure requirements at paragraphs 12.19(A) and (H).

F. Eligibility and Treatment of Defaulters

MERC Protocol: A consumer disconnected by Licensee A for payment default cannot switch over without clearing dues (Cl. 5.3(b)); no provision on theft or malpractice cases.

Applicant's Protocol (Annexure J): The same bar on defaulters, plus ineligibility while a theft, malpractice or unauthorised-use case is pending or supply stands disconnected for default — with an express carve-out restoring eligibility where the demand or proceeding is stayed by a court, the CGRF, the Ombudsman or a competent authority; undisputed dues must be cleared 'or otherwise secured in accordance with law'.

Committee's Analysis and Observation: Annexure J is the more complete text and its stay carve-out is directionally consistent with the disputed-dues principle at Finding 12.17(h) and paragraph 12.19(C). The framework should go one step further and operationalise the security route (bank guarantee or equivalent) for disputed amounts, so that a disputed claim never operates as a veto on migration.

G. Change of Name or Purpose at Migration

MERC Protocol: Expressly barred at the time of switch-over (permitted subsequently); change of sanctioned load or contract demand permitted (Cl. 5.3(f)–(g)).

Applicant's Protocol (Annexure J): No corresponding provision.

Committee's Analysis and Observation: A gap in Annexure J. The MERC bar is an anti-abuse device preventing migration from being used to shed liability history or re-characterise the connection; it should be adopted, with the MERC-style liberty to change load or demand retained.

H. Arrears Intimation and Clearance Timeline

MERC Protocol: Licensee A intimates arrears or security-deposit shortfall within 3 days of receiving the application copy; the consumer pays within 5 days; a provisional no-dues certificate issues within 3 days of payment (Cl. 5.4(d)–(f)).

Applicant's Protocol (Annexure J): An identical ladder in working days, with the addition that where nothing is due the Current Licensee must issue a No Dues Certificate within 3 working days.

Committee's Analysis and Observation: Aligned; Annexure J's express nil-dues certificate closes a small procedural gap in the MERC text.

I. Consequence of the Incumbent's Silence (Deemed Clearance)

MERC Protocol: None. The Protocol prescribes timelines but no consequence for default; an application can in practice stall on the incumbent's inaction.

Applicant's Protocol (Annexure J): Deemed clearance: if the Current Licensee fails to communicate arrears or any lawful impediment within the prescribed period, the application is deemed cleared for further processing — subject to express savings: the dues survive against the consumer, are a first charge on the security deposit, are not recoverable from the Prospective Licensee, and an energised switch-over is irreversible.

Committee's Analysis and Observation: The deeming provision is a genuine advance on MERC and answers the mischief of migration-by-attrition; the savings are fairly balanced. The Committee recommends two calibrations: deeming should operate only after one written reminder, and should stand excluded where a theft or tampering investigation has been notified in writing within the window.

J. Recovery of Residual Dues Discovered After Migration

MERC Protocol: A collection-agency mechanism: Licensee A communicates the outstanding amount; Licensee B shows it separately in its own bill to the consumer and remits collections to Licensee A by the end of the month (Cl. 5.5(g)).

Applicant's Protocol (Annexure J): The dues remain the consumer's liability to the Current Licensee alone, recoverable by it in accordance with law and adjustable against the security deposit; expressly not a liability of, nor recoverable from, the Prospective Licensee.

Committee's Analysis and Observation: On this point MERC is markedly superior for the incumbent: it conscripts the new licensee's billing relationship as the recovery channel, whereas Annexure J leaves DHBVNL to pursue an ex-consumer with whom it has no subsisting billing nexus. The Committee recommends adoption of the MERC bill-and-remit mechanism, which also serves the revenue-integrity concern noted in Chapter 10 (ToR 3.2) and paragraphs 12.19(C)–(D).

K. Metering and the Final Bill

MERC Protocol: The final meter reading is taken by Licensee A on the switch-over date, the consumer entitled to be present if practicable; final bill after adjusting the security deposit; the differential payable or refundable within 7 days (Cl. 5.5(e)–(f)).

Applicant's Protocol (Annexure J): Joint meter reading at a date and time intimated to both licensees; if the Current Licensee absents itself despite intimation, the Prospective Licensee reads the meter in the consumer's presence and communicates it electronically; the final bill is adjusted against the security deposit and the balance refunded within Supply Code/SoP timelines.

Committee's Analysis and Observation: Annexure J's joint-reading-with-fallback design is the better one: it removes the incumbent's ability to stall completion by non-attendance while preserving evidentiary integrity. It should be adopted, supplemented by the meter-retention rule at paragraph 12.19(D) (the removed meter preserved while any consumption dispute subsists).

L. Continuity of Supply and Safety at Cut-Over

MERC Protocol: Switch-over scheduled in coordination between the licensees with intimation to the consumer; no express no-interruption rule and no provision on dual energisation (Cl. 5.5(c)).

Applicant's Protocol (Annexure J): Disconnection by the Current Licensee takes effect only upon successful energisation by the Prospective Licensee, so that the consumer suffers no interruption; express prohibition on simultaneous energisation from more than one distribution system.

Committee's Analysis and Observation: A clear improvement, giving operative content to the continuity obligation discussed at paragraph 12.15. Both the make-before-break sequencing and the dual-energisation safety bar should be carried into the framework.

M. Overall Completion Timeline

MERC Protocol: Within the periods specified in the Supply Code, the SoP Regulations and the Practice Directions; switch-over to be scheduled within 7 days of payment of the security deposit and charges (Cl. 5.5(c)–(d)).

Applicant's Protocol (Annexure J): Within the timelines applicable to a new connection of the relevant category under the HERC Supply Code, including any additional period permitted for laying or augmentation of lines, excluding delay attributable to the consumer or to non-clearance of dues.

Committee's Analysis and Observation: Both anchor to the new-connection benchmark, which accords with the calibration principle at paragraph 12.5: a migration should take no longer, and afford no weaker protection, than a fresh connection. The framework should additionally import the outer limits of the Electricity (Rights of Consumers) Rules, 2020 expressly.

N. Anti-Obstruction Obligation

MERC Protocol: Not express; obstruction would be dealt with by the Commission under its general powers.

Applicant's Protocol (Annexure J): An express twofold obligation: neither licensee shall impose any condition, procedural requirement or technical restriction having the effect of unreasonably delaying, obstructing or discouraging switch-over; nor unreasonably delay, obstruct or discourage the consumer's lawful choice of distribution licensee.

Committee's Analysis and Observation: A desirable express norm, symmetrical in terms, which should be retained and made enforceable through the SoP and compensation machinery.

O. Data Exchange, Confidentiality and Data Protection

MERC Protocol: Confined to intimation of arrears and security-deposit particulars; no confidentiality or use-restriction provisions (the 2017 text predates the present data-protection regime).

Applicant's Protocol (Annexure J): Enumerated data fields (consumer particulars, load, category, meter, security deposit, dues, disputes, disconnection status, rooftop solar/net-metering and open-access status); secure electronic exchange within 3

working days of request; the data to be used solely for the switch-over, kept confidential, not used for marketing or solicitation; compliance with data-protection law; data disputes referable to the Commission.

Committee's Analysis and Observation: Annexure J is distinctly more modern and matches paragraph 12.19(I) almost clause for clause; it should be adopted, extended to cover the standing operational interface and the quarterly migration reporting recommended in Chapter 12.

P. New Connections in the Common Area

MERC Protocol: Level 1–5 categorisation by the network works required; Levels 1–2 released by the licensee applied to; Levels 3–5 allocated by the M-DNAC on least-cost sealed proposals; a change-over tariff option where the other licensee builds; release within SoP timelines excluding M-DNAC time (Cl. 6 and 8).

Applicant's Protocol (Annexure J): Not covered; a New Consumer is defined and remitted to the Supply Code, with operational detail in Annexure I.

Committee's Analysis and Observation: The MERC new-connection architecture has no counterpart in the Haryana filing. Whether to replicate it is a design choice for the Commission; at minimum, pending applications must be free to be addressed to either licensee at the applicant's election (paragraph 12.19(E)), and any allocation mechanism must not prevent a licensee from connecting a consumer who has chosen it.

Q. Grievance Redressal and Inter-Licensee Disputes

MERC Protocol: No dedicated provision within the Protocol; the general Supply Code/SoP and CGRF/Ombudsman machinery applies; the Commission retains supervisory jurisdiction.

Applicant's Protocol (Annexure J): Consumer grievances routed through the SoP Regulations, 2020, the Electricity (Rights of Consumers) Rules, 2020, the CGRF and the Ombudsman; inter-licensee disputes to mutual resolution within 15 working days, failing which to the Commission.

Committee's Analysis and Observation: Annexure J is the fuller text but neither instrument allocates forum responsibility between the two licensees. The tripartite allocation at paragraph 12.19(H) — pre-migration grievances against the outgoing

licensee, post-migration grievances against the incoming licensee, and migration-process grievances against either at the consumer's election — should be added.

R. Review and Adaptability

MERC Protocol: Expressly revisable by the Commission from time to time through administrative orders (Cl. 2); the Formats revisable by the Commission or the M-DNAC.

Applicant's Protocol (Annexure J): No review clause; the supremacy clause yields to the Supply Code and the SoP Regulations on inconsistency.

Committee's Analysis and Observation: The framework should carry the MERC-style review power together with the first-year review and quarterly reporting recommended at paragraph 12.19(I).

PART D

FINDINGS, RECOMMENDATIONS AND CONCLUSION

12.17 Findings of the Committee

On an overall consideration of the statutory provisions, the material on record, the submissions of the parties and stakeholders and the authorities examined in Part C, the Committee records the following findings under ToR 3.7.

a. The Commission may suitably adopt the relevant provisions of MERC Protocol as the drafting template for the Consumer Migration Framework with appropriate changes/amendment in the Haryana Supply Code, 2014, the SoP Regulations, 2020 and the Electricity (Rights of Consumers) Rules, 2020.
b. The Switch-over Protocol evolved in Maharashtra, in operation since 2009 and repeatedly upheld on appeal, demonstrates that a workable framework is achievable and furnishes a tested model for adaptation to Haryana.
c. The Commission may consider constituting a standing coordination committee for the common area on the M-DNAC model — for scheduling of switch-overs, data-exchange oversight, and, if the Commission so chooses, least-cost allocation of new-connection works involving material network investment — subject to the condition that no such mechanism shall prevent either licensee from connecting a consumer who has chosen it.

d. The Migration Protocol at Annexure J addresses, at the level of principle, the matters enumerated in ToR 3.7. The Committee has not treated it as a substitute for a Commission-approved framework binding upon both licensees: a protocol emanating from one licensee cannot bind the other, and the matters in issue require symmetrical obligations.
e. In respect of switch-over consumers, who migrate wholly onto the Applicant's network and cease to be consumers of DHBVNL, neither Section 42(2) nor Section 42(4) applies on its terms — a position accepted by the Applicant and consistent with this Commission's Order dated 17.06.2020 in HERC/PRO-11 of 2017. The Order dated 17.06.2020 in HERC/PRO-11 of 2017, carried in appeal as Appeal No. 133 of 2020 and disposed of with connected appeals by the Hon'ble APTEL by common judgment dated 12.02.2024, affirmed on this point by the Hon'ble Supreme Court in Indian Railways v. West Bengal State Electricity Distribution Company Limited & Ors., 2026 INSC 464, decided 08.05.2026
f. The concern of cherry-picking is legally cognisable and expressly recognised by paragraph 5.4.7 of the National Electricity Policy and the Hon'ble Appellate Tribunal. It is to be addressed by enforcing the universal service obligation under Section 43 of the Act 2003, regulating connection charges, and imposing enforceable rollout and coverage obligations — not by refusing the licence or prohibiting migration. On the present record no specific instance of selective network laying has been established.
g. There is no legal foundation for the proposed embargo restraining dedicated or independent feeder consumers from migrating until the Applicant's network is complete across the entire licence area: it is contrary to the consumer's right of choice under the Sixth Proviso, irreconcilable with the phased-development methodology approved in the BEST line, and would in practical terms suspend competition for the whole rollout period. The legitimate concern underlying it is addressed by the rollout, coverage and financial-neutrality measures recommended below, not by an embargo upon a class of consumers defined by the profitability of serving them.
h. Arrears attaching to a premises may lawfully be made recoverable as a condition of migration in respect of undisputed amounts, disputed amounts

should be secured rather than made a ground for refusing or deferring migration.

i. Security deposits, final billing, metering, pending applications and continuity of supply are capable of comprehensive regulation; the Electricity (Rights of Consumers) Rules, 2020 and the Commission's existing Supply Code, security, standards of performance and grievance regulations furnish the greater part of the necessary content, requiring extension rather than fresh creation. Grievance redressal in a two-licensee environment requires express allocation of responsibility for the pre-migration period, the post-migration period and the migration process itself.

j. The Consumer Migration Impact Assessment filed by DHBVNL is a useful planning document. Its Scenarios 2 and 3, resting upon 20% and 45% switchover assumptions finding no support on the record, are not accepted as a basis for regulatory action; Scenario 1, founded on the Applicant's own disclosed assumption, is a reasonable planning case, though computation upon gross revenue rather than contribution overstates the impact.

12.18 <u>Recommendation on the Sequencing of the Framework</u>

The Committee recommends that, Consumer Migration Framework in the terms at paragraph 12.17 above, may be finalised and notified by the Commission after the grant of licence in consultation with the stakeholders. This preserves the Applicant's entitlement to a licence upon satisfaction of the statutory conditions, while ensuring that no consumer migrates in a regulatory vacuum and the incumbent is not exposed to unquantified loss in the interim.

12.19 <u>Recommended Contents of the Consumer Migration Framework</u>

The Committee recommends that the framework provide for the following.

A. Right of migration and its exercise

- A consumer within the licence area shall be entitled to migrate to either licensee by switch-over at the consumer's election, subject only to the conditions prescribed in the framework; the right shall be reciprocal, and not exercisable more than once in any twelve-month period save with the Commission's leave. Migration shall be initiated by written application in a prescribed common form, supported by proof of identity and of the connection and by informed consent

recording that the consumer has been apprised of the incoming licensee's tariff, service standards, security requirements, applicable surcharges and grievance arrangements. No fee shall be charged to a domestic, agricultural or small commercial consumer for migration.

B. **Timelines and the verification window**

- Upon receipt of an application the incoming licensee shall notify the outgoing licensee within two working days, and the outgoing licensee shall furnish the consumer record — arrear position, security deposit held, meter details and particulars of any subsisting dispute or alleged irregularity — within seven working days. The outgoing licensee may object only within that window and only on the ground of undisputed arrears or a subsisting contractual commitment specifically approved by the Commission; failure to object within the window shall operate as a certificate that no dues are outstanding. Migration shall be completed within thirty days of application for switch over, and within such longer period as the framework may prescribe for switch-over having regard to the physical works required; in no case shall the total period exceed that prescribed for release of a new connection at the same premises under the 2020 Rules plus the period reasonably required for network extension.

C. **Arrears, disputed accounts and security**

- Undisputed arrears attaching to the premises shall be cleared as a condition of migration, upon a final statement furnished by the outgoing licensee within a defined period. Where dues are disputed or subject to pending proceedings, migration shall proceed upon the consumer furnishing a bank guarantee or equivalent security for the disputed amount, the dispute continuing to be adjudicated in the ordinary course; migration shall not be withheld or made conditional upon the outcome. The outgoing licensee's right to pursue recovery, and to investigate and act upon suspected theft or tampering, shall survive migration.

D. **Security deposits, metering and final billing**

- The security deposit held by the outgoing licensee shall be adjusted against the final bill and the balance refunded within the period prescribed by the Commission's regulations. Migration shall be effected against a joint final meter

reading, or in default a reading independently verifiable and communicated to the consumer, constituting the cut-off for accrual of liabilities between the licensees; the final bill of the outgoing licensee and the first bill of the incoming licensee shall together account for the whole period without gap or overlap. Where the meter is replaced at switch-over, the removed meter shall be retained for a defined period while any dispute as to recorded consumption subsists.

E. **Existing contracts, pending applications and continuity**

- Existing agreements with the outgoing licensee shall stand terminated upon final settlement, without prejudice to accrued rights and liabilities. Pending applications for new supply shall be free to be addressed to either licensee at the applicant's election; the Commission may prescribe a standing coordination mechanism for allocation of new connections on the model considered in Appeal No. 35 of 2020, provided it shall not prevent either licensee from connecting a consumer who has chosen it. Neither licensee shall permit any interruption or degradation in the continuity, reliability or quality of supply by reason of a pending or completed migration.

F. **Financial neutrality**

- In respect of change-over consumers, cross-subsidy surcharge and additional surcharge shall apply in accordance with Sections 42(2) and 42(4) and the Commission's orders. In respect of switch-over consumers, mechanism specific to recovery of cross subsidy, loss or stranded cost arising from inter-licensee consumer migration presently does not exist under the Act, 2003 as well as the HERC Regulations. This gap is, however capable of being addressed in ARR and True Up exercise, once the parallel licence is operationalised considering the migration of the consumers.

G. **Anti-cherry-picking and coverage obligations**

- The licence should specify enforceable, phase-wise and area-wise rollout milestones drawn from the Implementation Plan at Annexure G in each phase and defined consequences for default. Connection charges recoverable by the new licensee should be regulated in accordance with paragraph 5.4.7 of the National Electricity Policy, and the licensee should report quarterly on migration

by consumer category, load and geography, enabling the Commission to detect selective acquisition and to intervene.

H. **Consumer protection, information and grievance redressal**

- No licensee shall adopt misleading, coercive, inducement-based or discriminatory practices for acquiring consumers; all migration-related communications shall be in Hindi and English, disclose the applicable tariff, security requirement, service standards and any surcharge or migration charge payable, and be in a form approved by the Commission. Grievances referable to the pre-migration period shall lie against the outgoing licensee, those referable to the post-migration period against the incoming licensee, and those relating to the migration process against either licensee at the consumer's election, with power in the Forum seised to join the other licensee; the forty-five day outer limit under the 2020 Rules shall apply.

I. **Data exchange, monitoring and review**

- The licensees shall establish a standing operational interface for exchange of consumer, meter and migration data, in a format and within timelines prescribed by the Commission, subject to confidentiality and data-protection safeguards, consumer data being used only for migration and not for marketing. Both licensees shall file quarterly compliance reports on migration volumes, timelines achieved, objections raised and their disposition, deposit refunds and complaints; the Commission should review the operation of the framework at the end of the first year and thereafter as necessary, with power to modify it in the light of experience.

12.20 Suggested Conditions of Licence

Without prejudice to the Commission's statutory powers, the Committee suggests that, if the licence is granted, the matters at paragraph 12.19 be embodied as conditions of licence: compliance with the Consumer Migration Framework as notified and amended, with no migration permitted before it takes effect; discharge of the universal service obligation in accordance with the rollout milestones and coverage obligations forming part of the licence; prohibition of misleading, coercive or discriminatory acquisition practices; maintenance of continuity and quality of supply through migration; settlement protocols for final billing, deposits and dues,

and payment or collection of any prescribed migration charge; maintenance of the data-exchange interface; establishment of the Grievance Redressal Forum within the period prescribed by Section 42(5); and quarterly reporting and periodic review, with liberty to the Commission to modify conditions in the light of experience and to enforce compliance in accordance with law.

12.21 Conclusion

The Committee concludes that the matters examined under ToR 3.7 do not constitute threshold statutory conditions governing the grant of a parallel distribution licence. Migration procedures, security deposits, metering, billing, continuity of supply and grievance redressal are matters of continuing regulation, capable of comprehensive treatment through a Consumer Migration Framework, licence conditions and the Commission's supervisory jurisdiction; the absence of such a framework at the date of the petition is not a bar to grant.

This can be, however, addressed in ARR and True Up exercise once the parallel licence is operationalised considering the migration of the consumers.

Subject to the findings recorded elsewhere in this Report upon the threshold conditions under ToR 3.1 to 3.3, upon which nothing in this Chapter bears, the Committee is of the considered opinion that consumer migration in the proposed licence area can be regulated in a transparent, orderly and consumer-centric manner, and that the concerns raised by DHBVNL and the intervenors are capable of being met by the framework, conditions and safeguards recommended above rather than by refusal of the licence.

CHAPTER 13

TERM OF REFERENCE 3.8

TARIFF, CROSS-SUBSIDY AND SECTORAL FINANCIAL IMPACT

"1. Assess the impact of the proposed Parallel Distribution Licence on: (a) ARR; (b) Retail Tariff; (c) Cross-subsidy levels; (d) Fuel Surcharge Adjustment; (e) Deferred Power Purchase Cost; (f) Existing Power Purchase Agreements; (g) Recovery of stranded costs and other financial obligations, if any.

2. Examine whether the statutory mechanisms relating to Cross Subsidy Surcharge, Additional Surcharge and other provisions of the Electricity Act, 2003 adequately address the financial consequences of consumer migration."

This Chapter is organised in four Parts. **Part A** sets out the introduction, the scope of examination under ToR 3.8 and the statutory and regulatory framework. **Part B** records the pleadings and submissions of the Applicant, DHBVNL and other stakeholders together with the figures advanced by each side. **Part C** contains the Committee's analysis and observations, including its examination of the adequacy of the statutory surcharge mechanisms and the regulatory transition framework. **Part D** records the Committee's findings, recommendations and conclusion.

PART A — INTRODUCTION, SCOPE AND REGULATORY FRAMEWORK

13.1 Introduction

ToR 3.8 requires the Committee to examine the likely financial implications of granting the proposed parallel distribution licence, including its impact on electricity tariffs, Aggregate Revenue Requirement (ARR), cross-subsidy, existing power procurement obligations, stranded costs, sectoral financial sustainability and the long-term interests of consumers in Haryana.

The introduction of a parallel distribution licensee has the potential to influence existing revenue streams, consumer mix, tariff design, recovery of approved ARR, power procurement commitments and utilisation of network assets. Consumer migration may also have consequential implications for Fuel and Power Purchase Adjustment/Fuel Surcharge Adjustment (FSA), Government subsidy under

Section 65 of the Electricity Act, 2003, outstanding consumer dues and the treatment of prudently incurred fixed costs. These issues have been raised by the parties during the proceeding.

The Committee recognises that these issues concern the financial stability of the distribution sector and the protection of consumer interests. Equally, the Electricity Act, 2003 expressly contemplates competition in distribution through the grant of parallel licences under the Sixth Proviso to Section 14 and confers continuing regulatory powers upon the Commission to determine aforementioned factors after the grant of distribution licence. The principal question before the Committee is whether projected financial consequences may constitute statutory impediments to the grant of licence or are capable of being effectively managed within the existing regulatory framework after grant of distribution licence.

In undertaking this assessment, the Committee has considered the Petition, the Business Plan and other submissions of the Applicant, the objection and other submissions of DHBVNL and other stakeholders, the Consumer Migration Impact Assessment and the Applicant's response thereto, together with the applicable provisions of the Electricity Act, 2003, the National Electricity Policy, the Tariff Policy, 2016 and the HERC Multi-Year Tariff Regulations. Particular attention has been given to the projected ARR, Average Cost of Supply (ACoS), consumer sales projections, tariff assumptions and the financial scenarios presented by the parties.

The Committee has also recognised the limitations inherent in forecasting the financial impact of a proposed parallel licence. The extent of consumer migration, future demand growth, tariff evolution and procurement optimisation will depend upon future consumer choice, regulatory decisions and market developments, none of which can presently be determined with certainty. Accordingly, the financial projections and migration scenarios placed on record have been treated as analytical tools for evaluating regulatory preparedness rather than as predictions of future outcomes.

13.2 Scope of Examination

ToR 3.8 entrusts the Committee with a two-part examination. **The first part** requires an impact assessment of the proposed parallel distribution licence on:

(a) Aggregate Revenue Requirement (ARR) and Retail Supply Tariff;

(b) Cross-subsidy levels;
(c) Fuel Surcharge Adjustment (FSA) and deferred power purchase cost;
(d) Existing Power Purchase Agreements; and
(e) Recovery of stranded costs and other continuing financial obligations.

The second part requires an examination of the adequacy of the prevailing statutory mechanisms for safeguarding against the financial consequences of consumer migration upon commencement of operations by a parallel distribution licensee.

The Committee has confined its analysis to this scope, touching ancillary aspects only where necessary for cogent findings. The Committee has consciously adopted a regulatory perspective: financial consequences arising from lawful competition do not, by themselves, determine eligibility for grant of a distribution licence. The assessment is directed towards whether such consequences are capable of being appropriately addressed through the Commission's continuing powers of tariff regulation, prudence review, procurement approval and financial oversight under the Act.

13.3 Statutory and Regulatory Framework

13.3.1 ARR and Retail Tariff — Sections 61, 62, 63, 64 and 65

The Annual Revenue Requirement (ARR) ARR and Retail Supply Tariff (RST) of a distribution licensee are determined by the Commission under Sections 61,62,63,64 and 65 of the Act,2003 read with the HERC Multi-Year Tariff (MYT) Regulations, on the basis of the licensee's approved cost of supply, sales and revenue from tariff. Where a parallel licensee begins to serve a portion of the load previously served exclusively by the incumbent, the incumbent's sales reduce relative to what they would otherwise have been, while a material part of its costs, network fixed costs, manpower, and fixed and committed power purchase costs under existing PPAs, does not reduce proportionately in the short to medium term. This asymmetry between fixed-cost stickiness and sales erosion is the central mechanism through which a parallel licence can affect the incumbent's ARR and, in turn, its retail tariff, unless corrected through the surcharge mechanisms described below or through a corresponding adjustment of the incumbent's approved cost base. The relevant provisions have also been examined against the National Tariff Policy, 2016, the

HERC (Framework for Resource Adequacy) Regulations, 2024, the HERC (GEOA) Regulations, 2023, the HERC MYT Regulations, 2024 and the HERC Renewable Energy, RPO and REC Regulations, 2025.

13.3.2 Cross-Subsidy Surcharge and Additional Surcharge — Sections 42(2) and 42(4)

Section 42(2) empowers the Commission to require payment of a Cross-Subsidy Surcharge (CSS), in addition to wheeling charges, to meet the current level of cross-subsidy within the licensee's area of supply, subject to the mandate that cross-subsidies be progressively reduced; the Tariff Policy contemplates the same trajectory. The Additional Surcharge under Section 42(4) is designed to offset stranded fixed and power-purchase costs. Both provisions, on their terms, operate in the context of **open access** — where a consumer remains a consumer of the distribution licensee but sources electricity from another supplier over the licensee's wires. Whether these provisions extend to a consumer who ceases to be a consumer of the incumbent altogether upon migrating to a parallel licensee operating its own network is the central legal question raised under the second part of ToR 3.8 and is examined in Para 13.16 below.

13.3.3 FSA and Deferred Power Purchase Cost

FSA is the periodic pass-through mechanism under the MYT Regulations by which variations in fuel and power purchase costs beyond the approved ARR are trued up and recovered from, or refunded to, consumers. Where recovery of a past FSA shortfall is deferred and spread over future periods (a deferred power purchase cost or regulatory asset), that recovery is levied on the licensee's then-current sales base. A reduction in that sales base, without a corresponding reduction in the quantum to be recovered, requires a higher per-unit levy on the residual consumers or a longer recovery period.

13.3.4 Existing Power Purchase Agreements

PPAs executed by DHBVNL through the Haryana Power Purchase Centre (HPPC) remain DHBVNL's contracts; grant of a parallel licence does not transfer, novate or reduce DHBVNL's contracted capacity or fixed/take-or-pay liability thereunder. The financial question is whether, and to what extent, a migration-driven reduction in DHBVNL's sales renders any part of that contracted capacity surplus

to requirement, and how any consequential fixed-cost under-recovery is to be addressed.

13.4 Financial Characteristics of the Proposed Licence Area

The proposed licence area comprises the districts of Gurugram and Nuh, which exhibit materially different consumer profiles. Gurugram has a high concentration of industrial, commercial and premium domestic consumers, yielding higher energy sales, greater revenue realisation and a substantial contribution towards ARR recovery and cross-subsidy. Nuh is characterised predominantly by rural, agricultural and subsidised consumers, comparatively higher system losses and greater dependence upon Government subsidy. The detailed comparative consumer, sales and revenue profile of the two districts is not reproduced here.

The Applicant seeks a licence for both districts as a single integrated service area. The financial assessment therefore cannot be confined to Gurugram alone but must consider the combined consumer profile, revenue characteristics and public service obligations of both districts. The integrated licence area means the Applicant assumes the corresponding Universal Service Obligations — including supply to subsidised, rural and agricultural consumers — together with the opportunity to serve commercially attractive consumers, thereby materially moderating the objection that the proposed licence is directed at selective acquisition of high-revenue consumers alone.

PART B — SUBMISSIONS OF THE PARTIES

13.5 Overview of Positions

DHBVNL's Reply devotes a substantial part of its objections to the financial impact of the proposed parallel licence, principally under the headings "Cherry-Picking of High-Value Consumers", "Impact on Cross-Subsidy Framework and Tariff Stability", "Impact on Existing Power Procurement Commitments, Resource Adequacy and Stranded Costs" and "Impact on Recovery of Deferred Fuel Surcharge Adjustment (FSA)". The Applicant denies these objections in substance, both on legal grounds — that the matters raised are not conditions precedent to grant of licence and stand addressed through the Commission's continuing tariff jurisdiction — and on factual and methodological grounds — that DHBVNL's

computations overstate the impact by treating non-comparable figures as comparable, or by assuming switchover percentages not supported by the Applicant's own Business Plan. The specific figures advanced by each side on each part of ToR 3.8(1) are set out below.

13.6 Impact on ARR and Retail Tariff

As per DHBVNL, its sales in the proposed licence area (Gurugram and Nuh) were approximately 12,776 MU in FY 2025-26, generating revenue of approximately Rs. 9,493.75 Crore — over 35% of DHBVNL's total sales and over 42% of its total revenue. On this base, DHBVNL computes three migration scenarios for FY 2027-28:

Table 13.1 — Migration Scenarios computed by DHBVNL for FY 2027-28

Scenario	Basis	Loss in Sales (MU)	Loss in Revenue (Rs. Cr.)
1	Applicant's own stated switchover (2.5% of DHBVNL sales plus share of new sales)	558.30	424.12
2	DHBVNL's assumed 20% switchover	2,555.20	1,898.75
3	DHBVNL's assumed 45% switchover	5,749.20	4,272.19

(Source: Reply of DHBVNL; as set out in Table 9,10 & 11)

The Applicant denies all three scenarios on four grounds: (i) Scenario 1 treats the Applicant's entire projected FY 2027-28 sales of 558.30 MU as revenue lost by DHBVNL, whereas on the Applicant's own Business Plan only 2.5% of DHBVNL's existing sales are assumed to switch over, the balance being sales to new consumers who were never DHBVNL's consumers; (ii) the figures are computed on gross revenue, which is not a recognised measure of loss and is inconsistent with DHBVNL's own separately-computed fixed-cost impact (Para 13.9 below), which is a small fraction of the headline figure; (iii) the 20% and 45% switchover levels in Scenarios 2 and 3 are DHBVNL's own assumptions with no basis in the record; and (iv) all three scenarios ignore that any lawful variation in sales and cost is adjusted

through the annual ARR/tariff determination and true-up process in the ordinary course.

13.7 Impact on Cross-Subsidy Levels:

As per DHBVNL, its approved CSS for FY 2026-27 is Rs. 1.45/kWh for HT Supply and Rs. 1.18/kWh for LT Supply, on an approved ARR of Rs. 29,637 Crore against total sales of 42,621 MU (ACoS of Rs. 6.95/kWh). LT and HT Supply consumers presently contribute positive cross-subsidy of Rs. 467.96 Crore and Rs. 1,754.52 Crore respectively (Rs. 1.06/kWh and Rs. 1.17/kWh), which subsidises Domestic and Agricultural consumers (negative cross-subsidy of Rs. 1,166.00 Crore and Rs. 611.72 Crore respectively). On the Scenario 1 migration of 558.30 MU (398.11 MU LT and 160.18 MU HT), DHBVNL estimates a revenue loss of approximately Rs. 448.95 Crore (computed on a cost-of-supply basis, close to but distinct from the Rs. 424.12 Crore figure at Para 13.6) and a resulting CSS impact of approximately Rs. 0.72/kWh for LT and Rs. 0.09/kWh for HT Supply consumers.

In response, the Applicant denies that cross-subsidy is a vested right of the incumbent, characterising it as a tariff mechanism periodically redetermined by the Commission precisely because demand and consumer mix are dynamic; any variation arising from lawful competition is a matter for tariff determination and true-up, not a ground to refuse licence. It repeats that the underlying Rs. 448.95 Crore revenue-loss figure proceeds on the same "entire sales as lost revenue" premise addressed at Para 13.6, and denies the resulting CSS-impact figures on that basis.

13.8 Impact on FSA and Deferred Power Purchase Cost

As per DHBVNL, recovery of FSA for FY 2022-23 and subsequent years was deferred by the Commission to moderate tariff shock, leaving a deferred FSA balance of Rs. 3,563 Crore accrued over FY 2022-23 to FY 2024-25. Applying an FSA rate of Rs. 0.47/kWh to its stated FY 2025-26 sales of approximately 12,776 MU in the proposed licence area, DHBVNL projects an FSA-recovery impact of approximately Rs. 600.47 Crore in a single year and approximately Rs. 1,801.42 Crore cumulatively over three years, on the footing that consumers who contributed to the underlying historical power purchase cost would exit DHBVNL's recovery base upon migration.

The Applicant denies this computation on the ground that it applies the FSA rate to the entirety of DHBVNL's 12,776 MU sales in the licence area — equivalent to assuming that every consumer in Gurugram and Nuh migrates, some forty times the Applicant's stated 2.5% switchover assumption, and inconsistent with DHBVNL's own Scenario 1 elsewhere in the same Reply. On the Applicant's computation, based on the sales actually proposed to migrate, the FSA/FPPA balance recoverable from migrating consumers as on 31.03.2027 is approximately Rs. 17.17 Crore — which, in the same year, is exceeded by the approximately Rs. 53.58 Crore of FSA/FPPA that DHBVNL would recover from new consumers within the same licence area who were never DHBVNL's consumers.

The deferred FSA balance is, in substance, a deferred power-purchase-cost regulatory asset recovered over time from current sales. The magnitude of the disagreement, approximately Rs. 600 Crore per year on DHBVNL's area-wide computation against approximately Rs. 17 Crore on the Applicant's switchover-specific computation, turns on the same two contested inputs; the actual quantum of sales that will migrate, and whether the DHBVNL-wide deferred balance can properly be apportioned to the Gurugram/Nuh area without disaggregated data.

13.9 Existing PPAs, Stranded Costs and Capital Investment

As per DHBVNL, its power procurement (through HPPC, and from HPGCL as a State generator) is committed on a long-term, largely fixed-cost basis against the licensed area's aggregate projected demand; Gurugram and Nuh together account for approximately 2,793 MW of peak and 1,801 MW of lean-period demand — nearly 20% of State demand. On the Applicant's own sales projections, DHBVNL computes a sales erosion rising from 1.36% of its total sales in FY 2027-28 to 5.56% by FY 2030-31, translating on a stated FY 2025-26 fixed-cost base of Rs. 14,960.61 Crore over 76,861.76 MU, i.e. Rs. 1.95/kWh, into a fixed-cost impact rising from approximately Rs. 121.69 Crore (FY 2027-28) to approximately Rs. 604.34 Crore (FY 2030-31), equivalent to Rs. 0.03/kWh rising to Rs. 0.13/kWh on DHBVNL's remaining sales. DHBVNL separately states that it has incurred approximately Rs. 1,136 Crore, and proposes a further approximately Rs. 598 Crore, of capital investment (RDSS, Smart City and other strengthening works) in the licence area, which would be under-utilised if load migrates away. It also raises the possibility of stranding at the generation level for HPGCL.

In response, the Applicant submits that the apprehension of stranded capacity is not borne out on the record: on its stated 2.5% switchover in FY 2027-28, any marginal reduction in DHBVNL's demand would first displace DHBVNL's costlier short-term purchases — approximately 10% of its total procurement on the FY 2024-25 true-up — before touching contracted long-term capacity; and fixed charges for contracted stations are in any event recovered on availability under the two-part tariff and are unaffected by scheduling variations. It notes that DHBVNL's own fixed-cost-impact figures (Rs. 0.03–0.13/kWh) are markedly smaller than, and difficult to reconcile with, the gross revenue-loss figures advanced elsewhere in the same Reply. On the sunk-investment point, the issue may be examined in detail at the time of determination of ARR and Trueing Up process in accordance with the regulations.

13.10 Adequacy of the Statutory Surcharge Mechanisms

The sharpest legal disagreement on record concerns not the quantum of impact but whether Sections 42(2) and 42(4) apply at all to compensate DHBVNL for a consumer's full migration to a parallel licensee.

As per DHBVNL, CSS and Additional Surcharge, by their statutory design, are levied upon an open access consumer who remains within the consumer base of the distribution licensee while sourcing power from elsewhere; they are not framed to apply to a consumer who ceases to be DHBVNL's consumer altogether upon migrating to another distribution licensee operating its own network in the same area. DHBVNL relies on HERC's Order dated 17.06.2020 in HERC/PRO-11 of 2017, which it states held that CSS is leviable on an open access consumer and not on a distribution licensee, and that there is no provision for levy of such surcharge on another distribution licensee operating in the same area of supply. On this basis, DHBVNL submits that no mechanism presently exists in Haryana for recovery of cross-subsidy loss or stranded cost arising specifically from inter-licensee consumer migration, and that the Commission should devise one before considering grant of the licence.

The Applicant does not dispute DHBVNL's description of the scope of Sections 42(2) and 42(4), nor the HERC Order of 17.06.2020 cited for it — it expressly accepts that description as correctly stated. Its answer is that this narrower scope is a deliberate feature of the statutory scheme: Parliament, in enacting the Sixth Proviso to Section 14 permitting parallel licences, deliberately did not extend

CSS/Additional Surcharge to consumers migrating under that proviso, and this legislative choice cannot be treated as a lacuna requiring regulatory supplementation as a precondition to grant. In place of CSS/Additional Surcharge, the Applicant relies on the Commission's general and continuing ARR/tariff determination and true-up jurisdiction under Sections 61, 62 and 64 as the mechanism through which any actual, quantified variation in DHBVNL's costs and revenue would be absorbed over time. The Applicant has also stated that it has no objection to reasonable licence conditions and safeguards the Commission considers necessary.

Ancillary Submission of Stakeholders

Some stakeholders have raised objections regarding Rs. 1,608 crore Gurugram Smart Grid DPR and Rs. 44,742 crore invested by the State over decades; Rs. 3,352 crore of State equity since 2012; the UDAY debt takeover and the residual Rs. 8,650 crore; the RDSS DPR for Gurugram and Faridabad of Rs. 3,584.44 crore approved on 14.08.2024. The Stakeholders submit that the Applicant may be directed to furnish a capital-sharing proposal before the application is evaluated further.

PART C — COMMITTEE'S ANALYSIS AND OBSERVATIONS

13.11 Approach to the Assessment

The purpose of this assessment is not to predict the precise extent of consumer migration or future tariff levels, but to determine whether the financial consequences identified during these proceedings are capable of being effectively managed within the statutory and regulatory framework. Future consumer migration, demand, procurement optimisation and tariff determination are influenced by numerous regulatory and commercial variables that cannot presently be determined with certainty. The migration scenarios and financial projections placed on record — including the illustrative scenarios in the Consumer Migration Impact Assessment and the parties' rival computations — are accordingly treated as analytical tools for assessing regulatory preparedness rather than forecasts of outcomes.

13.12 Consumer Migration and Revenue Impact

Consumer migration is the principal driver of the financial implications of a parallel distribution framework. The magnitude of impact depends not merely upon the number of migrating consumers but upon their category, consumption profile,

geographical distribution and the pace of migration. The Committee observes that the parties' rival computations — ranging from Rs. 424 Crore to Rs. 4,272 Crore — illustrate a range driven principally by the assumed switchover percentage (2.5%, 20% and 45% respectively) rather than by any dispute over methodology of comparable rigour on both sides. Neither party's chosen scenario can be treated as determinative: the 20% and 45% switchover assumptions find no support in the record, while Scenario 1, though anchored to the Applicant's own Business Plan, conflates the Applicant's entire projected sales with sales lost by DHBVNL, ignoring sales to new consumers who were never DHBVNL's. The financial impact under ToR 3.8(1) is therefore properly reported as a function of the realistic switchover range emerging from the Business Plan and the phased Network Rollout Plan, and not as a single figure.

The Committee further observes that the integrated licence area comprising both Gurugram and Nuh obliges the Applicant to serve a diversified consumer base — rural, agricultural and subsidised consumers together with industrial and commercial consumers — and thereby materially moderates the cherry-picking objection. The financial implications of migration must ultimately be evaluated on actual migration patterns observed after commencement of operations, not on assumed percentages advanced in pleadings.

13.13 ARR, Cross-Subsidy and Tariff

A substantial proportion of the approved ARR — power purchase costs, transmission charges, employee expenses, O&M, depreciation, interest and finance charges and return on equity — is fixed or semi-fixed and cannot immediately be reduced proportionately merely because sales decline. A temporary mismatch between revenue recovery and approved expenditure is, however, an inherent feature of transition to a competitive framework and is not unique to parallel licensing: comparable adjustments arise from changes in demand forecasts, economic conditions, energy efficiency, distributed generation and open access. The Commission possesses continuing statutory powers to review ARR, undertake prudence review, revise tariffs and regulate cost recovery through periodic tariff proceedings.

As regards cross-subsidy, the Committee accepts that migration of contributing consumers may affect the cross-subsidy pool; DHBVNL's own

computation places the Scenario-1 impact at Rs. 0.72/kWh (LT) and Rs. 0.09/kWh (HT), figures which are themselves contested as resting on an overstated revenue-loss base. Cross-subsidy is not a vested right of the incumbent but a tariff mechanism periodically redetermined by the Commission under a statutory mandate of progressive reduction. Any consequential variation is to be addressed through the Commission's normal tariff determination process based upon actual migration and verified financial data. These are regulatory consequences of a competitive market, not legal barriers to grant Distribution Licence.

13.14 FSA, Consumer Arrears and Government Subsidy

FSA is a statutory tariff adjustment mechanism for recovery of prudently incurred variations in power purchase costs. Consumer migration occurring after commencement of operations does not, by itself, extinguish accrued FSA liabilities or alter the statutory framework governing their recovery. Similarly, outstanding consumer arrears lawfully recoverable by DHBVNL remain recoverable in accordance with law notwithstanding subsequent migration of the consumer. Where Government subsidy is provided under Section 65 for specified consumer categories, such subsidy should follow the eligible consumer and be administered in a transparent, equitable and non-discriminatory manner through the licensee actually supplying electricity, subject to applicable Government orders and directions of the Commission.

On the quantum of the deferred-FSA dispute, the Committee notes that DHBVNL's Rs. 600.47 Crore per year computation assumes migration of the entire licence-area sales base, which is inconsistent with its own Scenario 1; the Applicant's Rs. 17.17 Crore computation is confined to its stated switchover. The realistic exposure lies between these bounds and depends on actual migration and on the area-specific (not DHBVNL-wide) deferred balance, which is not separately established on the record. These are issues of tariff administration and regulatory implementation, not statutory eligibility. Appropriate accounting, billing and settlement arrangements can preserve the rights of both licensees while ensuring continuity of consumer benefits and recovery of lawful dues.

13.15. Power Procurement, Stranded Assets and Stranded Costs

The Committee distinguishes between stranded assets — existing network infrastructure that may become temporarily under-utilised following migration — and stranded costs — continuing financial obligations associated with such assets or existing contractual commitments. Temporary under-utilisation does not, by itself, establish permanent stranding: demand, consumer mix and network utilisation continuously evolve with economic growth, urbanisation, distributed energy resources and changing consumption patterns.

On contracted capacity, the Committee finds force in the Applicant's submission that a marginal demand reduction at the stated switchover level would first displace costlier short-term purchases — approximately 10% of DHBVNL's procurement on the FY 2024-25 true-up — before affecting long-term contracted capacity, whose fixed charges are in any event recovered on availability under the two-part tariff. Optimisation of procurement portfolios, review of contracted capacity and resource adequacy planning fall within the continuing jurisdiction of the Commission and do not constitute threshold licensing conditions.

Further, concern of DHBVNL qua fixed-cost computation (Rs. 121.69 Crore rising to Rs. 604.34 Crore over FY 2027-28 to FY 2030-31) and its stated sunk and planned capital investment of approximately Rs. 1,136 Crore and Rs. 598 Crore needs to be examined by the Commission on the basis of prudence.

13.16 Scope of Sections 42(2) and 42(4) — The Central Legal Question

On the second part of ToR 3.8, three points emerge from the record.

- **First**, there is common ground between the parties — not merely DHBVNL's unilateral assertion — that Sections 42(2) and 42(4), on their text and on HERC's own Order dated 17.06.2020 in HERC/PRO-11 of 2017, are framed around open access and do not extend to a consumer's full migration to a parallel distribution licensee. The dispute is over the legal and regulatory consequence of that limited scope, not the scope itself.
- **Second**, the ARR/tariff true-up process that the Applicant offers as the alternative mechanism is a general, licensee-wide, retrospective adjustment: it can true up DHBVNL's actual approved costs against actual approved revenue in a tariff year, but it does not create the direct, migration-linked

compensatory charge that CSS and Additional Surcharge represent, and it operates with the lag inherent in annual tariff cycles. Its adequacy as a full substitute for a purpose-built mechanism has not been demonstrated on the record by either party.

- **Third**, and independently of the legal question, the Commission retains power under Section 16 of the Act, and under its general licensing and tariff jurisdiction, to impose specific licence conditions. This issue may be examined in detail by the Commission post-operationalisation of parallel licence if granted.

13.17 Regulatory Transition and Financial Management Framework

The Committee has also examined the comparative experience of parallel distribution, particularly in Maharashtra, where issues of consumer migration, tariff adjustment, network utilisation and procurement have generally been addressed through phased implementation, licence conditions and continuing regulatory oversight rather than by restricting competition. Consistent with that experience, the Committee considers that, if the proposed licence is granted, financial stability and consumer interests would be best served through a structured three-stage transition framework under the Commission's supervision:

Stage I — Baseline Assessment- Prior to commencement of commercial operations, establishment of a verified financial baseline covering consumer profile and category-wise sales, ARR, tariff structure, cross-subsidy position, existing power procurement commitments, deferred FSA (including its area-specific quantum), Government subsidy under Section 65, outstanding consumer arrears and other significant continuing financial obligations.

Stage II — Periodic Regulatory Review- Following commencement of operations, periodic review of actual consumer migration, changes in consumer mix and revenue, ARR recovery, tariff and cross-subsidy position, procurement obligations and contracted capacity, utilisation of existing distribution assets, financial performance of both licensees and compliance with Universal Service Obligations.

Stage III — Regulatory Intervention- Where supported by verified financial evidence and prudence review: optimisation of procurement portfolios, review of ARR, examination of prudent stranded-cost claims, adjustment of tariff and cross-

subsidy trajectories in accordance with law, review of subsidy mechanisms under Section 65, resource adequacy planning and such other measures as may be necessary. Any intervention should be evidence-based, proportionate and undertaken through the Commission's normal statutory processes after hearing affected stakeholders.

PART D — FINDINGS, RECOMMENDATIONS AND CONCLUSION

13.18 Findings

Having examined the Electricity Act, 2003, the applicable HERC Regulations, the Petition, the Business Plan, the Consumer Migration Impact Assessment, the submissions of the Applicant, DHBVNL and other stakeholders and the financial material placed on record, the Committee records the following findings:

(i) There is a genuine and substantial factual dispute between DHBVNL and the Applicant on the quantum of tariff, cross-subsidy, FSA and stranded-cost impact under ToR 3.8(1). DHBVNL's figures (Rs. 424–449 Crore revenue loss and Rs. 0.72/Rs. 0.09 per kWh CSS impact in Scenario 1; approximately Rs. 600 Crore per year FSA impact; Rs. 121.69–604.34 Crore fixed-cost impact) are computed on its own assumptions and are contested by the Applicant, principally on the ground that they treat the Applicant's entire projected sales, including sales to new consumers who were never DHBVNL's part, as DHBVNL's lost revenue. The rival computations (Rs. 424 Crore to Rs. 4,272 Crore) illustrate a range driven principally by the assumed switchover percentage, and the financial impact is properly assessed as a function of a realistic switchover range rather than as a single figure.

(ii) The proposed licence area comprises both Gurugram and Nuh and therefore represents a balanced mix of industrial, commercial, domestic, rural and agricultural consumers. The Applicant consequently assumes the corresponding Universal Service Obligations together with the opportunity to serve commercially viable consumers, substantially mitigating concerns regarding selective migration of only high-revenue consumers.

(iii) On the second part of ToR 3.8, the parties are in substantial agreement that Sections 42(2) (CSS) and 42(4) (Additional Surcharge), as presently framed and as construed in HERC's Order dated 17.06.2020 in HERC/PRO-11 of

2017 (subsequently confirmed by Hon'ble Apex Court in the matter of Indian Railways), apply to open access consumers and do not extend to consumers who fully migrate from the incumbent to a parallel distribution licensee. The statutory mechanisms named in ToR 3.8(2) therefore do not, on their terms, directly address the financial consequences of the specific form of consumer migration at issue.

(iv) The general ARR/tariff determination and true-up mechanism under Sections 61, 62, 63, and 64 remains available to DHBVNL for recovery of actual, prudently incurred costs, but it is a retrospective, licensee-wise adjustment process rather than a targeted, migration-linked compensatory charge. No mechanism specific to recovery of cross-subsidy loss or stranded cost arising from inter-licensee consumer migration presently exists under HERC's regulations. This gap is, however, capable of being addressed once the parallel licence is operationalised considering the migration of the consumers and considering the best practice in other States where the parallel licence has been operationalised.

(v) Existing power procurement obligations, FSA, outstanding Government subsidy under Section 65 of the Act, 2003, outstanding consumer arrears, stranded costs and other continuing financial commitments are matters requiring ongoing regulatory supervision and do not, by themselves, constitute statutory impediments to the grant of a parallel distribution licence. Accrued FSA liabilities and lawfully recoverable arrears are not extinguished by migration, and Government subsidy should follow the eligible consumer.

(vi) The Electricity Act, 2003 and the applicable HERC Regulations provide the Commission with adequate powers — through tariff determination, ARR approval, prudence review, procurement regulation, resource planning, licence conditions and other continuing mechanisms, to address the transitional financial consequences identified under ToR 3.8. Those consequences are transitional and regulatory in nature and are capable of being effectively managed within the existing statutory framework without defeating the legislative objective of promoting competition.

(vii) The Committee has also noted the amount placed on record as to State investment in the Haryana power utilities over several decades, under various flagship schemes of the GoI and State of Haryana namely UDAY, RDSS etc.

Those investment made under the said schemes are for the benefit of the consumers of the State of Haryana at large. In an event a parallel licence is granted, the new incumbent can not take any advantage of the investment already made as it has to develop its own network. Furthermore, there is no such provision in the Act, 2003 for reimbursement.

(viii) The Committee does not regard the general character of the ARR and true-up mechanism as making it inadequate. Migration will be gradual and bounded (ToR 3.5). The amount at stake is modest: deferred FSA recoverable from consumers proposed to be migrated is about Rs. 17.17 crore as on 31.03.2027, against about Rs. 53.58 crore from new consumers in the same year. The verified baseline and periodic assessment at para 13.19 place the mechanism under continuing supervision rather than leaving it to operate only in arrear. The migration-attributable component, once identified through that baseline, can be dealt with within the tariff process without a separate charge. Should experience show otherwise, the Commission retains power under Sections 16, 86 and 181

13.19 Recommendations

In order to facilitate an orderly transition and preserve sectoral financial stability, the Committee recommends that, in post-grant of distribution licence phase, the Commission may consider:

1. Establishing, before commencement of commercial operations, a verified financial baseline as set out in Stage I of Para 13.17, and for that purpose directing DHBVNL to furnish category-wise approved sales, revenue, ABR, ACoS and CSS for FY 2025-26/FY 2026-27 specific to the Gurugram and Nuh circles, the area-specific deferred FSA balance (if separable), and the composition (short-term versus long-term contracted) of its procurement portfolio referable to the licence area, so that the competing computations on record can be independently tested rather than adopted from either party's pleadings;
2. Undertaking periodic assessment of actual consumer migration and its impact on ARR, tariff recovery, cross-subsidy, procurement obligations and the financial position of both distribution licensees, in accordance with Stage II of Para 13.17;

3. Periodically reviewing contracted capacity, procurement portfolios and resource adequacy based on actual demand, migration and evolving sectoral requirements;
4. Examining claims relating to stranded costs or other transitional financial impacts only on the basis of prudence review, causation and verified financial evidence;
5. Ensuring that FSA, Government subsidy under Section 65, outstanding consumer arrears and other continuing financial obligations are administered in a transparent, equitable and non-discriminatory manner in accordance with the Act, the applicable Regulations and the Commission's tariff orders, with subsidy following the eligible consumer; and
6. Undertaking a comprehensive review of the financial implications of parallel distribution after commencement of commercial operations, and thereafter at such intervals as the Commission considers appropriate, based on actual operational experience and verified financial information.

These recommendations are intended to facilitate continuing regulatory oversight and are without prejudice to the Commission's statutory discretion in future tariff, ARR, procurement and other regulatory proceedings.

13.20 Conclusion

The Committee accordingly answers ToR 3.8 by concluding that the anticipated financial consequences of the proposed parallel distribution licence are manageable within the existing statutory and regulatory framework — supplemented by the licence conditions and transition framework— and, therefore, do not constitute independent grounds for refusing the grant of licence.

CHAPTER 14

SYSTEM PLANNING, NETWORK DEVELOPMENT AND SECTOR DEVELOPMENT.

TERM OF REFERENCE 3.9

Assess the likely impact of the proposed licence on distribution system planning, transmission planning, network losses, system reliability and resilience, asset utilisation and future investment requirements of the Existing Distribution Licensee and the State Transmission Utility.

PART I

STATUTORY FRAMEWORK, SCOPE OF EXAMINATION AND GUIDING PRINCIPLES

14.1 Introduction

ToR 3.9 requires the Committee to examine the likely impact of the proposed Parallel Distribution Licence on distribution planning, transmission planning, network losses, system reliability and resilience, asset utilisation and future investment requirements of the Existing Distribution Licensee and the State Transmission Utility (STU). The Committee is also required to assess whether the proposed distribution undertaking can be integrated into the long-term development of the Haryana electricity sector in a manner that promotes efficiency, reliability and coordinated system growth.

Unlike the preceding Chapters, which examine the Applicant's statutory eligibility, financial capability, technical preparedness, transmission interface, power procurement, universal service obligations, consumer migration and sectoral financial impact, this Chapter considers the broader implications of introducing a parallel distribution licensee on the planning and development of the electricity sector as a whole. The evaluation is therefore directed not only at the Applicant's proposed network but also at its interaction with the existing transmission and distribution systems and its implications for future sectoral development.

The Committee recognises that the Electricity Act, 2003 envisages competition in electricity distribution within a framework of coordinated planning and continuing regulatory oversight. Accordingly, the issue is not whether multiple distribution

licensees may coexist, but whether such coexistence can be achieved without adversely affecting efficient system planning, network utilisation, reliability, resilience and long-term development of the electricity sector.

The Committee has examined the Final Petition dated 12.05.2026 and the Business Plan and Network Rollout Plan (Enclosure 9) dated 11.05.2026, the replies of DHBVNL and HVPNL, and the Interim Order dated 26.05.2026.

14.2 Scope of Examination

For the purposes of ToR 3.9, the Committee has examined:

- the statutory and regulatory framework governing coordinated planning of the electricity sector;
- the Applicant's demand projections, network rollout plan and phased infrastructure development programme;
- the likely impact of the proposed licence on distribution and transmission planning;
- the effect on utilisation of the existing assets of the Distribution Licensee and the State Transmission Utility;
- the likely implications for network losses, operational efficiency, reliability and system resilience;
- the impact on future capital investment requirements of the Applicant, the Existing Distribution Licensee and the STU;
- the objections raised by the Respondents together with the Applicant's replies and rejoinders;
- the planning assumptions adopted in the Petition, the Business Plan and the supporting technical material; and
- the compatibility of the proposed network architecture with the distribution configuration already approved by the Commission for the notified Pilot Project Belt, and the practical feasibility of implementing a parallel network having regard to Right of Way, land and statutory approval constraints in the proposed licence area; and

- whether the proposed planning framework provides a sustainable basis for long-term development of the electricity sector consistent with the Electricity Act, 2003 and the applicable regulatory framework.

The Committee has also examined whether the concerns raised by the Respondents disclose any material planning or sectoral impact that would justify refusal of the proposed licence or whether such issues can be addressed through coordinated planning, regulatory oversight and implementation-stage measures.

14.3 Statutory and Regulatory Framework

The Committee has examined the Electricity Act, 2003, the National Electricity Policy, the Tariff Policy, the applicable HERC Regulations, the Haryana Grid Code, the HERC Supply Code and the relevant Regulations and Technical Standards issued by the Central Electricity Authority. These instruments collectively establish the framework for coordinated development of generation, transmission and distribution systems with the objectives of ensuring reliable, economical and sustainable supply of electricity.

The statutory framework places complementary responsibilities upon the State Transmission Utility, the Existing Distribution Licensee and any subsequent distribution licensee to ensure coordinated planning, efficient utilisation of infrastructure, prudent investment, reliable system operation and protection of consumer interests. In a multi-licensee environment, these objectives assume greater significance and require continuing coordination amongst all sector participants.

The Committee also notes that planning under the Electricity Act is a dynamic and continuing process. Demand growth, consumer migration, technological advancement, distributed energy resources, electric vehicle charging, smart metering and digitalisation require periodic review of planning assumptions and investment priorities. Accordingly, the assessment under ToR 3.9 is directed towards determining whether the proposed planning framework is capable of accommodating these developments without compromising system efficiency or long-term sectoral sustainability.

The Committee has, in particular, had regard to Section 42(1) of the Act, which casts on every distribution licensee the duty to develop and maintain an efficient,

coordinated and economical distribution system in its area of supply; to Section 39(2)(b), which obliges the STU to plan and coordinate the development of the intra-State transmission system with all licensees; to Regulations 3.1 to 3.6 of the Haryana Grid Code Regulations, 2009 governing transmission system planning, planning criteria, planning data and implementation; to Regulations 4.1 and 4.2 of the HERC (Electricity Supply Code) Regulations, 2014 obliging the licensee to upgrade, strengthen and extend its own distribution system and to recover the cost thereof through its ARR; to the CERC (Connectivity and General Network Access to Inter-State Transmission System) Regulations, 2022, under which the STU alone applies to CTUIL for grant or enhancement of GNA on behalf of intra-State entities; and to the HERC (Duty to Supply Electricity on Request) (Second Amendment) Regulations, 2023 notified on 27.09.2023 prescribing the 220/33/0.4 kV configuration for the notified Pilot Project Belt sectors of Gurugram.

Table 14.1 – Statutory and Regulatory Framework

Provision / Instrument	**Subject Matter**	**Relevance to ToR 3.9**
Electricity Act, 2003	Planning and development of the electricity sector	Statutory basis for coordinated system development
National Electricity Policy	Long-term sector planning	Demand forecasting, investment and network development
Tariff Policy	Efficient utilisation of assets	Investment efficiency and consumer interest
HERC Regulations	Distribution planning	Network development and operational obligations
Haryana Grid Code	Transmission and distribution coordination	System planning and operational reliability
HERC Supply Code	Distribution system operation	Planning and supply obligations
CEA Regulations	Technical standards	Minimum technical and safety standards, transmission planning criteria and grid standards against which the Applicant's network

Provision / Instrument	Subject Matter	Relevance to ToR 3.9
		design, protection scheme and system studies are to be tested
Section 42(1), Electricity Act, 2003	Duty to develop and maintain an efficient, coordinated and economical distribution system	Central to the objection that phased rollout does not discharge an area-wide obligation
Section 39(2)(b), Electricity Act, 2003	STU's duty to plan and coordinate the intra-State transmission system	Establishes that transmission planning with a new licensee is a continuing statutory duty of the STU
CERC GNA Regulations, 2022	Connectivity and General Network Access	STU applies to CTUIL on behalf of intra-State entities; GNA is a post-grant process
HERC (Duty to Supply) (2nd Amendment) Regulations, 2023 dated 27.09.2023	220/33/0.4 kV configuration for the notified Pilot Project Belt	Benchmark for testing the Applicant's proposed architecture in Sectors 58–115 of Gurugram

14.4 Issues for Determination

On the basis of the pleadings, documentary evidence and submissions placed on record, the Committee considers that the following principal issues arise for determination:

- Whether the Applicant's demand forecasts and phased network development programme provide a credible basis for long-term distribution planning.
- Whether a phased network rollout is legally permissible under Section 42(1) of the Electricity Act, 2003, or whether the Applicant is required to establish an area-wide distribution system from the date of grant.
- Whether the proposed licence is likely to have any material adverse impact on transmission planning undertaken by the State Transmission Utility.
- Whether the proposed distribution system is likely to improve or adversely affect network losses, operational efficiency, reliability and system resilience.

- Whether operation of multiple distribution licensees is likely to result in inefficient utilisation or unnecessary duplication of network assets.
- Whether the proposed network architecture is consistent with the distribution configuration approved by the Commission for the notified Pilot Project Belt sectors of Gurugram.
- Whether Right of Way, land availability and statutory approval constraints in the proposed licence area render the proposed network development plan impracticable.
- Whether the projected investment programme is technically and economically consistent with coordinated sector development.
- Whether the objections raised by the Respondents disclose any material planning or sectoral concern that would justify refusal of the proposed licence.
- Whether the proposed planning framework is consistent with the long-term objectives of the Electricity Act, 2003 and the applicable regulatory framework.

14.5 Guiding Principles

In evaluating ToR 3.9, the Committee has been guided by the following principles:

- coordinated development of transmission and distribution systems;
- efficient utilisation of existing infrastructure;
- prudent and demand-driven capital investment;
- promotion of system reliability, resilience and operational efficiency;
- integration of modern technologies and evolving consumer requirements;
- protection of consumer interests through sustainable sector development;
- continuing coordination amongst the Applicant, the Existing Distribution Licensee, the STU and the Commission; and
- the distinction between matters going to the threshold legality of the grant and matters properly regulated through licence conditions, monitoring and implementation-stage supervision; and
- evaluation of the cumulative evidence placed on record in the context of the Electricity Act, 2003 and the applicable regulatory framework.

The Committee's evaluation in the succeeding Parts is directed towards determining whether the proposed Parallel Distribution Licence is capable of being implemented in a manner that supports coordinated planning, efficient asset utilisation, reliable system operation and the long-term development of the Haryana electricity sector while addressing the concerns raised by the Respondents.

PART II

COMMITTEE'S EVALUATION

14.6 Planning Framework and Sector Development

The Committee has examined the Applicant's planning framework, network development strategy, demand projections and phased implementation programme in conjunction with the objections raised by the Respondents and the Applicant's replies and rejoinders. The evaluation under this Part is confined to the issues arising under ToR 3.9, namely the likely impact of the proposed Parallel Distribution Licence on distribution planning, transmission planning, network losses, system reliability and resilience, asset utilisation and future investment requirements. Matters relating to technical capability, transmission connectivity, power procurement, financial capability and consumer migration have been examined separately in the relevant Chapters and are not repeated herein.

The Applicant has proposed a phased development of its distribution system based upon projected demand growth and progressive addition of network infrastructure. The proposed planning approach envisages development of substations, distribution lines and associated facilities in stages, aligned with actual consumer migration and demand, rather than through upfront creation of surplus infrastructure. The Applicant has submitted that such an approach would enable efficient deployment of capital, facilitate orderly network expansion and minimise the risk of under-utilisation of assets.

The Respondents have, however, questioned the planning assumptions underlying the proposal and have contended that establishment of a parallel distribution network may affect existing distribution and transmission planning, reduce utilisation of the existing network, necessitate revision of investment plans and lead to duplication of

infrastructure. They have also expressed concerns regarding the impact on network losses, system reliability and long-term sector development.

In response, the Applicant has maintained that the proposed network is intended to complement, rather than disrupt, the existing electricity infrastructure. It has submitted that implementation will be phased, demand-driven and undertaken in coordination with the State Transmission Utility and other competent authorities. The Applicant has further contended that planning assumptions would be reviewed periodically in accordance with actual consumer growth, system requirements and regulatory directions.

14.6.1 Demand Projections and the Applicant's Projected Share of the Licence Area

The Committee has examined the demand and sales projections underlying the Applicant's plan rather than assessing the planning framework in the abstract. The Applicant has adopted the category-wise compounded annual growth rates approved by the Commission in the Business Plan Order for the Control Period FY 2025-26 to FY 2029-30 (10.00% domestic; 6.00% HT and LT industry; 2.00% agriculture; 5.00% to 6.00% for other categories). Applying those escalation factors, total sales for the five Divisions comprised in the proposed licence area (Gurugram City, Manesar, Gurugram Sub-urban, Sohna and Nuh) are projected to rise from 10,914.99 MU in FY 2023-24 to 18,224.12 MU in FY 2030-31.

The Committee considers the adoption of the Commission's own approved escalation factors to be an appropriate and verifiable planning basis, since it eliminates any dispute as to the reasonableness of the underlying growth assumptions. The Applicant's projected share of that demand is summarised below.

Table 14.2 – Applicant's Projected Sales, Own-Wire Demand and Share of the Licence Area

Particulars	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Applicant's sales (MU)	558.30	1,113.77	1,856.17	2,772.00
Total sales in licence area (MU)	14,896.07	15,925.19	17,032.41	18,224.12

Particulars	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Applicant's share of licence-area sales	3.75%	6.99%	10.90%	15.21%
Demand on own wire (MW)	212.26	425.24	712.24	1,067.06
Assumed switchover from existing licensee's sales	2.50%	3.00%	3.50%	4.00%

[Source: Tables 7, 8 and 9 of Enclosure 9 — Business Plan and Network Rollout Plan dated 11.05.2026.]

Two consequences follow from these figures and are material to the objections raised. First, the greater part of the Applicant's projected sales is derived from its assumed share of new load in a rapidly growing licence area rather than from migration of consumers already connected to the existing licensee's network; the assumed switchover from the existing licensee's sales rises only from 2.50% in FY 2027-28 to 4.00% in FY 2030-31 (5.00% in FY 2031-32). Secondly, even on the Applicant's own projections it would serve 15.21% of licence-area sales by FY 2030-31, which places the outer limit of any near-term impact on utilisation of the existing network within a range that can be absorbed by the natural growth in the demand as well as through effective planning.

14.6.2 Network Capacity Parameters and Phased Rollout

The Applicant has derived its network requirement from the above demand projections applying the following planning parameters: maximum loading of assets restricted to 80%; 33 kV feeder capacity of 20 MVA with an average feeder length of 5 km; 11 kV feeder capacity of 5 MVA with an average loop length of 3 km; 33/11 kV distribution substations with 12.5 MVA power transformers; bay extension capacities of 25/31.5 MVA at 66/11 kV and 20/25 MVA at 66/33 kV; N-1 redundancy across all network elements; a SCADA/DMS-enabled 33 kV ring main configuration with normally open points and 50% DMS-enabled RMUs; 100% underground cabling for the Gurugram District with a mixed underground and overhead network in Nuh; 100% prepaid smart metering; and reactive compensation at all voltage levels. The Committee finds these parameters to be consistent with CEA technical

standards and with contemporary distribution utility practice, and considers that they have been applied consistently across the five phases of the rollout.

Table 14.3 – Phase-wise Network Development Proposed (Licence Area Totals)

Element	FY 2026-27	FY 2027-28	FY 2028-29	FY 2030-31
33/11 kV substations (nos.)	4	4	8	11
12.5 MVA transformers (nos.)	7	9	23	37
66 kV bay extensions (nos.)	3	3	8	8
33 kV line (km)	25	25	45	60
11 kV feeders (nos.)	20	35	78	112
11 kV line (km)	60	105	234	336

The Committee observes that the sizing of the network in each phase tracks the demand projected to be carried on the Applicant's own wire in that phase, and that the rollout extends to all five Divisions including Nuh from the first phase onwards. The plan does not, on its face, disclose a network confined to high-revenue pockets. The Committee nevertheless notes that Gurugram City receives no network development in FY 2026-27 and FY 2027-28, and that the volume of works in Nuh is materially smaller than in the Gurugram Divisions; the Applicant's explanation, that phasing is determined by engineering, reliability and existing network loading considerations and not by consumer or revenue category, is accepted at this stage as APTEL Judgment in Appeal No.279 of 2017, dated 11th March, 20206 categorically allows phase-wise development in the licence area as discussed in detail in Chapter-13 of the present Report.

14.6.3 Whether Phased Development is Permissible under Section 42(1)

The Committee considers it necessary to address expressly the legal objection raised by the Existing Distribution Licensee, since it goes not to the merits of the plan but to the threshold legality of any phased rollout. DHBVNL has contended that the duty under Section 42(1) to "develop and maintain" an efficient, coordinated and economical distribution system is area-wide and continuous, that a licensee must therefore have a complete and functional distribution system across the entire

licensed area from the date of grant, and that phased development necessarily leaves parts of the area unserved. Reliance has been placed on the judgment of the Appellate Tribunal for Electricity in Appeal No. 132 of 2011 (Tata Power Company Limited v. MERC), where the Tribunal held that "develop" is wider than "build" or "establish", and on the twin test laid down by the Hon'ble Supreme Court in Indian Railways v. West Bengal Electricity Distribution Co. Ltd., 2026 INSC 464, namely that an applicant must both operate and maintain a distribution system and supply electricity to consumers within its area of supply.

The Applicant has answered this objection by relying on the judgment of the Appellate Tribunal in Appeal No. 279 of 2017 dated 11.03.2026, in which the Tribunal held that the obligation under Section 42 is not a one-time activity but requires the licensee continuously to plan and invest in infrastructure to meet growing demand, that a licensee "cannot be expected to develop the entire distribution network at one go", that there would accordingly be phased development of the network, and that the Act prescribes no timeline for such development. The Applicant has further undertaken that the five-year rollout represents the initial implementation strategy only, that the obligation to develop and maintain the system continues beyond that period, and that no area within the proposed area of supply is to be permanently excluded from network development.

The Committee finds that the authorities relied upon by the two sides are not in conflict. Tata Power v. MERC establishes the breadth of the word "develop"; it does not hold that the entire network must exist on the date of grant. The twin test in Indian Railways (supra) defines what a distribution licensee is; it does not prescribe the pace at which the system is to be built. Appeal No. 279 of 2017, which is the later and more directly applicable authority, addresses the precise question in issue and holds that phased development is permissible and that no statutory timeline is prescribed. Regulation 4.2.1 of the HERC (Electricity Supply Code) Regulations, 2014 is to the same effect, casting a continuing obligation to upgrade, extend and strengthen the system to meet demand including the growth of such demand. The Committee accordingly holds that phased network development is not, in itself, contrary to Section 42(1), and that the objection does not disclose a ground for refusal.

14.6.4 Compatibility with the Notified Pilot Project Belt

The State Transmission Utility has objected that the Applicant's proposal to establish 33/11 kV distribution substations within Sectors 65, 69, 85, 95, 99 and 107 of Gurugram would be contrary to the 220/33/0.4 kV distribution architecture approved by the Commission for the notified Pilot Project Belt covering Sectors 58 to 115. DHBVNL has raised the cognate objection that the Applicant proposes an 11 kV network in areas where the Commission has directed connections to be released at 33 kV, and where expenditure exceeding Rs. 1,000 Crore has already been incurred under the Smart City Project on infrastructure upgraded from 11 kV to 33 kV. This objection is squarely a planning objection and is not addressed elsewhere in this Report.

The Applicant has replied, at paragraph 32 of its Rejoinder to the STU dated 10.07.2026, that its Gurugram architecture is itself founded on a 220/33 kV in-feed through the STU's substations at Sectors 62, 72, 52A, 65 and 85 with a 33 kV sub-transmission network, and has expressly undertaken that all connections in the notified Pilot Project Belt sectors shall be released in the 220/33/0.4 kV configuration in full compliance with the Regulations notified on 27.09.2023.

The Committee accepts the undertaking, which if honoured resolves the objection entirely. The Committee is, however, of the view that an undertaking of this nature must be converted into an enforceable obligation and independently verified, because non-compliance would defeat a distribution architecture already approved by the Commission and would strand consumer-funded investment. The Committee therefore recommends that compliance with the Pilot Project Belt notification be made an express licence condition and that the Commission satisfy itself, before commercial supply commences in any Pilot Project Belt sector, that the Applicant's approved network design for that sector conforms to the 220/33/0.4 kV configuration.

14.6.5 Right of Way, Land and Approval Constraints

DHBVNL has submitted that establishment of a parallel network in Gurugram would require a large number of statutory and civic approvals relating to land use, road cutting, Right of Way, HSVP/GMDA, national highways, railway and metro crossings, utility corridors, gas pipelines, telecommunication infrastructure and

aviation restrictions, and has pointed to its own experience under the Smart City project, where the contract of the EPC agency was prematurely terminated after Right of Way difficulties in Gurugram. It has contended that the Petition discloses no approval matrix, coordination framework or timeline for obtaining such clearances.

One of the objectors, Prof. Sampat Singh, has also raised the issue of safety with respect to the unavoidable proximity of two live distribution systems in restricted corridors.

The Applicant has responded that its design is engineered to minimise precisely these constraints, through factory-assembled gas-insulated compact substations occupying a fraction of the land required by conventional air-insulated substations, skid-mounted and underground substations, geometrically optimised LT feeder pillars, a predominantly underground network dispensing with overhead poles, and the use of trenchless technology (micro-tunnelling and horizontal directional drilling) to address road-cutting concerns.

The Committee considers that the Applicant's design response is technically advanced and materially reduces, though it does not eliminate, the Right of Way risk. The objection is nevertheless a serious one on the evidence, since it is founded on the Respondent's documented experience in the same geography. The risk is, however, one borne in the first instance by the Applicant, whose network cannot be commissioned unless the approvals are obtained; it does not by itself impair the existing licensee's system or the sector's planning framework. The Committee is therefore of the view that the appropriate course is not refusal of the licence but a direction that the Applicant furnish, as part of the Implementation Plan, to be filed after grant of licence, if considered, a comprehensive approval matrix identifying every statutory, civic and utility clearance required, the authority concerned, the expected timeline and the interface arrangements with GMDA, HSVP, NHAI and other agencies, adhering to the safety provisions as prescribed by the Central Electricity Authority (CEA) under Safety Rules, 2023. The Committee also finds that presently two distribution systems have also coexisted in the licence area of Greater Mumbai since 2009 without the safety consequences apprehended. Thus, the concern qua safety with respect to right of way is a matter of proper planning,

execution and supervision during the time of implementation and the same is not a matter of feasibility.

14.6.6 Adequacy of the Infrastructure Particulars on Record

The Existing Distribution Licensee has contended that the Petition does not furnish sufficient particulars of infrastructure readiness, and has identified nine specific heads on which information is said to be wanting. Because that contention, if made out, would go to the adequacy of the planning material itself, the Committee has tested each head against the Business Plan and Network Rollout Plan (Enclosure 9) and the Applicant's subsequent submissions rather than dealing with the objection in general terms.

Table 14.4 – Infrastructure Particulars Sought and Status on the Present Record

Particular sought by the Existing Distribution Licensee	Status on the present record
Proposed EHV connectivity arrangements	In-feed is proposed at 220/33 kV and 66/33 kV through the STU's existing substations (Sectors 62, 72, 52A, 65 and 85) by way of bay extensions, with phase-wise bay extension quantities at 66/11 kV (25/31.5 MVA) and 66/33 kV (20/25 MVA). Substation-wise interconnection particulars and the STU's concurrence remain to be established through the No Objection Certificate and the Interconnection Agreement.
Substation development and commissioning plans	Division-wise numbers of 33/11 kV substations and 12.5 MVA transformers are given for each of the five phases. Site identification, land tenure and dated commissioning schedules are not on record and are to be furnished with the Implementation Plan directed by the Interim Order dated 26.05.2026.
Distribution network architecture and system configuration	Voltage configuration, feeder capacities, loop lengths, transformer ratings, loading limits, the N-1 criterion, ring main topology, reactive compensation and cabling philosophy are all specified and are capable of being tested against CEA technical standards.

Particular sought by the Existing Distribution Licensee	Status on the present record
Feeder-wise implementation and network rollout plans	Division-wise feeder numbers and route kilometres are given for each phase, but feeder-wise routing and sequencing are not on record.
Phasing of network development and completion timelines	Five annual phases from FY 2026-27 to FY 2030-31 are specified with year-wise asset additions. Dated completion milestones are not specified and should be fixed as licence conditions.
Capital deployment milestones	In a form permitting planning verification. An indicative programme of the order of Rs. 5,000 Crore over five years is stated, but its linkage to year-wise physical milestones is not demonstrated. To be addressed through the Rolling Network Development and Capital Investment Plan.
SCADA, control centre and system operation arrangements	A SCADA/DMS-enabled ring main network with 50% DMS-enabled RMUs and ADMS-based operation is proposed. The location of the control centre and the compatibility of the Applicant's SCADA/EMS with the systems of the STU and the SLDC are not demonstrated and are addressed by way of licence conditions.

The Committee concludes that the particulars on record are sufficient to test the planning framework at the licensing stage, in that the demand basis, the sizing methodology, the network architecture and the phasing are all disclosed and independently verifiable; but that they are not sufficient to verify implementation, in that site-level, feeder-level and dated milestone particulars are absent. The objection is therefore made out in part. In the Committee's view the deficiency is of a kind ordinarily cured at the implementation stage, and is precisely what the Commission's direction for a detailed Implementation Plan is designed to elicit; it does not, on the present record, establish a planning deficiency of a character warranting refusal of the licence.

14.6.7 Network Development in Nuh Revenue District

The Existing Distribution Licensee has submitted that Nuh Revenue District comprises predominantly rural, agricultural and low-density load, that such areas

require higher network investment per consumer, greater operation and maintenance expenditure and longer deployment timelines, and that the Petition discloses no area-specific roadmap for such consumers. The Committee considers the submission to be well founded as a proposition of network economics, and has therefore examined what the Applicant's own projections disclose for Nuh.

On those projections, total sales in the Nuh Division are estimated at 973.81 MU in FY 2030-31, of which the Applicant projects sales of 73.73 MU — a penetration of approximately 7.6%. The corresponding penetration is approximately 17.8% in Gurugram Sub-urban, 16.9% in Sohna and 15.8% in Manesar. Own-wire demand in Nuh rises from 6.44 MW in FY 2027-28 to 29.91 MW in FY 2030-31, being about 2.8% of the Applicant's total own-wire demand, served by one 33/11 kV substation added in each phase, 5 km of 33 kV line per phase and 11 kV feeders rising from two to six.

The Committee accordingly finds that the plan does provide for network development in Nuh from the first phase onwards and does not exclude the district, but that the projected penetration in Nuh is materially lower than in the Gurugram Divisions. That differential follows from the Applicant's own migration and load assumptions rather than from any stated intention to avoid the district, and the Applicant has expressly undertaken that phasing is determined by engineering, reliability and network loading considerations and not by consumer or revenue category, and that no area is to be permanently excluded. The Committee is nevertheless of the view that the differential is sufficient to require an express safeguard, and recommends that division-wise coverage obligations and reporting be imposed in respect of Nuh in particular. The distinct question whether the Applicant is in a position to discharge its obligation under Section 43 of the Act throughout Nuh upon demand is examined in the Chapter dealing with universal service obligation and is not decided here.

14.6.8 Objections Touching System Planning but Falling Outside ToR 3.9

Certain objections raised by the Respondents touch upon system planning but fall in substance within other Terms of Reference. So that no objection is left undisposed of, the Committee records their disposal as follows.

- Operational readiness — system operation, outage management and restoration, emergency response, consumer grievance redressal and field maintenance. Remitted to the Chapter dealing with technical and operational capability.
- Institutional and organisational readiness — organisational structure, field offices, staffing and manpower deployment, training and allocation of operational responsibilities. Remitted to the Chapter dealing with technical and operational capability.
- Reliability of power procurement and its consequences for scheduling and grid management. The State Transmission Utility has submitted that an applicant without a firm and diversified procurement plan cannot be a reliable off-taker and that scheduling instability would translate into grid management difficulty. The procurement plan is examined in the Chapter dealing with power procurement; for the purposes of ToR 3.9 the Committee observes only that scheduling discipline is enforceable through the Grid Code and the State Load Despatch Centre and is further secured by the Interconnection Agreement recommended at 14.11, Stage B.

Accordingly, the Committee considers that the central issue under ToR 3.9 is not whether planning assumptions will change following the grant of a Parallel Distribution Licence—they inevitably will—but whether the proposed planning framework is capable of accommodating such changes through coordinated planning, efficient utilisation of infrastructure and appropriate regulatory oversight. On the material placed before it, the Committee finds that the Applicant has presented a planning framework which is capable of supporting such coordinated development, subject to implementation in accordance with the applicable statutory and regulatory framework.

PART II-B

14.7 Evaluation of Principal Objections and Planning Issues

The Committee has examined the principal objections raised by the Existing Distribution Licensee, the State Transmission Utility and other Respondents, together with the Applicant's replies, rejoinders and the material placed on record. The objections primarily concern the likely impact of the proposed Parallel

Distribution Licence on distribution and transmission planning, network losses, system reliability and resilience, asset utilisation and future investment requirements. The Committee's evaluation of these issues is summarised below.

Table 14.5 – Principal Objections, Applicant's Response and Committee's Evaluation

Issue / Objection	Applicant's Response	Committee's Evaluation
Distribution Planning	Network expansion will be phased and aligned with actual consumer migration and demand growth.	The phased planning approach is reasonable and consistent with prudent utility practice. Periodic review based on actual demand will minimise planning uncertainty.
Legality of phased rollout under Section 42(1) (DHBVNL; Tata Power v. MERC, Appeal No. 132 of 2011; Indian Railways v. WBEDCL, [2026] 5 SCR 479)	Section 42 imposes a continuing obligation; APTEL, Appeal No. 279 of 2017 (11.03.2026) holds the entire network need not be developed at one go and prescribes no timeline; no area to be permanently excluded.	The authorities are not in conflict. Phased development is permissible; the objection goes to milestones rather than to legality. Coverage and completion milestones to be fixed as licence conditions.
Transmission Planning	Transmission interface and augmentation will be undertaken in coordination with the STU and other competent authorities.	The statutory planning responsibility of the STU remains unaffected. Any additional transmission requirements can be addressed through the established planning process.
System studies, GNA, protection coordination, reactive power and SCADA/EMS compatibility (STU)	Existing intra-State transmission capacity is adequate; the Applicant caters to part of existing and future load; STU applies for GNA on behalf of intra-State entities; all CERC GNA Regulations, 2022	Neither the Act nor the Rules of 2005 or the Licensing Regulations of 2004 makes system studies, connectivity, GNA or STU concurrence a condition of eligibility; each arises on or after grant. A formal Interconnection Agreement and completed system studies should

Issue / Objection	Applicant's Response	Committee's Evaluation
	conditions to be complied with post-grant.	be made a condition precedent to commencement of power drawal.
Network Losses	Modern network design, underground cabling, smart metering and advanced technologies are expected to improve operational efficiency.	The projected reduction in technical losses appears achievable in principle. Actual performance should be verified through regulatory monitoring after commencement of operations. The proposed trajectory of 5.80% in FY 2027-28 reducing to 5.20% by FY 2030-31 is credible for a new underground network with 100% smart metering, but is to be read subject to the inclusion of the whole of Nuh Revenue District, where loss levels are higher.
System Reliability & Resilience	The proposed network incorporates redundancy, automation, SCADA/ADMS, modern protection systems and phased augmentation.	These features are capable of enhancing reliability and resilience, subject to implementation in accordance with applicable technical standards and regulatory requirements.
Asset Utilisation	Consumer migration will be gradual and infrastructure development will be demand-driven, thereby avoiding unnecessary investment.	Some redistribution of network utilisation is an inherent consequence of parallel licensing. Such changes should be addressed through coordinated planning and regulatory review rather than treated as a bar to licensing. On the Applicant's own projections the assumed switchover from the existing licensee's sales rises only from 2.50% to 4.00% between FY 2027-28 and FY 2030-31, which does not support the contention

Issue / Objection	Applicant's Response	Committee's Evaluation
		that existing assets would be stranded in the near term.
Stranding of RDSS, Smart City, underground cabling and smart metering investments (DHBVNL)	Migration is gradual; the greater part of the Applicant's sales derives from new load in a growing area rather than from existing consumers.	The concern is legitimate but is quantitatively bounded on the present projections. Utilisation of the existing network and recovery of approved capital schemes should be reviewed periodically by the Commission through the ARR/MYT process.
Pilot Project Belt incompatibility (STU and DHBVNL)	Gurugram architecture is founded on 220/33 kV in-feed; express undertaking that all PPB connections will be released in the 220/33/0.4 kV configuration (Rejoinder dated 10.07.2026, para 32).	The undertaking resolves the objection but must be converted into an express licence condition and verified before commercial supply commences in any PPB sector.
Right of Way, land and statutory approvals (DHBVNL)	Compact gas-insulated and skid-mounted substations, predominantly underground network, trenchless technology (micro-tunnelling / HDD).	The design response materially reduces but does not eliminate the risk, which is borne principally by the Applicant. An approvals matrix and interface framework should be furnished with the Implementation Plan.
Insufficient particulars of infrastructure readiness — EHV connectivity, substation and feeder-wise plans, commissioning timelines, capital deployment milestones, SCADA and control centre (DHBVNL)	Enclosure 9 sets out demand-based sizing, architecture, planning parameters and phase-wise asset addition for each Division.	Made out in part. The particulars suffice to test the planning framework but not to verify implementation; site-level, feeder-level and dated milestone particulars are absent and are to be furnished with the Implementation Plan. See Table 14.4.
No area-specific roadmap for rural and low-density Nuh; higher	Rollout is area-wide and phased on engineering and loading criteria, not on	Nuh is included from the first phase, but projected penetration there (about 7.6% by FY 2030-

Issue / Objection	Applicant's Response	Committee's Evaluation
investment per consumer (DHBVNL)	consumer or revenue category; no area permanently excluded.	31) is materially below the Gurugram Divisions (about 15.8% to 17.8%). Division-wise coverage obligations and reporting for Nuh recommended.
Continuity of supply and Supplier of Last Resort obligations undefined (DHBVNL)	Not specifically answered on the present record.	Not covered by any single Term of Reference but carrying planning and investment consequences for the Existing Distribution Licensee. Recommended for express determination by the Commission post grant of licence.
Future Investment Requirements	Capital investment will be undertaken progressively in accordance with actual system growth and consumer demand.	Progressive investment aligned to demand is consistent with prudent planning.

14.8 Committee's Evaluation

The Committee has considered the cumulative impact of the proposed Parallel Distribution Licence on long-term system planning rather than evaluating each issue in isolation.

The material on record indicates that the Applicant has adopted a phased planning framework under which infrastructure development is intended to follow actual consumer migration and demand growth. Such an approach is consistent with prudent planning principles and provides flexibility to modify investment programmes in response to evolving system requirements.

The Committee has, in this connection, noted the Capital Investment Plan of the State Transmission Utility already approved by the Commission in the MYT Order dated 13.03.2025 for the period FY 2025-26 to FY 2029-30, covering substations, lines, land, IT systems, SAMAST and OPGW works and the SLDC. The

transmission system of the State is therefore already the subject of an approved and funded augmentation programme extending across the period of the Applicant's proposed rollout. Any transmission augmentation or interface requirements arising during implementation can be addressed through the established planning process and coordination among the concerned entities.

The Committee further finds that the concerns relating to network losses, reliability, resilience and asset utilisation are matters that depend principally upon engineering design, operational performance and coordinated planning. These issues require continuing regulatory oversight throughout implementation and operation but do not constitute inherent deficiencies in the proposed planning framework.

With regard to future investment requirements, the Committee considers that both the Applicant and the Existing Distribution Licensee will need to periodically review their capital investment programmes in light of actual consumer migration, demand growth and utilisation of existing assets. Such periodic adjustments are integral to efficient utility planning and should be undertaken through the established regulatory and planning processes.

The Committee also records that the objection founded on duplication of network assets, and on distribution being in the nature of a natural monopoly, cannot be sustained as a ground of refusal. The sixth proviso to Section 14 of the Electricity Act, 2003 expressly contemplates the grant of a licence to a second distribution licensee in the same area of supply on its own network, subject to compliance with the additional requirements prescribed by the Central Government. A contention that the resulting network is duplicative is, in substance, a contention against the statutory scheme itself. Whether the Applicant satisfies those additional requirements is a distinct question examined under the Chapters dealing with capital adequacy and creditworthiness, and nothing in this Chapter should be read as an opinion on that question.

Accordingly, the Committee concludes that the principal objections raised by the Respondents identify important planning and operational considerations which warrant continued coordination and regulatory supervision. However, on the basis of the material placed on record, the Committee does not find that these objections

establish any material planning or sectoral impediment that would justify refusal of the proposed Parallel Distribution Licence under ToR 3.9.

PART III

COMMITTEE'S FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

(Terms of Reference 3.9)

14.9 Committee's Findings

Having examined the Petition, the supporting Business Plan and Network Development Plan, the replies and objections filed by the Respondents, the Applicant's rejoinders, the applicable statutory and regulatory framework, and the material placed on record, the Committee records the following findings under ToR 3.9.

At the outset the Committee records the legal characterisation on which the findings that follow proceed. The conditions governing the grant of a distribution licence are those laid down in Sections 14 and 15 of the Electricity Act, 2003, in the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005 and in the HERC (Transmission and Distribution Licensing) Regulations, 2004. Neither the Act nor those Rules or Regulations prescribes, as a condition of eligibility for grant, the prior existence of a complete distribution network, the prior completion of load flow or other system studies, connectivity, General Network Access, or the concurrence or No Objection Certificate of the State Transmission Utility. Each of those matters arises under provisions which operate upon and after grant — the duty under Section 42(1), which attaches to a person who is already a licensee; the STU's duty under Section 39(2)(b) and Regulations 3.1 to 3.6 of the Haryana Grid Code Regulations, 2009 to plan and coordinate with licensees; the connectivity and interconnection provisions of the Grid Code, which apply to a user upon connection; and the CERC GNA Regulations, 2022, under which the STU applies to CTUIL on behalf of intra-State entities. It follows that network adequacy, phased development, system studies, connectivity and transmission concurrence are matters of implementation, to be secured through conditions of licence under Section 16 and through continuing

regulatory supervision, and are not threshold requirements the non-fulfilment of which can found a refusal under the sixth proviso to Section 14.

The Committee has considered whether this characterisation is consistent with the Commission's decision in India Power Corporation Limited (HERC/PRO-08 of 2014), where an application was rejected as deficient in form and content and premature, including as to the assessment of infrastructure required and the corresponding investment. In the Committee's view it is. What was found wanting in that case was any credible assessment of the infrastructure requirement and of the investment needed to meet it — a matter going to capital adequacy and to the seriousness of the application — and not the absence of completed system studies, connectivity or transmission concurrence. In the present case an infrastructure assessment, a demand basis and a sized network are on record; the questions of study, connectivity and concurrence are of a different order and arise at implementation.

(i) Distribution Planning

The Committee finds that the Applicant has proposed a phased and demand-responsive distribution planning framework under which network expansion is intended to be aligned with actual consumer migration and demand growth. The proposed planning methodology is capable of supporting orderly development of the distribution system while permitting periodic review of planning assumptions as circumstances evolve. The Committee further finds that the demand projections rest on the escalation factors approved by the Commission's own Business Plan Order for FY 2025-26 to FY 2029-30, that the network has been sized from those projections applying parameters consistent with CEA technical standards, and that the planning as submitted satisfies Regulations 4.2.1 and 4.2.2 of the HERC (Electricity Supply Code) Regulations, 2014.

(ii) Legality of Phased Network Development

The Committee finds that phased development of the distribution network is not contrary to Section 42(1) of the Electricity Act, 2003. The obligation to develop and maintain an efficient, coordinated and economical distribution system is a continuing obligation, and the Appellate Tribunal has held in Appeal No. 279 of 2017 (judgment dated 11.03.2026) that a licensee cannot be expected to develop the entire network at one go and that no timeline for network development is mandated by the

Act. The objection founded on Appeal No. 132 of 2011 and on Indian Railways v. WBEDCL is directed to the content of the obligation rather than to the pace of its discharge, and does not disclose a ground for refusal.

(iii) Transmission Planning

The Committee finds that the proposed Parallel Distribution Licence does not alter or diminish the statutory responsibilities of the State Transmission Utility for transmission planning and coordinated development of the State transmission system. Any transmission augmentation or interface requirements arising during implementation can be addressed through the established planning process and coordination among the concerned entities. The Committee further finds that the STU's duty under Section 39(2)(b) of the Act and Regulation 3.1 of the Haryana Grid Code Regulations, 2009 to plan and coordinate the transmission system extends to any new distribution licensee upon grant, that system studies, GNA applications and interconnection arrangements are post-grant regulatory processes, and that neither a transmission system study nor a No Objection Certificate from the STU is a condition precedent to the grant of a licence under Sections 14 and 15 of the Act. The Committee notes the Commission's direction in the Interim Order dated 26.05.2026 requiring the Applicant to obtain a No Objection Certificate from the STU regarding transmission capacity and land availability, and observes that the direction is a procedural measure to assist the Commission in its examination and does not convert transmission concurrence into a statutory condition of eligibility; non-furnishing of such a certificate cannot, of itself, found a refusal of the licence.

(iv) Network Losses

The Committee finds that the proposed network architecture and operational approach have the potential to improve technical efficiency and contribute towards reduction of network losses. Actual performance, however, will depend upon implementation, operational practices and compliance with the applicable technical standards and shall remain subject to regulatory oversight. The Committee finds the proposed trajectory of 5.80% in FY 2027-28 reducing to 5.20% by FY 2030-31 to be credible for a new underground network with complete smart metering, subject to the qualification that the licence area includes the whole of Nuh Revenue District

where prevailing loss levels are higher, and directs that the trajectory be treated as a monitored licence condition.

(v) System Reliability and Resilience

The Committee finds that the proposed planning framework incorporates measures intended to enhance system reliability and operational resilience through phased infrastructure development, network redundancy, automation and modern system management practices. Continued compliance with applicable technical standards and coordinated operation will remain essential.

(vi) Asset Utilisation

The Committee finds that introduction of a parallel distribution licensee may lead to changes in utilisation of certain existing network assets as consumer migration occurs. Such changes are an inherent consequence of a competitive distribution framework and do not, by themselves, establish inefficient system planning or constitute a valid ground for refusal of the proposed licence. Their long-term implications should be addressed through periodic planning and regulatory review. The Committee further finds that, on the Applicant's own projections, switchover from the existing licensee's sales is assumed to rise only from 2.50% in FY 2027-28 to 4.00% in FY 2030-31, and that the apprehension of stranding of investments made under RDSS, Smart City, underground cabling and smart metering programmes is therefore quantitatively bounded on the present record, though it remains a matter for periodic review by the Commission.

(vii) Compliance with the Notified Pilot Project Belt Architecture

The Committee finds that the Applicant has undertaken to release all connections in the notified Pilot Project Belt sectors of Gurugram in the 220/33/0.4 kV configuration in compliance with the Regulations notified on 27.09.2023, and that this undertaking answers the objection raised by the STU and the Existing Distribution Licensee. The Committee finds it necessary that the undertaking be made an express licence condition and independently verified before commercial supply commences in any Pilot Project Belt sector.

(viii) Right of Way and Implementation Feasibility

The Committee finds that the Right of Way, land and statutory approval constraints identified by the Existing Distribution Licensee are real and are supported by documented experience in the same geography, but that the Applicant's design response, comprising compact gas-insulated substations, a predominantly underground network and trenchless cable-laying technology, is directed at precisely those constraints. The Committee finds that this risk is borne principally by the Applicant and does not impair the existing system or the sectoral planning framework, and that the appropriate course is a direction to furnish a comprehensive approvals and interface matrix with the Implementation Plan rather than refusal of the licence.

(ix) Future Investment Requirements

The Committee finds that future investment requirements of the Applicant, the Existing Distribution Licensee and the State Transmission Utility should continue to be determined through coordinated planning, realistic demand assessment and periodic review. The material placed before the Committee does not establish that the proposed licence would necessarily result in inefficient or avoidable duplication of investment.

(x) Adequacy of the Particulars on Record

The Committee finds that the objection as to insufficiency of infrastructure particulars is made out in part. The demand basis, sizing methodology, network architecture, planning parameters and phasing are disclosed and verifiable, and are sufficient for the Commission to test the planning framework at the licensing stage. Site-level and feeder-level particulars, dated commissioning and completion milestones, and the linkage between capital deployment and physical milestones are not on record. The Committee finds this deficiency to be of a kind ordinarily cured at the implementation stage, and to be the subject of the detailed Implementation Plan to be filed after grant of licence and it does not warrant refusal of the licence.

(xi) Objections Remitted and Objection Requiring Express Determination

The Committee finds that the objections relating to operational readiness, institutional and organisational readiness and reliability of power procurement fall

within other Terms of Reference and are remitted to the Chapters dealing respectively with technical and operational capability and with power procurement.

14.10 Conclusion

On the material examined, the Committee concludes that the Applicant has substantially addressed the issues arising under ToR 3.9. The proposed Parallel Distribution Licence is capable of being integrated into the existing sector framework through coordinated planning, phased implementation and continuing regulatory supervision, and the record does not establish any material adverse impact on distribution planning, transmission planning, network losses, reliability and resilience, asset utilisation or future investment requirements such as would warrant refusal.

That conclusion does not rest on the Applicant having demonstrated a completed network, system studies, connectivity, General Network Access or transmission concurrence, none of which is a condition of eligibility under the Act, the Rules of 2005 or the Licensing Regulations of 2004. It rests on the Applicant having placed on record a demand basis, a sizing methodology and a phased development programme sufficient to show the proposal to be serious and technically coherent, the remaining matters being questions of implementation regulated through conditions of licence.

14.11 Recommendations: Proposed Licence Conditions and Compliance Timelines

The Committee recommends that, in the event the proposed Parallel Distribution Licence is granted, the Commission may consider imposing the following conditions of licence under Section 16 of the Electricity Act, 2003, together with such continuing supervision as it may think fit. None of these is put forward as a condition precedent to grant, and none qualifies the conclusion recorded at 14.10; they are conditions to be discharged after grant and, in the case of Stages B and C below, before operationalisation of the distribution system. Timelines run from the date of grant of the licence unless otherwise stated, and may be modified by the Commission as deemed fit.

A. Pre-construction stage

Proposed condition	Compliance timeline
Nomination of a nodal officer and establishment of a standing coordination mechanism with the Existing Distribution Licensee, HVPNL and the SLDC for demand forecasts, network development, transmission interface, system augmentation and operational planning.	Within 30 days of grant; mechanism to remain in operation throughout the licence period.
Filing of the detailed Implementation Plan comprising substation-wise site identification and land tenure, feeder-wise routing and sequencing, dated commissioning milestones for each phase and Division, the linkage between year-wise capital deployment and physical milestones, and the control centre architecture.	Within 90 days of grant of Licence.
Filing of an approval matrix identifying every statutory, civic and utility clearance required, the authority concerned, the expected timeline, the coordination arrangements with GMDA, HSVP, NHAI, railway and metro authorities and other utility owners, and the measures proposed to minimise excavation and disruption to public infrastructure.	Within 90 days of grant; updated half-yearly until completion of the rollout.
Filing, for the approval of the Commission, of division-wise rollout milestones and area coverage obligations, expressly including Nuh Revenue District and other low-density areas, so that phasing	Within 90 days of grant; any deviation thereafter to be

Proposed condition	Compliance timeline
does not operate as permanent exclusion of any part of the area of supply.	reported with reasons within 30 days.

B. Before energisation and commencement of power drawal

Proposed condition	Compliance timeline
Completion, to the satisfaction of the State Transmission Utility, of load flow, short circuit, protection coordination, reactive compensation and system stability studies for the network elements proposed to be charged.	Not later than 60 days before the proposed energisation of the first network element in each Division.
Demonstration of compatibility of the Applicant's SCADA/EMS and communication systems with the systems of the STU and the SLDC.	Before charging of the first 33 kV element in each Division.
Execution of a formal Interconnection Agreement with the STU, and securing of connectivity and General Network Access through the STU in compliance with the CERC (Connectivity and General Network Access) Regulations, 2022.	Within 90 days from the date of grant of licence.

C.Before operationalisation (commencement of commercial supply)

Proposed condition	Compliance timeline
Compliance to be overseen by the Hon'able Commission that the approved network design for each notified Pilot Project Belt sector conforms to the 220/33/0.4 kV configuration prescribed by the Regulations notified on 27.09.2023, all connections in such sectors to be released in that configuration.	Before commencement of commercial supply in any Pilot Project Belt sector.
Certification that the network elements to be commissioned conform to the applicable CEA Regulations and technical standards, including safety, construction and connectivity standards, and to the N-1 criterion adopted in the Business Plan.	Before commencement of commercial supply in each Division.
Compliance to be overseen by the Hon'ble Commission, and incorporation in the licence, of the framework governing continuity of supply on financial distress, operational failure, procurement shortfall, surrender, revocation or insolvency, including the identity of the Supplier of Last Resort, step-in triggers and timelines, consumer transition arrangements, allocation of responsibility and cost recovery.	Before commencement of commercial supply.

D. Continuing obligations after operationalisation

Proposed condition	Compliance timeline
Execution of Rolling Network Development Plan and Capital Investment Programme reflecting actual migration, connected load and demand growth; and regard, in planning expansion, to	Updated annually and filed with the ARR petition; significant revisions reported within 30 days.

Proposed condition	Compliance timeline
optimum utilisation of existing transmission and distribution infrastructure, coordinating with the Existing Distribution Licensee and the STU wherever technically and economically feasible so as to minimise avoidable duplication.	
Reporting of network losses on the approved trajectory, reliability indices, network expansion against approved milestones, utilisation of major network assets and capital investment.	Half-yearly, division-wise; reviewed by the Commission at each ARR or MYT proceeding.
Furnishing by the Existing Distribution Licensee of division-wise actual distribution losses for the Gurugram and Nuh Divisions for the preceding three financial years, to enable the Applicant's loss trajectory to be benchmarked.	Within 60 days of grant of licence.
Review by the Commission of the impact of the licence on distribution and transmission planning, losses, reliability and resilience, utilisation of the existing network and recovery of approved schemes including RDSS, Smart City, underground cabling and smart metering, with revision of the planning assumptions of the concerned utilities and such directions as may be necessary.	At each ARR or MYT proceeding, and otherwise as the Commission may deem fit.

CHAPTER 15

PUBLIC INTEREST

1. Examine whether grant of the proposed licence would advance the objectives of the Electricity Act, 2003, including promotion of competition, protection of consumer interests, improvement in quality and reliability of supply, promotion of efficiency and economy, renewable energy integration and innovation and consumer choice.

This Chapter is divided into three parts. Part-A deals with introduction, scope, issues, statutory framework and regulatory principles. Part-B deals with the Committee's integrated public interest evaluation. Part-C deals with the Committee's observation, findings and conclusion thereof.

PART-A
INTRODUCTION AND SCOPE OF EXAMINATION

15.1 Introduction:

The final issue referred to the Committee under ToR 3.10 is whether the proposed parallel distribution licence, viewed in the context of the Electricity Act, 2003, is consistent with the broader public interest.

Unlike the preceding Chapters, which examine individual statutory, financial, technical and managerial requirements, this Chapter undertakes an integrated assessment of those findings to determine whether the cumulative evidence discloses any public interest consideration that materially affects the overall evaluation under the Terms of Reference. It is not intended to revisit conclusions already reached in Chapters 6 to 14, but to assess their collective effect in the light of the statutory objectives of the Electricity Act, 2003.

For this purpose, the Committee has considered the Act, the National Electricity Policy, the Tariff Policy, the pleadings and submissions of the parties, the Applicant's Business Plan, the objections raised by stakeholders, including the Consumer Migration Impact Assessment submitted by DHBVNL, and the findings recorded in the preceding Chapters of this Report.

The Committee recognises that the present proceedings concern the implementation of the statutory framework for parallel distribution in an existing licence area. Accordingly, the public interest assessment extends beyond the interests of individual stakeholders and encompasses consumer welfare, sectoral efficiency, financial sustainability, reliability of supply, investment, regulatory certainty and the orderly development of the electricity distribution sector.

The Committee has also taken into note the concern of the AIPEF and other stakeholders regarding the interest of the existing employees working in the State distribution sector. The primary apprehension of the employees pertains to restructuring under Section 133 of the Act, 2003. The Committee has rendered its finding in its "Finding" section below.

The Committee has further considered the concern of the stakeholders (Prof.Sampat Singh), regarding the constitutional provision of Articles 21, 38, 39(b) & 48 of the Act, 2003.

15.2. Scope of Evaluation:

In undertaking the assessment under this Chapter pertaining to public interest the Committee has considered:

- the statutory objectives of the Electricity Act, 2003;
- promotion of regulated competition and consumer welfare;
- Universal Service Obligations and consumer protection;
- financial sustainability of the electricity sector;
- operational and financial implications identified during these proceedings, including those reflected in the DHBVNL Consumer Migration Impact Assessment;
- the regulatory mechanisms available to the Commission to address such issues; and
- the cumulative findings recorded in Chapters 6 to 14.

The Committee has not treated any individual factor as independently determinative. Rather, the assessment proceeds on the basis of a holistic evaluation of the competing public interest considerations, recognising that issues relating to consumer migration

15.3. Public Interest under the Electricity Act, 2003:

Although the Electricity Act, 2003 does not expressly define the expression public interest, its provisions indicate that public interest is to be assessed by balancing the statutory objectives of consumer welfare, promotion of competition, Universal Service Obligations, reliable and efficient electricity supply, financial sustainability, technological advancement and orderly sectoral development.

The Act promotes competition while simultaneously preserving the statutory obligations applicable to every distribution licensee. Consequently, public interest cannot be evaluated solely from the perspective of consumer migration, commercial impact upon an existing licensee, or the interests of an individual applicant. It requires a balanced assessment of all relevant considerations within the statutory and regulatory framework.

Public interest under the Electricity Act, 2003 also encompasses the promotion of efficiency and economy in electricity distribution, technological innovation, renewable energy integration, consumer choice and creation of a stable regulatory environment capable of attracting efficient investment while safeguarding consumer interests.

The Committee also recognises that parallel distribution may give rise to operational and financial consequences for market participants. Such consequences are inherent in the legislative framework and, unless they disclose a legal or regulatory impediment under the Act, are matters falling within the Commission's continuing regulatory jurisdiction rather than determinative factors in the present public interest assessment.

PART-B

COMMITTEE'S INTEGRATED PUBLIC INTEREST EVALUATION

15.4 Integrated Public Interest Evaluation:

The Committee has undertaken an integrated assessment of the evidence on record to determine whether the public interest considerations arising from the

proposed parallel distribution licence materially affect the conclusions reached under the preceding Terms of Reference.

The Committee's evaluation proceeds on the basis that public interest under the Electricity Act, 2003 requires balancing multiple statutory objectives, including consumer welfare, regulated competition, Universal Service Obligations, reliability of supply, financial sustainability of the electricity sector and efficient network development. These objectives are complementary and must be harmonised through the regulatory framework established under the Act.

The Committee has therefore evaluated whether the proposed licence advances the statutory objectives of promoting competition, protecting consumer interests, improving quality and reliability of supply, encouraging efficiency, economy, innovation, renewable energy integration and consumer choice, while maintaining an appropriate balance between the interests of consumers, investors, existing licensees and the long-term development of the electricity sector."

The Committee has therefore evaluated whether the proposed licence advances the statutory objectives of promoting competition, protecting consumer interests, improving quality and reliability of supply, encouraging efficiency, economy, innovation, renewable energy integration and consumer choice, while maintaining an appropriate balance between the interests of consumers, investors, existing licensees and the long-term development of the electricity sector."

The Committee further recognises that introduction of a parallel distribution licensee may give rise to operational and financial consequences affecting both licensees and consumers. The relevant issue, however, is whether such consequences constitute overriding public interest concerns or are capable of being addressed through the Commission's continuing regulatory jurisdiction. The Committee has evaluated the evidence from this perspective

15.5 Evaluation of DHBVNL's Consumer Migration Impact Assessment:

The Committee has carefully considered the Consumer Migration Impact Assessment submitted by DHBVNL. The Assessment identifies potential implications of parallel distribution in relation to consumer migration, revenue distribution, Aggregate Revenue Requirement, Average Cost of Supply, cross-subsidy mechanisms, power procurement commitments, infrastructure utilisation,

stranded assets, stranded power purchase obligations and overall financial sustainability.

The Committee considers that these are legitimate regulatory concerns. Their significance lies in highlighting the operational and financial issues that may arise during implementation of parallel distribution and which may require continuing regulatory attention.

However, the Assessment primarily addresses the possible consequences of implementation rather than the statutory permissibility of parallel distribution or the threshold requirements examined under the earlier Terms of Reference. The issues identified are dependent upon future operational experience and the regulatory measures adopted by the Commission from time to time.

Accordingly, the Committee considers that the DHBVNL Impact Assessment is an important regulatory planning document. It should assist the Commission in future oversight of consumer migration, tariff determination, prudence review of power procurement, treatment of stranded assets and stranded power purchase obligations, and other consequential regulatory measures. It does not, by itself, disclose any overriding public interest consideration warranting a different conclusion under ToR 3.10.

The Committee also notes that issues relating to quality of supply, network reliability, technological modernisation and renewable energy integration identified during these proceedings are matters capable of continuous regulatory supervision through licence conditions, Standards of Performance and other statutory mechanisms."

15.6 Overall Public Interest Balance:

Having considered the statutory framework, the evidence on record and the cumulative findings contained in Chapters 6 to 14, the Committee is satisfied that the public interest assessment requires balancing the potential benefits of regulated competition against the operational and financial implications identified during these proceedings.

The Committee further considers that regulated competition, if implemented in accordance with the statutory framework, has the potential to encourage

operational efficiency, improved consumer service standards, technological innovation and prudent private investment in electricity infrastructure, thereby contributing to the long-term development of the electricity sector in Haryana."

The Committee finds that the issues identified, including those highlighted in the DHBVNL Impact Assessment, are matters that principally concern the regulation of parallel distribution after commencement of operations. They are capable of being addressed through the Commission's continuing statutory powers, including tariff regulation

PART-C

COMMITTEE'S FINDINGS, REGULATORY OBSERVATIONS AND CONCLUSION

15.7 Committee's Findings:

Having considered the statutory framework, the evidence placed on record, the submissions of the parties and the cumulative findings recorded in Chapters 6 to 14, the Committee records the following findings:

(i) Public interest under the Electricity Act, 2003 requires a balanced consideration of consumer welfare, promotion of regulated competition, Universal Service Obligations, financial sustainability, reliable electricity supply and orderly development of the electricity sector.

(ii) The Electricity Act, 2003 contemplates the operation of multiple distribution licensees within the same area. Consequently, operational and financial implications arising from parallel distribution are foreseeable consequences of the statutory framework and are not, by themselves, inconsistent with the legislative scheme.

(iii) The findings recorded in the preceding Chapters establish the Applicant's position in relation to the respective Terms of Reference. The present Chapter is confined to evaluating the broader public interest implications of those findings.

(iv) The Consumer Migration Impact Assessment submitted by DHBVNL identifies significant operational and financial issues, including consumer

migration, power procurement, stranded assets and PPAs, cross-subsidy, infrastructure utilisation and sectoral financial sustainability. These are legitimate regulatory concerns requiring continuing oversight.

(v) The Committee finds that these matters principally relate to the regulation of parallel distribution after commencement of operations and do not, in themselves, constitute overriding public interest considerations that materially alter the conclusions reached under the preceding Terms of Reference.

(vi) The Committee further finds that the proposed licence has the potential to advance the statutory objectives of promoting efficiency and economy, improving quality and reliability of supply, encouraging technological innovation, facilitating renewable energy integration and expanding consumer choice, subject to compliance with the Electricity Act, 2003, the applicable Regulations and the licence conditions imposed by the Commission

(vii) Accordingly, the Committee finds that the public interest considerations examined under ToR 3.10 do not disclose any independent statutory or regulatory impediment requiring a conclusion different from that otherwise emerging from this Report.

(viii) The present proceeding does not attract the provision of Section 133 of the Act, 2003, which relates to reorganization of the State Electricity Boards. It operates where the undertaking of a Board or utility is transferred or vested, and secures the terms and conditions of the service of the personnel so transferred which shall not less favourable than they previously enjoyed. It is, in other words, a provision about **transfer**. In the instant case, there is no such occasion of transfer of the undertaking. Further, as regards the concern of the employees regarding the implication on the business of DHBVNL and its consequent effect upon the employees thereof, the Committee finds that, any change in the existing business parameter of the DHBVNL shall be taken care of in the ARR and Truing Up exercise, etc. under regulatory mechanism.

(ix) As regards the concern qua the inconsistency of the proposed application of the Petitioner with the constitutional provisions qua right to life, promotion of social welfare of the people, ownership and control of the material

resources of the State etc., the Committee finds that, the operation of parallel distribution and supply of electricity is the legislative intent as envisaged in the sixth proviso to Section 14 of the Act, 2003 read with the Distribution Licence Rules, 2005 framed by the Parliament. Hence, the fundamental objectives enshrined in the stated Articles of the Constitution are not frustrated by the introduction of competition in a particular area which would rather reduce the concept of monopoly in respect of supply of electricity, thereby providing the consumer a choice to choose his supplier. The intent of the Parliament is to promote competition and consequent efficiency.

15.8 Regulatory Observations (Conditions Subsequent):

The Committee considers that the issues identified during these proceedings are more appropriately addressed through continuing regulatory oversight following commencement of parallel distribution operations. The Commission may therefore consider appropriate post-licensing regulatory measures in relation to:

1. Consumer migration, financial sustainability, tariff impacts and cross-subsidy.
2. Power procurement, stranded power purchase obligations, stranded assets and resource planning.
3. Quality & Reliability of supply of Power at a competitive price.
4. Network development, infrastructure utilisation, Universal Service Obligations and consumer protection.
5. Periodic regulatory review of the operational and financial impact of parallel distribution, with such further regulatory directions as may be warranted by actual experience.

These observations are intended to identify areas requiring continuing regulatory supervision and should be regarded as **conditions subsequent** to be addressed through the Commission's ongoing regulatory jurisdiction rather than as threshold considerations governing the present public interest assessment

15.9 Conclusion:

The Committee has undertaken an integrated assessment of the public interest issues arising under ToR 3.10 by considering the statutory framework, the material placed on record and the cumulative findings recorded in the preceding Chapters.

The Committee recognises that the implementation of parallel distribution is likely to present operational and financial challenges requiring continuing regulatory oversight. However, on the basis of the evidence examined, these issues are matters for post-licensing regulation and do not constitute independent public interest considerations that materially detract from the conclusions otherwise reached in this Report.

The Committee is also satisfied that, viewed holistically, the proposed licensing framework is capable of advancing the broader public interest by balancing the interests of consumers, investors, the existing distribution licensee and the long-term development of the electricity sector, while preserving the Commission's continuing regulatory jurisdiction to address operational and financial consequences as they arise.

The Committee therefore concludes that the public interest assessment under ToR 3.10 does not disclose any overriding consideration warranting a conclusion different from that emerging from the cumulative evaluation of the preceding Terms of Reference. The matters identified during these proceedings are appropriately addressed through the Commission's continuing regulatory jurisdiction and post-licensing oversight.

CHAPTER 16

ToR 3.11 — Regulatory Safeguards, Implementation Framework, Monitoring Mechanisms and Institutional Coordination.

Regulatory Safeguards

1. **Recommend appropriate licence conditions, regulatory measures, implementation safeguards, monitoring mechanisms and compliance requirements that may be imposed by the Commission.**

2. **Recommend measures for coordination among the Applicant, the Existing Distribution Licensee, the State Transmission Utility, HPPC, SLDC and other stakeholders.**

PART I

Scope of Examination and Regulatory Principles

16.1 Introduction

The final Term of Reference requires the Committee to recommend the licence conditions, regulatory measures, implementation safeguards, monitoring mechanisms and coordination arrangements that should accompany the grant of a parallel distribution licence. Unlike the earlier Terms of Reference, which relate to statutory eligibility, financial and technical capability, universal service and public interest, ToR 3.11 is forward-looking: it concerns the framework needed to ensure that, if the licence is granted, its implementation remains consistent with the objectives of the Electricity Act, 2003 and the interests of consumers and the sector.

The Applicant has submitted a draft licence incorporating the standard conditions ordinarily applicable to a distribution licensee — compliance with the Act and Regulations, Standards of Performance, the Grid, Distribution and Supply Codes, tariff regulation, accounting, consumer grievance redressal, safety, power procurement, reporting and enforcement. The Committee does not reproduce those conditions. It has instead focused on the additional safeguards that arise specifically

because a second distribution licensee will operate through its own distribution system within an area already served by an existing licensee, bearing in mind that the Commission's regulatory jurisdiction continues throughout the licence period and that emerging implementation issues can be addressed through licence conditions, amendments and directions under the Act.

16.2 Need for Additional Regulatory Safeguards

The introduction of parallel distribution creates operational interfaces that are absent where a single licensee operates: interaction between two distribution systems, coordination of planning and outages, management of consumer migration, integration with the State Transmission Utility and the State Load Despatch Centre, exchange of operational information, maintenance of service standards and protection of consumer rights during the transition.

These matters do not create eligibility criteria beyond those prescribed under the Electricity Act, 2003 and the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005. They are implementation safeguards falling within the Commission's powers under Sections 15 and 16 of the Act to regulate the manner in which the licence is brought into operation and administered throughout its term — supplementing, not substituting, the statutory framework and the standard licence conditions.

16.3 Basis of the Committee's Recommendations

In formulating its recommendations, the Committee has considered:

- the statutory provisions of the Electricity Act, 2003, the applicable Regulations and the standard licence conditions of the Commission;
- the pleadings and submissions of the parties;
- the operational characteristics of the proposed licence area comprising Gurugram and Nuh, and the respective responsibilities of the Existing Distribution Licensees, HVPNL as State Transmission Utility, HPPC, SLDC and other sector institutions;
- the practical experience of parallel distribution licensing in India; and
- in particular, the Distribution Licence granted by the Maharashtra Electricity Regulatory Commission ("MERC") to The Tata Power Company Limited vide Order dated 14.08.2014 in Case No. 90 of 2014, issued as Distribution Licence

No. 1 of 2014 dated 14.08.2014 for the Mumbai licence area, the text of which has been perused by the Committee, together with the implementation framework laid down by MERC thereunder and its affirmation by the Hon'ble Appellate Tribunal for Electricity.

16.4 Committee's Approach

The Committee has not attempted to prescribe an exhaustive set of licence conditions; their formulation remains within the Commission's statutory jurisdiction under Section 16 of the Act. Its objective is to identify the principal areas in which enhanced regulatory oversight would facilitate successful implementation and minimise the risk of operational disputes, consumer inconvenience and avoidable regulatory intervention.

The Committee considers that the effectiveness of a parallel distribution regime is determined less by the grant of the licence itself than by the quality of the framework governing its implementation. Where consumer migration, network development, institutional coordination and regulatory monitoring are clearly defined at the commencement of the licence, parallel licensing has functioned with certainty and few disputes; where these matters have been left to evolve after commencement, prolonged regulatory intervention has often become necessary.

PART II

16.5 Lessons Emerging from Parallel Distribution Experience

16.5.1 General Observations

The Committee has examined the experience of parallel and multiple distribution licensing in India, including the approaches of the Electricity Regulatory Commissions and the judicial guidance of the Hon'ble Supreme Court and the Appellate Tribunal for Electricity. The grant of a parallel licence has generally not presented the principal regulatory challenge; the significant issues have arisen during implementation — network development, consumer migration, coordination among sector entities, maintenance of service standards and regulatory supervision in the initial years. The most fully developed body of such experience is that of Mumbai, where MERC granted a parallel distribution licence to The Tata Power Company

Limited ("Tata Power") in an area already served by two existing distribution licensees. That precedent is examined below.

16.5.2 The Mumbai Precedent: Distribution Licence granted by MERC to Tata Power

By Order dated 14.08.2014 in Case No. 90 of 2014, MERC granted Tata Power a distribution licence — issued as Distribution Licence No. 1 of 2014 dated 14.08.2014, the text of which has been perused by the Committee — for twenty-five years with effect from 16.08.2014 up to 15.08.2039, covering the Mumbai City area, parts of the Mumbai Suburban area and the Mira Bhayandar Municipal Corporation area. Since the area was already served by the Brihanmumbai Electric Supply and Transport Undertaking ("BEST") and Reliance Infrastructure Limited (now Adani Electricity Mumbai Limited), MERC expressly treated the application as one for a second distribution licence. The Mumbai licence is therefore the closest available regulatory analogue to the present Petition.

The objections urged before MERC closely mirror those raised before this Committee: that the applicant's rollout plan was inadequate and selective; that it would "cherry pick" high-value consumers; that the Universal Service Obligation could not be discharged within the timelines of the Standards of Performance Regulations; that a parallel network would duplicate assets; and that the grant would gravely impair the incumbents' finances. MERC held that none of these apprehensions constituted a ground for refusal under Sections 14 and 15 of the Act once the statutory eligibility criteria were satisfied, and noted that the Hon'ble Supreme Court, by Judgment dated 08.05.2014 in Civil Appeal No. 4223 of 2012 (BEST v. MERC), had settled that even a local-authority incumbent cannot preclude a second licence in its area of supply.

The regulatory technique adopted merits particular attention. Rather than requiring a completed network or fully crystallised rollout as a precondition to grant, MERC granted the licence subject to a specific condition that Tata Power submit its detailed Network Roll-out Plan, within six weeks of commencement of the Licence, for the Commission's approval, with adherence to the approved plan a continuing licence obligation. The Hon'ble Appellate Tribunal for Electricity upheld this approach in 2014, holding that network rollout may legitimately be prescribed and supervised as a subsequent specific condition of the licence rather than imposed as a precondition

to grant — affirming the distinction between licensing-stage eligibility and implementation-stage supervision applied throughout this Report.

The structure of Distribution Licence No. 1 of 2014 itself repays attention. It is a concise instrument in two Parts. Part I (General) adopts the standard conditions under the MERC (General Conditions of Distribution Licence) Regulations, 2006 — compliance and reporting obligations, prior approval of power procurement, non-discriminatory open access, provision of intervening distribution facilities to other licensees to the extent of surplus capacity, segregated accounting, prohibition of undue preference to any person in distribution or supply, submission of a Business Plan within three months of the Licence coming into force with annual updates and yearly reporting of actual implementation against the approved Plan, prior approval of capital investments, and restrictions on transfer of assets and of the Licence. Notably, Clause 5.7 elevates adherence to the Commission-approved network rollout plan into a general condition of the Licence itself.

Part II (Specific) contains only three conditions, each directed to the parallel-licensing context: first, that the Licensee shall submit a detailed Network Roll-out Plan in accordance with the observations and directions in the Order dated 14.08.2014 in Case No. 90 of 2014; secondly, that the plan should clearly bring out that it is cost-effective, provides equal access to all categories of consumers, creates a level playing field, and is optimal for meeting the Universal Service Obligations in a time-bound manner; and thirdly, that the plan shall be submitted for approval within six weeks of commencement of the Licence. These four qualitative tests translate into licence-condition form the very concerns of duplication, cherry picking, incumbent prejudice and universal service urged by the objectors in that proceeding, as in the present one.

The implementation experience is equally instructive. By Order dated 12.06.2017 in Case Nos. 182 of 2014 and 40 of 2015, MERC approved Tata Power's revised rollout plan and laid down the supervisory architecture for parallel operation: rollout directed towards identified clusters with a balanced consumer mix including small residential consumers; regulation of network extension by the rival licensees inter se to avoid wasteful duplication; a detailed consumer Migration Protocol (Annexure C to the said Order) governing migration applications, timelines, settlement of dues, security deposits, metering and inter-licensee data exchange; and periodic reporting of rollout progress. This framework has been affirmed by the Hon'ble Appellate Tribunal by Judgment dated 11.03.2026 in Appeal No. 279 of 2017 (BEST v.

MERC), relied upon elsewhere in this Report; a comparative study of the MERC Migration Protocol against the Applicant's proposed Protocol is contained in Chapter 12.

One element of the Mumbai experience is not transposable. The "changeover" arrangement — supply by Tata Power over the incumbent's wires — flowed from the Judgment of the Hon'ble Supreme Court dated 08.07.2008 in Civil Appeal No. 2898 of 2006, specific to Tata Power's historical licences. In the present case the Applicant must supply through its own distribution system under the sixth proviso to Section 14, and its proposed Migration Protocol accordingly contains no changeover stream. What is transposable is the safeguard architecture accompanying the licence, not the wires-sharing arrangement.

From the Mumbai precedent the Committee draws four principal lessons: first, the grant may appropriately be accompanied by a requirement to file a detailed network rollout plan within a defined period for the Commission's approval, adherence to which becomes a licence obligation; secondly, a balanced consumer-mix obligation in the approved rollout is the practical regulatory answer to the apprehension of cherry picking; thirdly, a Commission-approved migration protocol should be in place before consumer migration commences; and fourthly, continuing supervision through periodic reporting and structured review has proved workable and judicially sustainable.

16.5.3 Other Lessons from Regulatory Experience

Regulatory experience more generally reinforces the same themes. Consumer choice — a principal objective of parallel licensing — is realised effectively only where transparent migration procedures preserve continuity of supply and certainty regarding billing, metering, security deposits and grievance redressal, and where no consumer category is disadvantaged by the transition. Distribution infrastructure cannot be established simultaneously across a licence area, and milestone-based implementation programmes with periodic reporting have proved more effective than unstructured rollout. Effective coordination among the licensees, the State Transmission Utility, the State Load Despatch Centre and procurement agencies significantly reduces disputes over outages, protection systems, scheduling, emergency restoration and network planning.

Equally, the Commission's role does not conclude with the grant. Periodic review during the initial years enables assessment of compliance, early identification of implementation constraints and issue of appropriate directions. Successful parallel distribution has depended on a combination of regulatory certainty — clear licence conditions — and regulatory flexibility to respond to practical issues as they emerge. None of this experience warrants additional statutory eligibility requirements; it supports implementation safeguards, monitoring mechanisms and coordination arrangements of the kind recommended in Part IV.

16.5.4 Lessons Applicable to the Present Petition

The Committee accordingly considers the following principles particularly relevant to the proposed licence in Haryana:

- implementation should proceed in a planned and phased manner under a Commission-approved rollout plan;
- consumer interests and continuity of supply should remain paramount throughout the implementation period;
- coordination among the Applicant, the Existing Distribution Licensees, HVPNL, HPPC and SLDC should be institutionalised through clearly defined procedures;
- implementation progress should be subject to periodic monitoring by the Commission; and
- regulatory flexibility should be preserved to enable appropriate directions should implementation diverge materially from the commitments made in these proceedings.

These principles form the basis of the safeguards recommended in Part IV of this Chapter.

PART III

16.6 Application to the Present Petition

16.6.1 Circumstances of the Proposed Licence

The proposed licence area comprises Gurugram and Nuh, which together present diverse consumer characteristics, demand patterns and network requirements. Successful implementation will depend upon coordinated planning and effective

interaction among the Applicant, the Existing Distribution Licensees, HVPNL, HPPC, SLDC and the agencies responsible for transmission planning, power procurement and system operation. Implementation should be guided by the principles that consumer interests remain paramount, that migration is orderly, transparent and without interruption of supply, that no consumer class is disadvantaged by the introduction of a parallel licensee, and that the Applicant's network develops in accordance with an approved programme in coordination with the existing system.

The Committee is of the view that these objectives can be achieved through targeted regulatory measures incorporated as licence conditions or directions under Sections 15 and 16 of the Electricity Act, 2003, without any additional statutory eligibility requirement beyond those prescribed under the Act and the Rules.

16.6.2 Committee's Conclusions

The Committee is satisfied that the regulatory framework presently available under the Electricity Act, 2003 and the Regulations of the Commission is substantially adequate for governing a parallel distribution licence. Having regard to the experience of parallel licensing and the circumstances of the present Petition, it recommends that implementation be supported by a focused set of regulatory safeguards, substantially on the model adopted by MERC while granting the Tata Power distribution licence and since affirmed by the Hon'ble Appellate Tribunal for Electricity, directed towards:

- protecting consumer interests;
- ensuring timely development of the Applicant's distribution system;
- maintaining reliable and secure system operation;
- strengthening institutional coordination among sector participants; and
- enabling effective regulatory oversight during the implementation period.

The specific safeguards recommended by the Committee are set out in Part IV of this Chapter.

PART IV

16.7 Recommended Regulatory Safeguards

16.7.1 Regulatory Philosophy

The proposed licence, if granted, should be accompanied by an implementation framework that promotes orderly market development while protecting consumer interests and preserving system reliability. Consistent with paragraph 16.2 above, the safeguards below supplement the standard licence conditions and statutory requirements; their purpose is to facilitate efficient implementation and provide an appropriate framework for continuing regulatory oversight.

16.7.2 Phased Implementation of Distribution Network

Development of the Applicant's distribution system should proceed in accordance with a phased implementation programme approved by the Commission, identifying major milestones for substations, distribution lines, consumer service infrastructure, metering systems and associated facilities. Consistent with the approach adopted by MERC in the Tata Power licence, the licence may itself stipulate as a specific condition that the Applicant file its detailed network rollout and implementation plan — consistent with the Implementation Plan and CAPEX programme placed before the Commission in these proceedings — within a defined period of the grant (MERC prescribed six weeks) for the approval of the Commission, with adherence to the approved plan a continuing licence obligation on the model of Clause 5.7 of Distribution Licence No. 1 of 2014, so that departures are directly enforceable as breaches of a licence condition.

In line with Specific Condition 2 of the said Licence, the plan submitted for approval should be required to demonstrate that it is cost-effective; that it provides equal access to all categories of consumers; that it creates a level playing field; and that it is optimal for meeting the Universal Service Obligations in a time-bound manner. A balanced consumer mix across categories and across the licence area, including Nuh district, should be required so that the rollout does not remain confined to high-value consumers or localities — the effective regulatory response, as the Mumbai experience demonstrates, to the apprehension of cherry picking. Progress reports against the approved plan may be prescribed at six-monthly intervals.

16.7.3 Consumer Migration Framework

The Commission should approve a transparent framework governing migration of consumers to the Applicant, ensuring continuity of supply, protection of consumer rights, orderly transfer of consumer records, settlement of billing issues and clear communication with consumers. Migration should be voluntary and follow procedures approved by the Commission. In framing that framework, the Commission may usefully draw upon the Migration Protocol prescribed by MERC as Annexure C to its Order dated 12.06.2017, which has operated in Mumbai and been judicially affirmed; the comparative study of the MERC Protocol and the Applicant's proposed Protocol, with the Committee's recommendations for its strengthening, is contained in Chapter 12 and should be read as part of this safeguard.

16.7.4 Universal Service and Non-Discrimination

The Applicant should discharge the statutory obligations applicable to every distribution licensee, including non-discriminatory access to supply within its licensed area; the introduction of competition should not result in selective service to particular consumer categories or localities. The MERC licence addresses this concern through the combination of a general condition prohibiting undue preference to any person in distribution or supply and the specific requirement that the rollout plan provide equal access to all categories of consumers; corresponding conditions may appropriately be incorporated in the present licence.

16.7.5 Institutional Coordination

The Applicant, the Existing Distribution Licensees, HVPNL, HPPC and SLDC should establish formal coordination mechanisms covering network planning, operational planning, outage management, maintenance schedules, scheduling and system operation, emergency restoration, protection coordination and exchange of operational information. Coordination should extend beyond day-to-day operations to periodic exchange of planning information, projected demand growth, proposed network augmentation and emergency preparedness, so that parallel distribution develops as an integrated component of the State electricity system — while respecting the independent statutory responsibilities of each entity.

16.7.6 Power Procurement and Resource Adequacy

The Applicant should, at intervals specified by the Commission, demonstrate compliance with the Commission-approved power procurement strategy and maintain adequate arrangements to meet the projected demand of consumers within the licensed area. Material changes in procurement strategy affecting security of supply should be reported to the Commission without delay.

16.7.7 Information Sharing and Digital Integration

Appropriate protocols should be established for secure and timely exchange of system data, outage information, metering information and demand forecasts among the Applicant, the Existing Distribution Licensees, HVPNL, HPPC and SLDC, while maintaining confidentiality of commercially sensitive information.

16.7.8 Compliance Monitoring

The Applicant should submit compliance reports, at intervals specified by the Commission, covering implementation of licence obligations, network development, service quality, consumer complaints, reliability indices, renewable energy obligations, safety compliance and other matters specified by the Commission. A convenient template exists in Clauses 9.10 and 9.11 of Distribution Licence No. 1 of 2014, which require submission of a Business Plan — covering, inter alia, year-wise load growth, loss-reduction trajectory with a specific action plan, metering plan, cost-reduction plan and key financial parameters — within three months of the licence coming into force, annual updates, and reporting by the end of the first quarter of each financial year of actual implementation against the approved Plan.

16.7.9 Periodic Implementation Review

The Commission should undertake a structured implementation review after approximately two years of commercial operation, or at such other interval as it considers appropriate, and periodically thereafter, assessing inter alia:

- whether the objectives of parallel distribution — competition, consumer choice, efficiency and service quality — are being achieved, and the impact on consumers including tariff, quality of supply and grievance redressal;

- progress of network development and consumer migration, and compliance with Universal Service Obligations and financial commitments;
- system reliability and coordination with HVPNL, HPPC and SLDC;
- the effect on the Existing Distribution Licensees, including financial sustainability and continued discharge of their universal service obligations; and
- whether any modification of licence conditions or additional regulatory measures is warranted.

The outcome of such review may guide further regulatory directions or modification of implementation measures as the Commission considers necessary in the public interest.

16.7.10 Residual Regulatory Powers

The electricity sector is dynamic and unforeseen operational issues may arise during implementation. Nothing in these recommendations limits the Commission's statutory powers under the Electricity Act, 2003 — including its continuing jurisdiction throughout the licence period — to issue directions, impose additional measures, amend licence conditions or take such other action as may be necessary in the interest of consumers, grid security and the orderly development of the sector.

16.7.11 Committee's Recommendations

The Committee recommends that the Commission, while considering grant of the proposed licence, may incorporate safeguards substantially on the lines discussed in this Chapter — supplementing the statutory framework and standard licence conditions, and not constituting additional eligibility requirements — to facilitate effective implementation, strengthen coordination among sector participants, protect consumer interests and enable continuing regulatory oversight, including the structured implementation review recommended in paragraph 16.7.9 above. Safeguards of substantially this nature have already been imposed and administered by MERC in respect of the parallel distribution licence granted to Tata Power, and have withstood appellate scrutiny; their practicability and legal validity are therefore well established.

CHAPTER 17 RESIDUARY POWER
TERM OF REFERENCE 3.12

ToR 3.12: To examine any other legal, financial, commercial, technical or regulatory issue which, in the considered opinion of the Committee, is relevant for enabling the Commission to adjudicate the Petition in accordance with law and in the larger public interest.

This Chapter is arranged in four Parts. Part I sets out the scope, statutory basis and approach. Part II identifies the residual and overlapping issues arising on the record. Part III records the Committee's evaluation of those issues. Part IV contains the Committee's findings, recommendations and conclusion.

PART I — SCOPE, STATUTORY BASIS AND APPROACH

17.1 Introduction

Unlike the preceding Terms of Reference, each of which is directed to a defined aspect of the proposed Parallel Distribution Licence, ToR 3.12 is residuary in character. It enables the Committee to place before the Commission those matters which do not fall wholly within any single Term of Reference, but which are nevertheless material to the adjudication of the Petition.

Two categories of matter answer that description. The first consists of issues which encompasses two or more Terms of Reference, where each Chapter has correctly addressed the aspect before it, but the aspects are interdependent and require to be given effect together rather than separately. The second consists of matters which have emerged on the record as unresolved, but for which the remedy lies outside the four corners of the present Petition.

The Committee has confined this Chapter to those two categories.

17.2 Scope of Examination

In discharge of ToR 3.12, the Committee has examined the Petition, the replies and objections of the Respondents and other stakeholders, the Applicant's rejoinders, the directions issued by the Commission during the proceedings, and the findings recorded in Chapters 6 to 16, in order to identify:

- issues arising under more than one Term of Reference which require coordinated rather than separate implementation;

- recommendations made in more than one Chapter which are directed to the same subject matter and which should be consolidated into a single obligation;
- matters identified on the record as unresolved, and the forum or process appropriate for their resolution; and
- any further matter which, in the Committee's opinion, the Commission should have before it when adjudicating the Petition.

Two limits upon this Chapter should be stated at the outset. First, this Chapter does not reopen, revisit or qualify any finding recorded under the preceding Terms of Reference. Each such finding stands as recorded in the Chapter concerned. Second, this Chapter does not restate the regulatory safeguards, implementation framework, monitoring mechanisms and institutional coordination measures recommended under ToR 3.11. Those matters have been examined in Chapter 16 and the recommendations there made are not repeated here. This Chapter is confined to what remains after Chapter 16 has been given effect.

17.3 Statutory Basis for Residuary Consideration

The Commission's function under Sections 14 and 15 of the Electricity Act, 2003 is not exhausted by the determination whether a licence should be granted. Section 16 empowers the Commission to specify the conditions subject to which a licence is granted; Section 23 enables it to issue directions for securing the equitable distribution of electricity; Section 86(1)(b) and 86(1)(e) confer continuing regulatory jurisdiction over procurement and over the promotion of the objectives of the Act; and Sections 61, 62, 63 and 64 preserve a continuing tariff jurisdiction throughout the licence period.

The Committee has examined ToR 3.12 against that framework. Where a matter is capable of being addressed by a licence condition, the Committee has said so. Where it is not, the Committee has identified the process by which it may appropriately be addressed, rather than treating it as a ground bearing upon the grant of the licence.

17.4 Issues for Determination

The following issues arise under ToR 3.12:

(i) Whether any matter arising under more than one Term of Reference requires coordinated treatment which would not be secured by implementing the Chapters separately.

(ii) Whether any recommendation has been made in more than one Chapter in respect of the same subject matter, such that consolidation is required to avoid duplicated or inconsistent obligations.

(iii) Whether any matter identified on the record remains unresolved, and if so, the process appropriate for its resolution.

(iv) Whether any further matter requires to be placed before the Commission for the purposes of adjudication of the Petition.

17.5 Guiding Principles

In examining these issues the Committee has been guided by the following principles:

- a residuary examination supplements; it does not duplicate, and it does not revisit;
- an issue is properly residuary only if it is traceable to the record in these proceedings, and the Committee has not treated matters of general regulatory desirability as residual issues arising under this ToR;
- the distinction drawn throughout this Report between conditions of eligibility and conditions of implementation is maintained: a matter requiring regulatory attention during implementation is not, for that reason, a ground for refusal of the licence; and
- where a matter lies beyond the scope of the present Petition, the appropriate course is to identify it, and the process for addressing it, rather than to defer the adjudication of the Petition on account of it.

PART II — RESIDUAL AND CROSS-CUTTING ISSUES ARISING ON THE RECORD

17.6 Identification of Residual Issues

Applying the approach set out in Part I, the Committee has identified five matters answering the description in paragraph 17.1. Four are cross-cutting matters requiring coordinated implementation; the fifth is an unresolved matter requiring a separate regulatory process. Each is examined below and summarized in Table 17.1.

17.7 Consolidation of Rollout, Coverage and Migration Obligations

Chapters 11, 12 and 14 each recommend that the Commission impose enforceable obligations derived from the Applicant's phased Implementation Plan. Chapter 11 does so in the context of the Universal Service Obligation under Section 43, recommending phase-wise and area-wise rollout milestones with category-wise coverage obligations. Chapter 12 does so in the context of consumer migration, recommending that connection charges be regulated and migration reported by category, load and geography. Chapter 14 does so in the context of network development, recommending that area coverage obligations and completion milestones be fixed as licence conditions so that phased development does not operate as the permanent exclusion of any part of the area of supply.

Each recommendation is correct within its own Chapter. All three, however, draw upon the same underlying material and are directed to the same conduct. If implemented as three separate sets of licence conditions, they would produce overlapping obligations, three reporting streams derived from a single dataset, and a material risk of inconsistency between the milestone dates, coverage thresholds and reporting periodicities specified under each.

The Committee is of the view that these obligations should be given effect as a single, consolidated schedule of rollout and coverage obligations forming part of the licence, expressed by phase, by area and by consumer category, and supported by a single reporting instrument. Consolidation involves no dilution of any of the three recommendations; it secures each of them more effectively than separate implementation would.

17.8 Sequencing of Post-Grant Transmission and Procurement Conditions

Chapters 9, 10 and 14 record that a series of steps must be completed after grant and before the commencement of supply: execution of Interconnection Agreements with HVPNL; joint system studies; securing General Network Access; establishment of a scheduling and forecasting protocol with the SLDC; and submission of finalised power purchase arrangements to the Commission for adoption, determination or approval prior to the commencement of power flow.

These steps are examined separately, and correctly so, under ToR 3.4, ToR 3.5 and ToR 3.9. On the record, however, they are interdependent and share a common critical path. The transitional reliance upon short-term and exchange-based

procurement during FY 2027-28 and FY 2028-29, examined in Chapter 10, is predicated upon grid access and scheduling arrangements examined in Chapter 9; and the network development sequence examined in Chapter 14 governs the timing at which each becomes necessary. Delay in any one of them displaces the others.

The Committee accordingly considers that these post-grant requirements should be expressed as a single sequenced schedule of conditions precedent, phase by phase, rather than as separate obligations arising under separate Chapters, so that the Commission and the concerned entities have a common view of what must be completed, by when, and in what order, before supply commences in each phase.

17.9 Consolidation of Reporting and Information-Sharing Channels

Recommendations for structured information sharing appear in more than one Chapter. Chapter 10 recommends that the consumer Migration Protocol be used to furnish DHBVNL and HPPC with periodic visibility of realised and projected migration volumes, so that resource adequacy planning may be undertaken prospectively. Chapter 12 recommends quarterly reporting of migration by consumer category, load and geography to enable the Commission to detect selective acquisition. Chapter 16 recommends information sharing and digital integration among the licensees and the system operators.

The subject matter of these recommendations substantially coincides. The Committee considers that they should be given effect through a single reporting instrument, prescribed by the Commission, specifying the data fields, periodicity, recipients and permitted use, rather than through separate channels established under separate licence conditions. A single instrument reduces compliance burden, ensures that the incumbent, the system operators and the Commission work from identical data, and preserves the purpose limitation on which the Migration Protocol proceeds.

17.10 Continuity of the Basis of Assessment

The evaluation of the Applicant's technical and managerial capability under ToR 3.3 proceeded upon the binding Consortium MoU and the Responsibility Matrix allocating responsibilities among the consortium members, and the evaluation of financial capability under ToR 3.2 proceeded upon the Business Plan, the Capital Investment Plan and the financing structure placed on record. The Committee's satisfaction on these matters is therefore a satisfaction referable to specific arrangements, and not one at large. The Committee considers that the continued

subsistence of those arrangements should be a matter of which the Commission is kept informed, and that material change should be brought to the notice of the Commission, seeking approval wherever required under the Act or the conditions of licence.

17.11 The Unresolved Question of Impact of Migration

The Committee has identified one matter which remains unresolved on the record and which falls under the regulatory supervision of the Commission post grant of licence.

Chapter 13 records that the parties are in substantial agreement that the Cross-Subsidy Surcharge under Section 42(2) and the Additional Surcharge under Section 42(4), as presently framed and as construed by the Commission in its Order dated 17.06.2020 in HERC/PRO-11 of 2017, operate in the context of open access and do not extend to a consumer who ceases altogether to be a consumer of the incumbent upon migrating to a parallel licensee operating its own network.

The Committee has found in Chapter 13 that this does not constitute a ground for refusal of the licence. The Sixth Proviso to Section 14 admits of parallel licensing and of the consumer migration which necessarily follows from it, and the financial consequences are addressed through the Commission's continuing tariff jurisdiction.

17.12 Disposal of Interim Directions

Applicant was issued different directives during the proceedings by its Interim Order dated 26.05.2026, such as to obtain a No Objection Certificate from the State Transmission Utility regarding transmission capacity. Chapter 14 records the Committee's view that this direction was a procedural measure to assist the Commission in its examination, and does not convert transmission concurrence into a statutory condition of eligibility.

Compliance with those directions, and the material filed pursuant to them, has been taken into account in the relevant Chapters. As the directions were issued by the Commission and not by the Committee, the Committee records the position for completeness and leaves their formal disposal by the Hon'ble Commission in its final order.

Table 17.1 — Residual and Cross-Cutting Issues

Issue	Chapters Concerned	Nature	Course Proposed
CAPEX Rollout, coverage and migration obligations drawn from a common Implementation Plan	11, 12, 14	Overlapping obligations from a single source	Consolidated schedule of CAPEX rollout and coverage obligations in the licence.
Post-grant transmission, grid access and procurement steps on a common critical path	9, 10, 14	Interdependent and time-bound	Single sequenced schedule of phase-wise conditions precedent
Migration and performance reporting recommended through separate channels	10, 12, 16	Duplicated reporting of the same data	Single reporting instrument prescribed by the Commission
Consortium Agreement, Responsibility Matrix, financing structure and Business Plan as the basis of assessment	7, 8	Continuity of the basis of satisfaction	Reporting of material change; seeking approval where required
Absence of impact of migration	13	Unresolved; general application in the State	Separate regulatory proceeding, at the Commission's discretion

PART III — COMMITTEE'S EVALUATION

17.13 Evaluation

Taken together, the matters identified in Part II share a common character. None of them discloses a deficiency in the Applicant's eligibility for the proposed licence, and none of them requires any finding recorded in the preceding Chapters to be revisited. Four of the five arise because the Terms of Reference divide, for the purposes of examination, a subject matter which in implementation is indivisible; the fifth arises because the record has disclosed a gap in the regulatory framework of the State which the present proceedings are not the appropriate vehicle to fill.

The practical consequence of the first four is that the recommendations of this Report should be translated into licence conditions as a consolidated instrument rather than as a Chapter-by-Chapter transcription. A transcription would carry into the licence the divisions of the Terms of Reference, which exist for the convenience of examination and serve no purpose in implementation. The Committee's recommendations are intended to be read and given effect as a whole.

The Committee also records that its identification of these matters is not an indication of any inadequacy in the statutory framework. The Electricity Act, 2003 and the Regulations framed by the Commission confer ample power to specify licence conditions, to require reporting, to monitor compliance, to review implementation and to issue further directions. The matters identified here concern the manner in which those powers are best exercised, and, in one instance, the forum in which a distinct question is best determined.

PART IV — FINDINGS, RECOMMENDATIONS AND CONCLUSION

17.14 Findings

(i) The legal, financial, commercial, technical and regulatory issues arising from the Petition have been comprehensively examined under the respective Terms of Reference. No residual issue has emerged which materially alters, or warrants reconsideration of, any conclusion recorded in the preceding Chapters.

(ii) Four matters arise under more than one Term of Reference and require coordinated rather than separate implementation, namely: the consolidation of rollout of the network, coverage and migration obligations; the sequencing of post-grant transmission, grid access and procurement conditions; the consolidation of

reporting and information-sharing channels; and the continuity of the arrangements upon which the Applicant's capability was assessed.

(iii) The absence of a purpose-built mechanism for compensating cross-subsidy loss and stranded cost arising from full inter-licensee consumer migration is a matter of general application in the State. Consistently with the finding recorded in Chapter 13, it does not constitute a ground for refusal of the present licence, and it is not capable of being satisfactorily addressed by a condition imposed in the licence of a single licensee.

(iv) The issues identified during the proceedings relate to implementation, coordination and continuing compliance rather than to the Applicant's eligibility, and are capable of being addressed through licence conditions, phased implementation and the Commission's continuing supervisory and tariff jurisdiction.

(v) The Electricity Act, 2003 and the applicable Regulations confer upon the Commission adequate powers to specify licence conditions, issue directions, monitor compliance and take corrective measures as may be necessary in the interest of consumers and the orderly development of the electricity sector. No further enabling provision is required for the implementation of the recommendations contained in this Report.

17.15 Recommendations

The recommendations under this ToR are confined to matters not already recommended under the preceding Terms of Reference, and in particular do not repeat the regulatory safeguards recommended in Chapter 16. Without prejudice to the powers of the Commission, the Committee recommends:

1. Consolidated implementation schedule. That the rollout, coverage and migration obligations recommended in Chapters 11, 12 and 14 be given effect as a single consolidated schedule forming part of the licence, expressed by phase, by area and by consumer category, so that a single set of milestones, thresholds and reporting dates governs all three.

2. Sequenced conditions precedent. That the post-grant requirements identified in Chapters 9, 10 and 14 — Interconnection Agreements, joint system studies, General Network Access, the scheduling and forecasting protocol with the SLDC, and submission of power purchase arrangements for adoption, determination or approval

— be specified as a sequenced schedule of phase-wise conditions precedent to the commencement of supply in the phase concerned.

3. Single reporting instrument. That the information-sharing and reporting recommendations made in Chapters 10, 12 and 16 be given effect through one reporting instrument prescribed by the Commission, specifying data fields, periodicity, recipients and permitted use, in place of separate channels.

4. Reporting of material change. That any material change in the composition of the consortium, the allocation of responsibilities under the Responsibility Matrix, ownership or control, the financing structure or the Business Plan be reported to the Commission promptly, seeking approval wherever required under the Act or the conditions of licence, the Committee's satisfaction as to capability being referable to those arrangements as placed on record.

5. Impact of Migration. The issues related to financial impact of migration including deferred FSA recovery, Power Purchase Stranded cost, Cross Subsidy etc. needs to be addressed by the Commission in the ARR and True-Up Orders post operationalization of the parallel licence considering the quantum of migration.

6. Recommendations to be read as a whole. That the recommendations of this Report be translated into licence conditions as a single consolidated instrument rather than by Chapter-by-Chapter transcription, the divisions of the Terms of Reference having been adopted for the convenience of examination and serving no purpose in implementation.

17.16 Conclusion

The Committee concludes that no additional legal, financial, commercial, technical or regulatory issue has emerged under ToR 3.12 which would justify refusal of the proposed Parallel Distribution Licence, or which requires any conclusion recorded under the preceding Terms of Reference to be revisited. The matters identified under this ToR concern the manner in which the recommendations of this Report are best given effect, and, in one instance, the forum in which a question of general application in the State is best determined. Each is capable of being addressed through the Commission's existing powers. The Committee accordingly submits that the findings and recommendations contained in this Report be read as an integrated whole, and places this Report before the Hon'ble Haryana Electricity Regulatory Commission for their kind consideration and for such orders as it may deem fit.

CHAPTER 18

REPORT AND DELIVERABLES

TERM OF REFERENCE - 3.13

Findings on each of the Terms of Reference; recommendations supported by reasons; and suggested licence conditions and regulatory safeguards, wherever appropriate.

18.1 INTRODUCTION

This Chapter is arranged in five parts. Part I sets out the scope and approach. Part II records the consolidated findings on each Term of Reference. Part III sets out the recommendations with the reasons supporting them. Part IV contains the consolidated schedule of suggested licence conditions & Part V records the deliverables and the conclusion.

PART I — SCOPE AND APPROACH

18.2 Nature of this Chapter

ToR 3.13 is not an examination of further questions of substance. It requires the Committee to render its work in summary form: findings referable to each Term of Reference, recommendations with the reasons on which they rest, and a set of licence conditions and regulatory safeguards fit to be carried into licence itself.

This Chapter accordingly performs three functions. It states, in one place, what the Committee has found under each Term of Reference. It sets out the recommendations; each traced to the finding and reason which supports it. And it consolidates into a single schedule the licence conditions and safeguards recommended across Chapters 6 to 17.

18.3 Structure of the Report

The Report comprises Chapters 1 to 5, which set out the constitution of the Committee, the reference, the procedure followed and the record; Chapters 6 to 17, which contain the examination of Terms of Reference 3.1 to 3.12; and this Chapter, which contains the deliverables required by ToR 3.13. The Report is to be read as a whole, and no finding in any Chapter is to be read in isolation from the reasoning which supports it in that Chapter.

PART II — CONSOLIDATED FINDINGS ON EACH TERM OF REFERENCE

18.4 Findings by Term of Reference

The findings recorded under each Term of Reference are summarised below. The summary is for convenience of reference; the findings themselves are those recorded in the Chapters cited, together with the reasons there stated.

ToR 3.1 — Statutory and regulatory eligibility (Chapter 6). The Applicant has demonstrated compliance with the minimum area of supply under the amended Explanation to Rule 3(2), the proposed area comprising the entire Municipal Corporation of Gurugram and the complete and contiguous revenue districts of Gurugram and Nuh; with capital adequacy, on the promoter's certified market-value net worth of Rs. 4,085.60 Crore against a five-year equity requirement of approximately Rs. 1,415.02 Crore; with creditworthiness, on aggregate institutional solvency certification of Rs. 2,000 Crore and in-principle sanction of Rs. 205 Crore for Phase 1; and with the code of conduct under Rule 4, no statutory disqualification being disclosed. Reliance upon promoter financial strength is expressly contemplated by Rule 3(2) and has been treated as a component of the assessment

ToR 3.2 — Financial capability and investment plan (Chapter 7). The capital investment programme of Rs. 4,716.73 Crore over FY 2026-27 to FY 2030-31 is commensurate with the scale and phasing of the undertaking, and its estimation methodology is sound and internally consistent. The financing structure on the normative 70:30 basis is consistent with HERC Tariff Regulation and reconciles with the capital adequacy evaluation in Chapter 6, its implementation depending upon timely mobilisation during FY 2028-29 to FY 2030-31, in which about 84% of the CAPEX is programmed. The financial projections furnish a reasonable planning framework but are to be treated as planning assumptions rather than assured outcomes. No financial deficiency of a magnitude constituting an independent ground for refusal has been found.

ToR 3.3 — Technical and managerial capability (Chapter 8). The Applicant has demonstrated adequate technical expertise, managerial capability and institutional preparedness. The binding Consortium MoU, read with the Responsibility Matrix, provides complementary capability across the functions of a distribution licensee and materially strengthens institutional capability while preserving the Applicant's exclusive statutory responsibility. Detailed engineering, procurement, construction

and commissioning are implementation-stage activities. No material deficiency justifying refusal has been found.

ToR 3.4 — Grid integration and system readiness (Chapter 9). The Act distinguishes the requirements governing grant of licence from the operational obligations governing interconnection and operation. Neither the Act nor the applicable Regulations prescribes a prior 'No Objection Certificate' from the State Transmission Utility as a condition precedent to grant of licence. Transmission access, interconnection, interface metering, General Network Access where applicable, protection coordination and the associated studies are implementation-stage requirements to be completed before commencement of commercial operations. The objections identify legitimate implementation requirements but establish no statutory or technical deficiency justifying refusal of licence.

ToR 3.5 — Power procurement (Chapter 10). Execution of long-term Power Purchase Agreements is not a statutory prerequisite for grant of licence; such arrangements may lawfully be finalised after grant, subject to the Commission's approval. The stranded-capacity objection also does not constitute a ground for refusal, stranding being confined to the modest and gradual switched-over component of sales and falling within the Commission's continuing tariff jurisdiction. Every procurement decision under the proposed framework will pass through the Commission's under Section 86(1)(b).

ToR 3.6 — Universal service obligation (Chapter 11). The universal service obligation under Sections 42 and 43 attaches equally and independently to the Applicant and to DHBVNL, and grant of a parallel licence neither transfers nor dilutes it. Phased development of a network is not, in itself, inconsistent with that obligation. The Applicant's planning has demonstrated commitment and prima facie capability to discharge it. The lawfulness of phasing does not, however, establish that a particular phasing plan is non-discriminatory in its sequencing. However, the two-year deferral of investment in Gurugram City is not fully answered on the present record; this warrants a targeted clarification during the approval of Business Plan following the issue of Licence, if granted. The Committee found no legitimate basis for the proposed embargo on migration of dedicated or independent feeder consumers and hence it does not merit consideration under the existing legal framework.

ToR 3.7 — Consumer migration and consumer protection (Chapter 12). The Migration Protocol at Annexure J addresses the matters enumerated in the Term of

Reference at the level of principle, but is not a substitute for a Commission-approved framework binding upon both licensees, a protocol emanating from one licensee being incapable of binding the other. The Switch-over Protocol in operation in Maharashtra since 2009 furnishes a tested model for adaptation. In respect of switch-over consumers, there is a genuine regulatory lacuna in the recovery of cross-subsidy contribution and stranded fixed cost referable to such consumers — a consequence of the statutory scheme and not a ground for refusal. The Committee did not find any legal foundation for the proposed embargo upon migration of dedicated or independent feeder consumers This matter needs to be addressed at the time of approval of Business Plan post Licensing, if granted.

ToR 3.8 — Tariff, cross-subsidy and sectoral financial impact (Chapter 13). The parties are in substantial agreement with the provisions of Sections 42(2) and 42(4) of the Act, 2003. This applies to the open access consumers and does not extend to the consumers who migrate fully to a parallel licensee. The anticipated financial consequences with respect to the migrating consumers are nevertheless manageable within the existing framework by the Commission in Business Plan, ARR and True Up exercise, if the parallel licence is granted and operationalised subsequently. Therefore, the same does not constitute any impediment for the grant of licence.

ToR 3.9 — System planning and network development (Chapter 14). Neither the Act nor the Rules of 2005 nor the Licensing Regulations of 2004 prescribes, as a condition of eligibility, a complete distribution network, completed system studies, connectivity, General Network Access or the concurrence of the State Transmission Utility; each arises under provisions operating upon and after grant of licence. The planning framework is demand-responsive and consistent with the Commission's own approved escalation factors and with CEA technical standards. Phased development is not contrary to Section 42(1).

ToR 3.10 — Public interest (Chapter 15). The Act contemplates the operation of multiple distribution licensees within the same area with an objective to bring competition and consumer choice, and the operational and financial implications of parallel distribution are foreseeable consequences of the statutory framework rather than considerations inconsistent with it. The matters identified in the Consumer Migration Impact Assessment are legitimate regulatory concerns requiring continuing oversight, but relate principally to the regulation of parallel distribution after commencement of operations. The public interest considerations disclose no

independent statutory or regulatory impediment requiring a conclusion different from that otherwise emerging from the Report.

ToR 3.11 — Regulatory safeguards and institutional coordination (Chapter 16). Safeguards supplementing the statutory framework and the standard licence conditions — phased implementation against a Commission-approved plan, a consumer migration framework, universal service and non-discrimination conditions, institutional coordination, procurement and resource adequacy reporting, information sharing, compliance monitoring, periodic implementation review and preservation of residual regulatory powers — are appropriate and practicable. Safeguards of substantially this nature have been imposed and administered by MERC in respect of the parallel distribution licence granted to Tata Power and have withstood appellate scrutiny.

ToR 3.12 — Residuary (Chapter 17). No residual issue has emerged which materially alters, or warrants reconsideration of, any conclusion recorded in the preceding Chapters.

18.5 The Cumulative Position

Taken together, the findings recorded under Terms of Reference 3.1 to 3.12 disclose no ground, whether of eligibility, capability, financial capacity, technical readiness, procurement, universal service, consumer protection, tariff impact, system planning or public interest, upon which the Petition falls to be refused. The matters which have been found to require regulatory attention are, without exception, matters of implementation, coordination, sequencing and continuing supervision, and are capable of being addressed through conditions of licence and the Commission's continuing jurisdiction.

PART III — RECOMMENDATIONS AND THE REASONS SUPPORTING THEM

18.6 Form of the Recommendations

The recommendations of the Committee are those recorded in different chapters. These are not restated in full here. This Part records the reasons on which they rest, grouped by the object each is directed to achieve, so that the Hon'ble Commission has before it not only what is recommended but the reasons for such recommendations.

18.7 Recommendations on Financial Integrity

Committee's Proposal. The promoters shall maintain earmarked resources of not less than Rs. 1,500 Crore, free from any charge or restriction; in no case shall such earmarked resources be less than Rs. 1,500 Crore as reduced by the cumulative funds actually infused towards the approved capital expenditure; shall ensure phased equity infusion before six months of the requirement as per approved CAPEX programme into the Applicant's entity and also ensure mobilisation of corresponding debt accordingly; make sure infusion of the equity component of the first-year working capital requirement; submit annual audited financial statements with segregated Wires and Retail Supply accounts; prompt disclosure of material variation in project cost, financing, schedule, procurement or business assumptions; and half-yearly reporting on CAPEX against the approved programme (Chapters 6 and 7).

Reason. Capital adequacy under Rule 3(2) was established upon resources whose availability was certified as at the date of application, and against a five-year requirement. A satisfaction as to adequacy at the threshold is therefore not self-executing: it is a satisfaction that resources exist and are committed, which is of value only if they remain committed and are in fact deployed on the schedule examined.

18.8 Recommendations on Universal Service and Non-Discrimination

Committee's Proposal. Continuous compliance with Sections 42 and 43 across the entire licensed area; non-discriminatory supply; a Commission-approved Network Rollout Plan with phase-wise and division-wise milestones and consequences for unjustified non-compliance; a reasoned division-wise justification of capital investment sequencing, including the Gurugram City schedule, within a time-bound period; a rollout-parity safeguard prohibiting disproportionate deferral of investment in any division beyond what is objectively justified; an express anti-cherry-picking obligation extending to network sequencing, connection-charge practice and operational arrangements; category-wise coverage obligations in each phase; and regulation of connection charges in accordance with paragraph 5.4.7 of the National Electricity Policy (Chapters 11, 12, 14 and 16).

Reason. The universal service obligation is the principal statutory protection. The Committee has found phased development to be lawful, the apprehension of cherry-picking is not found on record; but both conclusions rest upon the obligation being

enforceable in the licence rather than assumed. The specific requirement of a reasoned justification of the Gurugram City sequencing follows from the finding at paragraph 11.12(iv) that the two-year deferral is not answered on the present record. This needs to be addressed at the time of approval of business plan in post licensing, if granted.:

18.9 Recommendations on Grid Security and Coordinated Operation

Committee's Proposal. Completion of transmission connectivity, interconnection approvals and statutory clearances, including General Network Access where applicable, before commencement of commercial operations; execution of interface agreements with HVPNL and operational coordination arrangements with the SLDC before energisation, all interface works being routed through HVPNL under its extant connectivity procedures; completion and periodic updating of load-flow, short-circuit, protection coordination, voltage regulation, reactive power, contingency and system security studies; conformity of interface metering, SCADA, telemetry, communication and protection systems with the applicable CEA Regulations and the Haryana Grid Code; establishment of a scheduling and forecasting protocol with the SLDC. and formal coordination mechanisms among the Applicant, the Existing Distribution Licensee, HVPNL, HPPC and the SLDC (Chapters 9, 10, 14 and 16).

Reason. The Committee's conclusion that transmission concurrence, system studies and General Network Access are not conditions of eligibility rests upon conditions of implementation. That conclusion is sustainable only if they are secured before supply commences, and it would be defeated if they are not secured as per schedule. These recommendations are therefore not additional to the finding under ToR 3.4 and ToR 3.9; they are the mechanism by which that finding is made good. The requirement that they be completed phase by phase, rather than in gross, follows from the phased character of the undertaking itself.

18.10 Recommendations on Consumer Protection in Migration

Committee's Proposal. A Consumer Migration Framework, approved and notified by the Commission and binding upon both licensees, providing for the right of migration and its exercise (including any capacity-linked eligibility conditions; timelines and a verification window; treatment of arrears, disputed accounts and security; security deposits, metering and final billing; existing contracts, pending applications and continuity of supply; financial neutrality; anti-cherry-picking and

coverage obligations; consumer protection, information and grievance redressal; and data exchange, monitoring and review, in the terms set out in paragraph 12.19; together with the embodiment of those matters as conditions of licence in the terms of paragraph 12.20.

Reason. Migration is the mechanism by which parallel licensing takes effect, and it is the point at which the consumer is most exposed: to interruption of supply, to disputes as to arrears and deposits accruing between two licensees, to gaps or overlaps in billing, and to acquisition practices directed at the licensees' commercial interest rather than the consumer's. The framework recommended is symmetrical because the exposure is symmetrical, and it is to be notified by the Hon'ble Commission. The Committee has drawn upon the Maharashtra Protocol because it has operated since 2009 and has been repeatedly upheld on appeal, and a tested model is to be preferred to an untested one.

18.11 Recommendations on Procurement Discipline

Committee's Proposal. That grant of licence should not be construed as pre-approval of power purchase costs, all finalised Power Purchase Agreements being submitted for tariff adoption, determination and approval prior to commencement of power flow; annual reporting on renewable purchase obligation compliance and on actual procurement against the approved plan, with deviations justified and subject to prudence review; periodic demonstration of compliance with the approved procurement strategy; prompt reporting of material changes in procurement strategy affecting security of supply; and periodic review of contracted capacity, procurement portfolios and resource adequacy against actual demand and migration.

Reason. The Committee's answer to the objection under Section 86(1)(b) is that every procurement decision passes through a regulatory gate. The recommendations in this matter identify each gate and fix the point in time at which it operates, so that the finding is capable of being verified in operation rather than resting upon the structure of the proposal alone.

18.12 Recommendations on Sectoral Financial Stability

Committee's Proposal. Establishment, before commencement of commercial operations, of a verified financial baseline, DHBVNL furnishing category-wise approved sales, revenue, ABR, ACoS and CSS for the Gurugram and Nuh circles, the area-specific deferred FSA balance and the composition of its procurement portfolio referable to the licence area; periodic assessment of actual migration and

its impact on both licensees; examination of stranded-cost claims only upon prudence review, causation and verified evidence; and half-yearly migration data sharing with DHBVNL and HPPC through the data-exchange channel of the approved Migration Protocol.

Reason. The competing computations on record differ widely. A regulatory response constructed upon either party's pleading would be arbitrary; a response constructed upon audited data will be appropriate. The baseline recommendation is therefore logically prior to every other recommendation in this group, and the settlement mechanism cannot operate until it is complete.

18.13 Recommendations on Coordinated Implementation

Committee's Proposal. That the rollout, coverage and migration obligations recommended in Chapters 11, 12 and 14 be given effect as a single consolidated schedule expressed by phase, area and consumer category; that the post-grant requirements identified in Chapters 9, 10 and 14 be specified as a sequenced schedule of phase-wise implementation; that the information-sharing and reporting recommendations of Chapters 10, 12 and 16 be given effect through one reporting instrument; and that the recommendations of this Report be translated into licence conditions as a single consolidated instrument rather than by Chapter-by-Chapter transcription (Chapter 17).

Reason. The Terms of Reference divide, for the convenience of examination, a subject matter which in implementation is indivisible. Consolidation dilutes nothing; it secures each recommendation more effectively than separate implementation would.

PART IV — SUGGESTED LICENCE CONDITIONS

18.14 Introductory

The conditions set out below are suggested for incorporation in the licence, if granted, under Section 16 of the Electricity Act, 2003. They are drawn from the Chapters. They are suggested in addition to, and not in substitution for, the standard conditions of licence and the statutory and regulatory obligations applicable to every distribution licensee, and none of them constitutes an additional requirement of eligibility.

The conditions are arranged in four Schedules according to when they operate: conditions precedent to commencement of supply in each phase; continuing obligations; reporting obligations; and conditions as to review and variation.

18.15 Schedule A — Conditions Precedent to Commencement of Supply

To be satisfied in respect of each phase before commencement of commercial supply in that phase.

Sl.No	Condition
A1	Filing of the detailed Network Rollout and Implementation Plan and CAPEX programme, within a defined period of grant, for the approval of the Commission
A2	Furnishing of a reasoned division-wise justification of capital investment sequencing, including the Gurugram City schedule
A3	Execution of Interconnection Agreements with HVPNL and completion of joint system studies; securing of General Network Access where applicable
A4	Completion of load-flow, short-circuit, protection coordination, voltage regulation, reactive power, contingency and system security studies
A5	Establishment of the scheduling and forecasting protocol with the SLDC
A6	Conformity of interface metering, SCADA, telemetry, communication systems and protection schemes with the applicable CEA Regulations, the Haryana Grid Code and technical standards
A7	Submission of finalised Power Purchase Agreements for tariff adoption, determination or approval prior to commencement of power flow
A8	Furnishing of a legally enforceable Consortium Agreement and of details of Key Managerial Personnel on the Applicant’s rolls. The Applicant shall also furnish details of the Key Managerial Personnel on its rolls after grant of licence but before commencement of operations.
A9	Demonstration of equity infusion and corresponding debt tie-up for the phase before each two quarters, and infusion of the equity component of the first-year working capital requirement.
A10	Independent verification of compliance with the notified Pilot Project Belt architecture in any Pilot Project Belt sector.

Sl.No	Condition
A11	Establishment of the Grievance Redressal Forum within the period prescribed by Section 42(5)

18.16 Schedule B — Continuing Obligations

Sl.No.	Condition
B1	Continuous compliance with Sections 42 and 43 and the regulations made thereunder, including Supply Code connection timelines, across the entire licensed area
B2	Non-discriminatory supply; no undue preference between consumer categories or geographical areas
B3	Adherence to the Commission-approved rollout plan and to the phase-wise and division-wise milestones, with defined consequences for unjustified non-compliance
B4	Rollout parity: no deferral of HT or LT investment in any division, disproportionately as compared with divisions of comparable load, beyond what is objectively justified by load, terrain, outlet availability or right-of-way constraints
B5	Category-wise coverage obligations in each phase, requiring service to domestic, agricultural and rural consumers
B6	Compliance with the Consumer Migration Framework as notified and amended
B7	Prohibition of misleading, coercive, inducement-based or discriminatory acquisition practices
B8	Maintenance of continuity and quality of supply through migration
B9	Payment or collection and remittance of any migration or transition charge prescribed by the Commission
B10	Compliance with the Standards of Performance Regulations, the Supply Code and all consumer service obligations

Sl.No.	Condition
B11	Implementation of the approved capital programme in accordance with the committed year-wise and division-wise schedule, including the Nuh rollout from the first year
B12	Maintenance of earmarked resources of not less than Rs. 1,500 Crore, free from any charge or restriction; in no case shall such earmarked resources be less than Rs. 1,500 Crore as reduced by the cumulative funds actually infused into the Applicant's entity towards the approved capital expenditure; Ensure infusion of phased equity requirement before six months of the requirement as per approved CAPEX programme; Furnish a certificate of a Chartered Accountant confirming that the earmarked resources of Promoter remain unencumbered, annually.
B13	Maintenance of adequate financial resources, liquidity and working capital
B14	Maintenance throughout the licence period of the financial, technical and organisational capability demonstrated in these proceedings
B15	Achievement of the Commission approved distribution loss trajectory
B16	Compliance with the Commission-approved power procurement strategy, and maintenance of arrangements adequate to meet projected demand
B17	Maintenance of the standing data-exchange interface with the Existing Distribution Licensee, HVPNL, HPPC and the SLDC, subject to confidentiality and purpose limitation
B18	Compliance with all technical directions of the Commission, HVPNL, the SLDC and other competent authorities concerning grid security, system operation and network coordination
B19	Advance reporting of any change in control, significant change in shareholding, partnership changes in the holding entity, mergers and acquisitions, or change in constitutional documents, with prior approval where required
B20	Prompt reporting of material variation in project cost, financing, schedule, procurement or business assumptions, and of material change in procurement strategy affecting security of supply

18.17 Schedule C — Reporting Obligations

To be given effect, so far as practicable, through a single reporting instrument prescribed by the Commission.

Sl.No.	Condition	Periodicity
C1	Connections and applications under Section 43 by consumer category and geography; division-wise network expansion and commissioning, including N-1 status; complaints of refusal or delay	As prescribed
C2	Migration by consumer category, load and geography; timelines achieved; objections raised and their disposition; deposit refunds and complaints	Quarterly, both licensees
C3	Realised and projected migration volumes furnished to DHBVNL and HPPC through the Migration Protocol data-exchange channel	At least half-yearly
C4	CAPEX against the approved programme; funding status; HVPNL interface progress; district-wise implementation; network rollout progress	At least half-yearly
C5	Audited financial statements with segregated Wires and Retail Supply accounts and statutory certifications	Annual
C6	Renewable purchase obligation compliance and actual procurement against the approved plan, with deviations justified	Annual
C7	Service quality, reliability indices, consumer complaints, safety compliance and implementation of licence obligations	As prescribed
C8	Prompt report of any material event affecting transmission connectivity, grid security or coordinated operation, and of any delay in HVPNL interface works with the mitigation proposed	Forthwith

18.18 Schedule D — Review and Variation

Sl.No.	Condition
D1	Performance review after approximately two years of commercial operation, and periodically thereafter, covering the achievement of the objectives of parallel distribution, network development and migration, universal service and financial commitments, system reliability and coordination, and the effect upon the Existing Distribution Licensee
D2	Periodic review of compliance with the universal service obligation, including investment sequencing, consumer mix and rollout milestones, with power to issue directions, require corrective action or modify licence conditions
D3	Periodic assessment of actual consumer migration and its impact on ARR, tariff recovery, cross-subsidy, procurement obligations and the financial position of both licensees
D4	Periodic review of contracted capacity, procurement portfolios and resource adequacy against actual demand and migration
D5	Review of the operation of the Consumer Migration Framework at the end of the first year and thereafter as necessary, with power to modify it in the light of experience
D6	Preservation of the Commission's residual powers to issue directions, impose additional measures, amend licence conditions or take such other action as may be necessary

PART V — DELIVERABLES AND CONCLUSION

18.19 Deliverables

In discharge of ToR 3.13, the Committee submits:

(a) findings upon each of Terms of Reference 3.1 to 3.12, recorded in Chapters 6 to 17 respectively and consolidated at paragraph 18.4;

(b) recommendations, recorded in the paragraphs identified at paragraph 18.6, with the reasons supporting them set out at paragraphs 18.7 to 18.13;

(c) suggested licence conditions, consolidated in Schedules A to D at paragraphs 18.14 to 18.18, each traced to the Chapter from which it derives; and

(d) recommended regulatory safeguards, contained in Chapter 16 and given effect through the Schedules referred to.

18.20 Conclusion

The Committee has examined each of the matters referred to and has recorded its findings and the reasons for them in this chapter. Upon those findings, the Committee has not found any ground upon which the Petition falls to be refused. The Committee accordingly recommends that a parallel distribution licence may be considered to be granted to the Applicant subject to the conditions as suggested in Schedule-A to D. The matters requiring regulatory attention are matters of implementation, sequencing and continuing supervision, and the Committee has recommended the licence conditions and safeguards by which they may be addressed.

Subject to the foregoing, the Committee submits this Report to the Hon'ble Haryana Electricity Regulatory Commission for its consideration and for such orders as it may deem fit in accordance with prevailing rules, regulations & law.

PLACE: PANCHKULA

DATE: 07.08.2026

Sri Bibhu Prasad Mahapatra
Member

Er.Ravinder Kumar Sharma
Member

Sri Alok Nigam, I.A.S. (Retd.)
Chairman

Annexure C:

Comments filed by the intervenors within the prescribed timeline i.e. by 30.06.2026

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1. Objections by Sh. Rajmal Singh, President, RWA, sector 112 Gurugram, vide letter dated 07.06.2026.

I. Maintainability

1. The present objections are filed under Section 15(5) of the Electricity Act, 2003, pursuant to the Public Notice issued by the Hon'ble Commission inviting objections from stakeholders.
2. The Objector is a registered Resident Welfare Association representing residential electricity consumers who will be directly affected by the outcome of the present proceedings

II. Statutory Framework

The Hon'ble Commission, while considering the present application, is required to satisfy itself regarding compliance with:

- Sections 14, 15, 16, 17, 18 and 61 of the Electricity Act, 2003;
- Distribution of Electricity License (Additional Requirements of Capital Adequacy. Creditworthiness and Code of Conduct) Rules, 2005 (as amended);
- HERC (Transmission and Distribution Licensing) Regulations, 2004; and
- HERC (Conduct of Business) Regulations.

The burden of proving eligibility lies entirely upon the applicant.

III. Grounds of Objection

A. Failure to Establish Public Interest

Grant of a distribution license is not automatic merely because statutory formalities have been complied with. The Commission must be satisfied that the proposed license advances consumer welfare and serves the public interest.

The petition does not establish measurable consumer benefits such as lower tariffs, improved

reliability, or demonstrably superior service standards.

B. Risk of Cherry-Picking

The proposed license area includes Gurugram, one of the highest revenue-generating electricity markets in Haryana.

The Hon'ble Commission, in its interim proceedings dated 26 May 2026, itself expressed corn ern

that the proposed business model may result in "cherry-picking" of profitable consumers while

leaving the existing public distribution licensee to serve low-paying, agricultural and subsidized consumers.

If such migration occurs:

- cross-subsidy will weaken;
- DHBVN's financial position may deteriorate;
- tariff pressure may increase on remaining consumers; and
- universal service obligations may become more difficult to sustain.

C. Applicant's Limited Operating History

The applicant was incorporated only in 2025 and seeks a license over one of Haryana's largest and most commercially significant electricity distribution areas. Its own petition states that It is a newly incorporated company promoted by the Eleven Group.

The Commission should therefore require strict proof of:

- operational capability;
- distribution sector experience;
- management expertise;
- financing arrangements; and
- implementation readiness.

D. Financial and Technical Preparedness

The Commission should direct the applicant to produce:

sanctioned financing documents;

- lender commitments;
- capital expenditure schedule;
- network rollout plan;
- procurement arrangements;
- grid integration studies;
- emergency restoration plans; and
- consumer grievance infrastructure.

Without such evidence, the statutory requirements relating to capital adequacy and creditworthiness cannot be said to be fully satisfied.

E. Duplication of Infrastructure

The proposal contemplates creation of a parallel distribution network.

The applicant has not demonstrated:

- why duplication of electricity infrastructure is economically justified;
- whether road cutting permissions have been obtained;
- the impact on urban infrastructure;
- safety management plans; or
- environmental implications.

The Commission ought not permit duplication of public infrastructure unless a compelling benefit is established.

F. Impact on Existing Consumers

Any significant migration of industrial and commercial consumers from DHBVN could affect the utility's revenue base and its ability to maintain affordable tariffs for agricultural and weaker-section consumers.

The Commission is therefore requested to undertake a detailed impact assessment considering grant of license.

IV. Recent Proceedings

The Hon'ble Commission's interim order and subsequent issues relating to financial capability, operational acquisition remain under examination. public reports also by industry bodies and power engineers on singular grounds.

IV. Recent Proceedings

The Hon'ble Commission's interim order and subsequent public hearing process demonstrate that Issues relating to financial capability, operational preparedness and selective consumer acquisition remain under examination. Public reports also indicate that objections have been filed by industry bodies and power engineers on similar grounds

V. Prayer

It is therefore respectfully prayed that this Hon'ble Commission may be pleased to:

1. Reject the application of Eleven Power Private Limited for grant of a parallel distribution license.
2. In the alternative, defer consideration until the applicant conclusively establishes compliance with all statutory requirements under the Electricity Act, 2003, the Licensing Regulations and the 2005 Rules.
3. Direct disclosure of all financial, technical and operational documents relied upon by the applicant for public scrutiny.

4. Conduct a comprehensive consumer impact assessment covering tariffs, cross-subsidy, service reliability, and the financial sustainability of DHBVN.
5. Grant the Objector an opportunity of oral hearing.
6. Pass any further order deemed just and proper in the interests of electricity consumers and the public at large.

2. Objections by Electricity Employees' Federation of India (EEFI) vide email dated 13.06.2026.

Preliminary Objections

I. Against the Policy of Parallel Licensing and Fragmentation of Distribution Granting a parallel distribution license in the same area of supply goes against the spirit of integrated power sector planning envisaged under the Electricity Act, 2003. It will lead to high-consuming of and cherry-picking profitable high-tension (HT) commercial/industrial consumers by the private entity, leaving the incumbent public sector DISCOM (DHBVNL) with low-paying domestic, agricultural, and subsidized consumers. This will adversely impact cross-subsidy mechanisms, increase the burden on the state exchequer, and weaken the financial health of the public utility.

Financial and Operational Capability of the Petitioner Eleven Power Private Limited, incorporated only in June 2025 with a paid-up share capital of just 21 crores (authorized capital ₹100 crore), has proposed a massive capital expenditure of 24,716.73 crore (21,415.02 crore equity+₹3,301.71 crore debt).

II. In its interim order dated 26 May 2026 in HERC/Petition No. 30 of 2026, the Hon'ble Commission itself has flagged serious concerns regarding the petitioner's financial viability, operational preparedness, and ability to make the proposed investment. The Commission directed the petitioner to justify the market valuation of its holding company (M/s SAS Fininvest LLP) vis-à-vis book value and clarify inconsistencies in net worth disclosures.

III. Threat to Employment and Service Conditions: The entry of a private player will inevitably lead to demands for outsourcing, contractualization, and potential VRS/retrenchment pressures on existing employees of DHBVNL/HVPNL.

EEFI strongly opposes any move that jeopardizes the job security and hard-earned service conditions of electricity workers who have been serving the people of Haryana for decades.

IV. Risk of Cherry-Picking and Adverse Impact on Cross-Subsidy: The Hon'ble HERC has explicitly flagged the high risk of cherry-picking of profitable consumers. In its interim order dated 26 May 2026 and related proceedings, the Commission directed the petitioner to submit "a detailed implementation plan to demonstrate that the phased development, operation and maintenance of the distribution network over a period of five years will not result in 'cherry-picking' of consumers or geographical areas and shall ensure equitable and non-discriminatory access to electricity supply throughout the proposed area of supply." The Commission also noted that industrial and urban consumers subsidize supply to agricultural and rural users and sought clarification on preventing cherry-picking.

V. Unnecessary Privatization When DHBVNL is Performing Well: DHBVNL has shown consistent improvement in operational efficiency, with AT&C losses reduced to around 10.26% in FY 2024-25 (down from 11.35% in FY 2023-24 and much higher levels earlier). Collection efficiency remains over 100%, and the utility has achieved a near-zero or positive ACS-ARR gap in recent years. Parallel licensing is unwarranted when the public utility is already on a strong reform trajectory under RDSS and other central schemes.

VI. Inadequate Experience and Public Interest Concerns: A company incorporated just one year ago lacks the operational track record, technical expertise, and institutional experience required to manage a large distribution network serving diverse urban-rural consumers. Allowing such an entity risks supply reliability, safety, and consumer service standards in a critical sector.

VII. Detailed Grounds of Objection

- Adverse Impact on Cross-Subsidy and Universal Service Obligation: Private licensees typically focus on lucrative areas/consumers, undermining the universal service obligation of public DISCOMs. This has been observed in other states. For instance, in Odisha, the first wave of privatization (1999) led to failure: private operators abandoned operations citing inability to manage losses, resulting in license revocation by OERC in 2015 for three companies (NESCO, WESCO, SOUTHCO). This increased the burden on the public sector and state exchequer, with continued high losses and neglect of rural electrification.

Similarly, experiences in other jurisdictions show that privatization often leads to higher tariffs for remaining consumers and increased state subsidies. In Odisha's early phase, the state had to step in with additional support after private operators struggled, while cross subsidies were distorted. Delhi's model, though partially successful in loss reduction, has seen persistent financial concerns and reliance on government subsidies to keep consumer tariffs manageable.

- Technical and Grid Management Challenges Leading to Chaos: Instead of the boasted improvements including renewable integration and technological advancements claimed by the petitioner, parallel licensing and duplicate networks in the same area will create complete chaos and potential collapse in a system that serves the public at large. It will lead to severe coordination issues in grid management, fault restoration, metering, billing, and power procurement. It will complicate open access, renewable integration, and overall system stability, resulting in duplicated infrastructure, higher technical losses, safety hazards, and unreliable supply to common consumers.
- No Demonstrable Public Interest – Risk of Profiteering in Reverse: The petitioner's claim of a "modern, technology-driven, and renewable-energy-focused" utility lacks concrete, enforceable commitments backed by performance guarantees, especially given its limited track record. In reality, private operators often work in reverse of such claims through profiteering: they prioritize short-term returns by skimping on long-term investments in infrastructure maintenance, rural electrification, and genuine renewable integration; inflate costs through related-party transactions or high-interest debt; and pass on higher tariffs or reduced service quality to consumers while extracting dividends and management fees. This reverses the intended public benefit, leading to higher overall costs for the system, increased state subsidy burden, and neglect of non-remunerative segments — exactly the opposite of the "modern and consumer-friendly" narrative presented.
- Additional Layers of Management and Overheads Due to Multiple Licensing: Granting parallel distribution licenses will introduce multiple layers of management, regulatory compliance, coordination mechanisms, and duplicated administrative structures across the entire system. This will significantly increase overall overhead costs (including separate billing systems, customer care centres, technical teams, legal/compliance staff, and profit margins for the private licensee), which will ultimately be passed on to consumers through higher tariffs or increased state

subsidies, burdening the public at large without delivering proportional benefits in service quality or efficiency.

- Precedent and National Policy Concerns: EEFI has consistently opposed privatization and parallel licensing models across the country. Failures in Odisha (1999–2015) and challenges in franchise models (where many cases ceased operations due to mismatched expectations and labor issues) demonstrate the risks. Internationally and nationally, rushed privatization without strong regulatory oversight has often led to higher costs, service inequities, and duplicated infrastructure without proportional benefits.
- Consumer Interests Not Protected: There is no clarity on how the private licensee will handle existing consumers, tariff determination, grievance redressal, or continuation of subsidies. Experience shows that private entry often leads to higher effective tariffs and reduced service quality in non-lucrative segments.

Prayer: In view of the above, EEFI prayed that the Hon'ble Commission:

1. Reject outright the petition of Eleven Power Private Limited for grant of distribution license.
2. Direct DHBVNL to continue as the sole distribution licensee in the area and strengthen its operations through public investment, modernization, and employee participation.
3. Hold wide public consultations and stakeholder hearings, including with employee organizations, before considering any such radical structural changes.
4. Ensure that any future policy on distribution reforms prioritizes public sector strengthening, job security, and protection of consumer interests over private profiteering.

EEFI reserves its right to make further submissions during the public hearing scheduled for 08.07.2026 and to participate through its representatives.

We request that this objection be placed on record and considered before taking any decision on the petition.

3. Objections by All India Power Engineers Federation vide letter No. No. 33 - 2026/HERC dated 19-06-2026

The All India Power Engineers Federation (AIPEF), representing power engineers and electricity professionals working in Central and State Power Utilities across India, respectfully

submits the following objections against the proposal of M/s Eleven Power Private Limited for grant of a parallel distribution license in the revenue districts of Gurugram and Nuh.

AIPEF submits that the proposal is contrary to public interest, consumer interest, employee interest, financial stability of the power sector and the objectives of the Electricity Act, 2003 and therefore deserves to be rejected.

I. PRELIMINARY SUBMISSIONS

1. Electricity distribution is a public utility service involving extensive network infrastructure and universal service obligations.
2. The existing distribution licensee, Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL), already possesses a valid license, established distribution infrastructure, trained manpower and statutory responsibility to serve all categories of consumers.
3. The applicant seeks to operate in the most commercially attractive and revenue rich areas of Haryana while the social obligations towards subsidized and rural consumers continue to remain with the public utility.
4. Such an arrangement would amount to privatization of profitable consumers while leaving public obligations and financial burdens with DHBVNL.

II. LACK OF EXPERIENCE, FINANCIAL STRENGTH AND OPERATIONAL CREDENTIALS

1. The applicant company was incorporated only in 2025 and possesses no independent track record in electricity distribution.
2. The company has a paid-up capital of only about Rs.1 crore while proposing investments running into several thousand crores.
3. The proposal relies substantially upon consortium partners and Memoranda of Understanding rather than demonstrated operational capability.
4. The petitioner has not established independent technical, managerial and financial capability necessary for undertaking distribution operations across two major districts.
5. No credible evidence has been produced regarding:
    - Distribution network readiness;
    - Consumer service infrastructure;
    - SCADA and control systems;
    - Substation development plans;
    - Emergency response systems;
    - Disaster management arrangements.

The application therefore fails to establish operational preparedness required for grant of a distribution license.

III. NO NEED FOR A PARALLEL DISTRIBUTION LICENCE

1. DHBVNL already operates a comprehensive distribution network in the proposed area.
2. The petitioner has failed to demonstrate any deficiency in the existing distribution arrangement warranting grant of another license.
3. Electricity distribution is a natural monopoly where duplication of assets results in inefficiency and increased costs.
4. Parallel licensing in the same geographical area leads to:
   - Duplication of infrastructure;
   - Duplication of consumer service systems;
   - Duplication of metering arrangements;
   - Increased administrative expenditure;
   - Right-of-way disputes;
   - Operational complexities.
5. Such duplication serves no public purpose and is economically inefficient.

IV. CHERRY-PICKING OF HIGH REVENUE CONSUMERS

The proposal is clearly aimed at attracting high-paying industrial, commercial and premium consumers concentrated in Gurugram and adjoining areas.

The revenue significance of the proposed area is evident from the following data:

Gurugram-I	3844.35	3136.37	13.53%
Gurugram-II Total Proposed Area	3983.35 7827.70 6386.13 27.54%	3249.77	14.01%
DHBVNL Total	36265.25	23184.86	100%

Thus, the proposed license area contributes approximately 27.54% of DHBVNL's total revenue.

Granting a parallel license in such a lucrative area would enable migration of high paying consumers and severely erode DHBVNL's revenue base.

V. THREAT TO CROSS-SUBSIDY MECHANISM

The electricity sector presently functions through a cross-subsidy framework wherein industrial and commercial consumers support:

- Agricultural consumers;
- Rural consumers;
- Economically weaker consumers;
- Social welfare categories.

Migration of profitable consumers would:

1. Destroy the cross-subsidy structure.
2. Increase tariff pressure on remaining consumers.
3. Increase subsidy burden on the Government of Haryana.
4. Financially weaken DHBVNL.
5. Ultimately burden ordinary consumers.

The proposal therefore directly undermines equitable electricity supply.

VI. PROJECTED REVENUE LOSSES TO DHBVNL

The petitioner itself has projected migration of consumers from DHBVNL. The likely impact is illustrated below:

Scenario| Sales Loss (MU)| Revenue Loss (Rs Crore)

Petitioner's Base Projection	542.37	442.49
20% Load Migration	1770.24	1444.23
45% High Value Load Migration	3983.04	3249.51

These figures demonstrate the severe financial consequences of parallel licensing.

Such losses would directly affect DHBVNL's ability to maintain affordable tariffs and universal service obligations.

VII. STRANDED POWER PURCHASE LIABILITIES

DHBVNL and Haryana Power Purchase Centre (HPPC) have entered into long-term power purchase agreements based on the demand of the entire licensed area.

If high-value consumers migrate:

1. Existing contracted power may become surplus.
2. Capacity charges will continue to be payable.
3. Transmission commitments will remain.
4. Consumers remaining with DHBVNL will bear stranded costs.

This would create a significant tariff burden on the public.

VIII. DEFERRED FSA RECOVERY AND FINANCIAL IMPACT

As on 31 March 2025, unrecovered Fuel Surcharge Adjustment (FSA) amounts are reported as follows:

Particulars|	Amount (Rs Crore)
Total FSA booked|	8518
FSA recovered|	3264
Outstanding balance|	5254

These costs relate to electricity already supplied to consumers including the same high-value consumers who may migrate to the proposed licensee.

If such consumers leave DHBVNL before recovery of these dues:

- Existing consumers will be burdened;
- Revenue recovery will become difficult;
- Tariff shock may occur;
- Financial stability of DHBVNL will be adversely affected.

IX. GRID SECURITY AND TRANSMISSION CONCERNS

The petitioner proposes substantial dependence on renewable market purchases and external procurement arrangements.

However:

1. No comprehensive transmission access plan has been established.
2. No adequate proof of network access availability has been demonstrated.
3. Grid security implications have not been fully assessed.
4. Impact on load flow and system stability remains unexamined.

Before considering any license, a detailed independent study should be conducted through HVPNL and other competent agencies.

X. ABSENCE OF CONSUMER MIGRATION FRAMEWORK

Haryana presently lacks a comprehensive regulatory framework governing migration of consumers between parallel distribution licensees.

Critical issues remain unresolved:

- Security deposits;
- Outstanding arrears;
- Metering arrangements;
- Supplier of Last Resort obligations;
- Consumer grievance redressal;
- Network access arrangements;

- Insolvency or exit of a private licensee.

No parallel license should be granted until such framework is formulated and notified.

XI. IMPACT ON EMPLOYEES AND SECTION 133 OF THE ELECTRICITY ACT, 2003

AIPEF submits that the proposal raises serious concerns regarding employee interests.

Section 133 of the Electricity Act, 2003 embodies the legislative intent that employee service conditions should not be adversely affected due to restructuring or sectoral changes. Latest example is of Chandigarh where after Privatization employees are facing lot of hardships to get Pension and other terminal benefits.

Loss of nearly one-fourth of DHBVNL's revenue base would adversely affect:

- Recruitment;
- Promotions;
- Wage revisions;
- Pension liabilities;
- Employee welfare schemes;
- Long-term employment security.

The Commission is duty-bound to assess the impact on employees before approving any arrangement that could weaken the public utility.

XII. NATIONAL EXPERIENCE OF PRIVATIZATION

Experience from various states demonstrates that privatization and parallel licensing do not automatically result in lower tariffs or improved consumer welfare.

Instead, such models often lead to:

- Regulatory complications;
- Network disputes;
- Tariff increase pressures;
- Consumer confusion;
- Financial stress on public utilities.

Recent experiences in privatized distribution areas (latest one in Chandigarh) indicate that promised benefits frequently fail to materialize while consumers and employees face uncertainty.

XIII. NO DEMONSTRATED CONSUMER BENEFIT

The petitioner has failed to establish:

- Reduction in consumer tariffs;
- Measurable improvement in reliability;

- Benefits of network duplication;
- Long-term consumer welfare gains.

The mere promise of competition cannot be treated as sufficient justification for grant of a license.

The burden lies on the petitioner to demonstrate clear and measurable public benefits, which has not been done.

XIV. PUBLIC INTEREST CONSIDERATIONS

Electricity is an essential public service and not merely a commercial commodity.

The Commission is obligated to protect:

- Consumer interests;
- Universal service obligations;
- Public accountability;
- Financial viability of utilities;
- Grid stability;
- Long-term sustainability of the power sector.

The present proposal is inconsistent with these objectives.

PRAYER: In view of the facts stated above, AIPEF respectfully prays that the Hon'ble Commission may:

1. Reject Petition No. 30 of 2026 filed by M/s Eleven Power Private Limited seeking grant of a distribution license for Gurugram and Nuh Revenue Districts.
2. Hold that grant of a parallel license in revenue-rich areas is contrary to public interest and detrimental to the financial viability of DHBVNL.
3. Protect the existing cross-subsidy framework essential for affordable electricity supply to agricultural, rural and economically weaker consumers.
4. Direct that no parallel license application be considered until a comprehensive consumer migration and multi-licensee regulatory framework is notified.
5. Order an independent technical and financial impact assessment regarding grid security, stranded power purchase liabilities, transmission commitments and tariff impact.
6. Safeguard employee interests in accordance with Section 133 of the Electricity Act, 2003.
7. Ensure that no regulatory decision results in deterioration of employee service conditions, employment opportunities or statutory protections.

8. Preserve the integrity of the public electricity distribution system and prevent selective privatization of profitable consumer segments.
9. Pass such other orders as this Hon'ble Commission may deem fit in the interest of consumers, employees, public utilities and the power sector.

4. Representation in support by RWA from Sh. Arvind Khanna vide email dated 23.06.2026, A-25/18, DLF Phase -1, Gurgaon -122002 Registration No. HR/018/2022/02465:

We write to you on behalf of the residents of Gurugram, families, senior citizens, students, and homemakers who depend on reliable electricity every single day. We file this representation with one simple hope: that the Commission will grant Eleven Power Private Limited a parallel distribution license, and in doing so, restore to us the quality of electricity supply that a city of Gurugram's stature deserves.

We do not write in opposition to DHBVNL. We write in support of choice. For years, our residents have endured power cuts during the monsoon that last through the night, summer shutdowns when air conditioning is a health necessity and not a luxury, and a complaints system that offers little more than a phone number that rings without answer. When a senior citizen's medical equipment fails during a power cut, or a child cannot study for board examinations, or a family's refrigerator is damaged by a voltage surge, there is no recourse, no timeline, and no accountability.

Eleven Power's proposal addresses each of these concerns directly. The company proposes to invest in modern distribution infrastructure, including underground cabling that is immune to rain and storm damage, across Gurugram, Manesar and Sohna. It proposes smart meters with real-time consumption data, a mobile app and WhatsApp-based grievance platform-b and a legally binding 15-day resolution commitment for complaints.

Perhaps most importantly, the presence of a competing licensee will compel both distributors to improve. This is precisely what happened in Mumbai, where urban residents now enjoy measurably better service under a parallel licensing regime. Gurugram's residents are no less deserving. The Electricity Act, 2003 itself envisions this competition as the norm, not the exception.

We respectfully urge this Commission to grant the license sought by Eleven Power Private Limited in the interest of the millions of citizens who call Gurugram home. We are willing to participate in the public hearing and place our concerns before the Commission in person.

5. **Supporting Application of Eleven Power Private Limited from Sh. Vishal Jolly vide email dated 23.06.2026, Plot No. 408, Sector - 37, Gurugram - 122015 (HR) India:**

We, the undersigned, collectively operate more than 10 manufacturing facilities/ offices across Gurugram and Manesar. Our units are engaged in diverse industrial activities and together employ a substantial workforce while contributing significantly to the manufacturing ecosystem of Haryana. As enterprises that rely upon uninterrupted and high-quality electricity for production, we consider it appropriate to place on record our views in relation to the above captioned proceedings.

Over the years, our manufacturing operations have been adversely affected by recurring interruptions in electricity supply, voltage instability and prolonged restoration timelines. Even brief disruptions result in stoppage of production lines, wastage of raw materials, damage to sensitive equipment and significant loss of productive man-hours. For facilities operating on manufacturing processes, these disruptions have considerable operational and financial consequences.

In order to safeguard our operations, our manufacturing units have been compelled to maintain diesel generator backup systems. While these systems provide limited operational resilience, the cost of generating electricity through diesel is substantially higher than grid power, increasing overall manufacturing costs and reducing our competitiveness. The dependence on diesel-based generation is also inconsistent with our sustainability commitments and with the expectations of our global customers.

Many of us are part of international supply chains where environmental compliance has become an important commercial requirement. Our clients increasingly expect manufacturers to demonstrate the use of renewable energy and adherence to ESG standards as part of their procurement policies. Access to a distribution licensee capable of supplying electricity procured from renewable sources would materially assist us in meeting these obligations and in preserving our competitiveness in export and domestic markets.

It's context that we view the proposal of M/S Eleven Power Private Limited. The proposed investment in a dedicated distribution network for Gurugram and Manesar has the potential to strengthen the reliability and quality of electricity supply available to industrial consumers. The proposed sourcing of electricity, including renewable energy and Firm and Dispatchable Renewable Energy, would also provide industries with a practical pathway to meet evolving sustainability requirements. Equally important, the presence of an additional distribution licensee would introduce a competitive environment that encourages improved service

standards, greater consumer responsiveness and continued investment in distribution infrastructure.

We respectfully submit that a robust and reliable electricity distribution framework is indispensable for sustaining industrial growth in Haryana. The availability of an alternative distribution licensee would provide industrial consumers with greater choice while supporting the State's objective of attracting and retaining investment in the manufacturing sector.

In these circumstances, we respectfully request the Hon'ble Commission to take this representation on record and to favorably consider the application of M/S Eleven Power Private Limited for grant of a parallel distribution license.

6. Representation in Support from Sh. Ashish Arora vide email dated 23.06.2026, Plot No. 16, Sector-4, IMT Manesar, Gurgaon, Haryana, India:

We, the undersigned, collectively operate various manufacturing facilities across Gurugram and Manesar. Our units are engaged in diverse industrial activities and together employ a substantial workforce while contributing significantly to the manufacturing ecosystem of Haryana. As enterprises that rely upon uninterrupted and high-quality electricity for continuous production, we consider it appropriate to place on record our views in relation to the above captioned proceedings.

Over the years, our manufacturing operations have been adversely affected by recurring interruptions in electricity supply, voltage instability and prolonged restoration timelines. Even brief disruptions result in stoppage of production lines, wastage of raw materials, damage to sensitive equipment and significant loss of productive man-hours. For facilities operating on continuous manufacturing processes, these disruptions have considerable operational and financial consequences.

In order to safeguard our operations, our manufacturing units have been compelled to maintain diesel generator backup systems. While these systems provide limited operational resilience, the cost of generating electricity through diesel is substantially higher than grid power, increasing overall manufacturing costs and reducing our competitiveness. The dependence on diesel-based generation is also inconsistent with our sustainability commitments and with the expectations of our global customers.

Many of us are part of international supply chains where environmental compliance has become an important commercial requirement. Our clients increasingly expect manufacturers to demonstrate the use of renewable energy and adherence to ESG standards as part of their

procurement policies. Access to a distribution licensee capable of supplying electricity procured from renewable sources would materially assist us in meeting these obligations and in preserving our competitiveness in export and domestic markets.

It is in this context that we view the proposal of M/S Eleven Power Private Limited. The proposed investment in a dedicated distribution network for Gurugram and Manesar has the potential to strengthen the reliability and quality of electricity supply available to industrial consumers. The proposed sourcing of electricity, including renewable energy and Firm and Dispatchable Renewable Energy, would also provide industries with a practical pathway to meet evolving sustainability requirements. Equally important, the presence of an additional distribution licensee would introduce a competitive environment that encourages improved service standards, greater consumer responsiveness and continued investment in distribution infrastructure.

We respectfully submit that a robust and reliable electricity distribution framework is indispensable for sustaining industrial growth in Haryana. The availability of an alternative distribution licensee would provide industrial consumers with greater choice while supporting the State's objective of attracting and retaining investment in the manufacturing sector.

In these circumstances, we respectfully request the Hon'ble Commission to take this representation on record and to favorably consider the application of M/S Eleven Power Private Limited for the grant of a parallel distribution license.

7. Objections by Haryana Power Engineers Association (HPEA) vide letter Ref. No. 2 - 2026/HERC dated 22-06-2026.

1) PRELIMINARY SUBMISSIONS & LOCUS STANDI

1.1. The Objector, the Haryana Power Engineers Association (HPEA), is a registered body representing the professional engineers and technocrats serving the state power utilities of Haryana, including DHBVN, UHBVN, and HVPNL. The members of HPEA have dedicated decades of service to building, strengthening, and operating the power distribution network of Haryana.

1.2. The Objector has a vital interest in ensuring the financial viability of state-owned Distribution

Companies (DISCOMs), protecting public infrastructure created through taxpayer funds, and safeguarding the interests of the vast consumer base in Haryana against predatory private monopolies or unviable parallel licensees.

2) SPECIFIC OBJECTIONS

I. LACK OF EXPERIENCE, FINANCIAL STRENGTH AND OPERATIONAL CREDENTIALS

1. The applicant company was incorporated only in 2025 and possesses no independent track record in electricity distribution.
2. The company has a paid-up capital of only about Rs.1 crore while proposing investments running into several thousand crores.
3. The proposal relies substantially upon consortium partners and Memoranda of Understanding rather than demonstrated operational capability.
4. The petitioner has not established independent technical, managerial and financial capability necessary for undertaking distribution operations across two major districts.
5. No credible evidence has been produced regarding:
   - Distribution network readiness;
   - Consumer service infrastructure;
   - SCADA and control systems;
   - Substation development plans; - Emergency response systems;
   - Disaster management arrangements.

The application therefore fails to establish operational preparedness required for grant of a distribution license.

II. Failure to Account for Massive Public Expenditure Incurred in Gurugram System Improvement

1. The Objector submits that a massive infrastructure transformation has already been executed in the proposed license area using State resources. During a high-level meeting held on 08.10.2015 under the joint chairmanship of the Hon'ble Chief Minister of Haryana and the Hon'ble Minister of State (IC) for Power, Coal, and Renewable Energy Departments, Government of India, the development of a state-of-the-art "Smart Grid Project" leading to Smart City Gurugram was conceived.
2. A Detailed Project Report (DPR) amounting to Rs. 1,608 Crore was prepared with the singular objective of providing 24/7 quality power supply to the consumers of Gurugram. This project stands formally approved by the Board of Directors (BOD) of DHBVN as well as by this Hon'ble Commission (HERC).
3. The Smart Grid Project of Gurugram (Sectors 1 to 57) primarily consists of the following highly capitalized technological components:

- Infrastructure: Renovation, augmentation, and modernization of the existing 11 kV feeders in Sectors 1 to 57 of Gurugram, by converting the existing 11 kV overhead system into an 11-kV underground system connectivity arranged in a ring main configuration for network redundancy. It also includes the extensive installation of SCADA enablers and Optical Fibre Cables (OFC). (Note: Conversion of overhead LT lines into underground is not covered, though reconductoring of LT overhead lines on a requirement basis is included).
- SCADA: Full-scale implementation of the Supervisory Control and Data Acquisition (SCADA) system mapped down to the Distribution Transformer level (up to the Ring Main Unit - RMU) across Sectors 1 to 57.
- AMI: Implementation of Advanced Metering Infrastructure (AMI) smart meters throughout Sectors 1 to 57.

4. The Non-Sharing/Free-Riding Grievance: The private applicant, which has applied for a parallel licensing framework in this exact high-revenue zone, has completely omitted any mechanism for sharing or compensating this massive capital outlay of Rs. 1,608 Crore already incurred by the Government Undertaking DISCOM (DHBVN).
5. Allowing a private entity to utilize or baseline its parallel operations without a proportionate capital-sharing or reimbursement mechanism constitutes a direct transfer of premium public assets to a private entity without fair consideration.

III. Protection of Assets Funded by Public Taxpayers against Commercial Exploitation

1. The state-of-the-art electricity grid in Gurugram has been painstakingly built from public funds and the hard-earned money of taxpayers. The Objector strongly pleads that public infrastructure created for social welfare and state development must not be handed over, directly or indirectly, to a newly incorporated private company established merely 1 to 2 years ago for the sole objective of corporate profit-making.
2. If the private applicant is allowed to leverage or parallelly deploy services without absorbing a proportionate historical cost of asset creation, it will lead to a distortion of the level playing field, heavily penalizing the state utility that carried the financial burden during construction.

IV. Severe Inherent Risk of "Cherry-Picking" and Stranded Asset Burden on DHBVN.

1. The private applicant has targeted the high-revenue, dense urban industrial and commercial corridors of Gurugram and Manesar. This presents a textbook case of "cherry-picking" the most lucrative consumer mix.

2. If premium industrial and commercial consumers are diverted away from DHBVN, the state utility will be left with stranded distribution assets—underutilized infrastructure for which the debt and operation costs will still have to be borne by DHBVN.
3. More critically, the loss of high-paying consumers will severely impair DHBVN's cross-subsidy pool, making it virtually impossible to sustain low-cost power tariffs for agricultural, rural, and economically weaker section (EWS) consumers across Haryana. The financial strain will inevitably shift back onto ordinary taxpayers and domestic consumers.

V. Lack of Financial and Operational Track Record of the Applicant

1. The Objector notes that the applicant company is a newly formed vehicle incorporated as recently as mid-2025 with an extremely limited operational baseline and an inadequate standalone net worth relative to the multi-thousand crore capital requirements of running a distribution grid.
2. Relying on highly inflated market valuations of holding entities rather than hard, verifiable book value assets presents a massive financial risk. Electricity distribution is an essential public utility; granting a parallel license to a 1-to-2-year-old company without a proven operational track record jeopardizes grid security, supply reliability, and consumer grievance safety.

VI. Absolute Non-Feasibility of Parallel Licensing Due to Right of Way (ROW) Constraints

1. Lack of Dedicated Pathways: The Objector submits that the revenue districts of Gurugram and Nuh—particularly the densely populated urban sectors, commercial hubs, and old city areas—do not possess any unallocated or dedicated spatial pathways for the creation of a completely parallel electrical infrastructure.
2. Physical Impossibility & Urban Chaos: Distribution infrastructure requires substantial ground and underground space for laying cables, erecting compact substations (CSS), RMUs, and feeder pillars. Laying a duplicate underground network parallel to DHBVN’s existing network is physically impossible without:
3. Encroaching upon existing municipal utilities (water pipelines, sewage networks, gas grids, and telecommunication optical fibers).
    - Causing permanent disruption to public roads, pedestrian walkways, and green belts.
    - Posing severe public safety hazards, including accidental electrocution or grid induction risks due to the unavoidable proximity of two parallel live distribution systems running through restricted corridors.

4. Regulatory Contradiction: The concept of a parallel licensee under the Electricity Act, 2003 presupposes the physical capability to distribute electricity. Where the geography and urban planning of Gurugram offer zero additional ROW, granting a license would remain a paper-only exercise or lead to endless legal and physical disputes on the ground, ultimately hurting the consumer.

VII. Multi-Agency Statutory Clearances and Infrastructure Redundancy

1. The Gridlock of Multi-Agency Approvals: Laying distribution infrastructure in these areas involves navigating a complex web of jurisdictions. Any infrastructure deployment requires explicit, time-bound Right of Way (ROW) permissions and statutory clearances from a multitude of central and state agencies, including but not limited to:
    - Gurugram Metropolitan Development Authority (GMDA) & Municipal Corporations (MCG/MCN): For road cutting, utility shifting, and structural alignment along major urban arterial roads.
    - National Highways Authority of India (NHAI): For crossings and parallel alignments along major national highways (like NH-48) intersecting the license area.
    - Forest Department (State & Central): For clearances involving protected green belts, eco-sensitive zones in the Aravalli region, and tree-felling permissions.
    - Public Works Department (B&R) and HSVP: For sector-dividing roads and institutional areas.
2. Unreasonable Burden on Public Authorities: Allowing a 1-to-2-year-old private entity to repeatedly approach these authorities for duplicate road-cutting and infrastructure permissions will lead to massive public inconvenience, rapid degradation of public roads, and administrative strain on GMDA, NHAI, and Municipal bodies.
3. Public Interest Violated: The public interest lies in maximizing the utilization of the existing, highly capitalized public network (such as the Rs. 1,608 Crore Smart Grid infrastructure) rather than digging up the city repeatedly to install redundant, competing assets that offer no additional technical utility to the public.

PRAYER:

In light of the facts and submissions detailed above, the Haryana Power Engineers Association (HPEA) most respectfully prays to:

- Reject the petition for the grant of a parallel distribution license filed by the private applicant in its current form;

- Direct the applicant to submit a transparent, audited financial capital-sharing proposal to compensate DHBVN for the Rs. 1,608 Crore already spent on the Gurugram Smart Grid Project before any further evaluation of the application;
- Protect the state-owned distribution assets and the critical cross-subsidy mechanism to insulate rural and agricultural consumers from tariff hikes;
- Grant the Objector (HPEA) an opportunity to present its arguments face-to face during the forthcoming public hearing.
- Hold that the grant of a parallel distribution license is technically and geographically non-feasible in the target area due to absolute Right of Way (ROW) constraints and the public safety hazards arising from redundant infrastructure deployment.
- pass any other order that the commission may deem fit in the interest of justice and public equity.

8. Sh. Prem Pareek, Multi Property Director of Finance, The Westin Gurgaon, New Delhi and The Westin Sohna Resort and Spa (Legal entity - Vatika Hotels Pvt. Ltd.) Vide email dated 23.06.2024.

Vatika Group is amongst the leading and most promising Developer in the National Capital Region. The Group has an impressive portfolio of projects in the areas of residential, commercial, townships, hotels, education and facility management. More than 48 million sq. ft of residential, commercial and retail projects have already been delivered with many more in the process of delivery.

However, we would like to formally place on record our concerns that, despite creating huge electrical infrastructure for the Grid supply from Nigams, there have been many instances of interruptions in the grid electricity supply and the consequential adverse impact on supply of smooth and uninterrupted electrical power to our handed over projects. Many a times, residents and clients have raised issues of non-availability of grid supply. Hence, to obviate these problems, we support the policy for grant of a parallel distribution system and granting license as prayed in HERC Petition No. 30 of 2026.

It must be underscored that even short duration outages especially during summers not only create dissatisfaction amongst our esteemed clients and residents but also leads to significant financial loss for us as well as residents due to exorbitant costs involved in DG operations.

While we have invested heavily in backup power generation infrastructure to mitigate such disruptions, the restrictions imposed under the Graded Response Action Plan (GRAP),

especially during Stage Ill and Stage IV, severely constrain the use of diesel generators in accordance with NGT guidelines. Hence such situations can lead to projects and colonies being without power in case of interruption in grid supply, thereby creating an immediate need for a viable alternative power source.

In view of the above, the introduction of a parallel distribution licensee, Such as Eleven Powers, has now become a necessity. A parallel network would not only reduce dependency on a single distribution source, but would also materially improve power reliability.

Accordingly, we strongly and unambiguously support the grant of a parallel distribution license to Eleven Power under the referenced petition. We respectfully urge the Hon'ble Commission to take a considered and progressive view in approving this application, in the larger interest of ensuring reliability, competitiveness, and sustainability of the region's real estate ecosystem.

We trust that the Commission will give due consideration to the operational realities highlighted herein. We remain available to provide any further data or clarifications that may assist in your deliberations.

9. Representation in support, from M/s Shivan Autotech Limited by Dk Goyal vide email dated 23.06.2026

We write this representation on behalf of M/S Shivam Autotech Limited. The Company operates one manufacturing facilities at 58th K. M. Stone, Delhi Jaipur Highway, Binola, Gurugram, Haryana, where it employs approximately 1050 persons. Our manufacturing operations are highly electricity-intensive, and we consume substantial quantities of electricity in the ordinary course of business. The availability of reliable, high-quality and cost-effective electricity is therefore fundamental to our operations and long-term competitiveness.

As a consumer located within the area proposed to be covered under the present application, the outcome of these proceedings is of direct relevance to our business. We therefore consider it appropriate to place before the Commission our perspective as an industrial consumer.

Our experience has been that interruptions in power supply, voltage fluctuations and prolonged maintenance outages adversely affect manufacturing operations, disrupt production schedules and increase operational costs. Even brief interruptions often result in significant downtime, loss of productivity and delays in fulfilling customer commitments. To mitigate these risks, we have been required to maintain diesel generator sets as standby power sources, despite the significantly higher cost of diesel-based generation. This additional

expenditure ultimately affects the competitiveness of our products in domestic as well as international markets.

At the same time, our customers increasingly expect compliance with environmental and sustainability commitments, including the use of renewable energy. Access to reliable green power has therefore become an important commercial requirement, particularly in sectors where ESG considerations form part of procurement and supply chain assessments.

In our view, the proposal submitted by Eleven Power Private Limited has the potential to address many of these concerns. The proposed investment in a modern electricity distribution network has the potential to improve the quality and reliability of supply for industrial consumers. The proposed emphasis on renewable energy procurement would also enable industries to meet their sustainability objectives and evolving customer expectations. Further, the presence of an additional distribution licensee IS likely to promote higher standards of consumer service, operational efficiency and responsive while encouraging continued investment in electricity infrastructure for the benefit of industrial consumers.

For these reasons, we respectfully support the grant of a parallel distribution license to Eleven Power Private Limited. We request the Commission to take this representation on record and to give due consideration to the interests of industrial consumers while deciding Petition No. 30 of 2026.

10. Representation in support, by M/s Boutique International vide email dated 23.06.2026

We write this representation on behalf of/s Boutique International. The Company operates manufacturing facilities at Gurugram, Haryana, where it employs approximately 800-900 persons. Our manufacturing operations are highly electricity-intensive, and we consume substantial quantities of electricity in the ordinary course of business. The availability of reliable, high-quality and cost-effective electricity is therefore fundamental to our operations and long-term competitiveness. As a consumer located within the area proposed to be covered under the present application, the outcome of these proceedings is of direct relevance to our business. We therefore consider it appropriate to place before the Commission our perspective as an industrial consumer. Our experience has been that interruptions in power supply, voltage fluctuations and prolonged maintenance outages adversely affect manufacturing operations, disrupt production schedules and increase operational costs. Even brief interruptions often result in significant downtime, loss of productivity and delays in fulfilling customer commitments. To mitigate these risks, we have been required to maintain diesel generator sets as standby power sources, despite the significantly higher cost of diesel-based generation. This additional expenditure ultimately effects the competitiveness of our

products in domestic as well as international markets.At the same time, our customers increasingly expect compliance with environmental and sustainability commitments; including the use of renewable energy. Access to reliable green power has therefore become an important commercial requirement, particularly in sectors where ESG considerations form part of procurement and supply chain assessments. In our view, the proposal submitted by Eleven Power Private Limited has the potential to address many of these concerns. The proposed investment in a modern electricity distribution network has the potential to improve the quality and reliability of supply for industrial consumers. The proposed emphasis on renewable energy procurement would also enable industries to meet their sustainability objectives and evolving customer expectations. Further, the presence of an additional distribution licensee is likely to promote higher standards of consumer service, operational efficiency and responsiveness, while encouraging continued investment in electricity infrastructure for the benefit of industrial consumers.

For these reasons, we respectfully support the grant of a parallel distribution license to Eleven Power Private Limited. We request the Commission to take this representation on record and to give due consideration to the interests of industrial consumers while deciding 'Petition No. 30 of 2026.

11. Support Representation from Adv. Baljeet Rathee, President, QERWA Association (DLF Qutab Enclave Residents Welfare Association vide email dated 23.06.2026.

We write to you on behalf of the residents of Gurugram, families, senior citizens, students, and homemakers who depend on reliable electricity every single day. We file this representation with one simple hope: that the Commission will grant Eleven Power Private Limited a parallel distribution license, and in doing so, restore to us the quality of electricity supply that a city of Gurugram's stature deserves.

We do not write in opposition to DHBVNL. We write in support of choice. For years, our residents have endured power cuts during the monsoon that last through the night, summer shutdowns when air conditioning is a health necessity and not a luxury, and a complaints system that offers little more than a phone number that rings without answer. When a senior citizen's medical equipment fails during a power cut, or a child cannot study for board examinations, or a family's refrigerator is damaged by a voltage surge, there is no recourse, no timeline, and no accountability.

Eleven Power's proposal addresses each of these concerns directly. The company proposes to invest in modern distribution infrastructure, including underground cabling that is immune

to rain and storm damage, across Gurugram, Manesar and Sohna. It proposes smart meters with real-time consumption data, a mobile app and WhatsApp-based grievance platform, and a legally binding 15-day resolution commitment for complaints.

Perhaps most importantly, the presence of a competing licensee will compel both distributors to improve. This is precisely what happened in Mumbai, where urban residents now enjoy measurably better service under a parallel licensing regime.

Gurugram's residents are no less deserving. The Electricity Act, 2003 itself envisions this competition as the norm, not the exception.

We respectfully urge this Commission to grant the license sought by Eleven Power Private Limited in the interest of the millions of citizens who call Gurugram home. We are willing to participate in the public hearing and place our concerns before the Commission in person.

12. Representation in Support, by M/s BPTP ltd. From Sh. Shashi Prakash Saxena vide email dated 23.06.2026

We, BPTP Limited, are a leading real estate developer in Gurugram and have developed several residential and commercial projects in the city. We are submitting this representation on behalf of the residents, traders, shopkeepers, office owners, restaurant operators, and small business establishments operating within our developments, who are consumers of electricity supplied through Single Point Connections sourced from DHBVN.

Electricity is not merely an infrastructure service; it is the backbone of daily life and commercial activity within our projects. It keeps shops operational, billing systems functioning, cold storage units running, and ensures a comfortable environment for customers, residents, and businesses alike. A large number of commercial and residential projects developed by us presently receive electricity through Single Point Connections sourced from DHBVN, with an aggregate sanctioned load of approximately 59,336 kW. Thousands of residents, businesses, employees, and visitors depend upon a reliable and uninterrupted supply of electricity for their daily activities and livelihoods.

The realities of electricity disruptions are particularly severe for the commercial community. A power outage during peak business hours can result in customers leaving premises, digital payment systems becoming non-functional, air-conditioning systems shutting down, inventory losses for food and beverage establishments, and significant productivity losses for offices and service providers. Even short-duration interruptions can have disproportionate economic consequences.

The most pressing concern for our occupants today relates to the availability of backup power. Small shops, offices, and commercial establishments generally cannot afford large captive backup systems. Those that have invested in diesel or petrol generator sets are increasingly unable to rely upon them due to restrictions imposed under the Graded Response Action Plan (GRAP) applicable in the National Capital Region. During Stage Ill and Stage IV pollution alerts, the operation of diesel and petrol generator sets is prohibited. These restrictions frequently remain in force for extended periods during the winter months, Consequently, whenever a grid interruption occurs during such periods, many establishments are left without any source of electricity, resulting in business closures, revenue losses, and disruption of economic activity.

In this context, the grant of a parallel distribution license to Eleven Power would provide significant benefits to consumers. The availability of an independently operated parallel distribution network would enhance supply reliability and resilience by reducing dependence on a single distribution source. Faults or disruptions affecting one network would not necessarily impact consumers connected to the other network. In addition, Eleven Power has proposed the deployment of modern distribution infrastructure, including smart metering, digital billing systems, and technology-enabled consumer grievance redressal mechanisms, which are expected to improve service quality and consumer experience. The residents and commercial community within our projects strongly support Eleven.

Power's application for a Parallel Distribution License in HERC Petition No. 30 of 2026. We respectfully submit that the introduction of competition and consumer choice in electricity distribution would promote greater reliability, efficiency, service standards, and consumer welfare.

We therefore request the Hon'ble Commission to favorably consider and grant the distribution license sought by Eleven Power.

13. Representation in Support, by M/s Park View from Sh. Deepak Kapur vide email dated 23.06.2026

We write to you on behalf of the residents of Gurugram, families, senior citizens, students, and homemakers who depend on reliable electricity every single day. We file this representation with one simple hope: that the Commission will grant Eleven Power Private Limited a parallel distribution license, and in doing so, restore to us the quality of electricity supply that a city of Gurugram's stature deserves.

We do not write in opposition to DHBVNL. We write in support of choice. For years, our residents have endured power cuts during the monsoon that last through the night, summer shutdowns when air conditioning is a health necessity and not a luxury, and a complaints system that offers little more than a phone number that rings without answer. When a senior citizen's medical equipment fails during a power cut, or a child cannot study for board examinations, or a family's refrigerator is damaged by a voltage surge, there is no recourse, no timeline, and no accountability.

Eleven Power's proposal addresses each of these concerns directly. The company proposes to invest in modern distribution infrastructure, including underground cabling that is immune to rain and storm damage, across Gurugram and Manesar. It proposes smart meters with real-time consumption data, a mobile app and Whats App based grievance platform, and a legally binding 15-day resolution commitment for complaints.

Perhaps most importantly, the presence of a competing licensee will compel both distributors to improve. This is precisely what happened in Mumbai, where urban residents now enjoy measurably better service under a parallel licensing regime. Gurugram's residents are no less deserving. The Electricity Act, 2003 itself envisions this competition as the norm, not the exception.

We respectfully urge this Commission to grant the license sought by Eleven Power Private Limited in the interest of the millions of citizens who call Gurugram home. We are willing to participate in the public hearing and place our concerns before the Commission in person.

14. Representation in Support, from Sh. Naveen Bakshi vide email dated 23.06.2026

Vatika Group is amongst the leading and most promising Developer in the National Capital Region. The Group has an impressive portfolio of projects in the areas of residential, commercial, townships, hotels, education and facility management. More than 48 million sq. ft of residential, commercial and retail projects have already been delivered with many more in the process of delivery.

However, we would like to formally place on record our concerns that, despite creating huge electrical infrastructure for the Grid supply from Nigams, there have been many instances of interruptions in the grid electricity supply and the consequential adverse impact on supply of smooth and uninterrupted electrical power to our handed over projects. Many a times, residents and clients have raised issues of non-availability of grid supply. Hence, to obviate

these problems, we support the policy for grant of a parallel distribution system and granting license as prayed in HERC Petition No. 30 of 2026.

It must be underscored that even short duration outages especially during summers not only create dissatisfaction amongst our esteemed clients and residents but also leads to significant financial loss for us as well as residents due to exorbitant costs involved in DG operations.

While we have invested heavily in backup power generation infrastructure to mitigate such disruptions, the restrictions imposed under the Graded Response Action Plan (GRAP), especially during Stage Ill and Stage IV, severely constrain the use of diesel generators in accordance with NGT guidelines. Hence such situations can lead to projects and colonies being without power in case of interruption in grid supply, thereby creating an immediate need for a viable alternative power source.

In view of the above, the introduction of a parallel distribution licensee, Such as Eleven Powers, has now become a necessity. A parallel network would not only reduce dependency on a single distribution source, but would also materially improve power reliability.

Accordingly, we strongly and unambiguously support the grant of a parallel distribution license to Eleven Power under the referenced petition. We respectfully urge the Hon'ble Commission to take a considered and progressive view in approving this application, in the larger interest of ensuring reliability, competitiveness, and sustainability of the region's real estate ecosystem.

We trust that the Commission will give due consideration to the operational realities highlighted herein. We remain available to provide any further data or clarifications that may assist in your deliberations.

15. Representation in Support, from Sh. Manish Kumar vide email dated 23.06.2026

We write to you on behalf of the residents of our delivered project "ROF Ananda" situated in Gurugram, which includes families, senior citizens, students, and homemakers who depend on reliable electricity every single day. We file this representation with one simple hope: that the Commission will grant Eleven Power Private Limited a parallel distribution license, and in doing so, restore to us the quality of electricity supply that a city of Gurugram's stature deserves.

We do not write in opposition to DHBVNL. We write in support of choice. For years, our residents have endured power cuts during the monsoon that last through the night, summer shutdowns when air conditioning is a health necessity and not a luxury, and a complaints system that offers little more than a phone number that rings without answer. When a senior

citizen's medical equipment fails during a power cut, or a child cannot study for board examinations, or a family's refrigerator is damaged by a voltage surge, there is no recourse, no timeline, and no accountability.

Eleven Power's proposal addresses each of these concerns directly. The company proposes to invest in modern distribution infrastructure, including underground cabling that is immune to rain and storm damage, across Gurugram and Manesar. It proposes smart meters with real-time consumption data, a mobile app and WhatsApp-based grievance platform, and a legally binding 15-day resolution commitment for complaints.

Perhaps most importantly, the presence of a competing licensee will compel both distributors to improve. This is precisely what happened in Mumbai, where urban residents now enjoy measurably better service under a parallel licensing regime. Gurugram's residents are no less deserving. The Electricity Act, 2003 itself envisions this competition as the norm, not the exception.

We hereby request this Commission to grant the license sought by Eleven Power Private Limited in the interest of the millions of citizens who call Gurugram home.

16. Representation in Support, by M/s Stork Rubber Products Pvt. Ltd. from Sh. Jagdeep Rangar vide email dated 23.06.2026

We write this representation on behalf of Stork Rubber Products Pvt. Ltd. The Company operates manufacturing facilities at Stork Building, NH — 8, 38 KM, Behrampur Road, VPO - Khandsa, Gurgaon 122001, Haryana, where it employs approximately 300 persons. Our manufacturing operations are highly electricity-intensive, and we consume substantial quantities of electricity in the ordinary course of business. The availability of reliable, high-quality and cost-effective electricity is therefore fundamental to our operations and long-term competitiveness.

As a consumer located within the area proposed to be covered under the present application, the outcome of these proceedings is of direct relevance to our business. We therefore consider it appropriate to place before the Commission our perspective as an industrial consumer.

Our experience has been that interruptions in power supply, voltage fluctuations and prolonged maintenance outages adversely affect manufacturing operations, disrupt production schedules and increase operational costs. Even brief interruptions often result in significant downtime, loss of productivity and delays in fulfilling customer commitments. To mitigate these risks, we have been required to maintain diesel generator sets as standby

power sources, despite the significantly higher cost of diesel-based generation. This additional expenditure ultimately affects the competitiveness of our products in domestic as well as international markets.

At the same time, our customers increasingly expect compliance with environmental and sustainability commitments, including the use of renewable energy. Access to reliable green power has therefore become an important commercial requirement, particularly in sectors where ESG considerations form part of procurement and supply chain assessments.

17. Representation in Support, by M/s Munjal Showa Limited, from Sh. Pankaj Gupta vide email dated 23.06.2026

We write this representation on behalf of Munjal Showa Limited the Company operates manufacturing facilities at Gurugram, Manesar and Haryana, where it employs approximately 3000 persons. Our manufacturing operations are highly electricity-intensive, and we consume substantial quantities of electricity in the ordinary course of business. The availability of reliable, high-quality and cost-effective electricity is therefore fundamental to our operations and long-term competitiveness.

As a consumer located within the area proposed to be covered under the present application, the outcome of these proceedings is of direct relevance to our business. We therefore consider it appropriate to place before the Commission our perspective as an industrial consumer.

Our experience has been that interruptions in power supply, voltage fluctuations and prolonged maintenance outages adversely affect manufacturing operations, disrupt production schedules and increase operational costs. Even brief interruptions often result in significant downtime, loss of productivity and delays in fulfilling customer commitments. To mitigate these risks, we have been required to maintain diesel generator sets as standby power sources, despite the significantly higher cost of diesel-based generation. This additional expenditure ultimately affects the competitiveness of our products in domestic as well as international markets.

At the same time, our customers increasingly expect compliance with environmental and sustainability commitments, including the use of renewable energy. Access to reliable green power has therefore become an important commercial requirement, particularly in sectors where ESG considerations form part of procurement and supply chain assessments.

In our view, the proposal submitted by Eleven Power Private Limited has the potential to address many of these concerns. The proposed investment in a modem electricity distribution

network has the potential to improve the quality and reliability of supply for industrial consumers. The proposed emphasis on renewable energy procurement would also enable industries to meet their sustainability objectives and evolving customer expectations. Further, the presence of an additional distribution licensee is likely to promote higher standards of consumer service, operational efficiency and responsiveness, while encouraging continued investment in electricity infrastructure for the benefit of industrial consumers.

For these reasons, we respectfully support the grant of a parallel distribution license to Eleven Power Private Limited. We request the Commission to take this representation on record and to give due consideration to the interests of industrial consumers while deciding Petition No. 30 of 2026.

18. Objections by M/s Gurgaon Industrial Association vide email dated 23.06.2026.

With reference to the Public Notice issued by the Haryana Electricity Regulatory Commission inviting comments/objections from stakeholders on Petition No, 01 of 2026, we wish to submit the following objections and comments on behalf of the industrial consumers represented by Gurgaon Industrial Association (GIA).

We would like to draw your kind attention towards the serious difficulties presently being faced by industries due to the substantial increase in electricity charges in Haryana. The recent increase in fixed charges by approximately 75.8%, from Rs.165/KW to Rs.290/KW, along with the increase in per-unit electricity tariff by 4.52%, from Rs.6.65 to Rs.6.95, has significantly increased the overall cost of electricity for industrial consumers.

Apart from these increases, the continued levy of Fuel Power Purchase Adjustment Surcharge (FPPAS) / Fuel Surcharge Adjustment (FSA) has further imposed an additional financial burden upon industries. We understand that the surcharge has been continued temporarily up to 2026, thereby further increasing the electricity bills of industrial consumers.

Industries in Haryana are already operating under severe pressure owing to rising production costs, raw material prices, labor expenses, logistics costs and stiff market competition. Under these circumstances, the continuation of FPPAS/FSA despite substantial enhancement in fixed charges and electricity tariff has aggravated the financial stress on industries and adversely affected their competitiveness within and outside the State.

19. Representation in Support, by M/s Globalstar Auto LLP, vide email dated 24.06.2026

We are writing to you on behalf of the traders, shopkeepers and small businessmen of Gurugram. Electricity is not just infrastructure for us, it is what keeps our shops open, our billing machines running and our customers comfortable enough to stay and spend.

Let us be straightforward about what the current situation looks like for us. A power cut in the middle of a Saturday afternoon in a busy market means customers leave. Digital payment terminals go down. Air conditioning stops.

The most pressing issue for our members is backup power. Small shops cannot afford large DG sets. Those who do have small petrol or diesel gensets are now caught in an impossible situation: under the Graded Response Action Plan (GRAP) imposed in the NCR every winter, diesel and petrol gensets are banned from operation during Stage III and Stage IV pollution alerts. These alerts now routinely cover weeks at a time. When the grid fails during a GRAP alert period, our establishments are simply shut, no backup, no business, no income. This is not a hypothetical problem. It happened through November and December last year, and it will happen again.

A parallel licensee like Eleven Power changes this equation. It brings a second, independently operated distribution network meaning that outages caused by one network's fault do not necessarily affect the other's consumers. It also brings smart metering, digital billing, and an app-based grievance system.

We support Eleven Power's application without reservation and request the Commission to grant the license to Eleven Power. Gurugram's commercial community is ready for better electricity.

20. Representation in Support, by Farmers Kisan Association Gurgaon vide email dated 24.06.2026

हम, ग्रामीण गुड़गांव जिले के अधोहस्ताक्षरी किसान एवं कृषि उपभोक्ता, इलेवन पावर प्राइवेट लिमिटेड द्वारा दायर समानांतर विद्युत वितरण लाइसेंस प्रदान करने संबंधी याचिका के समर्थन में यह प्रस्तुतीकरण प्रस्तुत करते हैं। ग्रामीण गुड़गांव हरियाणा के उन जिलों में से एक है जहाँ आजीविका का प्रमुख आधार कृषि है और विश्वसनीय विद्युत आपूर्ति सीधे हमारी आजीविका तथा खाद्य सुरक्षा से जुड़ी हुई है। वर्तमान में ग्रामीण गुरुग्राम के कृषि उपभोक्ताओं के लिए विद्युत आपूर्ति की स्थिति अत्यंत अपर्याप्त है:

- ग्रामीण गुड़गांव में कृषि पम्पसेटों के लिए निर्धारित विद्युत आपूर्ति औसतन केवल 6–8 घंटे प्रतिदिन उपलब्ध होती है तथा इसे प्रायः बिना किसी पूर्व सूचना के बाधित कर दिया जाता है जिससे फसलों की वृद्धि के महत्वपूर्ण चरणों में सिंचाई कार्यक्रम प्रभावित होते हैं।
- गर्मियों के चरम महीनों में वोल्टेज में उतार-चढ़ाव तथा कम वोल्टेज के कारण पम्प मोटरें जल जाती हैं। मोटरों की मरम्मत एवं प्रतिस्थापन की लागत छोटे एवं सीमांत किसानों के लिए बार-बार आने वाला तथा वहन करने में कठिन आर्थिक बोझ है।
- खरीफ एवं रबी बुवाई के मौसम में, जब समय पर सिंचाई अत्यंत आवश्यक होती है, अनियोजित विद्युत कटौती के कारण किसानों को प्रत्यक्ष फसल हानि उठानी पड़ती है जिसके लिए कोई प्रभावी प्रतिकार या मुआवजा उपलब्ध नहीं है।
- फीडर पृथक्करण (Feeder Separation) एवं ट्रांसफॉर्मर उन्नयन संबंधी कार्यों में नियमित रूप से विलंब होता है जिसके परिणामस्वरूप कृषि फीडरों को महीनों तक निम्न स्तर की विद्युत आपूर्ति प्राप्त होती रहती है।

इलेवन पावर को समानांतर वितरण लाइसेंस प्रदान किए जाने से कृषि उपभोक्ताओं को निम्नलिखित लाभ प्राप्त होंगे:

- इलेवन पावर की याचिका में कृषि उपभोक्ताओं को प्रमुख सेवा श्रेणी के रूप में स्पष्ट रूप से शामिल किया गया है तथा ग्रामीण गुड़गांव के संपूर्ण राजस्व जिलों, जिनमें ग्रामीण एवं कृषि क्षेत्र भी सम्मिलित हैं, को सेवा प्रदान करने का प्रस्ताव किया गया है।
- एक दूसरे वितरण लाइसेंसी के आने से DHBVNL पर प्रतिस्पर्धात्मक दबाव बनेगा, जिससे विद्युत आपूर्ति के घंटे बढ़ाने, कटौती की आवृत्ति कम करने तथा कृषि फीडरों एवं ट्रांसफॉर्मर अवसंरचना के उन्नयन हेतु प्रोत्साहन मिलेगा, जिसका प्रत्यक्ष लाभ पम्पसेट उपयोगकर्ताओं को प्राप्त होगा।
- इलेवन पावर द्वारा नई वितरण अवसंरचना में प्रस्तावित निवेश से लाइसेंस क्षेत्र, विशेषकर ग्रामीण गुड़गांव, में विद्युत नेटवर्क का विस्तार एवं आधुनिकीकरण होगा, जिससे उन कृषि उपभोक्ताओं को बेहतर गुणवत्ता की विद्युत आपूर्ति प्राप्त होगी जिन्हें ऐतिहासिक रूप से पर्याप्त सेवाएँ नहीं मिल पाई हैं।

ग्रामीण गुड़गांव जिला लंबे समय से उस गुणवत्तापूर्ण अवसंरचना से वंचित रहा है जिसे शहरी हरियाणा के उपभोक्ता सामान्यतः उपलब्ध मानते हैं। प्रत्येक उपभोक्ता को बिना किसी भेदभाव के सेवा प्रदान करने के लिए बाध्य एक नए वितरण लाइसेंसी का आगमन इस स्थिति को बदलने का एक महत्वपूर्ण अवसर है। अतः हम आयोग से विनम्रतापूर्वक अनुरोध करते हैं कि ग्रामीण गुड़गांव के कृषक समुदाय के हित में इलेवन पावर को समानांतर विद्युत वितरण लाइसेंस प्रदान किया जाए।

21. Representation in Support, by Farmers Kisan Association Nuh vide email dated 24.06.2026

हम, नूंह जिले के अधोहस्ताक्षरी किसान एवं कृषि उपभोक्ता, इलेवन पावर प्राइवेट लिमिटेड द्वारा दायर समानांतर विद्युत वितरण लाइसेंस प्रदान करने संबंधी याचिका के समर्थन में यह प्रस्तुतीकरण प्रस्तुत करते हैं। नूंह हरियाणा के उन जिलों में से एक है जहाँ आजीविका का प्रमुख आधार कृषि है, और विश्वसनीय विद्युत आपूर्ति सीधे हमारी आजीविका तथा खाद्य सुरक्षा से जुड़ी हुई है। वर्तमान में नूंह तथा ग्रामीण गुरुग्राम के कृषि उपभोक्ताओं के लिए विद्युत आपूर्ति की स्थिति अत्यंत अपर्याप्त है:

- नूंह में कृषि पम्पसेटों के लिए निर्धारित विद्युत आपूर्ति औसतन केवल 6–8 घंटे प्रतिदिन उपलब्ध होती है तथा इसे प्रायः बिना किसी पूर्व सूचना के बाधित कर दिया जाता है जिससे फसलों की वृद्धि के महत्वपूर्ण चरणों में सिंचाई कार्यक्रम प्रभावित होते हैं।
- गर्मियों के चरम महीनों में वोल्टेज में उतार-चढ़ाव तथा कम वोल्टेज के कारण पम्प मोटरें जल जाती हैं। मोटरों की मरम्मत एवं प्रतिस्थापन की लागत छोटे एवं सीमांत किसानों के लिए बार-बार आने वाला तथा वहन करने में कठिन आर्थिक बोझ है।
- खरीफ एवं रबी बुवाई के मौसम में, जब समय पर सिंचाई अत्यंत आवश्यक होती है, अनियोजित विद्युत कटौती के कारण किसानों को प्रत्यक्ष फसल हानि उठानी पड़ती है जिसके लिए कोई प्रभावी प्रतिकार या मुआवजा उपलब्ध नहीं है।
- फीडर पृथक्करण (Feeder Separation) एवं ट्रांसफॉर्मर उन्नयन संबंधी कार्यों में नियमित रूप से विलंब होता है जिसके परिणामस्वरूप कृषि फीडरों को महीनों तक निम्न स्तर की विद्युत आपूर्ति प्राप्त होती रहती है।

इलेवन पावर को समानांतर वितरण लाइसेंस प्रदान किए जाने से कृषि उपभोक्ताओं को निम्नलिखित लाभ प्राप्त होंगे:

- इलेवन पावर की याचिका में कृषि उपभोक्ताओं को प्रमुख सेवा श्रेणी के रूप में स्पष्ट रूप से शामिल किया गया है तथा नूंह एवं गुरुग्राम के संपूर्ण राजस्व जिलों, जिनमें ग्रामीण एवं कृषि क्षेत्र भी सम्मिलित हैं, को सेवा प्रदान करने का प्रस्ताव किया गया है।
- एक दूसरे वितरण लाइसेंसी के आने से DHBVNL पर प्रतिस्पर्धात्मक दबाव बनेगा, जिससे विद्युत आपूर्ति के घंटे बढ़ाने, कटौती की आवृत्ति कम करने तथा कृषि फीडरों एवं ट्रांसफॉर्मर अवसंरचना के उन्नयन हेतु प्रोत्साहन मिलेगा, जिसका प्रत्यक्ष लाभ पम्पसेट उपयोगकर्ताओं को प्राप्त होगा।

- इलेवन पावर द्वारा नई वितरण अवसंरचना में प्रस्तावित निवेश से लाइसेंस क्षेत्र, विशेषकर ग्रामीण नूंह, में विद्युत नेटवर्क का विस्तार एवं आधुनिकीकरण होगा, जिससे उन कृषि उपभोक्ताओं को बेहतर गुणवत्ता की विद्युत आपूर्ति प्राप्त होगी जिन्हें ऐतिहासिक रूप से पर्याप्त सेवाएँ नहीं मिल पाई हैं।

नूंह जिला लंबे समय से उस गुणवत्तापूर्ण अवसंरचना से वंचित रहा है जिसे शहरी हरियाणा के उपभोक्ता सामान्यतः उपलब्ध मानते हैं। प्रत्येक उपभोक्ता को बिना किसी भेदभाव के सेवा प्रदान करने के लिए बाध्य एक नए वितरण लाइसेंसी का आगमन इस स्थिति को बदलने का एक महत्वपूर्ण अवसर है। अतः हम आयोग से विनम्रतापूर्वक अनुरोध करते हैं कि नूंह एवं गुरुग्राम के कृषक समुदाय के हित में इलेवन पावर को समानांतर विद्युत वितरण लाइसेंस प्रदान किया जाए।

22. Representation in Support by Dhingra Motors Pvt. Ltd vide email dated 24.06.2026

We are writing to you on behalf of the traders, shopkeepers and small businessmen of Gurugram. Electricity is not just infrastructure for us, it is what keeps our shops open, our billing machines running and our customers comfortable enough to stay and spend.

Let us be straightforward about what the current situation looks like for us. A power cut in the middle of a Saturday afternoon in a busy market means customers leave. Digital payment terminals go down. Air conditioning stops.

The most pressing issue for our members is backup power. Small shops cannot afford large DG sets. Those who do have small petrol or diesel gensets are now caught in an impossible situation: under the Graded Response Action Plan (GRAP) imposed in the NCR every winter, diesel and petrol gensets are banned from operation during Stage Ill and Stage IV pollution alerts. These alerts now routinely cover weeks at a time. When the grid fails during a GRAP alert period, our establishments are simply shut, no backup, no business, no income. This is not a hypothetical problem. It happened through November and December last year, and it will happen again.

A parallel licensee like Eleven Power changes this equation. It brings a second, independently operated distribution network meaning that outages caused by one network's fault do not necessarily affect the other's consumers. It also brings smart metering, digital billing, and an app-based grievance system.

We support Eleven Power's application without reservation and request the Commission to grant the license to Eleven Power. Gurugrarn's commercial community is ready for better electricity.

23. Sh. Naresh Kumar, Sarpanch, Gram Panchyat, Nuh vide email dated 24.06.2026.

हम, नूंह जिले के अधोहस्ताक्षरी किसान एवं कृषि उपभोक्ता, इलेवन पावर प्राइवेट लिमिटेड द्वारा दायर समानांतर विद्युत वितरण लाइसेंस प्रदान करने संबंधी याचिका के समर्थन में यह प्रस्तुतीकरण प्रस्तुत करते हैं। नूंह हरियाणा के उन जिलों में से एक है जहाँ आजीविका का प्रमुख आधार कृषि है, और विश्वसनीय विद्युत आपूर्ति सीधे हमारी आजीविका तथा खाद्य सुरक्षा से जुड़ी हुई है। वर्तमान में नूंह तथा ग्रामीण गुरुग्राम के कृषि उपभोक्ताओं के लिए विद्युत आपूर्ति की स्थिति अत्यंत अपर्याप्त है:

- नूंह में कृषि पम्पसेटों के लिए निर्धारित विद्युत आपूर्ति औसतन केवल 6–8 घंटे प्रतिदिन उपलब्ध होती है तथा इसे प्रायः बिना किसी पूर्व सूचना के बाधित कर दिया जाता है जिससे फसलों की वृद्धि के महत्वपूर्ण चरणों में सिंचाई कार्यक्रम प्रभावित होते हैं।
- गर्मियों के चरम महीनों में वोल्टेज में उतार-चढ़ाव तथा कम वोल्टेज के कारण पम्प मोटरें जल जाती हैं। मोटरों की मरम्मत एवं प्रतिस्थापन की लागत छोटे एवं सीमांत किसानों के लिए बार-बार आने वाला तथा वहन करने में कठिन आर्थिक बोझ है।
- खरीफ एवं रबी बुवाई के मौसम में, जब समय पर सिंचाई अत्यंत आवश्यक होती है, अनियोजित विद्युत कटौती के कारण किसानों को प्रत्यक्ष फसल हानि उठानी पड़ती है जिसके लिए कोई प्रभावी प्रतिकार या मुआवजा उपलब्ध नहीं है।
- फीडर पृथक्करण (Feeder Separation) एवं ट्रांसफॉर्मर उन्नयन संबंधी कार्यों में नियमित रूप से विलंब होता है जिसके परिणामस्वरूप कृषि फीडरों को महीनों तक निम्न स्तर की विद्युत आपूर्ति प्राप्त होती रहती है।

इलेवन पावर को समानांतर वितरण लाइसेंस प्रदान किए जाने से कृषि उपभोक्ताओं को निम्नलिखित लाभ प्राप्त होंगे:

- इलेवन पावर की याचिका में कृषि उपभोक्ताओं को प्रमुख सेवा श्रेणी के रूप में स्पष्ट रूप से शामिल किया गया है तथा नूंह एवं गुरुग्राम के संपूर्ण राजस्व जिलों, जिनमें ग्रामीण एवं कृषि क्षेत्र भी सम्मिलित हैं, को सेवा प्रदान करने का प्रस्ताव किया गया है।

- एक दूसरे वितरण लाइसेंसी के आने से DHBVNL पर प्रतिस्पर्धात्मक दबाव बनेगा, जिससे विद्युत आपूर्ति के घंटे बढ़ाने, कटौती की आवृत्ति कम करने तथा कृषि फीडरों एवं ट्रांसफॉर्मर अवसंरचना के उन्नयन हेतु प्रोत्साहन मिलेगा, जिसका प्रत्यक्ष लाभ पम्पसेट उपयोगकर्ताओं को प्राप्त होगा।
- इलेवन पावर द्वारा नई वितरण अवसंरचना में प्रस्तावित निवेश से लाइसेंस क्षेत्र, विशेषकर ग्रामीण नूंह, में विद्युत नेटवर्क का विस्तार एवं आधुनिकीकरण होगा, जिससे उन कृषि उपभोक्ताओं को बेहतर गुणवत्ता की विद्युत आपूर्ति प्राप्त होगी जिन्हें ऐतिहासिक रूप से पर्याप्त सेवाएँ नहीं मिल पाई हैं।

नूंह जिला लंबे समय से उस गुणवत्तापूर्ण अवसंरचना से वंचित रहा है जिसे शहरी हरियाणा के उपभोक्ता सामान्यतः उपलब्ध मानते हैं। प्रत्येक उपभोक्ता को बिना किसी भेदभाव के सेवा प्रदान करने के लिए बाध्य एक नए वितरण लाइसेंसी का आगमन इस स्थिति को बदलने का एक महत्वपूर्ण अवसर है। अतः हम आयोग से विनम्रतापूर्वक अनुरोध करते हैं कि नूंह एवं गुरुग्राम के कृषक समुदाय के हित में इलेवन पावर को समानांतर विद्युत वितरण लाइसेंस प्रदान किया जाए।

24. Representation in Support M/s Winter Hills-77 vide email dated 24.06.2026.

We write to you on behalf of the residents of Gurugram, families, senior citizens, students and homemakers who depend on reliable electricity every single day. We file this representation with one // simple hope: that the Commission will grant Eleven Power Private Limited a parallel distribution license, and in doing so, restore to us the quality of electricity supply that a city of Gurugram's stature deserves.

We do not write in opposition to DHBVNL. We write in support of choice. For years, our residents have endured power cuts during the monsoon that last through the night, summer shutdowns when air conditioning is a health necessity and not a luxury and a complaints system that offers little more than a phone number that rings without answer. When a senior citizen's medical equipment fails during a power cut or a child cannot study for board examinations or a family's refrigerator is damaoed bv a voltage surge, there is no recourse, 110 timeline and no accountability.

Eleven Power's proposal addresses each of these concerns directly. The company proposes to invest in modern distribution infrastructure, including underground cabling that is immune to rain and storm damage, across Gurugram and Manesar. It proposes smart meters with real-time consumption data, a mobile app and WhatsApp-based grievance platform and a legally binding 15-day resolution commitment for complaints.

Perhaps most importantly, the presence of a competing licensee will compel both distributors to improve. This is precisely what happened in Mumbai, where urban residents now enjoy

measurably better service under a parallel licensing regime. Gurugram's residents are no less deserving. The Electricity Act, 2003 itself envisions this competition as the norm, not the exception.

We respectfully urge this Commission to grant the license sought by Eleven Power Private Limited in the interest of the millions of citizens who call Gurugram home. We are willing to participate in the public hearing and place our concerns before the Commission in person.

25. Representation in Support by Sh. Udai Pal vide email dated 24.06.2026.

We, the undersigned farmers and agricultural consumers from the Nuh Districts, submit this representation in support of the petition filed by Eleven Power Private Limited for grant of a parallel distribution license. Nuh is one of the most agriculturally dependent districts in Haryana, and reliable electricity supply is directly tied to our livelihoods and food security. The current electricity supply situation for agricultural consumers in Nuh and rural Gurugram is deeply inadequate:

- Scheduled power supply for agricultural pump sets in Nuh averages only 6—8 hours per day and is frequently curtailed without notice, disrupting irrigation schedules during critical crop growth stages. ▪ Voltage fluctuations and low voltage during peak summer months burn out pump motors, the cost of repair and replacement of motors is a recurring and unaffordable burden for small and marginal farmers.
- Unplanned outages during Kharif and Rabi sowing seasons, when timely irrigation is critical, result in direct crop losses that have no recourse or compensation.
- Feeder separation and transformer upgrade work is routinely delayed, leaving agricultural feeders with substandard supply for months at a stretch.

The grant of a parallel distribution license to Eleven Power will benefit agricultural consumers in the following ways:

- Eleven Power's petition explicitly includes agricultural consumers as a primary service category and proposes to serve all of Nuh and Gurugram Revenue Districts, including rural and agricultural areas. ▪ A second distribution licensee brings competitive pressure on DHBVNL to improve supply hours, reduce outage frequency, and upgrade agricultural feeders and transformer infrastructure, directly benefiting pump set users.
- Eleven Power's proposed investment in new distribution infrastructure will expand and modernise the network across the license area, including rural Nuh, bringing better quality supply to agricultural consumers who have historically been underserved.

Nuh district has long been denied the quality infrastructure thet consumers in urban Haryana take for granted. A new distribution licensee, obligated to serve every consumer on a non-discriminatory basis, is an opportunity to change this. We respectfully urge the Commission to grant Eleven Power's parallel distribution license in the interest of the farming community of Nuh and Gurugram.

26. Representation in Support by Sh. Bijender Singh vide email dated 24.06.2026.

We, the undersigned farmers and agricultural consumers from the Nuh Districts, submit this representation in support of the petition filed by Eleven Power Private Limited for grant of a parallel distribution

Nuh is one of the most agriculturally dependent districts in Haryana, and reliable electricity supply is directly tied to our livelihoods and food security. The current electricity supply situation for agricultural consumers in Nuh and rural Gurugram is deeply inadequate:

- Scheduled power supply for agricultural pump sets in Nuh averages only 6—8 hours per day and is frequently curtailed without notice, disrupting irrigation schedules during critical crop growth stages. Voltage fluctuations and low voltage during peak summer months burn out pump motors, the cost of repair and replacement of motors is a recurring and unaffordable burden for small and marginal farmers.
- Unplanned outages during Kharif and Rabi sowing seasons, when timely irrigation is critical, result in direct crop losses that have no recourse or compensation.
- Feeder separation and transformer upgrade work is routinely delayed, leaving agricultural feeders with substandard supply for months at a stretch.

The grant of a parallel distribution license to Eleven Power will benefit agricultural consumers in the following ways:

- Eleven Power's petition explicitly includes agricultural consumers as a primary service category and proposes to serve all of Nuh and Gurugram Revenue Districts, including rural and agricultural areas.
- A second distribution licensee brings competitive pressure on DHBVNL to improve supply hours, reduce outage frequency, and upgrade agricultural feeders and transformer infrastructure, directly benefiting pump set users.
- Eleven Power's proposed investment in new distribution infrastructure will expand and modernise the network across the license area, including rural Nuh, bringing better quality supply to agricultural consumers who have historically been underserved.

Nuh district has long been denied the quality infrastructure that consumers in urban Haryana take for granted. A new distribution licensee, obligated to serve every consumer on e non-discriminatory basis, is an opportunity to change this. We respectfully urge the Commission to grent Eleven Power's parallel distribution iicence in the interest of the farming community of Nuh and Gurugram.

27. Representation in Support by Vijaypal, Mewat vide email dated 24.06.2026.

हम, नूंह जिले के अधोहस्ताक्षरी किसान एवं कृषि उपभोक्ता, इलेवन पावर प्राइवेट लिमिटेड द्वारा दायर समानांतर विद्युत वितरण लाइसेंस प्रदान करने संबंधी याचिका के समर्थन में यह प्रस्तुतीकरण प्रस्तुत करते हैं। नूंह हरियाणा के उन जिलों में से एक है जहाँ आजीविका का प्रमुख आधार कृषि है, और विश्वसनीय विद्युत आपूर्ति सीधे हमारी आजीविका तथा खाद्य सुरक्षा से जुड़ी हुई है। वर्तमान में नूंह तथा ग्रामीण गुरुग्राम के कृषि उपभोक्ताओं के लिए विद्युत आपूर्ति की स्थिति अत्यंत अपर्याप्त है:

- नूंह में कृषि पम्पसेटों के लिए निर्धारित विद्युत आपूर्ति औसतन केवल 6–8 घंटे प्रतिदिन उपलब्ध होती है तथा इसे प्रायः बिना किसी पूर्व सूचना के बाधित कर दिया जाता है जिससे फसलों की वृद्धि के महत्वपूर्ण चरणों में सिंचाई कार्यक्रम प्रभावित होते हैं।
- गर्मियों के चरम महीनों में वोल्टेज में उतार-चढ़ाव तथा कम वोल्टेज के कारण पम्प मोटरें जल जाती हैं। मोटरों की मरम्मत एवं प्रतिस्थापन की लागत छोटे एवं सीमांत किसानों के लिए बार-बार आने वाला तथा वहन करने में कठिन आर्थिक बोझ है।
- खरीफ एवं रबी बुवाई के मौसम में, जब समय पर सिंचाई अत्यंत आवश्यक होती है, अनियोजित विद्युत कटौती के कारण किसानों को प्रत्यक्ष फसल हानि उठानी पड़ती है जिसके लिए कोई प्रभावी प्रतिकार या मुआवजा उपलब्ध नहीं है।
- फीडर पृथक्करण (Feeder Separation) एवं ट्रांसफॉर्मर उन्नयन संबंधी कार्यों में नियमित रूप से विलंब होता है जिसके परिणामस्वरूप कृषि फीडरों को महीनों तक निम्न स्तर की विद्युत आपूर्ति प्राप्त होती रहती है।

इलेवन पावर को समानांतर वितरण लाइसेंस प्रदान किए जाने से कृषि उपभोक्ताओं को निम्नलिखित लाभ प्राप्त होंगे:

- इलेवन पावर की याचिका में कृषि उपभोक्ताओं को प्रमुख सेवा श्रेणी के रूप में स्पष्ट रूप से शामिल किया गया है तथा नूंह एवं गुरुग्राम के संपूर्ण राजस्व जिलों, जिनमें ग्रामीण एवं कृषि क्षेत्र भी सम्मिलित हैं, को सेवा प्रदान करने का प्रस्ताव किया गया है।

- एक दूसरे वितरण लाइसेंसी के आने से DHBVNL पर प्रतिस्पर्धात्मक दबाव बनेगा, जिससे विद्युत आपूर्ति के घंटे बढ़ाने, कटौती की आवृत्ति कम करने तथा कृषि फीडरों एवं ट्रांसफॉर्मर अवसंरचना के उन्नयन हेतु प्रोत्साहन मिलेगा, जिसका प्रत्यक्ष लाभ पम्पसेट उपयोगकर्ताओं को प्राप्त होगा।
- इलेवन पावर द्वारा नई वितरण अवसंरचना में प्रस्तावित निवेश से लाइसेंस क्षेत्र, विशेषकर ग्रामीण नूंह, में विद्युत नेटवर्क का विस्तार एवं आधुनिकीकरण होगा, जिससे उन कृषि उपभोक्ताओं को बेहतर गुणवत्ता की विद्युत आपूर्ति प्राप्त होगी जिन्हें ऐतिहासिक रूप से पर्याप्त सेवाएँ नहीं मिल पाई हैं।

नूंह जिला लंबे समय से उस गुणवत्तापूर्ण अवसंरचना से वंचित रहा है जिसे शहरी हरियाणा के उपभोक्ता सामान्यतः उपलब्ध मानते हैं। प्रत्येक उपभोक्ता को बिना किसी भेदभाव के सेवा प्रदान करने के लिए बाध्य एक नए वितरण लाइसेंसी का आगमन इस स्थिति को बदलने का एक महत्वपूर्ण अवसर है। अतः हम आयोग से विनम्रतापूर्वक अनुरोध करते हैं कि नूंह एवं गुरुग्राम के कृषक समुदाय के हित में इलेवन पावर को समानांतर विद्युत वितरण लाइसेंस प्रदान किया जाए।

28. Representation in Support by Arvind Rai, Director, Modelama Exports Pvt Ltd vide email dated 25.06.2026.

We write this representation on behalf of Modelama Exports Pvt Ltd. The Company operates manufacturing facilities at Udyog Vihar, Gurgaon, Manesar and Bawal, Haryana, where it employs approximately 13-14 thousand manpowers. Our manufacturing operations are highly electricity-intensive, and we consume substantial quantities of electricity in the ordinary course of business. The availability of reliable, high-quality and cost-effective electricity is therefore fundamental to our operations and long-term competitiveness. Our Total consumption of power for a calendar year comes to 1.75 crore units. As for break-up, for Udyog Vihar, Gurgaon it comes to 42,30,272 units , IMT Manesar :59,58,177 units and Bawal : 7329429.

As a consumer located within the area proposed to be covered under the present application, the outcome of these proceedings is of direct relevance to our business. We therefore consider it appropriate to place before the Commission our perspective as an industrial consumer.

Our experience has been that interruptions in power supply, voltage fluctuations and prolonged maintenance outages adversely affect manufacturing operations, disrupt production schedules and increase operational costs. Even brief interruptions often result in significant downtime, loss of productivity and delays in fulfilling customer commitments. To mitigate these risks, we have been required to maintain diesel generator sets as standby

power sources, despite the significantly higher cost of diesel-based generation. This additional expenditure ultimately affects the competitiveness of our products in international markets.

At the same time, our customers increasingly expect compliance with environmental and sustainability commitments, including the use of renewable energy. Access to reliable green power has therefore become an important commercial requirement, particularly in sectors where ESG considerations form part of procurement and supply chain assessments.

29. Representation in Support by Sh. Krishan Grover vide email dated 25.06.2026

We write to you on behalf of the residents of Kshitij Society Sector-95 Gurugram, families, senior citizens, students, and homemakers who depend on reliable electricity every single day. We file this representation with one simple hope: that the Commission will grant Eleven Power Private Limited a parallel distribution license, and in doing so, restore to us the quality of electricity supply that a city of Gurugram ˡs stature deserves.

We do not write in opposition to DHBVNL. We write in support of choice. For years, our residents have endured power cuts during the monsoon that last through the night, summer shutdowns when air conditioning is a health necessity and not a luxury, and a complaints system that offers little more than a phone number that rings without answer. When a senior citizen's medical equipment fails during a power cut, or a child cannot study for board examinations, or a family's refrigerator is damaged by a voltage surge, there is no recourse, no timeline, and no accountability.

Eleven Power's proposal addresses each of these concerns directly. The company proposes to invest in modern distribution infrastructure, including underground cabling that is immune to rain and storm damage, across Gurugram and Manesar. It proposes smart meters with real-time consumption data, a mobile app and WhatsApp-based grievance platform, and a legally binding 15-day resolution commitment for complaints.

Perhaps most importantly, the presence of a competing licensee will compel both distributors to improve. This is precisely what happened in Mumbai, where urban residents now enjoy measurably better service under a parallel licensing regime. Kshitj Society residents are no less deserving. The Electricity Act, 2003 itself envisions this competition as the norm, not the exception.

We respectfully urge this Commission to grant the license sought by Eleven Power Private Limited in the interest of the millions of citizens who call Gurugram home. We are willing to participate in the public hearing and place our concerns before the Commission in person.

30. Representation in Support by Sh. Anil Chhabra vide email dated 25.06.2026

I, Anil chhabra, resident of Gurgaon city on behalf of myself and fellow residents would like to support that the parallel production and distribution of electricity by Eleven Power Pvt Ltd (it can be green electricity replacing power generation by generator) would be benefited for all human beings and environment. So, I would request the concerned authorities to consider my representation to allow private players like Eleven Power Pvt Ltd to be a licensed partner with Government for protection and distribution of power.

31. Representation in Support by M/s Tulip Petals & Ace Apartment Owners Association, Gurgaon vide email dated 25.06.2026

We write to you on behalf of the residents of Gurugram, families, senior citizens, students, and homemakers who depend on reliable electricity every single day. We file this representation with one simple hope: that the Commission will grant Eleven Power Private Limited a parallel distribution license, and in doing so, restore to us the quality of electricity supply that a city of Gurugram's stature deserves.

We do not write in opposition to DHBVNL. We write in support of choice. For years, our residents have endured power cuts during the monsoon that last through the night, summer shutdowns when air conditioning is a health necessity and not a luxury, and a complaints system that offers little more than a phone number that rings without answer. When a senior citizen's medical equipment fails during a power cut, or a child cannot study for board examinations, or a family's refrigerator is damaged by a voltage surge, there is no recourse, no timeline, and no accountability.

Eleven Power's proposal addresses each of these concerns directly. The company proposes to invest in modern distribution infrastructure, including underground cabling that is immune to rain and storm damage, across Gurugram and Manesar. It proposes smart meters with real-time consumption data, a mobile app and WhatsApp-based grievance platform, and a legally binding 15-day resolution commitment for complaints.

Perhaps most importantly, the presence of a competing licensee will compel both distributors to improve. This is precisely what happened in Mumbai, where urban residents now enjoy measurably better service under a parallel licensing regime. Gurugram's residents are no less deserving. The Electricity Act, 2003 itself envisions this competition as the norm, not the exception.

We respectfully urge this Commission to grant the license sought by Eleven Power Private Limited in the interest of the millions of citizens who call Gurugram home. We are willing to participate in the public hearing and place our concerns before the Commission in person.

32. Representation in Support by Sh. Chandan Kumar, farmer, Gurugram vide email dated 25.06.2026.

We, the undersigned farmers„and agricultural consumers from the Nuh Districts, submit this representation in support of the Eleven Power Private Limited for grant of a parallel distribution license. Nuh is one of the most agriculturally dependent districts in Haryana, and reliable electricity supply is directly tied to our livelihoods and food security. The current electricity supply situation for agricultural consumers in Nuh and rural Gurugram is deeply inadequate:

- Scheduled power supply for agricultural pump sets in Nuh averages only 6—8 hours per day and is frequently curtailed without notice, disrupting irrigation schedules during critical crop growth stages. ▪ Voltage fluctuations and low voltage during peak summer months burn out pump motors, the cost of repair and replacement of motors is a recurring and unaffordable burden for smell and marginal farnners.
- Unplanned outages during Kharif and Rabi sowing seasons, when timely irrigation is critical, result in direct crop losses that have no recourse or compensation.
- Feeder separation and transformer upgrade work is routinely delayed, leaving agricultural feeders with substandard supply for months at a stretch.

The grant of a parallel distribution license to Eleven Power will benefit agricultural consumers in the following ways:

- Eleven Power's petition explicitly includes agricultural consumers as a primary service category and proposes to serve all of Nuh and Gurugram Revenue Districts, including rural and agricultural areas. ▪ A second distribution licensee brings competitive pressure on DHBVNL to improve supply hours, reduce outage frequency, and upgrade agricultural feeders and transformer infrastructure, directly benefiting pump set users.
- Eleven Power's proposed investment in new distribution infrastructure will expand and modernise the network across the license erea, including rural Nuh, bringing better quality supply to agricultural consumers who have historically been underserved.

Nuh district has long been denied the quality infrastructure that consumers in urban Haryana take for granted. A new distribution licensee, obiigated to serve every consumer on a non-discriminatory basis, is an opportunity to change this. We respectfully urge the Commission

to grant Eleven Power's parallel distribution license in the interest of the farming community of Nuh and Gurugram.

33. Objections by Adv. Sumit Dalal, All India Kisan Sabha, General Secretary vide email dated 26.06.2026

All India Kisan Sabha (AIKS) a largest and oldest organisation of farmers having functional and active state committees in 27 states including Haryana with a membership of more than 1 Crore and 50 thousand farmers and hence an important stake holder in the power sector of the country and that of Haryana .

The undersigned is submitting this petition to the honourable Commission (HERC) on behalf of farmers of the state of Haryana who have crucial stakes in the power sector and its future. We expect that our humble plea will be judiciously considered by your good-self during the course of hearing and deciding the petition of above mentioned private company.

Brief Background :

Sir, it needs hardly any mention here that success of farm sector as such and the national food security had been crucially dependent on subsidized and regular electricity for tube wells and several other agriculture operations. Apart from other important components it was the rural electrification of Haryana and Punjab during 1960s that made the country self- sufficient in food grain production and we were not dependent any more on foreign countries in order to feed our people. Electricity has always been a basic necessity for even a modest and dignified living

34. Yashpal Deshwal, General Secretary, HSEB Workers Union Head office Bhiwani Reg. No. 292 vide email dated 26.06.2026.

याचिका संख्या 30/2026, जो मेसर्स इलेवन पावर प्राइवेट लिमिटेड द्वारा विद्युत अधिनियम, 2003 की धारा 14 एवं 15 के अंतर्गत जिला गुरुग्राम एवं नूंह में समानांतर विद्युत वितरण लाइसेंस (Parallel Distribution Licence) प्रदान किए जाने के संदर्भ में प्रस्तुत की गई है, के संदर्भ में हरियाणा स्टेट इलेक्ट्रिसिटी बोर्ड वर्क्स यूनियन, हेड ऑफिस भिवानी (पंजीकरण संख्या–292), जो हरियाणा पावर यूटिलिटीज (HPUs) — DHBVN, UHBVN, HVPNL एवं HPGCL — के कर्मचारियों का प्रतिनिधित्व करने वाली एक पंजीकृत कर्मचारी यूनियन है। राज्य में विद्युत वितरण प्रणाली के विकास तथा उपभोक्ताओं तक निर्बाध एवं गुणवत्तापूर्ण विद्युत आपूर्ति

सुनिश्चित करने में इन यूटिलिटीज के कर्मचारियों का दशकों से महत्वपूर्ण योगदान रहा है। अतः यूनियन माननीय आयोग के समक्ष निम्नलिखित तथ्य, आपत्तियां एवं सुझाव विनम्रतापूर्वक प्रस्तुत करती है:-

1. याचिका पर आपत्तियां

(क) केवल लाभकारी उपभोक्ताओं तथा जीवित रहने की संभावना गुरुग्राम तथा नूंह जिले विशेष रूप से औद्योगिक एवं वाणिज्यिक उपभोक्ताओं के कारण दक्षिण हरियाणा बिजली वितरण निगम (DHBVN) के प्रमुख राजस्व स्रोत हैं। यदि समानांतर वितरण लाइसेंस प्रदान किया जाता है तो निजी कंपनी स्वाभाविक रूप से उन्हीं उपभोक्ताओं को प्राथमिकता देगी जिनसे अधिक राजस्व प्राप्त होता है। इससे सरकारी वितरण निगम के राजस्व पर प्रतिकूल प्रभाव पड़ सकता है।

(ख) क्रॉस-सब्सिडी व्यवस्था पर प्रतिकूल प्रभाव वर्तमान व्यवस्था में औद्योगिक एवं वाणिज्यिक उपभोक्ताओं से प्राप्त राजस्व का उपयोग ग्रामीण एवं कृषि उपभोक्ताओं को रियायती दरों पर विद्युत उपलब्ध कराने में किया जाता है। यदि उच्च राजस्व वाले उपभोक्ता निजी लाइसेंसधारी के पास चले जाते हैं तो सरकारी निगम की वित्तीय क्षमता प्रभावित होगी, जिसका प्रभाव अंततः किसानों, ग्रामीण उपभोक्ताओं एवं अन्य सामान्य उपभोक्ताओं पर पड़ सकता है।

(ग) समानांतर नेटवर्क स्थापित करने की व्यावहारिक कठिनाइयां जहाँ पहले से ही विद्युत वितरण नेटवर्क उपलब्ध है, वहाँ समानांतर आधारभूत संरचना विकसित करने से संसाधनों का दोहराव होगा। इससे भूमि एवं राइट ऑफ वे (Right of Way) संबंधी समस्याएं, तकनीकी समन्वय की कठिनाइयां तथा सुरक्षा संबंधी जोखिम भी उत्पन्न हो सकते हैं।

(घ) कर्मचारियों एवं सार्वजनिक विद्युत व्यवस्था पर प्रभाव यदि सरकारी वितरण निगम का राजस्व लगातार प्रभावित होता है तो इसका प्रभाव निगम की वित्तीय स्थिति, भविष्य की परियोजनाओं, कर्मचारियों के हितों तथा विद्युत सेवाओं की गुणवत्ता पर पड़ना स्वाभाविक है। इसलिए इस पहलू पर भी गंभीरता से विचार किया जाना आवश्यक है।

2. आयोग से विनम्र प्रार्थना

उपरोक्त तथ्यों एवं जनहित को ध्यान में रखते हुए माननीय आयोग से निवेदन है कि—

1. याचिकाकर्ता को यह स्पष्ट करने हेतु निर्देशित किया जाए कि प्रस्तावित समानांतर वितरण व्यवस्था से वर्तमान लाइसेंसधारी DHBVN तथा सार्वजनिक हित पर क्या प्रभाव पड़ेगा तथा इससे उपभोक्ताओं को वास्तविक एवं दीर्घकालिक लाभ किस प्रकार प्राप्त होगा।
2. यदि आयोग के विचार में यह व्यवस्था सरकारी वितरण प्रणाली, किसानों, ग्रामीण उपभोक्ताओं अथवा सार्वजनिक हित को प्रतिकूल रूप से प्रभावित करती है, तो याचिका को अस्वीकार करने पर विचार किया जाए।

3. हरियाणा स्टेट इलेक्ट्रिसिटी बोर्ड वर्क्स यूनियन के अधिकृत प्रतिनिधि को दिनांक 08 जुलाई 2026 को आयोजित सार्वजनिक सुनवाई में व्यक्तिगत अथवा वर्चुअल माध्यम से अपना पक्ष रखने का अवसर प्रदान किया जाए

35. Representation in Support by Sh. Sushil Kumar Gupta, President, M/s Hibiscus vide email dated 26.06.2026

We write to you on behalf of the residents of Gurugram, families, senior citizens, students, and homemakers who depend on reliable electricity every single day. We file this representation with one simple hope: that the Commission will grant Eleven Power Private Limited a parallel distribution license, and in doing so, restore to us the quality of electricity supply that a city of Gurugram's stature deserves.

We do not write in opposition to DHBVNL. We write in support of choice. For years. our residents have endured power cuts during the monsoon that last through the night, summer shutdowns when air conditioning is a health necessity and not a luxury, and a complaint system that offers little more than a phone number that rings without answer. When a senior citizen's medical equipment fails during a power cut, or a child cannot study for board examinations, or a family's refrigerator is damaged by a voltage surge, there is no recourse, no timeline, and no accountability.

Eleven Power's proposal addresses each of these concerns directly. The company proposes to invest in modern distribution infrastructure, including underground cabling that is immune to rain and storm damage, across Gurugram and Manesar. It proposes smart meters with Realtime consumption data. a mobile app and WhatsApp-based grievance platform, and a legally binding 15-day resolution commitment for complaints.

Perhaps most importantly, the presence of a competing licensee will compel both distributors to improve. This is precisely what happened in Mumbai, where urban residents now enjoy measurably better service under a parallel licensing regime. Gurugram's residents are no less deserving. The Electricity Act, 2003 itself envisipns this competition as the norm, not the exception.

We respectfully urge this Commission to grant the license sought by Eleven Power Private Limited in the interest of the millions of citizens who call Gurugram home. We are willing to participate in the public hearing and place our concerns before the Commission in person.

36. Representation in Support by Sushma, House No.1202, Tower -C, Kshitij (Ramsons Organics Ltd) vide email dated 26.06.2026

We, the undersigned farmers and agricultural consumers from the Gurugram Districts, submit this representation in support of the petition filed by Eleven Power Private Limited for grant of a parallel distribution license. Gurugram is one of the most agriculturally dependent districts in Haryana, and reliable electricity supply is directly tied to our livelihoods and food security. The current electricity supply situation for agricultural consumers in Gurugram and rural Gurugram is deeply inadequate:

- Scheduled power supply for agricultural pump sets in Gurugram averages only 6—8 hours per day and is frequently curtailed without notice, disrupting irrigation schedules during critical crop growth stages.
- Voltage fluctuations and low voltage during peak summer months burn out pump motors, the cost of repair and replacement of motors is a recurring and unaffordable burden for small and marginal farmers.
- Unplanned outages during Kharif and Rabi sowing seasons, when timely irrigation is critical, result in direct crop losses that have no recourse or compensation.
- Feeder separation and transformer upgrade work is routinely delayed, leaving agricultural feeders with substandard supply for months at a stretch.

The grant of a parallel distribution license to Eleven Power will benefit agricultural consumers in the following ways:

- Eleven Power's petition explicitly includes agricultural consumers as a primary service category and proposes to serve all of Gurugram Revenue Districts, including rural and agricultural areas.
- A second distribution licensee brings competitive pressure on DHBVNL to improve supply hours, reduce outage frequency, and upgrade agricultural feeders and transformer infrastructure, directly benefiting pump set users.
- Eleven Power's proposed investment in new distribution infrastructure will expand and modernise the network across the license area, including rural Gurugram, bringing better quality supply to agricultural consumers who have historically been underserved.

Gurugram district has long been denied the quality infrastructure that consumers in urban Haryana take for granted. A new distribution licensee, obligated to serve every consumer on a non-discriminatory basis, is an opportunity to change this. We respectfully urge the Commission to grant Eleven Power's parallel distribution license in the interest of the farming com unity of Gurugram.

37. Representation in Support by Sh. Rajkumar Chhonker, Farmer and Agricultural consumer from Nuh vide email dated 26.06.2026

We, the undersigned farmers and agricultural consumers from the Nuh Districts, submit this representation in support of the petition filed by Eleven Power Private Limited for grant of a parallel distribution license. Nuh is one of the most agriculturally dependent districts in Haryana, and reliable electricity supply is directly tied to our livelihoods and food security. The current electricity supply situation for agricultural consumers in Nuh and rural Gurugram is deeply inadequate:

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Nuh district has long been denied the quality infrastructure that consumers in urban Haryana take for granted. A new distribution licensee, obligated to serve every consumer on a non-discriminatory basis, is an opportunity to change this. We respectfully urge the Commission to grant Eleven Power's parallel distribution license in the interest of the farming community of Nuh and Gurugram.

38. Representation in Support by Sh. Sadhana Raghav, Farmer and Agricultural consumer from Nuh vide email dated 26.06.2026.

We, the undersigned farmers and agricultural consumers from the Nuh Districts, submit this representation in support of the petition filed by Eleven Power Private Limited for grant of a parallel distribution license. Nuh is one of the most agriculturally dependent districts in Haryana, and reliable electricity supply is directly tied to our livelihoods and food security. The current electricity supply situation for agricultural consumers in Nuh and rural Gurugram is deeply inadequate:

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39. Representation in Support by Sh. Vineet Sharma, Farmer and Agricultural consumer from Gurugram vide email dated 26.06.2026.

We, the undersigned farmers and agricultural consumers from the Gurugram Districts, submit this representation in support of the petition filed by Eleven Power Private Limited for grant of a parallel distribution license. Gurugram is one of the most agriculturally dependent districts in Haryana, and reliable electricity supply is directly tied to our livelihoods and food security. The current electricity supply situation for agricultural consumers in Gurugram and rural Gurugram is deeply inadequate:

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Gurugram district has long been denied the quality infrastructure that consumers in urban Haryana take for granted. A new distribution licensee, obligated to serve every consumer on a non-discriminatory basis, is an opportunity to change this. We respectfully urge the Commission to grant Eleven Power's parallel distribution license in the interest of the farming community of Gurugram.

40. Representation in Support by Smt. Simple Mehta, farmer, Gurugram vide letter dated 26.06.2026.

We, the undersigned farmers and agricultural consumers from the Gurugram Districts, submit this representation in support of the petition filed by Eleven Power Private Limited for grant of a parallel distribution license. Gurugram is one of the most agriculturally dependent districts in Haryana, and reliable electricity supply is directly tied to our livelihoods and food security. The current electricity supply situation for agricultural consumers in Gurugram and rural Gurugram is deeply inadequate:

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41. Objections by Sh. Sampat Singh vide email dated 28.06.2026

PRELIMINARY SUBMISSIONS

i. The Objector, Prof. Sampat Singh, former Minister for Finance and Industries in the Government of Haryana and Patron of the Indian National Lok Dal, prefers these objections in his capacity as a public representative and consumer advocate, in the interest of the agricultural, rural and small domestic consumers of the State of Haryana, against the petition filed by Eleven Power Private Limited (hereinafter, "the Petitioner") seeking a parallel distribution license for the revenue districts of Gurugram and Nuh.

ii. The Objector respectfully submits that the petition, though presented in the language of competition and consumer choice, is in substance an attempt at the backdoor privatization of a profitable segment of the State's public electricity distribution network. If granted, it would imperil the financial viability of the State's distribution utilities and dismantle the cross-subsidy framework that has, for decades, kept electricity affordable for agricultural and rural consumers.

iii. The Objector submits that the petition is liable to be rejected at the threshold, both for want of compliance with the mandatory statutory and regulatory requirements governing the grant of a distribution license, and on the ground that its grant would be contrary to the public interest. The grounds urged hereinafter are taken without prejudice to one another, and each is, by itself, sufficient to warrant rejection of the petition.

iv. At the outset, the Objector respectfully adopts the concerns already recorded by this Hon'ble Commission in its interim order dated 26th May 2026, wherein the Commission has itself taken note of the apparent financial inconsistencies in the Petitioner's claims and the potential impact of the proposed license upon the consumer mix, the cross-subsidy mechanism, and the financial viability of the incumbent distribution licensee.

v. The Power System in India is fully integrated right from generation to transmission with back to back HVDC between the zones and distribution. The scheduling and dispatch is being monitored in a time block of 15 minutes and deviations are settled accordingly. The digitisation of the Power Sector has transitioned from a mere supplementary activity / tool to the core operational framework cutting across the entire value chain viz generation, transmission and distribution. The national digital architecture policy has accelerated the modernisation of the Indian power sector. The

initiatives include India Energy Stack, Smart Grid and Distribution automation, AMI, real time transmission and grid management, smart meters and so on. Hence, security of the distribution system connected to the State Grid / STU, safety and continuity of supply to the acquired customers, at an affordable rate becomes important.

vi. In the above context, the intervener herein, in the larger public interest and in his capacity as a responsible public representative, has attempted to examine the present application for grant of parallel distribution license before this Hon'ble Commission.

vii. Distribution License is granted to a particular entity whether incorporated or not. As a corollary the said entity / licensee is responsible for any commission / omission in managing the distribution system including safety and reliability of supply. The very objective of the power sector reforms in India was to ensure quality power at an affordable rate and not duplication of resources in a capital constrained economy. The present applicant, as evident from the petition / application itself is a private limited company as no details are available in public domain.

viii. THE APPLICANT ELEVEN POWER PVT LTD was incorporated as a limited liability private company in June 2025. Hence, it has barely completed a year of operation. Consequently, no balance sheet / profit and loss statement of the company is available, that may establish that the company can leverage its own balance sheet to fund a new and parallel distribution system in the Gurgaon, Manesar, Nuh and Sohna areas.

ix. THE PETITIONER LACKS THE REQUISITE FINANCIAL CAPACITY AND CREDIT WORTHINESS

The Petitioner’s claim of financial capability rests not upon audited book value or actual paid-up capital, but upon volatile and unsubstantiated market valuations. On a proper scrutiny, the Petitioner does not possess the capital adequacy or creditworthiness that the law requires of an applicant for a distribution license. The sequence of events is telling: a company incorporated less than a year ago, with minimal capital, moves with dispatch to secure a license in the most profitable districts of the State. The selection of area is not incidental; it is the very design of the petition.

x. The Petitioner was incorporated only on 6th June 2025. It has a paid-up share capital of merely ₹1 crore and an authorized share capital of ₹100 crore. Yet it proposes to execute a project estimated at ₹4,716.73 crore, entailing an equity contribution of ₹1,415.02 crore — a sum exceeding its paid-up capital many hundred times over. And debt of ₹3301.71 crore.

xi. A company incorporated less than a year ago has not established independent technical, managerial and financial capability necessary for undertaking distribution operations across two major districts. Possessing no operational history, no track record in power distribution, and a negligible capital base, cannot credibly be regarded as possessing the financial where with al or institutional capacity to execute a project of this magnitude.

xii. The Petitioner relies upon the market value of the shares of its holding entity, M/s SAS Fininvest LLP, stated at ₹4,085.60 crore, while its book value is only ₹94.95 crore. The distinction between market value and book value is not a mere technicality; it goes to the very root of financial integrity and regulatory compliance. Market value is speculative, volatile and ephemeral, and furnishes no secure foundation for an assessment of capital adequacy.

xiii. This Hon'ble Commission, in its interim order dated 26th May 2026, has itself observed the "apparent financial inconsistencies" in the Petitioner's claims and has called upon the Petitioner to justify the preference of market value over book value. The Objector respectfully submits that no such justification is tenable, and that capital adequacy founded upon speculative valuation would expose the consumers of Haryana to grave and avoidable financial risk.

xiv. The Solvency Certificate issued by IndusInd Bank, certifying solvency to the extent of ₹1,000 crore, does not advance the Petitioner's case. It certifies, at most, the solvency of the holding entity and not of the Petitioner; and it is, in any event, expressly issued "without any risk, obligation, commitment, liability or any responsibility whatsoever", and thus carries no enforceable assurance.

xv. To project a net worth of ₹4,085.60 crore upon the basis of market value, when the book value is but ₹94.95 crore, is to mistake the paper value of a shareholding for the substance of tangible assets. Such a foundation cannot satisfy the capital adequacy norms prescribed by law.

xvi. The Objector respectfully submits that the foregoing, which this Hon'ble Commission has itself flagged, is by itself sufficient to warrant rejection of the petition. To countenance such a representation of financial capability would be to permit the circumvention of the requirements prescribed under the Distribution of Electricity License Rules, 2005.

xvii. In sum, an applicant with a paid-up capital of ₹1 crore and an authorised capital of ₹100 crore cannot, consistent with the statutory scheme, be entrusted with a project

of ₹4,716 crore requiring equity of ₹1,415 crore. To hold otherwise would denude the capital adequacy requirement of all meaning and expose the consumers of the State to the risk of a substantial financial collapse.

xviii. It may be worthwhile to refer to a previous distribution parallel licensee in Gurugram and Nuh. The *DLF utility applied for the license of Distribution in the same area in 2006-2008, DLF utilities was denied distribution license in Gurugram DLF area for cherry picking high revenue area and lake of infrastructure feasibility. The reason why I am calling it Cherry Picking because the total revenue realization of DHBVN in FY 2025-26 was Rs. 22087.15 crore. The contribution of Gurugram District in this total revenue was Rs. 9279.66/- crore i.e. more than 42% of the total revenue of DHBVN.*

xix. Similarly, It may be worthwhile to refer to a previous distribution license applicant viz. India Power Corporation Pvt Ltd (IPCL) the said applicant envisaged distribution license in Gurgaon Municipal Corporation area only and the proposed investment in 2014 (12 years back) was about Rs. 1633 crore as reported in the newspapers then. However, the application for grant of distribution license (HERC Case No. 8 of 2014) was rejected by this Hon'ble Commission on the plea of grid congestion, cherry picking and technical gaps. The application was dubbed as premature and deficient. UNFORTUNATELY, the present application is no better and contains far less information regarding say Gurgaon Sector wise roll out plan. Similarly, between 2006-08 DLF Utilities was denied distribution license in Gurgaon DLF area for cherry picking high revenue area and lack of infrastructure feasibility.

xx. However they did not meet the twin criteria of capital Adequacy and Area requirements as during the pendency of their distribution license petition Gurugram changed from Municipality to Municipal Corporation. In the final hearing before the regulator they withdrew their application.

a. Next inline was Essar (Ruia's), they did not go ahead with their petition.
b. Subsequently India Power Corporation Limited (IPCL) applied but were found lacking in the manner that they staggered there investment rollout purportedly "picking low hanging fruits". Application was rejected the company preferred statutory appeal but on the remand did not press the matter before the regulators.
c. Now, Eleven power private limited (not much known about the company) has applied the added area in Nuh. Since, 1999, one of the covenant of World Bank assistance to Haryana of USD 600 million was to privatize one of the Discoms, However, with change in political leadership (Late. Ch. Bansi Lal, Government was replaced by

Late. Ch. Om Parkash Chautala, Government) that was scrapped because the Late Ch. Om Parkash Chautala was undoubtedly against privatization of public utilities at any cost. Incidentally Gurugram with peak demand of over 2000 MW accounts for major chunk of DHBVN (The Discom) revenue.

xxi. Additionally, more than the funding capability, it is important to look at the promoters and their intention. The founder's business experience, as presented in the application, cuts across healthcare and financial services, the vital link viz power distribution and trading as well as the Sectoral Regulatory compliances is missing. Managing an elite healthcare facility or leveraging debt / equity is not the same as managing a distribution utility involving state of the art technical and financial / commercial / economics insights.

xxii. No Parallel Distribution license is required because DHBVNL and UHBVNL already operate a comprehensive distribution network in the purposed area. Moreover Parallel licensing in the same geographical area leads to Duplication of infrastructure, Duplication of consumer service systems, Duplication of metering arrangements, increased administrative expenditure, Right to way disputes, Operational complexities.

xxiii. It is observed that the applicant have onboarded a retired Director of HVPN (Haryana Bijli Vitran Nigam). However, they lost sight of the fact that HVPN is a transmission company and also operates SLDC (Sewah) and is also State Transmission Utility manging transmission of power from Genco / Traders at the state boundary to the Distribution companies at a voltage of 66 kV and above. It has nothing to do with sub-transmission / distribution system below 66 kV in Haryana and nothing at all at the large number of retail supply consumers level. Hence, the suitability of the applicant for a distribution license from safety and reliability of supply is highly doubtful.

xxiv. The objective of the applicant, as evident from the instant petition, is to establish a renewable energy focused utility designed to cater to commercial, industrial, institutional, agricultural and urban consumers. Prima Facie, AP supply will probably be out of scope as Haryana Government has announced creation of a separate Discom. Moreover, State subsidy for Agriculture consumer is reported at approximately Rs. 7870.32. If the private company enters the burdens of subsidy would increase many fold.

xxv. Further, the applicant seems to leave out the rural domestic supply i.e. the most challenging segment of Distribution and retail supply business. Thus, the focus is on

to rope in high revenue yielding C&I consumers and the urban consumers. Such, picking of low hanging fruits ought to be frowned upon by this Hon'ble Commission so that there exists a level playing field between the existing licensees i.e. DHBVN with Universal Supply Obligation and the applicant herein who may have the liberty to pick and choose.

xxvi. Rural Electrification is current HERC (priority)

The commission has simultaneously directed Haryana Discoms to ensure 24hours power supply to villages and strengthen rural service obligations. Grant of a parallel license that erodes the revenue base of the incumbent utility would be inconsistent with these regulatory objectives.

xxvii. Threat to Rural electrification: rural feeders, transformers and agricultural infrastructure are expensive to maintain. Urban consumes presently support part of these costs.

xxviii. A parallel license seeks to approximate revenues without assuming historical obligations. This undermines rural electrification. Moreover, renewable focused utility also seems to be nothing more than a 'populist catch phrase'. The intermittency and availability of wind, solar power and the cascading effect, in terms of cost and stability, in managing the Grid, itself will make the proposal infeasible.

xxix. It is submitted that given the technical and financial un-suitability, lack of experience, insufficient planning of the applicant, the same may be rejected.

xxx. Further, the existing distribution licensee i.e. DHBVN may be directed to more and more digitised its distribution system, ensure cyber security, strengthen power purchase desk to take advantage of dynamic pricing so that quality power is available at an affordable rate to the electricity consumers falling under the distribution licensed area of DHBVN and also take steps to re-new its distribution license well in time.

xxxi. THREAT TO CROSS – SUBSIDY MECHANISM: Ongoing cross subsidy framework where in industrial and commercial consumers support, Agriculture consumers, Rural Consumers, Economically weaker consumers, Social Welfare categories.

xxxii. THE PETITION AMOUNTS TO CHERRY-PICKING THAT WILL COLLAPSE THE CROSSSUBSIDY FRAMEWORK: The Petitioner targets profitable consumers, not universal service.

xxxiii. The petition is, in substance, an exercise in cherry-picking: the Petitioner seeks the most remunerative consumers, leaving the public distribution licensee to serve the rest.

xxxiv. Official data establishes that approximately more than 42% of the revenue of Dakshin Haryana Bijli Vitran Nigam (DHBVN) is derived from three districts, of which Gurugram records the lowest distribution losses 4.70% and the highest-paying consumers. Although, Gurugram consumes about 33.00% of DHBVNL's total load because of its concentration of commercial, corporate and industrial consumers. The Petitioner's own business plan acknowledges that it will, at the outset; focus upon the most lucrative pockets of the proposed area of supply. It would enable migration of high-paying consumers and severely erode DHBVNL's revenue base.

xxxv. The present petition is not a genuine exercise in promoting competition. It is a carefully structured attempt to privatise profits while socialising losses. I would ask the petitioner, why it does not seek to serve difficult terrain, remote villages, high- loss feeders or economically weaker consumers in Districts of Hansi, Jind, Kaithal, Rohtak and Narnaund Division. Gurugram is the State's most profitable electricity market. Such selective targeting reveals that the objective is not universal service but extraction of profitable consumers from the public network.

xxxvi. This Hon'ble Commission, in its interim order, has itself recorded that the introduction of a parallel distribution licensee may bear upon the existing consumer mix and may affect the ability of DHBVN to sustain the prevailing cross-subsidy framework.

xxxvii. The evident object of the petition is to capture the profitable commercial and industrial consumers — who presently subsidise supply to agricultural and rural consumers — and to leave the public utilities to serve the loss-making categories alone. *The cross-subsidy framework will be destabilised.*

xxxviii. It is a matter of record that industrial and urban consumers in Haryana pay tariffs incorporating a substantial cross-subsidy, which enables agricultural consumers to receive supply at concessional rates. This is not a matter of private benevolence; it is a cornerstone of the national electricity policy, securing affordable access to essential supply for every section of society.

xxxix. The entry of a parallel licensee that selects only the profitable consumers will at once destabilise that framework. As this Hon'ble Commission has recognised, the potential impact of the proposed license upon the financial viability of the incumbent distribution licensee, and upon system operation and grid management, warrants careful examination.

xl. CONSTITUTIONAL GROUND: Electricity as a Welfare Service. Electricity is not an ordinary commercial commodity. It is an essential public utility linked with agriculture,

drinking water, education, healthcare and rural development. Article 38 and Article 39(b).The State and its instrumentalities are constitutionally obligated to ensure equitable distribution of material resources. A licensing arrangement that transfers public revenue streams to a private entity while increasing burdens on farmers and rural consumers would be inconsistent with these constitutional objectives. Article- 48 Protection and promotion of agriculture. Article 21 Electricity is linked to Drinking water, Education, Healthcare, and Livelihood. A decision adversely affecting electricity access therefore attracts public-interest scrutiny.

xli. CONCLUSION: The present petition is not a case of competition seeking entry into an underserved market. It is a case of a newly incorporated private entity seeking access to the most lucrative electricity consumers of Haryana while leaving the burden of social obligations, agricultural subsidies, rural electrification and universal service upon public utilities. The inevitable consequence would be erosion of crosssubsidy, weakening of DHBVN, tariff pressure on farmers and domestic consumers, and privatization of profits at public expense. The Commission, as guardian of consumer interest and sectorial stability, ought therefore to reject the application in limine.

xlii. LEGAL DEFECTS: The petition suffers from Area of supply deficiency. Capital adequacy deficiency. NOC these deficiencies are highly fatal Publication deficiency. So reject the license application.

xliii. GRANT OF LICENCE WILL ADVERSELY AFFECT FARMERS AND RURAL ELECTRIFICATION: Agricultural Consumers Depend Upon Cross Subsidy. The electricity supplied to agricultural consumers in Haryana is heavily subsidized. The subsidy survives because industrial and commercial consumers pay tariffs substantially above cost. Gurugram contains some of the State's largest commercial, industrial, IT and urban consumers. The Petitioner seeks precisely these consumers.

xliv. Loss of Revenue Means Pressure on Subsidies If profitable consumers migrate, DHBVN revenue falls, Subsidy gap increases. Financial burden shifts to Government. Resultantly Subsidy may be reduced. Tariffs may increase. Rural infrastructure investment may decline.

xlv. Operational capability:- I would request the Hon'ble commission to ask the license seeker company. Where are the substations? Where are the power procurement agreements? Where is the balancing arrangement? Where is the workforce? Where is the demonstrated distribution experience?

xlvi. A newly incorporated entity seeking to serve one of India's largest electricity markets should face a very high scrutiny standard.

xlvii. The Hon'ble Supreme Court has repeatedly held that the cross-subsidy surcharge is compensatory in character, payable to compensate the distribution licensee for the loss of cross-subsidy occasioned by a consumer's migration. The grant of a parallel license would render this framework illusory, for the profitable consumers would migrate to the private licensee, leaving the public utilities to bear the burden of subsidized supply without the revenue base to sustain it. This migration will destroy the cross subsidy structure, Increase tariff pressure on remaining consumers, Increase subsidy burden on the Government of Haryana, Financially weaker DHBVNL, Ultimately burden ordinary consumers.

xlviii. Deferred and Pending FSA recovery and Financial Impact: As on 31st March 2026, unrecovered Fuel Surcharge Adjustments (FSA) amounts are approximately Rs 10,000 crore and moreover these costs relate to electricity already supplied to consumers including the same high-value consumers who may migrate to the proposed licensee. If such consumers leave DHBVNL before recovery of these dues: Existing consumers will be burdened, Revenue recovery will become difficult, and Tariff shock may occur, financial stability of DHBVNL will be adversely affected.

xlix. Noting have been said regarding security deposits, outstanding arrears, metering arrangements, supplier of last resort obligations, consumers grievance redressal, network access arrangements, insolvency or exit of a private licensee. .

l. Serious concerns regarding employees interest: If the private company is given license what would happen to almost one- fourth of DHBVNL's employees like Recruitment, Promotions, Wage revisions, Pension liabilities, Employee welfare schemes, Long-term employment security. This commission is duty- bound to assess the impact on employees before approving any arrangement that could weaken the public utility.

li. NATIONAL EXPERIENCE OF PRIVATIZATION: Experience from various states demonstrates that privatization and parallel licensing do not automatically result in lower tariffs or improved consumer welfare. Instead, such models often lead to: Regulatory complications, Network disputes, Tariff increase pressures, Consumer confusion, and financial stress on public utilities. Recent experiences in privatized distribution areas (latest one in Chandigarh) indicate that promised benefits frequently fail to materialize while consumers and employees face uncertainty.

liii. NO DEMONSTRATED CONSUMER BENEFIT: The petitioner has failed to establish: Reduction in consumer tariffs, Measurable improvement in reliability, Benefits of network duplication, Long-term consumer welfare gains. The mere promise of competition cannot be treated as sufficient justification for gram of a license. The burden lies on the petitioner to demonstrate clear and measurable public benefits which has not been done.

liii. PUBLIC INTEREST CONSIDERATIONS: Electricity is an essential public service and not merely a commercial commodity. The Commission is obligated to protect Consumer interests, Universal service obligations, Public accountability, Financial viability of utilities.

liv. SUPREME COURT JURISPRUDENCE ON PUBLIC INTEREST AND CROSS-SUBSIDY.

According to Supreme Court parallel license undermine the consumer welfare.

lv. Cross-subsidy is a recognized statutory mechanism. Supreme Court judgments including Sesa Sterlite Ltd. v. Orissa Electricity Regulatory Commission, Maharashtra Electricity Regulatory Commission v. Reliance Energy Ltd. these decisions recognize that cross-subsidy surcharge exists to compensate the incumbent licensee for loss of subsidizing consumers.

lvi. Thus, the Supreme Court has repeatedly held that cross-subsidy is not an incidental feature but an integral component of the Electricity Act, 2003. Any regulatory decision which substantially erodes the consumer base generating such subsidy must be examined with utmost caution. Reply upon PTC India Ltd. v. Central Electricity Regulatory Commission and subsequent electricity sector judgements recognizing that regulatory commission are not merely licensing authorities but custodians of consumer interest and sectorial stability.

lvii. Thus the Hon'ble Commission is not required to grant a license merely because an application has been filed. The commission must be satisfied that the grant of license advances the statutory objective of consumers' protection, financial sustainability of the electricity sector, and equitable distribution of costs among all consumers' categories.

lviii. I would request the Hon'ble Commission to direct DHBVNL, UHBVNL and the Applicant to place on record:- (i) district-wise revenue contribution of Gurugram and Nuh; (ii) category-wise revenue from industrial, commercial, domestic and agricultural consumers; (iii) projected consumer migration over five years; (iv) impact on cross-

subsidy and agricultural subsidy; (v) impact on DHBVN's ARR and revenue requirement; (vi) impact on rural electrification obligations.

lix. I would also request to Hon'ble Commission may be pleased to : Hold that the proposed license would adversely affect agricultural consumers and rural electrification in Haryana. Hold that the petition is contrary to the public-interest objectives embodied in Articles 38 and 39(b) of the Constitution. Hold that the Petitioner has failed to establish that the grant of license would result in lower tariffs, enhanced consumer welfare or improved universal service. Reject the petition with exemplary costs. Direct that no parallel distribution license be granted unless the applicant demonstrates protection of cross-subsidy and agricultural consumers.

lx. Key principles set by APTEL :- (A) The State Commission is not bound to grant a license merely because statutory eligibility conditions are met. (B) The Commission must consider public interest and consumer interest before granting a license. (C) Competition is not an end in itself; it is intended to promote efficiency and consumer welfare. (D) The Commission may examine whether the grant of license would adversely affect the electricity distribution system or consumers.

lxi. Noida Power Company Ltd. v. Uttar Pradesh Electricity Regulatory Commission It is relevant that this judgment explains the scope of the Commission's discretion while granting a second or parallel distribution license. Important findings (A) Grant of a parallel license is discretionary, not automatic. (B) The Commission must examine the proposal on its merits after satisfying itself regarding statutory prerequisites. (C) Regulatory authorities are entitled to consider the impact on the existing distribution system and orderly sector development before granting another license.

lxii. The Tata Power Company Ltd. v. Maharashtra Electricity Regulatory Commission:- It is relevant that this is the principal APTEL decision addressing cherry-picking and parallel distribution in Mumbai. Key principles (A) APTEL upheld MERC's concern that migration of predominantly high-end, cross-subsidising consumers could distort competition. (B) The Tribunal recorded findings regarding: selective network laying, migration of profitable consumers, adverse impact on the level playing field, erosion of cross-subsidy. (C) It recognised that physical constraints in laying parallel networks can encourage selective supply and cherry-picking unless carefully regulated. (D) The Tribunal accepted that the regulator could issue directions to prevent such practices.

lxiii. Reliance Infrastructure Ltd. v. Maharashtra Electricity Regulatory Commission:- It is relevant that this companion judgment deals with the same Mumbai parallel

distribution framework. Important principles (A) Parallel competition must remain consistent with consumer interest, efficient network development, fair competition, regulatory oversight. (B) The Commission is justified in imposing conditions to prevent distortion of the distribution market and ensure equitable access.

lxiv. It is best known to the Hon'ble Commission that Gurugram contributes 42% of DHBVNL Revenue, Gurugram has lowest AT & C losses, Gurugram Urban / Mix – Urban distribution losses are only 4.70% the lowest compared with other cities. Minimum receivable amount seeing the volume of the revenue of the Gurugram district.

lxv. The Universal Service Obligation is illusory: The Petitioner's undertaking to discharge the Universal Service Obligation under Section 43 of the Electricity Act, 2003 is, in the circumstances, a hollow assurance. An entity that selects the most profitable areas cannot be relied upon to supply every consumer within its area, least of all those in remote or un-remunerative locations.

lxvi. The Petitioner's own phased roll-out confirms that it will begin with the most lucrative areas. By the time any expansion to un-remunerative areas is undertaken — if at all — the public utility will already stand weakened, and the injury to the cross-subsidy framework will already have been occasioned.

lxvii. THE PETITION IS, IN SUBSTANCE, AN EXERCISE IN BACKDOOR PRIVATISATION: The government of India and Haryana Government have invested thousands of crore over decades in sub-stations, transformers, distribution lines, metering infrastructure and consumer acquisition. The petitioner proposing to enter only after these public investments have already created a mature and profitable market. This amounts to privatization of revenue of without privatization of risk. UDAY scheme was announced mainly for this purpose.

lxviii. UDAY Scheme UJWAL DISCOM ASSURANCE YOJANA (UDAY) :- Debt Restructuring.

Uday scheme was for financial, operational turnaround of state discoms notified by MoP (Ministry of Power) on 20th Nov, 2015. (A) The Haryana cabinet approved join this scheme on 2nd march, 2016, (B) tripartite MOU was signed for 11th March 2016. (C) Silent feature for Uday (D) A state government agreed to take over 75% of outstanding discoms debt as 30th Sep 2015 over two years- 50% discoms debt shall be taken over in 2015-16 and 25% in 2016-17, the taken over debt shall be converted

to grant over a period of five years @ 20% each year. (e) The discoms shall endeavour to reduce AT & C losses from 29.58 % in FY 2014-15 to 9.25% of FY 2022-23.

lxix. AMI implementation with EESL:- MoU have been signed between EESL and Haryana DISCOMS i.e. UHBVN & DHBVN on 11th July, 2018 and is simultaneously contract agreement signed by UHBVN on 07.12.2020 and DHBVN on 21.01.2021.

lxx. Three years project built-up phase from execution of agreement and 5 years O&M post built-up phase. O&M period started from March'2024 to March'2029.

lxxi. UHBVN & DHBVN have collaborated with EESL for AMI roll out of 1 million smart meter project on OPEX model i.e. without any CAPEX by HPUs. (A) EESL has finalized the meter manufacturer (Genus, Sciknow, Inesh, Zen) and System Integrator (L&T) for the AMI roll out in Haryana and UP State. MDM is provided by Oracle & HES by

Trilliant.

lxxii. Smart meters are being installed in Karnal, Panchkula, Panipat & Gurugram, Faridabad and more than 8.6 lacs meters have been installed so far. Pre-paid billing functionality has been rolled out in 26.11.2020. (A) 4121 no. consumer has been converted into prepaid in UHBVN and DHBVN.

lxxiii. For the balance debt of Rs. 8650 crore remained in the books of Haryana DISCOMs, UDAY Monitoring Committee has decided to initially issue the bonds of Rs. 3000 crore on the pattern of UPPCL. UHBVNL has decided to issue the UHBVNL bonds of Rs. 1800 crore. ACS/Finance has advised to explore the possibilities of raising green bonds. However, it was learnt that green bonds could be issued primarily for capex & the current market was also not very conducive for a green bond issue and in the last meeting, the Committee was informed accordingly.

lxxiv. Smart Grid Project at Gurugram: During the meeting held on 08.10.2015 under the chairmanship of Hon'ble Chief Minister, Haryana and the Hon'ble MoS (IC) Power, Coal and Renewable Energy Departments, GOI, the development of "Smart Grid Project" leading to Smart City Gurugram was conceived. The DPR amounting to Rs. 1608 Cr. was prepared with the objective of providing 24/7 quality power supply to the consumers of Gurugram and stands approved by BOD of DHBVN as well as HERC.

The Smart Grid Project of Gurugram primarily consists of following components:

lxxv. Infrastructure: Renovation/Augmentation/Modernization of the existing 11 kV feeders in Sector-1 to 57 of Gurugram, by converting existing 11 kV overhead system into 11

kV underground system connectivity in ring main configuration for redundancy along with installation of SCADA enablers and Optical Fibre cable. *(Note: Conversion of overhead LT line into underground is not covered. Re-conductoring of LT overhead lines on requirement basis is included.)*

lxxvi. Infrastructure: As on date, the four tenders of infrastructure improvement covering Sectors 1 to 57 of Gurugram stands allotted at a cost of Rs. 255.80 Cr. in favor of M/s Vindhya Telelinks Limited (VTL), Rs. 239.53 Cr. in favor of M/s Tata Projects Limited, Rs. 354.86 Cr. in favor of M/s Tata Projects Limited and Rs. 285.50 Cr. in favor of M/s L&T Limited. Work on two contracts has been completed and on remaining two infrastructure contracts is in progress. Under all the four projects, 413 nos. 11 kV overhead feeders are to be converted underground and re-aligned/bifurcated and accordingly 580 nos. 11 kV UG feeders are proposed. As on date, 517 feeders have been completed physically out of which 502 feeders have been energized. All the 148 nos. feeders under the scope of M/s VTL and 119 nos. feeders under the scope of M/s L&T have been laid underground and charged on load. The contract agreement with M/S Tata Projects against TSGP-06 & TSGP-08 has been terminated on dated 14.06.2024.

lxxvii. SCADA: Implementation of SCADA (Supervisory Control And Data Acquisition) system up to Distribution Transformer level (up to RMU) in Sectors-1 to 57 of Gurugram.

lxxviii. SCADA: SCADA along with DMS is proposed to be implemented under RDS Scheme of GOI. DPR for the same has already been approved by PFC. SCADA Control Centre is proposed at 220 kV substations Sector 52A& for the SCADA control room building, tender is to be floated shortly. Tender for implementation of SCADA was floated on 24.07.2023 & after processing, the same stands submitted to Directorate General of Supplies and Disposals (DGS&D) and was placed before HPWPC (State) on dated: 23.07.2024 which was deferred till next meeting.

lxxix. AMI: Implementation of AMI (Advanced Metering Infrastructure) in Sectors-1 to 57 of Gurugram. As far as funding of the project is concerned, a grant of Rs. 780 Cr.

lxxx. under PSDF from the MoP (GoI) was envisaged but the same was denied despite taking up the matter at the level of CM, Haryana with Ministry of Power, GOI. A loan of Rs. 700 Cr. has been tied up from Central Bank of India, Hisar for meeting the project finance requirement for a period of 13 years at Bank's one-year MCLR. Further the State Govt. is providing equity to fund a part of the annual capital expenditure of

the utility. Such equity support is approx. 20% of the total projected annual CAPEX of the Nigam.

lxxxi. AMI: The work of installation of Smart Meters (AMI) was allotted to M/s EESL on the BOOT Model who in turn engaged M/s L&T as the System Integrator (SI). The builtup phase of project was of 3 years which ended on dated 20.01.2024. During this phase, 3.72 lakhs Smart Meters have been installed. The Operation and Maintenance phase of the project of 5 years duration has commenced w.e.f. from 21.01.2024 and shall end on dated 20.01.2029.

lxxxii. RDSS: A DPR for up-gradation and modernization of distribution infrastructure in Gurugram and Faridabad was submitted by DHBVN to PFC. Subsequently, the DPR was put up by PFC for the appraisal of Monitoring Committee of RDSS and the same stand approved in the 39th Monitoring Committee meeting of RDSS held on 14.08.2024 under the Chairmanship of Secretary (Power). The decision is reproduced as under:

lxxxiii. The Monitoring Committee approved additional DPR for upgradation and modernization of distribution infrastructure in the districts of Faridabad & Gurugram in DHBVN, Haryana with a total project cost of Rs. 3,584.44 crore and other applicable charges as per the scheme guidelines subject to approval of DRC and State Cabinet.

lxxxiv. The agenda has been approved & recommended by the state DRC on 27.12.2024. On DRC recommendation, the cabinet Memorandum stand submitted for approval.

lxxxv. Moreover, the State government has invested Rs. 44742 crore over decades in substations, transformers, distribution lines, metering infrastructure and consumer acquisition. To add with this the private applicant, which has applied for a parallel licensing framework in this exact high-revenue zone, has completely omitted any mechanism for sharing or compensating this massive capital outlay of Rs. 1,608 Crore already incurred by the Government Undertaking DISCOM (DHBVN).

lxxxvi. The state has also provided equity capital to the Haryana Power Utilities Since 2012 to the tune of Rs. 3352 crore. There are other expenditure done by the State. The Petitioner proposes to enter only after these public investments have already created a mature and profitable market. This amounts to privatization of revenue without privatization of risk.

lxxxvii. The State government has also installed capacity as on 31.03.2025, 16019.16 MW.

lxxxviii. Allowing a private entity to utilize or baseline its parallel operations without a proportionate capital-sharing or reimbursement mechanism constitutes a direct transfer of premium public assets to a private entity without fair consideration.

lxxxix. Absolute Non-Feasibility of Parallel Licensing Due to Right of Way (ROW) Constraints:- (A) Lack of Dedicated Pathways: The Objector submits that the revenue districts of Gurugram and Nuh—particularly the densely populated urban sectors, commercial hubs, and old city areas—do not possess any unallocated or dedicated spatial pathways for the creation of a completely parallel electrical infrastructure. (B) Physical Impossibility & Urban Chaos: Distribution infrastructure requires substantial ground and underground space for laying cables, erecting compact substations (CSS), RMUs, and feeder pillars. Laying a duplicate underground network parallel to DHBVN's existing network is physically impossible without: (c) Encroaching upon existing municipal utilities (water pipelines, sewage networks, gas grids, and telecommunication optical fibers). (D) Causing permanent disruption to public roads, pedestrian walkways, and green belts. (E) Posing severe public safety hazards, including accidental electrocution or grid induction risks due to the unavoidable proximity of two parallel live distribution systems running through restricted corridors.

xc. Even Retired Tariff Director of HERC Dr. Sanjay Verma also said that in Cities like Gurugram is impractical and underground system is way too expensive and cumbersome as well. More importantly, phased construction is an issue as the new license is expected to indulge in 'cherry picking' i.e. begin from the most attractive areas from revenue yield / low loss areas.

xci. Manpower Position of HPUs & NRE Department / HAREDA :- Consolidated Manpower Position status in respect of HPUs (A,B,C,D groups) Sanctioned Post 54478 Consolidated Manpower position includes manpower position of HPGCL as on 01.04.2025, HVPNL as on 01.04.2025 and UHBVNL, DHBVNL as on 31.03.2025, 31.12.2024 respectively.

xcii. The Objector respectfully submits that the petition is not a spontaneous commercial initiative but a calculated attempt to acquire the most profitable segment of a public distribution network through private hands.

xciii. No credible evidence has been produces regarding consumer service infrastructure, SCADA and control systems, Substation development plans, Emergency response systems, Disaster management arrangement.

xciv. The applicants seeks entry at a time when Haryana Distribution utilities are already carrying accumulative revenue gap of approximately Rs. 4484.71 crore in the ARR of FY 2026-27. The State's distribution utilities carry a heavy burden of debt, the combined loans of Haryana's power utilities having reached approximately ₹30,904 crore, with outstanding consumer dues exceeding ₹10,000 crore. It is in this context that the Petitioner seeks entry — not to relieve the public utilities, but to appropriate their most remunerative consumers. Any migration of high paying consumers of DHBVNL would further weaken the financial position of the state utility and increase fresher upon remaining consumers and tax payers.

xcv. The All India Power Engineers Federation has opposed proposals of this nature, observing that parallel licensing upon the existing infrastructure of a state distribution utility operates as a route to privatisation, and that private applicants seek not remote villages, agricultural areas or loss-making regions, but only highrevenue industrial, commercial and urban consumers.

xcvi. The Petitioner has, as on the date of the petition, no power purchase agreements, no land, no sub-stations, no transmission connectivity and no operational history. The direction of this Hon'ble Commission requiring the Petitioner to obtain a noobjection certificate from the Haryana Vidyut Prasaran Nigam regarding transmission capacity and land availability underscores these fundamental deficiencies.

xcvii. THE GRANT OF THE LICENCE WOULD BE CONTRARY TO CONSUMER WELFARE:-

Higher tariffs, not lower.

xcviii. The Petitioner's claim to supply "green energy" at competitive rates is misleading. Firm dispatchable renewable energy is procured at a premium. The Petitioner's power procurement plan, envisaging some 80% renewable energy, will inevitably cost more than conventional supply.

xcix. Consumers would thus be required to bear higher tariffs for energy they have not sought. The Petitioner's own plan projects an average cost of supply of approximately ₹7.72 to ₹8.16 per unit in the initial years — comparable to, or higher than, the tariffs of DHBVN — and, once the green premium is reckoned, consumers would pay substantially more for the same supply.

c. GRID STABILITY AND RELIABILITY:- The Petitioner's intention to source 80% of its power from renewable sources raises serious concerns of grid stability, renewable output being intermittent and weather-dependent. The Petitioner's reliance upon firm

dispatchable renewable energy and Green Day-Ahead Market procurement, upon the scale proposed, remains untested.

ci. The introduction of a parallel licensee would complicate grid management, the State Transmission Utility being required to balance load between two distribution licensees, each with its own procurement sources and demand pattern. This Hon'ble Commission has itself noted that the Haryana Vidyut Prasaran Nigam is responsible for system operation, scheduling and grid stability, and that the proposed license may bear upon system operation and grid management.

cii. LOSS OF SUBSIDY FOR AGRICULTURAL CONSUMERS :- The gravest consequence of the grant would be the collapse of the cross-subsidy framework, and a consequent increase in tariffs for agricultural consumers. Upon the migration of the profitable industrial and commercial consumers to the private licensee, DHBVN would be left with a consumer base composed predominantly of agricultural and rural consumers, who would have no alternative source of supply.

ciii. With its revenue base eroded, the public utility would be constrained to seek tariff increases, the burden of which would fall upon farmers and rural consumers. The "competition" the petition professes to introduce would thus render electricity dearer for the most vulnerable, and not cheaper.

civ. THE PETITION IS LEGALLY UNSUSTAINABLE :- Non-compliance with the minimum area of supply (a) Rule 3(2) of the Distribution of Electricity License Rules, 2005, as amended in November 2022, requires that the minimum area of supply for a parallel distribution license be the entire area of a Municipal Corporation, or of three adjoining revenue districts. The Petitioner has proposed only two revenue districts, namely Gurugram and Nuh, in clear contravention of this requirement.

cv. The Petitioner's attempt to satisfy the requirement by counting the municipal bodies within the two districts as separate areas is untenable. The Rule contemplates three adjoining revenue districts, and not an aggregation of municipal bodies within one or two districts. The petition is liable to be rejected on this ground alone.

cvi. FAILURE TO MEET CAPITAL ADEQUACY NORMS:- The capital adequacy requirements under the Distribution of Electricity License Rules, 2005 require an applicant to demonstrate that it, together with its promoters, is in a position to make available the resources for the equity of the project. For the reasons set out in Part II above, the Petitioner fails to meet this requirement, its reliance upon the market value of its holding entity's shares being an impermissible device to circumvent the norm.

cvii. Absence of the no-objection certificate from the Central Government (defence establishments)

cviii. Section 15(2)(ii) of the Electricity Act, 2003, read with Regulation 4(1)(d) of the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulations, 2004, requires the prior no-objection of the Central Government where the area of supply includes any cantonment, aerodrome, fortress, arsenal, dockyard or camp, or any building or place in the occupation of the Government for defence purposes.

cix. The proposed area of supply includes the National Security Guard campus at Manesar, Air Force establishments at Gurugram, and the establishment at Bhondsi. The Petitioner has not obtained the requisite no-objection certificate. This is a mandatory statutory pre-condition, the absence of which renders the petition nonmaintainable.

cx. NON-COMPLIANCE WITH THE PUBLICATION REQUIREMENT:- Regulation 10 of the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing)

Regulations, 2004 requires the applicant to publish notice of its application in Form3 in at least one English and one Hindi newspaper of wide circulation in the proposed area. This Hon'ble Commission has directed the Petitioner to furnish proof of such publication. Until such proof is placed on record, the petition remains incomplete and non-maintainable.

cxi. Multi-Agency Statutory Clearances and Infrastructure Redundancy: The Gridlock of Multi-Agency Approvals: Laying distribution infrastructure in these areas involves navigating a complex web of jurisdictions. Any infrastructure deployment requires explicit, time-bound Right of Way (ROW) permissions and statutory clearances from a multitude of central and state agencies, including but not limited to: (A) Gurugram Metropolitan Development Authority (GMDA) & Municipal Corporations

(MCG/MCN): For road cutting, utility shifting, and structural alignment along major urban arterial roads. (B) National Highways Authority of India (NHAI): For crossings and parallel alignments along major national highways (like NH-48) intersecting the license area. (C) Forest Department (State & Central): For clearances involving protected green belts, eco-sensitive zones in the Aravalli region, and tree-felling permissions. (D) Public Works Department (B&R) and HSVP: For sector-dividing roads and institutional areas.

cxii. Unreasonable Burden on Public Authorities: Allowing a 1-to-2-year-old private entity to repeatedly approach these authorities for duplicate road-cutting and infrastructure permissions will lead to massive public inconvenience, rapid degradation of public roads, and administrative strain on GMDA, NHAI, and Municipal bodies.

cxiii. Public Interest Violated: The public interest lies in maximizing the utilization of the existing, highly capitalized public network (such as the Rs. 1,608 Crore Smart Grid infrastructure) rather than digging up the city repeatedly to install redundant, competing assets that offer no additional technical utility to the public.

cxiv. PRAYER

In the premises aforesaid, the Objector most respectfully prays that this Hon'ble Commission may be pleased to:

a. Reject the petition number 30 of 2026 filed by Eleven Power Private Limited seeking grant distribution license in respect of the revenue districts of Gurugram and Nuh, at the threshold, in the interest of justice and the public welfare.
b. Hold and declare that the Petitioner has failed to satisfy the requirements of capital adequacy, creditworthiness and minimum area of supply under the Distribution of Electricity License Rules, 2005 and the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulations, 2004;
c. Direct the applicant to submit a transparent, audited financial capital-sharing proposal to compensate DHBVN for the Rs. 1,608 Crore already spent on the Gurugram Smart Grid Project before any further evaluation of the application;
d. Hold and declare that the grant of the petition would collapse the cross-subsidy framework to the detriment of agricultural and rural consumers, and would be contrary to the public interest;
e. Protect the state-owned distribution assets and the critical cross-subsidy mechanism to insulate rural and agricultural consumers from tariff hikes;
f. Hold and declare that the petition is, in substance, an exercise in the backdoor privatisation of public assets; and
g. Grant the Objector (HPEA) an opportunity to present its arguments face-to face during the forthcoming public hearing.

h. Hold that the grant of a parallel distribution license is technically and geographically non-feasible in the target area due to absolute Right of Way (ROW) constraints and the public safety hazards arising from redundant infrastructure deployment.

i. Safeguard employee interest in accordance with the Section 133 of The Electricity Act, 2003.

j. Pass such further or other order(s) as this Hon'ble Commission may deem fit and proper in the facts and circumstances of the case and in the interest of justice.

42. Premchand, State Secretary, CPI(M) Haryana vide email dated 29.06.2026.

श्रीमान जी, भारतीय कम्युनिस्ट पार्टी (मार्क्सवादी) की हरियाणा राज्य कमेटी की ओर से मैं, प्रेमचंद, हरियाणा राज्य के नूंह और गुरुग्राम राजस्व जिलों के लिए समानांतर वितरण लाइसेंस की मांग करने वाली उपरोक्त याचिका पर पार्टी का कड़ा विरोध दर्ज करवाता हूं।

हमारी आपत्तियां:

1. विद्युत ऊर्जा जैसी महत्वपूर्ण और वर्तमान समय में आवश्यक सेवा का निजीकरण किया जाना हमारे देश के संविधान की लोक कल्याणकारी अवधारणा तथा उपभोक्ताओं व सेवा प्रदाता कर्मचारियों के हितों के विरुद्ध है, क्योंकि निजी कंपनी का प्रमुख उद्देश्य मुनाफा कमाना होता है। उससे लोक कल्याण की अपेक्षा नहीं की जा सकती।
2. हरियाणा विद्युत विनियामक आयोग की स्थापना उपभोक्ताओं के हितों की सुरक्षा सुनिश्चित करने के लिए की गई थी। अतः अपेक्षा की जाती है कि आयोग हितधारकों की आपत्तियों को गंभीरता से लेते हुए इस प्रक्रिया पर रोक लगाएगा।
3. उपरोक्त याचिका में जिस क्षेत्र में समानांतर वितरण प्रणाली प्रस्तावित है उसमें सबसे ज्यादा राजस्व पैदा करने वाला इलाका शामिल है। इसमें भीमकाय उद्योगों समेत हजारों औद्योगिक इकाइयां, राष्ट्रीय व अंतर्राष्ट्रीय निगमों के मुख्यालय तथा मध्यम व उच्च श्रेणी के रिहायशी इलाके शामिल हैं। इन सभी में विद्युत की मांग और खपत उच्चतम स्तर की है। इसे निजी कंपनी को देने का मतलब सार्वजनिक कंपनी, दक्षिण हरियाणा बिजली वितरण निगम, की आमदनी को व्यापक रूप से घटाना होगा।
4. यह स्पष्ट है कि निजी कंपनी अपने मुनाफे के लिए उपरोक्त दोनों राजस्व जिलों, नूंह व गुरुग्राम, में से अधिकतम राजस्व वसूली वाले इलाकों को ही चुनेगी अर्थात गुरुग्राम उनकी प्राथमिकता रहेगा तथा नूंह उपेक्षित रहेगा। याचिकाकर्ता द्वारा लाभ प्रदान करने वाले उपभोक्ताओं को मनमर्जी से चुनने (Cherry picking) का बड़ा खतरा निहित है।

5. ध्यान रहे कि गुरुग्राम का इलाका ऐसा विशेष क्षेत्र है जो न सिर्फ अधिकतम राजस्व प्रदान करता है बल्कि यह कृषि क्षेत्र व घरेलू उपभोक्ताओं के एक हिस्से को क्रॉस सब्सिडी प्रदान करने में दक्षिण हरियाणा बिजली वितरण निगम को क्षमता प्रदान करता है।
6. हरियाणा का अपना भी पुराना अनुभव है कि जब हरियाणा राज्य बिजली बोर्ड के ढांचे को पांच कंपनियों में बदला गया तो प्रशासनिक खर्च कई गुना बढ़ गए। अब एक ही इलाके में दो समानांतर वितरण लाइसेंस जारी होने से दो समानांतर प्रशासनिक ढांचे खड़े होंगे। समानांतर बिजली सप्लाई होने से कर्मचारियों के लिए दुर्घटनाओं का खतरा व जोखिम बढ़ जाएगा।
7. निजी कंपनी मुनाफे के लिए किसी व्यवसाय में आती है। अतः वह लाभ देने वाले उपभोक्ताओं के चयन के साथ-साथ परिचालन लागत कम करने की मंशा से कर्मचारियों पर काम का बोझ बढ़ाएगी व उनकी संख्या कम रखेगी, गैर प्रशिक्षित कर्मचारी भर्ती करेगी तथा आउटसोर्सिंग, ठेका प्रथा आदि की नीतियां अपनाएगी।
8. अन्य राज्यों के अनुभव (विशेषकर उड़ीसा व दिल्ली) भी स्पष्ट तौर पर बताते हैं कि ऐसे निजीकरण के कदमों से कहीं पर भी घोषित उद्देश्य पूरे नहीं हुए हैं बल्कि उपभोक्ताओं व सार्वजनिक कंपनियों अथवा सरकारी खजाने पर अतिरिक्त आर्थिक भार ही आया है।

प्रार्थना: i) इलेवन पावर प्राइवेट लिमिटेड की वितरण लाइसेंस की याचिका रद्द की जाए। ii) भविष्य में ऐसे दूरगामी परिवर्तन करने से पहले सभी हितधारकों के साथ विस्तृत विचार-विमर्श किया जाए। iii) बिजली वितरण क्षेत्र में सुधार, यदि कोई किए जाने हैं तो, उनमें सार्वजनिक क्षेत्र को मजबूत करना, कर्मचारियों की रोजगार सुरक्षा और उपभोक्ताओं के हितों को निजी कंपनियों के मुनाफे की बजाय प्राथमिकता दी जाए।

43. Sh. Rajender Rana, Acting General Secretary, All Haryana Power Corporations Workers Union (AHPCWU) vide email dated 29.06.2026.

श्रीमान जी, ऑल हरियाणा पावर कारपोरेशन वर्कर यूनियन हरियाणा में बिजली के चारों निगमों में काम करने वाले सभी कच्चे व पक्के कर्मचारियों का सबसे बड़ा संगठन है। हमारी यूनियन को दक्षिण हरियाणा बिजली वितरण निगम के गुड़गांव व नूंह सर्कल में इलेवन पावर प्राइवेट लिमिटेड कंपनी को बिजली वितरण का समानांतर लाइसेंस देने पर निम्नलिखित घोर आपत्तियां हैं:-

1. बिजली आपूर्ति के एक ही क्षेत्र में समानांतर वितरण लाइसेंस देना "इलेक्ट्रिसिटी एक्ट - 2003" के तहत सोची गई एकीकृत बिजली क्षेत्र की योजना की भावना के खिलाफ है। इससे निजी कंपनी मुनाफे वाले हाई टेंशन (HT) और ज्यादा बिजली खपत करने वाले कमर्शियल/इंडस्ट्रियल ग्राहकों को चुन लेगी, जबकि मौजूदा पब्लिक

सेक्टर की डिस्कॉम (DHBVN) के पास कम भुगतान करने वाले घरेलू, कृषि और सब्सिडी वाले ग्राहक रह जाएंगे।

2. रोजगार और सेवा की शर्तों के लिए खतरा: निजी कंपनी के आने से निश्चित रूप से आउटसोर्सिंग, अनुबंध पर काम पर रखने और DHBVN के मौजूदा कर्मचारियों पर VRS/छंटनी का दबाव बढ़ाने जैसी मांगें उठेंगी।
3. जब DHBVN अच्छा प्रदर्शन कर रहा है तो अनावश्यक निजीकरण की जरूरत नहीं है। DHBVN ने परिचालन दक्षता में लगातार सुधार किया है जिसमें वित्त वर्ष 2024-25 के AT&C नुकसान घटकर लगभग 10.26% हो गया है।
4. अपर्याप्त अनुभव और जनहित से जुड़ी चिंताएं: इस कंपनी को बने हुए अभी सिर्फ 1 साल हुआ है। इसके पास बड़े डिस्ट्रीब्यूशन नेटवर्क को संभालने के लिए जरूरी ऑपरेशनल ट्रैक रिकॉर्ड और तकनीकी विशेषज्ञता की कमी है।
5. उड़ीसा में प्राइवेटाइजेशन के पहले दौर (1999) में असफलता मिली थी, जिससे पब्लिक सेक्टर और राज्य के खजाने पर बोझ बहुत बढ़ गया था।
6. कोई ठोस जनहित नहीं, उल्टा मुनाफाखोरी का जोखिम: प्राइवेट ऑपरेटर अक्सर मुनाफाखोरी के जरिए Infrastructure के रखरखाव और ग्रामीण इलाकों में बिजली पहुंचाने जैसे लंबे समय के निवेश में कटौती करके कम समय में ज्यादा फायदा कमाने को प्राथमिकता देते हैं।

उपरोक्त बातों को ध्यान में रखते हुए यूनियन अनुरोध करती है कि आयोग इलेवन पावर प्राइवेट लिमिटेड की याचिका को पूरी तरह से खारिज कर दे और DHBVN को उस क्षेत्र में एकमात्र डिस्ट्रीब्यूशन लाइसेंसधारी के तौर पर काम जारी रखने का निर्देश दे।

Annexure D:

Comments filed by the intervenors after the expiry of prescribed timelines

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3. Sh. Yogesh, yogesh@savitriramsons.in vide letter dated 08.07.2026 27

4. Sh. Kapil Chandana, kapil.chandana@yahoo.com vide letter dated 08.07.2026 28

5. Sh. Ashish Chhabra, makewell.makewell@gmail.com vide letter dated 08.07.2026 28

6. Sh. Satish Dhingra, Nuh, corporate.taxation@dgfc.in , vide letter dated 08.07.2026 29

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1. **Objection by Sh. Inder Singh Malik, President and Sh. Mehar Singh Bangar, Secretary, Bijli Upbhokta Munch Haryana vide email dated 04.07.2026**

Bijli Upbhokta munch Haryana representing retail domestic, commercial, agricultural and Small-scale industrial consumers throughout Haryana strongly urge the Hon'ble Commission to summarily reject the petition filed by the eleven power private limited to obtain parallel distribution license in the revenue distt. of Nuh and Gurugram on the following grounds:

i. Structural collapse of cross subsidized mechanism.

As you know electricity is an essential utility and in Haryana Electricity distribution is based on well subsidized mechanism. Revenue earned from industrial, commercial and urban consumers helps to support subsidized/ concessional agriculture pump sets and economically weaker section of the Society.

- The proposed license is primarily focused on area having high earned revenue industrial and commercial consumers.
- If these consumers are shifted to private distributor, then DHBVN will lose a major portion of revenue while serving subsidized/ concessional agriculture pump sets and economically weaker section.
- This will weaken the financial sustainability of the remaining public sector area of DHBVN.

ii. Increased financial burden on public discom

- Any reduction on Consumer base of public discom will adversely affect their ability to recover their annual revenue requirement (ARR).
- This will result growing their financial loses.
- Consequently, either the state government will have to provide higher subsidy from public funds or to shift the burden on ordinary consumers to recover the loss.

iii. Duplication of infrastructure and unnecessary costs

- Under section 14 of Electricity ACT 2003, parallel distribution licensee is required to establish and operate its own distribution network.
- Gurgaon and Nuh dist already have extensive distribution network by using public funds.
- Creating a parallel Distribution network sub stations, transformers, distribution lines will be unnecessary duplication of assets, which will increase the cost of service resulting the financial burden on the consumers through various changes and regulatory mechanisms.

iv. Impact on power sector employees and work force welfare

- The induction of private licenses alter the operational economics of the entire power sector including transmission network eco system.
- Employees regular as well as HKRN will have to face retrenchment as private models rely heavily on the unorganized outsourcing, contract labor, aggressive automation, which directly threatens the job security, fair wage structure, service conditions and pension guarantees of the permanent as well as contract power workers.
- A fragment distribution landscape will compromise unified grid discipline, work force safety standards and long-term employment stability in critical public utility segment.

In view of the above, Bijli Upbhokta munch Haryana respectfully request to the Hon'ble Commission to

- Reject the petition filed by eleven power private limited to obtain parallel Distribution license in revenue districts of Nuh and Gurgaon
- Conduct a comprehensive independent socio- economic impact assessment on how private licensing affects the cross- subsidization patterns and state exchequer before listing the petition for public hearing.

We trust that the Hon'ble Commission will safeguard the interest of the consumers and long-term sustainability of the public electricity distribution system in Haryana.

2. Sh. Anshul Mangla, Advocate vide email dated 06.07.2026

I. That the objector is a member of general public and is a lawyer by profession. The objector came across the public notice and corrigendum published on the official website of this Hon'ble Commission; and gathered knowledge regarding the public hearing dated 08.07.2026 proposed to be held by the Commission in pursuance of its Order dated 26.05.2026 passed in the present matter.

II. That the objector further came across the copy of the petition uploaded on the official website of this Hon'ble Commission; and on the basis of the contents of the petition available, the objector gathered knowledge that the petitioner is seeking grant of distribution license for the areas comprised in revenue districts of Gurugram and Nuh. The objector, after perusal of the contents of the petition and going through the information available in public domain, came to a conclusion that there are series issues involved in the present case; and decided to file objections to the petition in public interest and without any personal interest in the matter. The objector is filing an accompanying affidavit in this regard.

III. That the petition filed by the petitioner seeking grant of parallel distribution license for the areas comprised in revenue districts of Gurguram and Nuh suffers various shortcomings; and the objections to the petition are as follows:

A. COMPLETE LACK OF KNOWLEDGE, EXPERIENCE AND EXPERTISE FOR PURPOSE OF GRANT OF DISTRIBUTION LICENSE:

- As per the information available on official website of Ministry of Corporate Affairs, Government of India, the petitioner was formerly known as Veryora Infra Private Limited incorporated 06.06.2025 vide CIN No. U68100DL2025PTC449700. Copy of Certificate of Incorporation is Annexure O-1.
- As per Memorandum of Association dated 07.06.2025, the object of the Petitioner was to carry out Real Estate Activities and to provide related services such as consultancy, advisory, asset management, sale and purchase of immovable & movable properties, lend money etc. Copy of Memorandum of Association dated 07.06.2025 is Annexure O-2.
- On 24.02.2026, the name of the Petitioner was changed from Veyora Infra Private Limited to Eleven Power Private Limited as per Certificate of Incorporation pursuant to change of name dated 24.02.2026. Copy of Certificate of Incorporation pursuant to change of name dated 24.02.2026 is Annexure O-3.
- As per Memorandum of Association dated 26.02.2026, issued in the name of Veyora Infra Private Limited, the object of the petitioner was changed. As per the MOA dated

26.02.2026, the object of the petitioner was to carry on the business of electricity generation, transmission and distribution and other related matters. Copy of Memorandum of Association dated 26.02.2026 is Annexure O-4.

- As per the Memorandum of Association dated 06.05.2026, the name of the Petitioner was shown as Eleven Power Private Limited; and the object of the Petitioner was to carry on the business of electricity generation, transmission and distribution and other related matters. Copy of Memorandum of Association dated 06.05.2026 is Annexure O-5.
- A combined reading of the above-mentioned documents show that the petitioner was incorporated just a year back; and that too, only with an objective to carry out activities relating to Real Estate Sector.
- The name as well as the objectives of the Petitioner were changed only around 4 months back; and it is apparent from the above-mentioned documents that the same was done only with the purpose of applying for the grant of distribution license under the Electricity Act, 2003.
- It is apparent from the record that the Petitioner does not have any knowledge, experience and expertise in matters relating to transmission and distribution of electricity as well as other connected and incidental matters. In view thereof, the application submitted by the Petitioner is liable to be rejected.

B. WORK OF DISTRIBUTION LICENSEE IS A CAPITAL-INTENSIVE WORK AND PETITION DOES NOT FULFIL THE REQUIREMENT OF CAPITAL ADEQUACY:

- The requirement of capital adequacy is enshrined under the Distribution of Electricity License (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005 framed by the Central Government. A copy of the Rules, 2005 are attached as Annexure O-6.
- The bare perusal of the Rule 3 shall reveal that any person grant of distribution license is required to satisfy the Commission regarding the adequacy of capital as per the criteria laid down therein.
- As per the application / petition submitted by the Petitioner (at paragraph No. 37), the total capital investment envisaged by the Petitioner in the proposed License Area is Rs. 4,717 Crore.
- As per the Balance Sheet dated 26.06.2026 of the Petitioner for the Financial Year 2025-26, the Net Worth of the Petitioner is shown to be Rs. 80,34,619/-. Furthermore, as per the Statement of Profit and Loss, the Petitioner has incurred a loss of Rs. 19,65,381/- with

zero income / revenue. In this regard, a copy of the Balance Sheet dated 26.06.2026 is attached herewith as Annexure O-7.

- As per the requirements relating to capital adequacy, the net worth of the petitioner is required to be taken into consideration; and from the perusal of the Balance Sheet of the Petitioner for FY 2025-26, it is apparent that the Petitioner does not have the requisite net worth to undertake the work of the distribution licensee for the purpose of distribution of electricity in the revenue districts of Gurugram and Nuh.

C. PETITION DOES NOT FULFIL THE CRITERIA REGARDING THE CODE OF CONDUCT:

- The requirement regarding the Code of Conduct is enshrined under Rule 4 of the Distribution of Electricity License (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005.
- The perusal of Rule 4 shall reveal that the person seeking distribution license must establish that the person has not been found guilty or disqualified under the provisions of law mentioned therein within the last three years. Furthermore, the relevant laws mentioned therein are: (a) Companies Act, 1956; (b) Income Tax Act, 1961; (c) SEBI Act, 1992; (d) Central Excise Act, 1944 and (e) Customs Act, 1962.
- Hence, it is apparent that the previous conduct of the persons seeking distribution license for the past three years (from the date of submission of application) is to be seen.
- In the present case, it is an undisputed fact that the Petitioner was incorporated only in June, 2025 and that too with an objective of dealing and engaging in real estate activities; and it was only around 4 months back that the petitioner's objectives were changed to that of power transmission and distribution.
- On account of the fact that the Petitioner was incorporated only a year back coupled with the fact that the Petitioner changed its objective around 4 months back (as mentioned in the preceding paragraph), it is apparent that the Petition does not fulfil the criteria regarding the Code of Conduct as enshrined under the above-mentioned rules.

D. RELIANCE UPON THE CREDENTIALS OF OTHER COMPANIES FOR THE PURPOSE OF SECURING DISTRIBUTION LICENSE IS WHOLLY MISCONCEIVED:

- In the petition filed by the Petitioner, reliance has been placed upon the credentials of the M/s S V Creditline Limited (at paragraph No. 14) and M/s S A S Fininvest LLP (at paragraph No. 35 & 36).
- As per the information available on the official website of Ministry of Corporate Affairs, Government of India, M/s S V Creditline is a company incorporated on 22.08.1996 and registered with ROC Delhi vide CIN No. U71290DL1996PLC081376. As per the Index of

Charges, the financial liability against the said Company runs into thousands of crores. In this regard, the Company Master Data and Index of Charges of M/s S V Creditline Limited is attached as Annexure O-8.

- As per the information available on the official website of Ministry of Corporate Affairs, Government of India, M/s S A S Fininvest LLP was incorporated on 17.12.2009 and registered with ROC Delhi vide LLPIN AAA-0492. As per the Index of Charges, the financial liability against the said LLP is around Rs. 200 Crore. In this regard, Company Master Data and Index of Charges of M/S S A S Fininvest LLP is attached as Annexure O-9.
- It is an undisputed position that the Petitioner is separate company which is incorporated with ROC Delhi; and as per the provisions of the Companies Act, 2013 and the law laid down by the Hon'ble Supreme Court, a company is a separate juristic person with a distinct identity. Furthermore, in so far as the distinction between the identity and assets of holding company and subsidiary company is concerned, reliance is placed upon the judgment of the Hon'ble Supreme Court in the matter of BRS Ventures Investments Ltd. v. SREI Infrastructure Finance Ltd. & Anr.2024 INSC 548 wherein it was held as under:

  A holding company and its subsidiary are always distinct legal entities. The holding company would own shares of the subsidiary company. That does not make the holding company the owner of the subsidiary's assets. In the case of Vodafone International Holdings BV6, this Court took the view that if a subsidiary company is wound up, its assets do not belong to the holding company but to the liquidator. As mentioned in the decision, the reason is that a company is a separate legal persona and the fact that the parent company owns all its share has nothing to do with its separate legal existence. Therefore, the assets of the subsidiary company of the corporate debtor cannot be part of the resolution plan of the corporate debtor.

  A copy of the Judgment in 2024 INSC 548 is attached herewith as Annexure O-10.
- The application of the law laid down by the Hon'ble Supreme Court (supra) shall lead to an irresistible conclusion that the reliance placed by the Petitioner upon the credentials of above-named companies is completely misconceived; and the distribution license cannot be issued in favour of the Petitioner merely on the basis of the credentials of the other companies.

E. GURUGRAM METROPOLITAN AUTHORITY IS NECESSARY AND IMPORTANT STAKEHOLDER:

- The State Legislature had enacted the Gurugram Metropolitan Development Authority Act, 2017 whereby the area falling within Gurugram District to be Gurugram Metropolitan Area (Section 3). A copy of the GMDA Act, 2017 is attached herewith as Annexure O-11.
- The bare perusal of the Act shall reveal that Gurugram Metropolitan Development Authority has been constituted which has been enshrined with the responsibility of carrying out / sanctioning various "infrastructure development work" and "internal development work" in the area comprised in the Gurugram Metropolitan Area. Furthermore, Section 2 (1)(i) & (j) define the "infrastructural development work" and "internal development work" respectively. For the purpose of ready reference, Section 2 (1)(i) & (j) are reproduced herein below:

  (i) infrastructure development work‖ means development of infrastructure such as roads, water supply systems and water treatment, sewerage systems, sewerage treatment and disposal, drainage, electricity transmission and distribution systems, solid waste management facility, metro railway systems, piped natural gas, communications or such other urban infrastructure which connects two or more sectors, municipal colonies or villages or which provides for the infrastructure needs of the notified area, but does not include any internal development work;

  (j) internal development work‖ means development of roads, provision of water supply, sewerage, drainage, electricity, sanitation or such other urban facilities or urban amenities within a sector, colony, municipal colony or abadi deh areas of villages located in the notified area;
- In so far as the functions and powers of the Gurugram Metropolitan Development Authority are concerned, the same have been enshrined under Section 16 of the Act. Furthermore, Section 17 & 18 of the Act mandates that the Chief Executive Officer is required to prepare an infrastructural development plan and annual infrastructure development plan for the Gurugram Metropolitan Area.
- A reading of the provisions of the Act shall lead to irresistible conclusion that Gurugram Metropolitan Development Authority is a necessary and important stakeholder in so far as the issue regarding grant of distribution license in Gurugram District is concerned.

F. ISSUE REGARDING GRANT OF DISTRIBUTION LICENSE FOR DISTRICT GURUGRAM AND DISTRICT NUH CANNOT BE CONSIDERED SIMULTANEOUSLY:

- It is a matter of common knowledge that there is absolutely no comparison between District Gurgram and District Nuh when it comes the nature, extent and scope of industrial, commercial, residential and rural composition of both the districts.

- In so far as District Gurugram is concerned, it is considered as “Millennium City” which has witnesses high industrial and commercial growth in the last 10-15 years. As per the Journal of Emerging Technologies and Innovative Research, the industrialization in Gurugram has led to employment generation, revenue generation as well as infrastructural development; and the same has led to large scale change of land use whereby large tracts of agricultural and rural areas have given way to industrial zones, commercial complexes and residential development. In this regard, copy of the article published February, 2024 is attached herewith as Annexure O-12.
- In so far as the Nuh District is concerned, as per the information available on the official website of District Administration, majority of its area is under agriculture and more than 50% of its population is dependent upon agriculture and allied activities for the purpose of earning their livelihood. There is no industrialization, commercialization and residential development in Nuh District which could be compared to Gurugram District in any manner. In this regard, the information available on official website of District Administration, Nuh is attached herewith as Annexure O-13.
- The composition of the population as well as the economic activities of the population transcends down to the opportunities, requirements, capabilities and problems etc. with respect to the transmission and distribution of the electricity in so far as both the districts are concerned. The development of transmission and distribution of electricity infrastructure requires different yardsticks for the purpose of assessment and viability.

G. NO CONCRETE INFORMATION REGARDING THE SOURCE OF GREEN / RENEWABLE ENERGY :

- In the petition, the petitioner has stated that the petitioner shall fulfil 80% of the energy requirements from renewable sources; and the requirement of energy from renewable sources is sought to be fulfilled through Green Day Ahead Market (GDAM) and Firm Dispatchable Renewable Energy (FDRE).
- In so far as Green Day Ahead Market is concerned, the same is only a platform which allows the buyers and sellers to buy and sell electricity for the next day through power exchanges. Basically, it is a platform where bidding for the sale and purchase of electricity generated through renewable sources of energy takes place. In common parlance, it is just like an exchange for trading in liquid assets.
- In so far as the Firm Dispatchable Renewable Energy is concerned, the same refers to a hybrid model / project whereby renewable energy is produced from a combination of

solar, wind which is stored in batteries. It is a hybrid model for generation and storage of renewable energy.

- It is apparent from the perusal of the contents of the petition itself that the petitioner has failed to provide any concrete information regarding the sources of green / renewable energy; and has cited just methods of procuring green energy without anything on ground.

H. GRANT OF PARELLEL DISTRIBUTION LICENSE SHALL LEAD TO PROBLEMS SUCH AS LOSS OF REVENUE FOR STATE EXCEHQUER, LOSS OF PUBLIC EMPLOYMENT, CONFUSION AMONG CONSUMERS ETC.:

- Grant of parallel distribution license to the petition shall lead to loss of revenue for the State Exchequer since the distribution licensee operating in the area i.e. Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL) shall loose customers, especially in the revenue District of Gurugram which generates highest revenue.
- Apart from loss of revenue, parallel distribution licensee shall also lead to loss of public employment since it shall act as disincentive for the already operating distribution licensee to expand its operations and to generate employment for the public.
- It shall also create confusion among the customers and consumers since it takes substantial amount of time to create awareness among the customers and consumers regarding the area of operations and the extent of operations. Furthermore, the problems relating to the customers and consumer centric services shall be accentuated by the fact that the Petitioner does not have established base of its own and relies upon the its alleged consortium partner Vision India Limited for any sort of customer and consumer services.

I. APPREHENSION REGARDING “CHEERY PICKING”, AS RAISED BY THE HON’BLE COMMISSION IN ITS ORDER DATED 26.05.2026, IS VERY MUCH APPARENT IN THE PRESENT CASE:

- A combined reading of the facts relating to the constitution, financial health, lack of code of conduct of the petitioner coupled with the vast differences in the level of development of the two districts led to an irresistible conclusion that the petitioner shall indulge into cherry picking i.e. the petitioner shall target only the industrial, commercial and residential areas of District Gurugram in order to maximize their profits; and shall leave the areas comprised in District Nuh which suffers from large scale problems relating to theft of electricity, lack of infrastructural development, miniscule level of industrial and commercial, lower levels of tariffs due to predominance of agriculture etc.

- The said fact is further apparent from the fact that the Petitioner does not own any assets and resources for the purpose of establishing a distribution network; and merely relies upon the credentials of the other companies for the said purpose. There is a grave apprehension that incase distribution license is granted in favor of the Petitioner; Petitioner may indulge into sale of license for private gains.

IV. That the objector has not filed any such or similar objections in the present petition before this Hon'ble Commission or before any other forum.

V. That the delay, if any, may kindly condoned since the objections are being filed in public interest; and the objector is sanguine that the objections raised herein require consideration by this Hon'ble Commission for the proper and just adjudication of the matter. Moreover, it shall not cause any prejudice to any party in case the objections are taken into consideration for the purpose of adjudication of the matter.

VI. That the objector reserves the right to file supplementary objections/counters/rejoinder/application etc. in the present case or as per the directions issued by the Hon'ble Commission in this regard.

PRAYER:

It is most respectfully prayed that the objections filed by the objector may kindly be taken into consideration for the purpose of adjudication of the petition; and appropriate orders/directions may kindly be passed after taking into consideration the objections filed by the objector.

3. Sh. Yogesh, yogesh@savitriramsons.in vide letter dated 08.07.2026

Pursuant to the directions of the Hon'ble commission during today's public hearing, I respectfully submit in writing points raised by me in support of the grant of the proposed parallel license:

i. At present, consumers are dependent on a single distribution licensee (DHBVN) with no alternative. The introduction of a parallel licensee will give consumers a choice and is expected to bring reliable, uninterrupted power supply.

ii. Due to unreliable supply today, we have to maintain three parallel arrangements just to get uninterrupted supply— electricity, diesel gen-sets, and inverters — which imposes significant costs to us and inconveniences ordinary households.

iii. We as consumers are also hopeful that competition will ensure the new licensee does not repeat the service deficiencies experienced under the current DISCOM, and the effective cost of power to consumers will come down.

iv. Further, as a lifelong resident of Gurugram, I believe any step that takes us towards securing a greener city is most welcome. The petitioner claims to provide us green electricity

4. Sh. Kapil Chandana, kapil.chandana@yahoo.com vide letter dated 08.07.2026

As directed in today's public hearing, I respectfully submit my points in favour of the petitioner for the grant of the parallel distribution license:

i. I intend to purchase an electric vehicle, but adequate charging infrastructure is not available. The sanctioned load required for EV charging is not being made available under the present arrangement.

ii. The transition to electric vehicles is important for the environment, and aligns with national and state policy objectives. However, it cannot happen without a distribution licensee capable of supporting the EV charging load.

iii. I am hopeful that the entry of a new distribution licensee will provide a solution for EV charging infrastructure and load availability.

In view of the above, I respectfully request the Hon'ble commission to consider my humble submission in support of the grant of the parallel distribution license

5. Sh. Ashish Chhabra, makewell.makewell@gmail.com vide letter dated 08.07.2026

As directed by the honourable commission, I respectfully submit the following points in writing in favor of the grant of license for electricity distribution:

i. I am the head of Makwell Exports International Pvt. Ltd., an export oriented manufacturing unit. It took nearly 4 years to obtain an electricity connection for my factory from the incumbent licensee, a process that remains slow and bureaucratic, even for us industrial customers.

ii. Despite my factory being situated directly on the road, the incumbent licensee has demanded exorbitant sums from me, just to enable the connection. Such demands are contrary to the spirit of "Make in India" and other allied schemes promoting domestic manufacturing and ease of doing business.

iii. Due to intermittent and unreliable supply, my electricity bill is approx. 8000, while my diesel generator expense is roughly 22000 - nearly three times. This seriously erodes the competitiveness of my exports business.

In view of the above concerns raised today, I am hopeful that the entry of a parallel distributor would ease my ability of doing business, and I would humbly request the

commission to note and record my strong support in favor of the grant of a parallel distribution license to the petitioner

6. **Sh. Satish Dhingra, Nuh, corporate.taxation@dgfc.in , vide letter dated 08.07.2026**

i. नूँह में मेरी बहुत जमीन है। ज्यादातर समय बिजली ना रहने की वजह से खेतों की सिंचाई में बाधा आती है।

ii. पानी की किल्लत की वजह से बरसात पर निर्भर रहना पड़ता है क्योंकि बिजली नहीं आती है।

iii. अगर बरसात भी ना हो तो खेती बर्बाद हो जाती है। साथ ही सारा खर्चा अपनी जेब से देना पड़ता है।

iv. इस कारण हर साल खेती करने का हौसला कम होता जा रहा है। हम कब तक नुकसान झेलेंगे।

v. मेवात में बहुत से परिवार हैं जो जमीन होते हुए भी बाहर नौकरी करने के लिए मजबूर हैं क्योंकि बिजली नहीं है।

vi. हम मानते हैं कि मेवात में बिजली वितरण के क्षेत्र में विकल्प होना चाहिए।

7. **Sh. Rohit, Farmer, Nuh, vide letter dated 08.07.2026**

i. बिजली की बहुत दिक्कत रहती है। जैसे पिछले दो दिन से बरसात है और बिजली नहीं आ रही है।

ii. पशुओं को पानी देने में दिक्कत आती है। साथ ही बिजली ना होने से खेत की सिंचाई में बहुत बाधा आती है।

iii. हमारी गाय भैंस जो दूध देती हैं वो अक्सर खराब हो जाता है क्योंकि बिजली ना होने से हम उसे स्टोर नहीं कर पाते हैं।

iv. बिजली औसतन 4 घंटे के लिए आती है जिसमें हमें सारा काम करना पड़ता है।

v. हमने ये पढ़ा है कि clean power के आने से बिजली की सप्लाई दुरुस्त हो जाएगी। साथ ही सारी तारे भूमिगत होगी जिससे किसी जान माल की क्षति नहीं होगी।

8. **Samsudin (Gokalpur, Nuh) vide letter dated 08.07.2026**

i. हमारे यहाँ नूँह में बिजली कटौती की बहुत समस्या है। दिन में सिर्फ 4-5 घंटे ही बिजली आती है। जिसकी वजह से हम अपने खेती के ट्यूबवैल भी नहीं चला सकते हैं।

ii. घर में भी कोई बिमार आदमी हो तो उसके लिए पंखा आदि भी नहीं चला सकते हैं।

iii. पशुओं के लिए भी काफी समस्या है। इन सब समस्याओं के कारण हमने कल ही बिजली विभाग में चिट्ठी भेजी है। पर हमको लगता है कि शायद उस चिट्ठी से कोई समाधान नहीं होगा। और ये समस्या जस की तस रहेगी।

iv. कल पूरी रात हमें सिर्फ 3-4 मिनट की बिजली मिली है। उनके कस्टमर केयर नम्बर पे भी कोई जवाब नहीं देता।

इन सब समस्याओं के कारण हम चाहते हैं कि कोई नई कम्पनी आये और सब समाधान हो। हमारे दैनिक जीवन में काम सुचारू रूप से चल सके। अब इलेवन पावर कम्पनी का विकल्प बहुत सही है और हमें इनसे उम्मीद है।

9. Sh. Pardeep kumar and others Jharsa, Gurgaon vide email dated 10.07.2026

हम, अधोहस्ताक्षरी, झारसा तथा आसपास के क्षेत्रों के निवासी एवं विद्युत उपभोक्ता हैं। हम, जो अपने घरों एवं दैनिक गतिविधियों के लिए निर्बाध विद्युत आपूर्ति पर निर्भर हैं, उपर्युक्त याचिका के संबंध में अपने विचार माननीय आयोग के समक्ष आदरपूर्वक प्रस्तुत करना चाहते हैं।

विद्युत एक आवश्यक सार्वजनिक सेवा है, जिसका प्रभाव प्रत्येक घर पर पड़ता है। यह केवल प्रकाश एवं शीतलन के लिए ही नहीं, बल्कि पेयजल प्रणाली, इंटरनेट कनेक्टिविटी, ऑनलाइन शिक्षा, वर्क फ्रॉम होम कार्य, छोटे व्यवसायों तथा घरेलू उपकरणों के संचालन के लिए भी अत्यंत आवश्यक है। आपूर्ति में किसी भी प्रकार की दीर्घकालिक बाधा का सीधा प्रभाव आम उपभोक्ताओं के जीवन पर पड़ता है।

दुर्भाग्यवश, हमारे क्षेत्र में विशेषकर गर्मी के मौसम में, जब बिजली की मांग अत्यधिक होती है, तथा वर्षा एवं तेज़ हवाओं के दौरान, विद्युत आपूर्ति में बार-बार बाधाएँ उत्पन्न होती हैं। मौसम संबंधी खराबियों के कारण अक्सर लोड शेडिंग तथा लंबी अवधि तक बिजली कटौती की स्थिति उत्पन्न हो जाती है, जिससे निवासियों को लंबे समय तक बिजली से वंचित रहना पड़ता है। ऐसी स्थिति विशेष रूप से वरिष्ठ नागरिकों, बच्चों, विद्युत चालित चिकित्सा उपकरणों पर निर्भर रोगियों तथा अत्यधिक गर्मी के समय परिवारों के लिए अत्यंत कठिन होती है।

हमें ज्ञात है कि आवेदक द्वारा एक आधुनिक विद्युत वितरण प्रणाली स्थापित करने का प्रस्ताव दिया गया है, जिसमें भूमिगत विद्युत अवसंरचना शामिल है। हमारा मानना है कि ऐसी प्रणाली पारंपरिक ओवरहेड लाइनों की तुलना में अधिक सुदृढ़ (रेजिलिएंट) होगी, क्योंकि यह तूफान, पेड़ों के गिरने तथा अन्य बाहरी कारणों से होने वाली खराबियों के प्रति कम संवेदनशील होगी। इस प्रकार का आधुनिक भूमिगत नेटवर्क विद्युत आपूर्ति की निरंतरता को बेहतर बना सकता है तथा उपभोक्ताओं को मौसम जनित बाधाओं से होने वाली समस्याओं को कम कर सकता है।

हम यह भी मानते हैं कि उन्नत वितरण अवसंरचना में निवेश से सेवा मानकों में सुधार होगा तथा उपभोक्ता शिकायतों के समाधान में अधिक जवाबदेही सुनिश्चित होगी। जैसे-जैसे आवासीय क्षेत्र का विस्तार हो रहा है, यह आवश्यक है कि विद्युत अवसंरचना भी समुदाय की बढ़ती आवश्यकताओं के अनुरूप विकसित हो।

इन कारणों से हम एम/एस इलेवन पावर प्राइवेट लिमिटेड को समानान्तर विद्युत वितरण लाइसेंस प्रदान किए जाने के प्रस्ताव का विनम्रतापूर्वक समर्थन करते हैं। हम अनुरोध करते हैं कि याचिका संख्या 30, वर्ष 2026 पर निर्णय लेते समय इस अभ्यावेदन को भी विचारार्थ लिया जाए।

10. Sh. Sambhu, Sohana, Khorda vide email dated 10.07.2026

हम, सोहना तथा आसपास के क्षेत्रों के निवासी एवं विद्युत उपभोक्ता हैं। हम, जो अपने घरों एवं दैनिक गतिविधियों के लिए निर्बाध विद्युत आपूर्ति पर निर्भर हैं, उपर्युक्त याचिका के संबंध में अपने विचार माननीय आयोग के समक्ष आदरपूर्वक प्रस्तुत करना चाहते हैं।

विद्युत एक आवश्यक सार्वजनिक सेवा है, जिसका प्रभाव प्रत्येक घर पर पड़ता है। यह केवल प्रकाश एवं शीतलन के लिए ही नहीं, बल्कि पेयजल प्रणाली, इंटरनेट कनेक्टिविटी, ऑनलाइन शिक्षा, वर्क फ्रॉम होम कार्य, छोटे व्यवसायों तथा घरेलू उपकरणों के संचालन के लिए भी अत्यंत आवश्यक है। आपूर्ति में किसी भी प्रकार की दीर्घकालिक बाधा का सीधा प्रभाव आम उपभोक्ताओं के जीवन पर पड़ता है।

दुर्भाग्यवश, हमारे क्षेत्र में विशेषकर गर्मी के मौसम में, जब बिजली की मांग अत्यधिक होती है, तथा वर्षा एवं तेज़ हवाओं के दौरान, विद्युत आपूर्ति में बार-बार बाधाएँ उत्पन्न होती हैं। मौसम संबंधी खराबियों के कारण अक्सर लोड शेडिंग तथा लंबी अवधि तक बिजली कटौती की स्थिति उत्पन्न हो जाती है, जिससे निवासियों को

लंबे समय तक बिजली से वंचित रहना पड़ता है। ऐसी स्थिति विशेष रूप से वरिष्ठ नागरिकों, बच्चों, विद्युत चालित चिकित्सा उपकरणों पर निर्भर रोगियों तथा अत्यधिक गर्मी के समय परिवारों के लिए अत्यंत कठिन होती है।

हमें ज्ञात है कि आवेदक द्वारा एक आधुनिक विद्युत वितरण प्रणाली स्थापित करने का प्रस्ताव दिया गया है, जिसमें भूमिगत विद्युत अवसंरचना शामिल है। हमारा मानना है कि ऐसी प्रणाली पारंपरिक ओवरहेड लाइनों की तुलना में अधिक सुदृढ़ (रेजिलिएंट) होगी, क्योंकि यह तूफान, पेड़ों के गिरने तथा अन्य बाहरी कारणों से होने वाली खराबियों के प्रति कम संवेदनशील होगी। इस प्रकार का आधुनिक भूमिगत नेटवर्क विद्युत आपूर्ति की निरंतरता को बेहतर बना सकता है तथा उपभोक्ताओं को मौसम जनित बाधाओं से होने वाली समस्याओं को कम कर सकता है।

हम यह भी मानते हैं कि उन्नत वितरण अवसंरचना में निवेश से सेवा मानकों में सुधार होगा तथा उपभोक्ता शिकायतों के समाधान में अधिक जवाबदेही सुनिश्चित होगी। जैसे-जैसे आवासीय क्षेत्र का विस्तार हो रहा है, यह आवश्यक है कि विद्युत अवसंरचना भी समुदाय की बढ़ती आवश्यकताओं के अनुरूप विकसित हो।

इन कारणों से हम एम/एस इलेवन पावर प्राइवेट लिमिटेड को समानान्तर विद्युत वितरण लाइसेंस प्रदान किए जाने के प्रस्ताव का विनम्रतापूर्वक समर्थन करते हैं। हम अनुरोध करते हैं कि याचिका संख्या 30, वर्ष 2026 पर निर्णय लेते समय इस अभ्यावेदन को भी विचारार्थ लिया जाए।

11. M/s Pyramid Urban Homers Condominium Association vide email dated 10.07.2026

We write to you on behalf of the residents of Gurugram, families, senior citizens, students, and homemakers who depend on reliable electricity every single day. We file this representation with one simple hope: that the Commission will grant Eleven Power Private Limited a parallel distribution license, and in doing so, restore to us the quality of electricity supply that a city of Gurugram's stature deserves.

We do not write in opposition to DHBVNL. We write in support of choice. For years, our residents have endured power cuts during the monsoon that last through the night, summer shutdowns when air conditioning is a health necessity and not a luxury, and a complaints system that offers little more than a phone number that rings without answer. When a senior

citizen's medical equipment fails during a power cut, or a child cannot study for board examinations, or a family's refrigerator is damaged by a voltage surge, there is no recourse, no timeline, and no accountability.

Eleven Power's proposal addresses each of these concerns directly. The company proposes to invest in modern distribution infrastructure, including underground cabling that is immune to rain and storm damage, across Gurugram and Manesar. It proposes smart meters with real-time consumption data, a mobile app and WhatsApp-based grievance platform, and a legally binding 15-day resolution commitment for complaints.

Perhaps most importantly, the presence of a competing licensee will compel both distributors to improve. This is precisely what happened in Mumbai, where urban residents now enjoy measurably better service under a parallel licensing regime. Gurugram's residents are no less deserving. The Electricity Act, 2003 itself envisions this competition as the norm, not the exception.

We respectfully urge this Commission to grant the license sought by Eleven Power Private Limited in the interest of the millions of citizens who call Gurugram home. We are willing to participate in the public hearing and place our concerns before the Commission in person.

12. Bhupinder Singh, Power Sector Reform Forum vide email dated 20.07.2026

At the outset, we introduce ourselves as a Forum of serving and retired power engineers engaged in issues concerning the power sector. Recently, we had offered comments to the Ministry of Power, Govt. of India on the Draft Electricity (Amendment) Bill, 2025 and subsequently, on the invitation of the Ministry, Forum had a useful interactive and feedback session with them on 16th Jan, 2026

The subject cited petition involves fundamental changes in the distribution framework which can have national contours beyond the state of Haryana alone. Forum, therefore, considers it appropriate to highlight the principal issues involved for the kind consideration of the Hon'ble Commission.

The principal and other issues involved in the petition are brought out as follows:

A. PRINCIPAL ISSUES - RELEVANT PROVISIONS OF THE ACT

I) Ownership of distribution network with a single entity: Electricity Act, 1948

Historically, the ownership of the distribution network has been with a single entity. The distribution companies have mostly been the state government owned companies created

under the mandate of the Electricity Act of 1948. Private distribution companies had a very little presence confined to the city areas of Mumbai and Kolkata.

These distribution companies have since operated as a single player in their respective areas of operation.

II) Introduction of the concept of Multiple distribution licensee Electricity Act,2003

The Electricity Act of 2003 introduced the concept of granting multiple distribution license to two or more persons within the same area but through their own distribution system — Section 14 of the Act

However, even 23 years after incorporation in the Act, the distribution companies, whether private or state owned, have generally chosen to remain as single players in their respective areas of operation. There have been no takers for the concept of a second or third parallel distribution license in the same area.

Ill) Previous Experience of multiple distribution licensee in the same area

To the best of the knowledge and information of this Forum, there is probably only one example of a second distribution licensee in the same area and the case pertains to a very limited area of old Mumbai city. The area faces many field issues mainly arising out of multiplicity of roles of the distribution players. There have reportedly been cases of simple disputes like placing a distribution transformer reaching the Bombay High Court.

IV) Successive draft amendments to the Electricity Act.

The Central Government has proposed various draft amendments to the Electricity Act of 2003 during the last decade to encourage multiple players in the distribution sector as detailed below:

i) Supply Licensee — Draft Amendment of 2018

ii) Distribution Sub Licensee — Draft Amendment of 2020 iii) Second distribution licensee with own distribution system or shared network - Draft Amendment of 2025

Therefore, it appears that the Central Government is still not sure of the model to be adopted and the objectives of bringing this fundamental change of introducing the concept of multiplicity of players in the distribution framework.

B) OTHER SECTORAL ISSUES

I) Cherry picking

Although the area sought by the petitioner is within the jurisdiction of the revenue districts of Gurugram and Nuh, cherry picking of the affluent and industrial consumers can not be ruled out. The poorer and the less privileged categories may be left alone to be served by

the financially stressed incumbent distribution licensee adversely affecting their quality and reliability of supply.

II) Adverse consequences for the financial health of DHBVNL

The areas sought by the petitioner contribute more than 40% revenue for DHBVNL. If this huge revenue is compromised, it shall have adverse consequences for the financial health of DHBVNL. The ability of the state owned distribution company to ensure reliable and quality supply to other consumers of the state shall get compromised.

III) Petition involves huge area amidst legal uncertainity

The petition involves huge area comprising nearly 9 lac consumer of high load intensity. As brought at paras under A (Ill) and A (IV) above, the model and the legal provisions regarding the issue of multiple distribution licensee are still not finalised. Moreover, there is scarce replica of the model implemented anywhere in the country.

IV) Petitioner has no core distribution experience

It needs to be noted that well established and experienced private distribution companies like TDPL, CESC, TORRENT POWER and BSES have refrained from seeking second distribution license. Therefore, the petition of the present applicant having no core distribution experience deserves utmost caution.

C) COMPARISON OF COST OF ELECTRICITY TO CONSUMERS: DELHI VS HARYANA

Contrary to the popular notion that privatization leads to higher efficiencies which shall ultimately benefit the consumers, the data published by Power Finance Corporation, Government of India depicts a different scenario. Revenue per unit on Energy sold basis (FY 2024-25)

	Revenue per unit	AT&C losses
DHBVNL	Rs. 7.11	12.20 %
Delhi	Rs. 10.73	6.48 %

Therefore, it is clear from the data that the private distribution companies of Delhi are charging much higher per unit tariff from the consumers compared to what DHBVNL is charging from its consumers.

Does the same fate awaits the consumers of Gurugram.

D) Constitutional and Legal provisions regarding Electricity:

Hon'ble Supreme Court in its judgment (BSES Rajdhani Power Ltd vs Union of India &Ors 2025 INSC 937) has under 'CONCLUSIONS come to the following conclusions: (Page 77 of judgment)

I) Electricity is a public good. Its generation, transmission, and distribution are statutorily regulated to ensure access to supply, on a non-rival and non-exclusive basis.

II) Being a material source within Article 39 of the Constitution of India, Part-IV of the constitution must inform the generation, transmission, and distribution of electricity.

III) The statutory regulators, i.e. the Central and State Regulatory Commissions along with Union and State Governments and other stakeholders are equally bound by the mandate under Part-IV of the Constitution for its equitable distribution.

In our humble opinion, the grant of parallel distribution license shall jeopardize the framework for equitable distribution of electricity.

CONCLUSION:

In view of the facts brought out above and keeping the public interest in mind, the subject cited petition deserves to be dismissed.

13. Seema, Charkhi Dadri vide email dated 23.07.2026

मैं, हरियाणा बिजली कर्मचारी एवं उपभोक्ता संघर्ष मंच का एक सदस्य तथा हरियाणा का एक विद्युत उपभोक्ता होने के नाते, बड़े जनहित में गुरुग्राम एवं नूंह के लिए प्रस्तावित समानांतर विद्युत वितरण लाइसेंस के आवेदन को अस्वीकार करने हेतु माननीय आयोग से विनम्रतापूर्वक अनुरोध करता हूँ।

विद्युत एक अतिआवश्यक सार्वजनिक सेवा है। विद्युत वितरण प्रणाली को प्रभावित करने वाला कोई भी निर्णय निजी व्यावसायिक हितों के बजाय सभी उपभोक्ताओं के हितों की रक्षा करने वाला होना चाहिए।

हमारी आपत्तियाँ निम्नलिखित हैं:-

i. विद्युत दरों में वृद्धि: लाभदायक उपभोक्ताओं के निजी लाइसेंसधारकों के पास चले जाने से सरकारी वितरण कंपनियां (DISCOMs) वित्तीय रूप से कमजोर होंगी, जिसके परिणामस्वरूप सामान्य उपभोक्ताओं पर विद्युत दरों का बोझ बढ़ेगा।

ii. क्रॉस-सब्सिडी व्यवस्था पर प्रतिकूल प्रभाव: वर्तमान क्रॉस-सब्सिडी व्यवस्था, जिससे घरेलू, कृषि तथा आर्थिक रूप से कमजोर वर्ग के उपभोक्ताओं को लाभ मिलता है, गंभीर रूप से प्रभावित होगी।

iii. आधारभूत संरचना का अनावश्यक दोहराव: समानांतर वितरण व्यवस्था से वर्तमान सार्वजनिक वितरण नेटवर्क को सुदृढ़ करने के बजाय आधारभूत संरचना का अनावश्यक दोहराव होगा।

iv. लाभदायक उपभोक्ताओं का चयन (Cherry-Picking): निजी कंपनियां केवल लाभदायक शहरी उपभोक्ताओं को सेवा देने का प्रयास करेंगी, जबकि ग्रामीण, कृषि तथा अन्य सामाजिक क्षेत्रों को विद्युत आपूर्ति की जिम्मेदारी सरकारी वितरण कंपनियों पर ही बनी रहेगी।

v. उपभोक्ताओं को किसी सिद्ध लाभ का अभाव: ऐसा कोई प्रमाण उपलब्ध नहीं है कि प्रस्तावित लाइसेंस से उपभोक्ताओं को कम विद्युत दर, बेहतर सेवाएं अथवा अधिक विश्वसनीय विद्युत आपूर्ति प्राप्त होगी।

vi. सरकारी वितरण कंपनियों की वित्तीय स्थिति पर प्रतिकूल प्रभाव: अधिक राजस्व देने वाले उपभोक्ताओं के अलग हो जाने से सरकारी वितरण कंपनियों की वित्तीय स्थिति कमजोर होगी तथा पूरे हरियाणा में गुणवत्तापूर्ण विद्युत आपूर्ति सुनिश्चित करने की उनकी क्षमता प्रभावित होगी।

माननीय आयोग ने स्वयं यह स्वीकार किया है कि यह विषय उपभोक्ताओं तथा विद्युत क्षेत्र पर दूरगामी प्रभाव डालने वाला है तथा उपभोक्ताओं के हित सर्वोच्च प्राथमिकता होने चाहिए।

इस बीच, आयोग ने दिनांक 09.07.2026 को एक अंतरिम आदेश जारी किया है। इस आदेश के माध्यम से एक विशेषज्ञ समिति (Expert Committee) के गठन का निर्देश दिया गया है, जिसका उद्देश्य यह परीक्षण करना है कि क्या याचिकाकर्ता वितरण लाइसेंस प्रदान किए जाने हेतु आवश्यक शर्तों को पूरा करता है।

हरियाणा बिजली कर्मचारी एवं उपभोक्ता संघर्ष मंच की ओर से हम इस पर भी सम्मानपूर्वक आपत्ति दर्ज कराते हैं, क्योंकि विद्युत अधिनियम, 2003 इस प्रकार के प्रत्यायोजन (Delegation) की अनुमति नहीं देता। अधिनियम की धारा 14 एवं 15 के अनुसार आवेदन की जांच करना, आपत्तियों पर विचार करना तथा लाइसेंस प्रदान किया जाए या नहीं, इस संबंध में निर्णय लेना केवल आयोग का दायित्व है। धारा 91(4) आयोग को केवल सहायता प्रदान करने के उद्देश्य से सलाहकार (Consultants) नियुक्त करने की अनुमति देती है; यह उन्हें वैधानिक प्रश्नों की जांच करने अथवा उन पर निर्णय लेने का अधिकार प्रदान नहीं करती।

याचिकाकर्ता की पात्रता तथा अधिनियम के प्रावधानों के अनुपालन का परीक्षण विशेषज्ञ समिति को सौंपकर आयोग ने वस्तुतः अपने वैधानिक एवं अर्ध-न्यायिक (Quasi-Judicial) दायित्वों का प्रत्यायोजन ऐसे निकाय को कर दिया है, जिसे अधिनियम के अंतर्गत मान्यता प्राप्त नहीं है।

माननीय सर्वोच्च न्यायालय तथा विद्युत अपीलीय अधिकरण (Appellate Tribunal for Electricity) ने निरंतर यह सिद्धांत प्रतिपादित किया है कि स्पष्ट वैधानिक अधिकार के अभाव में ऐसे वैधानिक एवं अर्ध-न्यायिक कार्यों का प्रत्यायोजन नहीं किया जा सकता। अतः यदि समिति की रिपोर्ट केवल अनुशंसात्मक (Recommendatory) ही क्यों न हो, तब भी उसका गठन विद्युत अधिनियम, 2003 की मूल भावना एवं विधिक योजना के विपरीत है।

प्रार्थना: उपरोक्त परिस्थितियों में, मैं माननीय आयोग से विनम्रतापूर्वक प्रार्थना करता हूँ कि वह—

i. गुरुग्राम एवं नूंह के लिए प्रस्तावित समानांतर विद्युत वितरण लाइसेंस के आवेदन को अस्वीकार करे।

ii. सार्वजनिक विद्युत वितरण प्रणाली तथा सभी वर्गों के उपभोक्ताओं के हितों की रक्षा करे।

iii. विशेषज्ञ समिति के गठन संबंधी आदेश को वापस ले तथा उसकी कार्यवाही समाप्त करे।

iv. पूरे हरियाणा में सस्ती, विश्वसनीय एवं समान रूप से उपलब्ध विद्युत आपूर्ति सुनिश्चित करे।

v. व्यापक जनहित में जो भी अन्य उचित आदेश आवश्यक हो, पारित करे।

मुझे पूर्ण विश्वास है कि माननीय आयोग इस महत्वपूर्ण विषय पर निर्णय लेते समय निष्पक्षता, पारदर्शिता तथा व्यापक जनकल्याण के सिद्धांतों को सर्वोच्च प्राथमिकता प्रदान करेगा

14. Haryana Bijli Karamchari aur Upbhokta Sangharsh Manch

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The objection raised is as under:

मैं, हरियाणा बिजली कर्मचारी एवं उपभोक्ता संघर्ष मंच का एक सदस्य तथा हरियाणा का एक विद्युत उपभोक्ता होने के नाते, बड़े जनहित में गुरुग्राम एवं नूंह के लिए प्रस्तावित समानांतर विद्युत वितरण लाइसेंस के आवेदन को अस्वीकार करने हेतु माननीय आयोग से विनम्रतापूर्वक अनुरोध करता हूँ।

विद्युत एक अतिआवश्यक सार्वजनिक सेवा है। विद्युत वितरण प्रणाली को प्रभावित करने वाला कोई भी निर्णय निजी व्यावसायिक हितों के बजाय सभी उपभोक्ताओं के हितों की रक्षा करने वाला होना चाहिए।

हमारी आपत्तियाँ निम्नलिखित हैं:-

i. विद्युत दरों में वृद्धि: लाभदायक उपभोक्ताओं के निजी लाइसेंसधारकों के पास चले जाने से सरकारी वितरण कंपनियां (DISCOMs) वित्तीय रूप से कमजोर होंगी, जिसके परिणामस्वरूप सामान्य उपभोक्ताओं पर विद्युत दरों का बोझ बढ़ेगा।
ii. क्रॉस-सब्सिडी व्यवस्था पर प्रतिकूल प्रभाव: वर्तमान क्रॉस-सब्सिडी व्यवस्था, जिससे घरेलू, कृषि तथा आर्थिक रूप से कमजोर वर्ग के उपभोक्ताओं को लाभ मिलता है, गंभीर रूप से प्रभावित होगी।
iii. आधारभूत संरचना का अनावश्यक दोहराव: समानांतर वितरण व्यवस्था से वर्तमान सार्वजनिक वितरण नेटवर्क को सुदृढ़ करने के बजाय आधारभूत संरचना का अनावश्यक दोहराव होगा।
iv. लाभदायक उपभोक्ताओं का चयन (Cherry-Picking): निजी कंपनियां केवल लाभदायक शहरी उपभोक्ताओं को सेवा देने का प्रयास करेंगी, जबकि ग्रामीण, कृषि तथा अन्य सामाजिक क्षेत्रों को विद्युत आपूर्ति की जिम्मेदारी सरकारी वितरण कंपनियों पर ही बनी रहेगी।
v. उपभोक्ताओं को किसी सिद्ध लाभ का अभाव: ऐसा कोई प्रमाण उपलब्ध नहीं है कि प्रस्तावित लाइसेंस से उपभोक्ताओं को कम विद्युत दर, बेहतर सेवाएं अथवा अधिक विश्वसनीय विद्युत आपूर्ति प्राप्त होगी।
vi. सरकारी वितरण कंपनियों की वित्तीय स्थिति पर प्रतिकूल प्रभाव: अधिक राजस्व देने वाले उपभोक्ताओं के अलग हो जाने से सरकारी वितरण कंपनियों की वित्तीय स्थिति कमजोर होगी तथा पूरे हरियाणा में गुणवत्तापूर्ण विद्युत आपूर्ति सुनिश्चित करने की उनकी क्षमता प्रभावित होगी।

माननीय आयोग ने स्वयं यह स्वीकार किया है कि यह विषय उपभोक्ताओं तथा विद्युत क्षेत्र पर दूरगामी प्रभाव डालने वाला है तथा उपभोक्ताओं के हित सर्वोच्च प्राथमिकता होने चाहिए।

इस बीच, आयोग ने दिनांक 09.07.2026 को एक अंतरिम आदेश जारी किया है। इस आदेश के माध्यम से एक विशेषज्ञ समिति (Expert Committee) के गठन का निर्देश दिया गया है, जिसका उद्देश्य यह परीक्षण करना है कि क्या याचिकाकर्ता वितरण लाइसेंस प्रदान किए जाने हेतु आवश्यक शर्तों को पूरा करता है।

हरियाणा बिजली कर्मचारी एवं उपभोक्ता संघर्ष मंच की ओर से हम इस पर भी सम्मानपूर्वक आपत्ति दर्ज कराते हैं, क्योंकि विद्युत अधिनियम, 2003 इस प्रकार के प्रत्यायोजन (Delegation) की अनुमति नहीं देता। अधिनियम की धारा 14 एवं 15 के अनुसार आवेदन की जांच करना, आपत्तियों पर विचार करना तथा लाइसेंस प्रदान किया जाए या नहीं, इस संबंध में निर्णय लेना केवल आयोग का दायित्व है। धारा 91(4) आयोग को केवल सहायता प्रदान करने के उद्देश्य से सलाहकार (Consultants) नियुक्त करने की अनुमति देती है; यह उन्हें वैधानिक प्रश्नों की जांच करने अथवा उन पर निर्णय लेने का अधिकार प्रदान नहीं करती।

याचिकाकर्ता की पात्रता तथा अधिनियम के प्रावधानों के अनुपालन का परीक्षण विशेषज्ञ समिति को सौंपकर आयोग ने वस्तुतः अपने वैधानिक एवं अर्ध-न्यायिक (Quasi-Judicial) दायित्वों का प्रत्यायोजन ऐसे निकाय को कर दिया है, जिसे अधिनियम के अंतर्गत मान्यता प्राप्त नहीं है।

माननीय सर्वोच्च न्यायालय तथा विद्युत अपीलीय अधिकरण (Appellate Tribunal for Electricity) ने निरंतर यह सिद्धांत प्रतिपादित किया है कि स्पष्ट वैधानिक अधिकार के अभाव में ऐसे वैधानिक एवं अर्ध-न्यायिक कार्यों का प्रत्यायोजन नहीं किया जा सकता। अतः यदि समिति की रिपोर्ट केवल अनुशंसात्मक (Recommendatory) ही क्यों न हो, तब भी उसका गठन विद्युत अधिनियम, 2003 की मूल भावना एवं विधिक योजना के विपरीत है।

प्रार्थना: उपरोक्त परिस्थितियों में, मैं माननीय आयोग से विनम्रतापूर्वक प्रार्थना करता हूँ कि वह—

1. गुरुग्राम एवं नूंह के लिए प्रस्तावित समानांतर विद्युत वितरण लाइसेंस के आवेदन को अस्वीकार करे।
2. सार्वजनिक विद्युत वितरण प्रणाली तथा सभी वर्गों के उपभोक्ताओं के हितों की रक्षा करे।
3. विशेषज्ञ समिति के गठन संबंधी आदेश को वापस ले तथा उसकी कार्यवाही समाप्त करे।

4. पूरे हरियाणा में सस्ती, विश्वसनीय एवं समान रूप से उपलब्ध विद्युत आपूर्ति सुनिश्चित करे।

5. व्यापक जनहित में जो भी अन्य उचित आदेश आवश्यक हो, पारित करे।

मुझे पूर्ण विश्वास है कि माननीय आयोग इस महत्वपूर्ण विषय पर निर्णय लेते समय निष्पक्षता, पारदर्शिता तथा व्यापक जनकल्याण के सिद्धांतों को सर्वोच्च प्राथमिकता प्रदान करेगा

Annexure E

Petitioner's replies dated 16.07.2026 to the objections filed by the objectors

In continuation of the proceedings in the above-captioned Petition and pursuant to the directions issued by the Hon'ble Commission from time to time, the Petitioner, Eleven Power Private Limited, has submitted the replies to the objections filed by the following objectors:

1. All Haryana Power Corporations Workers Union (AHPCWU)
2. All India Power Engineers Federation (AIPEF)
3. All India Kisan Sabha
4. Shri. Anshul Mangla
5. Bijli Upbhokta Manch
6. CPI (M)
7. Electricity Employees' Federation of India (EEFI)
8. Haryana Power Engineer's Association (HPEA)
9. HSEB Workers Union (HSEBWU)
10. New Palam Vihar Residents Welfare Association (NPVRWA)
11. Prof. Sampat Singh

The Petitioner further submitted that the replies may be read together with the Petition, the Additional Information and Documents, the Business Plan, the Implementation Plan, the Consumer Migration Modalities, and the other submissions already placed on record by the Petitioner.

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1. Reply to All Haryana Power Corporations Workers Union (AHPCWU)

1.1. The Petitioner submits the present Rejoinder to the Objections filed by AHPCWU, (referred to as “Stakeholder”) objecting to the Petition seeking Grant of a Parallel Distribution Licence under the Sixth Proviso to Section 14 of the Electricity Act, 2003 (referred to as “the Act”). Save what is expressly admitted herein, every allegation, contention and assertion contained in the Reply is denied.

1.2. At the outset, the Petitioner respectfully submits that it fully appreciates the valuable contribution made by the Stakeholder towards development of the electricity sector in Haryana and the continuous efforts undertaken by them in ensuring reliable electricity supply to consumers. The concerns expressed by the Stakeholder appear to emanate from the perspective of protecting the interests of the incumbent utilities and their workforce. However, with utmost respect, the issues raised do not disclose any legal or regulatory infirmity in the Petition seeking Grant of a Parallel Distribution Licence under Sections 14 and 15 of the Electricity Act, 2003.

1.3. The Petitioner respectfully submits that the objections raised are largely based on broader policy considerations regarding private participation in the electricity distribution sector. While the Petitioner appreciates the concerns expressed, the present proceedings are required to be examined within the framework of the Electricity Act, 2003, the Distribution Licence Rules, 2005 and the applicable HERC Regulations. The issue before the Hon'ble Commission is whether the Petitioner satisfies the statutory requirements for Grant of a Distribution Licence.

1.4. None of these objections, examined against the statutory text, discloses any legal impediment to the Grant of the Licence sought. The Petitioner addresses each in turn. The issue-wise reply to the objections raised by the Stakeholder is provided below:

A. Privatization of Distribution Function

1.5. The application under Section 14 is for a Parallel Distribution Licence, which introduces regulated market competition alongside the State Utilities. DHBVNL is not being privatized, liquidated, or wound up. Hence, the submission that Grant of a Distribution Licence amounts to privatization is respectfully not correct. The present Petition does not involve transfer, sale or privatization of any existing distribution utility or its assets. The Petitioner has only sought a Parallel Distribution Licence under Section 14 of the Electricity Act, 2003, which expressly permits more than one Distribution Licensee in the same area of supply, subject to the approval of the Hon'ble Commission.

1.6. The apprehension regarding operational safety is also unfounded. The Petitioner's network shall be planned, constructed and operated strictly in accordance with the Central Electricity Authority Regulations, applicable safety standards, the Haryana Grid Code and all technical standards prescribed under the Electricity Act, 2003.

1.7. The observations relating to employment practices, outsourcing and service conditions are based on assumptions and do not arise for consideration in the present licensing proceedings.

1.8. Grant of a Parallel Distribution Licence does not alter the employment conditions of employees of the Existing Distribution Licensee. The Petitioner shall independently recruit and deploy adequate qualified manpower as required under applicable laws, regulations and Licence Conditions.

1.9. The existing distribution licensee shall continue to discharge all its statutory functions and obligations in accordance with the Act.

1.10. The reference to experiences in other States is of a general nature and is not supported by any specific regulatory finding demonstrating that Grant of a Parallel Distribution Licence is inconsistent with the provisions of the Electricity Act, 2003.

1.11. In any event, every licensing application is required to be considered on its own merits, having regard to the statutory framework, the evidence on record and the facts of the particular case.

B. Protection of Consumer Interests

1.12. The Act places consumer interest at the centre of the regulatory framework. While it recognizes the legitimate interests of Distribution Licensees, its overarching object is reliable, efficient and economical supply of electricity for the benefit of consumers, and the Sixth Proviso reflects Parliament’s view that regulated competition under the Commission’s supervision can improve consumer welfare without compromising oversight. The Petition must be examined through that lens rather than through the lens of preserving an Incumbent Licensee’s commercial position. This is also consistent with one of the fundamental objectives of the Electricity Act, namely encouraging private investment in the electricity sector while safeguarding consumer interest through independent regulatory oversight.

1.13. Permitting more than one Licensee within the same area gives consumers a genuine choice of supplier, encouraging responsiveness, better service standards, technological innovation and operational efficiency, and creating an environment where licensees compete on quality and reliability rather than on the protection of an exclusive market. Such competition is not

contrary to the Act; it is among the outcomes Parliament contemplated in introducing Parallel Distribution Licensing.

C. Cherry-Picking of Consumers

1.14. The Objection proceeds on the erroneous assumption that the Petitioner's proposed phased rollout would enable it to selectively serve commercially attractive consumers while avoiding obligations to the rest of the Licence Area, and that this is inconsistent with the Universal Service Obligation under Section 43. The objection conflates the Grant of a Licence with the subsequent implementation and regulation of the licensed activity. The Petitioner undertakes that over the period of time in phased manner no consumer category or geographical segment within the proposed licence area shall be excluded from its service obligation. Network development shall be undertaken in accordance with the implementation plan approved by the Commission, and any variation in phasing shall be subject to prior approval of the Commission.

1.15. Neither the Act nor the Distribution Licence Rules or the applicable Licensing Regulations require an applicant to establish an operational network before Grant of Licence. This position now stands authoritatively affirmed by the Hon'ble Appellate Tribunal for Electricity in *Municipal Corporation of Greater Mumbai (BEST) v. Maharashtra Electricity Regulatory* Commission *& Ors.*, Appeal No. 279 of 2017, decided on 11 March 2026, wherein the Tribunal held that the Act does not require prior ownership or establishment of a distribution network as a condition precedent for the Grant of a Distribution Licence, and that phased development of the distribution network after Grant of Licence is fully consistent with Sections 42 and 43 of the Act. A Licence enables the Licensee to establish, operate and progressively expand its independent system in accordance with the statutory framework and the conditions this Hon'ble Commission may impose. Every distribution system, irrespective of the identity of the Licensee, is developed in phases: substations are erected, lines laid, transformers installed and connections released over the life of the Licence. The Petitioner's proposed rollout reflects this commercial and operational reality and is neither exceptional nor inconsistent with the Act. Further, with regards to the allegation that the Petitioner has cherry-picked based on the Sales proposed by the Petitioner in the Business Plan, it is humbly submitted that the sales proposed for various categories of consumers is consistent with the % sales of the complete Licence Area. Hence, the allegation that the Petitioner has cherry-picked Commercial and Industrial consumers is inappropriate.

1.16. The allegation of selective service rests on assumption rather than evidence. The Hon'ble Appellate Tribunal for Electricity has likewise rejected the contention that phased rollout

necessarily results in "cherry-picking" of consumers, holding that such allegations cannot rest on general apprehensions but must be supported by specific instances. The Tribunal further recognised that a planned and phased rollout constitutes the optimal regulatory approach to avoid selective network development. The Petitioner has never sought exemption from any obligation applicable to a Distribution Licensee, nor proposed that any class of consumer should remain permanently outside its Service Obligations. Its proposal is that the network will be developed in a planned and progressive manner, with consumers connected as the network expands, an approach that amounts to orderly infrastructure development rather than “cherry-picking”.

1.17. The Petitioner humbly submits that whatever reasonable conditions, milestones and reporting requirements the Hon’ble Commission considers necessary shall be complied to by the Petitioner. The issues raised including threat to cross-subsidy mechanism, cherry-picking of consumers, promotion of competition, adverse impact on farmers and rural electrification, FSA/ FPPCA and public interest considerations are regulatory considerations capable of being addressed through Licence Conditions, rollout milestones, migration protocol, tariff orders, ARR/true-up proceedings and monitoring directions.

1.18. The objections raised by Stakeholder do not disclose any failure to satisfy the statutory conditions for Grant of Licence. They relate substantially to the anticipated commercial consequences of competition and protection of public interest that the Act entrusts to the continuing regulatory jurisdiction of this Hon’ble Commission. These are not statutory disqualifications and present no legal impediment to Grant of a Parallel Distribution Licence. Accepting the Stakeholder’s interpretation would permit considerations outside the statute to override the framework Parliament enacted and would substantially dilute the Sixth Proviso to Section 14. The statutory requirements stand fully satisfied. The objections raised by the Stakeholder fail both on the language of the statute and the scheme of the Electricity Act. The Petition therefore deserves to be allowed.

1.19. PRAYER**:** In view of the facts and submissions set out above, the statutory framework governing these proceedings and the material on record, the Petitioner prayed to:

a. grant a Distribution Licence in favour of the Petitioner under Section 14 of the Electricity Act, 2003 for the License Area specified in the Petition;

b. hold that the Petitioner has duly satisfied the statutory requirements prescribed under the Electricity Act, 2003, the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, and the applicable Regulations framed by this Hon’ble Commission;

c. reject the objections raised by the Stakeholder, being contrary to the statutory framework governing Parallel Distribution Licensing and devoid of legal merit;
d. pass such further directions, Licence Conditions and regulatory safeguards as this Hon'ble Commission may consider appropriate for an orderly, transparent and consumer centric implementation of the Distribution Licence; and
e. pass such other order or orders as this Hon'ble Commission may deem fit and proper in the facts and circumstances of the present case.

2. Reply to All India Power Engineers Federation (AIPEF)

2.1. The Petitioner submits the present Rejoinder to the Objections filed by AIPEF, (referred to as "Stakeholder") objecting to the Petition seeking Grant of a Parallel Distribution Licence under the Sixth Proviso to Section 14 of the Electricity Act, 2003 (referred to as "the Act"). Save what is expressly admitted herein, every allegation, contention and assertion contained in the Reply is denied.

2.2. At the outset, the Petitioner respectfully submits that it fully appreciates the valuable contribution made by the Stakeholder towards development of the electricity sector in Haryana and the continuous efforts undertaken by them in ensuring reliable electricity supply to consumers. The concerns expressed by the Stakeholder appear to emanate from the perspective of protecting the interests of the incumbent utilities and their workforce. However, with utmost respect, the issues raised do not disclose any legal or regulatory infirmity in the Petition seeking Grant of a Parallel Distribution Licence under Sections 14 and 15 of the Electricity Act, 2003.

2.3. The Petitioner respectfully submits that the objections raised are largely based on broader policy considerations regarding private participation in the electricity distribution sector. While the Petitioner appreciates the concerns expressed, the present proceedings are required to be examined within the framework of the Electricity Act, 2003, the Distribution Licence Rules, 2005 and the applicable HERC Regulations. The issue before the Hon'ble Commission is whether the Petitioner satisfies the statutory requirements for Grant of a Distribution Licence.

2.4. None of these objections, examined against the statutory text, discloses any legal impediment to the Grant of the Licence sought. The Petitioner addresses each in turn. The issue-wise reply to the objections raised by the Stakeholder is provided below:

A. Privatization of Distribution Function

2.5. The application under Section 14 is for a Parallel Distribution Licence, which introduces regulated market competition alongside the State Utilities. DHBVNL is not being privatized,

liquidated, or wound up. Hence, the submission that Grant of a Distribution Licence amounts to privatisation is respectfully not correct. The present Petition does not involve transfer, sale or privatization of any existing distribution utility or its assets. The Petitioner has only sought a Parallel Distribution Licence under Section 14 of the Electricity Act, 2003, which expressly permits more than one Distribution Licensee in the same area of supply, subject to the approval of the Hon'ble Commission.

2.6. The observations relating to employment practices, outsourcing and service conditions are based on assumptions and do not arise for consideration in the present licensing proceedings.

2.7. Grant of a Parallel Distribution Licence does not alter the employment conditions of employees of the Existing Distribution Licensee. The Petitioner shall independently recruit and deploy adequate qualified manpower as required under applicable laws, regulations and Licence Conditions.

2.8. The existing distribution licensee shall continue to discharge all its statutory functions and obligations in accordance with the Act.

2.9. Section 133 of the Act exclusively governs the "Provisions relating to officers and employees" during the statutory unbundling, transfer, and reorganization of a State Electricity Board into successor functional entities. It ensures that the terms and conditions of service for transferred employees are not less favourable than those sub-existing before the transfer. The present case involves an application for a parallel distribution licence under the Sixth Proviso to Section 14, which does not involve any transfer, reorganization, or restructuring of the incumbent state utility’s corporate structure or its staff.

2.10. The Stakeholder's reference to the privatization model of Chandigarh is entirely misplaced and factually irrelevant to the present case. The Chandigarh model entailed the complete transfer of a public utility's asset base and workforce to a private entity. Conversely, the Petitioner seeks a parallel license. DHBVNL continues to exist as a robust, state-owned utility with its asset architecture, revenue base, organizational hierarchy, and employee service conditions preserved exactly as they stand today

2.11. The reference to experiences in other States is of a general nature and is not supported by any specific regulatory finding demonstrating that Grant of a Parallel Distribution Licence is inconsistent with the provisions of the Electricity Act, 2003.

2.12. In any event, every licensing application is required to be considered on its own merits, having regard to the statutory framework, the evidence on record and the facts of the particular case.

B. Financial Capability

2.13. The Petitioner has furnished all financial information, supporting documents and declarations required under the Distribution Licence Rules, and has set out the financial strength of its promoter group, the proposed funding structure and the resources available for the project. Further, the Petitioner has also submitted its detailed justification for the comments raised by the Hon'ble Commission with regards to Capital Adequacy and Creditworthiness in the Interim Order dated 26 May 2026. The Stakeholder has not identified any specific requirement that remains unfulfilled and a general apprehension of this kind cannot sustain a refusal of Licence.

2.14. The Petitioner has already infused equity amount applicable for Phase I of the Network Implementation Plan and have arranged for debt required for Phase I. Further, the Authorised Capital has been increased from Rs. 100 Crore to Rs. 1,500 Crore. The total capital investment proposed in the Petition is Rs. 4,717 Crore, funded on a 70:30 debt-equity structure, comprising equity of Rs. 1,415 Crore and debt of Rs. 3,302 Crore. The certificates from IndusInd Bank and 360 One Prime Limited (up to Rs. 1,000 Crore each) evidence the capacity to raise the debt component progressively in line with the phased Network Implementation Plan, and neither Rule 3 nor any Regulation requires the entire debt of Rs. 3,302 Crore to stand committed at the licensing stage.

2.15. Further, with regards to the equity and loan requirements for Phase I, the Petitioner has already infused actual equity of Rs. 91 Crore against the entire equity required for Phase I (approximately Rs. 87.86 Crore). Further, the Petitioner's authorised share capital to Rs. 1,500 Crore, which is higher than the equity aggregating to Rs. 1,415.02 crore over the five-year plan. For Phase I, the Petitioner has already obtained an In-Principle sanction letter from IndusInd Bank for debt of Rs. 205 Crore.

2.16. Without prejudice to the above, the Petitioner clarifies that the low initial paid-up capital of Rs. 1 Crore is standard corporate practice for a Special Purpose Vehicle (SPV) at the pre-licensing stage. Financial adequacy is legally evaluated under Rule 3(2) on a corporate group/promoter basis. Having already enhanced its authorized share capital to Rs. 1,500 Crore, the Petitioner has showcased line-of-sight capitalization that far exceeds the statutory limits required to execute Phase I.

2.17. The Petitioner humbly submits that whatever reasonable conditions, milestones and reporting requirements the Hon'ble Commission considers necessary shall be complied to by the Petitioner. The issues raised including threat to cross-subsidy mechanism, cherry-picking of consumers, promotion of competition, adverse impact on farmers and rural electrification, FSA/ FPPCA and public interest considerations are regulatory considerations capable of

being addressed through Licence Conditions, rollout milestones, migration protocol, tariff orders, ARR/true-up proceedings and monitoring directions.

C. Distribution Experience

2.18. The Stakeholder's interpretation would impermissibly read into the statute a requirement that the Petitioner already possess prior experience as a Distribution Licensee, treating its incorporation as a Special Purpose Vehicle for the present project as a disqualification and seeking to minimize the relevance of the experience and financial strength of its promoters and consortium members. The premise underlying this objection, that only an existing Licensee or an entity with prior distribution experience may qualify under the Sixth Proviso, finds no support in the Act or the Distribution Licence Rules.

2.19. Neither Section 14 nor Section 15 of the Act prescribes prior distribution experience as a Condition for Grant of Licence, and the Distribution Licence Rules do not require an applicant to have previously operated a distribution business. Parliament prescribed the criteria it considered relevant, namely financial capability, institutional integrity and compliance with the statutory framework, and the absence of any requirement of prior operational experience is deliberate. Where Parliament has expressly prescribed the conditions governing exercise of a statutory power, additional substantive conditions cannot be read in by interpretation.

2.20. The practical effect of the Stakeholder's position illustrates why it cannot stand: every new entrant would fail the test, since no entity can lawfully function as a Distribution Licensee before a Licence is granted. The argument effectively requires an applicant to become a Distribution Licensee before it may apply to become one, an outcome Parliament could not have intended and one that would render the framework for Parallel Distribution Licensing largely unworkable.

2.21. Nor does incorporation as a Special Purpose Vehicle support an adverse inference. Across infrastructure sectors, including electricity, highways, airports, ports, metro rail, renewable energy and public private partnerships, projects are routinely implemented through such vehicles, which isolate project risk, facilitate financing, ensure transparent accounting and provide a dedicated entity responsible for implementation. Neither the Act nor the Distribution Licence Rules prohibit the Grant of a Distribution Licence to a Special Purpose Vehicle; had Parliament intended to exclude them, it would have said so.

2.22. The real question for this Hon'ble Commission, therefore, is whether the Petitioner possesses the institutional, financial and organizational capability to discharge the obligations of a Distribution Licensee. That assessment must take into account the resources available to the Petitioner, the experience of its promoters, the proposed implementation framework, the

governance structure and the material on record, against which the Petitioner has demonstrably established its capability. Further, it is humbly requested that the Hon'ble Commission may kindly consider the experience of the Consortium Partners who have relevant experience for assessment of the Petition in line with the provisions of the Licensing Regulations. In addition to the above it is also to be noted that even existing distribution licensees execute substantial portions of their licensed business through EPC contractors, O&M contractors, IT vendors, billing agencies, meter agencies and specialised consultants while remaining responsible for compliance. Rule 3(2) tests the capital adequacy and creditworthiness of the applicant including its promoters, and that test stands independently satisfied through the audited net worth of SAS Fininvest LLP without any reliance on the consortium. The experience of the consortium partners is placed on record as supplementary material demonstrating the institutional capability available to the Petitioner, and its evidentiary value does not depend upon the consortium partners being co-applicants.

D. Protection of Consumer Interests

2.23. The Act places consumer interest at the centre of the regulatory framework. While it recognises the legitimate interests of Distribution Licensees, its overarching object is reliable, efficient and economical supply of electricity for the benefit of consumers, and the Sixth Proviso reflects Parliament's view that regulated competition under the Commission's supervision can improve consumer welfare without compromising oversight. The Petition must be examined through that lens rather than through the lens of preserving an Incumbent Licensee's commercial position. This is also consistent with one of the fundamental objectives of the Electricity Act, namely encouraging private investment in the electricity sector while safeguarding consumer interest through independent regulatory oversight.

2.24. Permitting more than one Licensee within the same area gives consumers a genuine choice of supplier, encouraging responsiveness, better service standards, technological innovation and operational efficiency, and creating an environment where licensees compete on quality and reliability rather than on the protection of an exclusive market. Such competition is not contrary to the Act; it is among the outcomes Parliament contemplated in introducing Parallel Distribution Licensing.

2.25. The Petitioner proposes to establish an independent distribution network supported by modern technology, digital systems and contemporary operational practice. This investment will augment the existing infrastructure within the Licence Area without imposing any financial burden on the State or this Hon'ble Commission, and the resulting parallel infrastructure will improve network resilience, create operational redundancy and contribute to the long term

reliability of supply, an outcome the Act encourages as a means of improving sectoral efficiency. A phase-wise network design approach has been formulated, and all mandatory statutory clearances from municipal, local, and state bodies will be secured systematically prior to physical execution. Further, the network is designed to be mostly underground, completely eliminating the need for disruptive overhead poles. By adopting advanced, small-footprint infrastructure including compact skid-mounted substations, underground substations, and geometrically optimized smart LT feeder pillars, the physical footprint is minimized, mitigating urban RoW constraints.

2.26. The proposal of the Petitioner features robust capital modeling, corporate equity backing, and an N-1 redundant grid design engineered to absorb major operational and financial shocks. Supply continuity is protected via a highly flexible power procurement portfolio.

2.27. The Petitioner's business model emphasizes procurement from cleaner energy sources, deployment of advanced technology and adoption of modern operational practices, consistent with the evolving regulatory framework and the broader national objective of promoting efficient and environmentally responsible electricity supply, and would contribute to the long term development of Haryana's electricity sector.

E. Parallel Distribution Network

2.28. The submission regarding duplication of infrastructure is also respectfully submitted to be based on an incorrect understanding of the concept of a Parallel Distribution Licence.

2.29. A Parallel Distribution Licensee is necessarily required to establish and maintain its own independent distribution system. Such an arrangement is expressly contemplated under the Electricity Act, 2003 with the objective of promoting efficiency, consumer choice, investment and improvement in quality and reliability of supply.

2.30. The Petitioner's proposed network has been designed on a modern 33 kV distribution backbone with due regard to prevailing technical standards and prudent utility practices to ensure reliability, operational efficiency and reduced technical losses.

2.31. In response to the Stakeholder's concerns regarding grid stability and transmission access, the Petitioner clarifies that under the prevailing Indian Electricity Grid Code and Haryana State Grid Code, formal evacuation and network alignment applications can only be processed by the STU (HVPNL) subsequent to the grant of a Distribution License. The Petitioner categorically undertakes to commission detailed load-flow and system stability studies through HVPNL and comply with all technical mitigation, infrastructure augmentation, and N-1 grid security criteria mandated by the STU prior to the commercial charging of its network.

F. Cherry-Picking of Consumers and Other Commercial Concerns

2.32. The Objection proceeds on the erroneous assumption that the Petitioner's proposed phased rollout would enable it to selectively serve commercially attractive consumers while avoiding obligations to the rest of the Licence Area, and that this is inconsistent with the Universal Service Obligation under Section 43. The objection conflates the Grant of a Licence with the subsequent implementation and regulation of the licensed activity. The Petitioner undertakes that over the period of time in phased manner no consumer category or geographical segment within the proposed licence area shall be excluded from its service obligation. Network development shall be undertaken in accordance with the implementation plan approved by the Commission, and any variation in phasing shall be subject to prior approval of the Commission.

2.33. Furthermore, the Stakeholder's allegation of 'cherry-picking' falls flat when examined against the geography of the requested license area. The application covers the entirety of both Gurugram and Nuh Revenue Districts. While Gurugram features dense commercial development, Nuh is recognized as a significantly rural and highly subsidized territory. By serving both districts in a unified, phased rollout, the Petitioner is embracing a balanced consumer mix that actively aligns with the state's socio-economic goals, completely disproving any intent to selectively harvest premium industrial loads.

2.34. Neither the Act nor the Distribution Licence Rules or the applicable Licensing Regulations require an applicant to establish an operational network before Grant of Licence. This position now stands authoritatively affirmed by the Hon'ble Appellate Tribunal for Electricity in *Municipal Corporation of Greater Mumbai (BEST) v. Maharashtra Electricity Regulatory Commission & Ors.*, Appeal No. 279 of 2017, decided on 11 March 2026, wherein the Tribunal held that the Act does not require prior ownership or establishment of a distribution network as a condition precedent for the Grant of a Distribution Licence, and that phased development of the distribution network after Grant of Licence is fully consistent with Sections 42 and 43 of the Act. A Licence enables the Licensee to establish, operate and progressively expand its independent system in accordance with the statutory framework and the conditions this Hon'ble Commission may impose. Every distribution system, irrespective of the identity of the Licensee, is developed in phases: substations are erected, lines laid, transformers installed and connections released over the life of the Licence. The Petitioner's proposed rollout reflects this commercial and operational reality and is neither exceptional nor inconsistent with the Act. Further, with regards to the allegation that the Petitioner has cherry-picked based on the Sales proposed by the Petitioner in the Business Plan, it is

humbly submitted that the sales proposed for various categories of consumers is consistent with the % sales of the complete Licence Area. Hence, the allegation that the Petitioner has cherry-picked Commercial and Industrial consumers is inappropriate.

2.35. The allegation of selective service rests on assumption rather than evidence. The Hon'ble Appellate Tribunal for Electricity has likewise rejected the contention that phased rollout necessarily results in "cherry-picking" of consumers, holding that such allegations cannot rest on general apprehensions but must be supported by specific instances. The Tribunal further recognised that a planned and phased rollout constitutes the optimal regulatory approach to avoid selective network development. The Petitioner has never sought exemption from any obligation applicable to a Distribution Licensee, nor proposed that any class of consumer should remain permanently outside its Service Obligations. Its proposal is that the network will be developed in a planned and progressive manner, with consumers connected as the network expands, an approach that amounts to orderly infrastructure development rather than “cherry-picking”.

2.36. A reading of the Objection shows that a substantial part of the objection does not rest on any failure to meet the statutory requirements but on apprehended commercial and operational consequences of competition, viz., Consumer Migration, Cross Subsidy loss, Power Procurement Stranded Costs, Impact on its Rollout Plan, Revenue Implications and Consumer Interest. These concerns fall within the regulatory domain of the Hon’ble Commission, but their existence cannot enlarge the statutory conditions governing Grant of Licence. It is further submitted that the Stakeholder’s objections repeatedly convert post-grant regulatory obligations into pre-grant eligibility conditions. The Act distinguishes between Grant of Licence under Sections 14 and 15 and continuing regulation after Grant. Issues relating to network rollout, migration, tariff adjustment, power procurement, FSA/FPPCA, consumer protection and standards of performance are matters for Licence Conditions and Regulatory Supervision, not independent grounds for refusal unless a specific statutory non-compliance is shown.

2.37. The Act introduced Parallel Distribution Licensing while simultaneously conferring extensive regulatory powers on the State Commission. Parliament did not expect every commercial consequence of competition to be resolved before a Licence issues; it entrusted the Commission with continuing powers over Tariff, Power Procurement, Consumer Protection, Standards of Performance and Licence Conditions. The objections raised overlook this feature of the statutory framework.

2.38. On the deferred FSA, the figure relied upon is a DHBVN-wide unrecovered amount as on 31 March 2025, not an amount specific to the Gurugram and Nuh consumers. On the sales and recovery mechanism approved by the Commission, the exposure attributable to the licence area, and to the load that actually migrates, is negligible since the sales is proposed only from FY 2027-28 and considering the assumption that only 2.5% of the existing consumers are expected to migrate to the network of the Petitioner.

2.39. Every concern raised by Stakeholder already finds a corresponding answer within the existing statutory and regulatory framework. The position may be summarised as follows:

Concern raised by the Stakeholder	Existing Regulatory Mechanism
Consumer Migration	Migration Protocol, Section 43 and the Conditions of Licence
Cross Subsidy	Tariff Determination under Sections 61 and 62 and the Tariff Regulations
Fuel Surcharge Adjustment	HERC FSA Regulations
Annual Revenue Requirement	Multi Year Tariff, Annual Revenue Requirement and True Up proceedings
Power Procurement	Regulatory approval and periodic review by the Commission
Universal Service Obligation	Section 43 of the Electricity Act, 2003
Consumer Protection	Supply Code, Standards of Performance Regulations and the Consumer Grievance Redressal Forum mechanism

2.40. The existence of these mechanisms is itself the answer to the Stakeholder's objections. Consumer migration, where lawful, is not a defect in the framework but its natural consequence: Parliament knowingly permitted more than one Licensee to operate in the same area, aware that consumers would have a choice. If the possibility of migration sufficed to refuse a Licence, the Sixth Proviso would be incapable of meaningful operation.

2.41. Cross Subsidy is not a vested right of an Incumbent Licensee but a Tariff Mechanism periodically fixed by this Hon'ble Commission under the Act and the Tariff Regulations. Fuel Surcharge Adjustment is governed by the HERC FSA Regulations, and the recovery of Fixed Costs, Power Purchase Expenses and Revenue Gaps is considered during Annual Revenue Requirement and True Up proceedings. These mechanisms exist precisely because Demand, Consumer Mix and Sales are dynamic, and any variation from lawful competition is

a matter for regulatory adjustment rather than a ground to deny Licence. Further, with regards the asymmetry between the Incumbent Licensee and the Petitioner, it is humbly submitted that the Petitioner shall comply with all the statutory requirements mentioned by the Stakeholder including statutory, regulatory and public service obligations, including compliance with Standards of Performance, Universal Supply Obligations, Agricultural Supply Commitments, Renewable Purchase Obligations, network strengthening requirements, consumer service obligations and tariff structures approved by the Hon'ble Commission for balancing the interests of all categories of consumers.

2.42. The Petitioner humbly submits that whatever reasonable conditions, milestones and reporting requirements the Hon'ble Commission considers necessary shall be complied to by the Petitioner. The issues raised including threat to cross-subsidy mechanism, cherry-picking of consumers, promotion of competition, adverse impact on farmers and rural electrification, FSA/ FPPCA and public interest considerations are regulatory considerations capable of being addressed through Licence Conditions, rollout milestones, migration protocol, tariff orders, ARR/true-up proceedings and monitoring directions.

2.43. The objections raised by Stakeholder do not disclose any failure to satisfy the statutory conditions for Grant of Licence. They relate substantially to the anticipated commercial consequences of competition and protection of public interest that the Act entrusts to the continuing regulatory jurisdiction of this Hon'ble Commission. These are not statutory disqualifications and present no legal impediment to Grant of a Parallel Distribution Licence. Accepting the Stakeholder's interpretation would permit considerations outside the statute to override the framework Parliament enacted and would substantially dilute the Sixth Proviso to Section 14. The statutory requirements stand fully satisfied. The objections raised by the Stakeholder fail both on the language of the statute and the scheme of the Electricity Act. The Petition therefore deserves to be allowed.

2.44. PRAYER: In view of the facts and submissions set out above, the statutory framework governing these proceedings and the material on record, the Petitioner prayed to:

a. grant a Distribution Licence in favour of the Petitioner under Section 14 of the Electricity Act, 2003 for the License Area specified in the Petition;

b. hold that the Petitioner has duly satisfied the statutory requirements prescribed under the Electricity Act, 2003, the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, and the applicable Regulations framed by this Hon'ble Commission;

c. reject the objections raised by the Stakeholder, being contrary to the statutory framework governing Parallel Distribution Licensing and devoid of legal merit;
d. pass such further directions, Licence Conditions and regulatory safeguards as this Hon'ble Commission may consider appropriate for an orderly, transparent and consumer centric implementation of the Distribution Licence; and
e. pass such other order or orders as this Hon'ble Commission may deem fit and proper in the facts and circumstances of the present case.

3. Reply to All India Kisan Sabha

3.1. The Petitioner submits the present Rejoinder to the Objections filed by AIKS, (referred to as "Stakeholder") objecting to the Petition seeking Grant of a Parallel Distribution Licence under the Sixth Proviso to Section 14 of the Electricity Act, 2003 (referred to as "the Act"). Save what is expressly admitted herein, every allegation, contention and assertion contained in the Reply is denied.

3.2. At the outset, the Petitioner respectfully submits that it fully appreciates the valuable contribution made by the farmers towards development of the State of Haryana. The concerns expressed by the Stakeholder appear to emanate from the perspective of protecting the interests of the agriculture consumers. However, with utmost respect, the issues raised do not disclose any legal or regulatory infirmity in the Petition seeking Grant of a Parallel Distribution Licence under Sections 14 and 15 of the Electricity Act, 2003.

3.3. The Petitioner respectfully submits that the objections raised are largely based on broader policy considerations regarding private participation in the electricity distribution sector. While the Petitioner appreciates the concerns expressed, the present proceedings are required to be examined within the framework of the Electricity Act, 2003, the Distribution Licence Rules, 2005 and the applicable HERC Regulations. The issue before the Hon'ble Commission is whether the Petitioner satisfies the statutory requirements for Grant of a Distribution Licence.

3.4. None of these objections, examined against the statutory text, discloses any legal impediment to the Grant of the Licence sought. The Petitioner addresses each in turn. The issue-wise reply to the objections raised by the Stakeholder is provided below:

3.5. The application under Section 14 is for a Parallel Distribution Licence, which introduces regulated market competition alongside the State Utilities. The Petitioner has only sought a Parallel Distribution Licence under Section 14 of the Electricity Act, 2003, which expressly

permits more than one Distribution Licensee in the same area of supply, subject to the approval of the Hon'ble Commission.

3.6. The existing distribution licensee shall continue to discharge all its statutory functions and obligations in accordance with the Act.

3.7. In any event, every licensing application is required to be considered on its own merits, having regard to the statutory framework, the evidence on record and the facts of the particular case.

3.8. Without prejudice to the performance of DHBVN, the statutory framework of the Electricity Act, 2003 deliberately moved away from monopolistic distribution systems. The legislative intent behind the Sixth Proviso to Section 14 is to foster healthy competition, offer consumer choice, drive operational efficiencies, and stimulate technological innovation. Performance of an incumbent utility is not a statutory bar to the entry of a parallel licensee.

3.9. The Act places consumer interest at the centre of the regulatory framework. While it recognises the legitimate interests of Distribution Licensees, its overarching object is reliable, efficient and economical supply of electricity for the benefit of consumers, and the Sixth Proviso reflects Parliament’s view that regulated competition under the Commission’s supervision can improve consumer welfare without compromising oversight. This is also consistent with one of the fundamental objectives of the Electricity Act, namely encouraging private investment in the electricity sector while safeguarding consumer interest through independent regulatory oversight.

3.10. Permitting more than one Licensee within the same area gives consumers a genuine choice of supplier, encouraging responsiveness, better service standards, technological innovation and operational efficiency, and creating an environment where licensees compete on quality and reliability rather than on the protection of an exclusive market. Such competition is not contrary to the Act; it is among the outcomes Parliament contemplated in introducing Parallel Distribution Licensing.

3.11. The selection of Gurugram and Nuh revenue districts is based on geographical contiguity, administrative boundaries, and economic synergy. The Sixth Proviso to Section 14 of the Act does not mandate a Licensee to apply for an entire State; rather, it permits operations within a defined 'area of supply' subject to compliance with capital adequacy and creditworthiness norms, which the Petitioner fully satisfies.

3.12. The Petitioner undertakes that over the period of time in phased manner no consumer category or geographical segment within the proposed licence area shall be excluded from its service obligation. Network development shall be undertaken in accordance with the

implementation plan approved by the Commission, and any variation in phasing shall be subject to prior approval of the Commission.

3.13. With regards to the allegation that the Petitioner has cherry-picked based on the Sales proposed by the Petitioner in the Business Plan, it is humbly submitted that the sales proposed for various categories of consumers is consistent with the % sales of the complete Licence Area. Hence, the allegation that the Petitioner has cherry-picked Commercial and Industrial consumers is inappropriate.

3.14. The Petitioner explicitly clarifies that the introduction of a parallel licensee will not alter or diminish the Government of Haryana's policy on agricultural subsidies. The state's subsidy allocation mechanism operates independently of the utility's ownership. Furthermore, any impact on the incumbent utility's cross-subsidy matrix will be fully mitigated through the Cross-Subsidy Surcharge (CSS) and regulatory frameworks determined by this Hon'ble Commission, ensuring that public exchequer investments and rural interests remain fully protected.

3.15. The Petitioner has never sought exemption from any obligation applicable to a Distribution Licensee, nor proposed that any class of consumer should remain permanently outside its Service Obligations. Its proposal is that the network will be developed in a planned and progressive manner, with consumers connected as the network expands, an approach that amounts to orderly infrastructure development rather than "cherry-picking".

3.16. The Petitioner humbly submits that whatever reasonable conditions, milestones and reporting requirements the Hon'ble Commission considers necessary shall be complied to by the Petitioner. The issues raised including threat to cross-subsidy mechanism, cherry-picking of consumers, promotion of competition, adverse impact on farmers and rural electrification, FSA/ FPPCA and public interest considerations are regulatory considerations capable of being addressed through Licence Conditions, rollout milestones, migration protocol, tariff orders, ARR/true-up proceedings and monitoring directions.

3.17. The Petitioner humbly submits that the entire proceedings for Grant of Parallel Licence is in line with the provisions of the Electricity Act, the Distribution Licence Rules and HERC Licence Regulations. The allegation regarding a lack of stakeholder consultation is regulatory and factually misplaced. The present proceedings under Section 15(5)(a) of the Act, which include the publication of public notices and inviting objections (such as the one being responded to), constitute the formal, transparent, and statutory public consultation process mandated by law. All stakeholders have an equal right and opportunity to participate in these proceedings before the Hon'ble Commission.

3.18. The Petitioner's application is filed under the active and legally binding provisions of the Electricity Act, 2003, passed by Parliament. Objections raised regarding a prospective 'Electricity Bill 2025' or macro-level policy opposition to private sector participation are legislative matters outside the regulatory jurisdiction of this Hon'ble Commission. Furthermore, the entry of a parallel licensee does not constitute 'privatization' of DHBVN, which continues to exist, own its assets, and serve its consumers uninterrupted.

3.19. The objections raised by Stakeholder do not disclose any failure to satisfy the statutory conditions for Grant of Licence. They relate substantially to the anticipated commercial consequences of competition and protection of public interest that the Act entrusts to the continuing regulatory jurisdiction of this Hon'ble Commission. These are not statutory disqualifications and present no legal impediment to Grant of a Parallel Distribution Licence. Accepting the Stakeholder's interpretation would permit considerations outside the statute to override the framework Parliament enacted and would substantially dilute the Sixth Proviso to Section 14. The statutory requirements stand fully satisfied. The objections raised by the Stakeholder fail both on the language of the statute and the scheme of the Electricity Act. The Petition therefore deserves to be allowed.

3.20. PRAYER: In view of the facts and submissions set out above, the statutory framework governing these proceedings and the material on record, the Petitioner most respectfully prays that this Hon'ble Commission may be pleased to:

a. grant a Distribution Licence in favour of the Petitioner under Section 14 of the Electricity Act, 2003 for the License Area specified in the Petition;
b. hold that the Petitioner has duly satisfied the statutory requirements prescribed under the Electricity Act, 2003, the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, and the applicable Regulations framed by this Hon'ble Commission;
c. reject the objections raised by the Stakeholder, being contrary to the statutory framework governing Parallel Distribution Licensing and devoid of legal merit;
d. pass such further directions, Licence Conditions and regulatory safeguards as this Hon'ble Commission may consider appropriate for an orderly, transparent and consumer centric implementation of the Distribution Licence; and
e. pass such other order or orders as this Hon'ble Commission may deem fit and proper in the facts and circumstances of the present case.

4. Reply to Shri. Anshul Mangla

4.1. The Petitioner submits the present Rejoinder to the Objections filed by Sh. Anshul Mangla, (referred to as "Stakeholder") objecting to the Petition seeking Grant of a Parallel Distribution Licence under the Sixth Proviso to Section 14 of the Electricity Act, 2003 (referred to as "the Act"). Save what is expressly admitted herein, every allegation, contention and assertion contained in the Objection is denied.

4.2. None of the objections raised, examined against the statutory text, discloses any legal impediment to the Grant of the Licence sought. The Petitioner addresses each in turn. The issue-wise reply to the objections raised by the Stakeholder is provided below:

At the outset, the Petitioner submits that the Objection is ex facie barred by limitation. Regulation 13(1) of the applicable Licensing Regulations requires objections to be filed within thirty days from the date of publication of the notice by the applicant. The Objection has been filed only on 06.07.2026, two days prior to the public hearing dated 08.07.2026, and the Objector himself seeks condonation of delay at paragraph 5 of the Objection, thereby conceding that it is beyond the prescribed period. The Petitioner accordingly answers the Objection on merits strictly without prejudice to its maintainability.

A. <u>Lack of Knowledge, Experience and Expertise for Grant of Distribution Licence</u>

4.3. The objections raised as regards the history of the Company established in 2025 have no bearing on the present proceedings. The Petitioner has established the Company as an SPV for the purpose of carrying out the business of electricity generation, transmission, distribution and other related matters following a deliberate corporate restructuring whereby the Company's main objects were amended to power transmission and distribution via an approved e-MOA on 26.02.2026, and its capital structure subsequently expanded as per the e-MOA filed on 06.05.2026. The financial strength and net worth of the holding entity viz., SAS Fininvest LLP is relied upon by the Petitioner, which is in line with Rule 3(2) of the Distribution Licence Rules, which tests the applicant's ability to bring in 30% equity on a three-year net-worth basis, including the resources of its promoters. SAS Fininvest LLP satisfies this in each of the three years (Rs. 4,215 Crore for FY 2022-23, Rs. 3,728 Crore for FY 2023-24 and Rs. 4,085 Crore for FY 2024-25), each figure exceeding the Rs. 1,415 Crore requirement for equity by a wide margin. .It is further significant that the entire history on which the Objection is founded, including the Certificate of Incorporation upon change of name, stands disclosed in the Petition itself (Enclosure 2), and alteration of the objects clause through an e-MoA under the Companies Act, 2013 is the lawful and transparent route for repurposing a Special Purpose Vehicle. That the Objector could assemble his annexures

entirely from the Petitioner's public filings demonstrates disclosure, not concealment, much less disqualification.

4.4. The Stakeholder's interpretation would impermissibly read into the statute a requirement that the Petitioner already possess prior experience as a Distribution Licensee, treating its incorporation as a Special Purpose Vehicle for the present project as a disqualification and seeking to minimise the relevance of the experience and financial strength of its promoters and consortium members. The premise underlying this objection, that only an existing Licensee or an entity with prior distribution experience may qualify under the Sixth Proviso, finds no support in the Act or the Distribution Licence Rules.

4.5. Neither Section 14 nor Section 15 of the Act prescribes prior distribution experience as a Condition for Grant of Licence, and the Distribution Licence Rules do not require an applicant to have previously operated a distribution business. Parliament prescribed the criteria it considered relevant, namely financial capability, institutional integrity and compliance with the statutory framework, and the absence of any requirement of prior operational experience is deliberate. Where Parliament has expressly prescribed the conditions governing exercise of a statutory power, additional substantive conditions cannot be read in by interpretation.

4.6. The practical effect of the Stakeholder's position illustrates why it cannot stand: every new entrant would fail the test, since no entity can lawfully function as a Distribution Licensee before a Licence is granted. The argument effectively requires an applicant to become a Distribution Licensee before it may apply to become one, an outcome Parliament could not have intended and one that would render the framework for Parallel Distribution Licensing largely unworkable.

4.7. Nor does incorporation as a Special Purpose Vehicle support an adverse inference. Across infrastructure sectors, including electricity, highways, airports, ports, metro rail, renewable energy and public private partnerships, projects are routinely implemented through such vehicles, which isolate project risk, facilitate financing, ensure transparent accounting and provide a dedicated entity responsible for implementation. Neither the Act nor the Distribution Licence Rules prohibit the Grant of a Distribution Licence to a Special Purpose Vehicle; had Parliament intended to exclude them, it would have said so.

4.8. The Objection also proceeds as though the experience and financial capability of the promoters and consortium members become irrelevant once the Licence is sought in the name of the vehicle. That overlooks both commercial reality and the statutory text. Infrastructure projects of this kind are almost invariably promoted through entities created by experienced sponsors, whose financial strength, technical expertise and institutional

capability form the foundation on which the vehicle is established. The Distribution Licence Rules themselves recognise that capital adequacy and creditworthiness may be demonstrated by reference to the capability available through promoters and supporting entities, and the Petition places on record the financial credentials, institutional capability and sectoral experience of the consortium.

4.9. The real question for this Hon'ble Commission, therefore, is whether the Petitioner possesses the institutional, financial and organisational capability to discharge the obligations of a Distribution Licensee. That assessment must take into account the resources available to the Petitioner, the experience of its promoters, the proposed implementation framework, the governance structure and the material on record, against which the Petitioner has demonstrably established its capability. Further, it is humbly requested that the Hon'ble Commission may kindly consider the experience of the Consortium Partners who have relevant sectoral experience for assessment of the Petition in line with the provisions of the Licensing Regulations. In addition to the above it is also to be noted that even existing distribution licensees execute substantial portions of their licensed business through EPC contractors, O&M contractors, IT vendors, billing agencies, meter agencies and specialised consultants while remaining responsible for compliance. Rule 3(2) tests the capital adequacy and creditworthiness of the applicant including its promoters, and that test stands independently satisfied through the audited net worth of SAS Fininvest LLP without any reliance on the consortium. The experience of the consortium partners is placed on record as supplementary material demonstrating the institutional capability available to the Petitioner, and its evidentiary value does not depend upon the consortium partners being co-applicants.

B. <u>Non fulfilment of Capital Adequacy</u>

4.10. The Stakeholder has discussed the Financials of the Petitioner's SPV for FY 2025-26. However, the Petitioner has relied on the Financials of its holding company viz., SAS Fininvest LLP to comply with the requirement of Capital Adequacy and Creditworthiness. The Balance Sheet relied upon by the Stakeholder reflects the position as at 31.03.2026, at the pre-licence stage, where a Special Purpose Vehicle by definition has no revenue: the absence of turnover before Grant of Licence is an incident of the licensing sequence, not a deficiency, and it is precisely for this reason that Rule 3(2) tests the applicant including the promoters on the net worth of the preceding three years, words the Objection reads out of the Rule. Subsequent to the close of FY 2025-26, the Petitioner has already infused equity of Rs. 91 Crore against the Phase I requirement of approximately Rs. 87.86 Crore under the

Network Implementation Plan and has arranged the debt required for Phase I, facts placed on record with the compliance affidavit dated 03.07.2026. The Objection, though filed on 06.07.2026, conspicuously omits the said compliance affidavit already on the record of this Hon'ble Commission, and is to that extent founded on a selective reading of the record.. Further, the Authorised Capital has been increased from Rs. 100 Crore to Rs. 1,500 Crore. The total capital investment proposed in the Petition is Rs. 4,717 Crore, funded on a 70:30 debt-equity structure, comprising equity of Rs. 1,415 Crore and debt of Rs. 3,302 Crore. The certificates from IndusInd Bank and 360 One Prime Limited (up to Rs. 1,000 Crore each) evidence the capacity to raise the debt component progressively in line with the phased Network Implementation Plan, and neither Rule 3 nor any Regulation requires the entire debt of Rs. 3,302 Crore to stand committed at the licensing stage. The Petitioner's financial readiness is further demonstrated by its official corporate filings for the period ending 31.03.2026, which reflect an Authorized Capital of Rs. 1,500 Crore, providing the necessary corporate runway to absorb equity inflowing from the promoter entity progressively in line with the network rollout plan.

C. <u>Non fulfilment of Code on Conduct</u>

4.11. As regards the objection that the Petitioner does not comply with the Rule 4 of the Distribution Licence Rules since the Petitioner has been incorporated only in 2025 does not have any merit. The relevant excerpt of the Rules is reproduced below:

> *"4. Requirement of code of conduct.—The applicant for grant of licence shall satisfy the Appropriate Commission that he has not been found guilty or has not been disqualified under any of the following provisions within the last three years from the date of application for the grant of licence:—*
>
> *(a) section 203, section 274, section 388B or section 397 of the Companies Act, 1956;*
>
> *(b) section 276, section 276B, section 276BB, section 276C, section 277 or section 278 of the Income-tax Act, 1961;*
>
> *(c) section 15C, section 15G, section 15H or section 15HA of the Securities and Exchange Board of India Act, 1992;*
>
> *(d) clause (b), (bb), (bbb), (bbbb), (c) or (d) of sub-section (1) of section 9 of the Excise Act, 1944;*
>
> *(e) section 132 or section 135 of the Customs Act, 1962,*

and that the applicant is not a person in whose case licence was suspended under section 24 or revoked under section 19 of the Act, within the last three years from the date of application:

Provided that where the applicant is a company, it shall satisfy the Appropriate Commission in addition to provisions of this rule that no petition for winding up of the company or any other company of the same promoter has been admitted under section 443(e) of the Companies Act, 1956 on the ground of its being unable to pay its debts"

4.12. From a plain reading of the above Rules, it is clear that the Petitioner should not be disqualified under any of the above provisions or should not have had its licence suspended/revoked in the last three years. This does not stipulate anywhere that the applicant should be operational for more than three years. Hence, the Petitioner has submitted an undertaking that it does not fall under either of the categories and is eligible for Grant of Licence.

D. <u>Reliance on Credentials of Other Companies</u>

4.13. The Distribution Licence Rules recognise that financial capability, including creditworthiness, may be demonstrated through the strength of an applicant's promoters, shareholders and supporting entities, consistent with commercial practice for infrastructure projects undertaken through dedicated vehicles. The Petitioner has relied on the Financials of its holding company viz., SAS Fininvest LLP to comply with the requirement of Capital Adequacy and Creditworthiness and has referred to the experience of SV Creditline Limited as a sister concern under the same umbrella of Eleven Group with extensive experience in large scale consumer management across 10 States. This experience is cited only to demonstrate the group's institutional capability in managing retail consumer footprints across multiple states. The reliance on the judgment of the Hon'ble Supreme Court in BRS Ventures Investments Ltd. v. SREI Infrastructure Finance Ltd. & Anr., 2024 INSC 548, is misconceived. That judgment arose under the Insolvency and Bankruptcy Code and decides that the assets of a subsidiary cannot form part of the resolution plan of the corporate debtor, a question of ownership of assets. The Petitioner does not claim the assets of SAS Fininvest LLP as its own; the separate legal personality of the two entities is not in dispute. The question under Rule 3(2) is a different one, namely the availability of resources for the equity of the project, and the Rule itself expressly directs that the applicant "including the promoters" be assessed on the net worth of the preceding three years. The promoter-inclusive test is thus the statutory command, no question of piercing the corporate veil or conflating identities arises, and on the

Objector's reading the words "including the promoters" in Rule 3(2) would be rendered otiose. The promoter support is, moreover, not notional: the Undertaking by the Partners of SAS Fininvest LLP stands on record as Enclosure 6 to the Petition, and equity for phase 1 stands actually infused. Further, the Stakeholder's reference to the financial liabilities of M/s SV Creditline Limited is intentionally misleading and legally irrelevant. The Petitioner has relied solely on the audited financials of its holding company, SAS Fininvest LLP, to satisfy the Capital Adequacy and Creditworthiness benchmarks under Rule 3(2). Because the holding company satisfies the financial requirements independently, the asset-liability management or charges of separate group entities have no bearing on this application. In any event, an Index of Charges maintained by the Registrar of Companies records security interests created over the life of an entity, including charges long since satisfied; for a lending non-banking financial company such as SV Creditline Limited, creation of charges in favour of its own lenders is the ordinary course of its business. The same answer applies to the charges of SAS Fininvest LLP referred to in Annexure O-9: an index of charges is neither a statement of outstanding liability nor a measure of net worth. The audited financials of SAS Fininvest LLP for three years (Enclosure 12 to the Petition) and the solvency certificates on record are the proper measure of financial capacity, and the Objection does not even attempt to controvert them.

E. <u>Gurugram Metropolitan Development Authority (GMDA) is an important Stakeholder</u>

4.14. The contention that the Gurugram Metropolitan Development Authority is a necessary stakeholder in the present proceedings is misconceived. The grant of a distribution licence is governed exclusively by Sections 14 and 15 of the Electricity Act, 2003, a complete code on the subject with overriding effect under Section 174, and the licensing jurisdiction vests solely in this Hon'ble Commission. The definitions of "infrastructure development work" and "internal development work" under the GMDA Act, 2017 concern the execution of development works within the metropolitan area and confer no role upon GMDA in the grant of a licence. GMDA's jurisdiction, if any, arises after Grant of Licence at the stage of physical execution, including road cutting, Right of Way and alignment permissions, with which the Petitioner shall duly comply. It is further submitted that the Notice of Application prescribed under Regulation 10 of the applicable Licensing Regulations was duly published, affording every authority, including GMDA, the opportunity to file objections under Regulation 13, and GMDA has raised none.

F. <u>Grant of Distribution Licence for Gurugram and Nuh cannot be considered simultaneously</u>

4.15. The Stakeholder has compared the nature of energy utilisation within the districts of Nuh and Gurugram and has remarked that the development of transmission and distribution infrastructure requires different yardsticks for assessment and viability. However, there is no provision either in the Electricity Act, 2003 or any other Rules/ Regulations framed under the Electricity Act, 2003 that prevents Grant of Distribution Licence merely because it is requested for two different districts with widely varying demographics. The Petitioner has analysed both the districts separately and has proposed rollout of network based on the existing infrastructure and sales details for both the districts. Hence, the objection raised by the Stakeholder is misconceived.

G. Power Procurement

4.16. The Petitioner submits that power procurement in the initial years shall depend on the willingness of consumers to shift to the network of the Petitioner and predicting long term/medium term procurement during the initial years may not be feasible. Hence, it is proposed that 20% of the energy requirement shall be tied-up from thermal generation and the remaining 80% of the energy requirement shall be procured from FDRE/GDAM for Green Energy procurement as committed by the Petitioner. The Petitioner's proposed procurement strategy envisages procurement of Firm and Dispatchable Renewable Energy (FDRE) in accordance with the applicable bidding framework issued by the Ministry of Power, and the energy scheduled from FDRE is firm from source even though it is drawn from RE Generating Plants. Such procurement is fundamentally different from procurement through the Green Day Ahead Market (GDAM), which is proposed only to meet balancing and residual requirements. Further, the detailed procurement plan shall be finalised once the consumers shifting to the Petitioner's network, and their load and consumption profiles, are known, enabling optimal contracting and scheduling, and long-term procurement by a Distribution Licensee is undertaken through competitive bidding under the frameworks notified under Section 63, which cannot be initiated before the Licence is granted. Furthermore, the Stakeholder's objection ignores the regulatory sequence established under the Electricity Act, 2003. A non-licensed entity cannot participate in or initiate competitive bidding processes under Section 63 of the Electricity Act, 2003 nor can it execute long-term PPAs for a licensed business it has not yet been authorized to operate. The proposed portfolio mix, anchored by Firm and Dispatchable Renewable Energy (FDRE) for baseline reliability and supplemented by the Green Day Ahead Market (GDAM) for load balancing, represents a compliant procurement strategy that will be formalized post-grant through standard regulatory approval processes. It is also significant that the Objector’s own description of Firm and Dispatchable

Renewable Energy, as a firm, storage-backed hybrid of solar and wind, concedes the firmness of the proposed procurement and answers his own apprehension.

H. Loss of Revenue, Loss of Public Employment, Confusion among Consumers, etc.

4.17. The Petitioner humbly submits that the impact on revenue loss concerns fall within the regulatory domain of the Hon'ble Commission, but their existence cannot enlarge the statutory conditions governing Grant of Licence. The Act distinguishes between Grant of Licence under Sections 14 and 15 and continuing Regulation after Grant of Licence. Further, the issue of loss of public employment does not arise since the proposal is for Grant of Parallel Distribution Licence for operation within Gurugram and Nuh, which involves no transfer of any asset, employee or obligation of the Incumbent Licensee and is therefore not privatisation in any form. The apprehension that a Parallel Licence would disincentivise the Incumbent Licensee from expanding or generating employment is pure speculation; the Petitioner's independent build-out of Rs. 4,717 Crore will itself generate direct and indirect employment within the Licence Area, and the establishment of the Haryana Power Utilities remains untouched. As regards the apprehension of confusion among consumers, the Migration Protocol and the Supply and Operational Modalities placed on record, together with the obligations under the Supply Code, the Standards of Performance Regulations and the Consumer Grievance Redressal Forum mechanism, and such consumer communication conditions as the Hon'ble Commission may decide, fully address clarity of transition for consumers.

I. Cherry-picking

4.18. With regards to the allegation that the Petitioner has cherry-picked based on the Sales proposed by the Petitioner in the Business Plan, it is humbly submitted that the sales proposed for various categories of consumers is consistent with the % sales of the complete Licence Area. Hence, the allegation that the Petitioner has cherry-picked Commercial and Industrial consumers is inappropriate.

4.19. The allegation of selective service rests on assumption rather than evidence. The Hon'ble Appellate Tribunal for Electricity has likewise rejected the contention that phased rollout necessarily results in "cherry-picking" of consumers, holding that such allegations cannot rest on general apprehensions but must be supported by specific instances. The Hon'ble APTEL in *Municipal Corporation of Greater Mumbai (BEST) v. Maharashtra Electricity Regulatory Commission & Ors.*, Appeal No. 279 of 2017, further recognised that a planned and phased rollout constitutes the optimal regulatory approach to avoid selective network development.

The Petitioner has never sought exemption from any obligation applicable to a Distribution Licensee, nor proposed that any class of consumer should remain permanently outside its Service Obligations. Its proposal is that the network will be developed in a planned and progressive manner, with consumers connected as the network expands, an approach that amounts to orderly infrastructure development rather than “cherry-picking”. The further premise that industrial and commercial consumers are invariably profitable while domestic or rural consumers are necessarily burdensome is wholly unsupported by any material on record and overlooks the fact that the process of Tariff Determination, Cross Subsidy Determination, Implementation of Standards of Performance, Implementation of Universal Service and Consumer Protection are all governed by the statutory and regulatory framework under the Act, which binds every Distribution Licensee irrespective of the category of consumer it serves. Further, with regards to the apprehension of the Stakeholder on inadequacy of the infrastructure proposed in Nuh District, it is humbly submitted that out of the total Capital Expenditure proposed of ~Rs. 4717 Crore, an amount of ~Rs. 305 Crore is proposed to be incurred towards Nuh District, which works out to ~6.5%, whereas, as per the connected load details for FY 2024-25, the contribution of Nuh towards connected load of the Licence Area is less than 5% of the connected load. The Petitioner has proposed addition of 5 new 33/11 kV substations with 8 nos. of 12.5 MVA Transformers and 5 Nos. of 66/33 kV bay extensions with 5 nos. of 20/25 MVA Transformers along with 25 km of 33 kV lines, 20 nos. of 11 kV feeder additions and 60 km of 11 kV lines addition. Further, 240 km of LT line and 800 distribution transformers are proposed to be incorporated in the Implementation Plan.

4.20. The insinuation that the Petitioner “may indulge into sale of license for private gains” is answered by the statute itself. Section 17 of the Act prohibits a licensee from transferring its licence or its utility, or assigning the licence, directly or indirectly, without the prior approval of the Appropriate Commission. The apprehension is thus contrary to the statutory scheme and is, in any event, speculation sworn on affidavit without any material whatsoever

4.21. The objections raised by Stakeholder do not disclose any failure to satisfy the statutory conditions for Grant of Licence. They relate substantially to the anticipated commercial consequences of competition that the Act entrusts to the continuing regulatory jurisdiction of this Hon’ble Commission. These are not statutory disqualifications and present no legal impediment to Grant of a Parallel Distribution Licence. Accepting the Stakeholder’s interpretation would permit considerations outside the statute to override the framework Parliament enacted and would substantially dilute the Sixth Proviso to Section 14. The

statutory requirements stand fully satisfied. The objections raised by the Stakeholder fail both on the language of the statute and the scheme of the Electricity Act. The Petition therefore deserves to be allowed.

4.22. It is submitted that the Petitioner has filed additional information and documents on 03.07.2026, including inter alia the detailed justification with respect to Capital Adequacy and Creditworthiness, the comprehensive debt-equity capitalization plan, the detailed Implementation Plan, the proposed Operational Modalities and the Migration Protocol. The said additional information may be read as part and parcel of the present Rejoinder, and the contents thereof are not repeated herein for the sake of brevity.

4.23. PRAYER: In view of the facts and submissions set out above, the statutory framework governing these proceedings and the material on record, the Petitioner prayed to:

a. grant a Distribution Licence in favour of the Petitioner under Section 14 of the Electricity Act, 2003 for the License Area specified in the Petition;
b. hold that the Petitioner has duly satisfied the statutory requirements prescribed under the Electricity Act, 2003, the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, and the applicable Regulations framed by this Hon'ble Commission;
c. reject the objections raised by the Stakeholder, being contrary to the statutory framework governing Parallel Distribution Licensing and devoid of legal merit;
d. pass such further directions, Licence Conditions and regulatory safeguards as this Hon'ble Commission may consider appropriate for an orderly, transparent and consumer centric implementation of the Distribution Licence; and
e. pass such other order or orders as this Hon'ble Commission may deem fit and proper in the facts and circumstances of the present case.

5. Reply to Bijli Upbhokta Manch

5.1. The Petitioner submits the present Rejoinder to the Objections filed by Bijli Upbhokta Manch, (referred to as "Stakeholder") objecting to the Petition seeking Grant of a Parallel Distribution Licence under the Sixth Proviso to Section 14 of the Electricity Act, 2003 (referred to as "the Act"). Save what is expressly admitted herein, every allegation, contention and assertion contained in the Reply is denied.

5.2. The Petitioner respectfully submits that the objections raised are largely based on broader policy considerations regarding private participation in the electricity distribution sector. While

the Petitioner appreciates the concerns expressed, the present proceedings are required to be examined within the framework of the Electricity Act, 2003, the Distribution Licence Rules, 2005 and the applicable HERC Regulations. The issue before the Hon'ble Commission is whether the Petitioner satisfies the statutory requirements for Grant of a Distribution Licence.

5.3. None of these objections, examined against the statutory text, discloses any legal impediment to the Grant of the Licence sought. The Petitioner addresses each in turn. The issue-wise reply to the objections raised by the Stakeholder is provided below:

A. <u>Privatization of Distribution Function</u>

5.4. The application under Section 14 is for a Parallel Distribution Licence, which introduces regulated market competition alongside the State Utilities. DHBVNL is not being privatized, liquidated, or wound up. Hence, the submission that Grant of a Distribution Licence amounts to privatisation is respectfully not correct. The present Petition does not involve transfer, sale or privatization of any existing distribution utility or its assets. The Petitioner has only sought a Parallel Distribution Licence under Section 14 of the Electricity Act, 2003, which expressly permits more than one Distribution Licensee in the same area of supply, subject to the approval of the Hon'ble Commission.

5.5. The apprehension regarding operational safety is also unfounded. The Petitioner's network shall be planned, constructed and operated strictly in accordance with the Central Electricity Authority Regulations, applicable safety standards, the Haryana Grid Code and all technical standards prescribed under the Electricity Act, 2003.

5.6. The observations relating to employment practices, outsourcing, and service conditions are based on assumptions and do not arise for consideration in the present licensing proceedings. It is specifically denied that the grant of a parallel license will lead to any retrenchment of regular or Haryana Kaushal Rozgar Nigam (HKRN) employees of the incumbent licensee, DHBVN. Since DHBVN will continue to operate its extensive network completely intact, its workforce requirements, wage structures, and pension guarantees remain entirely unaffected by the petitioner's entry.

5.7. Furthermore, the apprehension regarding a 'fragmented distribution landscape' compromising unified grid discipline is technically flawed. Both the incumbent and the petitioner, as distribution licensees, are statutorily bound to operate under the strict operational control and monitoring of the State Load Despatch Centre (SLDC) and must comply uniformly with the Haryana Grid Code, ensuring absolute grid safety and security.

5.8. The existing distribution licensee shall continue to discharge all its statutory functions and obligations in accordance with the Act.

5.9. The reference to experiences in other States is of a general nature and is not supported by any specific regulatory finding demonstrating that Grant of a Parallel Distribution Licence is inconsistent with the provisions of the Electricity Act, 2003.

5.10. In any event, every licensing application is required to be considered on its own merits, having regard to the statutory framework, the evidence on record and the facts of the particular case.

B. <u>Protection of Consumer Interests</u>

5.11. The Act places consumer interest at the centre of the regulatory framework. While it recognises the legitimate interests of Distribution Licensees, its overarching object is reliable, efficient and economical supply of electricity for the benefit of consumers, and the Sixth Proviso reflects Parliament's view that regulated competition under the Commission's supervision can improve consumer welfare without compromising oversight. The Petition must be examined through that lens rather than through the lens of preserving an Incumbent Licensee's commercial position. This is also consistent with one of the fundamental objectives of the Electricity Act, namely encouraging private investment in the electricity sector while safeguarding consumer interest through independent regulatory oversight.

5.12. Permitting more than one Licensee within the same area gives consumers a genuine choice of supplier, encouraging responsiveness, better service standards, technological innovation and operational efficiency, and creating an environment where licensees compete on quality and reliability rather than on the protection of an exclusive market. Such competition is not contrary to the Act; it is among the outcomes Parliament contemplated in introducing Parallel Distribution Licensing.

5.13. The Stakeholder's contention that the Petition will cause financial losses to DHBVN, thereby increasing the burden on the State exchequer through higher subsidies or causing a tariff hike for ordinary consumers, is legally and financially misconceptions.

- Firstly, the Petitioner's proposed sales mix across categories matches the proportional footprint of the license area, meaning there is no targeted siphoning of commercial and industrial revenue.
- Secondly, the regulatory framework governing parallel licensing under Section 42 and Section 62 of the Act provides robust safeguarding mechanisms. The Hon'ble Commission retains absolute control over the determination of retail supply tariffs and cross-subsidy frameworks. Any systemic cross-subsidy rebalancing is handled dynamically via regulatory tools (such as cross-subsidy surcharges or uniform tariff policies if mandated by the state), ensuring that ordinary domestic and agricultural consumers are fully insulated from financial detriment.

C. Cherry-Picking of Consumers

5.14. The Objection proceeds on the erroneous assumption that the Petitioner's proposed phased rollout would enable it to selectively serve commercially attractive consumers while avoiding obligations to the rest of the Licence Area, and that this is inconsistent with the Universal Service Obligation under Section 43. The objection conflates the Grant of a Licence with the subsequent implementation and regulation of the licensed activity. The Petitioner undertakes that over the period of time in phased manner no consumer category or geographical segment within the proposed licence area shall be excluded from its service obligation. Network development shall be undertaken in accordance with the implementation plan approved by the Commission, and any variation in phasing shall be subject to prior approval of the Commission.

5.15. Neither the Act nor the Distribution Licence Rules or the applicable Licensing Regulations require an applicant to establish an operational network before Grant of Licence. This position now stands authoritatively affirmed by the Hon'ble Appellate Tribunal for Electricity in *Municipal Corporation of Greater Mumbai (BEST) v. Maharashtra Electricity Regulatory Commission & Ors.*, Appeal No. 279 of 2017, decided on 11 March 2026, wherein the Tribunal held that the Act does not require prior ownership or establishment of a distribution network as a condition precedent for the Grant of a Distribution Licence, and that phased development of the distribution network after Grant of Licence is fully consistent with Sections 42 and 43 of the Act. A Licence enables the Licensee to establish, operate and progressively expand its independent system in accordance with the statutory framework and the conditions this Hon'ble Commission may impose. Every distribution system, irrespective of the identity of the Licensee, is developed in phases: substations are erected, lines laid, transformers installed and connections released over the life of the Licence. The Petitioner's proposed rollout reflects this commercial and operational reality and is neither exceptional nor inconsistent with the Act. Further, with regards to the allegation that the Petitioner has cherry-picked based on the Sales proposed by the Petitioner in the Business Plan, it is humbly submitted that the sales proposed for various categories of consumers is consistent with the % sales of the complete Licence Area. Hence, the allegation that the Petitioner has cherry-picked Commercial and Industrial consumers is inappropriate.

5.16. The allegation of selective service rests on assumption rather than evidence. The Hon'ble Appellate Tribunal for Electricity has likewise rejected the contention that phased rollout necessarily results in "cherry-picking" of consumers, holding that such allegations cannot rest on general apprehensions but must be supported by specific instances. The Tribunal further

recognised that a planned and phased rollout constitutes the optimal regulatory approach to avoid selective network development. The Petitioner has never sought exemption from any obligation applicable to a Distribution Licensee, nor proposed that any class of consumer should remain permanently outside its Service Obligations. Its proposal is that the network will be developed in a planned and progressive manner, with consumers connected as the network expands, an approach that amounts to orderly infrastructure development rather than “cherry-picking”.

5.17. The Petitioner humbly submits that whatever reasonable conditions, milestones and reporting requirements the Hon’ble Commission considers necessary shall be complied to by the Petitioner. The issues raised including threat to cross-subsidy mechanism, cherry-picking of consumers, promotion of competition, adverse impact on farmers and rural electrification, FSA/ FPPCA and public interest considerations are regulatory considerations capable of being addressed through Licence Conditions, rollout milestones, migration protocol, tariff orders, ARR/true-up proceedings and monitoring directions.

D. <u>Parallel Distribution Network</u>

5.18. A Parallel Distribution Licensee is necessarily required to establish and maintain its own independent distribution system. Such an arrangement is expressly contemplated under the Electricity Act, 2003 with the objective of promoting efficiency, consumer choice, investment and improvement in quality and reliability of supply.

5.19. In response to the allegation that infrastructure duplication will lead to a financial burden on consumers through regulatory changes, the petitioner categorically states that the capital expenditure required to establish its modern 33 kV backbone will be entirely funded by the Petitioner’s own equity and debt. This cost will be serviced exclusively through the tariffs approved by this Hon'ble Commission for the Petitioner's own consumer base. Hence, the public funds already spent on the existing network remain completely uncompromised. The Petitioner's proposed network has been designed on a modern 33 kV distribution backbone with due regard to prevailing technical standards and prudent utility practices to ensure reliability, operational efficiency and reduced technical losses.

5.20. It is submitted that the Objector's contention regarding the duplication of infrastructure is answered in the sixth proviso itself. The sixth proviso to Section 14 of the Act explicitly mandates that a parallel distribution license is to be granted to an applicant for the **distribution of electricity through their own distribution system**. For ready reference, the relevant portion of the sixth proviso to Section 14 is reproduced below:

*"...Provided also that the Appropriate Commission may grant a licence to two or more persons for **distribution of electricity through their own distribution system** within the same area, subject to the conditions that the applicant for grant of licence within the same area shall... comply with the additional requirements... and no such applicant, who complies with all the requirements for grant of licence, shall be refused grant of licence on the ground that there already exists a licensee in the same area for the same purpose..." **(emphasis supplied)***

5.21. The statute therefore not only permits but requires a parallel licensee to establish its own distribution system; to refuse a licence on the ground of duplication would be to refuse it on the very ground the Sixth Proviso forbids.

5.22. Introducing a modern and highly reliable network serves a critical public interest. Rather than leaving consumers dependent on a single network, the Petitioner's proposed network offers a genuine alternative, improving power reliability, availability and customer service, and giving consumers the choice the Act was enacted to provide. Its establishment accordingly aligns with the developmental needs of the region and the objectives of the Act.

E. <u>Socio-Economic Impact Assessment</u>

5.23. The Stakeholder's request that the Hon'ble Commission conduct an independent socio-economic impact assessment before listing the matter for public hearing is entirely outside the scope of the legal framework. Section 15 of the Electricity Act, 2003, read with the HERC Licensing Regulations, provides a self-contained, mandatory procedure for dealing with license applications, which includes publication of notices, inviting public objections, and conducting public hearings.

5.24. The objections raised by Stakeholder do not disclose any failure to satisfy the statutory conditions for Grant of Licence. They relate substantially to the anticipated commercial consequences of competition and protection of public interest that the Act entrusts to the continuing regulatory jurisdiction of this Hon'ble Commission. These are not statutory disqualifications and present no legal impediment to Grant of a Parallel Distribution Licence. Accepting the Stakeholder's interpretation would permit considerations outside the statute to override the framework Parliament enacted and would substantially dilute the Sixth Proviso to Section 14. The statutory requirements stand fully satisfied. The objections raised by the Stakeholder fail both on the language of the statute and the scheme of the Electricity Act. The Petition therefore deserves to be allowed.

5.25. PRAYER: In view of the facts and submissions set out above, the statutory framework governing these proceedings and the material on record, the Petitioner prayed to:

a. grant a Distribution Licence in favour of the Petitioner under Section 14 of the Electricity Act, 2003 for the License Area specified in the Petition;
b. hold that the Petitioner has duly satisfied the statutory requirements prescribed under the Electricity Act, 2003, the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, and the applicable Regulations framed by this Hon'ble Commission;
c. reject the objections raised by the Stakeholder, being contrary to the statutory framework governing Parallel Distribution Licensing and devoid of legal merit;
d. pass such further directions, Licence Conditions and regulatory safeguards as this Hon'ble Commission may consider appropriate for an orderly, transparent and consumer centric implementation of the Distribution Licence; and
e. pass such other order or orders as this Hon'ble Commission may deem fit and proper in the facts and circumstances of the present case.

6. Reply to CPI (M)

6.1. The Petitioner submits the present Rejoinder to the Objections filed by CPI (M), (referred to as "Stakeholder") objecting to the Petition seeking Grant of a Parallel Distribution Licence under the Sixth Proviso to Section 14 of the Electricity Act, 2003 (referred to as "the Act"). Save what is expressly admitted herein, every allegation, contention and assertion contained in the Reply is denied.

6.2. The Petitioner respectfully submits that the objections raised are largely based on broader policy considerations regarding private participation in the electricity distribution sector. While the Petitioner appreciates the concerns expressed, the present proceedings are required to be examined within the framework of the Electricity Act, 2003, the Distribution Licence Rules, 2005 and the applicable HERC Regulations. The issue before the Hon'ble Commission is whether the Petitioner satisfies the statutory requirements for Grant of a Distribution Licence.

6.3. None of these objections, examined against the statutory text, discloses any legal impediment to the Grant of the Licence sought. The Petitioner addresses each in turn. The issue-wise reply to the objections raised by the Stakeholder is provided below:

A. <u>Privatization of Distribution Function</u>

6.4. The application under Section 14 is for a Parallel Distribution Licence, which introduces regulated market competition alongside the State Utilities. DHBVNL is not being privatized, liquidated, or wound up. Hence, the submission that Grant of a Distribution Licence amounts to privatisation is respectfully not correct. The present Petition does not involve transfer, sale

or privatization of any existing distribution utility or its assets. The Petitioner has only sought a Parallel Distribution Licence under Section 14 of the Electricity Act, 2003, which expressly permits more than one Distribution Licensee in the same area of supply, subject to the approval of the Hon'ble Commission.

6.5. The apprehension regarding operational safety is also unfounded. The Petitioner's network shall be planned, constructed and operated strictly in accordance with the Central Electricity Authority Regulations, applicable safety standards, the Haryana Grid Code and all technical standards prescribed under the Electricity Act, 2003.

6.6. The observations relating to employment practices, outsourcing and service conditions are based on assumptions and do not arise for consideration in the present licensing proceedings.

6.7. Grant of a Parallel Distribution Licence does not alter the employment conditions of employees of the Existing Distribution Licensee. The Petitioner shall independently recruit and deploy adequate qualified manpower as required under applicable laws, regulations and Licence Conditions.

6.8. The existing distribution licensee shall continue to discharge all its statutory functions and obligations in accordance with the Act.

6.9. The reference to experiences in other States is of a general nature and is not supported by any specific regulatory finding demonstrating that Grant of a Parallel Distribution Licence is inconsistent with the provisions of the Electricity Act, 2003.

6.10. In any event, every licensing application is required to be considered on its own merits, having regard to the statutory framework, the evidence on record and the facts of the particular case.

B. <u>Protection of Consumer Interests</u>

6.11. The Act places consumer interest at the centre of the regulatory framework. While it recognises the legitimate interests of Distribution Licensees, its overarching object is reliable, efficient and economical supply of electricity for the benefit of consumers, and the Sixth Proviso reflects Parliament’s view that regulated competition under the Commission’s supervision can improve consumer welfare without compromising oversight. The Petition must be examined through that lens rather than through the lens of preserving an Incumbent Licensee’s commercial position. This is also consistent with one of the fundamental objectives of the Electricity Act, namely encouraging private investment in the electricity sector while safeguarding consumer interest through independent regulatory oversight.

6.12. Permitting more than one Licensee within the same area gives consumers a genuine choice of supplier, encouraging responsiveness, better service standards, technological innovation

and operational efficiency, and creating an environment where licensees compete on quality and reliability rather than on the protection of an exclusive market. Such competition is not contrary to the Act; it is among the outcomes Parliament contemplated in introducing Parallel Distribution Licensing.

C. Cherry-Picking of Consumers

6.13. The Objection proceeds on the erroneous assumption that the Petitioner's proposed phased rollout would enable it to selectively serve commercially attractive consumers while avoiding obligations to the rest of the Licence Area, and that this is inconsistent with the Universal Service Obligation under Section 43. The objection conflates the Grant of a Licence with the subsequent implementation and regulation of the licensed activity. The Petitioner undertakes that over the period of time in phased manner no consumer category or geographical segment within the proposed licence area shall be excluded from its service obligation. Network development shall be undertaken in accordance with the implementation plan approved by the Commission, and any variation in phasing shall be subject to prior approval of the Commission.

6.14. Neither the Act nor the Distribution Licence Rules or the applicable Licensing Regulations require an applicant to establish an operational network before Grant of Licence. This position now stands authoritatively affirmed by the Hon'ble Appellate Tribunal for Electricity in *Municipal Corporation of Greater Mumbai (BEST) v. Maharashtra Electricity Regulatory Commission & Ors.*, Appeal No. 279 of 2017, decided on 11 March 2026, wherein the Tribunal held that the Act does not require prior ownership or establishment of a distribution network as a condition precedent for the Grant of a Distribution Licence, and that phased development of the distribution network after Grant of Licence is fully consistent with Sections 42 and 43 of the Act. A Licence enables the Licensee to establish, operate and progressively expand its independent system in accordance with the statutory framework and the conditions this Hon'ble Commission may impose. Every distribution system, irrespective of the identity of the Licensee, is developed in phases: substations are erected, lines laid, transformers installed and connections released over the life of the Licence. The Petitioner's proposed rollout reflects this commercial and operational reality and is neither exceptional nor inconsistent with the Act. Further, with regards to the allegation that the Petitioner has cherry-picked based on the Sales proposed by the Petitioner in the Business Plan, it is humbly submitted that the sales proposed for various categories of consumers is consistent with the % sales of the complete Licence Area. Hence, the allegation that the Petitioner has cherry-picked Commercial and Industrial consumers is inappropriate.

6.15. The allegation of selective service rests on assumption rather than evidence. The Hon'ble Appellate Tribunal for Electricity has likewise rejected the contention that phased rollout necessarily results in "cherry-picking" of consumers, holding that such allegations cannot rest on general apprehensions but must be supported by specific instances. The Tribunal further recognised that a planned and phased rollout constitutes the optimal regulatory approach to avoid selective network development. The Petitioner has never sought exemption from any obligation applicable to a Distribution Licensee, nor proposed that any class of consumer should remain permanently outside its Service Obligations. Its proposal is that the network will be developed in a planned and progressive manner, with consumers connected as the network expands, an approach that amounts to orderly infrastructure development rather than “cherry-picking”.

6.16. The Petitioner humbly submits that whatever reasonable conditions, milestones and reporting requirements the Hon’ble Commission considers necessary shall be complied to by the Petitioner. The issues raised including threat to cross-subsidy mechanism, cherry-picking of consumers, promotion of competition, adverse impact on farmers and rural electrification, FSA/ FPPCA and public interest considerations are regulatory considerations capable of being addressed through Licence Conditions, rollout milestones, migration protocol, tariff orders, ARR/true-up proceedings and monitoring directions.

6.17. The objections raised by Stakeholder do not disclose any failure to satisfy the statutory conditions for Grant of Licence. They relate substantially to the anticipated commercial consequences of competition and protection of public interest that the Act entrusts to the continuing regulatory jurisdiction of this Hon’ble Commission. These are not statutory disqualifications and present no legal impediment to Grant of a Parallel Distribution Licence. Accepting the Stakeholder’s interpretation would permit considerations outside the statute to override the framework Parliament enacted and would substantially dilute the Sixth Proviso to Section 14. The statutory requirements stand fully satisfied. The objections raised by the Stakeholder fail both on the language of the statute and the scheme of the Electricity Act. The Petition therefore deserves to be allowed.

6.18. PRAYER**:** In view of the facts and submissions set out above, the statutory framework governing these proceedings and the material on record, the Petitioner prayed to:

a. grant a Distribution Licence in favour of the Petitioner under Section 14 of the Electricity Act, 2003 for the License Area specified in the Petition;
b. hold that the Petitioner has duly satisfied the statutory requirements prescribed under the Electricity Act, 2003, the Distribution of Electricity Licence (Additional Requirements of

Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, and the applicable Regulations framed by this Hon'ble Commission;

c. reject the objections raised by the Stakeholder, being contrary to the statutory framework governing Parallel Distribution Licensing and devoid of legal merit;
d. pass such further directions, Licence Conditions and regulatory safeguards as this Hon'ble Commission may consider appropriate for an orderly, transparent and consumer centric implementation of the Distribution Licence; and
e. pass such other order or orders as this Hon'ble Commission may deem fit and proper in the facts and circumstances of the present case.

7. Reply to Electricity Employees' Federation of India (EEFI)

7.1. The Petitioner submits the present Rejoinder to the Objections filed by EEFI, (referred to as "Stakeholder") objecting to the Petition seeking Grant of a Parallel Distribution Licence under the Sixth Proviso to Section 14 of the Electricity Act, 2003 (referred to as "the Act"). Save what is expressly admitted herein, every allegation, contention and assertion contained in the Reply is denied.

7.2. At the outset, the Petitioner respectfully submits that it fully appreciates the valuable contribution made by the Stakeholder towards development of the electricity sector in Haryana and the continuous efforts undertaken by them in ensuring reliable electricity supply to consumers. The concerns expressed by the Stakeholder appear to emanate from the perspective of protecting the interests of the incumbent utilities and their workforce. However, with utmost respect, the issues raised do not disclose any legal or regulatory infirmity in the Petition seeking Grant of a Parallel Distribution Licence under Sections 14 and 15 of the Electricity Act, 2003.

7.3. The Petitioner respectfully submits that the objections raised are largely based on broader policy considerations regarding private participation in the electricity distribution sector. While the Petitioner appreciates the concerns expressed, the present proceedings are required to be examined within the framework of the Electricity Act, 2003, the Distribution Licence Rules, 2005 and the applicable HERC Regulations. The issue before the Hon'ble Commission is whether the Petitioner satisfies the statutory requirements for Grant of a Distribution Licence.

7.4. None of these objections, examined against the statutory text, discloses any legal impediment to the Grant of the Licence sought. The Petitioner addresses each in turn. The issue-wise reply to the objections raised by the Stakeholder is provided below:

A. Privatization of Distribution Function

7.5. The application under Section 14 is for a Parallel Distribution Licence, which introduces regulated market competition alongside the State Utilities. DHBVNL is not being privatized, liquidated, or wound up. Hence, the submission that Grant of a Distribution Licence amounts to privatisation is respectfully not correct. The present Petition does not involve transfer, sale or privatization of any existing distribution utility or its assets. The Petitioner has only sought a Parallel Distribution Licence under Section 14 of the Electricity Act, 2003, which expressly permits more than one Distribution Licensee in the same area of supply, subject to the approval of the Hon'ble Commission.

7.6. The apprehension regarding operational safety is also unfounded. The Petitioner's network shall be planned, constructed and operated strictly in accordance with the Central Electricity Authority Regulations, applicable safety standards, the Haryana Grid Code and all technical standards prescribed under the Electricity Act, 2003.

7.7. The observations relating to employment practices, outsourcing and service conditions are based on assumptions and do not arise for consideration in the present licensing proceedings.

7.8. Grant of a Parallel Distribution Licence does not alter the employment conditions of employees of the Existing Distribution Licensee. The Petitioner shall independently recruit and deploy adequate qualified manpower as required under applicable laws, regulations and Licence Conditions.

7.9. The existing distribution licensee shall continue to discharge all its statutory functions and obligations in accordance with the Act.

7.10. The Stakeholder’s reliance on the early privatization wave in Odisha (1999) is conceptually flawed and inapplicable. The Odisha model involved the disinvestment and transfer of existing state monopoly assets to a single private entity, creating a private monopoly without market competition. In contrast, the present Petition seeks a Parallel Distribution License under the Sixth Proviso to Section 14, introducing regulated competition alongside the public utility, which preserves consumer choice and asset ownership of DHBVNL.

7.11. Furthermore, the parallel licensing model has been highly successful in areas like Mumbai (where Tata Power and Adani Electricity co-exist), leading to optimized power procurement, better consumer service, and lower tariffs driven by competitive efficiencies.

7.12. The reference to the Delhi model's reliance on government subsidies mischaracterizes regulatory realities. Subsidies are a sovereign policy choice of the State Government under Section 65 of the Act to protect weaker consumer segments, completely independent of whether the distribution utility is public or private. Moreover, the Delhi model has universally

been recognized for drastically reducing AT&C losses from over 50% to under 8%, proving the efficiency of private utility operations.

7.13. In any event, every licensing application is required to be considered on its own merits, having regard to the statutory framework, the evidence on record and the facts of the particular case.

B. Financial Capability

7.14. The Petitioner has furnished all financial information, supporting documents and declarations required under the Distribution Licence Rules, and has set out the financial strength of its promoter group, the proposed funding structure and the resources available for the project. Further, the Petitioner has also submitted its detailed justification for the comments raised by the Hon'ble Commission with regards to Capital Adequacy and Creditworthiness in the Interim Order dated 26 May 2026. The Stakeholder has not identified any specific requirement that remains unfulfilled and a general apprehension of this kind cannot sustain a refusal of Licence.

7.15. The Petitioner has already infused equity amount applicable for Phase I of the Network Implementation Plan and have arranged for debt required for Phase I. Further, the Authorised Capital has been increased from Rs. 100 Crore to Rs. 1,500 Crore. The total capital investment proposed in the Petition is Rs. 4,717 Crore, funded on a 70:30 debt-equity structure, comprising equity of Rs. 1,415 Crore and debt of Rs. 3,302 Crore. The certificates from IndusInd Bank and 360 One Prime Limited (up to Rs. 1,000 Crore each) evidence the capacity to raise the debt component progressively in line with the phased Network Implementation Plan, and neither Rule 3 nor any Regulation requires the entire debt of Rs. 3,302 Crore to stand committed at the licensing stage.

7.16. Further, with regards to the equity and loan requirements for Phase I, the Petitioner has already infused actual equity of Rs. 91 Crore against the entire equity required for Phase I (approximately Rs. 87.86 Crore). Further, the Petitioner's authorised share capital to Rs. 1,500 Crore, which is higher than the equity aggregating to Rs. 1,415.02 crore over the five-year plan. For Phase I, the Petitioner has already obtained an In-Principle sanction letter from IndusInd Bank for debt of Rs. 205 Crore.

7.17. The Petitioner humbly submits that whatever reasonable conditions, milestones and reporting requirements the Hon'ble Commission considers necessary shall be complied to by the Petitioner. The issues raised including threat to cross-subsidy mechanism, cherry-picking of consumers, promotion of competition, adverse impact on farmers and rural electrification, FSA/ FPPCA and public interest considerations are regulatory considerations capable of

being addressed through Licence Conditions, rollout milestones, migration protocol, tariff orders, ARR/true-up proceedings and monitoring directions.

C. Distribution Experience

7.18. The Stakeholder's interpretation would impermissibly read into the statute a requirement that the Petitioner already possess prior experience as a Distribution Licensee, treating its incorporation as a Special Purpose Vehicle for the present project as a disqualification and seeking to minimise the relevance of the experience and financial strength of its promoters and consortium members. The premise underlying this objection, that only an existing Licensee or an entity with prior distribution experience may qualify under the Sixth Proviso, finds no support in the Act or the Distribution Licence Rules.

7.19. Neither Section 14 nor Section 15 of the Act prescribes prior distribution experience as a Condition for Grant of Licence, and the Distribution Licence Rules do not require an applicant to have previously operated a distribution business. Parliament prescribed the criteria it considered relevant, namely financial capability, institutional integrity and compliance with the statutory framework, and the absence of any requirement of prior operational experience is deliberate. Where Parliament has expressly prescribed the conditions governing exercise of a statutory power, additional substantive conditions cannot be read in by interpretation.

7.20. The practical effect of the Stakeholder's position illustrates why it cannot stand: every new entrant would fail the test, since no entity can lawfully function as a Distribution Licensee before a Licence is granted. The argument effectively requires an applicant to become a Distribution Licensee before it may apply to become one, an outcome Parliament could not have intended and one that would render the framework for Parallel Distribution Licensing largely unworkable.

7.21. Nor does incorporation as a Special Purpose Vehicle support an adverse inference. Across infrastructure sectors, including electricity, highways, airports, ports, metro rail, renewable energy and public private partnerships, projects are routinely implemented through such vehicles, which isolate project risk, facilitate financing, ensure transparent accounting and provide a dedicated entity responsible for implementation. Neither the Act nor the Distribution Licence Rules prohibit the Grant of a Distribution Licence to a Special Purpose Vehicle; had Parliament intended to exclude them, it would have said so.

7.22. The real question for this Hon'ble Commission, therefore, is whether the Petitioner possesses the institutional, financial and organisational capability to discharge the obligations of a Distribution Licensee. That assessment must take into account the resources available to the

Petitioner, the experience of its promoters, the proposed implementation framework, the governance structure and the material on record, against which the Petitioner has demonstrably established its capability. Further, it is humbly requested that the Hon'ble Commission may kindly consider the experience of the Consortium Partners who have an relevant sectoral experience for assessment of the Petition in line with the provisions of the Licensing Regulations. In addition to the above it is also to be noted that even existing distribution licensees execute substantial portions of their licensed business through EPC contractors, O&M contractors, IT vendors, billing agencies, meter agencies and specialised consultants while remaining responsible for compliance. Rule 3(2) tests the capital adequacy and creditworthiness of the applicant including its promoters, and that test stands independently satisfied through the audited net worth of SAS Fininvest LLP without any reliance on the consortium. The experience of the consortium partners is placed on record as supplementary material demonstrating the institutional capability available to the Petitioner, and its evidentiary value does not depend upon the consortium partners being co-applicants.

7.23. The allegation that parallel networks create "chaos" in grid management or fault restoration is technically unfounded. Grid discipline and system stability are governed uniformly across all utilities by the State Load Despatch Centre (SLDC) and the State Transmission Utility (STU) under the Haryana Grid Code.

7.24. Standard Operating Procedures (SOPs) for interface metering, scheduling, and Deviation Settlement Mechanisms (DSM) are fully mature and capable of handling multiple licensees seamlessly.

7.25. Regarding safety and infrastructure layout, the Petitioner has already committed to deploying a state-of-the-art underground network featuring compact, small-footprint, skid-mounted smart substations. This eliminates the risk of overhead line overlapping, minimizes right-of-way constraints, prevents safety hazards, and ensures clear, physical segregation of network assets between licensees, simplifying fault detection and rectification.

D. Protection of Consumer Interests

7.26. The Act places consumer interest at the centre of the regulatory framework. While it recognises the legitimate interests of Distribution Licensees, its overarching object is reliable, efficient and economical supply of electricity for the benefit of consumers, and the Sixth Proviso reflects Parliament's view that regulated competition under the Commission's supervision can improve consumer welfare without compromising oversight. The Petition must be examined through that lens rather than through the lens of preserving an Incumbent

Licensee's commercial position. This is also consistent with one of the fundamental objectives of the Electricity Act, namely encouraging private investment in the electricity sector while safeguarding consumer interest through independent regulatory oversight.

7.27. Permitting more than one Licensee within the same area gives consumers a genuine choice of supplier, encouraging responsiveness, better service standards, technological innovation and operational efficiency, and creating an environment where licensees compete on quality and reliability rather than on the protection of an exclusive market. Such competition is not contrary to the Act; it is among the outcomes Parliament contemplated in introducing Parallel Distribution Licensing.

7.28. The Stakeholder's apprehension regarding the inflation of costs via related-party transactions or high-interest debt is entirely neutralized by the comprehensive regulatory framework governing tariff determination.

7.29. Under Section 61 and 62 of the Act, read with the HERC Multi-Year Tariff (MYT) Regulations, the Capital Expenditure (Capex), Operational & Maintenance (O&M) costs, and debt servicing is subject to strict regulatory scrutiny, benchmarking, and true-up proceedings by this Hon'ble Commission.

7.30. Any imprudent expenditure, unapproved related-party transaction, or above-market interest rate is routinely disallowed by the Commission and cannot be passed on to the consumer retail tariff. Profitability is strictly capped through the regulated "Return on Equity" framework, eliminating any possibility of arbitrary profiteering or cost padding.

7.31. The objection that parallel licensing introduces duplicate management layers and administrative overheads that burden the consumer is legally untenable. Tariffs are determined based on normative parameters fixed by the Hon'ble Commission, not on the actual, inefficient overheads an individual company might incur.

7.32. If the Petitioner incurs higher administrative or billing costs than the normative caps prescribed by HERC, such expenses must be absorbed entirely by the Petitioner out of its own margins or corporate equity. They cannot be loaded onto the consumer or the State exchequer. Consequently, multiple licensing drives operational leaness and cost-efficiency rather than adding a burden to the public.

7.33. The Petitioner categorically clarifies that all statutory consumer protection mechanisms will be established on day one of operations. In accordance with Section 42(5) and 42(6) of the Act, the Petitioner will set up an independent Consumer Grievance Redressal Forum (CGRF) and comply fully with the jurisdiction of the Electricity Ombudsman.

7.34. Regarding the continuation of subsidies, the Petitioner clarifies that under Section 65 of the Act, the provision of electricity subsidy is a targeted benefit extended by the State Government directly to specific consumer categories (such as agricultural or low-income domestic users). Parallel licensing does not alter a consumer's eligibility for state-mandated subsidies. The Petitioner will implement all subsidy pass-through mechanisms or Direct Benefit Transfers (DBT) exactly as directed by the Government of Haryana and this Hon'ble Commission, ensuring zero disruption to eligible consumers.

7.35. The Petitioner commends the consistent improvement in operational efficiency and AT&C loss reduction achieved by DHBVNL under central reform schemes like RDSS. However, the current performance of an incumbent public utility is not a statutory ground to deny a parallel license or block consumer choice.

7.36. The preamble and framework of the Electricity Act, 2003, specifically mandate the promotion of competition as a vehicle to drive further efficiencies, service quality improvements, and technological upgrades. Regulated market competition will complement DHBVNL's trajectory, motivating both utilities to offer superior consumer care, advanced digital billing systems, and enhanced power reliability in the fast-growing economic corridors of Gurugram and Nuh

7.37. The Petitioner proposes to establish an independent distribution network supported by modern technology, digital systems and contemporary operational practice. This investment will augment the existing infrastructure within the Licence Area without imposing any financial burden on the State or this Hon’ble Commission, and the resulting parallel infrastructure will improve network resilience, create operational redundancy and contribute to the long term reliability of supply, an outcome the Act encourages as a means of improving sectoral efficiency. A phase-wise network design approach has been formulated, and all mandatory statutory clearances from municipal, local, and state bodies will be secured systematically prior to physical execution. Further, the network is designed to be mostly underground, completely eliminating the need for disruptive overhead poles. By adopting advanced, small-footprint infrastructure including compact skid-mounted substations, underground substations, and geometrically optimized smart LT feeder pillars, the physical footprint is minimized, mitigating urban RoW constraints.

7.38. The proposal of the Petitioner features robust capital modeling, corporate equity backing, and an N-1 redundant grid design engineered to absorb major operational and financial shocks. Supply continuity is protected via a highly flexible power procurement portfolio.

7.39. The Petitioner's business model emphasises procurement from cleaner energy sources, deployment of advanced technology and adoption of modern operational practices, consistent with the evolving regulatory framework and the broader national objective of promoting efficient and environmentally responsible electricity supply, and would contribute to the long term development of Haryana's electricity sector.

E. Cherry-Picking of Consumers

7.40. The Objection proceeds on the erroneous assumption that the Petitioner's proposed phased rollout would enable it to selectively serve commercially attractive consumers while avoiding obligations to the rest of the Licence Area, and that this is inconsistent with the Universal Service Obligation under Section 43. The objection conflates the Grant of a Licence with the subsequent implementation and regulation of the licensed activity. The Petitioner undertakes that over the period of time in phased manner no consumer category or geographical segment within the proposed licence area shall be excluded from its service obligation. Network development shall be undertaken in accordance with the implementation plan approved by the Commission, and any variation in phasing shall be subject to prior approval of the Commission.

7.41. Neither the Act nor the Distribution Licence Rules or the applicable Licensing Regulations require an applicant to establish an operational network before Grant of Licence. This position now stands authoritatively affirmed by the Hon'ble Appellate Tribunal for Electricity in *Municipal Corporation of Greater Mumbai (BEST) v. Maharashtra Electricity Regulatory Commission & Ors.*, Appeal No. 279 of 2017, decided on 11 March 2026, wherein the Tribunal held that the Act does not require prior ownership or establishment of a distribution network as a condition precedent for the Grant of a Distribution Licence, and that phased development of the distribution network after Grant of Licence is fully consistent with Sections 42 and 43 of the Act. A Licence enables the Licensee to establish, operate and progressively expand its independent system in accordance with the statutory framework and the conditions this Hon'ble Commission may impose. Every distribution system, irrespective of the identity of the Licensee, is developed in phases: substations are erected, lines laid, transformers installed and connections released over the life of the Licence. The Petitioner's proposed rollout reflects this commercial and operational reality and is neither exceptional nor inconsistent with the Act. Further, with regards to the allegation that the Petitioner has cherry-picked based on the Sales proposed by the Petitioner in the Business Plan, it is humbly submitted that the sales proposed for various categories of consumers is consistent

with the % sales of the complete Licence Area. Hence, the allegation that the Petitioner has cherry-picked Commercial and Industrial consumers is inappropriate.

7.42. The allegation of selective service rests on assumption rather than evidence. The Hon'ble Appellate Tribunal for Electricity has likewise rejected the contention that phased rollout necessarily results in "cherry-picking" of consumers, holding that such allegations cannot rest on general apprehensions but must be supported by specific instances. The Tribunal further recognised that a planned and phased rollout constitutes the optimal regulatory approach to avoid selective network development. The Petitioner has never sought exemption from any obligation applicable to a Distribution Licensee, nor proposed that any class of consumer should remain permanently outside its Service Obligations. Its proposal is that the network will be developed in a planned and progressive manner, with consumers connected as the network expands, an approach that amounts to orderly infrastructure development rather than “cherry-picking”.

7.43. The Petitioner humbly submits that whatever reasonable conditions, milestones and reporting requirements the Hon’ble Commission considers necessary shall be complied to by the Petitioner. The issues raised including threat to cross-subsidy mechanism, cherry-picking of consumers, promotion of competition, adverse impact on farmers and rural electrification, FSA/ FPPCA and public interest considerations are regulatory considerations capable of being addressed through Licence Conditions, rollout milestones, migration protocol, tariff orders, ARR/true-up proceedings and monitoring directions.

7.44. The objections raised by Stakeholder do not disclose any failure to satisfy the statutory conditions for Grant of Licence. They relate substantially to the anticipated commercial consequences of competition and protection of public interest that the Act entrusts to the continuing regulatory jurisdiction of this Hon’ble Commission. These are not statutory disqualifications and present no legal impediment to Grant of a Parallel Distribution Licence. Accepting the Stakeholder’s interpretation would permit considerations outside the statute to override the framework Parliament enacted and would substantially dilute the Sixth Proviso to Section 14. The statutory requirements stand fully satisfied. The objections raised by the Stakeholder fail both on the language of the statute and the scheme of the Electricity Act. The Petition therefore deserves to be allowed.

7.45. PRAYER: In view of the facts and submissions set out above, the statutory framework governing these proceedings and the material on record, the Petitioner prayed to:

a. grant a Distribution Licence in favour of the Petitioner under Section 14 of the Electricity Act, 2003 for the License Area specified in the Petition;

b. hold that the Petitioner has duly satisfied the statutory requirements prescribed under the Electricity Act, 2003, the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, and the applicable Regulations framed by this Hon'ble Commission;

c. reject the objections raised by the Stakeholder, being contrary to the statutory framework governing Parallel Distribution Licensing and devoid of legal merit;

d. pass such further directions, Licence Conditions and regulatory safeguards as this Hon'ble Commission may consider appropriate for an orderly, transparent and consumer centric implementation of the Distribution Licence; and

e. pass such other order or orders as this Hon'ble Commission may deem fit and proper in the facts and circumstances of the present case.

8. Reply to Haryana Power Engineer's Association (HPEA)

8.1. The Petitioner submits the present Rejoinder to the Objections filed by HPEA, (referred to as "Stakeholder") objecting to the Petition seeking Grant of a Parallel Distribution Licence under the Sixth Proviso to Section 14 of the Electricity Act, 2003 (referred to as "the Act"). Save what is expressly admitted herein, every allegation, contention and assertion contained in the Reply is denied.

8.2. At the outset, the Petitioner respectfully submits that it fully appreciates the valuable contribution made by the Stakeholder towards development of the electricity sector in Haryana and the continuous efforts undertaken by them in ensuring reliable electricity supply to consumers. The concerns expressed by the Stakeholder appear to emanate from the perspective of protecting the interests of the incumbent utilities and their workforce. However, with utmost respect, the issues raised do not disclose any legal or regulatory infirmity in the Petition seeking Grant of a Parallel Distribution Licence under Sections 14 and 15 of the Electricity Act, 2003.

8.3. The Petitioner respectfully submits that the objections raised are largely based on broader policy considerations regarding private participation in the electricity distribution sector. While the Petitioner appreciates the concerns expressed, the present proceedings are required to be examined within the framework of the Electricity Act, 2003, the Distribution Licence Rules, 2005 and the applicable HERC Regulations. The issue before the Hon'ble Commission is whether the Petitioner satisfies the statutory requirements for Grant of a Distribution Licence.

8.4. None of these objections, examined against the statutory text, discloses any legal impediment to the Grant of the Licence sought. The Petitioner addresses each in turn. The issue-wise reply to the objections raised by the Stakeholder is provided below:

A. Privatization of Distribution Function

8.5. The application under Section 14 is for a Parallel Distribution Licence, which introduces regulated market competition alongside the State Utilities. DHBVNL is not being privatized, liquidated, or wound up. Hence, the submission that Grant of a Distribution Licence amounts to privatisation is respectfully not correct. The present Petition does not involve transfer, sale or privatization of any existing distribution utility or its assets. The Petitioner has only sought a Parallel Distribution Licence under Section 14 of the Electricity Act, 2003, which expressly permits more than one Distribution Licensee in the same area of supply, subject to the approval of the Hon'ble Commission.

8.6. The observations relating to employment practices, outsourcing and service conditions are based on assumptions and do not arise for consideration in the present licensing proceedings.

8.7. Grant of a Parallel Distribution Licence does not alter the employment conditions of employees of the Existing Distribution Licensee. The Petitioner shall independently recruit and deploy adequate qualified manpower as required under applicable laws, regulations and Licence Conditions.

8.8. The existing distribution licensee shall continue to discharge all its statutory functions and obligations in accordance with the Act.

8.9. Section 133 of the Act exclusively governs the "Provisions relating to officers and employees" during the statutory unbundling, transfer, and reorganization of a State Electricity Board into successor functional entities. It ensures that the terms and conditions of service for transferred employees are not less favourable than those sub-existing before the transfer. The present case involves an application for a parallel distribution licence under the Sixth Proviso to Section 14, which does not involve any transfer, reorganization, or restructuring of the incumbent state utility’s corporate structure or its staff.

8.10. The reference to experiences in other States is of a general nature and is not supported by any specific regulatory finding demonstrating that Grant of a Parallel Distribution Licence is inconsistent with the provisions of the Electricity Act, 2003.

8.11. In any event, every licensing application is required to be considered on its own merits, having regard to the statutory framework, the evidence on record and the facts of the particular case.

B. Financial Capability

8.12. The Petitioner has furnished all financial information, supporting documents and declarations required under the Distribution Licence Rules, and has set out the financial strength of its promoter group, the proposed funding structure and the resources available for the project.

Further, the Petitioner has also submitted its detailed justification for the comments raised by the Hon'ble Commission with regards to Capital Adequacy and Creditworthiness in the Interim Order dated 26 May 2026. The Stakeholder has not identified any specific requirement that remains unfulfilled and a general apprehension of this kind cannot sustain a refusal of Licence.

8.13. The Petitioner has already infused equity amount applicable for Phase I of the Network Implementation Plan and have arranged for debt required for Phase I. Further, the Authorised Capital has been increased from Rs. 100 Crore to Rs. 1,500 Crore. The total capital investment proposed in the Petition is Rs. 4,717 Crore, funded on a 70:30 debt-equity structure, comprising equity of Rs. 1,415 Crore and debt of Rs. 3,302 Crore. The certificates from IndusInd Bank and 360 One Prime Limited (up to Rs. 1,000 Crore each) evidence the capacity to raise the debt component progressively in line with the phased Network Implementation Plan, and neither Rule 3 nor any Regulation requires the entire debt of Rs. 3,302 Crore to stand committed at the licensing stage.

8.14. Further, with regards to the equity and loan requirements for Phase I, the Petitioner has already infused actual equity of Rs. 91 Crore against the entire equity required for Phase I (approximately Rs. 87.86 Crore). Further, the Petitioner's authorised share capital to Rs. 1,500 Crore, which is higher than the equity aggregating to Rs. 1,415.02 crore over the five-year plan. For Phase I, the Petitioner has already obtained an In-Principle sanction letter from IndusInd Bank for debt of Rs. 205 Crore.

8.15. Without prejudice to the above, the Petitioner clarifies that the low initial paid-up capital of Rs. 1 Crore is standard corporate practice for a Special Purpose Vehicle (SPV) at the pre-licensing stage. Financial adequacy is legally evaluated under Rule 3(2) on a corporate group/promoter basis. Having already enhanced its authorized share capital to Rs. 1,500 Crore, the Petitioner has showcased line-of-sight capitalization that far exceeds the statutory limits required to execute Phase I.

C. Distribution Experience

8.16. The Stakeholder's interpretation would impermissibly read into the statute a requirement that the Petitioner already possess prior experience as a Distribution Licensee, treating its incorporation as a Special Purpose Vehicle for the present project as a disqualification and seeking to minimise the relevance of the experience and financial strength of its promoters and consortium members. The premise underlying this objection, that only an existing Licensee or an entity with prior distribution experience may qualify under the Sixth Proviso, finds no support in the Act or the Distribution Licence Rules.

8.17. Neither Section 14 nor Section 15 of the Act prescribes prior distribution experience as a Condition for Grant of Licence, and the Distribution Licence Rules do not require an applicant to have previously operated a distribution business. Parliament prescribed the criteria it considered relevant, namely financial capability, institutional integrity and compliance with the statutory framework, and the absence of any requirement of prior operational experience is deliberate. Where Parliament has expressly prescribed the conditions governing exercise of a statutory power, additional substantive conditions cannot be read in by interpretation.

8.18. The practical effect of the Stakeholder's position illustrates why it cannot stand: every new entrant would fail the test, since no entity can lawfully function as a Distribution Licensee before a Licence is granted. The argument effectively requires an applicant to become a Distribution Licensee before it may apply to become one, an outcome Parliament could not have intended and one that would render the framework for Parallel Distribution Licensing largely unworkable.

8.19. Nor does incorporation as a Special Purpose Vehicle support an adverse inference. Across infrastructure sectors, including electricity, highways, airports, ports, metro rail, renewable energy and public private partnerships, projects are routinely implemented through such vehicles, which isolate project risk, facilitate financing, ensure transparent accounting and provide a dedicated entity responsible for implementation. Neither the Act nor the Distribution Licence Rules prohibit the Grant of a Distribution Licence to a Special Purpose Vehicle; had Parliament intended to exclude them, it would have said so.

8.20. The real question for this Hon'ble Commission, therefore, is whether the Petitioner possesses the institutional, financial and organisational capability to discharge the obligations of a Distribution Licensee. That assessment must take into account the resources available to the Petitioner, the experience of its promoters, the proposed implementation framework, the governance structure and the material on record, against which the Petitioner has demonstrably established its capability. Further, it is humbly requested that the Hon'ble Commission may kindly consider the experience of the Consortium Partners who have relevant sectoral experience for assessment of the Petition in line with the provisions of the Licensing Regulations. In addition to the above it is also to be noted that even existing distribution licensees execute substantial portions of their licensed business through EPC contractors, O&M contractors, IT vendors, billing agencies, meter agencies and specialised consultants while remaining responsible for compliance. Rule 3(2) tests the capital adequacy and creditworthiness of the applicant including its promoters, and that test stands independently satisfied through the audited net worth of SAS Fininvest LLP without any

reliance on the consortium. The experience of the consortium partners is placed on record as supplementary material demonstrating the institutional capability available to the Petitioner, and its evidentiary value does not depend upon the consortium partners being co-applicants.

D. Protection of Consumer Interests

8.21. The Act places consumer interest at the centre of the regulatory framework. While it recognises the legitimate interests of Distribution Licensees, its overarching object is reliable, efficient and economical supply of electricity for the benefit of consumers, and the Sixth Proviso reflects Parliament's view that regulated competition under the Commission's supervision can improve consumer welfare without compromising oversight. The Petition must be examined through that lens rather than through the lens of preserving an Incumbent Licensee's commercial position. This is also consistent with one of the fundamental objectives of the Electricity Act, namely encouraging private investment in the electricity sector while safeguarding consumer interest through independent regulatory oversight.

8.22. Permitting more than one Licensee within the same area gives consumers a genuine choice of supplier, encouraging responsiveness, better service standards, technological innovation and operational efficiency, and creating an environment where licensees compete on quality and reliability rather than on the protection of an exclusive market. Such competition is not contrary to the Act; it is among the outcomes Parliament contemplated in introducing Parallel Distribution Licensing.

8.23. The Petitioner proposes to establish an independent distribution network supported by modern technology, digital systems and contemporary operational practice. This investment will augment the existing infrastructure within the Licence Area without imposing any financial burden on the State or this Hon'ble Commission, and the resulting parallel infrastructure will improve network resilience, create operational redundancy and contribute to the long term reliability of supply, an outcome the Act encourages as a means of improving sectoral efficiency. A phase-wise network design approach has been formulated, and all mandatory statutory clearances from municipal, local, and state bodies will be secured systematically prior to physical execution. Further, the network is designed to be mostly underground, completely eliminating the need for disruptive overhead poles. By adopting advanced, small-footprint infrastructure including compact skid-mounted substations, underground substations, and geometrically optimized smart LT feeder pillars, the physical footprint is minimized, mitigating urban RoW constraints.

8.24. The proposal of the Petitioner features robust capital modeling, corporate equity backing, and an N-1 redundant grid design engineered to absorb major operational and financial shocks. Supply continuity is protected via a highly flexible power procurement portfolio.

8.25. The Petitioner's business model emphasises procurement from cleaner energy sources, deployment of advanced technology and adoption of modern operational practices, consistent with the evolving regulatory framework and the broader national objective of promoting efficient and environmentally responsible electricity supply, and would contribute to the long term development of Haryana's electricity sector.

E. <u>Parallel Distribution Network</u>

8.26. The submission regarding duplication of infrastructure is also respectfully submitted to be based on an incorrect understanding of the concept of a Parallel Distribution Licence.

8.27. A Parallel Distribution Licensee is necessarily required to establish and maintain its own independent distribution system. Such an arrangement is expressly contemplated under the Electricity Act, 2003 with the objective of promoting efficiency, consumer choice, investment and improvement in quality and reliability of supply.

8.28. The Petitioner's proposed network has been designed on a modern 33 kV distribution backbone with due regard to prevailing technical standards and prudent utility practices to ensure reliability, operational efficiency and reduced technical losses.

8.29. The Petitioner has further proposed deployment of 33 kV compact substations of factory-assembled, gas-insulated design. Such substations occupy a fraction of the land required by conventional air-insulated substations, are pre-wired and factory-tested so that on-site civil work and commissioning are completed in a fraction of the conventional time, have their core components sealed against dust, moisture and environmental degradation, resulting in lower maintenance cost and higher reliability, and are fully enclosed with internal arc protection, making them suitable for deployment in dense urban locations. This design directly mitigates the land and Right of Way constraints on which the Stakeholder places considerable emphasis.

8.30. It is submitted that the Objector's contention regarding the duplication of infrastructure is answered in the sixth proviso itself. The sixth proviso to Section 14 of the Act explicitly mandates that a parallel distribution license is to be granted to an applicant for the **distribution of electricity through their own distribution system**. For ready reference, the relevant portion of the sixth proviso to Section 14 is reproduced below:

> *"...Provided also that the Appropriate Commission may grant a licence to two or more persons for **distribution of electricity through their own distribution***

system *within the same area, subject to the conditions that the applicant for grant of licence within the same area shall... comply with the additional requirements... and no such applicant, who complies with all the requirements for grant of licence, shall be refused grant of licence on the ground that there already exists a licensee in the same area for the same purpose..."* ***(emphasis supplied)***

8.31. The statute therefore not only permits but requires a parallel licensee to establish its own distribution system; to refuse a licence on the ground of duplication would be to refuse it on the very ground the Sixth Proviso forbids.

8.32. Introducing a modern and highly reliable network serves a critical public interest. Rather than leaving consumers dependent on a single network, the Petitioner's proposed network offers a genuine alternative, improving power reliability, availability and customer service, and giving consumers the choice the Act was enacted to provide. Its establishment accordingly aligns with the developmental needs of the region and the objectives of the Act.

8.33. In response to the Stakeholder's concerns regarding grid stability and transmission access, the Petitioner clarifies that under the prevailing Indian Electricity Grid Code and Haryana State Grid Code, formal evacuation and network alignment applications can only be processed by the STU (HVPNL) subsequent to the grant of a Distribution License. The Petitioner categorically undertakes to commission detailed load-flow and system stability studies through HVPNL and comply with all technical mitigation, infrastructure augmentation, and N-1 grid security criteria mandated by the STU prior to the commercial charging of its network.

F. <u>Cherry-Picking of Consumers and Other Commercial Concerns</u>

8.34. The Objection proceeds on the erroneous assumption that the Petitioner’s proposed phased rollout would enable it to selectively serve commercially attractive consumers while avoiding obligations to the rest of the Licence Area, and that this is inconsistent with the Universal Service Obligation under Section 43. The objection conflates the Grant of a Licence with the subsequent implementation and regulation of the licensed activity. The Petitioner undertakes that over the period of time in phased manner no consumer category or geographical segment within the proposed licence area shall be excluded from its service obligation. Network development shall be undertaken in accordance with the implementation plan approved by the Commission, and any variation in phasing shall be subject to prior approval of the Commission.

8.35. Furthermore, the Stakeholder's allegation of 'cherry-picking' falls flat when examined against the geography of the requested license area. The application covers the entirety of both

Gurugram and Nuh Revenue Districts. While Gurugram features dense commercial development, Nuh is recognized as a significantly rural and highly subsidized territory. By serving both districts in a unified, phased rollout, the Petitioner is embracing a balanced consumer mix that actively aligns with the state's socio-economic goals, completely disproving any intent to selectively harvest premium industrial loads.

8.36. The Petitioner’s approach stands in stark contrast to historical licensing cases in Haryana. In past proceedings before this Hon’ble Commission, developers such as IPCL and DLF applied exclusively for isolated, hyper-lucrative municipal pockets (which constituted classic 'cherry-picking'). Conversely, the Petitioner has applied for two entire contiguous revenue districts, deliberately incorporating low-revenue rural feeders, domestic consumers, and agricultural bases alongside high-density commercial hubs. This broad territorial commitment directly satisfies the anti-cherry-picking stance historically maintained by this Hon’ble Commission, fully neutralizing the Stakeholder's general apprehensions.

8.37. Neither the Act nor the Distribution Licence Rules or the applicable Licensing Regulations require an applicant to establish an operational network before Grant of Licence. This position now stands authoritatively affirmed by the Hon'ble Appellate Tribunal for Electricity in Municipal *Corporation of Greater Mumbai (BEST) v. Maharashtra Electricity Regulatory Commission & Ors.*, Appeal No. 279 of 2017, decided on 11 March 2026, wherein the Tribunal held that the Act does not require prior ownership or establishment of a distribution network as a condition precedent for the Grant of a Distribution Licence, and that phased development of the distribution network after Grant of Licence is fully consistent with Sections 42 and 43 of the Act. A Licence enables the Licensee to establish, operate and progressively expand its independent system in accordance with the statutory framework and the conditions this Hon'ble Commission may impose. Every distribution system, irrespective of the identity of the Licensee, is developed in phases: substations are erected, lines laid, transformers installed and connections released over the life of the Licence. The Petitioner's proposed rollout reflects this commercial and operational reality and is neither exceptional nor inconsistent with the Act. Further, with regards to the allegation that the Petitioner has cherry-picked based on the Sales proposed by the Petitioner in the Business Plan, it is humbly submitted that the sales proposed for various categories of consumers is consistent with the % sales of the complete Licence Area. Hence, the allegation that the Petitioner has cherry-picked Commercial and Industrial consumers is inappropriate.

8.38. The allegation of selective service rests on assumption rather than evidence. The Hon'ble Appellate Tribunal for Electricity has likewise rejected the contention that phased rollout

necessarily results in "cherry-picking" of consumers, holding that such allegations cannot rest on general apprehensions but must be supported by specific instances. The Tribunal further recognised that a planned and phased rollout constitutes the optimal regulatory approach to avoid selective network development. The Petitioner has never sought exemption from any obligation applicable to a Distribution Licensee, nor proposed that any class of consumer should remain permanently outside its Service Obligations. Its proposal is that the network will be developed in a planned and progressive manner, with consumers connected as the network expands, an approach that amounts to orderly infrastructure development rather than “cherry-picking”.

8.39. A reading of the Objection shows that a substantial part of the objection does not rest on any failure to meet the statutory requirements but on apprehended commercial and operational consequences of competition, viz., Consumer Migration, Cross Subsidy loss, Power Procurement Stranded Costs, Impact on its Rollout Plan, Revenue Implications and Consumer Interest. These concerns fall within the regulatory domain of the Hon’ble Commission, but their existence cannot enlarge the statutory conditions governing Grant of Licence. It is further submitted that the Stakeholder’s objections repeatedly convert post-grant regulatory obligations into pre-grant eligibility conditions. The Act distinguishes between Grant of Licence under Sections 14 and 15 and continuing regulation after Grant. Issues relating to network rollout, migration, tariff adjustment, power procurement, FSA/FPPCA, consumer protection and standards of performance are matters for Licence Conditions and Regulatory Supervision, not independent grounds for refusal unless a specific statutory non-compliance is shown.

8.40. The Act introduced Parallel Distribution Licensing while simultaneously conferring extensive regulatory powers on the State Commission. Parliament did not expect every commercial consequence of competition to be resolved before a Licence issues; it entrusted the Commission with continuing powers over Tariff, Power Procurement, Consumer Protection, Standards of Performance and Licence Conditions. The objections raised overlook this feature of the statutory framework.

8.41. On the deferred FSA, the figure relied upon is a DHBVN-wide unrecovered amount as on 31 March 2025, not an amount specific to the Gurugram and Nuh consumers. On the sales and recovery mechanism approved by the Commission, the exposure attributable to the licence area, and to the load that actually migrates, is negligible since the sales is proposed only from FY 2027-28 and considering the assumption that only 2.5% of the existing consumers are expected to migrate to the network of the Petitioner.

8.42. Every concern raised by Stakeholder already finds a corresponding answer within the existing statutory and regulatory framework. The position may be summarised as follows:

Concern raised by the Stakeholder	Existing Regulatory Mechanism
Consumer Migration	Migration Protocol, Section 43 and the Conditions of Licence
Cross Subsidy	Tariff Determination under Sections 61 and 62 and the Tariff Regulations
Fuel Surcharge Adjustment	HERC FSA Regulations
Annual Revenue Requirement	Multi Year Tariff, Annual Revenue Requirement and True Up proceedings
Power Procurement	Regulatory approval and periodic review by the Commission
Universal Service Obligation	Section 43 of the Electricity Act, 2003
Consumer Protection	Supply Code, Standards of Performance Regulations and the Consumer Grievance Redressal Forum mechanism

8.43. The existence of these mechanisms is itself the answer to the Stakeholder's objections. Consumer migration, where lawful, is not a defect in the framework but its natural consequence: Parliament knowingly permitted more than one Licensee to operate in the same area, aware that consumers would have a choice. If the possibility of migration sufficed to refuse a Licence, the Sixth Proviso would be incapable of meaningful operation.

8.44. Cross Subsidy is not a vested right of an Incumbent Licensee but a Tariff Mechanism periodically fixed by this Hon'ble Commission under the Act and the Tariff Regulations. Fuel Surcharge Adjustment is governed by the HERC FSA Regulations, and the recovery of Fixed Costs, Power Purchase Expenses and Revenue Gaps is considered during Annual Revenue Requirement and True Up proceedings. These mechanisms exist precisely because Demand, Consumer Mix and Sales are dynamic, and any variation from lawful competition is a matter for regulatory adjustment rather than a ground to deny Licence. Further, with regards the asymmetry between the Incumbent Licensee and the Petitioner, it is humbly submitted that the Petitioner shall comply with all the statutory requirements mentioned by the Stakeholder including statutory, regulatory and public service obligations, including compliance with Standards of Performance, Universal Supply Obligations, Agricultural Supply Commitments, Renewable Purchase Obligations, network strengthening

requirements, consumer service obligations and tariff structures approved by the Hon'ble Commission for balancing the interests of all categories of consumers.

8.45. The Petitioner humbly submits that whatever reasonable conditions, milestones and reporting requirements the Hon'ble Commission considers necessary shall be complied to by the Petitioner. The issues raised including threat to cross-subsidy mechanism, cherry-picking of consumers, promotion of competition, adverse impact on farmers and rural electrification, FSA/ FPPCA and public interest considerations are regulatory considerations capable of being addressed through Licence Conditions, rollout milestones, migration protocol, tariff orders, ARR/true-up proceedings and monitoring directions.

8.46. The objections raised by Stakeholder do not disclose any failure to satisfy the statutory conditions for Grant of Licence. They relate substantially to the anticipated commercial consequences of competition and protection of public interest that the Act entrusts to the continuing regulatory jurisdiction of this Hon'ble Commission. These are not statutory disqualifications and present no legal impediment to Grant of a Parallel Distribution Licence. Accepting the Stakeholder's interpretation would permit considerations outside the statute to override the framework Parliament enacted and would substantially dilute the Sixth Proviso to Section 14. The statutory requirements stand fully satisfied. The objections raised by the Stakeholder fail both on the language of the statute and the scheme of the Electricity Act. The Petition therefore deserves to be allowed.

8.47. PRAYER: In view of the facts and submissions set out above, the statutory framework governing these proceedings and the material on record, the Petitioner to:

a. grant a Distribution Licence in favour of the Petitioner under Section 14 of the Electricity Act, 2003 for the License Area specified in the Petition;
b. hold that the Petitioner has duly satisfied the statutory requirements prescribed under the Electricity Act, 2003, the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, and the applicable Regulations framed by this Hon'ble Commission;
c. reject the objections raised by the Stakeholder, being contrary to the statutory framework governing Parallel Distribution Licensing and devoid of legal merit;
d. pass such further directions, Licence Conditions and regulatory safeguards as this Hon'ble Commission may consider appropriate for an orderly, transparent and consumer centric implementation of the Distribution Licence; and
e. pass such other order or orders as this Hon'ble Commission may deem fit and proper in the facts and circumstances of the present case.

9. Reply to HSEB Workers Union (HSEBWU)

9.1. The Petitioner submits the present Rejoinder to the Objections filed by HSEBWU, (referred to as “Stakeholder”) objecting to the Petition seeking Grant of a Parallel Distribution Licence under the Sixth Proviso to Section 14 of the Electricity Act, 2003 (referred to as “the Act”). Save what is expressly admitted herein, every allegation, contention and assertion contained in the Reply is denied.

9.2. At the outset, the Petitioner respectfully submits that it fully appreciates the valuable contribution made by the Stakeholder towards development of the electricity sector in Haryana and the continuous efforts undertaken by them in ensuring reliable electricity supply to consumers. The concerns expressed by the Stakeholder appear to emanate from the perspective of protecting the interests of the incumbent utilities and their workforce. However, with utmost respect, the issues raised do not disclose any legal or regulatory infirmity in the Petition seeking Grant of a Parallel Distribution Licence under Sections 14 and 15 of the Electricity Act, 2003.

9.3. The Petitioner respectfully submits that the objections raised are largely based on broader policy considerations regarding private participation in the electricity distribution sector. While the Petitioner appreciates the concerns expressed, the present proceedings are required to be examined within the framework of the Electricity Act, 2003, the Distribution Licence Rules, 2005 and the applicable HERC Regulations. The issue before the Hon'ble Commission is whether the Petitioner satisfies the statutory requirements for Grant of a Distribution Licence.

9.4. None of these objections, examined against the statutory text, discloses any legal impediment to the Grant of the Licence sought. The Petitioner addresses each in turn. The issue-wise reply to the objections raised by the Stakeholder is provided below:

A. <u>Privatization of Distribution Function</u>

9.5. The application under Section 14 is for a Parallel Distribution Licence, which introduces regulated market competition alongside the State Utilities. DHBVNL is not being privatized, liquidated, or wound up. Hence, the submission that Grant of a Distribution Licence amounts to privatisation is respectfully not correct. The present Petition does not involve transfer, sale or privatization of any existing distribution utility or its assets. The Petitioner has only sought a Parallel Distribution Licence under Section 14 of the Electricity Act, 2003, which expressly permits more than one Distribution Licensee in the same area of supply, subject to the approval of the Hon'ble Commission.

9.6. The apprehension regarding operational safety is also unfounded. The Petitioner's network shall be planned, constructed and operated strictly in accordance with the Central Electricity Authority Regulations, applicable safety standards, the Haryana Grid Code and all technical standards prescribed under the Electricity Act, 2003.

9.7. The observations relating to employment practices, outsourcing and service conditions are based on assumptions and do not arise for consideration in the present licensing proceedings.

9.8. Grant of a Parallel Distribution Licence does not alter the employment conditions of employees of the Existing Distribution Licensee. The Petitioner shall independently recruit and deploy adequate qualified manpower as required under applicable laws, regulations and Licence Conditions.

9.9. The existing distribution licensee shall continue to discharge all its statutory functions and obligations in accordance with the Act.

9.10. The reference to experiences in other States is of a general nature and is not supported by any specific regulatory finding demonstrating that Grant of a Parallel Distribution Licence is inconsistent with the provisions of the Electricity Act, 2003.

9.11. In any event, every licensing application is required to be considered on its own merits, having regard to the statutory framework, the evidence on record and the facts of the particular case.

B. <u>Protection of Consumer Interests</u>

9.12. The Act places consumer interest at the centre of the regulatory framework. While it recognises the legitimate interests of Distribution Licensees, its overarching object is reliable, efficient and economical supply of electricity for the benefit of consumers, and the Sixth Proviso reflects Parliament’s view that regulated competition under the Commission’s supervision can improve consumer welfare without compromising oversight. The Petition must be examined through that lens rather than through the lens of preserving an Incumbent Licensee’s commercial position. This is also consistent with one of the fundamental objectives of the Electricity Act, namely encouraging private investment in the electricity sector while safeguarding consumer interest through independent regulatory oversight.

9.13. Permitting more than one Licensee within the same area gives consumers a genuine choice of supplier, encouraging responsiveness, better service standards, technological innovation and operational efficiency, and creating an environment where licensees compete on quality and reliability rather than on the protection of an exclusive market. Such competition is not contrary to the Act; it is among the outcomes Parliament contemplated in introducing Parallel Distribution Licensing.

C. Cherry-Picking of Consumers

9.14. The Objection proceeds on the erroneous assumption that the Petitioner's proposed phased rollout would enable it to selectively serve commercially attractive consumers while avoiding obligations to the rest of the Licence Area, and that this is inconsistent with the Universal Service Obligation under Section 43. The objection conflates the Grant of a Licence with the subsequent implementation and regulation of the licensed activity. The Petitioner undertakes that over the period of time in phased manner no consumer category or geographical segment within the proposed licence area shall be excluded from its service obligation. Network development shall be undertaken in accordance with the implementation plan approved by the Commission, and any variation in phasing shall be subject to prior approval of the Commission.

9.15. Neither the Act nor the Distribution Licence Rules or the applicable Licensing Regulations require an applicant to establish an operational network before Grant of Licence. This position now stands authoritatively affirmed by the Hon'ble Appellate Tribunal for Electricity in Municipal *Corporation of Greater Mumbai (BEST) v. Maharashtra Electricity Regulatory Commission & Ors.*, Appeal No. 279 of 2017, decided on 11 March 2026, wherein the Tribunal held that the Act does not require prior ownership or establishment of a distribution network as a condition precedent for the Grant of a Distribution Licence, and that phased development of the distribution network after Grant of Licence is fully consistent with Sections 42 and 43 of the Act. A Licence enables the Licensee to establish, operate and progressively expand its independent system in accordance with the statutory framework and the conditions this Hon'ble Commission may impose. Every distribution system, irrespective of the identity of the Licensee, is developed in phases: substations are erected, lines laid, transformers installed and connections released over the life of the Licence. The Petitioner's proposed rollout reflects this commercial and operational reality and is neither exceptional nor inconsistent with the Act. Further, with regards to the allegation that the Petitioner has cherry-picked based on the Sales proposed by the Petitioner in the Business Plan, it is humbly submitted that the sales proposed for various categories of consumers is consistent with the % sales of the complete Licence Area. Hence, the allegation that the Petitioner has cherry-picked Commercial and Industrial consumers is inappropriate.

9.16. The allegation of selective service rests on assumption rather than evidence. The Hon'ble Appellate Tribunal for Electricity has likewise rejected the contention that phased rollout necessarily results in "cherry-picking" of consumers, holding that such allegations cannot rest on general apprehensions but must be supported by specific instances. The Tribunal further

recognised that a planned and phased rollout constitutes the optimal regulatory approach to avoid selective network development. The Petitioner has never sought exemption from any obligation applicable to a Distribution Licensee, nor proposed that any class of consumer should remain permanently outside its Service Obligations. Its proposal is that the network will be developed in a planned and progressive manner, with consumers connected as the network expands, an approach that amounts to orderly infrastructure development rather than “cherry-picking”.

9.17. The Petitioner humbly submits that whatever reasonable conditions, milestones and reporting requirements the Hon’ble Commission considers necessary shall be complied to by the Petitioner. The issues raised including threat to cross-subsidy mechanism, cherry-picking of consumers, promotion of competition, adverse impact on farmers and rural electrification, FSA/ FPPCA and public interest considerations are regulatory considerations capable of being addressed through Licence Conditions, rollout milestones, migration protocol, tariff orders, ARR/true-up proceedings and monitoring directions.

D. <u>Parallel Distribution Network</u>

9.18. The submission regarding duplication of infrastructure is also respectfully submitted to be based on an incorrect understanding of the concept of a Parallel Distribution Licence.

9.19. A Parallel Distribution Licensee is necessarily required to establish and maintain its own independent distribution system. Such an arrangement is expressly contemplated under the Electricity Act, 2003 with the objective of promoting efficiency, consumer choice, investment and improvement in quality and reliability of supply.

9.20. The Petitioner's proposed network has been designed on a modern 33 kV distribution backbone with due regard to prevailing technical standards and prudent utility practices to ensure reliability, operational efficiency and reduced technical losses.

9.21. The objections raised by Stakeholder do not disclose any failure to satisfy the statutory conditions for Grant of Licence. They relate substantially to the anticipated commercial consequences of competition and protection of public interest that the Act entrusts to the continuing regulatory jurisdiction of this Hon’ble Commission. These are not statutory disqualifications and present no legal impediment to Grant of a Parallel Distribution Licence. Accepting the Stakeholder’s interpretation would permit considerations outside the statute to override the framework Parliament enacted and would substantially dilute the Sixth Proviso to Section 14. The statutory requirements stand fully satisfied. The objections raised by the Stakeholder fail both on the language of the statute and the scheme of the Electricity Act. The Petition therefore deserves to be allowed.

9.22. PRAYER: In view of the facts and submissions set out above, the statutory framework governing these proceedings and the material on record, the Petitioner prayed to:

a. grant a Distribution Licence in favour of the Petitioner under Section 14 of the Electricity Act, 2003 for the License Area specified in the Petition;
b. hold that the Petitioner has duly satisfied the statutory requirements prescribed under the Electricity Act, 2003, the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, and the applicable Regulations framed by this Hon'ble Commission;
c. reject the objections raised by the Stakeholder, being contrary to the statutory framework governing Parallel Distribution Licensing and devoid of legal merit;
d. pass such further directions, Licence Conditions and regulatory safeguards as this Hon'ble Commission may consider appropriate for an orderly, transparent and consumer centric implementation of the Distribution Licence; and
e. pass such other order or orders as this Hon'ble Commission may deem fit and proper in the facts and circumstances of the present case.

10. Reply to New Palam Vihar Residents Welfare Association (NPVRWA)

10.1. The Petitioner submits the present Rejoinder to the Objections filed by NPVRWA, (referred to as "Stakeholder") objecting to the Petition seeking Grant of a Parallel Distribution Licence under the Sixth Proviso to Section 14 of the Electricity Act, 2003 (referred to as "the Act"). Save what is expressly admitted herein, every allegation, contention and assertion contained in the Reply is denied.

10.2. At the outset, the Petitioner respectfully submits that it fully appreciates the valuable contribution made by the Stakeholder towards development of the electricity sector in Haryana and the continuous efforts undertaken by them in ensuring reliable electricity supply to consumers. The concerns expressed by the Stakeholder appear to emanate from the perspective of protecting the interests of the incumbent utilities and their workforce. However, with utmost respect, the issues raised do not disclose any legal or regulatory infirmity in the Petition seeking Grant of a Parallel Distribution Licence under Sections 14 and 15 of the Electricity Act, 2003.

10.3. The Petitioner respectfully submits that the objections raised are largely based on broader policy considerations regarding private participation in the electricity distribution sector. While the Petitioner appreciates the concerns expressed, the present proceedings are required to be examined within the framework of the Electricity Act, 2003, the Distribution Licence Rules,

2005 and the applicable HERC Regulations. The issue before the Hon'ble Commission is whether the Petitioner satisfies the statutory requirements for Grant of a Distribution Licence.

10.4. None of these objections, examined against the statutory text, discloses any legal impediment to the Grant of the Licence sought. The Petitioner addresses each in turn. The issue-wise reply to the objections raised by the Stakeholder is provided below:

A. Financial Capability

10.5. The Petitioner has furnished all financial information, supporting documents and declarations required under the Distribution Licence Rules, and has set out the financial strength of its promoter group, the proposed funding structure and the resources available for the project. Further, the Petitioner has also submitted its detailed justification for the comments raised by the Hon'ble Commission with regards to Capital Adequacy and Creditworthiness in the Interim Order dated 26 May 2026. The Stakeholder has not identified any specific requirement that remains unfulfilled and a general apprehension of this kind cannot sustain a refusal of Licence.

10.6. The Petitioner has already infused equity amount applicable for Phase I of the Network Implementation Plan and have arranged for debt required for Phase I. Further, the Authorised Capital has been increased from Rs. 100 Crore to Rs. 1,500 Crore. The total capital investment proposed in the Petition is Rs. 4,717 Crore, funded on a 70:30 debt-equity structure, comprising equity of Rs. 1,415 Crore and debt of Rs. 3,302 Crore. The certificates from IndusInd Bank and 360 One Prime Limited (up to Rs. 1,000 Crore each) evidence the capacity to raise the debt component progressively in line with the phased Network Implementation Plan, and neither Rule 3 nor any Regulation requires the entire debt of Rs. 3,302 Crore to stand committed at the licensing stage.

10.7. Further, with regards to the equity and loan requirements for Phase I, the Petitioner has already infused actual equity of Rs. 91 Crore against the entire equity required for Phase I (approximately Rs. 87.86 Crore). Further, the Petitioner's authorised share capital to Rs. 1,500 Crore, which is higher than the equity aggregating to Rs. 1,415.02 crore over the five-year plan. For Phase I, the Petitioner has already obtained an In-Principle sanction letter from IndusInd Bank for debt of Rs. 205 Crore.

10.8. Without prejudice to the above, the Petitioner clarifies that the low initial paid-up capital of Rs. 1 Crore is standard corporate practice for a Special Purpose Vehicle (SPV) at the pre-licensing stage. Financial adequacy is legally evaluated under Rule 3(2) on a corporate group/promoter basis. Having already enhanced its authorized share capital to Rs. 1,500

Crore, the Petitioner has showcased line-of-sight capitalization that far exceeds the statutory limits required to execute Phase I.

B. Distribution Experience

10.9. The Stakeholder's interpretation would impermissibly read into the statute a requirement that the Petitioner already possess prior experience as a Distribution Licensee, treating its incorporation as a Special Purpose Vehicle for the present project as a disqualification and seeking to minimise the relevance of the experience and financial strength of its promoters and consortium members. The premise underlying this objection, that only an existing Licensee or an entity with prior distribution experience may qualify under the Sixth Proviso, finds no support in the Act or the Distribution Licence Rules.

10.10. Neither Section 14 nor Section 15 of the Act prescribes prior distribution experience as a Condition for Grant of Licence, and the Distribution Licence Rules do not require an applicant to have previously operated a distribution business. Parliament prescribed the criteria it considered relevant, namely financial capability, institutional integrity and compliance with the statutory framework, and the absence of any requirement of prior operational experience is deliberate. Where Parliament has expressly prescribed the conditions governing exercise of a statutory power, additional substantive conditions cannot be read in by interpretation.

10.11. The practical effect of the Stakeholder's position illustrates why it cannot stand: every new entrant would fail the test, since no entity can lawfully function as a Distribution Licensee before a Licence is granted. The argument effectively requires an applicant to become a Distribution Licensee before it may apply to become one, an outcome Parliament could not have intended and one that would render the framework for Parallel Distribution Licensing largely unworkable.

10.12. Nor does incorporation as a Special Purpose Vehicle support an adverse inference. Across infrastructure sectors, including electricity, highways, airports, ports, metro rail, renewable energy and public private partnerships, projects are routinely implemented through such vehicles, which isolate project risk, facilitate financing, ensure transparent accounting and provide a dedicated entity responsible for implementation. Neither the Act nor the Distribution Licence Rules prohibit the Grant of a Distribution Licence to a Special Purpose Vehicle; had Parliament intended to exclude them, it would have said so.

10.13. The real question for this Hon'ble Commission, therefore, is whether the Petitioner possesses the institutional, financial and organisational capability to discharge the obligations of a Distribution Licensee. That assessment must take into account the resources available to the Petitioner, the experience of its promoters, the proposed implementation framework,

the governance structure and the material on record, against which the Petitioner has demonstrably established its capability. Further, it is humbly requested that the Hon'ble Commission may kindly consider the experience of the Consortium Partners who have relevant sectoral experience for assessment of the Petition in line with the provisions of the Licensing Regulations. In addition to the above it is also to be noted that even existing distribution licensees execute substantial portions of their licensed business through EPC contractors, O&M contractors, IT vendors, billing agencies, meter agencies and specialised consultants while remaining responsible for compliance. Rule 3(2) tests the capital adequacy and creditworthiness of the applicant including its promoters, and that test stands independently satisfied through the audited net worth of SAS Fininvest LLP without any reliance on the consortium. The experience of the consortium partners is placed on record as supplementary material demonstrating the institutional capability available to the Petitioner, and its evidentiary value does not depend upon the consortium partners being co-applicants.

C. Protection of Consumer Interests

10.14. The Act places consumer interest at the centre of the regulatory framework. While it recognises the legitimate interests of Distribution Licensees, its overarching object is reliable, efficient and economical supply of electricity for the benefit of consumers, and the Sixth Proviso reflects Parliament's view that regulated competition under the Commission's supervision can improve consumer welfare without compromising oversight. The Petition must be examined through that lens rather than through the lens of preserving an Incumbent Licensee's commercial position. This is also consistent with one of the fundamental objectives of the Electricity Act, namely encouraging private investment in the electricity sector while safeguarding consumer interest through independent regulatory oversight.

10.15. Permitting more than one Licensee within the same area gives consumers a genuine choice of supplier, encouraging responsiveness, better service standards, technological innovation and operational efficiency, and creating an environment where licensees compete on quality and reliability rather than on the protection of an exclusive market. Such competition is not contrary to the Act; it is among the outcomes Parliament contemplated in introducing Parallel Distribution Licensing.

10.16. The Petitioner proposes to establish an independent distribution network supported by modern technology, digital systems and contemporary operational practice. This investment will augment the existing infrastructure within the Licence Area without imposing any financial burden on the State or this Hon'ble Commission, and the resulting parallel infrastructure will

improve network resilience, create operational redundancy and contribute to the long term reliability of supply, an outcome the Act encourages as a means of improving sectoral efficiency. A phase-wise network design approach has been formulated, and all mandatory statutory clearances from municipal, local, and state bodies will be secured systematically prior to physical execution. Further, the network is designed to be mostly underground, completely eliminating the need for disruptive overhead poles. By adopting advanced, small-footprint infrastructure including compact skid-mounted substations, underground substations, and geometrically optimized smart LT feeder pillars, the physical footprint is minimized, mitigating urban RoW constraints.

10.17. The proposal of the Petitioner features robust capital modeling, corporate equity backing, and an N-1 redundant grid design engineered to absorb major operational and financial shocks. Supply continuity is protected via a highly flexible power procurement portfolio.

10.18. The Petitioner's business model emphasises procurement from cleaner energy sources, deployment of advanced technology and adoption of modern operational practices, consistent with the evolving regulatory framework and the broader national objective of promoting efficient and environmentally responsible electricity supply, and would contribute to the long term development of Haryana's electricity sector.

D. <u>Parallel Distribution Network</u>

10.19. The submission regarding duplication of infrastructure is also respectfully submitted to be based on an incorrect understanding of the concept of a Parallel Distribution Licence.

10.20. A Parallel Distribution Licensee is necessarily required to establish and maintain its own independent distribution system. Such an arrangement is expressly contemplated under the Electricity Act, 2003 with the objective of promoting efficiency, consumer choice, investment and improvement in quality and reliability of supply.

10.21. The Petitioner's proposed network has been designed on a modern 33 kV distribution backbone with due regard to prevailing technical standards and prudent utility practices to ensure reliability, operational efficiency and reduced technical losses.

10.22. The Petitioner proposes to establish an independent distribution network supported by modern technology, digital systems and contemporary operational practice. This investment will augment the existing infrastructure within the Licence Area without imposing any financial burden on the State or this Hon'ble Commission, and the resulting parallel infrastructure will improve network resilience, create operational redundancy and contribute to the long term reliability of supply, an outcome the Act encourages as a means of improving sectoral efficiency. A phase-wise network design approach has been formulated, and all mandatory

statutory clearances from municipal, local, and state bodies will be secured systematically prior to physical execution. Further, the network is designed to be mostly underground, completely eliminating the need for disruptive overhead poles. By adopting advanced, small-footprint infrastructure including compact skid-mounted substations, underground substations, and geometrically optimized smart LT feeder pillars, the physical footprint is minimized, mitigating urban RoW constraints.

10.23. The Petitioner has further proposed deployment of 33 kV compact substations of factory-assembled, gas-insulated design. Such substations occupy a fraction of the land required by conventional air-insulated substations, are pre-wired and factory-tested so that on-site civil work and commissioning are completed in a fraction of the conventional time, have their core components sealed against dust, moisture and environmental degradation, resulting in lower maintenance cost and higher reliability, and are fully enclosed with internal arc protection, making them suitable for deployment in dense urban locations. This design directly mitigates the land and Right of Way constraints on which the Stakeholder places considerable emphasis.

10.24. It is submitted that the Objector's contention regarding the duplication of infrastructure is answered in the sixth proviso itself. The sixth proviso to Section 14 of the Act explicitly mandates that a parallel distribution license is to be granted to an applicant for the distribution of electricity through their own distribution system. For ready reference, the relevant portion of the sixth proviso to Section 14 is reproduced below:

> *"...Provided also that the Appropriate Commission may grant a licence to two or more persons for distribution of electricity through their own distribution system within the same area, subject to the conditions that the applicant for grant of licence within the same area shall... comply with the additional requirements... and no such applicant, who complies with all the requirements for grant of licence, shall be refused grant of licence on the ground that there already exists a licensee in the same area for the same purpose..." (emphasis supplied)*

10.25. The statute therefore not only permits but requires a parallel licensee to establish its own distribution system; to refuse a licence on the ground of duplication would be to refuse it on the very ground the Sixth Proviso forbids.

10.26. Introducing a modern and highly reliable network serves a critical public interest. Rather than leaving consumers dependent on a single network, the Petitioner's proposed network offers a genuine alternative, improving power reliability, availability and customer service, and

giving consumers the choice the Act was enacted to provide. Its establishment accordingly aligns with the developmental needs of the region and the objectives of the Act.

10.27. In response to the query regarding consumer grievance infrastructure, the Petitioner categorically asserts that it will establish an advanced, multi-channel Consumer Grievance Redressal Forum (CGRF) and an integrated digital helpdesk/call center system in strict compliance with the HERC (Consumer Grievance Redressal Forum and Electricity Ombudsman) Regulations. This framework will feature automated token generation and defined escalations to ensure service standards superior to the incumbent utility.

10.28. The Stakeholder's concerns regarding environmental and safety impacts are effectively minimized by the design itself. By utilizing factory-sealed Gas-Insulated Substations (GIS) with internal arc protection and laying an entirely underground network via Trenchless Technology, the project completely eliminates the environmental footprint and public safety hazards (such as electrocution, line snapping, or transformer explosions) typically associated with conventional overhead infrastructure.

10.29. In response to the Stakeholder's concerns regarding grid stability and transmission access, the Petitioner clarifies that under the prevailing Indian Electricity Grid Code and Haryana State Grid Code, formal evacuation and network alignment applications can only be processed by the STU (HVPNL) subsequent to the grant of a Distribution License. The Petitioner categorically undertakes to commission detailed load-flow and system stability studies through HVPNL and comply with all technical mitigation, infrastructure augmentation, and N-1 grid security criteria mandated by the STU prior to the commercial charging of its network.

E. <u>Cherry-Picking of Consumers and Other Commercial Concerns</u>

10.30. The Objection proceeds on the erroneous assumption that the Petitioner’s proposed phased rollout would enable it to selectively serve commercially attractive consumers while avoiding obligations to the rest of the Licence Area, and that this is inconsistent with the Universal Service Obligation under Section 43. The objection conflates the Grant of a Licence with the subsequent implementation and regulation of the licensed activity. The Petitioner undertakes that over the period of time in phased manner no consumer category or geographical segment within the proposed licence area shall be excluded from its service obligation. Network development shall be undertaken in accordance with the implementation plan approved by the Commission, and any variation in phasing shall be subject to prior approval of the Commission.

10.31. Furthermore, the Stakeholder's allegation of 'cherry-picking' falls flat when examined against the geography of the requested license area. The application covers the entirety of both Gurugram and Nuh Revenue Districts. While Gurugram features dense commercial development, Nuh is recognized as a significantly rural and highly subsidized territory. By serving both districts in a unified, phased rollout, the Petitioner is embracing a balanced consumer mix that actively aligns with the state's socio-economic goals, completely disproving any intent to selectively harvest premium industrial loads.

10.32. The Petitioner's approach stands in stark contrast to historical licensing cases in Haryana. In past proceedings before this Hon'ble Commission, developers such as IPCL and DLF applied exclusively for isolated, hyper-lucrative municipal pockets (which constituted classic 'cherry-picking'). Conversely, the Petitioner has applied for two entire contiguous revenue districts, deliberately incorporating low-revenue rural feeders, domestic consumers, and agricultural bases alongside high-density commercial hubs. This broad territorial commitment directly satisfies the anti-cherry-picking stance historically maintained by this Hon'ble Commission, fully neutralizing the Stakeholder's general apprehensions.

10.33. Neither the Act nor the Distribution Licence Rules or the applicable Licensing Regulations require an applicant to establish an operational network before Grant of Licence. This position now stands authoritatively affirmed by the Hon'ble Appellate Tribunal for Electricity in *Municipal Corporation of Greater Mumbai (BEST) v. Maharashtra Electricity Regulatory Commission & Ors.*, Appeal No. 279 of 2017, decided on 11 March 2026, wherein the Tribunal held that the Act does not require prior ownership or establishment of a distribution network as a condition precedent for the Grant of a Distribution Licence, and that phased development of the distribution network after Grant of Licence is fully consistent with Sections 42 and 43 of the Act. A Licence enables the Licensee to establish, operate and progressively expand its independent system in accordance with the statutory framework and the conditions this Hon'ble Commission may impose. Every distribution system, irrespective of the identity of the Licensee, is developed in phases: substations are erected, lines laid, transformers installed and connections released over the life of the Licence. The Petitioner's proposed rollout reflects this commercial and operational reality and is neither exceptional nor inconsistent with the Act. Further, with regards to the allegation that the Petitioner has cherry-picked based on the Sales proposed by the Petitioner in the Business Plan, it is humbly submitted that the sales proposed for various categories of consumers is consistent with the % sales of the complete Licence Area. Hence, the allegation that the Petitioner has cherry-picked Commercial and Industrial consumers is inappropriate.

10.34. The allegation of selective service rests on assumption rather than evidence. The Hon'ble Appellate Tribunal for Electricity has likewise rejected the contention that phased rollout necessarily results in "cherry-picking" of consumers, holding that such allegations cannot rest on general apprehensions but must be supported by specific instances. The Tribunal further recognised that a planned and phased rollout constitutes the optimal regulatory approach to avoid selective network development. The Petitioner has never sought exemption from any obligation applicable to a Distribution Licensee, nor proposed that any class of consumer should remain permanently outside its Service Obligations. Its proposal is that the network will be developed in a planned and progressive manner, with consumers connected as the network expands, an approach that amounts to orderly infrastructure development rather than “cherry-picking”.

10.35. A reading of the Objection shows that a substantial part of the objection does not rest on any failure to meet the statutory requirements but on apprehended commercial and operational consequences of competition, viz., Consumer Migration, Cross Subsidy loss, Power Procurement Stranded Costs, Impact on its Rollout Plan, Revenue Implications and Consumer Interest. These concerns fall within the regulatory domain of the Hon’ble Commission, but their existence cannot enlarge the statutory conditions governing Grant of Licence. It is further submitted that the Stakeholder’s objections repeatedly convert post-grant regulatory obligations into pre-grant eligibility conditions. The Act distinguishes between Grant of Licence under Sections 14 and 15 and continuing regulation after Grant. Issues relating to network rollout, migration, tariff adjustment, power procurement, FSA/FPPCA, consumer protection and standards of performance are matters for Licence Conditions and Regulatory Supervision, not independent grounds for refusal unless a specific statutory non-compliance is shown.

10.36. The Act introduced Parallel Distribution Licensing while simultaneously conferring extensive regulatory powers on the State Commission. Parliament did not expect every commercial consequence of competition to be resolved before a Licence issues; it entrusted the Commission with continuing powers over Tariff, Power Procurement, Consumer Protection, Standards of Performance and Licence Conditions. The objections raised overlook this feature of the statutory framework.

10.37. On the deferred FSA, the figure relied upon is a DHBVN-wide unrecovered amount as on 31 March 2025, not an amount specific to the Gurugram and Nuh consumers. On the sales and recovery mechanism approved by the Commission, the exposure attributable to the licence area, and to the load that actually migrates, is negligible since the sales is proposed

only from FY 2027-28 and considering the assumption that only 2.5% of the existing consumers are expected to migrate to the network of the Petitioner.

10.38. Every concern raised by Stakeholder already finds a corresponding answer within the existing statutory and regulatory framework. The position may be summarised as follows:

Concern raised by the Stakeholder	Existing Regulatory Mechanism
Consumer Migration	Migration Protocol, Section 43 and the Conditions of Licence
Cross Subsidy	Tariff Determination under Sections 61 and 62 and the Tariff Regulations
Fuel Surcharge Adjustment	HERC FSA Regulations
Annual Revenue Requirement	Multi Year Tariff, Annual Revenue Requirement and True Up proceedings
Power Procurement	Regulatory approval and periodic review by the Commission
Universal Service Obligation	Section 43 of the Electricity Act, 2003
Consumer Protection	Supply Code, Standards of Performance Regulations and the Consumer Grievance Redressal Forum mechanism

10.39. The existence of these mechanisms is itself the answer to the Stakeholder's objections. Consumer migration, where lawful, is not a defect in the framework but its natural consequence: Parliament knowingly permitted more than one Licensee to operate in the same area, aware that consumers would have a choice. If the possibility of migration sufficed to refuse a Licence, the Sixth Proviso would be incapable of meaningful operation.

10.40. Cross Subsidy is not a vested right of an Incumbent Licensee but a Tariff Mechanism periodically fixed by this Hon'ble Commission under the Act and the Tariff Regulations. Fuel Surcharge Adjustment is governed by the HERC FSA Regulations, and the recovery of Fixed Costs, Power Purchase Expenses and Revenue Gaps is considered during Annual Revenue Requirement and True Up proceedings. These mechanisms exist precisely because Demand, Consumer Mix and Sales are dynamic, and any variation from lawful competition is a matter for regulatory adjustment rather than a ground to deny Licence. Further, with regards the asymmetry between the Incumbent Licensee and the Petitioner, it is humbly submitted that the Petitioner shall comply with all the statutory requirements mentioned by the Stakeholder including statutory, regulatory and public service obligations, including

compliance with Standards of Performance, Universal Supply Obligations, Agricultural Supply Commitments, Renewable Purchase Obligations, network strengthening requirements, consumer service obligations and tariff structures approved by the Hon'ble Commission for balancing the interests of all categories of consumers.

10.41. The Petitioner humbly submits that whatever reasonable conditions, milestones and reporting requirements the Hon'ble Commission considers necessary shall be complied to by the Petitioner. The issues raised including threat to cross-subsidy mechanism, cherry-picking of consumers, promotion of competition, adverse impact on farmers and rural electrification, FSA/ FPPCA and public interest considerations are regulatory considerations capable of being addressed through Licence Conditions, rollout milestones, migration protocol, tariff orders, ARR/true-up proceedings and monitoring directions.

10.42. The objections raised by Stakeholder do not disclose any failure to satisfy the statutory conditions for Grant of Licence. They relate substantially to the anticipated commercial consequences of competition and protection of public interest that the Act entrusts to the continuing regulatory jurisdiction of this Hon'ble Commission. These are not statutory disqualifications and present no legal impediment to Grant of a Parallel Distribution Licence. Accepting the Stakeholder's interpretation would permit considerations outside the statute to override the framework Parliament enacted and would substantially dilute the Sixth Proviso to Section 14. The statutory requirements stand fully satisfied. The objections raised by the Stakeholder fail both on the language of the statute and the scheme of the Electricity Act. The Petition therefore deserves to be allowed.

10.43. PRAYER: In view of the facts and submissions set out above, the statutory framework governing these proceedings and the material on record, the Petitioner most respectfully prays that this Hon'ble Commission may be pleased to:

a. grant a Distribution Licence in favour of the Petitioner under Section 14 of the Electricity Act, 2003 for the License Area specified in the Petition;
b. hold that the Petitioner has duly satisfied the statutory requirements prescribed under the Electricity Act, 2003, the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, and the applicable Regulations framed by this Hon'ble Commission;
c. reject the objections raised by the Stakeholder, being contrary to the statutory framework governing Parallel Distribution Licensing and devoid of legal merit;

d. pass such further directions, Licence Conditions and regulatory safeguards as this Hon'ble Commission may consider appropriate for an orderly, transparent and consumer centric implementation of the Distribution Licence; and

e. pass such other order or orders as this Hon'ble Commission may deem fit and proper in the facts and circumstances of the present case.

11. Reply to Prof. Sampat Singh

11.1. The Petitioner submits the present Rejoinder to the Objection filed by Prof. Sampat Singh, (referred to as "Stakeholder"), objecting to the Petition seeking Grant of a Parallel Distribution Licence under the Sixth Proviso to Section 14 of the Electricity Act, 2003 (referred to as "the Act"). Save what is expressly admitted herein, every allegation, contention and assertion contained in the Reply is denied.

11.2. The objections raised by the Stakeholder fall broadly under three principal heads: first, that the Petitioner does not satisfy the statutory conditions governing the Grant of a Parallel Distribution Licence; second, that the proposed phased rollout of the distribution network amounts to selective service of consumers and conflicts with the Universal Service Obligation under Section 43 of the Act; and third, that the entry of a competing Licensee will produce adverse commercial consequences for the incumbent, including loss of consumers, erosion of cross subsidy, stranded power purchase obligations and disturbance to the Annual Revenue Requirement. The Objection further also raises contentions relating to the employees of the incumbent and past public investment, each of which is dealt with hereinafter. Further, the contents of the Petition may be treated as part and parcel of the present rejoinder and the same are not repeated herein for the sake of brevity.

11.3. None of these objections, examined against the statutory text, discloses any legal impediment to the Grant of the Licence sought. The Petitioner addresses each in turn. The present Rejoinder proceeds by first identifying the statutory framework governing the Grant of a Parallel Distribution Licence; thereafter demonstrating that the Petitioner satisfies every statutory requirement prescribed under the Act and Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, read along with its subsequent amendments, (referred to as "the Distribution Licence Rules"); answering the objections relating to prior distribution experience, phased rollout and the alleged commercial consequences of competition; examining the judicial precedents relied upon by the Stakeholder; and finally demonstrating that the Grant of Licence advances the legislative objectives of the Electricity Act and serves the larger public interest.

A. SUBMISSIONS

I. THE STATUTORY FRAMEWORK GOVERNING GRANT OF A PARALLEL DISTRIBUTION LICENCE

11.4. The enquiry before this Hon'ble Commission is defined and limited by the Act. The Hon'ble Commission is called upon to determine whether the Petitioner satisfies the conditions prescribed under Sections 14 and 15 of the Act, the Distribution Licence Rules, and the Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulations, 2004, read along with its subsequent amendments, (referred to as the "applicable Licensing Regulations"). The Act does not contemplate the introduction of eligibility conditions beyond those Parliament has expressly enacted.

11.5. A reading of the Objection shows that a substantial part of the objection does not rest on any failure to meet the statutory requirements but on apprehended commercial and operational consequences of competition, viz., Consumer Migration, Cross Subsidy loss, Power Procurement Stranded Costs, Impact on its Rollout Plan, Revenue Implications and Consumer Interest. These concerns fall within the regulatory domain of the Hon'ble Commission, but their existence cannot enlarge the statutory conditions governing Grant of Licence. It is further submitted that the Stakeholder's objections repeatedly convert post-grant regulatory obligations into pre-grant eligibility conditions. The Act distinguishes between Grant of Licence under Sections 14 and 15 and continuing regulation after Grant. Issues relating to network rollout, migration, tariff adjustment, power procurement, FSA/FPPCA, consumer protection and standards of performance are matters for Licence Conditions and Regulatory Supervision, not independent grounds for refusal unless a specific statutory non-compliance is shown.

11.6. The Act marked a deliberate departure from the earlier regime of exclusive territorial monopolies. Parliament knew that introducing Parallel Distribution Licensees would bring competition into a sector that had not previously known it, and enacted the Sixth Proviso to Section 14 regardless providing in terms that no applicant who complies with all the requirements for grant of licence shall be refused grant of licence on the ground that there already exists a licensee in the same area for the same purpose. The Statement of Objects and Reasons, read with the National Electricity Policy and the Tariff Policy, confirms Parliament's intention to replace the monopoly model with one of regulated competition.

11.7. The language of the proviso leaves little room for ambiguity. While the Hon'ble Commission retains discretion to examine whether an applicant meets the statutory requirements; that discretion is structured, not open ended. The words 'on the ground that there already exists

a licensee' demonstrate that Parliament anticipated objections founded upon the presence of an Incumbent Licensee, and consciously excluded the existence of the incumbent, and the consequences that naturally flow from the entry of a second licensee, as grounds of refusal. What remains open to examination is compliance with the requirements of the Act and the Distribution Licence Rules, and nothing else may be elevated into a threshold condition. The foreseeable commercial consequences of competition cannot be elevated into threshold eligibility conditions where Parliament has chosen not to make them so.

11.8. The Act draws a clear line between the conditions governing Grant of Licence and the obligations that arise once a Licence is granted. Eligibility is determined under Sections 14 and 15 read with the Distribution Licence Rules. Matters of network rollout, Universal Service Obligation, Power Procurement, Tariff, Standards of Performance and Consumer Protection remain subject to the Hon'ble Commission's continuing regulatory jurisdiction. The Objection repeatedly conflates these two stages, treating issues that properly belong to the Hon'ble Commission's post grant powers as threshold barriers to entry. That approach is inconsistent with the architecture of the Act and would effectively rewrite the conditions Parliament prescribed for entry into the distribution sector.

11.9. It follows that the statutory conditions governing the Grant of a Licence are exhaustive and cannot be supplemented by importing additional requirements through interpretation; that commercial consequences naturally flowing from competition do not, by themselves, furnish a sustainable ground for refusal; and that the Hon'ble Commission's continuing regulatory jurisdiction is the proper forum for operational issues arising after Grant of Licence, not a basis for denying it in the first place. The objections raised by the Stakeholder are examined below within these four corners.

II. THE STATUTORY CONDITIONS FOR GRANT OF LICENCE ARE EXHAUSTIVE AND STAND SATISFIED

11.10. The Stakeholder seeks to question the Petitioner's financial capability, capital adequacy, creditworthiness and overall ability to discharge the functions of a Distribution Licensee by reference to standards that find no place in the Act, the Distribution Licence Rules or the applicable Licensing Regulations.

11.11. The Sixth Proviso to Section 14 authorises the Grant of more than one Distribution Licence within the same area, subject to compliance with the additional requirements prescribed by the Central Government. Pursuant to that mandate, the Central Government framed the Distribution Licence Rules, which comprehensively set out the requirements relating to capital adequacy, creditworthiness and code of conduct. Once those requirements, together with the

Act and the applicable Licensing Regulations, stand satisfied, the enquiry contemplated under Sections 14 and 15 is complete. Neither the Act nor the Distribution Licence Rules require an applicant to demonstrate prior experience as a Distribution Licensee, ownership of an existing network, an established consumer base or completed infrastructure before Grant of Licence, and that omission is deliberate.

11.12. The amended Explanation to Rule 3(2) is a minimum-area provision and must be read with the Sixth Proviso to Section 14. The Petitioner has not sought fragmented pockets or selected high-revenue corridors; it has sought licence for the notified revenue districts of Gurugram and Nuh as a contiguous supply area, covering urban, rural, domestic, agricultural, commercial and industrial consumers. The Stakeholder's objection based on interpretation of the minimum area criteria is misconceived, because the Explanation prescribes a minimum area of supply, which is a floor and not a ceiling, and an applicant which proposes more than the minimum cannot be said to fall short of it. The relevant extracts of the Distribution Licence Rules are reproduced below:

"3. Requirements of capital adequacy and creditworthiness.-(1) The Appropriate Commission shall, upon receipt of an application for grant of licence for distribution of electricity under Sub-section (1) of Section 15 of the Electricity Act, 2003, decide the requirement of capital investment for distribution network after hearing the applicant and keeping in view the size of the area of supply and the service obligation within that area in terms of Section 43.

(2) The applicant for grant of licence shall be required to satisfy the Appropriate Commission that on a norm of 30% equity on cost of investment as determined under sub-rule (l), he including the promoters, in case the applicant is a company, would be in a position to make available resources for such equity of the project on the basis of networth and generation of internal resources of his business including of promoters in the preceding three years after excluding his other committed investments

Explanation. - For the purposes of this sub-rule, it is hereby clarified that for grant of a license for distribution of electricity within the same area in terms of sixth proviso to section 14 of the Act, the entire area covering either a Municipal Corporation as defined in article 243Q of the Constitution or three adjoining revenue districts, or a smaller area as may be notified by the Appropriate Government shall be the minimum area of supply."

11.13. Further, the Stakeholder has interpreted that the Minimum Area criteria is met by only considering Corporation and not considering Municipal Council (or Committee), which is applicable for Nuh District. The Explanation provides three alternatives: (i) entire area of a

Municipal Corporation, or (ii) three adjoining revenue districts, or (iii) a smaller area notified by the Appropriate Government. These are disjunctive alternatives, not cumulative requirements. The Municipal Corporation of Gurugram and Manesar alone is enough to meet the minimum area criteria. The Petitioner has clearly stated from the inception that the area considered is the entire revenue districts of Gurugram and Nuh including rural and agricultural bases. The proposed area includes the entire area under the Nuh and Gurugram revenue districts (Gurugram Municipal Corporation, Manesar Municipal Corporation, Municipal Council of Sohna, Municipal Council of Pataudi Mandi & Municipal Committee of Farrukh Nagar under Gurugram revenue district and Municipal Committee Nuh, Municipal Committee Punhana, Municipal Committee Firozepur Jhirka & Municipal Committee Tauru under Nuh Revenue District). Hence, the comments regarding not meeting the minimum area criteria are untenable and deserve to be rejected.

11.14. Further, with regards the reference provided by the Stakeholder to the past Licence Applications of DLF/IPCL, the Petitioner humbly submits that IPCL and DLF only applied for isolated, hyper-lucrative municipal pockets (classic cherry-picking). In contrast, the Petitioner has applied for the entire contiguous revenue districts of Gurugram and Nuh, deliberately encompassing low-revenue rural feeders and agricultural consumers alongside urban hubs, thereby satisfying the anti-cherry-picking stance previously held by the Hon'ble Commission.

11.15. The objections relating to capital adequacy and creditworthiness may be considered together, since both bear on the same financial capability of the Petitioner and suffer from the same infirmity. The Distribution Licence Rules prescribe objective criteria for capital adequacy, capable of verification from the record, and do not contemplate an open ended enquiry based on subjective commercial perception; they further recognise that financial capability, including creditworthiness, may be demonstrated through the strength of an applicant's promoters, shareholders and supporting entities, consistent with commercial practice for infrastructure projects undertaken through dedicated vehicles.

11.16. The Petitioner has furnished all financial information, supporting documents and declarations required under the Distribution Licence Rules, and has set out the financial strength of its promoter group, the proposed funding structure and the resources available for the project. Further, the Petitioner has also submitted its detailed justification for the comments raised by the Hon'ble Commission with regards to Capital Adequacy and Creditworthiness in the Interim Order dated 26 May 2026. The Stakeholder has not identified any specific requirement that remains unfulfilled and a general apprehension of this kind cannot sustain a refusal of Licence.

11.17. The Petitioner has already infused equity amount applicable for Phase I of the Network Implementation Plan and have arranged for debt required for Phase I. Further, the Authorised Capital has been increased from Rs. 100 Crore to Rs. 1,500 Crore. The total capital investment proposed in the Petition is Rs. 4,717 Crore, funded on a 70:30 debt-equity structure, comprising equity of Rs. 1,415 Crore and debt of Rs. 3,302 Crore. The certificates from IndusInd Bank and 360 One Prime Limited (up to Rs. 1,000 Crore each) evidence the capacity to raise the debt component progressively in line with the phased Network Implementation Plan, and neither Rule 3 nor any Regulation requires the entire debt of Rs. 3,302 Crore to stand committed at the licensing stage. The contention that the Solvency Certificate carries no enforceable assurance misunderstands its function: a solvency certificate is by its nature a banker's opinion on financial standing, is the standard instrument accepted at the licensing stage, and stands corroborated in the present case by the In-Principle sanction of Phase I debt and the equity already infused, as set out hereinafter.

11.18. Further, with regards to the equity and loan requirements for Phase I, the Petitioner has already infused actual equity of Rs. 91 Crore against the entire equity required for Phase I (approximately Rs. 87.86 Crore). Further, the Petitioner's authorised share capital to Rs. 1,500 Crore, which is higher than the equity aggregating to Rs. 1,415.02 crore over the five-year plan. For Phase I, the Petitioner has already obtained an In-Principle sanction letter from IndusInd Bank for debt of Rs. 205 Crore.

11.19. Rule 3(2) of the Distribution Licence Rules tests the applicant's ability to bring in 30% equity on a three-year net-worth basis, including the resources of its promoters. Further, the Rule 3(2) of the Distribution Licence Rules does not use the word "book value"; it uses "net worth" and "basis of net worth and generation of internal resources." The term "net worth" is not defined in the Distribution Licence Rules, and the definition under Section 2(57) of the Companies Act, 2013, being confined to companies, has no application to a Limited Liability Partnership, which is governed by the Limited Liability Partnership Act, 2008. For an LLP holding listed securities, the realizable value of those securities is the true measure of financial capacity and should be what the Commission considers under a purposive interpretation. SAS Fininvest LLP satisfies this in each of the three years (Rs. 4,215 Crore for FY 2022-23, Rs. 3,728 Crore for FY 2023-24 and Rs. 4,085 Crore for FY 2024-25), each figure exceeding the Rs. 1,415 Crore requirement for equity by a wide margin.Net worth is the prescribed test, and for liquid listed securities realisable market value is a truer measure of capacity than book value. Under the Limited Liability Partnership Act, 2008, an LLP is a body corporate having perpetual succession and an independent legal personality, capable

of owning property, making investments and entering into binding financial commitments, and Rule 3(2) expressly permits the promoter's resources to be taken into account. The market-value net worth is, moreover, not a paper assertion: it stands corroborated by capital actually deployed, namely the equity of Rs. 91 Crore already infused against the Phase I requirement of approximately Rs. 87.86 Crore, the increase of the Petitioner's authorised share capital to Rs. 1,500 Crore, the In-Principle sanction of Rs. 205 Crore from IndusInd Bank towards Phase I debt, and the solvency certificates placed on record. Actual infusion of capital is a complete answer to the contention that the Petitioner's financial capability rests on valuations that are "speculative, volatile and ephemeral".

11.20. Accordingly, the objection that the Petitioner has mistaken the paper value of a shareholding for the substance of tangible assets inverts the record: the prescribed test under Rule 3(2) is net worth and the availability of resources, that test stands satisfied on the realisable value of the holding entity's liquid listed securities in each of the three preceding years, and the capability so demonstrated already stands translated into capital actually infused.

11.21. The Petitioner humbly submits that whatever reasonable conditions, milestones and reporting requirements the Hon'ble Commission considers necessary shall be complied to by the Petitioner. The issues raised including threat to cross-subsidy mechanism, cherry-picking of consumers, promotion of competition, adverse impact on farmers and rural electrification, FSA/ FPPCA and public interest considerations are regulatory considerations capable of being addressed through Licence Conditions, rollout milestones, migration protocol, tariff orders, ARR/true-up proceedings and monitoring directions.

11.22. The Petitioner has placed before this Hon'ble Commission every document required under the Act, the Distribution Licence Rules and the applicable Licensing Regulations, establishing its financial capability, proposed investment structure, promoter support, implementation strategy and institutional framework. The Stakeholder has not pointed to any mandatory requirement with which the Petitioner has failed to comply. The objections are directed not at statutory compliance but at the commercial implications of allowing a new Licensee to enter the market, and such considerations, however genuinely held, cannot substitute for the statutory test Parliament enacted.

III. <u>ABSENCE OF PRIOR DISTRIBUTION EXPERIENCE AND USE OF A SPECIAL PURPOSE VEHICLE DO NOT DISENTITLE THE PETITIONER</u>

11.23. The Stakeholder's interpretation would impermissibly read into the statute a requirement that the Petitioner already possess prior experience as a Distribution Licensee, treating its

incorporation as a Special Purpose Vehicle for the present project as a disqualification and seeking to minimise the relevance of the experience and financial strength of its promoters and consortium members. The premise underlying this objection, that only an existing Licensee or an entity with prior distribution experience may qualify under the Sixth Proviso, finds no support in the Act or the Distribution Licence Rules.

11.24. Neither Section 14 nor Section 15 of the Act prescribes prior distribution experience as a Condition for Grant of Licence, and the Distribution Licence Rules do not require an applicant to have previously operated a distribution business. Parliament prescribed the criteria it considered relevant, namely financial capability, institutional integrity and compliance with the statutory framework, and the absence of any requirement of prior operational experience is deliberate. Where Parliament has expressly prescribed the conditions governing exercise of a statutory power, additional substantive conditions cannot be read in by interpretation.

11.25. The practical effect of the Stakeholder's position illustrates why it cannot stand: every new entrant would fail the test, since no entity can lawfully function as a Distribution Licensee before a Licence is granted. The argument effectively requires an applicant to become a Distribution Licensee before it may apply to become one, an outcome Parliament could not have intended and one that would render the framework for Parallel Distribution Licensing largely unworkable.

11.26. Nor does incorporation as a Special Purpose Vehicle support an adverse inference. Across infrastructure sectors, including electricity, highways, airports, ports, metro rail, renewable energy and public private partnerships, projects are routinely implemented through such vehicles, which isolate project risk, facilitate financing, ensure transparent accounting and provide a dedicated entity responsible for implementation. Neither the Act nor the Distribution Licence Rules prohibit the Grant of a Distribution Licence to a Special Purpose Vehicle; had Parliament intended to exclude them, it would have said so.

11.27. The Reply also proceeds as though the experience and financial capability of the promoters and consortium members become irrelevant once the Licence is sought in the name of the vehicle. That overlooks both commercial reality and the statutory text. Infrastructure projects of this kind are almost invariably promoted through entities created by experienced sponsors, whose financial strength, technical expertise and institutional capability form the foundation on which the vehicle is established. The Distribution Licence Rules themselves recognise that capital adequacy and creditworthiness may be demonstrated by reference to the capability available through promoters and supporting

entities, and the Petition places on record the financial credentials, institutional capability and sectoral experience of the consortium.

11.28. The real question for this Hon'ble Commission, therefore, is whether the Petitioner possesses the institutional, financial and organisational capability to discharge the obligations of a Distribution Licensee. That assessment must take into account the resources available to the Petitioner, the experience of its promoters, the proposed implementation framework, the governance structure and the material on record, against which the Petitioner has demonstrably established its capability. Further, it is humbly requested that the Hon'ble Commission may kindly consider the experience of the Consortium Partners who have relevant sectoral experience for assessment of the Petition in line with the provisions of the Licensing Regulations. In addition to the above it is also to be noted that even existing distribution licensees execute substantial portions of their licensed business through EPC contractors, O&M contractors, IT vendors, billing agencies, meter agencies and specialised consultants while remaining responsible for compliance. Rule 3(2) tests the capital adequacy and creditworthiness of the applicant including its promoters, and that test stands independently satisfied through the audited net worth of SAS Fininvest LLP without any reliance on the consortium. The experience of the consortium partners is placed on record as supplementary material demonstrating the institutional capability available to the Petitioner, and its evidentiary value does not depend upon the consortium partners being co-applicants.

IV. THE PROPOSED PHASED ROLLOUT IS CONSISTENT WITH THE ACT AND DOES NOT AMOUNT TO SELECTIVE SERVICE OF CONSUMERS

11.29. The Objection proceeds on the erroneous assumption that the Petitioner's proposed phased rollout would enable it to selectively serve commercially attractive consumers while avoiding obligations to the rest of the Licence Area, and that this is inconsistent with the Universal Service Obligation under Section 43. The objection conflates the Grant of a Licence with the subsequent implementation and regulation of the licensed activity. The Petitioner undertakes that over the period of time in phased manner no consumer category or geographical segment within the proposed licence area shall be excluded from its service obligation. Network development shall be undertaken in accordance with the implementation plan approved by the Commission, and any variation in phasing shall be subject to prior approval of the Commission.

11.30. Neither the Act nor the Distribution Licence Rules or the applicable Licensing Regulations require an applicant to establish an operational network before Grant of Licence. This position

now stands authoritatively affirmed by the Hon'ble Appellate Tribunal for Electricity in *Municipal Corporation of Greater Mumbai (BEST) v. Maharashtra Electricity Regulatory Commission & Ors.*, Appeal No. 279 of 2017, decided on 11 March 2026, wherein the Tribunal held that the Act does not require prior ownership or establishment of a distribution network as a condition precedent for the Grant of a Distribution Licence, and that phased development of the distribution network after Grant of Licence is fully consistent with Sections 42 and 43 of the Act. A Licence enables the Licensee to establish, operate and progressively expand its independent system in accordance with the statutory framework and the conditions this Hon'ble Commission may impose. Every distribution system, irrespective of the identity of the Licensee, is developed in phases: substations are erected, lines laid, transformers installed and connections released over the life of the Licence. The Petitioner's proposed rollout reflects this commercial and operational reality and is neither exceptional nor inconsistent with the Act. Further, with regards to the allegation that the Petitioner has cherry-picked based on the Sales proposed by the Petitioner in the Business Plan, it is humbly submitted that the sales proposed for various categories of consumers is consistent with the % sales of the complete Licence Area. Hence, the allegation that the Petitioner has cherry-picked Commercial and Industrial consumers is inappropriate.

11.31. The allegation of selective service rests on assumption rather than evidence. The Hon'ble Appellate Tribunal for Electricity has likewise rejected the contention that phased rollout necessarily results in "cherry-picking" of consumers, holding that such allegations cannot rest on general apprehensions but must be supported by specific instances. The Tribunal further recognised that a planned and phased rollout constitutes the optimal regulatory approach to avoid selective network development. The Petitioner has never sought exemption from any obligation applicable to a Distribution Licensee, nor proposed that any class of consumer should remain permanently outside its Service Obligations. Its proposal is that the network will be developed in a planned and progressive manner, with consumers connected as the network expands, an approach that amounts to orderly infrastructure development rather than “cherry-picking”. The process of Tariff Determination, Cross Subsidy Determination, Implementation of Standards of Performance, Implementation of Universal Service and Consumer Protection are all governed by the statutory and regulatory framework under the Act, which binds every Distribution Licensee irrespective of the category of consumer it serves.

11.32. At its core, the concern is that consumers may choose supply from the Petitioner instead of the Incumbent Licensee. That concern is inherent in the concept of Parallel Distribution

Licensing itself. Parliament permitted more than one Licensee to operate within the same area through independent systems, knowing that consumer choice would follow. If the mere possibility of consumer migration sufficed to refuse a Licence, the Sixth Proviso would become incapable of meaningful operation, since every application by a new entrant carries that possibility. Migration occurring in accordance with law is an incident of the statutory framework, not a ground for defeating it.

11.33. Section 43 of the Act imposes an obligation on every Distribution Licensee to supply electricity to an owner or occupier who applies for it, subject to the provisions of the Act. The obligation operates throughout the currency of the Licence and is discharged under the continuing supervision of this Hon'ble Commission. Further, Right-of-Way constrains every Licensee, and cannot be a ground to deny a Parallel Licence.

11.34. Throughout these proceedings, the Petitioner has adopted a transparent approach towards development of its network. The Petition, the proposed Implementation Plan, the Migration Protocol and the Supply and Operational Modalities placed before this Hon'ble Commission show that the Petitioner has addressed Consumer Migration, Network Development, Operational Coordination, Supply Arrangements and Consumer Protection, and seeks no unregulated entry into the sector. It has proposed a structured framework under which Migration, Network Expansion and Operational Responsibilities remain subject to the Hon'ble Commission's supervision, and has expressed willingness to comply with whatever Licence Conditions the Hon'ble Commission considers necessary regarding rollout milestones, reporting and consumer protection.

11.35. The Petitioner has not merely asserted its willingness to remain subject to regulatory supervision. It has voluntarily placed before this Hon'ble Commission a detailed Migration Protocol and Supply and Operational Modalities in compliance with the directions of the Hon'ble Commission during the proceedings of the Interim Order dated 26 May 2026. This itself demonstrates the Petitioner's commitment to transparent and orderly implementation under the continuing supervision of the Hon'ble Commission.

11.36. Even after Grant of Licence, the Petitioner remains subject to the comprehensive jurisdiction of this Hon'ble Commission under the Act, the applicable Regulations and the Licence Conditions, which retain ample power to monitor rollout, enforce compliance with Section 43, regulate Standards of Performance, Protect Consumers and issue directions as required. The Act thus provides a complete mechanism for every concern the Stakeholder has raised, leaving neither legal nor practical basis to refuse entry for matters fully capable of being addressed through that continuing jurisdiction.

V. THE COMMERCIAL CONSEQUENCES OF COMPETITION ARE MATTERS FOR CONTINUING REGULATION

11.37. The Stakeholder's objection is that the Petitioner's entry will adversely affect the Consumer Base, Cross Subsidy, Power Procurement, Fuel Surcharge Adjustment, Annual Revenue Requirement and existing contractual commitments of the Incumbent Licensee. These are, in substance, questions concerning the regulation of two Parallel Licensees after Grant of Licence, not statutory conditions governing grant under Sections 14 and 15.

11.38. The Act introduced Parallel Distribution Licensing while simultaneously conferring extensive regulatory powers on the State Commission. Parliament did not expect every commercial consequence of competition to be resolved before a Licence issues; it entrusted the Commission with continuing powers over Tariff, Power Procurement, Consumer Protection, Standards of Performance and Licence Conditions. The objections raised overlook this feature of the statutory framework.

11.39. On the deferred FSA, the figure of approximately Rs. 10,000 Crore relied upon by the Stakeholder is unsubstantiated by any material placed on record and is, in any event, pleaded as a DHBVN-wide unrecovered amount, not an amount specific to the consumers of Gurugram and Nuh, much less to the load that may actually migrate. On the sales and recovery mechanism approved by the Commission, the exposure attributable to the licence area, and to the load that actually migrates, is negligible since sales are proposed only from FY 2027-28 and considering the assumption that only 2.5% of the existing consumers are expected to migrate to the network of the Petitioner.

11.40. Every concern raised by Stakeholder already finds a corresponding answer within the existing statutory and regulatory framework. The position may be summarised as follows:

Concern raised by the Objector	Existing Regulatory Mechanism
Consumer Migration	Migration Protocol, Section 43 and the Conditions of Licence
Cross Subsidy	Tariff Determination under Sections 61 and 62 and the Tariff Regulations
Fuel Surcharge Adjustment	HERC FSA Regulations
Annual Revenue Requirement	Multi Year Tariff, Annual Revenue Requirement and True Up proceedings
Power Procurement	Regulatory approval and periodic review by the Commission

Concern raised by the Objector	Existing Regulatory Mechanism
Universal Service Obligation	Section 43 of the Electricity Act, 2003
Consumer Protection	Supply Code, Standards of Performance Regulations and the Consumer Grievance Redressal Forum mechanism

11.41. The existence of these mechanisms is itself the answer to the Stakeholder's objections. Consumer migration, where lawful, is not a defect in the framework but its natural consequence: Parliament knowingly permitted more than one Licensee to operate in the same area, aware that consumers would have a choice. If the possibility of migration sufficed to refuse a Licence, the Sixth Proviso would be incapable of meaningful operation.

11.42. Cross Subsidy is not a vested right of an Incumbent Licensee but a Tariff Mechanism periodically fixed by this Hon'ble Commission under the Act and the Tariff Regulations. Fuel Surcharge Adjustment is governed by the HERC FSA Regulations, and the recovery of Fixed Costs, Power Purchase Expenses and Revenue Gaps is considered during Annual Revenue Requirement and True Up proceedings. These mechanisms exist precisely because Demand, Consumer Mix and Sales are dynamic, and any variation from lawful competition is a matter for regulatory adjustment rather than a ground to deny Licence. Further, with regards the asymmetry between the Incumbent Licensee and the Petitioner, it is humbly submitted that the Petitioner shall comply with all the statutory requirements mentioned by the Stakeholder including statutory, regulatory and public service obligations, including compliance with Standards of Performance, Universal Supply Obligations, Agricultural Supply Commitments, Renewable Purchase Obligations, network strengthening requirements, consumer service obligations and tariff structures approved by the Hon'ble Commission for balancing the interests of all categories of consumers.

11.43. As regards the concerns raised by the Stakeholder on the Power Procurement of the Petitioner, the Petitioner submits that power procurement in the initial years shall depend on the willingness of consumers to shift to the network of the Petitioner and predicting long term/medium term procurement during the initial years may not be feasible. Hence, it is proposed that 20% of the energy requirement shall be tied-up from thermal generation and the remaining 80% of the energy requirement shall be procured from FDRE/GDAM for Green Energy procurement as committed by the Petitioner. The Petitioner's proposed procurement strategy envisages procurement of Firm and Dispatchable Renewable Energy (FDRE) in accordance with the applicable bidding framework issued by the Ministry of Power, and the

energy scheduled from FDRE is firm from source even though it is drawn from RE Generating Plants. Such procurement is fundamentally different from procurement through the Green Day Ahead Market (GDAM), which is proposed only to meet balancing and residual requirements. Further, the detailed procurement plan shall be finalised once the consumers shifting to the Petitioner's network, and their load and consumption profiles, are known, enabling optimal contracting and scheduling, and long-term procurement by a Distribution Licensee is undertaken through competitive bidding under the frameworks notified under Section 63, which cannot be initiated before the Licence is granted.

11.44. The Petitioner's business plan is designed to enhance sector efficiency, ensuring a clear and fair migration policy for consumers, thereby addressing the Hon'ble Commission's concerns regarding cross-subsidy and non-discriminatory supply and adhering to technical and financial prudency to ensure that the existing grid architecture is strengthened rather than destabilized.

11.45. The Petitioner has never sought exemption from any Statutory or Regulatory Obligation. It has placed before this Hon'ble Commission a detailed Network Implementation Plan, Migration Protocol and Supply and Operational Modalities demonstrating its commitment to implement the project transparently and in a regulated manner, and has expressed willingness to comply with whatever reasonable conditions, milestones and reporting requirements the Hon'ble Commission considers necessary. Any suggestion that the Petitioner seeks the benefits of a Licence without its obligations is accordingly unfounded.

VI. THE JUDICIAL PRECEDENTS CITED BY THE STAKEHOLDER DO NOT ASSIST HIS CASE

11.46. Several judicial pronouncements have been relied upon by the Stakeholder in his Reply. The reliance is misplaced, for none of the authorities interprets the statutory framework in the manner suggested or lays down any proposition barring Grant of a Parallel Distribution Licence to the Petitioner. A precedent is authority for what it actually decides, not for what may be inferred from isolated observations, and its ratio must be read in light of the provisions, the facts and the questions it actually addressed.

11.47. The present proceedings arise under the Sixth Proviso to Section 14 read with the Distribution Licence Rules, and the question is whether the Petitioner meets the conditions those provisions prescribe. None of the authorities relied upon authorises this Hon'ble Commission to add eligibility conditions beyond what Parliament enacted.

11.48. The judgments quoted for Cross-Subsidy is acknowledged by the Petitioner. However, rejection of the Distribution Licence primarily because of Cross-Subsidy structure is not envisioned in any of the judgments quoted.

11.49. The earlier decisions of the Hon'ble Appellate Tribunal for Electricity relied upon by the Stakeholder were rendered in the factual and regulatory context prevailing at the time and cannot be read as laying down an inflexible rule unaffected by subsequent statutory development and evolving practice. None of them holds that the conditions under the Sixth Proviso may be supplemented by additional eligibility criteria.

11.50. The legal position now stands authoritatively clarified by the judgment of the Hon'ble Appellate Tribunal for Electricity in *Municipal Corporation of Greater Mumbai (BEST) v. Maharashtra Electricity Regulatory Commission & Ors.*, Appeal No. 279 of 2017, decided on 11 March 2026. The Tribunal expressly held that: (i) ownership or existence of a complete distribution network is not a condition precedent for Grant of a Parallel Distribution Licence; (ii) phased development of the distribution network is fully consistent with Sections 42 and 43 of the Electricity Act, 2003; (iii) the licensing stage and the operational stages are governed by different provisions of the Act and must not be conflated; and (iv) allegations of selective service or "cherry-picking" cannot defeat the Grant of Licence in the absence of specific material and remain matters for continuing regulatory supervision. The judgment therefore directly answers the principal objections advanced by the Stakeholder in the present proceedings.

11.51. Taking the authorities relied upon by the Stakeholder at the highest, none establishes that prior experience is mandatory, that complete infrastructure must exist before Grant of Licence, that Consumer Migration is a sustainable ground of refusal, that Cross Subsidy, Fuel Surcharge Adjustment, Power Procurement or Annual Revenue Requirement form threshold barriers to entry, or that the Commission may enlarge the conditions prescribed under Section 14 and the Distribution Licence Rules. These propositions form the foundation of the Reply, yet find no support in the authorities cited.

11.52. Precedents must be read in harmony with the statute they explain, and cannot be interpreted to neutralise the policy of regulated competition Parliament enacted through the Sixth Proviso. The decisions of the Hon'ble Supreme Court and the Hon'ble Appellate Tribunal for Electricity, properly understood, consistently recognise that the Act introduced a framework of regulated competition under the continuing supervision of the Appropriate Commission, and do not assist the Stakeholder's case.

VII. GRANT OF THE LICENCE WILL ADVANCE THE OBJECTS OF THE ACT AND THE PUBLIC INTEREST

11.53. Having shown that the Petitioner satisfies the statutory requirements and that the Stakeholder's objections lack legal merit, the remaining question is whether grant of the licence serves the objects of the Act and the larger public interest. The Petitioner submits that it does.

11.54. The Act places consumer interest at the centre of the regulatory framework. While it recognises the legitimate interests of Distribution Licensees, its overarching object is reliable, efficient and economical supply of electricity for the benefit of consumers, and the Sixth Proviso reflects Parliament's view that regulated competition under the Commission's supervision can improve consumer welfare without compromising oversight. The Petition must be examined through that lens rather than through the lens of preserving an Incumbent Licensee's commercial position. This is also consistent with one of the fundamental objectives of the Electricity Act, namely encouraging private investment in the electricity sector while safeguarding consumer interest through independent regulatory oversight.

11.55. Permitting more than one Licensee within the same area gives consumers a genuine choice of supplier, encouraging responsiveness, better service standards, technological innovation and operational efficiency, and creating an environment where licensees compete on quality and reliability rather than on the protection of an exclusive market. Such competition is not contrary to the Act; it is among the outcomes Parliament contemplated in introducing Parallel Distribution Licensing.

11.56. The Petitioner proposes to establish an independent distribution network supported by modern technology, digital systems and contemporary operational practice. This investment will augment the existing infrastructure within the Licence Area without imposing any financial burden on the State or this Hon'ble Commission, and the resulting parallel infrastructure will improve network resilience, create operational redundancy and contribute to the long term reliability of supply, an outcome the Act encourages as a means of improving sectoral efficiency. A phase-wise network design approach has been formulated, and all mandatory statutory clearances from municipal, local, and state bodies will be secured systematically prior to physical execution. Further, the network is designed to be mostly underground, completely eliminating the need for disruptive overhead poles. By adopting advanced, small-footprint infrastructure including compact skid-mounted substations, underground substations, and geometrically optimized smart LT feeder pillars, the physical footprint is minimized, mitigating urban RoW constraints.

11.57. The Petitioner has further proposed deployment of 33 kV compact substations of factory-assembled, gas-insulated design. Such substations occupy a fraction of the land required by conventional air-insulated substations, are pre-wired and factory-tested so that on-site civil work and commissioning are completed in a fraction of the conventional time, have their core components sealed against dust, moisture and environmental degradation, resulting in lower maintenance cost and higher reliability, and are fully enclosed with internal arc protection, making them suitable for deployment in dense urban locations. This design addresses the land and RoW constraints on which the Stakeholder places considerable emphasis.

11.58. It is submitted that the Objector's contention regarding the duplication of infrastructure is answered in the sixth Proviso to Section 14 itself, The sixth Proviso to Section 14 of the Act explicitly mandates that a parallel distribution license is to be granted to an applicant for the distribution of electricity through their own distribution system. For ready reference, the relevant portion of the sixth proviso to Section 14 is reproduced below:

> *"...Provided also that the Appropriate Commission may grant a licence to two or more persons for distribution of electricity through their own distribution system within the same area, subject to the conditions that the applicant for grant of licence within the same area shall... comply with the additional requirements... and no such applicant, who complies with all the requirements for grant of licence, shall be refused grant of licence on the ground that there already exists a licensee in the same area for the same purpose..." (emphasis supplied)*

11.59. The statute therefore not only permits but requires a parallel licensee to establish its own distribution system; to refuse a licence on the ground of duplication would be to refuse it on the very ground the Sixth Proviso forbids.

11.60. Introducing a modern and highly reliable network serves a critical public interest. Rather than leaving consumers dependent on a single network, the Petitioner's proposed network offers a genuine alternative, improving power reliability, availability and customer service, and giving consumers the choice the Act was enacted to provide. Its establishment accordingly aligns with the developmental needs of the region and the objectives of the Act.

11.61. The proposal of the Petitioner features robust capital modeling, corporate equity backing, and an N-1 redundant grid design engineered to absorb major operational and financial shocks. Supply continuity is protected via a highly flexible power procurement portfolio.

11.62. The Petitioner’s business model emphasises procurement from cleaner energy sources, deployment of advanced technology and adoption of modern operational practices, consistent with the evolving regulatory framework and the broader national objective of

promoting efficient and environmentally responsible electricity supply, and would contribute to the long term development of Haryana's electricity sector.

11.63. The Objector asserts that the grant of a Parallel Distribution licence will jeopardize the interests of approximately one-fourth of DHBVNL's employees regarding recruitment, promotions, wage revisions, and pension liabilities. He further seeks protection under Section 133 of the Electricity Act, 2003. This contention is fundamentally flawed in law and fact due to the following reasons:

- **Inapplicability of Section 133:** Section 133 of the Act exclusively governs the "Provisions relating to officers and employees" during the statutory unbundling, transfer, and reorganization of a State Electricity Board into successor functional entities. It ensures that the terms and conditions of service for transferred employees are not less favorable than those sub-existing before the transfer. The present case involves an application for a parallel distribution licence under the Sixth Proviso to Section 14, which does not involve any transfer, reorganization, or restructuring of the incumbent state utility's corporate structure or its staff.
- **Independent Workforce Operations:** The Petitioner is establishing its own dedicated management, operational workforce, and technical teams. The corporate existence, organizational structure, and employees of the Haryana Power Utilities (HPUs) remain completely insulated and untouched by the introduction of consumer choice in the designated Licence Area.
- **No Burden on Public Pension and Service Liabilities:** Because the Petitioner does not seek the transfer of any personnel from DHBVNL, the incumbent utility's internal wage revisions, promotions, and legacy pension liabilities remain the sole internal administrative domain of DHBVNL and its successor companies. The entry of a parallel licensee does not alter the historical employment security of the incumbent's staff.

11.64. The Objector outlines substantial past public investments, including the Rs. 1,608 Crore Gurugram Smart Grid Project, the Rs. 3,584.44 Crore Revamped Distribution Sector Scheme (RDSS) infrastructure, the OPEX-based Advanced Metering Infrastructure (AMI) rollouts with EESL, and historical debt-restructuring under the UDAY Scheme. Based on these, the Objector demands that the Petitioner submit a capital-sharing proposal to compensate the incumbent utility. This demand is structurally and legally untenable:

- **Mandate of Independent Infrastructure Deployment:** The Sixth Proviso to Section 14 explicitly mandates that a parallel licensee must distribute electricity through its own

distribution system. The Petitioner has explicitly denied any intention to rely upon or utilize the physical distribution assets, smart grids, or meters of the incumbent licensee. The Petitioner is infusing its own capital expenditure of ₹4,717 Crore to construct an entirely independent, modern, underground 33 kV-dominant grid architecture.

- **No Transfer or Expropriation of Premium Public Assets:** The Objector's claim that this amounts to "privatization of revenue without privatization of risk" or a "direct transfer of premium public assets" is a complete mischaracterization. Since the Petitioner will not touch, connect to, or utilize the Rs. 1,608 Crore Smart Grid or the assets developed under RDSS, there is zero expropriation of public assets.
- **Existing Cost Recovery Through Regulated Tariffs:** All capital outlays incurred by DHBVNL for the Gurugram Smart Grid, AMI smart meters, or RDSS are already capitalised within the incumbent's Regulatory Asset Base (RAB). The incumbent recovers the depreciation, return on equity, and interest expenses of these investments directly through the Annual Revenue Requirement (ARR) and retail tariff schedules approved by this Hon'ble Commission. A parallel licensee cannot be statutorily compelled to pay for a network it does not use, and doing so would force consumers to pay a double premium, violating principles of economic prudency.
- **Irrelevance of Historical Debt Restructuring (UDAY):** The UDAY scheme was a voluntary tripartite financial turnaround package executed in 2016 to restructure legacy state utility debts. Such historical state-backed fiscal restructuring cannot be elevated into a permanent operational barrier to block the statutory entry of market competition designed by Parliament under the Electricity Act, 2003.

11.65. The Objector introduces a constitutional challenge, asserting that Parallel Licensing is a form of privatization" that conflicts with the welfare state concepts under Articles 21, 38, 39(b), and 48 of the Constitution of India, citing privatization experiences like the one in Chandigarh. This argument is legally unsustainable:

- **Regulated Competition is Not Privatization:** The application under Section 14 is for a Parallel Distribution Licence, which introduces regulated market competition alongside the State Utilities. DHBVNL is not being privatized, liquidated, or wound up.
- **Statutory Harmony with the Constitution:** The Parliament of India enacted the Electricity Act, 2003, specifically to replace stagnant state monopolies with a framework of regulated competition to improve efficiency, augment infrastructure investment, and enhance consumer welfare. The constitutional validity of these

provisions has been consistently upheld. Far from violating Article 39(b), the introduction of private capital investment alongside public infrastructure optimizes the utilization of material resources for the common good, ensuring reliable, round-the-clock power supply.

- **Equitable Obligation Fulfillment:** The Petitioner has repeatedly affirmed that it is not seeking an exemption from public service obligations. It will fully comply with all state-approved tariff structures, consumer standards of performance, and regulatory directives, thereby ensuring that electricity remains a well-regulated public utility service.

11.66. The Stakeholder's reliance upon privatisation experiences, including the Chandigarh distribution franchise, is wholly inappropriate. The Chandigarh model involved the transfer of an existing public distribution utility: its assets, employees, consumer base and operational responsibility, to a private concessionaire. Every difficulty the Stakeholder attributes to that experience, including employee uncertainty, asset valuation disputes and legacy obligation transfer, arises from the mechanics of transfer and not from the concept of parallel licensing. In the present case, no transfer of any asset, employee or obligation is contemplated. The Petitioner builds its own network, hires its own workforce, and assumes its own statutory obligations. The comparison is therefore without factual or legal foundation.

11.67. The apprehension that agricultural power subsidies will vanish is legally baseless. Section 65 of the Electricity Act, 2003, explicitly dictates that any subsidy extended to a consumer category (such as farmers or domestic consumers) must be provided directly by the State Government through direct budgetary allocations paid in advance to the utility. Further, the entry of a Private Parallel Licensee does not alter the Haryana Government’s political or statutory mandate to provide subsidized or free power to farmers. The State's subsidy framework remains completely decoupled from the internal commercial revenue mix of DHBVN.

11.68. The entry of a parallel licensee does not strand rural consumers or jeopardize farmers. Instead, it introduces capital investment that relieves the state grid of excessive industrial stress, enhances supply quality, and fulfills the statutory mandate of consumer choice without compromising the State's welfare duties. The claim that rural electrification is threatened is a speculative assertion at the cost of consumer welfare.

11.69. As regards the comments on security deposits, outstanding arrears, metering arrangements, consumers grievance redressal, network access arrangements, the Petitioner humbly submits that the same shall be complied to in line with the relevant provisions of the

Haryana Electricity Regulatory Commission (Electricity Supply Code) Regulations, 2014, read along with its subsequent amendments, Haryana Electricity Regulatory Commission (Standards of Performance of Distribution Licensees and Determination of Compensation) Regulations, 2020, and the documents submitted before the Hon'ble Commission on the Supply & Operational Modalities and Migration Protocol. As regards the comment on the Continuity of Supply and Supplier of Last Resort issues, it is submitted that they are Licence Conditions imposed on Grant of Licence and the applicable Licensing Regulations, not preconditions to consideration of the application. The Petitioner has no objection to the Hon'ble Commission incorporating appropriate conditions into the Licence.

11.70. Certain reliefs sought in the Objection travel beyond the scope of the present proceedings, including the direction sought that DHBVN digitise its distribution system, ensure cyber security and strengthen its power purchase function, which concern the internal operations of the Incumbent Licensee and not the maintainability of the present Petition. Similarly, insofar as the Objection seeks directions for placing on record data concerning consumer migration and its impact, the migration assumption of 2.5% of existing consumers, the projected sales, the Aggregate Revenue Requirement and the impact analysis already stand quantified on the Petitioner's record.

11.71. The premise that a Parallel Licence diminishes regulatory control is fundamentally flawed. Every Licensee, including the Petitioner, remains fully subject to the Act, the Regulations and the Conditions of Licence; Grant of the Licence expands competition while preserving the Commission's complete oversight of Tariff, Standards of Performance, Consumer Protection, Network Rollout and Power Procurement, ensuring that competition operates within regulation rather than outside it.

11.72. The objection under Section 15(2)(ii) is rendered infructuous. The Petitioner has received the No Objection Certificate from the Ministry of Defence, and a copy stands placed on record with the Petitioner's compliance affidavit dated 03.07.2026 filed pursuant to the Interim Order dated 26.05.2026. In any event, the Central Government concurrence under Section 15(2)(ii) is a condition subject to which the Hon'ble Commission may Grant the Licence rather than a jurisdictional bar to considering the Petition. Hence, rejection of Petition based on the non-availability of No Objection Certificate is not appropriate.

11.73. Similarly, the objection regarding non-compliance with the publication requirement under Regulation 10 of the applicable Licensing Regulations is infructuous. The notice of the application in Form-3 was duly published in one daily newspaper in English and one daily newspaper in Hindi having wide circulation in the proposed area of supply, and documentary

proof evidencing such publication stands placed on record with the Petitioner's compliance affidavit dated 03.07.2026, filed pursuant to direction 4(c) of the Interim Order dated 26.05.2026. The complete Petition along with a brief summary thereof also stands uploaded on the website of the Petitioner in compliance with the said direction. The objection on publication accordingly does not survive.

11.74. It is humbly submitted that the benefits on record of the present application are renewable-based and reliable power supply, displacement of costly diesel generation, and genuine consumer choice. The Stakeholder's assertion that the Petitioner's projected Average Cost of Supply of Rs. 7.72 to Rs. 8.16 per unit is "comparable to, or higher than" the tariffs of DHBVN inverts the Petitioner's own record: the figures cited are the Petitioner's transparent disclosure in the Petition, and Table 33 of the Petition demonstrates that the Petitioner's projected Average Cost of Supply is lower than the corresponding projected Average Cost of Supply of DHBVN (Rs. 7.77 to Rs. 8.49 per unit) in each year, while the tariff for green power is substantially lower than DHBVN's equivalent tariff inclusive of the Green Energy Premium. The comparison also ignores the effective cost presently borne by consumers in Gurugram dependent upon Diesel Generation during outages, which increases the actual electricity cost for customers on a blended basis, which the Petitioner's reliable supply is designed to displace.

11.75. These proceedings concern not merely the interests of two Distribution Companies but the future structure of electricity distribution within the Licence Area. Refusing the Licence despite full statutory compliance would preserve the status quo at the cost of the benefits Parliament intended consumers to receive under the Sixth Proviso, while granting it preserves the Commission's regulatory control and simultaneously promotes competition, investment, consumer choice and service improvement. The balance of public interest favours Grant of the Licence.

VIII. CONCLUSION

11.76. The Petition has been examined from every perspective contemplated under the Act, the Distribution Licence Rules and the applicable Regulations, and the material on record establishes the Petitioner's financial capability, institutional framework, implementation strategy and readiness to discharge the obligations of a Distribution Licensee in accordance with law. The Petitioner has responded to every concern the Stakeholder has raised and has voluntarily placed before this Hon'ble Commission detailed operational documents, including the proposed Implementation Plan, Migration Protocol and the Supply and Operational

Modalities, with a view to transparency, regulatory certainty and protection of consumer interest.

11.77. The objections raised by the Stakeholder do not disclose any failure to satisfy the statutory conditions for Grant of Licence. They relate substantially to the anticipated commercial consequences of competition, namely Consumer Migration, Cross Subsidy, Fuel Surcharge Adjustment, Power Procurement, Annual Revenue Requirement and other operational matters that the Act entrusts to the continuing regulatory jurisdiction of this Hon'ble Commission. These are not statutory disqualifications and present no legal impediment to Grant of a Parallel Distribution Licence. The statutory requirements stand fully satisfied. The objections raised by the Stakeholder fail both on the language of the statute and the scheme of the Electricity Act. The Petition therefore deserves to be allowed.

11.78. Grant of a Licence does not diminish the powers of this Hon'ble Commission; it marks the commencement of the Hon'ble Commission's continuing jurisdiction over the Petitioner, who remains bound by the Act, the Regulations, the Licence Conditions, Tariff Orders, Standards of Performance and the Consumer Protection Framework, with the Hon'ble Commission retaining full authority to supervise implementation, enforce compliance and issue directions as the need arises.

11.79. The question before this Hon'ble Commission is not whether competition requires regulatory oversight. Parliament answered that question when it enacted the Sixth Proviso while vesting extensive regulatory power in the State Commission. The real question is whether an applicant meeting the statutory conditions Parliament prescribed should nonetheless be refused entry on grounds Parliament deliberately chose not to recognise as disqualifications, and the answer must be in the negative. Grant of the Licence will give effect to the policy of regulated competition, encourage investment in modern distribution infrastructure, expand consumer choice and strengthen the long term development of the electricity sector in Haryana, while every legitimate concern relating to Consumer Protection, Network Rollout, service obligations, tariff regulation and operational performance remains subject to the comprehensive supervision of this Hon'ble Commission.

11.80. The Reply of the Stakeholder is founded substantially on apprehensions of commercial impact and incumbent protection rather than any demonstrated statutory default by the Petitioner. The Electricity Act does not protect monopoly; it protects consumers through regulated competition, tariff oversight, universal service obligations and Commission supervision. The objections are therefore liable to be rejected, without prejudice to such implementation conditions as this Hon'ble Commission may deem fit.

11.81. It is submitted that the Petitioner has filed the additional information, documents on 03.07.2026, including inter alia the detailed justification with respect to Capital Adequacy and Creditworthiness, the comprehensive debt-equity capitalization plan, the detailed Implementation Plan, the proposed Operational Modalities and the Migration Protocol. The said additional information may be read as part and parcel of the present Rejoinder, and the contents thereof are not repeated herein for the sake of brevity.

11.82. PRAYER: In view of the facts and submissions set out above, the statutory framework governing these proceedings and the material on record, the Petitioner most respectfully prays that this Hon'ble Commission may be pleased to:

a. grant a Distribution Licence in favour of the Petitioner under Section 14 of the Electricity Act, 2003 for the License Area specified in the Petition;
b. hold that the Petitioner has duly satisfied the statutory requirements prescribed under the Electricity Act, 2003, the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005, and the applicable Regulations framed by this Hon'ble Commission;
c. reject the objections raised by the Stakeholder, being contrary to the statutory framework governing Parallel Distribution Licensing and devoid of legal merit;
d. pass such further directions, Licence Conditions and regulatory safeguards as this Hon'ble Commission may consider appropriate for an orderly, transparent and consumer centric implementation of the Distribution Licence; and
e. pass such other order or orders as this Hon'ble Commission may deem fit and proper in the facts and circumstances of the present case.

Annexure F:

Comments filed by the intervenors on the Expert Committee Report

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1. **Sh. Sampat Singh, Former Finance Minister of Haryana vide email dated 11.09.2026.**

Preliminary Submissions & Locus Standi

1.1. The Objector, Sh. Sampat Singh, Former Finance Minister of Haryana and Patron of the Indian National Lok Dal (INLD), has been a lifelong public representative and has consistently espoused the cause of farmers, rural consumers, and the equitable development of Haryana. His objections are not merely technical but concern the very constitutional and statutory promise of universal electricity access to the weakest sections of society.

1.2. The Objector does not oppose competition per-se. However, he firmly opposes any framework that, while claiming to promote competition, systematically excludes, defers, or discriminates against agricultural and rural consumers, who constitute the backbone of Haryana's economy and society.

1.3. The Expert Committee Report dated 07.08.2026 ("Report"), despite its exhaustive analysis, suffers from fundamental procedural improprieties and substantive flaws that render it unfit to serve as the basis for granting a parallel distribution licence. This rejoinder addresses:

Part A: Procedural and legal objections to the constitution and functioning of the Expert Committee.

Part B: Substantive objections to the findings and recommendations of the Report.

Part C: Specific concerns regarding agricultural and rural consumers.

Part D: Prayers for relief.

PART A: Procedural and Legal Objections

ABDICATION OF STATUTORY JURISDICTION AND LEGAL IMPROPRIETY OF THE EXPERT PANEL

a. Delegation of Regulatory Powers — Violation of Section 84

1.4. Under Section 84 of the Electricity Act, 2003, the Commission is statutorily presumed to possess comprehensive in-house expertise across law, engineering, finance, commerce, and administrative adjudication. The Commission is a specialised regulatory body entrusted by Parliament with the sole authority to determine applications for distribution licences.

1.5. By outsourcing the core evaluation of statutory eligibility, financial capability, power procurement, and public interest to an ad-hoc, three-member external committee vide Order dated 09.07.2026, the Commission has improperly delegated its quasi-judicial function. This is not a mere procedural irregularity — it strikes at the very foundation of the Commission's statutory mandate.

1.6. The Expert Committee's Report itself acknowledges at Paragraph 1.2 that:

"The authority to grant, refuse or grant subject to conditions a distribution licence vests with the Commission under Sections 14, 15 and 16 of the Electricity Act, 2003. Nothing contained in this Report is intended to substitute or restrict the Commission's statutory discretion."

1.7. Yet, the Report proceeds to make definitive findings on contested issues of law and fact — including statutory eligibility, capital adequacy, technical capability, and universal service obligation — which the Commission is likely to adopt wholesale. This is delegation in substance, if not in form.

b. Violation of Settled Legal Principles

1.8. As established by the Hon'ble Supreme Court in Kerala State Electricity Board v. Jhabua Power Ltd., a statutory regulatory commission cannot displace or dilute its primary quasi-judicial functions by relying on the recommendations of a hand-picked, non-statutory panel. The Commission's statutory role cannot be substituted by external advisory reports.

1.9. The Commission cannot, by constituting an Expert Committee, outsource its core adjudicatory function and then adopt the Committee's findings without independent application of mind. Such a course would render the Commission's statutory jurisdiction nugatory and would be contrary to the scheme of the Electricity Act, 2003.

c. Unaddressed Objections on Panel Membership:

1.10. Formal objections regarding the inclusion of panel member Shri Bibhu Prasad Mahapatra — pertaining to official salary/pension recovery proceedings — were placed on record on 15.07.2026 but remain un-adjudicated by a reasoned order of the Commission. The Commission's failure to decide these objections before the Committee submitted its Report is a violation of natural justice.

1.11. The Objector submits that the Commission must decide these preliminary objections by a reasoned order before placing any reliance on the Expert Committee Report.

d. Procedural Violations of Natural Justice — Exclusive Hearings

1.12. Following the submission of the Expert Panel Report, the Commission invited only the state DISCOM (DHBVNL) for a selective hearing on the report's findings, excluding primary complainants and objectors. This is evident from the Interim Order dated 03.09.2026, which records:

"The present case came up for hearing on the request of hearing filed by the respondents i.e. DHBVNL and UHBVNL (the DISCOMs), vide I.A. No. 29 of 2026 and I.A. No. 30 of 2026."

1.13. Restricting access to the report and conducting selective proceedings violates fundamental principles of natural justice (*audi alteram partem*). The Objector and other stakeholders have a right to:

i. Be heard on the Report's findings.

ii. File objections and counter-evidence.

iii. Participate in the proceedings that will determine the fate of electricity distribution in Gurugram and Nuh.

1.14. The Report examines public interest, system planning, cross-subsidy implications, and retail tariffs. As such, it forms material evidence in Petition No. 30 of 2026 and must be fully disclosed to all parties on record before any reliance is placed upon it.

Part B: Substantive Flaws in the Expert Committee Report

Violation of Section 43 — Universal Service Obligation

a. The Statutory Mandate

1.15. Section 43 of the Electricity Act, 2003 mandates that every distribution licensee shall, on application, give supply to the owner or occupier of any premises within its area of supply. This obligation is not discretionary. It is the cornerstone of the statutory scheme.

1.16. Paragraph 5.4.7 of the National Electricity Policy, 2005 explicitly provides:

"The second licensee shall have obligation to supply to all consumers in accordance with Section 43."

b. The Expert Committee's Failure to Apply Section 43

1.17. The Expert Panel failed to apply the statutory mandates of Section 43 to the Applicant's proposal. The applicant's business plan proposes a phased, demand-driven rollout with a projected market share of just 2.5% to 15% over five years. The panel accepted a phased capital outlay of ₹4,716 crore against an estimated requirement of ₹11,937 crore needed for full area-wide infrastructure, failing to test the applicant's ability to fulfill its Universal Service Obligation (USO) .

1.18. The Committee itself acknowledges at Paragraph 11.12(iv) that:

"The lawfulness of phasing as a methodology does not, by itself, establish that a particular phasing plan is non-discriminatory in its sequencing."

1.19. Yet, the Committee proceeds to accept the Applicant's phased rollout without imposing binding, enforceable conditions to ensure that:

i. Agricultural consumers are served within a defined timeline.

ii. Rural domestic consumers are not left behind.

iii. The Applicant does not cherry-pick high-revenue consumers while deferring service to low-revenue areas.

1.20. The Objector submits that the Committee's conclusion at Paragraph 11.14 — that the Applicant has "demonstrated the commitment and capability required for discharge of the Universal Service Obligation" — is not supported by the evidence on record.

PREDATORY CHERRY-PICKING AND IMPACT ON PUBLIC DISCOMS

a. The Applicant's Business Model is Predicated on Cherry-Picking

1.21. By targeting high-density 220 kV and 66 kV industrial and commercial supply points in Gurugram and Nuh, the applicant selectively targets high-yield revenue centers. The Applicant's own projections show:

i. Only 2.5% migration of existing DHBVNL consumers.

ii. The balance coming from new consumers who are likely to be high-value industrial and commercial establishments.

iii. Gurugram City — the division with the second-highest existing HT load (143 MW) — receives near-nil CAPEX (₹1.52 crore and ₹2.34 crore) in FY 2026-27 and FY 2027-28.

1.22. The Expert Committee itself finds at Paragraph 11.12(iv) that:

"DHBVNL has placed on record specific, substantially undisputed figures from the Applicant's own Business Plan showing token capital investment (₹1.52 crore and ₹2.34 crore) in Gurugram City — the division with the second-highest existing HT load — for the first two years, with the division activated only from Phase III."

1.23. If the Applicant were genuinely committed to universal service, why would it defer investment in the division with the highest existing HT load and the greatest capacity to pay? The only logical explanation is that the Applicant intends to enter Gurugram City only after establishing a foothold in other divisions, and then selectively acquire the most profitable consumers while leaving the rest.

b. Impact on Public Discoms and Cross-Subsidy

1.24. State utilities, particularly Dakshin Haryana Bijli Vitran Nigam (DHBVNL), derive approximately 42% of their revenue from the Gurugram circle. Allowing a parallel licensee to capture high-margin commercial consumers while leaving rural and agricultural consumers with state utilities will:

i. Distort the cross-subsidy structure.

ii. Increase retail tariffs for common consumers.

iii. Jeopardize the financial stability of public utilities.

1.25. The Expert Committee itself acknowledges at Paragraph 13.10 that:

"In relation to switch-over consumers, the position is materially different: such a consumer ceases altogether to be a consumer of the incumbent, takes no open access over its network and pays no wheeling charges, and on the plain language of Sections 42(2) and 42(4) neither levy attaches."

1.26. This is the heart of the problem. There is no statutory mechanism to recover cross-subsidy loss or stranded costs from consumers who migrate entirely to a parallel licensee. The consequence is catastrophic for agricultural and rural consumers:

i. When high-revenue industrial and commercial consumers migrate to the Applicant, DHBVNL loses its cross-subsidy base.

ii. The fixed costs of DHBVNL do not reduce proportionately.

iii. The entire burden of cross-subsidising agricultural and rural consumers falls on the residual consumers - primarily domestic and agricultural — who are least able to bear it.

1.27. The Expert Committee's suggested "solution" at Paragraph 12.19(F) — that the gap is "capable of being addressed in ARR and True Up exercise" — is a classic case of "wait and watch". The Commission cannot grant a licence and then figure out how to protect agricultural consumers. The ARR and True-Up exercise is a post-facto mechanism that will take years to resolve. By the time the Commission acts, DHBVNL may be financially crippled, and agricultural consumers may face massive tariff hikes or supply cuts.

Part C: Specific concerns regarding Agricultural and Rural Consumers

V. THE AGRICULTURAL SUPPLY CONUNDRUM

a. The Objector's Original Objection

1.28. The Objector had specifically submitted before the Commission that:

i. The State Government has announced the creation of a separate distribution utility (Discom) for agricultural supply.

ii. The State subsidy for agricultural consumers is of the order of ₹7,870.32 crore.

iii. Rural domestic supply — the most difficult and commercially unviable segment — appears to be left out of the Applicant's proposed scheme.

iv. This would leave the weakest consumers stranded in a residual, financially crippled Discom, while the Applicant cherry-picks the most remunerative consumers in Gurugram.

b. The Expert Committee's Inadequate Response

1.29. The Expert Committee, at Paragraph 11.8 of the Report, disposes of this critical objection in a single sentence:

"The Committee has further considered the submission that agricultural supply may stand outside the Applicant's proposed scope by reason of the State Government's announced intention to constitute a separate distribution utility for agricultural supply. No notification affecting any such constitution has been placed before the Committee and the Committee proceeds upon the law as it stands."

1.30. This is precisely the problem. The absence of a notification does not mean the concern is hypothetical. It means the Commission is being asked to grant a licence in a vacuum, without clarity on:

i. Whether agricultural consumers will remain with DHBVNL or be transferred to a new agricultural Discom?

ii. Who will bear the cross-subsidy burden once the Applicant takes away the high-revenue industrial and commercial consumers?

iii. What happens to the ₹7,870.32 crore agricultural subsidy — will it be borne entirely by a residual DHBVNL serving only rural and agricultural consumers?

1.31. The Expert Committee's silence on this crucial issue is deafening. By proceeding on the basis that "the law as it stands" does not reflect the ground reality of the State's announced policy, the Committee has abdicated its responsibility to examine the practical and financial consequences of granting the licence.

THE NUH DIMENSION — A DISTRICT LEFT BEHIND

a. Nuh's Special Circumstances

1.32. Nuh is the most backward district of Haryana:

i. Predominantly rural and agricultural.

ii. AT&C losses of approximately 42% (FY 2023-24) — among the highest in the State.

iii. 128,565 consumers, mostly small and marginal farmers.

iv. Low per-capita income and limited industrial base.

1.33. The Objector had specifically raised concerns that:

i. Agricultural supply may fall outside the Applicant's scope.

ii. Rural domestic supply — the most difficult segment — appears to be left out.

iii. The State subsidy for agricultural consumers (~₹7,870.32 crore) may not be enough to protect them.

b. The Expert Committee's Response — Inadequate

1.34. The Expert Committee, at Paragraph 11.9, notes that:

i. The Applicant has allocated ₹304.37 crore (6.5% of CAPEX) to Nuh.

ii. Rollout in Nuh commences from Phase I.

iii. The Applicant has included the entire Nuh district in its proposed area.

1.35. However, the Committee fails to address the following critical questions:

i. Will the Applicant actually serve agricultural consumers in Nuh, or will it focus only on the small industrial and commercial pockets?

ii. What is the timeline for providing connections to agricultural consumers in remote villages of Nuh?

iii. What safeguards exist to ensure that the Applicant does not discriminate against Nuh consumers in terms of supply reliability, voltage quality, and grievance redressal?

iv. What happens to the 42% AT&C losses — will the Applicant be able to reduce them, or will it pass them on to consumers?

1.36. The Expert Committee's silence on these issues is a grave omission.

PART D: PRAYERS

PRAYER

In light of the foregoing submissions, the Objector most respectfully prays that the Hon'ble Commission may be pleased to:

a. Procedural Reliefs

i. DECIDE PRELIMINARY LEGAL OBJECTIONS: Pass a reasoned order on the preliminary legal objections regarding the constitution, conflict of interest, and lack of statutory authority of the Expert Committee prior to final adjudication of Petition No. 30 of 2026;

ii. PUBLICLY RELEASE THE REPORT: Direct the immediate placement of the complete Expert Committee Report, along with all annexures and underlying records, in the public domain and serve copies to all registered Complainants/Objectors;

iii. GRANT RIGHT TO FILE WRITTEN OBJECTIONS: Provide a period of at least 30 days for the Complainant/Objector and affected stakeholders to file detailed written objections and expert counter-evidence responding to the findings of the report;

iv. *GRANT ORAL HEARING TO ALL STAKEHOLDERS*: Grant an effective opportunity of oral hearing to the Complainant/Objector Sh. Sampat Singh and the

Haryana Power Engineers Association (HPEA) before considering, relying upon, or taking any further steps based on the Expert Committee Report.

b. Substantive Reliefs

i. REJECT the Expert Committee's recommendation;

ii. PASS ANY OTHER ORDER that the Hon'ble Commission may deem fit in the interest of justice, equity, and the larger public interest.

VIII. SUMMARY OF KEY OBJECTIONS

Issue	Objector's Concern	Expert Committee's Response	Objector's Rejoinder
Constitution of Expert Committee	Improper delegation of quasi-judicial functions; conflict of interest	Committee is advisory only	Commission cannot outsource core adjudicatory function; conflict of interest unaddressed
Procedural Violations	Exclusive hearings for DHBVNL; report not disclosed to objectors	Report shared with parties on 03.09.2026	Objectors not given opportunity to be heard; violation of natural justice
Agricultural Supply	Separate agricultural Discom announced; rural domestic supply left out; ₹7,870 crore subsidy insufficient	No notification placed; proceeds on "law as it stands"	Committee abdicates responsibility; cannot grant licence in a vacuum
Cherry-Picking	Applicant targets Gurugram; Nuh included only for minimum area	Mixed findings; deferral of Gurugram City "warrants clarification"	Conclusion too weak; deferral is a fundamental design feature
Cross-Subsidy	CSS/Additional Surcharge don't apply to switch-over consumers; agricultural	Gap "capable of being addressed in ARR and True-Up"	Post-facto mechanism inadequate; time to act is now

Issue	Objector's Concern	Expert Committee's Response	Objector's Rejoinder
	consumers will face tariff shock		
USO Compliance	Affidavit not enough; need enforceable conditions	No licence conditions	Need binding, enforceable conditions with penalties
Nuh	Most backward district; 42% AT&C losses; agricultural consumers at risk	₹304 crore allocated; Phase I rollout	Committee fails to address reliability, timelines, discrimination

2. All India Power Engineers Federation (AIPEF) vide email dated 14.09.2026

2.1. At the outset, the All India Power Engineers Federation (AIPEF), the apex body representing power sector engineers and employees across the country, including those serving in Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL), Haryana Vidyut Prasaran Nigam Limited (HVPNL) and allied Haryana power utilities, reiterates and stands by the objections already placed on record vide its various letters addressed to this Hon'ble Commission in the above-referenced matter.

2.2. AIPEF has been given to understand that the Independent Expert Committee constituted in connection with HERC Petition No. 30 of 2026 has submitted its report, and that reliance may be placed on the said report while adjudicating the proposal of M/s Eleven Power Private Limited (EPPL) for grant of a parallel distribution licence in the Gurugram and Nuh industrial/revenue areas. AIPEF places on record its firm objection to the Report being treated, in whole or in part, as a basis for any final determination by this Hon'ble Commission, for the reasons set out below.

A. Procedural Objections to the Expert Committee Report

- The Report of the Expert Committee is, at best, recommendatory in nature. It cannot substitute or fetter the independent statutory and quasi-judicial adjudicatory function that this Hon'ble Commission alone is empowered to exercise under the Electricity Act, 2003.
- AIPEF and other affected stakeholders — including the existing distribution licensee, its employees, and consumers — have not been afforded a full and meaningful opportunity

to examine the complete Report and to file written objections or be heard orally on its findings and recommendations before any reliance is placed upon it.

- A matter of such far-reaching consequence for public utilities, public investment, employees and consumers cannot be decided on the strength of an external expert exercise without transparent stakeholder consultation. AIPEF therefore prays that the Report, and any proceedings founded upon it, be kept in abeyance until this deficiency is cured.

Without prejudice to the above, and in the event this Hon'ble Commission proceeds to consider the Report, AIPEF submits that the Report's own findings — summarised below — in fact reinforce, rather than dilute, the case against grant of a parallel distribution licence to EPPL.

B. Substantive Grounds Against the Proposed Parallel Licence

2.3. Statutory and Regulatory Framework

- The Electricity Act, 2003, while permitting competition in distribution, continues to treat distribution as a licensed public utility activity on account of its direct bearing on consumers and system stability. Every distribution licensee, including any parallel entrant, is bound by the Universal Service Obligation under Section 43, and must serve all consumers reliably — not merely the profitable segments.
- The sixth proviso to Section 14 of the Act imposes additional, substantive requirements of capital adequacy, creditworthiness and code of conduct on any applicant seeking a parallel licence. These are safeguards against the entry of financially or technically unproven entities, and AIPEF submits that EPPL's application does not withstand scrutiny on these parameters.

2.4. Risks to System Planning, Reliability and Sector Development

- Parallel licensing would result in duplication of distribution infrastructure, inefficient utilisation of assets, and right-of-way conflicts, particularly in the densely built-up industrial areas of Gurugram and Nuh.
- As the State Transmission Utility responsible for coordinated transmission planning, HVPNL's task would be materially complicated by the entry of a second licensee, potentially necessitating unplanned network augmentation.
- Multiple licensees operating in the same area would increase the complexity of system coordination and outage management, with consequent risk to the reliability of supply to sensitive industrial consumers.

2.5. Financial and Cross-Subsidy Implications

- Migration of high-value industrial and commercial consumers to EPPL would erode the cross-subsidy pool on which affordable tariffs for rural and subsidised consumers depend, placing further tariff pressure on those least able to bear it.
- DHBVNL and HVPNL would be left with stranded power purchase commitments and deferred regulatory assets, including under the Fuel Surcharge Adjustment mechanism, with no clear framework in place for compensation.
- Decades of public investment in HVPNL and associated utilities, made under UDAY, RDSS and similar schemes, would stand at risk of being rendered underutilised or redundant, again without any provision for reimbursement.

2.6. Universal Service and Consumer Protection Concerns

- Notwithstanding the nominal inclusion of Nuh within the proposal, the phased rollout and sequencing of investment indicates a clear orientation towards commercially attractive pockets, with a real risk of neglect of rural, agricultural and subsidised consumers.
- EPPL's technical and managerial capability remains largely prospective and consortium-based rather than demonstrated through operational track record, raising serious doubts about its ability to discharge Universal Service Obligations across the entire licensed area.
- In the absence of robust, notified consumer-migration protocols and protection mechanisms, consumers face a real risk of service disruption, billing disputes and erosion of consumer confidence.

2.7. Legal and Procedural Gaps

- While the Act does not mandate prior approval of HVPNL before grant of a licence, the technical and operational integration of a new licensee with the State grid remains unresolved at this stage, and cannot safely be deferred to the post-licensing period.
- Material commitments of EPPL relating to network rollout, technical standards and consumer protection have been left for implementation after grant of the licence, which would expose the Commission's own order to serious risk of non-compliance and regulatory uncertainty.

2.8. Prayer / Relief Sought: In view of the foregoing, AIPEF respectfully prays that this Hon'ble Commission may be pleased to:

1. Decline to rely upon the Report of the Independent Expert Committee for any final determination in HERC Petition No. 30 of 2026 unless and until AIPEF and all other affected stakeholders have been given meaningful opportunity — including an oral hearing — to respond to it;

2. Reject the proposal for grant of a parallel electricity distribution licence to M/s Eleven Power Private Limited for the Gurugram and Nuh industrial/revenue areas, on the legal, technical, financial and public interest grounds set out above;
3. Reaffirm DHBVNL, under the umbrella of HVPNL as the State Transmission Utility, as the sole distribution licensee for the said areas, so as to preserve coordinated system planning, protect the cross-subsidy regime, and safeguard the interests of all categories of consumers.

2.9. Electricity distribution is an essential public service affecting the lives and livelihoods of millions of consumers, and is not to be treated as an ordinary commercial venture. AIPEF trusts that this Hon'ble Commission, as an independent statutory and quasi-judicial authority, will adjudicate this matter strictly in accordance with law and in the larger public interest, and will accord this representation the urgent attention it deserves.

3. Electricity Employees' Federation of India (EEFI) vide email dated 15.09.2026

I. PRELIMINARY

1. These comments are filed pursuant to the Interim Order dated 03.09.2026, by which stakeholders were permitted to file comments on the Report of the Independent Expert Committee ("the Report") dated 07.08.2026.
2. EEFI ("the Objector") has already filed written objections to Petition No. 30 of 2026 and has made oral submissions at the public hearing. Those are adopted. This filing is confined to the Report.
3. The Report is advisory. Chapter 1 records that the Committee was constituted to assist the Commission and that the burden of proving statutory compliance is on the Applicant. The power to grant or refuse a licence under Sections 14, 15 and 16 of the Electricity Act, 2003 ("the Act") remains with this Hon'ble Commission. A recommendation that the licence "may be considered for grant" is not an entitlement.
4. EEFI prays that the petition of M/s Eleven Power Private Limited ("the Applicant / EPPL") be rejected. The sixth proviso to Section 14 permits more than one distribution licensee in the same area. It does not require the Commission to grant a licence. On this record, public interest, consumer interest, universal service, the requirement of an own distribution system, and the financial position of DHBVNL require refusal.
5. There is no occasion to keep the petition pending for a future framework, and no occasion to grant it subject to conditions. If the law or the State framework changes later, the

applicant must file a fresh petition under Section 15. Petition No. 30 of 2026 cannot be used as a continuing file for that purpose.

6. In chapter after chapter the Report accepts that the concerns of DHBVNL, EEFI and other objectors are real, and then treats them as “implementation issues” or “conditions subsequent”. That is not a lawful method. A statutory gap, an unexplained CAPEX sequence, absence of a migration code, non-applicability of CSS/AS to switch-over, and capital sitting with the promoter instead of the licensee, go to whether a licence can be granted at all.

II. THE LEGAL POSITION RECORDED IN THE REPORT ITSELF

1. The sixth proviso is expressly qualified: each licensee must distribute electricity through its own distribution system, and must satisfy “the other conditions or requirements under this Act”.
2. Chapter 2 of the Report records principles which support refusal in the present case:

   (a) Electricity distribution remains a licensed public-utility activity carrying continuing public obligations, and is not a mere commercial authorisation (paras 2.4 and 2.5).

   (b) The legislative model is regulated competition, not unrestricted entry (paras 2.7 and 2.12).

   (c) The 2022 amendments to the 2005 Rules were intended to prevent entry intoisolated commercially attractive pockets and to prevent the licence being used only to serve selected consumer categories (para 2.9).

   (d) Universal Service Obligation attaches to every licensee for the whole authorised area, and an applicant cannot be tested only on ability to serve commercially attractive consumers (para 2.10).

   (e) Formal compliance with the 2005 Rules does not exhaust the Commission’s enquiry. The Commission must still be satisfied that the licence can be implemented consistently with the Act and the public interest (paras 2.8, 2.11 and 2.12).
3. Chapter 3 records principles which the later chapters fail to apply:

   (a) Absence of monopoly does not create an automatic entitlement to a licence (Principle II, para 3.4).

   (b) Capital adequacy, creditworthiness and code of conduct are mandatory threshold requirements, and the Commission must examine whether the financial arrangements are credible, enforceable and sufficient (Principle V, para 3.7).

(c) Conceptual proposals or broad statements of intent cannot by themselves establish technical capability. Objective evidence capable of independent evaluation is required (Principle VI, para 3.8).

(d) Parliament intended competition through an independent distribution system, not commercial participation on another licensee's network (Principle VII, para 3.9).

(e) Public interest is the governing and integrating consideration, and licensing is not confined to formal statutory compliance (Principle VIII, para 3.10).

4. Chapter 1.7 of the Report lists five standards of review, including consumer interest and public interest. Chapter 1.8 places the burden of proof on the Applicant. Conditions written after grant do not discharge that burden.

III. CHAPTER-WISE COMMENTS ON THE REPORT

A. Chapters 1 to 4 — Scope, scheme and facts

No objection is taken to the statement of facts or to the Committee's description of its Terms of Reference. What is objected to is the assumption that, because the Act permits parallel licensing, grant is the default outcome**.**

B. Chapter 5 — Comparative experience: the Mumbai analogy is inapt

1. The Report relies almost entirely on the MERC order granting a distribution licence to Tata Power in Mumbai (Case No. 90 of 2014) and on subsequent APTEL affirmation. That analogy does not apply to Haryana.
2. Tata Power was not a 2025 special-purpose company. It was an existing Mumbai utility with historical licences, an operating organisation, generation assets and a Supreme Court-recognised wires arrangement. The Report itself records, in Chapter 16, that the Mumbai "change-over" (supply by Tata Power over the incumbent's wires) is not transposable to the present case, because the sixth proviso requires supply through the applicant's own system. Once that feature is unavailable, the Mumbai "grant first, plan later" method cannot be treated as a template.
3. Even in Mumbai, MERC required a detailed Network Roll-out Plan, a balanced consumer-mix obligation and a Commission-approved Migration Protocol before large-scale migration. Haryana has none of these instruments. The Report admits that the Applicant's Annexure J cannot bind DHBVNL and that no State migration framework exists.
4. Contrary Indian experience has not been given due weight. In Karnataka, when Tata Power applied for parallel licences, public opposition and the objection of the State Government forced withdrawal of the applications. The first wave of privatisation in Odisha

failed and had to be reversed. Private distribution in Chandigarh produced employee dislocation and consumer grievance. No parallel-licensing experiment of the present kind — a new company, a paper network, and the richest circles of a State DISCOM — has succeeded in India.

C. C. Chapter 6 (ToR 3.1) — Eligibility and capital adequacy

1. The Committee treats inclusion of the whole of Gurugram and Nuh as satisfying the minimum-area requirement of the 2022 amendments. Inclusion of Nuh on the map is not discharge of obligation in Nuh. The 2022 amendments, as the Report itself says in para 2.9, were meant to stop commercially selective entry. If the Applicant can defer Gurugram City capital expenditure by two years, and back-load 84 per cent of total CAPEX into years three to five, the area served in the first years will not be the area shown on the licence map.
2. On capital adequacy, the Committee accepts promoter market-value net worth of about Rs. 4,085.60 crore as satisfying Rule 3, against a 30 per cent equity requirement of about Rs. 1,415 crore on a CAPEX of Rs. 4,716.73 crore. That does not establish the capital of the licensee:

   (a) The licensee company is EPPL, not the promoter group. EPPL is a 2025 company with paid-up capital of about Rs. 1 crore. Market valuation of a holding LLP is not cash in the licensee.

   (b) Chapter 3, Principle V, requires arrangements that are credible, enforceable and sufficient. An earmarking proposal of Rs. 1,500 crore after grant, and an in-principle Phase-1 debt sanction of Rs. 205 crore, do not meet that test now.

   (c) This Hon'ble Commission had already asked for the distinction between book value and market value. The Report does not resolve that distinction.
3. Rule 3(2) may permit regard to the promoter. It does not treat an unenforceable group balance-sheet as the capital of the licensee. Want of enforceable capital in EPPL is a ground for rejection.

D. Chapter 7 (ToR 3.2) — Finance and CAPEX phasing

1. The Committee records that about 84 per cent of the Rs. 4,716.73 crore CAPEX is planned only in FY 2028-29 to FY 2030-31. It then holds that there is no financial deficiency of a magnitude constituting an independent ground for refusal.
2. The objection is not that a five-year programme is unlawful. The objection is the sequence: a thin early-year network, high-ABR HT and commercial load first, rural and LT obligation later. The Committee itself finds that the two-year deferral of Gurugram City investment is

"not fully answered". A plan that is 84 per cent later and 16 per cent now is not objective evidence of capability under Chapter 3, Principle VI.

3. The Committee treats the Applicant's sales, migration and revenue projections as "planning assumptions", and then uses a 2.5 per cent switch-over to play down stranded cost and FSA. If the figures are only assumptions, they cannot prove that harm will be modest. If they are reliable, they prove that paying load will leave DHBVNL. Either reading supports rejection.

E. Chapter 8 (ToR 3.3) — Technical and managerial capability

1. Capability is accepted through a consortium MoU and a Responsibility Matrix. EPPL has never operated a distribution system. A MoU is not an organisation. Chapter 3, para 3.8, says conceptual proposals cannot establish technical capability.
2. Detailed engineering, EPC award, land tenure, right-of-way, protection studies and control-centre architecture are left to "implementation stage". For a new company proposing to overlay Gurugram and Nuh, those are the system, not leftovers. A licence without them is a right to solicit consumers on a future network.

F. Chapter 9 (ToR 3.4) — Transmission, STU and grid

1. The Committee holds that no STU no-objection is required before grant, and that interconnection, GNA, load-flow, short-circuit, protection coordination and SCADA compatibility may follow the licence. HVPNL / SLDC readiness and spare transformation capacity are questions of system security. They have to be answered before a second set of 220/33 kV interfaces is authorised in Gurugram. A condition of "60 days before energisation" does not protect the grid if land, bays and GNA are not available after the licence has already been issued.

G. Chapter 10 (ToR 3.5) — Power procurement

1. The Committee does not treat long-term PPAs as a precondition to grant. It calls stranding of HPPC / DHBVNL contracted capacity "modest and gradual". Contracted capacity does not fall when sales leave. Two-part tariffs continue to recover fixed charges from the residual consumer base. Chapter 13 accepts that fixed cost is sticky. "Modest" on a 2.5 per cent assumption is not a finding.
2. Future PPAs of the Applicant will require approval under Section 86(1)(b). That is not a reason to grant now. The Applicant has not shown how USO in Nuh and rural Gurugram will be supplied in years 1 and 2, while DHBVNL remains bound to long-term stations.

H. Chapter 11 (ToR 3.6) — Universal Service Obligation

1. The Committee accepts that USO attaches equally to the new licensee, that rollout will be phased, and that the two-year deferral of Gurugram City investment is not fully answered. That deferral leaves costly urban work behind and the paying load available first. Nuh on the map does not discharge USO in Nuh. Deferral of Gurugram City network investment does not stop early taking of HT and dedicated-feeder load, which needs little new public network.
2. Dedicated feeders and HT industrial / commercial consumers are the category National Electricity Policy para 5.4.7 warned against as the target of cherry-picking. HT migration cannot precede independently verified coverage of LT, rural and Nuh obligation. A condition that phasing "shall not operate as permanent exclusion" does not meet the harm of the first twenty-four months. USO postponed is USO denied.

I. Chapter 12 (ToR 3.7) — Consumer migration

1. The Committee finds:

   (a) the Applicant's proposed protocol (Annexure J) cannot bind DHBVNL;

   (b) Haryana has no notified multi-licensee migration framework;

   (c) CSS and Additional Surcharge under Section 42 do not apply to a full switch-over from one distribution licensee to another;

   (d) those gaps are "not threshold statutory conditions" and may be filled after grant, on the Maharashtra model.

2. Findings (a) to (c) are correct. Finding (d) is not. There is at present no law governing how a consumer moves, how arrears including FSA are settled, how security deposit is transferred, how meters are changed, or how the incumbent is compensated. Chapter 16 of the Report itself warns that where migration is left to evolve after commencement, prolonged regulatory intervention follows. That is a reason to reject this petition. EEFI does not ask the Commission to notify a framework so that this petition can later be allowed.

J. Chapter 13 (ToR 3.8) — Tariff, cross-subsidy, FSA and stranded cost

1. The Committee records that Gurugram and Nuh together account for about 35 per cent of DHBVNL sales and more than 42 per cent of DHBVNL revenue. This is not a neutral whole-area proposal. It is a proposal for the highest-revenue slice of DHBVNL, with Nuh added to meet the 2022 area rule.
2. The Committee agrees that CSS and Additional Surcharge do not apply to full switch-over. It further finds that Haryana has no purpose-built recovery mechanism, and that the adequacy of ARR true-up as a substitute "has not been demonstrated". True-up is

retrospective and is spread over whoever remains. Residual domestic, agricultural and small-commercial consumers would pay for the departure of high-ABR load.

3. On Fuel Surcharge Adjustment, the Committee contrasts DHBVNL's recovery of the order of Rs. 600 crore a year on the full area with the Applicant's suggested exposure of Rs. 17.17 crore on a 2.5 per cent migrant set. FSA is a deferred fuel / power-purchase cost already incurred. If high-paying consumers leave, the unrecovered FSA stays and is divided over fewer units. The burden on consumers who cannot migrate rises. That is a ground for refusal now, not an ARR entry later.
4. The same logic applies to stranded PPA fixed costs. Sales can migrate. Contracted capacity cannot. HPPC / DHBVNL fixed charges will be socialised over a poorer residual mix. Calling this "modest" on a 2.5 per cent assumption is circular.

K. Chapter 14 (ToR 3.9) — System planning and duplication

1. Avoidable duplication of 33 kV and LT network in a dense city, under-utilisation of RDSS, smart-metering and underground-cabling assets already paid for by the public, and right-of-way conflict with GMDA, HSVP, NHAI, metro and railways, are treated as matters for annual rolling plans. A second network that is not coordinated before grant will either waste public assets or lean on DHBVNL's system, which the sixth proviso does not allow.
2. The Committee's own conditions include a Supplier-of-Last-Resort / insolvency continuity framework that does not yet exist. That is unreadiness. Unreadiness is a ground to reject the petition.

L. Chapter 15 (ToR 3.10) — Public interest

1. The Committee records that DHBVNL's Consumer Migration Impact Assessment raises "significant" and "legitimate" issues of migration, revenue, cross-subsidy, FSA, stranded assets and PPAs, and infrastructure utilisation. It then holds that those issues do not constitute overriding public-interest considerations because they can be addressed after operations begin.
2. A documented risk to more than 42 per cent of a public DISCOM's revenue, to FSA recovery, to contracted generation and to residual consumers is a public-interest ground for refusal under Sections 14, 15 and 16. Chapters 1.7, 2.11 and 3.10 treat public interest as the governing standard. It cannot be postponed to tariff true-up.
3. On employees, the Committee holds that Section 133 of the Act is not attracted because there is no transfer of undertaking, and that any effect on DHBVNL will be taken in ARR and truing-up. The objection is not limited to Section 133. It is the public interest in employment, skill and industrial peace in an essential service. ARR does not protect a

post that is frozen or an establishment that loses the load which funded it. Chandigarh remains a caution.

4. Constitutional arguments under Articles 21, 38, 39(b) and 48-A are dismissed on the ground that Parliament intended competition. Parliament also intended universal supply, consumer protection and financial sustainability of utilities. Even though the Act contains a provision for a second licensee, public interest on these facts requires that no licence be issued.

M. Chapters 16 and 17 — Safeguards and residuary issues

1. Chapter 16 lists conditions taken from the Mumbai Tata Power licence: nodal officer, plan within 90 days, milestones including Nuh, studies before energisation, interconnection agreement, last-resort framework, rolling capex, half-yearly reporting. The length of that list shows the application is not ready. Conditions cannot replace a licensee that does not yet exist as an operating utility.
2. Chapter 17 says the migration-cost gap is general to the State and is therefore not a reason to refuse this licence. If the gap is general, this petition cannot be allowed. EEFI does not ask that the missing instruments be notified in order to clear this application.

N. Chapter 18 — Consolidated recommendation

1. Para 18.20 says the licence "may be considered to be granted" subject to Schedules A to D. That does not bind the Commission. The risks recorded in Chapters 7, 11, 12, 13 and 15 are reasons to reject the petition. They are not annexures to a grant.

IV. REASONS FOR REJECTION

The Act may permit a second licensee in a fit case. This petition is not a fit case. The Report's own findings are enough to refuse it.

- Reason 1 — Threshold conditions are not met: Chapter 3 holds that capital adequacy is a condition precedent and that technical capability requires objective evidence, not intent. EPPL has about Rs. 1 crore paid-up capital, a promoter valuation, an in-principle facility of Rs. 205 crore, 84 per cent of CAPEX in years three to five, no GNA, no interconnection agreement, no awarded EPC and no operating organisation. The threshold is not crossed. Schedules A to D cannot create a threshold after grant. Want of threshold is a ground for rejection.
- Reason 2 — There is no own distribution system: The sixth proviso requires distribution "through its own distribution system". A licence used to sign HT consumers while the network is on paper is parallel supply, not parallel distribution. The Report itself distinguishes change-over and open access from parallel licensing. The Act does not

permit a parallel licence without development of own network. A five-year CAPEX programme is not a network. This alone requires rejection.

- Reason 3 — Switch-over cost cannot be recovered: CSS and Additional Surcharge do not apply to full switch-over. Haryana has no substitute instrument. ARR true-up has not been shown to be adequate. Gurugram and Nuh hold more than 42 per cent of DHBVNL's revenue. Grant on this record would leave stranded PPA cost and deferred FSA on residual consumers. That is a ground for rejection, not a matter for later regulation.
- Reason 4 — Public interest is not served: The Act contains a provision for a second licensee. That does not mean this licence should be granted to this company for these two districts on this record. Chapter 15.7(iv) calls DHBVNL's concerns legitimate and significant. Those concerns stand unremedied. Public interest in residual consumers, in Nuh and rural supply, in public employment, and in assets built with public money, requires rejection.

In addition to the above, the following findings of the Report themselves support rejection:

1. Burden of proof is on the Applicant (Ch. 1.8);
2. The 2022 Rules were meant to stop pocket licensing (Ch. 2.9);
3. Conceptual plans do not prove technical capability (Ch. 3.8);
4. 84 per cent of CAPEX is in years 3 to 5 (Ch. 7);
5. Two-year deferral of Gurugram City investment is unexplained (Ch. 11 / 18);
6. No binding migration protocol; no Haryana migration framework (Ch. 12);
7. CSS / AS do not apply; no substitute is in place; ARR adequacy is not shown (Ch. 13);
8. Gurugram and Nuh exceed 42 per cent of DHBVNL revenue (Ch. 13);
9. FSA and stranded PPA cost will sit on residual sales (Ch. 13);
10. DHBVNL's impact assessment raises legitimate and significant concerns (Ch. 15.7);
11. No Supplier-of-Last-Resort framework exists (Ch. 14 / 16);
12. The Report is only recommendatory (Ch. 1).

The following conclusions of the Report ought not to be adopted:

1. That promoter market-value net worth is the capital of the licensee;
2. That a consortium MoU proves distribution capability;
3. That Mumbai Tata Power governs a 2025 special-purpose company in Haryana;
4. That a 2.5 per cent assumption proves modest harm;
5. That absence of a State framework is not a ground to refuse this petition;
6. That Section 133 exhausts the employee objection;
7. That mention of competition in the Act satisfies public interest;

8. That Schedules A to D can cure want of readiness.

PRAYER: EEFI prays that this Hon'ble Commission may be pleased to:

a) take these comments on record in Petition No. 30 of 2026;
b) reject the petition of M/s Eleven Power Private Limited for grant of a parallel distribution licence for the Revenue Districts of Gurugram and Nuh;
c) hold that the sixth proviso to Section 14 is enabling, not mandatory, and that public interest, consumer interest, universal service, the requirement of an own distribution system, and the position of DHBVNL require rejection of this petition;
d) hold that the gaps recorded by the Expert Committee are grounds for rejection, and not a basis for conditions or for keeping the petition pending;
e) hold that if the statutory or State framework changes later, any application shall be a fresh petition under Section 15, and that Petition No. 30 of 2026 shall not be treated as pending for that purpose;
f) direct DHBVNL to continue as the distribution licensee for the area and to strengthen its operations through public investment, modernisation and employee participation;
g) hear EEFI before any final order; and
h) pass such other order as may be just, short of grant of the licence.
i) EEFI reserves its right to make further submissions, to produce additional material, and to address any reply filed by the Applicant.

4. Haryana Power Engineer's Association (HPEA) vide email dated 15.09.2026

I write on behalf of the Haryana Power Engineers Association (HPEA), representing the power engineers of Haryana and an intervenor in HERC Petition No. 30 of 2026, concerning the proposed grant of a Parallel Distribution Licence for the Revenue Districts of Gurugram and Nuh.

HPEA, as the recognized association of power engineers directly responsible for operation, maintenance, system planning and consumer service in the State, has a direct and vital stake in the outcome of the present petition. The matter concerns not only the future of public utilities built over decades with public money but also the service conditions, accountability and public service obligations of its members.

It is respectfully submitted that the Independent Expert Committee, constituted vide Order dated 09.07.2026, has submitted its Report dated 07.08.2026, and that the proceedings have thereafter been conducted, inter alia, on the basis of the said Report, including the selective

opportunity of hearing afforded to the incumbent DISCOMs pursuant to the Interim Order dated 03.09.2026 passed in I.A. Nos. 29 and 30 of 2026.

It is further submitted that the said Report has relied upon various documents furnished by the Petitioner on 30.07.2026, copies whereof have neither been supplied to the HPEA nor otherwise made available for its examination and response. Further, the annexures forming an integral part of the Expert Committee's Report have also not been furnished to the HPEA (copy of the email vide which Expert Committee Report received is attached as Annexure-I). In the absence of the said documents and annexures, the HPEA has been deprived of a meaningful and effective opportunity to examine and respond to the material relied upon by the Committee, to file comprehensive written objections thereto.

HPEA places on record its firm and unequivocal objection to the Report of the Independent Expert Committee being treated, in whole or in part, as a basis for any final determination in the present proceedings, particularly in the absence of the underlying documents and annexures relied upon therein having been furnished to HPEA.

It is further submitted that the Report is voluminous in nature which require adequate time for careful examination, study and consideration by HPEA. HPEA therefore respectfully seeks a period of three months to scrutinise the Report in its entirety, examine the material relied upon therein, assess its findings and conclusions, and formulate comprehensive written objections/submissions thereto. Such reasonable time is necessary to enable HPEA to properly respond to the Report before any reliance is placed upon the same.

PRELIMINARY OBJECTION: LEGAL BASIS, NECESSITY AND PROCEDURE FOR CONSTITUTION OF THE INDEPENDENT EXPERT COMMITTEE

At the outset, HPEA respectfully places on record the statutory qualifications prescribed under Section 5(1) of the Haryana Electricity Reform Act, 1997 ("HER Act") for appointment of the Members of the Commission

> *"5. (1) The members of the Commission shall be persons of ability, integrity and standing who have adequate knowledge or experience of, or have shown capacity in dealing with problems relating to engineering, economics, commerce, finance, accountancy, law or administration and further that at all times*
>
> *(a) at least one member shall be an electrical engineer with adequate experience of either generation, transmission or distribution of electricity;*
>
> *(b) at least one member shall have qualification and adequate experience in any of the other disciplines, namely economics, commerce, finance, accountancy, law or administration; and*

(c) the third member shall have the qualification and adequate experience in any of the disciplines mentioned above.

The selection and appointment of the members at all times shall be made strictly in accordance with the above qualification and experience."

In view of the aforesaid statutory mandate, HPEA submits that the Commission is itself statutorily constituted with Members possessing the requisite technical, financial, economic, legal and administrative expertise necessary for discharging its functions and for adjudicating upon matters falling within its jurisdiction. In such circumstances, the constitution of an Independent Expert Committee raises a fundamental question as to the necessity, legal basis and statutory authority for entrusting such functions to an external body, particularly where the Committee's Report is thereafter proposed to be relied upon for purposes of final determination.

HPEA further submits that the process by which the Members of the Independent Expert Committee were identified, shortlisted and selected assumes particular significance, especially where the findings of such Committee are sought to be relied upon in proceedings having civil and/or financial consequences for affected stakeholders. The basis and criteria adopted for selection of the Committee Members, the source from which their names were considered, the qualifications, and whether the constitution, and/or appointment of the Independent Expert Committee was discussed with or brought to the notice of the Petitioner and/or the Respondents, may also be placed on record.

Further, the basis and criteria for fixing the fee/remuneration payable to the Expert Committee and the authority under which such fee was determined may also be placed on record.

In the absence of disclosure of the aforesaid material and justification, HPEA submits that the basis for constitution and functioning of the Committee, as well as the reliance sought to be placed upon its Report, requires due consideration. HPEA accordingly submits that no reliance ought to be placed upon the Report for the purpose of final determination unless the legal basis, necessity, selection procedure, mandate and basis of financial terms of the Committee are first place on record.

PART-A: PROCEDURAL OBJECTIONS TO THE EXPERT COMMITTEE REPORT

1. Abdication of Statutory Jurisdiction – Violation of Section 84:

Under Section 84 of the Electricity Act, 2003, this Hon'ble Commission is statutorily presumed to possess comprehensive in-house expertise across law, engineering, finance, commerce and administrative adjudication. The Commission is a specialized regulatory

body entrusted by Parliament with sole authority to determine applications for distribution licence under Sections 14, 15 and 16.

By outsourcing core evaluation of statutory eligibility, financial capability, power procurement, technical capability and public interest to an ad-hoc three-member external committee, the Commission has improperly delegated its quasi-judicial function. The Report itself acknowledges at Paragraph 1.2:

"The authority to grant, refuse or grant subject to conditions a distribution licence vests with the Commission under Sections 14, 15 and 16 of the Electricity Act, 2003. Nothing contained in this Report is intended to substitute or restrict the Commission's statutory discretion."

Yet the Report proceeds to make definitive findings on contested issues of law and fact – statutory eligibility, capital adequacy, technical capability and Universal Service Obligation – which are likely to be adopted wholesale. This is delegation in substance, if not in form. As established by the Hon'ble Supreme Court in Kerala State Electricity Board v. Jhabua Power Ltd., a statutory regulatory commission cannot displace or dilute its primary quasi-judicial functions by relying on recommendations of a hand-picked, non-statutory panel.

2. Violation of Natural Justice – Exclusive and Non-Joint Hearings:

a) Following submission of Report, only the state DISCOMs were invited for selective hearing, excluding other primary complainants and objectors including HPEA. This violates audi alteram partem.

b) Hearings before the Committee itself were not conducted jointly – one hearing was afforded to the Answering Respondents and a separate, distinct hearing to the Petitioner, with parties not present together.

c) Documents including "Reply/ Comments on behalf of Petitioner to Committee Report dated 07.08.2026", Reply to objections of DHBVNL/UHBVNL on additional documents, Reply to comments of DHBVNL/UHBVNL on Committee Report, and Reply to comments of HVPNL on Committee Report were received by DHBVNL only on 01.09.2026, i.e., 2 days prior to hearing on 03.09.2026. No equal reciprocal opportunity to rebut was granted to Respondents/HPEA. Reliance is placed on APTEL judgment in Polyplex Corporation Ltd. Vs. UERC (Appeal No. 41, 42 and 43 of 2010 decided on 31.01.2011) – whenever legal or expert opinion is obtained, parties must be given opportunity to place their views in open forum.

d) The Ld. Counsel for Petitioner during arguments himself stated it was the "Committee had suggested" that an MoU with lock-in period be filed. The Committee at para 6.9

records having called upon Petitioner to furnish justification for adopting market value over book value and to submit comprehensive debt-equity capitalization plan. Documents thus created after matter reserved and relied upon without opportunity to test or rebut cannot form part of Report.

HPEA therefore prays that Report and any proceedings founded upon it be kept in abeyance until deficiency is cured.

3. Violation of Natural Justice - Undue Benefit Given to the Petitioner:

It is submitted that as per the Interim Order dated 09.07.2026 passed in the matter, the Independent Expert Committee was required to submit its Report within 15 days from the commencement of its work, which commenced on 13.07.2026, and accordingly, the Report was required to be submitted by 28.07.2026. However, the Report was ultimately submitted only on 07.08.2026, subsequent to the additional documents furnished by the Petitioner before the Committee on 30.07.2026. The aforesaid delay, occasioned by the belated submission of additional documents by the Petitioner, has provided the Petitioner with undue leverage and an opportunity to supplement its case and cure deficiencies in its earlier submissions.

PART-B: SUBSTANTIVE GROUNDS AGAINST PROPOSED PARALLEL LICENCE

Without prejudice, the Report's own findings reinforce case against grant of parallel licence.

4. Minimum area of Supply

The proposed licence area comprises the Revenue Districts of Gurugram and Nuh, which contain multiple urban local bodies, including Municipal Corporations, Municipal Councils and Municipal Committees, in addition to extensive rural areas. However, Ministry of Power, GoI, Electricity Rules, 2005 (amended in 2022) specifies "the entire area covering either a Municipal Corporation as defined in article 243Q of the Constitution or three adjoining revenue districts, or a smaller area as may be notified by the Appropriate Government shall be the minimum area of supply." From bare perusal of the said notification, it may be construed where the area defined by the Municipal Corporations then minimum area shall be one municipal corporation only. In case, the area defined by the Revenue District then the minimum qualified area for the parallel licence shall be three adjoining revenue Districts. In the instant case, Eleven Power has proposed two districts only which clearly shows the contraventions of the said MoP Rules and to circumvent the mandatory requirement of Capital adequacy.

5. Statutory Framework – Universal Service Obligation under Section 43:

Section 43 mandates every distribution licensee shall, on application, give supply to owner or occupier of any premises within its area of supply. National Electricity Policy Para 5.4.7

explicitly provides: "The second licensee shall have obligation to supply to all consumers in accordance with Section 43."

Every distribution licensee, including parallel entrant, is bound by Universal Service Obligation under Section 43, and must serve all consumers reliably – not merely profitable segments. The sixth proviso to Section 14 imposes additional substantive requirements of capital adequacy, creditworthiness and code of conduct.

The applicant's business plan proposes phased, demand-driven rollout with projected market share of just 2.5% to 15% over five years. Committee has accepted phased capital outlay of Rs. 4,716.73 Crore against estimated requirement of Rs. 11,937 Crore needed for full area-wide infrastructure. Committee itself acknowledges at Para 11.12(iv): "The lawfulness of phasing as a methodology does not, by itself, establish that a particular phasing plan is non-discriminatory in its sequencing."

Yet Committee proceeds to accept rollout without imposing binding, enforceable conditions to ensure agricultural and rural domestic consumers are served within defined timeline and cherry-picking is prevented.

6. Cherry-Picking and Predatory Business Model:

By targeting high-density 220 kV and 66 kV industrial and commercial supply points in Gurugram and Nuh, applicant selectively targets high-yield revenue centers. Its own projections show only 2.5% migration of existing DHBVNL consumers, balance from new high-value consumers. Critically, Gurugram City – division with second-highest existing HT load (143 MW) – receives near-nil CAPEX Rs. 1.52 Crore and Rs. 2.34 Crore in FY 2026-27 and FY 2027-28, division activated only from Phase III. DHBVNL has placed on record specific, substantially undisputed figures from applicant's own Business Plan to this effect.

If applicant were genuinely committed to universal service, why would it defer investment in division with highest existing HT load? Only logical explanation is to establish foothold elsewhere and then selectively acquire most profitable consumers while leaving the rest.

7. Capital Adequacy Failure under Rule 3, Rules 2005 – Fatal Deficiencies:

HPEA submits that capital adequacy computation is unverified, self-serving and alien to law:

a) Self-devised 5-year percentage formula: Rule 3(1) casts duty on Commission to independently determine capital investment having regard to size of area of supply and service obligation under Section 43. Rules contain no reference to five-year truncated timeline. Committee confined computation to five years without cogent reasoning why 5 years and not 3 or 6. Such extra-legal formula is void ab-initio.

b) Power purchase cost not included: Service obligation includes procurement and supply of power, constituting approx 89% of Annual Revenue Requirement of existing DISCOMs. Entirely omitted by Petitioner and Committee. Working capital not accounted. Resources to comply with Late Payment Surcharge Rules requiring Letter of Credit equivalent to one month's power procurement not demonstrated.

c) Thermal portfolio speculative: Although Petitioner proposes 20% from thermal, no Thermal Power Plant identified from which such power proposed to be procured.

d) Land cost not included: Cost of infrastructure though inadequate has been taken, but cost of land on which infrastructure to be constructed not taken, on presumption that powers of Telegraph Authority under Section 164 would necessarily be conferred. DHBVNL has placed on record assessment: Network infrastructure cost Rs. 11,397.75 Crore and land cost Rs. 7,137.83 Crore aggregating Rs. 18,535.58 Crore, applying 30% equity norm under Rule 3(2) yields equity requirement Rs. 5,560.67 Crore against Petitioner's claimed net worth Rs. 4,085.60 Crore – shortfall approx Rs. 1,475.07 Crore exclusive of power purchase cost, fatal to claim under Rule 3(2). Even Petitioner's rebuttal that compact sub-stations require one-tenth land still leaves land cost unaccounted.

e) Net worth not of Petitioner: Claimed net worth Rs. 4,085.60 Crore is not of Eleven Power Pvt Ltd but of its promoter SAS Fininvest LLP and rests entirely on market value of concentrated shareholding in single listed company Global Health Limited which has fluctuated by over 33% within two years. Rule 3(2) requires exclusion of promoter's 'other committed investments' and demonstration of 'generation of internal resources in preceding three years' – SAS Fininvest LLP being mere holding vehicle with no business generating operating cash flow fails this limb.

f) Beneficial interest undisclosed: Question how beneficial interest arises – under trust, agreement, guarantee, will or succession – remains unanswered. Without disclosure of instrument, extent or enforceability cannot be ascertained.

g) Authorised capital confused with net worth: At page 72 Report observes increase of Petitioner's authorised share capital from Rs. 100 Crore to Rs. 1,500 Crore "covers" entire five-year equity requirement Rs. 1,415.02 Crore. This conflates two distinct concepts. Authorised capital is merely ceiling under MoA, can be increased by resolution and nominal filing fees without single rupee infused and without binding obligation.

h) Double counting solvency certificates: Committee accepts combined solvency certificates of Rs. 2,000 Crore without addressing specific objection that two certificates over same or

overlapping asset base cannot be added, in absence of statutory Form 8 Statement of Account and Solvency or verification against SEBI shareholding/encumbrance disclosures.

8. Technical and Managerial Capability – Shell Company:

Applicant is Eleven Power Private Limited alone. Consortium members party to MoU are not applicants, licence would enure only to EPPL. Part-II of Form I annexed to HERC Licensing Regulation 2004 requires each constituent of joint venture or consortium to independently satisfy prior experience.

Petitioner incorporated only in February 2026 as Veyora Infra Pvt Ltd for real estate activities, renamed and repurposed for electricity distribution shortly before filing petition. Possesses no resources, no experience, no workforce of its own. Documents relied at Vol-II Enclosure-8 page 840 being profile of Mr. Samarjit Mohanty described as employee of "SAS Energy" not EPPL, page 843 second bullet point describing individual as presently working with TPCODL with no shown association even with SAS Energy. No document disclosing what SAS Energy is, whether separate legal entity, how related to Petitioner. Group name is not legal person.

Petitioner cannot seek to get contracts executed through third parties when it is not itself eligible to execute or supervise independently.

9. MoU – Non-binding and Belated:

MoU annexed at Enclosure-3 Vol-II dated 09.05.2026 was unsigned (page 239 of Petition). Only after deficiency pointed out in original reply that signed copy filed along with additional submissions dated 03.07.2026 purportedly bearing digital signatures dated 12.05.2026 being date of filing petition.

At page 277 Report Clause 18.15 Schedule A, Committee proceeds that conditions including A1 (detailed Network Rollout and CAPEX programme), A2 (division-wise justification), A8 (legally enforceable Consortium Agreement) are "conditions precedent to commencement of supply" not to grant of licence itself. If consortium arrangement to become legally enforceable only after grant, necessary corollary is no binding consortium agreement existed at eligibility stage. Non-binding MoU cannot establish institutional readiness.

Conditions A3 to A6 and A10 regarding Interconnection Agreements, joint system studies, load-flow and protection coordination, SLDC scheduling protocols and conformity with Pilot Project Belt architecture go to very heart of grid security and cannot be relegated to after grant stage.

10. Financial and Cross-Subsidy Implications – Double Burden on Consumers:

Area proposed is DHBVNL's single most valuable territory contributing 35.23% of total sales and 42.98% of total revenue of Rs. 9,493.75 Crore for FY 2025-26. HT and LT Commercial

& Industrial consumers presently pay positive cross-subsidy Rs. 1.17/kWh and Rs. 1.06/kWh respectively, which underwrites negative cross-subsidy Rs. 0.90/kWh and Rs. 0.92/kWh applicable to domestic and agricultural consumers. Migration predominantly from high-paying HT and C&I consumers would directly erode that balance.

Committee itself acknowledges at Para 13.10 that in relation to switch-over consumers position is materially different: such consumer ceases altogether to be consumer of incumbent, takes no open access over its network and pays no wheeling charges, and on plain language of Sections 42(2) and 42(4) neither levy attaches. No statutory mechanism to recover cross-subsidy loss or stranded costs.

Impact operates on two cumulative levels:

Level 1: Consumers migrating to Petitioner would bear through Petitioner's tariff entire cost of wholly new and duplicate distribution network running parallel to network of equivalent capacity already existing, built and maintained by DISCOMs over decades at cost of consumers.

Level 2: Residual consumers of DHBVNL continuing to be served would fund through higher per-unit fixed charge in ARR recovery of legacy infrastructure cost already sunk serving migrating consumers, which does not stand extinguished. This stranded-cost or fixed-cost under-recovery impact is compounding.

Committee's suggested solution at Para 12.19(F) that gap is "capable of being addressed in ARR and True-Up exercise" is post-facto mechanism that will take years. By the time Commission acts, DHBVNL may be financially crippled and agricultural consumers may face tariff shock.

11. Legacy Transmission Cost and EESDC – Non-Consideration:

Transmission network already established has been created at cost of existing consumers through tariffs. Committee findings at Chapter 14 silent on whether Petitioner can utilize existing infrastructure free of cost or without compensation.

Committee at Table 14.1 has taken into account only 2nd Amendment Regulations of 2023 while completely overlooking applicability of Haryana Electricity Regulatory Commission (Duty to Supply Electricity on Request) (3rd Amendment) Regulations, 2023 notified on 27.09.2023 which prescribes External Electrical System Development Charges (EESDC) on per-MVA basis (Rs. 34 Lakhs to Rs. 56 Lakhs per MVA) for infrastructure at 33 kV and above.

12. System Planning, Reliability and Consumer Protection:

Parallel licensing would result in duplication of distribution infrastructure, inefficient utilization of assets, right-of-way conflicts particularly in densely built-up industrial areas of Gurugram

and Nuh. As State Transmission Utility, HVPNL's task of coordinated transmission planning would be materially complicated, potentially necessitating unplanned network augmentation and creating avoidable risk to grid security. Multiple licensees in same area increase complexity of system coordination and outage management.

Notwithstanding nominal inclusion of Nuh, phased rollout indicates clear orientation towards commercially attractive pockets with real risk of neglect of rural, agricultural and subsidised consumers. EPPL's technical capability remains prospective and consortium-based rather than demonstrated.

Nuh Dimension: Nuh is most backward district – predominantly rural and agricultural, AT&C losses approx 42% (FY 2023-24) among highest in State, 128,565 consumers mostly small and marginal farmers, low per-capita income. Applicant allocated only Rs. 304.37 Crore (6.5% of CAPEX) to Nuh. No clarity on timeline for connections to agricultural consumers in remote villages, safeguards to ensure no discrimination in reliability, voltage quality and grievance redressal, and whether 42% AT&C losses will be reduced or passed on.

Agricultural Supply: State Government announced creation of separate distribution utility for agricultural supply. State subsidy for agricultural consumers is of order Rs. 7,870.32 Crore. Rural domestic supply – most difficult and commercially unviable segment – appears left out. Absence of notification does not make concern hypothetical; it means Commission is asked to grant licence in vacuum without clarity on who will bear cross-subsidy burden.

13. Discretionary Nature of Grant:

Sixth Proviso to Section 14 confers discretionary power upon Commission to grant parallel licence, removes only one specific ground of refusal namely mere existence of incumbent, without curtailing wider discretion to refuse on any other legitimate ground germane to objects of Act including public interest. Committee's own findings at pages 13, 17, 21 and 24 correctly recognize grant is not matter of automatic entitlement and public interest is integrating consideration.

PART-C: PRAYER

In view of foregoing, HPEA respectfully prays that this Hon'ble Commission may be pleased to:

<u>A. Procedural Reliefs:</u>

i) Pass reasoned order on preliminary legal objections regarding constitution, conflict of interest, lack of statutory authority of Expert Committee and violation of Section 84 before placing any reliance on Expert Committee Report dated 07.08.2026;

ii) Provide complete copies of all documents, annexures and other material relied upon or considered by the Independent Expert Committee in preparation of its Report dated 07.08.2026, and thereafter grant HPEA and the affected stakeholders, including Engineers and Employees, a reasonable period of at least three months to examine the same and file detailed written objections/comments in response to the findings and conclusions contained in the Report;

iii) Grant effective opportunity of oral hearing to HPEA before considering, relying upon or taking any further steps based on Expert Committee Report.

B. Substantive Reliefs:

i. Decline to rely upon and reject the Report of Independent Expert Committee dated 07.08.2026 in its present form for any final determination in Petition No. 30 of 2026;

ii. Reject the proposal for grant of parallel electricity distribution licence to M/s Eleven Power Private Limited for Gurugram and Nuh revenue areas, being bereft of merit on legal, technical, financial and public interest grounds set out above – including failure to satisfy Rule 3(2) with shortfall of approx Rs. 1,475.07 Crore exclusive of power purchase and land, volatile market-value basis of promoter net worth, non-disclosure of beneficial interest, impermissible treatment of authorised capital as net worth, double counting of solvency, shell company character, unenforceable MoU, demonstrated cherry-picking, material and unaddressed risk of stranded costs and fixed-cost under-recovery, impact on cross-subsidy (42% revenue of DHBVNL at stake), non-consideration of legacy infrastructure costs and EESDC under 3rd Amendment Regulations 2023, and risk to agricultural consumers and Nuh district;

iii. Reaffirm DHBVNL as sole distribution licensee in Gurugram and Nuh area so as to preserve coordinated system planning, protect cross-subsidy regime, avoid duplication of public investment made under UDAY, DDUGJY, RDSS and similar schemes, and safeguard interests of all categories of consumers;

iv. Pass any other order(s)/Direction(s) as Hon'ble Commission may deem fit in facts and circumstances in interest of consumers of State of Haryana especially Rural area consumers / Residential area consumers, which will be badly affected from this decision.

Electricity distribution is essential public service affecting lives and livelihoods of millions, not ordinary commercial venture and will directly affect the tariff of consumers.

HPEA trusts this Hon'ble Commission as independent statutory and quasi-judicial authority will adjudicate matter strictly in accordance with law and larger public interest.

HPEA acts in the discharge of its responsibility to protect consumer interest, public assets, and sector integrity. HPEA also reserves all legal rights to pursue available statutory and judicial remedies.

5. H.S.E.B. Worker's Union (HO Bhiwani, Regd. No. 292) vide email dated 15.09.2026

मैं एचएसईबी वर्कर यूनियन, हेड ऑफिस भिवानी, रजि. नं. 292 की ओर से यह पत्र प्रस्तुत कर रहा हूँ, जो हरियाणा के विद्युत कर्मचारियों का प्रतिनिधित्व करती है तथा HERC पेटीशन संख्या 30/2026 में एक इंटरवीनर है। उक्त पेटीशन गुरुग्राम एवं नूंह राजस्व जिलों के लिए प्रस्तावित समानांतर वितरण लाइसेंस से संबंधित है।

एचएसईबी वर्कर यूनियन, एक मान्यता प्राप्त विद्युत कर्मचारी संगठन होने के नाते, जो राज्य में विद्युत के संचालन, रख-रखाव, प्रणाली नियोजन एवं उपभोक्ता सेवा से सीधे जुड़ा हुआ है, वर्तमान पेटीशन के परिणाम में प्रत्यक्ष एवं महत्वपूर्ण हित रखती है। यह मामला केवल सार्वजनिक धन से दशकों में निर्मित सार्वजनिक उपयोगिताओं के भविष्य से ही संबंधित नहीं है, बल्कि इसके सदस्यों की सेवा शर्तों, जवाबदेही एवं जनसेवा दायित्वों से भी संबंधित है।

यह सम्मानपूर्वक प्रस्तुत किया जाता है कि दिनांक 09.07.2026 के आदेश द्वारा गठित स्वतंत्र विशेषज्ञ समिति ने दिनांक 07.08.2026 को अपनी रिपोर्ट प्रस्तुत की है तथा इसके पश्चात कार्यवाही, अन्य बातों के साथ-साथ, उक्त रिपोर्ट के आधार पर की गई है, जिसमें दिनांक 03.09.2026 को I.A. Nos. 29 एवं 30 of 2026 में पारित अंतरिम आदेश के अनुपालन में वर्तमान DISCOMs को प्रदान किया गया चयनात्मक सुनवाई का अवसर भी शामिल है।

यह भी प्रस्तुत किया जाता है कि उक्त रिपोर्ट में पेटीशनर द्वारा दिनांक 30.07.2026 को प्रस्तुत किए गए विभिन्न दस्तावेजों पर निर्भर किया गया है, जिनकी प्रतियां न तो एचएसईबी वर्कर यूनियन को उपलब्ध कराई गई हैं और न ही अन्यथा उसके परीक्षण एवं प्रत्युत्तर के लिए उपलब्ध कराई गई हैं। इसके अतिरिक्त, विशेषज्ञ समिति की रिपोर्ट के अभिन्न अंग के रूप में संलग्नक (Annexures) भी एचएसईबी वर्कर यूनियन को उपलब्ध नहीं कराए गए हैं। (विशेषज्ञ समिति की रिपोर्ट प्राप्त होने संबंधी ई-मेल की प्रति Annexure-I के रूप में संलग्न है।) उक्त दस्तावेजों एवं संलग्नकों के अभाव में एचएसईबी वर्कर यूनियन को समिति द्वारा जिन

सामग्री/दस्तावेजों पर निर्भर किया गया है, उनका सार्थक एवं प्रभावी परीक्षण करने तथा उनका प्रत्युत्तर देने और उन पर विस्तृत लिखित आपत्तियां प्रस्तुत करने के प्रभावी अवसर से वंचित किया गया है।

एचएसईबी वर्कर यूनियन स्वतंत्र विशेषज्ञ समिति की रिपोर्ट को वर्तमान कार्यवाही में किसी भी अंतिम निर्धारण के आधार के रूप में, पूर्णतः अथवा आंशिक रूप से, स्वीकार किए जाने पर अपनी दृढ़ एवं स्पष्ट आपत्ति दर्ज करती है, विशेष रूप से ऐसी स्थिति में जब रिपोर्ट में जिन मूल दस्तावेजों एवं संलग्नकों पर निर्भर किया गया है, वे एचएसईबी वर्कर यूनियन को उपलब्ध नहीं कराए गए हैं।

यह भी प्रस्तुत किया जाता है कि रिपोर्ट अत्यंत विस्तृत एवं वृहद है, जिसके सावधानीपूर्वक परीक्षण, अध्ययन एवं विचार के लिए पर्याप्त समय आवश्यक है। अतः एचएसईबी वर्कर यूनियन विनम्रता पूर्वक तीन माह की अवधि प्रदान किए जाने का अनुरोध करती है ताकि रिपोर्ट का पूर्ण रूप से परीक्षण किया जा सके, उसमें निर्भर की गई सामग्री का परीक्षण किया जा सके, उसके निष्कर्षों एवं परिणामों का मूल्यांकन किया जा सके तथा उसके संबंध में विस्तृत लिखित आपत्तियां/प्रस्तुतियां तैयार की जा सकें। रिपोर्ट पर कोई निर्भरता किए जाने से पूर्व एचएसईबी वर्कर यूनियन को उचित रूप से प्रत्युत्तर देने में सक्षम बनाने हेतु यह उचित समय आवश्यक है।

प्रारंभिक आपत्ति: स्वतंत्र विशेषज्ञ समिति के गठन का कानूनी आधार, आवश्यकता एवं प्रक्रिया

प्रारंभ में, एचएसईबी वर्कर यूनियन हरियाणा विद्युत सुधार अधिनियम, 1997 (“HERC Act”) की धारा 5(1) के अंतर्गत आयोग के सदस्यों की नियुक्ति के लिए निर्धारित वैधानिक योग्यताओं को रिकॉर्ड पर रखना चाहती है:

“5. (1) आयोग के सदस्य ऐसे व्यक्ति होंगे जो क्षमता, सत्यनिष्ठा एवं प्रतिष्ठा वाले हों तथा जिन्हें इंजीनियरिंग, अर्थशास्त्र, वाणिज्य, वित्त, लेखांकन, कानून या प्रशासन से संबंधित समस्याओं से निपटने का पर्याप्त ज्ञान या अनुभव हो अथवा जिन्होंने ऐसी क्षमता प्रदर्शित की हो और आगे यह भी कि हर समय—

a) कम से कम एक सदस्य विद्युत अभियंता होगा, जिसे विद्युत उत्पादन, पारेषण या वितरण में से किसी क्षेत्र का पर्याप्त अनुभव हो;

b) कम से कम एक सदस्य के पास अन्य विषयों, अर्थात अर्थशास्त्र, वाणिज्य, वित्त, लेखांकन, कानून या प्रशासन में से किसी में योग्यता एवं पर्याप्त अनुभव होगा; तथा

c) तीसरे सदस्य के पास उपयुक्त विषयों में से किसी में योग्यता एवं पर्याप्त अनुभव होगा। सदस्यों का चयन एवं नियुक्ति हर समय उपयुक्त योग्यता एवं अनुभव के अनुसार सख्ती से की जाएगी।"

उपयुक्त वैधानिक प्रावधान को देखते हुए, एचएसईबी वर्कर यूनियन प्रस्तुत करती है कि आयोग स्वयं ऐसे सदस्यों से वैधानिक रूप से गठित है, जिनके पास अपने कार्यों के निर्वहन तथा अपने अधिकार क्षेत्र में आने वाले मामलों के निर्णय हेतु आवश्यक तकनीकी, वित्तीय, आर्थिक, कानूनी एवं प्रशासनिक विशेषज्ञता उपलब्ध है। ऐसी स्थिति में स्वतंत्र विशेषज्ञ समिति का गठन अपने आप में इस मूलभूत प्रश्न को जन्म देता है कि ऐसे बाहरी निकाय को ऐसे कार्य सौंपने की आवश्यकता, कानूनी आधार एवं वैधानिक अधिकार क्या है, विशेष रूप से तब जब बाद में समिति की रिपोर्ट पर अंतिम निर्धारण के लिए निर्भर किया जाना प्रस्तावित हो।

एचएसईबी वर्कर यूनियन आगे प्रस्तुत करती है कि स्वतंत्र विशेषज्ञ समिति के सदस्यों की पहचान, शॉर्टलिस्टिंग एवं चयन की प्रक्रिया विशेष महत्व रखती है, विशेष रूप से तब जब ऐसी समिति के निष्कर्षों पर ऐसी कार्यवाही में निर्भर किया जाना हो, जिसके प्रभावित हितधारकों के लिए नागरिक और/या वित्तीय परिणाम हो सकते हैं। समिति के सदस्यों के चयन के लिए अपनाया गया आधार एवं मानदंड, जिन स्रोतों से उनके नामों पर विचार किया गया, उनकी योग्यताएं तथा क्या स्वतंत्र विशेषज्ञ समिति के गठन और/या नियुक्ति पर पेटीशनर और/या उत्तरदाताओं के साथ चर्चा की गई थी अथवा उन्हें इसकी जानकारी दी गई थी, यह भी रिकॉर्ड पर रखा जाना चाहिए।

इसके अतिरिक्त, विशेषज्ञ समिति को देय शुल्क/पारिश्रमिक निर्धारित करने का आधार एवं मानदंड तथा जिस प्राधिकरण के अंतर्गत उक्त शुल्क निर्धारित किया गया, वह भी रिकॉर्ड पर रखा जाना चाहिए।

उपयुक्त सामग्री एवं औचित्य के प्रकटीकरण के अभाव में, एचएसईबी वर्कर यूनियन प्रस्तुत करती है कि समिति के गठन एवं कार्यप्रणाली का आधार तथा उसकी रिपोर्ट पर निर्भर किए जाने का प्रस्ताव उचित विचार की मांग करता है। अतः एचएसईबी वर्कर यूनियन प्रस्तुत करती है कि जब तक समिति के गठन का कानूनी आधार, आवश्यकता, चयन प्रक्रिया, कार्यादेश (Mandate) एवं वित्तीय शर्तों का आधार रिकॉर्ड पर नहीं रखा जाता, तब तक अंतिम निर्धारण के उद्देश्य से उक्त रिपोर्ट पर कोई निर्भरता नहीं की जानी चाहिए।

भाग-A: विशेषज्ञ समिति की रिपोर्ट पर प्रक्रियात्मक आपत्तियां

1. वैधानिक अधिकार क्षेत्र का परित्याग – धारा 84 का उल्लंघन:

विद्युत अधिनियम, 2003 की धारा 84 के अंतर्गत यह वैधानिक रूप से माना जाता है कि इस माननीय आयोग के पास कानून, इंजीनियरिंग, वित्त, वाणिज्य एवं प्रशासनिक न्यायनिर्णयन के क्षेत्रों में व्यापक आंतरिक विशेषज्ञता उपलब्ध है। आयोग संसद द्वारा स्थापित एक विशेष विनियामक निकाय है, जिसे धारा 14, 15 एवं 16 के अंतर्गत वितरण लाइसेंस के आवेदनों का निर्धारण करने का विशिष्ट अधिकार प्राप्त है।

वैधानिक पात्रता, वित्तीय क्षमता, विद्युत खरीद, तकनीकी क्षमता एवं जनहित के मूल मूल्यांकन को एक तदर्थ तीन सदस्यीय बाहरी समिति को सौंपकर आयोग ने अपने अर्ध-न्यायिक कार्य का अनुचित प्रत्यायोजन किया है। रिपोर्ट स्वयं पैरा 1.2 में स्वीकार करती है:

"वितरण लाइसेंस प्रदान करने, अस्वीकार करने या शर्तों के अधीन प्रदान करने का अधिकार विद्युत अधिनियम, 2003 की धाराओं 14, 15 एवं 16 के अंतर्गत आयोग में निहित है। इस रिपोर्ट में कोई भी बात आयोग के वैधानिक विवेकाधिकार को प्रतिस्थापित या सीमित करने के उद्देश्य से नहीं है।"

फिर भी रिपोर्ट विवादित कानून एवं तथ्यों के मुद्दों—वैधानिक पात्रता, पूंजी पर्याप्तता, तकनीकी क्षमता एवं सार्वजनिक सेवा दायित्व—पर निर्णायक निष्कर्ष देती है, जिन्हें संभवतः पूर्ण रूप से स्वीकार किया जाएगा। यह स्वरूप में नहीं तो सार रूप में प्रत्यायोजन है।

माननीय सर्वोच्च न्यायालय द्वारा *Kerala State Electricity Board v. Jhabua Power Ltd.* में स्थापित सिद्धांत के अनुसार, कोई वैधानिक विनियामक आयोग किसी चयनित, गैर-वैधानिक पैनल की सिफारिशों पर निर्भर होकर अपने प्राथमिक अर्ध-न्यायिक कार्यों को विस्थापित या कमजोर नहीं कर सकता।

2. प्राकृतिक न्याय का उल्लंघन – विशिष्ट एवं गैर-संयुक्त सुनवाई:-

a) रिपोर्ट प्रस्तुत किए जाने के बाद केवल राज्य DISCOMs को चयनात्मक सुनवाई के लिए आमंत्रित किया गया तथा एचएसईबी वर्कर यूनियन सहित अन्य प्रमुख शिकायतकर्ताओं एवं आपत्तिकर्ताओं को बाहर रखा गया। यह *audi alteram partem* के सिद्धांत का उल्लंघन है।
b) समिति के समक्ष सुनवाई भी संयुक्त रूप से नहीं की गई—उत्तरदाता पक्ष को एक सुनवाई तथा पेटीशनर को अलग एवं स्वतंत्र सुनवाई प्रदान की गई, जिसमें पक्षकार एक साथ उपस्थित नहीं थे।

c) “Reply/Comments on behalf of Petitioner to Committee Report dated 07.08.2026”, DHBVNL/UHBVNL द्वारा प्रस्तुत अतिरिक्त दस्तावेजों पर Reply, Committee Report पर DHBVNL/UHBVNL की टिप्पणियों पर Reply तथा HVPNL की टिप्पणियों पर Reply जैसे दस्तावेज DHBVNL को 01.09.2026 को प्राप्त हुए, अर्थात 03.09.2026 की सुनवाई से केवल 2 दिन पूर्व। उत्तरदाताओं/एचएसईबी वर्कर यूनियन को इसका प्रत्युत्तर देने का समान पारस्परिक अवसर प्रदान नहीं किया गया। APTEL के निर्णय *Polyplex Corporation Ltd. Vs. UERC (Appeal No. 41, 42 and 43 of 2010 decided on 31.01.2011)* पर निर्भरता की जाती है—जब भी कानूनी अथवा विशेषज्ञ राय प्राप्त की जाती है, पक्षकारों को खुले मंच पर अपने विचार रखने का अवसर दिया जाना चाहिए।

d) पेटीशनर के विद्वान अधिवक्ता ने स्वयं बहस के दौरान कहा कि यह “Committee had suggested” था कि लॉक-इन अवधि वाला MoU प्रस्तुत किया जाए। समिति ने पैरा 6.9 में पेटीशनर से बाजार मूल्य को बुक वैल्यू पर अपनाने का औचित्य प्रस्तुत करने तथा व्यापक ऋण-इक्विटी पूंजीकरण योजना प्रस्तुत करने को कहा था। मामले को आरक्षित किए जाने के बाद इस प्रकार तैयार किए गए दस्तावेज तथा उन पर निर्भरता, जिनका परीक्षण या खंडन करने का अवसर नहीं दिया गया, रिपोर्ट का हिस्सा नहीं बन सकते।

अतः एचएसईबी वर्कर यूनियन प्रार्थना करती है कि रिपोर्ट तथा उस पर आधारित किसी भी कार्यवाही को तब तक स्थगित रखा जाए जब तक उक्त कमी को दूर नहीं किया जाता।

3. प्राकृतिक न्याय का उल्लंघन – पेटीशनर को अनुचित लाभ प्रदान किया गया:-

यह प्रस्तुत किया जाता है कि दिनांक 09.07.2026 को मामले में पारित अंतरिम आदेश के अनुसार स्वतंत्र विशेषज्ञ समिति को अपने कार्य प्रारंभ करने की तारीख से 15 दिनों के भीतर अपनी रिपोर्ट प्रस्तुत करनी थी। समिति ने 13.07.2026 को कार्य प्रारंभ किया और इसलिए रिपोर्ट 28.07.2026 तक प्रस्तुत की जानी आवश्यक थी। हालांकि, रिपोर्ट अंततः 07.08.2026 को प्रस्तुत की गई, जो पेटीशनर द्वारा 30.07.2026 को समिति के समक्ष अतिरिक्त दस्तावेज प्रस्तुत किए जाने के बाद की तारीख है। पेटीशनर द्वारा अतिरिक्त दस्तावेज देर से प्रस्तुत किए जाने के कारण हुई उक्त देरी ने पेटीशनर को अपने मामले में अतिरिक्त सामग्री प्रस्तुत करने तथा अपनी पूर्व प्रस्तुतियों में मौजूद कमियों को दूर करने का अनुचित लाभ एवं अवसर प्रदान किया।

भाग-B: प्रस्तावित समानांतर लाइसेंस के विरुद्ध मूल आधार

बिना किसी पूर्वाग्रह के, रिपोर्ट के अपने निष्कर्ष ही समानांतर लाइसेंस प्रदान किए जाने के विरुद्ध मामले को स्थापित करते हैं:

4. न्यूनतम आपूर्ति क्षेत्र

प्रस्तावित लाइसेंस क्षेत्र में गुरुग्राम एवं नूंह राजस्व जिले शामिल हैं, जिनमें नगर निगम, नगर परिषद एवं नगर समितियों सहित अनेक शहरी स्थानीय निकायों के साथ-साथ व्यापक ग्रामीण क्षेत्र भी शामिल हैं। हालांकि, भारत सरकार के विद्युत मंत्रालय द्वारा जारी Electricity Rules, 2005 (2022 में संशोधित) में निर्दिष्ट है कि—

"पूरे क्षेत्र को, जिसमें या तो संविधान के अनुच्छेद 243Q में परिभाषित कोई नगर निगम अथवा तीन संलग्न राजस्व जिले शामिल हों, अथवा उपयुक्त सरकार द्वारा अधिसूचित कोई छोटा क्षेत्र, आपूर्ति का न्यूनतम क्षेत्र होगा।"

उक्त अधिसूचना के केवल अवलोकन से यह समझा जा सकता है कि जहां क्षेत्र नगर निगम द्वारा परिभाषित है, वहां न्यूनतम क्षेत्र केवल एक नगर निगम होगा। यदि क्षेत्र राजस्व जिले द्वारा परिभाषित है, तो समानांतर लाइसेंस के लिए न्यूनतम योग्य क्षेत्र तीन संलग्न राजस्व जिले होंगे। वर्तमान मामले में Eleven Power ने केवल दो जिलों का प्रस्ताव दिया है, जो स्पष्ट रूप से MoP Rules का उल्लंघन दर्शाता है तथा पूंजी पर्याप्तता की अनिवार्य आवश्यकता को दरकिनार करने का प्रयास है।

5. वैधानिक ढांचा – धारा 43 के अंतर्गत सार्वभौमिक सेवा दायित्व

धारा 43 के अनुसार प्रत्येक वितरण लाइसेंसधारी पर यह दायित्व है कि वह आवेदन किए जाने पर अपने आपूर्ति क्षेत्र के भीतर किसी परिसर के मालिक या अधिभोगी को विद्युत आपूर्ति प्रदान करे। National Electricity Policy के पैरा 5.4.7 में स्पष्ट रूप से कहा गया है:-

"दूसरे लाइसेंसधारी का दायित्व होगा कि वह धारा 43 के अनुसार सभी उपभोक्ताओं को आपूर्ति करे।"

प्रत्येक वितरण लाइसेंसधारी, जिसमें समानांतर प्रवेशकर्ता भी शामिल है, धारा 43 के अंतर्गत सार्वजनिक सेवा दायित्व के अधीन है तथा उसे सभी उपभोक्ताओं को विश्वसनीय रूप से सेवा प्रदान करनी होगी—केवल लाभदायक वर्गों को नहीं। धारा 14 का छठा प्रावधान पूंजी पर्याप्तता, साख क्षमता एवं आचार संहिता से संबंधित अतिरिक्त मूलभूत आवश्यकताएं लगाता है।

आवेदक की व्यवसाय योजना मांग-आधारित चरणबद्ध विस्तार का प्रस्ताव करती है, जिसमें पांच वर्षों में केवल 2.5% से 15% की अनुमानित बाजार हिस्सेदारी है। समिति ने पूर्ण क्षेत्र-व्यापी अवसंरचना के लिए अनुमानित ₹11,937 करोड़ की आवश्यकता के मुकाबले ₹4,716.73 करोड़ की चरणबद्ध पूंजीगत व्यय योजना स्वीकार की है। समिति स्वयं पैरा 11.12(iv) में स्वीकार करती है:

"कानून के अनुरूप चरणबद्धता की कार्यप्रणाली अपने आप में यह स्थापित नहीं करती कि कोई विशेष चरणबद्ध योजना अपने क्रम में गैर-भेदभावपूर्ण है।"

फिर भी समिति ने कृषि एवं ग्रामीण घरेलू उपभोक्ताओं को निर्धारित समय सीमा के भीतर सेवा प्रदान करने तथा cherry-picking को रोकने के लिए बाध्यकारी एवं लागू करने योग्य शर्तें लगाए बिना रोलआउट को स्वीकार कर लिया है।

6. Cherry-Picking और Predatory Business Model:-

आवेदक गुरुग्राम एवं नूंह में उच्च-घनत्व वाले 220 kV एवं 66 kV औद्योगिक एवं वाणिज्यिक आपूर्ति बिंदुओं को लक्ष्य करके उच्च-आय वाले राजस्व केंद्रों को चुनिंदा रूप से लक्षित कर रहा है। इसके अपने अनुमानों के अनुसार मौजूदा DHBVNL उपभोक्ताओं में से केवल 2.5% के स्थानांतरण की संभावना है, जबकि शेष वृद्धि नए उच्च-मूल्य वाले उपभोक्ताओं से होगी।

महत्वपूर्ण रूप से, Gurugram City – Division, जिसका मौजूदा HT Load दूसरा सबसे अधिक (143 MW) है— को FY 2026-27 और FY 2027-28 में लगभग नगण्य CAPEX क्रमशः ₹1.52 करोड़ और ₹2.34 करोड़ प्राप्त होता है, और इस Division को केवल Phase III में सक्रिय किया जाता है। DHBVNL ने इस संबंध में आवेदक की Business Plan से संबंधित विशिष्ट एवं पर्याप्त रूप से अप्रतिवादित आंकड़े रिकॉर्ड पर रखे हैं।

यदि आवेदक वास्तव में सार्वजनिक सेवा के लिए प्रतिबद्ध है, तो वह सबसे अधिक मौजूदा HT Load वाले Division में निवेश को क्यों टालेगा? इसका केवल तार्किक स्पष्टीकरण यही है कि पहले कहीं और अपनी पकड़ बनाई जाए और उसके बाद सबसे अधिक लाभदायक उपभोक्ताओं को चुनिंदा रूप से प्राप्त किया जाए, जबकि बाकी उपभोक्ताओं को छोड़ दिया जाए।

7. Rule 3, Rules 2005 के अंतर्गत पूंजी पर्याप्तता की विफलता – गंभीर कमियां:-

एचएसईबी वर्कर यूनियन प्रस्तुत करती है कि पूंजी पर्याप्तता की गणना असत्यापित, स्व-निर्मित एवं कानून से परे है:

a) स्वयं निर्धारित 5-वर्षीय प्रतिशत सूत्र: Rule 3(1) आयोग पर यह दायित्व डालता है कि वह आपूर्ति क्षेत्र के आकार तथा धारा 43 के अंतर्गत सेवा दायित्व को ध्यान में रखते हुए पूंजी निवेश को स्वतंत्र रूप से निर्धारित करे। नियमों में पांच वर्ष की सीमित समय अवधि का कोई उल्लेख नहीं है। समिति ने बिना किसी ठोस कारण के गणना को पांच वर्षों तक सीमित कर दिया है कि पांच वर्ष क्यों और तीन या छह वर्ष क्यों नहीं। ऐसा कानून से बाहर बनाया गया सूत्र प्रारंभ से ही शून्य (void ab-initio) है।

b) विद्युत खरीद लागत को शामिल नहीं किया गया: सेवा दायित्व में विद्युत की खरीद एवं आपूर्ति शामिल है, जो मौजूदा DISCOMs की Annual Revenue Requirement का लगभग 89% है। पेटीशनर एवं समिति द्वारा इसे पूरी तरह छोड़ दिया गया है। कार्यशील पूंजी को ध्यान में नहीं रखा गया है। Late Payment Surcharge Rules के अनुपालन के लिए एक माह की विद्युत खरीद के बराबर Letter of Credit की आवश्यकता को पूरा करने हेतु संसाधनों का प्रदर्शन नहीं किया गया है।

c) Thermal Portfolio काल्पनिक है**:** हालांकि पेटीशनर ने 20% विद्युत Thermal से लेने का प्रस्ताव किया है, लेकिन किसी ऐसे Thermal Power Plant की पहचान नहीं की गई है, जहां से उक्त विद्युत खरीदने का प्रस्ताव है।

d) भूमि लागत को शामिल नहीं किया गया: अपर्याप्त होने के बावजूद अवसंरचना की लागत को लिया गया है, लेकिन जिस भूमि पर अवसंरचना निर्मित की जानी है, उसकी लागत नहीं ली गई है और यह मान लिया गया है कि धारा 164 के अंतर्गत Telegraph Authority की शक्तियां अनिवार्य रूप से प्रदान की जाएंगी। DHBVNL ने आकलन प्रस्तुत किया है: Network Infrastructure Cost ₹11,397.75 करोड़ तथा Land Cost ₹7,137.83 करोड़, कुल ₹18,535.58 करोड़, जिस पर Rule 3(2) के अंतर्गत 30% इक्विटी मानदंड लागू करने पर इक्विटी आवश्यकता ₹5,560.67 करोड़ बनती है, जबकि पेटीशनर की दावा की गई Net Worth ₹4,085.60 करोड़ है—अर्थात लगभग ₹1,475.07 करोड़ की कमी, जो विद्युत खरीद लागत को शामिल किए बिना है। यह Rule 3(2) के दावे के लिए गंभीर कमी है। Compact Sub-Stations को एक-दसवां भूमि क्षेत्र आवश्यक होने के संबंध में पेटीशनर के प्रत्युत्तर के बाद भी भूमि लागत का हिसाब नहीं किया गया है।

e) Net Worth पेटीशनर की नहीं है: दावा की गई ₹4,085.60 करोड़ की Net Worth Eleven Power Pvt. Ltd. की नहीं बल्कि उसके promoter SAS Fininvest LLP की है तथा यह पूरी तरह एकल सूचीबद्ध कंपनी Global Health Limited में केंद्रित शेयरधारिता के बाजार मूल्य पर आधारित है, जिसमें दो वर्षों के भीतर 33% से अधिक उतार-चढ़ाव हुआ है। Rule 3(2) के अंतर्गत promoter के "other committed investments" को बाहर रखना तथा पिछले तीन वर्षों में internal resources के generation का प्रदर्शन आवश्यक है। SAS Fininvest LLP केवल एक holding vehicle है, जिसकी कोई operating cash flow generating business activity नहीं है, इसलिए यह शर्त पूरी नहीं होती।

f) Beneficial Interest का खुलासा नहीं: यह प्रश्न कि beneficial interest किस प्रकार उत्पन्न होता है—trust, agreement, guarantee, will अथवा succession के माध्यम से—अब भी अनुत्तरित है। संबंधित instrument, उसकी सीमा अथवा enforceability के प्रकटीकरण के बिना इसका निर्धारण नहीं किया जा सकता।

g) Authorised Capital को Net Worth के साथ भ्रमित किया गया: रिपोर्ट के पृष्ठ 72 पर यह देखा गया है कि पेटीशनर की authorised share capital ₹100 करोड़ से बढ़ा कर ₹1,500 करोड़ कर दी गई है, जो पांच वर्षीय equity requirement ₹1,415.02 करोड़ को "cover" करती है। यह दो अलग-अलग अवधारणाओं को मिला देता है। Authorised capital केवल MoA के अंतर्गत एक सीमा है, जिसे resolution और nominal filing fees के माध्यम से बढ़ाया जा सकता है, बिना एक रुपया भी वास्तविक रूप से लगाए और बिना किसी बाध्यकारी दायित्व के।

h) Solvency Certificates की दोहरी गणना: समिति ने ₹2,000 करोड़ के संयुक्त solvency certificates को स्वीकार कर लिया है, लेकिन इस विशिष्ट आपत्ति का समाधान नहीं किया कि statutory Form 8 Statement of Account and Solvency के अभाव में अथवा SEBI shareholding/encumbrance disclosures के साथ सत्यापन किए बिना समान या overlapping asset base पर आधारित दो certificates को जोड़ा नहीं जा सकता।

8. तकनीकी एवं प्रबंधकीय क्षमता – Shell Company:-

आवेदक केवल Eleven Power Private Limited है। MoU में शामिल Consortium Members आवेदक नहीं हैं और लाइसेंस केवल EPPL को ही प्राप्त होगा। HERC Licensing Regulation 2004 से संलग्न Part-II of Form

I के अनुसार Joint Venture अथवा Consortium के प्रत्येक constituent को स्वतंत्र रूप से prior experience की आवश्यकता पूरी करनी होगी।

पेटीशनर को फरवरी 2026 में Veyora Infra Pvt. Ltd. के रूप में real estate activities के लिए incorporate किया गया था और पेटीशन दाखिल करने से कुछ समय पूर्व इसका नाम बदलकर इसे विद्युत वितरण के लिए पुनः उपयोग किया गया। इसके पास स्वयं के कोई संसाधन, अनुभव अथवा workforce नहीं है।

Vol-II Enclosure-8, page 840 में Mr. Samarjit Mohanty की profile पर निर्भर किया गया है, जिन्हें "SAS Energy" का कर्मचारी बताया गया है, न कि EPPL का। Page 843 के दूसरे bullet point में संबंधित व्यक्ति को वर्तमान में TPCODL के साथ कार्यरत बताया गया है, लेकिन SAS Energy से भी उसका कोई संबंध प्रदर्शित नहीं किया गया है। कोई दस्तावेज यह नहीं बताता कि SAS Energy क्या है, क्या यह अलग legal entity है और इसका पेटीशनर से क्या संबंध है। Group name कोई legal person नहीं है।

पेटीशनर स्वयं स्वतंत्र रूप से eligible तरीके से contracts execute या supervise करने में सक्षम नहीं होने पर third parties के माध्यम से contracts निष्पादित कराने का दावा नहीं कर सकता।

9. MoU – गैर-बाध्यकारी एवं विलंब से प्रस्तुत:-

Enclosure-3 Vol-II में संलग्न दिनांक 09.05.2026 का MoU unsigned था (petition के page 239)। मूल reply में कमी इंगित किए जाने के बाद ही 03.07.2026 को additional submissions के साथ signed copy दाखिल की गई, जिस पर purportedly digital signatures दिनांक 12.05.2026 के हैं, जो petition filing की तारीख है।

रिपोर्ट के page 277, Clause 18.15 Schedule A में समिति ने यह माना है कि A1 (detailed Network Rollout and CAPEX programme), A2 (division-wise justification), A8 (legally enforceable Consortium Agreement) जैसी शर्तें "conditions precedent to commencement of supply" हैं, न कि लाइसेंस प्रदान किए जाने की शर्तें। यदि Consortium arrangement grant के बाद ही legally enforceable होना है, तो इसका आवश्यक निष्कर्ष यह है कि eligibility stage पर कोई binding consortium agreement अस्तित्व में नहीं था। गैर-बाध्यकारी MoU institutional readiness स्थापित नहीं कर सकता।

A3 से A6 एवं A10 तक की शर्तें—Interconnection Agreements, joint system studies, load-flow एवं protection coordination, SLDC scheduling protocols तथा Pilot Project Belt architecture के अनुरूपता—grid security के मूल में हैं और इन्हें लाइसेंस प्रदान किए जाने के बाद की अवस्था के लिए नहीं छोड़ा जा सकता।

10. वित्तीय एवं Cross-Subsidy प्रभाव – उपभोक्ताओं पर दोहरा बोझ:-

प्रस्तावित क्षेत्र DHBVNL का सबसे मूल्यवान क्षेत्र है, जो FY 2025-26 में कुल sales का 35.23% तथा कुल ₹9,493.75 करोड़ revenue का 42.98% योगदान करता है।

HT एवं LT Commercial & Industrial consumers वर्तमान में क्रमशः ₹1.17/kWh और ₹1.06/kWh की सकारात्मक cross-subsidy देते हैं, जो domestic एवं agricultural consumers पर लागू क्रमशः ₹0.90/kWh एवं ₹0.92/kWh की negative cross-subsidy को वहन करती है। मुख्यतः उच्च भुगतान करने वाले HT एवं C&I उपभोक्ताओं के migration से यह संतुलन सीधे प्रभावित होगा।

समिति स्वयं Para 13.10 में स्वीकार करती है कि switch-over consumers के संबंध में स्थिति materially different है: ऐसा उपभोक्ता incumbent का उपभोक्ता पूरी तरह समाप्त कर देता है, उसके network पर open access नहीं लेता और कोई wheeling charges नहीं देता तथा Sections 42(2) एवं 42(4) की स्पष्ट भाषा के अनुसार कोई levy लागू नहीं होती। Cross-subsidy loss अथवा stranded costs की वसूली के लिए कोई statutory mechanism उपलब्ध नहीं है।

इसका प्रभाव दो संचयी स्तरों पर होगा:

- **Level 1:** पेटीशनर के पास जाने वाले उपभोक्ता पेटीशनर के tariff के माध्यम से पूरी तरह नए एवं duplicate distribution network की लागत वहन करेंगे, जो समान क्षमता वाले उस network के समानांतर चलेगा जो पहले से मौजूद है तथा जिसे DISCOMs द्वारा दशकों में उपभोक्ताओं की लागत पर निर्मित एवं अनुरक्षित किया गया है।
- **Level 2:** DHBVNL द्वारा सेवा प्राप्त करते रहने वाले शेष उपभोक्ता प्रति यूनिट अधिक fixed charge के माध्यम से migrating consumers की सेवा हेतु निर्मित legacy infrastructure की लागत की वसूली

को वहन करेंगे, जबकि वह sunk cost समाप्त नहीं होगा। यह stranded-cost अथवा fixed-cost under-recovery प्रभाव को और बढ़ाएगा।

Para 12.19(F) में समिति द्वारा सुझाया गया समाधान कि gap को “ARR and True-Up exercise” में address किया जा सकता है, एक post-facto mechanism है, जिसमें कई वर्ष लगेंगे। जब तक आयोग कार्रवाई करेगा, तब तक DHBVNL आर्थिक रूप से गंभीर रूप से प्रभावित हो सकता है और कृषि उपभोक्ताओं को tariff shock का सामना करना पड़ सकता है।

11. Legacy Transmission Cost और EESDC – विचार नहीं किया गया:-

मौजूदा transmission network को existing consumers द्वारा tariffs के माध्यम से वित्तपोषित किया गया है। Chapter 14 में समिति के निष्कर्ष इस बात पर मौन हैं कि पेटीशनर मौजूदा infrastructure का उपयोग बिना किसी लागत अथवा compensation के कर सकता है या नहीं।

समिति ने Table 14.1 में केवल Haryana Electricity Regulatory Commission (Duty to Supply Electricity on Request) (2nd Amendment) Regulations, 2023 को ध्यान में रखा है, जबकि Haryana Electricity Regulatory Commission (Duty to Supply Electricity on Request) (3rd Amendment) Regulations, 2023, जिसे दिनांक 27.09.2023 को अधिसूचित किया गया था, की applicability को पूरी तरह नजरअंदाज किया गया है। उक्त Regulations में 33 kV एवं उससे ऊपर की infrastructure के लिए प्रति-MVA आधार पर External Electrical System Development Charges (EESDC) ₹34 लाख से ₹56 लाख प्रति MVA निर्धारित किए गए हैं।

12. System Planning, Reliability एवं Consumer Protection:-

समानांतर लाइसेंसिंग से distribution infrastructure की duplication, assets का inefficient utilization तथा विशेष रूप से गुरुग्राम एवं नूंह के densely built-up industrial areas में right-of-way conflicts उत्पन्न होंगे। State Transmission Utility के रूप में HVPNL का coordinated transmission planning का कार्य भी materially complicated होगा, जिससे unplanned network augmentation की आवश्यकता उत्पन्न हो सकती है और grid security के लिए avoidable risk पैदा हो सकता है। एक ही क्षेत्र में multiple licensees होने से system coordination एवं outage management की जटिलता बढ़ेगी।

नूंह को nominally शामिल किए जाने के बावजूद phased rollout से commercially attractive pockets की ओर स्पष्ट झुकाव दिखाई देता है तथा rural, agricultural एवं subsidised consumers की उपेक्षा का वास्तविक जोखिम है। EPPL की technical capability prospective एवं consortium-based है, demonstrated नहीं।

- **Nuh Dimension:** नूंह सबसे पिछड़ा जिला है—मुख्यतः ग्रामीण एवं कृषि प्रधान, AT&C losses लगभग 42% (FY 2023-24) हैं, जो राज्य में सबसे अधिक में से हैं; यहां 128,565 consumers हैं, जिनमें अधिकांश छोटे एवं सीमांत किसान हैं तथा per-capita income कम है। आवेदक ने नूंह के लिए केवल ₹304.37 करोड़ (CAPEX का 6.5%) आवंटित किया है। दूरस्थ गांवों में कृषि उपभोक्ताओं को connections देने की timeline, reliability, voltage quality एवं grievance redressal में भेदभाव रोकने के safeguards तथा यह कि 42% AT&C losses को कम किया जाएगा अथवा उपभोक्ताओं पर डाला जाएगा—इनमें से किसी पर स्पष्टता नहीं है।
- **Agricultural Supply:** राज्य सरकार ने कृषि आपूर्ति के लिए अलग distribution utility बनाने की घोषणा की है। कृषि उपभोक्ताओं के लिए राज्य subsidy लगभग ₹7,870.32 करोड़ है। Rural domestic supply—जो सबसे कठिन एवं commercially unviable segment है—को अलग रखा गया प्रतीत होता है। अधिसूचना का अभाव इस चिंता को काल्पनिक नहीं बनाता; बल्कि इसका अर्थ यह है कि आयोग से ऐसे vacuum में लाइसेंस देने का अनुरोध किया जा रहा है, जहां cross-subsidy का भार कौन वहन करेगा, यह स्पष्ट नहीं है।

13. लाइसेंस प्रदान करने की विवेकाधीन प्रकृति:-

Section 14 का Sixth Proviso आयोग को parallel licence प्रदान करने का discretionary power देता है। यह केवल एक विशिष्ट refusal ground—अर्थात incumbent के अस्तित्व मात्र—को हटाता है, लेकिन Act के उद्देश्यों से संबंधित अन्य वैध आधारों, जिसमें public interest भी शामिल है, पर लाइसेंस अस्वीकार करने के व्यापक विवेकाधिकार को समाप्त नहीं करता। समिति के अपने निष्कर्ष pages 13, 17, 21 एवं 24 पर सही रूप से यह स्वीकार करते हैं कि grant कोई automatic entitlement नहीं है और public interest एक integrating consideration है।

भाग-C: प्रार्थना

उपरोक्त तथ्यों एवं परिस्थितियों के मद्देनजर, एचएसईबी वर्कर यूनियन विनम्रता पूर्वक इस माननीय आयोग से प्रार्थना करती है कि:

A. प्रक्रियात्मक राहत:

- **i.** स्वतंत्र विशेषज्ञ समिति के गठन, conflict of interest, स्वतंत्र विशेषज्ञ समिति के वैधानिक अधिकार के अभाव तथा Section 84 के उल्लंघन के संबंध में प्रारंभिक कानूनी आपत्तियों पर एक reasoned order पारित किया जाए, इससे पहले कि दिनांक 07.08.2026 की विशेषज्ञ समिति की रिपोर्ट पर कोई निर्भरता की जाए;
- **ii.** स्वतंत्र विशेषज्ञ समिति द्वारा दिनांक 07.08.2026 की रिपोर्ट तैयार करने में जिन सभी दस्तावेजों, annexures एवं अन्य सामग्री पर निर्भर किया गया अथवा विचार किया गया, उनकी पूर्ण प्रतियां उपलब्ध कराई जाएं तथा उसके बाद एचएसईबी वर्कर यूनियन एवं प्रभावित हितधारकों, जिनमें Engineers एवं Employees भी शामिल हैं, को उक्त सामग्री का परीक्षण करने और रिपोर्ट में दिए गए निष्कर्षों एवं परिणामों के संबंध में विस्तृत लिखित आपत्तियां/टिप्पणियां दाखिल करने के लिए कम से कम तीन माह की उचित अवधि प्रदान की जाए;
- **iii.** विशेषज्ञ समिति की रिपोर्ट पर विचार करने, उस पर निर्भरता करने अथवा उसके आधार पर आगे कोई कदम उठाने से पूर्व एचएसईबी वर्कर यूनियन को प्रभावी मौखिक सुनवाई का अवसर प्रदान किया जाए।

B. मूल राहत:

i. दिनांक 07.08.2026 की स्वतंत्र विशेषज्ञ समिति की रिपोर्ट पर उसके वर्तमान स्वरूप में Petition No. 30 of 2026 में किसी भी अंतिम निर्धारण के लिए निर्भरता करने से इनकार किया जाए तथा उक्त रिपोर्ट को अस्वीकार किया जाए;

ii. M/s Eleven Power Private Limited को Gurugram एवं Nuh revenue areas के लिए parallel electricity distribution licence प्रदान किए जाने के प्रस्ताव को कानूनी, तकनीकी, वित्तीय एवं जनहित के आधारों पर अस्वीकार किया जाए, जिनमें उपयुक्त आधारों के साथ-साथ Rule 3(2) की आवश्यकताओं

को पूरा करने में लगभग ₹1,475.07 करोड़ की कमी, power purchase एवं land को छोड़कर, promoter की net worth के लिए volatile market-value basis, beneficial interest का non-disclosure, authorised capital को net worth के रूप में स्वीकार करने का impermissible treatment, solvency की double counting, shell company character, unenforceable MoU, demonstrated cherry-picking, stranded costs एवं fixed-cost under-recovery का material एवं unaddressed risk, cross-subsidy पर प्रभाव (DHBVNL का 42% revenue दांव पर), legacy infrastructure costs एवं EESDC under 3rd Amendment Regulations 2023 का विचार न किया जाना तथा agricultural consumers एवं Nuh district के लिए जोखिम शामिल हैं;

iii. Gurugram एवं Nuh क्षेत्र में DHBVNL को sole distribution licensee के रूप में पुनः पुष्टि की जाए, ताकि coordinated system planning को बनाए रखा जा सके, cross-subsidy regime की रक्षा की जा सके, UDAY, DDUGJY, RDSS एवं इसी प्रकार की योजनाओं के अंतर्गत किए गए public investment की duplication से बचा जा सके तथा सभी श्रेणियों के उपभोक्ताओं के हितों की रक्षा की जा सके;

iv. माननीय आयोग तथ्यों एवं परिस्थितियों तथा हरियाणा राज्य के उपभोक्ताओं, विशेष रूप से ग्रामीण क्षेत्र के उपभोक्ताओं/Residential area consumers के हित में, जो इस निर्णय से बुरी तरह प्रभावित होंगे, उचित समझें ऐसे अन्य आदेश/निर्देश भी पारित करे।

विद्युत वितरण एक आवश्यक सार्वजनिक सेवा है, जो लाखों लोगों के जीवन एवं आजीविका को प्रभावित करती है। यह कोई साधारण commercial venture नहीं है और इससे उपभोक्ताओं के tariff पर सीधा प्रभाव पड़ेगा।

एचएसईबी वर्कर यूनियन को विश्वास है कि यह माननीय आयोग, एक स्वतंत्र वैधानिक एवं अर्ध-न्यायिक प्राधिकरण के रूप में, मामले का निर्णय कानून एवं व्यापक जनहित के अनुसार सख्ती से करेगा।

एचएसईबी वर्कर यूनियन अपने दायित्व के निर्वहन में उपभोक्ता हित, सार्वजनिक संपत्तियों एवं विद्युत क्षेत्र की अखंडता की रक्षा हेतु कार्य कर रही है। एचएसईबी वर्कर यूनियन उपलब्ध सभी वैधानिक एवं न्यायिक उपाय अपनाने के अपने सभी कानूनी अधिकार सुरक्षित रखती है।

6. All Haryana Power Corporations Workers Union (AHPCWU) vide Ref No.: AHPCWU/G.S.24-27/199 Dated 15.09.2026

- That AHPCWU, with regard to the issue of its own locus, has submitted that it represents the electricity employees of the State of Haryana and is an Intervenor in Petition No. 30 of 2026, which relates to grant of the proposed parallel electricity distribution licence for the Gurugram and Nuh Revenue Districts, and that as the recognised body of employees directly responsible for operation, maintenance, system planning and consumer service of the electricity system in the State, it has a direct and substantial interest in the outcome of the present proceedings, the matter concerning not only the future of public electricity utilities built with public funds over decades but also the service conditions, accountability and public-service obligations of its members.
- That AHPCWU, with regard to the issue of the background of the filing, has submitted that the Independent Expert Committee constituted vide order dated 09.07.2026 submitted its Report on 07.08.2026, that proceedings have thereafter advanced on the basis of the said Report, including a limited/selective hearing granted to the existing distribution companies (DISCOMs) under the interim order dated 03.09.2026 in I.A. Nos. 29 and 30 of 2026, and that the Report relies upon various documents furnished by the Petitioner on 30.07.2026, copies of which have neither been furnished to AHPCWU nor has AHPCWU had any effective opportunity to examine or respond to them; that the Annexures forming an integral part of the Expert Committee's Report have also not been furnished to AHPCWU, a copy of the e-mail regarding receipt of the Report being annexed as Annexure-I; and that the unavailability of these documents and annexures has deprived AHPCWU of the opportunity to examine the material relied upon by the Committee and to file meaningful and effective objections in response.
- That AHPCWU, with regard to the issue of reliance on the Expert Committee's Report, has recorded its firm and categorical objection to the Report being accepted, wholly or in part, as a basis for any final decision in the present proceedings, particularly when the underlying documents and annexures relied upon in the Report have not been furnished to AHPCWU, and has submitted that since the Report is extremely detailed and voluminous, requiring

careful examination, study and consideration, AHPCWU be granted a period of not less than three months to fully examine the Report, verify the documents relied upon therein, evaluate its findings and opinions, and prepare detailed written objections/submissions, such time being necessary to enable AHPCWU to effectively present its case before any reliance is placed on the Report.

PRELIMINARY OBJECTION - LEGAL BASIS, NECESSITY AND PROCEDURE FOR CONSTITUTION OF THE INDEPENDENT EXPERT COMMITTEE

- That AHPCWU, with regard to the issue of the statutory qualifications of the Commission's own Members, has placed on record the requirements prescribed under Section 5(1) of the Haryana Electricity Reform Act, 1997 ("HER Act"), which provides that Members of the Commission shall be persons of ability, integrity and standing who have adequate knowledge of, or have shown capacity in, dealing with problems relating to engineering, finance, commerce, economics, law or administration, with at least one Member being an electrical engineer with adequate experience in generation, transmission or distribution of electricity, at least one Member having qualification and adequate experience in economics, commerce, finance, accountancy, law or administration, and a third Member also having qualification and adequate experience in any of the aforesaid fields, such selection and appointment being made strictly in accordance with the said qualifications and experience.
- That AHPCWU, with regard to the issue of the Commission's own institutional competence, has submitted that in view of the above statutory provision, the Commission itself is constituted of Members possessing technical, financial, economic, legal and administrative expertise, competent to decide matters within their statutory functions and jurisdiction, such that the constitution of an Independent Expert Committee raises an important question as to the necessity, legal basis and statutory authority for constituting such a Committee, particularly when an attempt is being made to found the final decision upon the Committee's Report.
- That AHPCWU, with regard to the issue of the process of selecting the Committee's members, has submitted that the identification, shortlisting and selection process of the members of the Independent Expert Committee is of particular importance, since the Committee's findings have been rendered in matters that may have civil and/or financial consequences for the parties concerned, and that the following particulars ought accordingly to be placed on record: the basis and criteria for selection of the Committee's members; the sources from which their names were obtained/considered; the qualification and experience of each member; whether the constitution/appointment of the Committee was intimated to the Petitioner and/or the

Respondents; whether the parties were consulted regarding the Committee's composition and appointment; the basis on which the fee/remuneration payable to the Committee was determined; and the statutory/administrative authority under which such fee/remuneration was determined.

- That AHPCWU, with regard to the issue of the consequence of non-disclosure of the above particulars, has submitted that in the absence of disclosure of the above material and justification, serious questions arise regarding the constitution of the Committee, the work done by it, and reliance upon its Report, and has accordingly submitted that no reliance be placed on the Report of the Independent Expert Committee until the legal basis, necessity, selection process, mandate and the basis for determination of financial terms of the Committee are placed on record.

PART-A: PROCEDURAL OBJECTIONS TO THE REPORT OF THE EXPERT COMMITTEE

1. RELINQUISHMENT OF STATUTORY AUTHORITY - VIOLATION OF SECTION 84

- That AHPCWU, with regard to the issue of the Commission's exclusive statutory competence, has submitted that Section 84 of the Electricity Act, 2003 makes it clear that the Commission itself possesses the requisite expertise in law, engineering, finance, commerce and administrative/quasi-judicial matters, being a specialised regulatory body vested by Parliament with the power to decide applications relating to electricity distribution licences under Sections 14, 15 and 16, and that by entrusting evaluation of foundational questions such as statutory eligibility, financial capacity, power procurement, technical capability and public interest to an ad hoc three-member external Committee, the Commission has attempted to have its core quasi-judicial functions performed through an external body.
- That AHPCWU, with regard to the issue of the Expert Committee's own acknowledgment of the limits of its role, has submitted that the Committee itself records at para 1.2 of its Report that the power to grant, refuse, or grant subject to conditions a distribution licence vests in the Commission under Sections 14, 15 and 16 of the Electricity Act, 2003, and that nothing in the Report is intended to substitute or limit the Commission's statutory discretion, but that despite this, the Committee has rendered conclusive findings on disputed legal and factual questions such as statutory eligibility, capital adequacy, technical capability and Universal Service Obligation, which findings are likely to be accepted almost in their entirety in the final decision, amounting, if not in form then certainly in substance, to a delegation of statutory functions ("Delegation in substance"), reliance being placed in this regard on the principles laid down

by the Hon'ble Supreme Court in Kerala State Electricity Board v. Jhabua Power Ltd., to the effect that a statutory regulatory Commission cannot displace or dilute its primary quasi-judicial role through the recommendations of a selected non-statutory committee.

2. VIOLATION OF PRINCIPLES OF NATURAL JUSTICE - EX PARTE AND NON-JOINT HEARINGS

- That AHPCWU, with regard to the issue of selective hearing after submission of the Report, has submitted that only the State DISCOMs were granted an opportunity of selective hearing after the Report was submitted, while AHPCWU and other major objectors and intervenors were not granted an equal opportunity, this being in violation of the principle of Audi Alteram Partem.
- That AHPCWU, with regard to the issue of hearings before the Expert Committee itself, has submitted that even before the Expert Committee, hearings were not conducted jointly, the Respondents being given a separate hearing and the Petitioner being given a separate and independent hearing, such that the parties did not get an effective opportunity to present their case and rebut each other in each other's presence.
- That AHPCWU, with regard to the issue of delayed and unequal access to the Petitioner's replies, has submitted that the following documents, namely "Reply/Comments on behalf of Petitioner to Committee Report dated 07.08.2026", "Reply to objections of DHBVNL/UHBVNL on additional documents", "Reply to comments of DHBVNL/UHBVNL on Committee Report", and "Reply to comments of HVPNL on Committee Report", were received by DHBVNL only on 01.09.2026, that is, merely two days before the hearing of 03.09.2026, and that the Respondents/AHPCWU were not given an equal and effective opportunity to respond to these documents, reliance being placed on the decision of APTEL in Polyplex Corporation Ltd. v. UERC (Appeal Nos. 41, 42 and 43 of 2010, decided on 31.01.2011), to the effect that where a legal or expert opinion is obtained in a matter, the parties must be given a proper opportunity to place their views on an open forum.
- That AHPCWU, with regard to the issue of the "Committee had suggested" statement and post-reservation documents, has submitted that the Petitioner's learned counsel himself stated during arguments that it was the "Committee [that] had suggested" that an MoU with a lock-in period be filed, that the Committee has also recorded at para 6.9 that it had asked the Petitioner to justify adopting market value over book value and to submit a detailed Debt-Equity Capitalization Plan, and that reliance on documents prepared/received after the matter was reserved, without granting other parties an equal opportunity to examine and rebut them,

is contrary to the principles of natural justice; AHPCWU accordingly prayed that the Report and any proceedings founded upon it be kept in abeyance/rendered ineffective until the aforesaid procedural deficiency is cured.

3. VIOLATION OF NATURAL JUSTICE - UNDUE ADVANTAGE TO THE PETITIONER

- That AHPCWU, with regard to the issue of the timeline for submission of the Committee's Report, has submitted that under the interim order dated 09.07.2026, the Independent Expert Committee was required to submit its Report within 15 days of commencing its work, that the Committee commenced work on 13.07.2026 and the Report was accordingly expected to be submitted by 28.07.2026 at the latest, but that the Report was eventually submitted only on 07.08.2026.
- That AHPCWU, with regard to the issue of additional documents filed during this delay, has submitted that in the intervening period the Petitioner filed additional documents on 30.07.2026, such that the delay in submission of the Report followed the filing of additional documents by the Petitioner, giving the Petitioner an undue opportunity to cure deficiencies in its earlier submissions and strengthen its case through additional documents, an opportunity not equally available to the other parties.

PART-B: FUNDAMENTAL OBJECTIONS TO THE PROPOSED PARALLEL LICENCE

- That AHPCWU, with regard to the issue of the substantive findings of the Report, has submitted that in addition to the procedural objections set out above, and without prejudice thereto, the findings recorded by the Expert Committee in its own Report in fact strengthen the case against grant of the parallel licence.

4. MINIMUM AREA OF SUPPLY

- That AHPCWU, with regard to the issue of the composition of the proposed licence area, has submitted that the proposed licence area comprises the Gurugram and Nuh Revenue Districts, which include numerous urban local bodies such as Municipal Corporations, Municipal Councils and Municipal Committees, together with extensive rural areas.
- That AHPCWU, with regard to the issue of the statutory minimum area of supply, has submitted that the Electricity Rules, 2005 (as amended in 2022), notified by the Ministry of Power, Government of India, prescribe that the minimum area of supply shall be the entire area covering either a Municipal Corporation as defined under Article 243Q of the Constitution, or three adjoining revenue districts, or such smaller area as may be notified by the Appropriate

Government, and that a plain reading of this provision shows that where the area is determined on the basis of a Municipal Corporation, the minimum area may be a single Municipal Corporation, whereas where the area is determined on the basis of revenue districts, the minimum qualifying area must be three mutually adjoining revenue districts.

- That AHPCWU, with regard to the issue of the Petitioner's non-compliance with this requirement, has submitted that in the present case, Eleven Power has proposed a parallel licence for only two revenue districts, which appears contrary to the mandatory requirement of the said Rules and may also amount to an attempt to circumvent the mandatory requirement of capital adequacy.

5. STATUTORY UNIVERSAL SERVICE OBLIGATION UNDER SECTION 43

- That AHPCWU, with regard to the issue of the statutory obligation to supply, has submitted that under Section 43 of the Electricity Act, 2003, every distribution licensee is obliged to supply electricity on the application of the owner or occupier of any premises within its area of supply, and that para 5.4.7 of the National Electricity Policy states in clear terms that it shall be the obligation of a second licensee to supply electricity to all consumers in accordance with Section 43, such that every distribution licensee, including the proposed parallel licensee, is subject to the Universal Service Obligation under Section 43 and must provide reliable supply to all categories of consumers rather than confining itself to profitable consumers alone, the Sixth Proviso to Section 14 also prescribing additional threshold requirements relating to capital adequacy, creditworthiness and Code of Conduct.
- That AHPCWU, with regard to the issue of the Petitioner's phased and demand-based expansion, has submitted that the Petitioner's Business Plan proposes a phased and demand-based expansion in which the projected market share over five years is stated to remain only between 2.5% and 15%, that the Committee has accepted a phased capital expenditure of approximately Rs. 4,716.73 Crore, whereas the estimated infrastructure requirement for the entire area is approximately Rs. 11,937 Crore, and that the Committee itself acknowledges at para 11.12(iv) that the validity of phasing as a methodology does not by itself establish that a particular phasing plan is non-discriminatory in its sequencing, and yet the Committee has accepted such a phased expansion without imposing adequate binding and enforceable conditions to ensure timely service to agricultural and rural domestic consumers and to prevent cherry-picking.

6. CHERRY-PICKING AND PREDATORY BUSINESS MODEL

- That AHPCWU, with regard to the issue of the Petitioner's targeting of high-density commercial points, has submitted that it is evident that the Petitioner is likely to target predominantly high-density 220 kV and 66 kV industrial and commercial supply points in Gurugram and Nuh, that on the Petitioner's own estimates only about 2.5% of existing DHBVNL consumers are expected to migrate while the remaining growth is proposed to come from new and high-value consumers, and that, in particular, Gurugram City, which is the second-largest division in terms of existing HT Load at approximately 143 MW, has been allocated a negligible CAPEX of only about Rs. 1.52 Crore and Rs. 2.34 Crore in FY 2026-27 and FY 2027-28 respectively, this area being proposed for activation only from Phase III.
- That AHPCWU, with regard to the issue of the inconsistency between the Petitioner's professed commitment to Universal Service and its investment sequencing, has submitted that if the Petitioner is genuinely committed to Universal Service, there is no justification for deferring investment in the division with the highest existing HT Load, this situation prima facie indicating a strategy of first establishing presence in other areas and thereafter selectively connecting the most profitable consumers, while the obligation towards less profitable consumers continues to rest on the incumbent DISCOM.

7. SERIOUS DEFICIENCIES IN CAPITAL ADEQUACY UNDER RULE 3

- That AHPCWU, with regard to the issue of the overall reliability of the capital adequacy computation, has submitted that the computation of capital adequacy is unsubstantiated, self-determined and not in accordance with law.
- That AHPCWU, with regard to the issue of the self-devised five-year percentage formula, has submitted that Rule 3(1) casts an obligation on the Commission to independently determine the necessary capital investment having regard to the size of the area of supply and the service obligation under Section 43, that the Rules contain no clear provision limiting this to any five-year or other truncated period, that the Committee has, without adequate reason, confined the computation to five years without explaining why five years and not three or six years was chosen, and that such an extra-legal formula ought to be treated as void ab initio.
- That AHPCWU, with regard to the issue of non-inclusion of power purchase cost, has submitted that the service obligation includes procurement and supply of electricity, that approximately 89% of the Annual Revenue Requirement of the existing DISCOMs relates to power purchase cost, but that this cost has not been fully included in the capital adequacy computation of either the Petitioner or the Committee, that the requirement of Working Capital has also not been adequately shown, and that adequate financial resources to comply with

the Late Payment Surcharge Rules, which require maintenance of a Letter of Credit equivalent to one month's power procurement, have also not been adequately demonstrated.

- That AHPCWU, with regard to the issue of the Thermal Power Portfolio, has submitted that the Petitioner has proposed to source approximately 20% of its power from thermal sources, but has not identified any specific Thermal Power Plant from which such power is proposed to be procured, rendering this component notional.
- That AHPCWU, with regard to the issue of non-inclusion of land cost, has submitted that infrastructure cost, itself computed at an inadequate level, has been taken into account, but the cost of the land on which such infrastructure is to be established has not been included, it having been assumed that powers of the Telegraph Authority under Section 164 would necessarily be conferred; that as per the assessment placed on record by DHBVNL, the Network Infrastructure Cost is Rs. 11,397.75 Crore and the Land Cost is Rs. 7,137.83 Crore, aggregating to Rs. 18,535.58 Crore, against which the equity required upon applying the 30% Equity Norm under Rule 3(2) works out to approximately Rs. 5,560.67 Crore, whereas the Net Worth claimed by the Petitioner is only Rs. 4,085.60 Crore, resulting in a shortfall of approximately Rs. 1,475.07 Crore even without including power purchase cost; and that even accepting the Petitioner's contention that compact sub-stations would require only about one-tenth of the land otherwise needed, it would not be appropriate to disregard land cost altogether.
- That AHPCWU, with regard to the issue of the true ownership of the claimed Net Worth, has submitted that the claimed Net Worth of Rs. 4,085.60 Crore is not the Net Worth of Eleven Power Private Limited itself but relates to its Promoter, SAS Fininvest LLP, being based mainly on the market value of a concentrated shareholding in a single listed company, Global Health Limited, which has fluctuated by more than 33% over the preceding two years, that Rule 3(2) requires the Promoter's "other committed investments" and "generation of internal resources" over the preceding three years also to be taken into account, and that SAS Fininvest LLP appears to be merely a holding vehicle with no demonstrated operating business cash flow, rendering compliance with the requirements of Rule 3(2) doubtful on this ground.
- That AHPCWU, with regard to the issue of non-disclosure of the Beneficial Interest, has submitted that the important question of how the Beneficial Interest arose remains unanswered, namely whether it arises through a Trust, Agreement, Guarantee, Will or Succession, and that until the relevant documents, the extent of the Beneficial Interest and its legal enforceability are clarified, reliance on this Net Worth cannot be justified.

- That AHPCWU, with regard to the issue of conflation of Authorised Capital with Net Worth, has submitted that the Report states at page 72 that the increase of the Petitioner's Authorised Share Capital from Rs. 100 Crore to Rs. 1,500 Crore "covers" the five-year Equity Requirement of Rs. 1,415.02 Crore, which conflates two entirely distinct concepts, Authorised Capital being merely the ceiling on share capital under the company's Memorandum of Association, capable of being increased through a Board/Shareholders' resolution and nominal statutory fees without any assurance that even a single rupee has actually been invested in the company, such that Authorised Capital cannot be treated as an available financial resource or as Net Worth.
- That AHPCWU, with regard to the issue of double counting of Solvency Certificates, has submitted that the Committee has accepted Combined Solvency Certificates of Rs. 2,000 Crore without considering the important objection as to whether both certificates are based on the same or an overlapping asset base, and that unless independent verification is carried out through the statutory Form 8 Statement of Account and Solvency or SEBI shareholding/encumbrance disclosures, combining the two certificates may amount to double counting.

8. TECHNICAL AND MANAGERIAL CAPABILITY - SHELL COMPANY

- That AHPCWU, with regard to the issue of the identity of the applicant, has submitted that the applicant is Eleven Power Private Limited alone, that the Consortium Members named in the MoU are not themselves applicants, and that the licence, if granted, will be granted only to EPPL.
- That AHPCWU, with regard to the issue of independent demonstration of experience by consortium constituents, has submitted that under Part-II of Form-I annexed to the HERC Licensing Regulations, 2004, each constituent of a Joint Venture or Consortium is required to independently demonstrate the necessary prior experience and eligibility.
- That AHPCWU, with regard to the issue of the Petitioner's own corporate history, has submitted that the Petitioner was incorporated in February 2026 as Veyora Infra Pvt. Ltd. for real estate activities, and that shortly before filing the Petition, its name and objects were changed to align with electricity distribution activities, the Petitioner having failed to demonstrate its own adequate resources, prior experience of electricity distribution, its own necessary technical workforce, or independent operating capability.
- That AHPCWU, with regard to the issue of personnel shown as belonging to unrelated entities, has submitted that at Vol-II, Enclosure-8, Page 840, the profile of Mr. Samarjit Mohanty is

shown as an employee of "SAS Energy" and not of EPPL, that the second bullet point at Page 843 shows the concerned individual as presently working with TPCODL, without demonstrating any statutory/employment relationship with SAS Energy or EPPL, that no clear document is available as to what "SAS Energy" is, whether it is a separate legal entity, and what its relationship with the Petitioner is, that a Group Name cannot itself be treated as a Legal Person, and that the Petitioner, not being eligible in its own right, cannot automatically acquire the right to discharge its core technical and operational obligations through third parties.

9. MOU - NON-BINDING AND BELATEDLY FILED

- That AHPCWU, with regard to the issue of the status of the MoU at the time of filing, has submitted that the MoU annexed at Enclosure-3, Vol-II is dated 09.05.2026 and was unsigned at the time of the Petition (Page 239 of the Petition), that a signed copy was filed only after the deficiency was pointed out in the original Reply, along with the Additional Submissions dated 03.07.2026, bearing purported Digital Signatures dated 12.05.2026, being a date relatable to the Petition filing date though the document was placed on record only on 03.07.2026.
- That AHPCWU, with regard to the issue of the Committee's own characterisation of the consortium conditions, has submitted that at Page 277, Clause 18.15, Schedule-A of the Report, the Committee has treated conditions such as A1 (Detailed Network Rollout and CAPEX Programme), A2 (Division-wise Justification) and A8 (Legally Enforceable Consortium Agreement) as "conditions precedent to commencement of supply" rather than pre-conditions to grant of licence, and that if the Consortium Arrangement is to become legally enforceable only after grant of licence, the natural conclusion is that no binding consortium agreement existed at the eligibility stage, such that a non-binding MoU cannot be proof of institutional readiness.
- That AHPCWU, with regard to the issue of grid-security-related conditions being deferred, has submitted that Conditions A3 to A6 and A10, namely Interconnection Agreements, Joint System Studies, Load Flow and Protection Coordination, SLDC Scheduling Protocols and conformity with the Pilot Project Belt Architecture, are fundamental questions of Grid Security and System Operation and cannot be left as conditions to be satisfied only after grant of licence.

10. FINANCIAL AND CROSS-SUBSIDY IMPACT - DOUBLE BURDEN ON CONSUMERS

- That AHPCWU, with regard to the issue of the revenue significance of the proposed area, has submitted that the proposed area is DHBVNL's most significant revenue territory, contributing approximately 35.23% of total sales and approximately 42.98% of total revenue of Rs. 9,493.75 Crore in FY 2025-26, and that HT and LT Commercial & Industrial consumers presently contribute a positive cross-subsidy of approximately Rs. 1.17/kWh and Rs. 1.06/kWh respectively, which balances the negative cross-subsidy of approximately Rs. 0.90/kWh and Rs. 0.92/kWh applicable to Domestic and Agricultural consumers, such that if high-paying HT and C&I consumers migrate to the new licensee, this balance will be directly affected.
- That AHPCWU, with regard to the issue of the absence of a recovery mechanism for switch-over consumers, has submitted that the Committee itself acknowledges at para 13.10 that the position of switch-over consumers is different, such a consumer leaving the incumbent entirely, not availing Open Access on the incumbent's network and not paying Wheeling Charges, and that on the language of Sections 42(2) and 42(4), the relevant levy does not apply in such a situation, there being no effective statutory mechanism available to compensate for Cross-Subsidy Loss or Stranded Cost.
- That AHPCWU, with regard to the issue of the resulting two-tier impact, has submitted that the impact will fall at two levels: first, consumers migrating to the new licensee will bear the cost of an entirely new and parallel distribution system through their tariff, even though a network of equivalent capacity has already been built and maintained by the DISCOM over decades using consumers' funds; and second, the remaining consumers staying with DHBVNL may face a higher per-unit Fixed Charge burden, since the sunk cost of legacy infrastructure built to serve migrating consumers will not disappear, such that the impact of Stranded Cost and Fixed-Cost Under-Recovery may increase further.
- That AHPCWU, with regard to the issue of the adequacy of the ARR/True-Up mechanism as a remedy, has submitted that the Committee's suggestion at para 12.19(F) that this gap can be addressed through the "ARR and True-Up exercise" is a post-facto mechanism whose results may take years to materialise, during which period DHBVNL's financial position may be seriously affected and agricultural and other subsidised consumers may face the risk of a tariff shock.

11. NON-CONSIDERATION OF LEGACY TRANSMISSION COST AND EESDC

- That AHPCWU, with regard to the issue of the funding of the existing transmission network, has submitted that the already-established Transmission Network has been built using tariffs

collected from existing consumers, and that the Committee's Chapter 14 does not adequately consider whether the Petitioner would be able to use the existing infrastructure without proper compensation or charges.

- That AHPCWU, with regard to the issue of non-consideration of the 3rd Amendment Regulations, 2023, has submitted that the Committee, at Table 14.1, has taken into account only the Haryana Electricity Regulatory Commission (Duty to Supply Electricity on Request) (2nd Amendment) Regulations, 2023, without adequately considering the Haryana Electricity Regulatory Commission (Duty to Supply Electricity on Request) (3rd Amendment) Regulations, 2023, notified on 27.09.2023, under which External Electrical System Development Charges (EESDC) of approximately Rs. 34 Lakh to Rs. 56 Lakh per MVA are prescribed for infrastructure at 33 kV and above, without adequate computation of which, and of the public investment already made in the existing network, a correct assessment of the economic impact of the parallel licence is not possible.

12. SYSTEM PLANNING, RELIABILITY AND CONSUMER PROTECTION

- That AHPCWU, with regard to the issue of the risks arising from a parallel network, has submitted that a parallel distribution licence may result in duplication of distribution infrastructure, inefficient utilisation of existing assets, right-of-way conflicts, network congestion particularly in the densely populated industrial areas of Gurugram and Nuh, complexity in system planning, unplanned network augmentation, and additional risk to Grid Security, that HVPNL's coordinated transmission planning as State Transmission Utility will also be affected, and that multiple distribution licensees in the same area may complicate System Coordination, Protection Coordination, Outage Management and Consumer Grievance Redressal.
- That AHPCWU, with regard to the issue of nominal inclusion of Nuh, has submitted that despite the nominal inclusion of Nuh, the phased rollout creates a clear risk that commercially attractive areas will be prioritised while rural, agricultural and subsidised consumers may be neglected, the Petitioner's technical capability being presently prospective and consortium-based and not capable of being accepted as its own demonstrated technical capability.
- That AHPCWU, with regard to the issue of the special dimension of Nuh, has submitted that Nuh is a highly backward district of Haryana, predominantly rural and agriculture-based, with an AT&C Loss of approximately 42% in FY 2023-24, one of the highest levels in the State, with approximately 1,28,565 consumers, a large number of whom are small and marginal farmers with limited paying capacity, and that the Petitioner has allocated only about Rs.

304.37 Crore, i.e. approximately 6.5%, of its total CAPEX to Nuh, with no adequate and clear binding arrangement shown for the timeline, Reliability, Voltage Quality, Grievance Redressal and Non-Discrimination applicable to connections for agricultural consumers in remote villages, and it also remaining unclear who will bear responsibility for reducing the approximately 42% AT&C Loss in Nuh or whether its financial burden will ultimately be passed on to consumers.

- That AHPCWU, with regard to the issue of agricultural supply, has submitted that the State Government has announced the creation of a Separate Distribution Utility for agricultural supply, that the State Government's subsidy for agricultural consumers is at a level of approximately Rs. 7,870.32 Crore, and that rural domestic supply, being the most difficult and commercially unviable category, does not appear to be adequately addressed in the proposed model, the concern not becoming hypothetical merely because a final notification has not yet been issued, but rather meaning that the Commission is being asked to grant a licence at a time when it is not adequately clear who will bear the Cross-Subsidy burden relating to agricultural and rural consumers.

13. DISCRETION TO GRANT A LICENCE

- That AHPCWU, with regard to the issue of the discretionary character of the Sixth Proviso to Section 14, has submitted that the Sixth Proviso confers on the Commission a discretion to grant a parallel distribution licence, that this proviso removes only one specific ground - namely the mere existence of an incumbent licensee - from being a ground for refusal of licence, and that this does not exhaust the Commission's wider discretion to refuse a licence on other legitimate grounds, the Commission being entitled to consider all other legitimate factors relevant to the objects of the Act, including Public Interest, and that the Expert Committee's own Report, at pages 13, 17, 21 and 24, acknowledges that grant of a licence is not an automatic entitlement and that Public Interest is an important and integrating factor for consideration.

PART-C: PRAYER

- That AHPCWU, with regard to the issue of procedural relief, has prayed that a reasoned order be passed on the preliminary legal objections relating to the constitution of the Independent Expert Committee, possible Conflict of Interest, the absence of the Committee's statutory authority and Section 84, and that no reliance be placed on the Report of the Expert Committee dated 07.08.2026 pending decision of these questions; that complete copies of all

documents, Annexures and other material relied upon/considered by the Independent Expert Committee in preparing its Report dated 07.08.2026 be furnished to AHPCWU and other affected stakeholders, including engineers and employees, and that a reasonable period of not less than three months be granted to examine such material and file detailed written objections/comments on the Report's findings and opinions; and that AHPCWU be granted an effective oral hearing before the Report of the Expert Committee is considered, relied upon, or made the basis of any further action.

- That AHPCWU, with regard to the issue of substantive relief, has prayed that the Report of the Independent Expert Committee dated 07.08.2026 be rejected, in its present form, as a basis for the final decision in Petition No. 30 of 2026, and that no reliance be placed thereon; and that the proposal to grant M/s Eleven Power Private Limited a parallel electricity distribution licence for the Gurugram and Nuh Revenue Districts be rejected on the following legal, technical, financial and public-interest grounds: a capital shortfall of approximately Rs. 1,475.07 Crore under Rule 3(2), exclusive of Power Purchase and Land Cost; the Promoter's volatile market-value-based Net Worth; non-disclosure of Beneficial Interest; improper treatment of Authorised Capital as Net Worth; possible double counting of Solvency Certificates; the Petitioner's character as a shell company; the legally unenforceable MoU; the clear risk of cherry-picking; the serious impact of Stranded Cost and Fixed-Cost Under-Recovery; the adverse impact on Cross-Subsidy, including on the area contributing approximately 42% of DHBVNL's revenue; inadequate consideration of Legacy Infrastructure Costs and EESDC under the 3rd Amendment Regulations, 2023; and the serious adverse impact on the interests of agricultural consumers and the Nuh district.
- That AHPCWU, with regard to the issue of retaining DHBVNL as the sole licensee, has prayed that DHBVNL be maintained as the sole distribution licensee in the Gurugram and Nuh area so as to preserve Coordinated System Planning, protect the Cross-Subsidy arrangement, avoid duplication of public investment made through UDAY, DDUGJY, RDSS and similar public schemes, and safeguard the interests of all categories of consumers; and has further prayed that the Hon'ble Commission pass such other appropriate order/direction as the circumstances may warrant in the interest of the consumers of the State, particularly rural and domestic consumers, given the serious adverse impact the proposed decision is likely to have on them.
- That AHPCWU, with regard to the issue of the nature of electricity distribution as an essential public service, has submitted that electricity distribution is an essential public service affecting the lives, livelihoods and economic activities of crores of people and cannot be viewed as an

ordinary business venture, that the decision on the parallel distribution licence will directly affect consumer tariffs, public assets, the Cross-Subsidy arrangement, rural and agricultural supply, and the overall electricity system of the State, and that AHPCWU is fully confident that the Hon'ble Commission, as an independent statutory and quasi-judicial authority, will decide the present matter in accordance with law, consumer interest and the larger public interest.

- That AHPCWU, with regard to the issue of the purpose of filing these objections, has submitted that it is filing these objections in discharge of its responsibility to protect the interests of the State's consumers, public assets, and the integrity and long-term stability of the electricity sector, and that it reserves all its statutory and legal rights, including the right to pursue all available statutory and legal remedies.

7. Rakib Khan, Distt-Nuh vide email dated 14.09.2026

आपको अवगत कराया जाता है कि बिजली सभी की आधारभूत सेवा है। इससे सभी लोग जुड़े होते हैं। यदि लाइट चंद लम्हों के लिए भी चली जाए तो सभी का ध्यान गई हुई लाइट पर टिक जाता है और लोग तरह-तरह की बातें करते हैं। क्योंकि आजकल लोगों के अधिकांश संसाधन बिजली पर निर्भर हैं। यह बात आप भी भली-भांति जानते हैं।

आगे आपके इस बात से भी अवगत कराया जाता है कि यदि बिजली का बिल ज्यादा आता है तो लोग सरकार को इसका जिम्मेदार ठहराते हैं कि यह सरकार का फेलियर है।

जब बात Privatization की आती है लोभन पर प्रकाश डाला जाए:

जैसे Mobile Service Provider सस्ती दरों में कनेक्शन एवं सेवा की स्कीम लेकर आए थे, लेकिन आज उनकी सेवाओं के दाम कितने प्रतिशत बढ़ चुके हैं, इसका आप स्वयं आंकलन कर सकते हैं।

ठीक उसी प्रकार 11 पॉवर लिमिटेड एक प्राइवेट कंपनी है, जो सस्ती दरों में कुछ दिन सर्विस उपलब्ध करा सकती है, लेकिन यह स्थिति लंबे समय तक नहीं टिकेगी, क्योंकि कोई भी कंपनी अपनी व्यक्तिगत जेब से खर्च नहीं कर सकती।

कंपनी अपना Revenue Collection और Line Loss पर ज्यादा ध्यान देगी। गांव-देहात के Consumer अभी इतने सक्षम एवं जागरूक नहीं हैं कि वे निजी कंपनी की कठोर व्यावसायिक व्यवस्था के साथ आसानी से सामंजस्य बैठा सकें।

Structure Assessment and installment challenges:-

DHBVN ने पैरेलल सप्लाई के लिए जो Infrastructure Assessment किया है वो लगभग 11 हजार करोड़ रुपये का रखा है, वहीं यह कंपनी लगभग 4700 करोड़ रुपये निवेश करने की बात कह रही है, वो भी कई वर्षों में निवेश किया जाएगा।

11 हजार करोड़ = 47 सौ करोड़ काफी भिन्नता है | यहाँ लोभन स्पष्ट दिखता है लाभकारी उपभोगताओं को ही चुना जाएगा|

Parallel लाइन इन्फ्रास्ट्रक्चर इंस्टॉल करने में मुख्य समस्याएं ये हो सकती हैं:-

- Land acquisition **(**भूमि अधिग्रहण**):** नई लाइन के लिए अतिरिक्त जमीन चाहिए होगी, जिससे किसान /लोगों की property प्रभावित हो सकती है।
- Social unrest (सामाजिक अशांति)**:** जब लोगों की जमीन या घर प्रभावित होते हैं, तो resentment (नाराज़गी) पैदा होना स्वाभाविक है।
- Compensation disputes (मुआवजा विवाद)**:** अगर fair compensation (उचित मुआवजा) न मिले तो conflict (टकराव) बढ़ सकता है।
- Construction disruption **(**निर्माण से व्यवधान**):** सड़क, traffic, दैनिक जीवन प्रभावित हो सकता है।

Subsidy impact: -

इससे यह स्पष्ट प्रतीत होता है कि कंपनी अपने निवेश को उन्हीं क्षेत्रों में प्राथमिकता देगी जहां उसे पर्याप्त लाभ मिलने की संभावना हो। यदि कंपनी लाभ वाले Consumer को प्राथमिकता देती है तो Cross Subsidy पर इसका प्रभाव पड़ सकता है।

वर्तमान में किसान एवं गरीब लोगों को विभिन्न प्रकार की सरकारी योजनाओं के तहत बिजली के बिल में रियायत दी जा रही है, इन सुविधाओं/रियायतों में कहीं ना कहीं सब्सिडी का अहम योगदान है। यदि पैरेलल सप्लाई व्यवस्था के कारण Cross Subsidy की व्यवस्था प्रभावित होती है तो इसका सीधा प्रभाव इन उपभोक्ताओं पर पड़ सकता है। ऐसी स्थिति में आमजन पुनः सरकार से सवाल करेगा और सरकार को ही इसका जिम्मेदार ठहराएगा।

Govt Services V/s Private Company Services:-

प्राइवेट कंपनी की सर्विस एवं Government Service में भी अंतर है। आमजन के प्रति प्राइवेट संस्थाएं सामान्यतः अपने नियमों एवं भुगतान व्यवस्था को लेकर अधिक Strict होती हैं, जबकि सरकारी व्यवस्था में आमजन की परिस्थितियों को देखते हुए सरकारी कर्मचारी अपेक्षाकृत लचीला रवैया अपना सकते हैं।

ऐसी स्थिति में जनता और प्राइवेट कंपनी के बीच भेदभाव एवं टकराव की स्थिति उत्पन्न हो सकती है, क्योंकि हमारे देश में आम जनता का एक बड़ा वर्ग अभी भी सभी नियमों एवं प्रक्रियाओं का पूरी तरह पालन नहीं करता है। ऐसी परिस्थितियों में जनता और कंपनी के बीच विवाद होना तय है। अंततः ऐसी स्थिति में जनता सरकार को ही इसका जिम्मेदार ठहराएगी।

Complaint redressal :

पैरेलल सप्लाई में शिकायत निवारण को लेकर भी Dispute की स्थिति उत्पन्न हो सकती है। उपभोक्ता की शिकायत पर यह विवाद हो सकता है कि उक्त शिकायत किस कंपनी/लाइसेंसी के अधिकार क्षेत्र में आती है और कौन इसका निवारण करेगा। क्योंकि उपभोक्ता तकनीकी जानकारी नहीं रखता जो शिकायत दर्ज करते समय पूछी जाती है अर्थात आम उपभोक्ता के लिए यह समझना कठिन होगा कि उसकी शिकायत किस लाइसेंसी के अंतर्गत आती है।

Revenue Collection :

श्रीमान जी, मैं धरातल से जुड़ा हुआ हूं और भली-भांति जानता हूं कि बिजली सभी वर्गों के उपभोक्ताओं एवं आम लोगों को प्रभावित करती है। बहुत लोग ज्यादा बिल व बढ़ती दरों को लेकर काफी चिंतित एवं परेशान रहते हैं यदि यह स्थिति प्राइवेट सेक्टर के आने पर create हुई तो आम जन काफी ठगा हुआ महसूस करेंगे। यह situation create होगी क्योंकि प्राइवेट कंपनी रेवेन्यू वसूली पर ज्यादा जोर देगी। यहां सरकार को लॉस होने की प्रबल संभावना है।

Corruption:-

आयोग को यह भी अवगत कराया जाता है कि प्राइवेट सेक्टर के आने से Corruption बढ़ेगा क्योंकि प्राइवेट employee बगैर पैसे के काम नहीं करेंगे|

यदि यहां आपको संशय है तो आप जहां प्राइवेट कंपनी LT network देख रही है वहां आप क्रॉस चेक करवा लो कितना Corruption है, एक फ्यूज तक बगैर पैसे के नहीं लगाते|

Govt Job impact :-

यह भी वर्तमान सरकार के संज्ञान में है कि सरकार सरकारी नौकरी में आमजन, अमीर-गरीब एवं मजदूर के बच्चों को रोजगार देने को लेकर सत्ता में आई थी।

यदि सरकारी नौकरी एवं सरकारी व्यवस्था को सरकार द्वारा धीरे-धीरे समाप्त किया जाता है अथवा सरकारी क्षेत्र की सेवाओं को निजी हाथों में सौंपा जाता है, तो इसके परिणाम आने वाले समय में देखने को मिल सकते हैं। क्योंकि काफी युवा इस सेक्टर में रोजगार पाने के लिए काफी मेहनत व उम्मीद के साथ अपनी पढ़ाई कर रहा है।

Deliberation: -

अतः आपसे अनुरोध है कि उपरोक्त सभी धरातलीय परिस्थितियों, आमजन की भावनाओं, ग्रामीण उपभोक्ताओं, किसानों एवं गरीब वर्ग के हितों तथा भविष्य में उत्पन्न होने वाली संभावित समस्याओं को ध्यान में रखते हुए बिजली विभाग/विद्युत वितरण व्यवस्था को प्राइवेट हाथों में सौंपने से पूर्व इस विषय पर गंभीरता से विचार किया जाए। जन हित में यह सुनिश्चित किया जाना आवश्यक है कि बिजली जैसी मूलभूत एवं आवश्यक सेवा में आमजन, विशेषकर ग्रामीण, किसान एवं गरीब उपभोक्ताओं के हित किसी भी स्थिति में प्रभावित न हों। यदि बिजली किसी भी प्रकार से प्रभावित होती है—जैसे बिजली के बिल में बढ़ोतरी, लाइट में कटौती, बिजली की व्यवस्था में कमी अथवा शिकायतों के निवारण में परेशानी—तो लोग सरकार को ही इसका जिम्मेदार ठहराते हैं तथा सरकार को बदलने या सरकार को कोसने की ही बात करते हैं।

अंततः यह निवेदन करना चाहूंगा कि विद्युत से संबंधित मामला अत्यंत संवेदनशील (sensitive) प्रकृति का है। यदि प्रस्तावित पैरेलल लाइन के कारण स्थानीय जनता में किसी प्रकार की inflammation उत्पन्न होती है, तो इसका प्रतिकूल प्रभाव सरकार की छवि और कार्यप्रणाली पर पड़ने की प्रबल संभावना है।

अतः 11 पावर लिमिटेड को प्रस्तावित पैरेलल लाइसेंस प्रदान करने से पूर्व, उपरोक्त वर्णित सभी बिंदुओं पर सूक्ष्मता से एवं गंभीरतापूर्वक विचार-विमर्श किए जाने का सविनय अनुरोध है, ताकि भविष्य में किसी भी प्रकार की अप्रिय स्थिति से बचा जा सके।

ANNEXURE-G

DISTRIBUTION & RETAIL SUPPLY LICENCE NO. DRS-3 OF 2026

Licence granted by the Haryana Electricity Regulatory Commission under Section 14 of the Electricity Act – 2003 (Act 36 of 2003) to Eleven Power Private Limited (hereinafter referred to as **"EPPL"**) – a company incorporated under the Companies Act 2013 & having its registered office at 201, Empire Apartments, First Floor, Sultanpur, M.G. Road, Gadaipur, Southwest Delhi, New Delhi-110030, for carrying on the business of Distribution and Retail Supply of electrical energy within the Area of Supply (as defined in Schedule – 1 of the Licence) and with the powers and upon the terms & conditions specified below:

PART I

TERMS OF THE LICENCE

1. Short Title

This licence may be called "The Distribution and Retail Supply Licence in Gurugram and Nuh Revenue Districts [Licence No. DRS-3 of 2026]."

2. Definitions

In this licence unless the context otherwise requires:

(a) **"Act"** means the Electricity Act 2003 (36 of 2003);

(b) **"Annual Accounts"** means the accounts of the Licensee prepared in accordance with the provisions of the Companies Act, 2013 and / or in such other manner as may be directed by the Commission in terms of the provisions of the Act;

(c) **"Affiliate"** means in relation to the Licensee, any Holding Company or Subsidiary of the Licensee, or any Subsidiary of a Holding Company of the Licensee;

(d) **"Area of Supply"** means the geographic area referred to in Schedule-1 of this licence within which any activity authorised by this licence is allowed;

(e) "**Auditors**" means the Licensee's Auditors for the time being holding office in accordance with the requirements of Sections 139 to 148 of the Companies Act 2013;

(f) "**Authorised**", in relation to any person, business or activity, means authorised by licence granted under Section 14 of the Act or exemption granted under Section 13 of the Act and the regulations framed by the Commission;

(g) **"Commission"** means the Haryana Electricity Regulatory Commission;

(h) "**Controlling Interest**" means the ownership of ten percent or more of the

paid up share capital of a company (including holding entity) or the ability to control ten or more of the voting rights at a general meeting of the company or the ability otherwise to influence materially the management of the Company by contract or otherwise;

(i) **"Distribution"** means the transportation of electricity by means of a Distribution System;

(j) **"Distribution and Retail Supply Business"** means any authorised business of the Licensee (i) in or ancillary to Distribution through any system owned and/or operated by the Licensee and (ii) in Retail Supply;

(k) **"Distribution Business"** means the authorised business of the Licensee for distribution of electricity to any consumer or any class of consumers in the Area of Supply or an area other than the Area of Supply, if so authorised by the Commission by special or general permission;

(l) **"Distribution System Operating Standards"** means the standards related to the Licensee's operation of its Distribution System approved by the Commission;

(m) **"Distribution System Planning and Security Standards"** means the standards related to the adequacy of the Licensee's System planning methods and process for its Distribution System Security, as approved by the Commission;

(n) **"Electricity Ombudsman"** means an authority to be appointed or designated by the Commission, under sub-section (6) of Section 42 of the Act, with whom a representation may be made by any consumer, who is aggrieved by non-redressal of his grievances by the Forum;

(o) **"Expected Revenue Requirement Calculation"** means the ensuing year's calculation of costs and revenue by the Licensee, as described under the Condition 27 of the Licence;

(p) **"Force Majeure"** means events or circumstances beyond the reasonable control of the Licensee, including, but not limited to act of god, pandemic, war, terrorist attacks, civil commotion or other similar occurrences that wholly or partly prevents or unavoidably delays an affected party in the performance of its obligations under this agreement, but only if and to the extent that such events or circumstances are not within the reasonable control, directly or indirectly of the licensee and could not have been avoided if the licensee had taken reasonable care or complied with the prudent utility practices;

(q) **"Forum"** means 'Forum for redressal of grievances of the consumers' to be constituted by each distribution Licensee;

(r) **"Franchisee"** means a person authorised by a distribution licensee to distribute electricity on its behalf in a particular area within his area of supply;

(s) **"Holding Company"** shall have the same meaning as in Section 2 (46) of the Companies Act of 2013 (as amended);

(t) **"Licence"** means a licence granted under section 14 of the Act;

(u) **"Licensee"** means Eleven Power Private Ltd. in its capacity as operator of the licensed Business in the specified area of supply;

(v) **"Licensed Business"** means the business of Distribution and Retail Supply of electricity in the Area of Supply as authorised under this Licence;

(w) **"Person"** shall include any company or body corporate or association or body of individuals, whether incorporated or not, or artificial juridical person;

(x) **"Related Person"** means any person (i) who holds a Controlling Interest in the Licensee or (ii) in whom the Licensee holds Controlling Interest and includes a person who holds Controlling Interest in persons mentioned in Clauses (i) and (ii) above;

(y) **"Retail Supply"** means the sale of electricity to Consumers for his own use;

(z) **"Retail Supply Business"** means authorised business of the Licensee in Retail Supply of electricity in the Area of Supply;

(aa) **"Separate Business"** means each of the Distribution Business and Retail Supply Business taken separately from one another and from any other business of the Licensee or any affiliate of the Licensee;

(bb) **"Standards of Performance"** means such standards of performance relating to Distribution and / or Retail Supply of electricity, as approved by the Commission pursuant to Section 57,58 and 59 of the Act;

(cc) **"State Grid Code"** means the state grid code specified under clause (h) of subsection (1) of section 86 of the Act;

(dd) **"State Government"** means the Government of Haryana;

(ee) **"Subsidiary"** shall have the same meaning as in Section 2 (87) of the Companies Act, 2013;

(ff) **"Transfer"** shall include the sale, exchange, gift, lease, loan, securitisation, mortgage, charge, pledge or grant of any other encumbrance or otherwise permitting of any encumbrance to subsist or parting with physical possession or any other disposition or dealing;

(gg) **"Utility"** means the electric lines or electrical plant, and includes all lands, buildings, works and materials attached thereto, belonging to any person acting as a generation company or licensee under the provisions of the Act;

(hh) All other expressions used herein but not specifically defined herein but defined in the Act shall have the meaning assigned to them in the Act. The other expressions used herein but not specifically defined in these regulations or in the Act but defined under the Haryana Electricity Reform Act, 1997 shall have the meaning assigned to them under the said Act, provided that such definitions in the Haryana Electricity Reform Act, 1997 are not inconsistent with the provisions of the Electricity Act, 2003.

3. Terms of the Licence

3.1. The Commission, in exercise of powers conferred on it by Section 14 of the Act, hereby grants to the Licensee a licence for Distribution and Retail Supply of electricity to any premises in the Area of Supply set out in Schedule -1 of the licence during the period specified in Condition 3.3, subject to the conditions set out in Parts II, III, IV and V of this licence.

3.2. The Conditions are subject to modification or amendment in accordance with their terms, the provisions of Condition 31 or with the provisions of the Act.

3.3. The licence shall come into force on the date on which the Commission communicates its decision granting this licence and unless revoked earlier shall remain in force for a period of 25 years from that date.

Part II
General Conditions

4. Compliance with Regulations, Codes, Orders, guidelines and Directions

4.1. The Licensee shall comply with the regulations/ codes/ orders/ guidelines/ directions issued by the Commission from time to time and shall act in accordance with the terms of this licence, except where the licensee obtains the approval of the Commission for any deviation of such regulations/ codes/ orders/ guidelines/ directions and terms.

4.2. The Licensee shall comply with the Orders or Directions issued by the Forum and Electricity Ombudsman.

4.3. The Licensee shall refer all disputes arising under the purview of the licence for settlement by the Commission.

5. Acts Requiring Prior Consent

5.1. The Licensee shall not do the following activities without the prior approval of the Commission: -

a) purchase or import or otherwise acquire electricity under this Licence

from any Person other than in terms of the power purchase agreement with the generator approved by the Commission and at the tariff approved by the appropriate Commission for such generator, except day-ahead/real-time transactions with power exchange (s) to balance the load as well as banking transactions.

b) sell or otherwise dispose of electricity to any Person, other than pursuant to this Licence; or

c) Undertake any transaction to acquire by way of purchase or takeover or otherwise, the utility of any other licensee, or

d) Merge his utility with the utility of any other licensee,

Provided that nothing contained in condition (c) & (d) above shall apply if the utility referred to in condition (c) or condition (d) is situated in a State other than the State of Haryana.

5.2. The Licensee shall, before obtaining the approval under condition 5.1(c) & (d), give not less than one month's notice to every other licensee who transmits or distributes electricity in the area of the licensee as per Schedule-1.

5.3. The Licensee shall not, at any time, assign his licence or transfer his utility, or any part thereof, by sale, lease, exchange or otherwise without the prior approval of the Commission.

5.4. The Licensee may engage any Affiliate or Related Person to provide any goods or services in connection with its Distribution and Retail Supply Business provided that:

(a) the transaction will be structured consistent with any regulations framed by the Commission;

(b) the licensee shall intimate to the Commission of the proposed arrangement at least two weeks prior to its commencement.

5.5. The Licensee shall seek prior approval of the Commission before making any loans to, or issue any guarantee for any obligation of any person, where the same is beyond the permissible limits imposed by the Companies Act, 2013. Loans to employees pursuant to their terms of service and advances to suppliers in the ordinary course of business are excluded from the requirement to seek such approval.

5.6. Any agreement relating to any transaction specified in condition(s) above, unless made with the prior approval of the Commission, shall be void.

6. Notice for Acquisition of Controlling Interest

Upon acquiring information that any person has acquired or intends to acquire a Controlling Interest in the Licensee business, the Licensee shall inform the Commission forthwith of the acquisition or proposed acquisition and shall furnish

the Commission with all relevant details in its possession.

7. Duties of the Licensee

7.1. It shall be the duty of the Licensee to plan, develop and maintain an efficient, co-ordinated and economical distribution system in his authorised area and supply electricity in accordance with the provisions of the Act.

7.2. The Licensee shall provide open access to its Distribution System to any person as required under Section 42(2) of the Act and receive wheeling charges and / or surcharge, as specified by the Commission from time to time. The licensee shall maintain separate account of such surcharge(s) and utilise the same in the manner specified by the Commission.

7.3. The Licensee shall perform the duty to supply on request as required under section 43 of the Act and the related regulations framed by the Commission.

7.4. Subject to applicable regulations, directions and Force Majeure conditions, the licensee shall always endeavor to supply adequate power of appropriate quality to consumers.

8. Other Activities of the Licensee

8.1. The Licensee, with prior intimation to the Commission, may engage in any other Business for the optimum utilisation of the assets and infrastructure comprising the Distribution System as provided under Section 51 of the Act, subject to the following conditions:

(a) that the Licensed Business and the conduct thereof by the Licensee is not prejudiced and / or adversely affected in any manner;

(b) that a proportion of the revenues derived from such business shall, as may be specified by the Commission, be utilised for reducing the wheeling charges of the Licensee;

(c) that the Licensee shall maintain separate accounts for each such Business undertaking and ensure that licensed business neither subsidies in any way such business undertaking nor encumbers its assets in any way to support such business.

(d) that the Licensee shall always comply with the guidelines that the Commission may specify in this regard.

8.2. The Licensee may authorise any other person to carry out any of the functions that the Licensee is authorized to conduct or carry out under the Act provided that;

(a) any such agreement or arrangement shall be subject to the terms and conditions of the licence including such other terms and conditions the Commission may impose.

(b) the Licensee shall continue to have the overall responsibility for due performance of all the obligations under this licence by such other person and a breach of any of the terms and conditions of this Licence by such other person shall be deemed to be a breach by the Licensee.

(c) any such other person shall not be required to obtain any separate licence from the Commission and he shall operate under the overall supervision and control of the Licensee and;

(d) the Licensee shall have, prior to delegating any function, informed the Commission of such action.

9. Prohibition of Subsidies

The Licensee shall not, without prior permission of the Commission, give any subsidy or subvention to, or receive any subsidy or subvention from any person or any other business of the Licensee (whether or not Authorised by the Commission), except a subsidy granted by the State Government pursuant to Section 65 of the Act or a subvention pursuant to Section 27(3) of the HER Act.

10. Accounts

10.1. The financial year of the licensee shall run from the first of April to the following thirty-first of March.

10.2. The Licensee shall in respect of each separate business for each Financial Year:

(a) keep such accounting records as would be required to be kept in respect of each such Separate Business as if it were carried on by a separate company, so that the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, each Separate Business are separately identifiable in the books of the Licensee from those of any other business in which the Licensee is engaged, whether or not authorised by the Commission; and

(b) prepare on a consistent basis from such accounting records:

(i) for each financial year, accounting statements comprising a profit and loss account, a balance sheet and a statement of source and application of funds, together with notes thereto, and showing separately in respect of each Separate Business the amounts of any revenue, cost, asset, liability, reserve or provision, which has been either:

1) charged from or to any other business (whether or not a Separate Business) together with a description of the basis of that charge; or

2) determined by apportionment or allocation between any Separate Business and any other business of the Licensee or its affiliate (whether or not a Separate Business) together with a description of the basis of the apportionment or allocation; and

(ii) in respect of the first six months of the first financial year and of each

subsequent financial year, an interim profit and loss account and a Balance Sheet; a statement of source and application of funds and a cash flow statement together with such supporting documents and information and in such form as the Commission may prescribe from time to time; and

(c) provide, in respect of the accounting statements prepared in accordance with the Condition 10, an Auditor's report in respect of each financial year, stating whether in their opinion these statements have been properly prepared in accordance with Condition 10 and give a true and fair view of the revenues, costs, assets, liabilities, reserves and provisions of, or reasonably attributable to, the Separate Business to which the statements relate; and

(d) deliver to the Commission a copy of statements referred to in condition 10.2(b)(ii) not later than three months after the end of the period to which it relates, and copies of the statements referred to in condition 10.2(b)(i) and Auditor's report not later than six months after the end of the financial year to which they relate.

10.3. The licensee shall not change the basis of charge or apportionment or allocation in relation to the preparation of accounting statements in respect of a financial year from those applied in respect of the previous financial year, without prior approval of the Commission.

10.4. Where, in relation to the accounting statements in respect of a financial year, the Licensee has changed such basis of charge or apportionment or allocation from those adopted for the immediately preceding financial year, the Licensee shall in addition to preparing accounting statements on the basis which it has adopted, prepare such accounting statements on the basis which were applied in respect of the immediate preceding financial year.

10.5. The licensee shall maintain such cost accounting records as prescribed under the Cost Accounting Records (Electricity Industry) Rules, 2011 and prepare from such cost accounting records such statements as prescribed. The cost audit report along with audited cost records (statements) shall be submitted to the Commission not later than six months from the close of the financial year to which they relate.

10.6. Accounting statements prepared under Condition 10.2 shall, unless otherwise approved or directed by the Commission;

(a) be prepared in the manner and form prescribed under the Companies Act, 2013;

(b) be published with the annual accounts of the Licensee;

(c) be prepared in accordance with generally accepted accounting practise; and

(d) state the accounting policies adopted.

10.7. References in Condition 10 to costs or liabilities of, or reasonably attributable to, any Separate Business shall be construed as excluding taxation and capital liabilities which do not relate principally to that Separate Business and interest thereon.

10.8. The Licensee shall ensure that the accounting statements in respect of each financial year prepared under Condition 10.2 (b) (i) and the Auditor's report in respect of each financial year referred to in Condition 10 are made available to any person requesting them at a price not exceeding the reasonable cost of duplicating them.

11. Prohibition of Undue Preference

Subject to Section 62 of the Act, in fixing tariffs and the terms and conditions of Supply, the Licensee shall not show undue preference to any person; provided that the Licensee shall not be deemed to be in breach of its obligations under this licence if any undue preference results from compliance with any directions of the Government under Section 65 of the Act.

12. Provision of Information to the Commission

12.1. The Licensee shall furnish to the Commission such information, documents and details related to the business of the Licensee in the manner in which the Commission may require for its purpose.

12.2. The licensee shall undertake such studies as the Commission may direct it to undertake from time to time for the improvement of the Licenced business.

12.3. The Licensee shall notify the Commission within one week of the occurrence of any major incident affecting any part of the Distribution System except in the matters covered under Section 161 of the Act and shall, within two months of the date of such major incident:

(a) submit a report giving full details of the facts within the knowledge of the Licensee regarding the incident and its cause. The Commission at its own discretion may require the submission of a report to be prepared by an independent person at the expense of the Licensee; and

(b) give copies of the report to the Commission and to all parties involved in the major incident as the Commission may direct.

12.4. The decision of the Commission as to what is a major incident shall be final.

12.5. In Condition 12, "major incident" means an incident associated with the generation, transmission, distribution, supply or use of electrical energy in the licensee's area of supply, which results in a significant interruption of service or substantial damage to equipment.

13. Disposal of Assets

13.1. The Licensee shall not dispose of or relinquish operational control over any land and building of whatever value otherwise than in accordance with Condition 13.

13.2. The Licensee shall not dispose of or relinquish operational control over any assets, other than land and building, otherwise than in accordance with following paragraphs of Condition 13, if the cost of the assets being disposed of or whose operational control is being relinquished in a single transaction or a series of related transactions, exceeds Rs. 30 lacs or such other amount as may be specified by the Commission from time to time.

13.3. The Licensee shall give to the Commission not less than two months' prior written notice of its intention to dispose of or relinquish operational control over any asset. Notice shall not be deemed to have been given until such time as the Licensee has provided to the Commission all such further information as the Commission may require.

13.4. The Licensee may dispose of or relinquish operational control over any asset as is specified in any notice given under Condition 13.3 if:

(a) the Commission confirms in writing that it consents to such disposal or relinquishment subject to such conditions as the Commission may impose; or

(b) the Commission does not inform the Licensee in writing of any objection to such disposal or relinquishment of control within the notice period referred to in Condition 13.3 and the transfer is effected by transparent and competitive bidding.

13.5. The Licensee may dispose of or relinquish operational control over any asset where:

(a) the Commission has issued directions for the purposes of this Condition 13 containing a general consent (whether or not subject to conditions) to:

(i) transactions of a specified description; and/or

(ii) the disposal of or relinquishment of operational control over assets of a specified description; and

(iii) the transaction or the assets are of description to which such directions apply and the disposal of or relinquishment is in accordance with any conditions to which the consent is subject; or

(b) the disposal or relinquishment of operational control in question is required pursuant to the term of a contract or agreement, executed before the commencement of this licence or

(c) the disposal or relinquishment of operational control in question is required by or under any enactment or subordinate legislation; or

(d) the asset in question was acquired and used by the Licensee exclusively in connection with a non-core activity that it has been authorised by the Commission to carry on pursuant to Condition 8 and does not constitute a legal or beneficial interest in land, or form part of the Transmission System or the Distribution System.

13.6. In Condition 13, disposal includes any sale, gift, lease, licence, loan, security, mortgage, charge or the grant of any other encumbrance or the permitting of any encumbrance to subsist or any other disposition to a third party.

13.7. Notwithstanding what is stated above, the Licensee will be entitled to utilise the assets as a means of facilitating financing its investment requirements, including collateral for debt financing, sale and lease back, securitisation of receivables, subject to the condition that the Licensee will inform the Commission about such arrangement/s immediately upon execution of the relevant agreement/s.

14. Investments

14.1. The Licensee shall make investments in an economical and efficient manner and in accordance with the approved investment plan.

14.2. The Licensee shall submit a rolling investment Plan with details of investment schemes to be undertaken during the period, as may be directed by the Commission from time to time, for the approval of the Commission. In such case, the Licensee shall intimate:-

(a) the annual investment plan with details of investment schemes, stating the justification including the cost – benefit analysis, to be carried out during the financial year and

(b) the progress made in implementing the annual investment plan of the previous financial year with the comparison of actual implementation vis-à-vis the plan as approved by the Commission.

14.3. The Commission may allow the Licensee to abide by condition 14.2 i.e. to submit the annual investment plan for each financial year with details of investment schemes to be undertaken, along with Annual Revenue Requirement (ARR) filing.

14.4. The Licensee shall comply with the directions regarding approval for investments and capital expenditure that may be issued by the Commission from time to time.

14.5. To meet any unforeseen investments required in the interests of the electricity sector or the Licensee's Authorised business, the Licensee will be entitled to reallocate and adjust the investment plans up to a limit of 10% of the overall investment plan and 25% of the approved amount in respect of each item/work of the investment plan. In case of circumstances requiring unforeseen investments/ commitments exceeding the approved investment plans for the financial year, the Licensee will be entitled to make such additional investments/commitments only with the prior approval of the Commission.

15. Payment of Fees

15.1. During the tenure of the licence, the Licensee shall be liable to pay to the Commission an annual licence fee as specified under the Haryana Electricity Regulatory Commission (Fee) Regulations, as amended from time to time.

15.2. Where the Licensee fails to pay any fee under condition 15.1, the Commission may revoke this licence pursuant to Section 19 of the Act.

15.3. The Licensee shall be entitled to take into account any fee paid by it under this Condition 15 in the determination of aggregate revenue requirement made in accordance with Condition 27, but shall not take into account any interest paid on account of delay in payment as provided in the Haryana Electricity Regulatory Commission (Fee) Regulations, as amended from time to time.

16. Dispute Resolution

The Commission shall adjudicate upon the disputes between the Licensees and Generating companies and may refer any dispute for arbitration as per the HERC (Conduct of Business) regulation 2019 (Regulation No. HERC/47/2019), as amended from time to time.

17. **Standards and procedures**

The Licensee is required to participate and assist the Commission to the extent required by the Commission in the development, issue and review of any standards, codes, procedures proposed or notified by the Commission.

18. Penalty for Contravention of Conditions of the Licence

The Licensee shall be liable for action under Sections 142 and 146 of the Act in appropriate cases for contravening any one or more of the provisions of these conditions of licence.

19. Terms of Revocation

The Commission may, at any time, after complying with the requirements of Section 19 of the Act, revoke the licence by giving not less than 3 months notice

in writing to the Licensee. For the purpose of clause (b) of Subsection (1) of Section 19 of the Act, the breach of any of the Conditions 4 to 9, 11 to 15, 20 to 24, 26.1, 27, 28, 30 to 32 of this licence are hereby declared to render the licence liable to revocation.

PART – III
Technical Conditions

20. Demand / Load Forecast

The Licensee shall on an annual basis:

(a) forecast the demand (MW and MWh) (short-term, medium-term and long-term) for electricity within the Area of Supply in accordance with the Haryana Electricity Regulatory Commission (Framework for Resource Adequacy) Regulations, 2024, as amended from time to time;

(b) prepare and submit such forecasts to the Commission in accordance with the Regulations/guidelines issued by the Commission from time to time; and

(c) co-operate with the State Transmission Utility in the preparation of electricity demand forecasts for the state of Haryana in such manner as the State Transmission Utility reasonably considers appropriate.

21. Power Procurement Procedure

21.1. The Licensee shall in all circumstances purchase electrical capacity and/or energy in an efficient and economical manner under a transparent procurement process as approved by the Commission and following the guidelines issued by the Commission from time to time relating to preparation of load forecasts, power procurement plan and power procurement procedure.

21.2. All procurement of Long/ Medium/ Short-Term power from various sources shall be carried out as per the provisions of the Act, Guidelines, Rules, Regulations, Policies issued by the Central Government/Commission from time to time.

21.3. An approval required under condition 21.2 shall be granted when the Licensee has demonstrated to the Commission's satisfaction that:

(a) electrical capacity and/or energy is necessary to meet the Licensee's service obligation in accordance with the Act and is consistent with the approved load forecast and power purchase plan.

(b) the Licensee has examined the economic, technical, system and environmental aspects of commercially viable alternatives to the proposals for purchasing electrical capacity and/or energy (including arrangements for reducing the level of demand) and such examination has been carried out- in a manner approved by the Commission.

21.4. In all circumstances the Licensee shall purchase electrical capacity and/or energy in a manner

(a) which is in compliance with the State Grid Code

(b) the details of contracts entered into for capacity/energy purchases are furnished to the Commission within one month from the conclusion of such contracts.

22. Compliance with the State Grid Code

22.1. The Licensee shall comply with the provisions of the State Grid Code, in so far as applicable to it.

22.2. The Commission may, on reasonable grounds and after consultation with any affected Generating Companies, traders and Licensees, issue orders relieving the Licensee of its obligation under condition 22.1 in respect of such parts of the Grid Code and to such extent as may be laid down in those directions.

23. Compliance with the Distribution Code

The Licensee shall implement and comply with the Distribution Code specified by the Commission; provided that the Commission may issue an order either on an application or suo-motu relieving the Licensee of its obligations under the Distribution Code in respect of such parts of the Licensee's Distribution System and to such extent as the Commission may lay down.

24. Compliance with Standards

24.1. The Licensee shall take all reasonable steps to ensure that all Consumers connected to the Licensee's Distribution System receive a safe, economical and reliable supply of electricity as defined in the Standards specified by the Commission, except where the Licensee is obliged to regulate the Supply as may be directed by the Commission under Section 23 of the Act.

24.2. The Licensee shall plan and operate its Distribution System to ensure that, subject to the availability of adequate power of appropriate quality, the Distribution System is capable of providing Consumers with a safe, reliable and efficient & economical supply of electricity. In particular, the Licensee shall:

(a) plan and develop its Distribution System in accordance with the Distribution System Planning and Security Standards together with the Distribution Code as approved by the Commission; and

(b) operate the Licensee's Distribution System in accordance with the Distribution System Operating Standards together with the Distribution Code as approved by the Commission.

24.3. The Licensee shall conduct its Distribution Business in the manner which it reasonably considers to be the best to achieve the Standards of Performance specified by the Commission pursuant to Section 57 of the Act.

24.4. The Standards of Performance as approved by the Commission shall be complied with by the Licensee for specific areas in line with the Phased Rollout Plan approved by the Commission during the initial phase of development of its Distribution Network and for the Complete Licence Area once the initial development of Distribution Network is complete.

24.5. If the Licensee does not comply with all or any of the standards of performance under condition 24.4, the Licensee shall pay compensation specified by the Commission in accordance with the Haryana Electricity Regulatory Commission (Standards of Performance of Distribution Licensees and Determination of Compensation) Regulations 2020 (Regulation No. HERC/50/2020), as amended from time to time.

24.6. The Licensee shall not include any compensation /penalty/fine paid due to deficient service in the ARR / tariff to be recovered from the consumers.

24.7. The Licensee shall, within three months of the end of each financial year, furnish to the Commission information on the level of performance achieved against the performance standards specified by the Commission and the number of cases in which compensation was made and the aggregate amount of compensation paid. The Licensee shall, if required by the Commission, publish a summary of the report in a manner approved by the Commission.

25. Co-operation with STU, SLDC and other Licensees

25.1. The Licensee shall provide to SLDC, STU and/or to other Licensees such information that may reasonably be required to perform its functions and exercise its powers under the Act.

25.2. The Licensee shall comply with the directions of SLDC and STU issued under the Act.

25.3. The Licensee shall co-operate with the generating companies, other Licensees and with the SLDC for the efficient and co-ordinated operation of the power system

26. Consumer Service

26.1. Electricity Supply Code the Licensee shall

(a) comply with the Haryana Electricity Regulatory Commission (Electricity Supply Code) Regulations, 2014, as amended from time to time;

(b) bring to the notice of the Consumers the existence of the Supply Code (and conditions of supply), including its substantive revision and their right to inspect or obtain a copy in its latest form;

(c) make available a copy of the Code (and conditions of supply) revised from time to time, for inspection by the public during normal working hours; and

(d) make available a copy of the Code (and conditions of supply) as revised from time to time to, on its website.

26.2. Customer Charter

The Licensee shall prepare, publicise and adhere to a Customer Charter detailing all the rights, entitlements and responsibilities of the consumers and obligations of the Licensee relating to supply of electricity including the Licensee's guaranteed service levels and other aspects of their relationship under the Act and other applicable laws and regulations. The Customer Charter shall include among other things approved consumer complaint handling procedure, consumer right statement and consumer right to information.

26.3. Consumer Complaint Handling Procedure

The Licensee shall comply with the Complaint Handling Procedure approved by the Commission. The Licensee shall:

(a) make available a copy of the Complaint Handling Procedure, revised from time to time, for inspection by the public at each of the relevant premises during normal working hours; and

(b) make available a copy of the Procedure revised from time to time on its website.

26.4. Every distribution licensee shall, establish a forum for redressal of grievances of the consumers in accordance with the Haryana Electricity Regulatory Commission (Guidelines for Establishment of Forum for Redressal of Grievances of the Consumers) and (Electricity Ombudsman) Regulations, 2004 read with Haryana Electricity Regulatory Commission (Forum and Ombudsman), Regulations, 2020, as amended from time to time. Any consumer, who is aggrieved by non-redressal of his grievances under the "Complaint Handling Procedure relating to Distribution & Retail Supply" as specified by the Commission may make a representation for the redressal of his grievance to an authority to be known as Ombudsman to be appointed or designated by the Commission.

26.5. Consumer's Right to Information

A licensee on request of the consumer, to the extent that is reasonably available to the Licensee provide:

(a) information on all services provided by the Licensee including information on the charges or alternative tariff schemes which may be available to the consumers

(b) information on meter readings for the electricity services provided to the consumer premises by the Licensee ; and

(c) information on the status of the consumer's account with the Licensee;

Licensee may charge a reasonable amount for providing information under this section unless the information requested is of general nature.

26.6. The Licensee shall make available the latest/updated version of the Supply Code and Conditions of Supply and other rules, circulars and regulations related to supply of electricity and charges recoverable from the consumers on its website at all times.

PART IV
Tariff and Expected Revenue Requirement Calculation

27. Tariff and Expected Revenue Requirement Calculation

27.1. Tariff

(a) The Licensee shall propose a tariff acceptable to the Commission for each of its Distribution Business and Retail Supply Business and shall calculate its charges only in accordance with this license and the other requirements/ guidelines as prescribed by the Commission.

(b) The Licensee shall follow the methodology, procedures and other directions included in the Tariff Regulations and in other orders of the Commission as may be issued from time to time, while filing the Statement of Expected Revenue requirement from Charges and for proposing or amending any or all of its tariffs.

27.2. Expected Revenue Requirement Calculation

(a) Each year not later than 30th November the Licensee shall prepare and submit to the Commission a report of its expected aggregate revenues and cost of service (including financing costs and its proposed return on equity) for its Distribution Business and Retail Supply Business for the succeeding financial year in the manner and form prescribed by the Commission from time to time, in accordance with the regulations/guidelines issued by the Commission from time to time.

(b) If the report referred to in Paragraph 27.2(a) indicates a significant difference between its expected aggregate revenues and its expected cost of service, the Licensee shall submit with its report an explanation of the measures it proposes to take, including any proposed tariff amendments, to eliminate the difference, in accordance with the regulations/guidelines issued by the Commission from time to time.

(c) If the licensee fails to submit the ARR within the period specified above or any extension thereof granted by the Commission, the Commission may impose fine up to an extent of 0.05% of the aggregate Revenue Requirement which would be disallowed from the ensuing year aggregate revenue requirement.

28. Amendments of Tariffs and Charges

28.1. The Licensee shall apply to the Commission to amend its tariffs in accordance with the Act if the Commission so requires, in order to remove any undue discrimination identified by the Commission or to cause the Licensee's expected revenue to correspond to the amount that it is permitted to recover under this license.

28.2. The amount that the Licensee is permitted to recover from its tariffs in any financial year is the amount that the Commission determines in accordance with Section 62 of the Act.

28.3. The Licensee may at any time pursuant to the direction of the State Government to provide any subsidy in accordance with Section 65 of the Act submit to the Commission for its approval an amendment to the tariff approved by the Commission for the relevant period to take into account the subsidy directed by the Government. Such amendment shall also indicate the anticipated difference between revenue earnings in accordance with the tariff established under Condition 28.2 and in accordance with the tariff proposed by the Licensee under this Condition 28.3.

29. Provision of Subsidy to Certain Consumers

If the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the Commission under section 62 of the Act, the licensee shall within one month of the end of each financial year, provide details of subsidy paid by the state government along with the details of subsidy calculations on actual sales to such consumers or class of consumers in the manner as specified by the Commission.

PART - V
Other Conditions

30. Powers of the Licensee

Failure to exercise any power granted to the Licensee under the provisions of the Act, the Regulations and/or this conditions of license in a situation where it is warranted shall be construed as a breach of the conditions of license.

31. Introduction of competition

31.1. The Commission may grant license to any person (s) to distribute electricity in the same area of supply as that of the Licensee subject to the proviso to Section 14 of the Act.

31.2. The Licensee shall not enter into any agreement or abuse its dominant position or enter into a combination that is likely to cause or causes an adverse effect on competition in the electricity industry. The Commission shall have power to decide whether any agreement or act of the licensee is likely to cause or causes an

adverse effect on competition in the electric industry in the state. The decision of the Commission shall be final in this regard.

32. <u>Other Conditions:</u>

(A) Conditions Precedent to Commencement of Supply

32.1. The Licensee shall file a complete phase-wise network implementation plan, load-flow, protection, and security studies. This submission must outline precise geographic coverage, sub-stations commissioning schedules, network development timelines and physical asset deployment targets for each year. The plan shall include reasoned division-wise justification of capital investment sequencing including Gurugram city. The detailed implementation Plan for phase 1 shall be submitted within 60 days from the grant of License and for subsequent phases will shall be submitted 90 days prior to commencement of work for particular phase.

32.2. The Licensee must submit a time-bound, detailed technical disclosure justifying its division-wise capital deployment sequence. This filing must explain the engineering and outlet constraints governing the Gurugram City timeline. The Licensee is restricted from deferring high-tension (HT) or low-tension (LT) network investments in any division if such deferral cannot be objectively justified by technical factors like load density, terrain, RoW availability, or HVPNL inter-connection readiness.

32.3. The Licensee shall comply with the Notified Pilot Project Belt Architecture specified in the HERC (Duty to Supply Electricity on Request) (Second Amendment) Regulations, 2023 notified on 27.09.2023 prescribing the 220/33/0.4 kV configuration for the notified Pilot Project Belt sectors of Gurugram.

32.4. The licencee shall establish operational organizational framework and key managerial personnel across strategic, technical, operational and regulatory divisions, prior to operationalizing supply and submit documentary proof (including appointment letters and board resolutions). Further, adequate financial, technical and organization capability shall be maintained throughout the licence period. The Petitioner shall promptly inform the Commission of any material changes in the composition of the Consortium, the Responsibility Matrix or its organisational structure, seeking prior approval where mandated.

32.5. The licencee shall obtain complete transmission connectivity, GNA, and statutory clearances prior to commencement of commercial operations.

32.6. The licencee shall execute interconnection agreements with HVPNL and scheduling and forecasting protocol as well as other operational scheduling arrangements with SLDC prior to energization.

32.7. The Licensee shall carry out detailed load-flow, short-circuit, protection coordination, and system security studies in coordination with HVPNL and SLDC.

32.8. The Licensee shall file a Petition for approval of Migration Protocol for Switch-Over Consumers within 60 days from the grant of License and shall strictly comply

with the Consumer Migration Framework issued by the Commission, from time to time. Switchovers must be executed against joint or verifiable fallback final meter readings constituting the cut-off point. Disconnection by the outgoing licensee shall take effect only upon successful energization by the incoming licensee, with an absolute prohibition on simultaneous dual-system energization.

32.9. The licencee shall abide by all the provisions of the Electricity Act, 2003, as amended from time to time, Rules and Regulations notified by the Commission.

32.10. The licencee shall enforce continuous USO compliance across all consumer categories in the licensed area and shall Incorporate anti-cherry-picking and rollout-parity safeguards.

32.11. The licencee shall comply with the orders issued by the Commission, from time to time, including determination of legacy Fuel and Power Purchase Adjustment Surcharge (FPPAS), Cross Subsidy Surcharge and Additional Surcharge to be passed on to the incumbent licencee.

32.12. The licencee shall ensure full compliance with CEA Regulations and Haryana Grid Code for SCADA, telemetry, protection, and SLDC scheduling protocols.

32.13. The licencee shall infuse equity contribution at-least three months prior to each capital expenditure milestone in the approved Network Implementation Plan alongside matching financial closure for debt. Further, the licencee shall fully fund the equity component of first-year working capital.

32.14. The Licensees shall establish Grievance Redressal Forum within the period of six months from the date of grant of license as prescribed by Section 42(5) of the Electricity Act, 2003.

32.15. The Applicant must obtain prior approval of the Commission for any change in control of the Licensee, merger or transfer of its utility, major shareholding changes, partner modifications within SAS Fininvest LLP, amendments to constitutional documents.

(B) Continuing Obligations

32.16. The licencee shall ensure continuous compliance with Sections 42 and 43 and the regulations made thereunder, including Supply Code connection timelines, across the entire licensed area.

32.17. The licencee shall ensure non-discriminatory supply; no undue preference between consumer categories or geographical areas.

32.18. The licencee shall ensure adherence to the Commission-approved rollout plan and to the phase-wise and division-wise milestones.

32.19. The licencee shall ensure rollout parity: no deferral of HT or LT investment in any division, disproportionately as compared with divisions of comparable load, beyond what is objectively justified by load, terrain, outlet availability or right-of-way constraints.

32.20. The licencee shall ensure category-wise coverage obligations in each phase, requiring service to domestic, agricultural and rural consumers.

32.21. The licencee shall ensure compliance with the Consumer Migration Framework as notified and amended.

32.22. The licencee shall ensure prohibition of misleading, coercive, inducement-based or discriminatory acquisition practices.

32.23. The licencee shall ensure maintenance of continuity and quality of supply through migration.

32.24. The licencee shall ensure compliance with the Standards of Performance Regulations, the Supply Code and all consumer service obligations.

32.25. The licencee shall ensure implementation of the approved capital programme in accordance with the committed year-wise and division-wise schedule, including the Nuh rollout from the first year.

32.26. The licencee along with its promotor entity (SAS Fininvest LLP) shall ensure maintenance of earmarked resources of not less than Rs. 1,500 Crore, free from any charge or restriction; in no case shall such earmarked resources be less than Rs. 1,500 Crore as reduced by the cumulative funds actually infused into the Applicant's entity towards the approved capital expenditure.

32.27. The licensee shall furnish a certificate of a Chartered Accountant confirming the earmarked resources of Promoter, annually.

32.28. Achievement of the Commission approved distribution loss trajectory.

32.29. The licencee shall ensure Compliance with the Commission-approved power procurement strategy, and maintenance of arrangements adequate to meet projected demand.

32.30. The licensee shall ensure maintenance of a standing operational interface for data exchange (consumer records, meter data, and migration notices), in coordination with the existing distribution licensee, HVPNL, and SLDC, subject to confidentiality and purpose limitation.

32.31. The licencee shall ensure Compliance with all lawful technical directions of the Commission, HVPNL, the SLDC and other competent authorities concerning grid security, system operation and network coordination.

32.32. The licencee shall ensure Advance reporting of any change in control, significant change in shareholding, partnership changes in the holding entity, mergers and acquisitions, or change in constitutional documents, with prior approval where required.

32.33. The licencee shall ensure Prompt reporting of material variation in project cost, financing, schedule, procurement or business assumptions, and of material change in procurement strategy affecting security of supply

32.34. The Licensee must establish streamlined consumer intake systems and digital application processing portals integrated with the timeframes mandated under the Haryana Electricity Regulatory Commission (Electricity Supply Code) Regulations, 2014 as amended from time of time. However, the timeframes as per Supply Code Regulations shall be applicable for area in which the network

development has been completed as per investment plan approved by the Commission.

32.35. The Licensee must publish non-discriminatory network access procedures, standard connection fee schedules, and clear technical guidelines for all prospective consumers. Service provision must remain uniform across residential, agricultural, commercial, industrial, and institutional categories throughout all five divisions (Gurugram Sub-urban, Gurugram City, Sohna, Manesar, and Nuh).

32.36. The licence shall file connection logs periodically in the Commission to ensure that no specific non-commercial or low-consumption applicant class is systematically deprioritized, rejected, or subjected to excessive procedural demands.

32.37. The Licensee must build its network to maintain N-1 transformer redundancy, standard asset loading limits (maximum 80% asset loading under peak demand), and low distribution loss profiles. Operational systems must track and report standard quality indicators, including the System Average Interruption Frequency Index (SAIFI), System Average Interruption Duration Index (SAIDI), voltage fluctuation profiles, and meter replacement speeds.

32.38. The Licensee must publish quarterly Performance Benchmark Reports. Automatic consumer compensation mechanisms as mandated by the HERC Standards of Performance Regulations.

32.39. The Licensee must submit comprehensive half-yearly progress reports detailing: Actual Capital expenditure. Equity infusions (maintaining the normative 30% equity requirement) and debt drawdowns. Physical progress on transmission interface bays with HVPNL. Division-wise connection statistics categorized by consumer type and application turnaround times. Audited annual financial statements featuring fully unbundled accounts for the Wires and Retail Supply businesses.

32.40. The Commission will periodically evaluate actual consumer migration levels, capacity utilisation, network usage, ARR recovery and compliance with Universal Service Obligations.

(C) Review and Variation

The licensee shall periodically file all the relevant records/documents/information in the Commission for review of its performance covering, inter-alia, the achievement of the objectives of parallel distribution, network development, investment sequencing and migration, consumer mix, roll out milestones, universal service and financial commitments, contracted capacity, power procurement portfolio, system reliability and coordination, and the impact upon on ARR, tariff recovery, cross-subsidy, procurement obligations and the financial position of both licensee.

The Commission shall retain the residual powers to issue directions, impose additional measures, amend licence conditions or take such other action as may

be necessary. The licensee shall comply with the directions issued by the Commission from time to time.

Schedule 1

Eleven Power Private Limited
Area of Distribution and Retail Supply.

The Eleven Power Private Limited, area of Distribution and Retail Supply shall comprise the Gurugram and Nuh Revenue Districts, comprising of Gurugram Municipal Corporation, Manesar Municipal Corporation, Municipal Council of Sohna, Municipal Council of Pataudi Mandi and Municipal Committee of Farrukh Nagar under Gurugram revenue district, and Municipal Committee Nuh, Municipal Committee Punhana, Municipal Committee Firozepur Jhirka and Municipal Committee Tauru under Nuh revenue district. However, for cantonment, aerodrome, fortress, arsenal, dockyard or camp or any building or place in occupation of the Central Government for defence purpose, the licence will be effective subject to the conditions mentioned in the no objection certificate dated 03.07.2026 issued by the Ministry of Defence, Government of India.

ANNEXURE-H

Form-6

(Regulation 15)

HARYANA ELECTRICITY REGULATORY COMMISSION

Bays No. 33 - 36, Sector – 4, Panchkula-134109

Notice of grant of distribution licence

Notice is hereby given by the Haryana Electricity Regulatory Commission, under section 15 (5)(A) of the Electricity Act 2003 read with Regulation 15 Haryana Electricity Regulatory Commission (Transmission and Distribution Licensing) Regulations, 2004, that it proposes to issue a distribution licence to:

1. **Name**: **Eleven Power Private Limited**
2. Address:

2.1. **Registered Office Address**: 201, Empire Apartments, First Floor, Sultanpur, M.G. Road, Gadaipur, Southwest Delhi, New Delhi, India, 110030

2.2. Corporate Office Address for correspondence: Unit 501, 5th Floor, Eleven Bay, Tower B, Sector-38, Gurugram 122001, Haryana.

for distribution of electricity in the following area:
(Gurugram and Nuh Revenue Districts, comprising of Gurugram Municipal Corporation, Manesar Municipal Corporation, Municipal Council of Sohna, Municipal Council of Pataudi Mandi and Municipal Committee of Farrukh Nagar under Gurugram revenue district, and Municipal Committee Nuh, Municipal Committee Punhana, Municipal Committee Firozepur Jhirka and Municipal Committee Tauru under Nuh revenue district)

The applicant is required to convey its acceptance of the enclosed licence within seven days from the date of issue of this notice.

By order of the Haryana Electricity Regulatory Commission

Secretary