

**BEFORE THE ELECTRICITY OMBUDSMAN**  
**(For the State of Goa and Union Territories)**  
**Under Section 42 (6) of the Electricity Act, 2003**  
3<sup>rd</sup> Floor, Plot No. 55-56, Udyog Vihar - Phase IV, Sector 18  
Gurugram (Haryana) 122015,  
Email ID: ombudsman.jercuts@gov.in  
Phone No.:0124-4684708

Appeal No-262 of 2026

Date of Hearing: 06.04.2026,  
20.04.2026, 04.05.2026  
Mode: Videoconferencing  
Date of Order: 11.05.2026

In the matter of  
Mr. Vinod Mittal,  
SCF No 4, Sector 9D,  
Chandigarh.

...Appellant

Versus

Executive Engineer,  
Electricity 'OP' Division No. 1,  
CPDL, Chandigarh.

...Respondent(s)

**In the matter of Mr. Vinod Mittal Vs Chandigarh Power Distribution Ltd.**

Present:

Appellant

1. Mr. Vinod Mittal on behalf of Mr Upjeet Singh,
2. Ms Navdeep AR of Mr Upjeet Singh

Respondent(s)

- A. Mr. Dhruv Shakuntlam, Sr. Executive Legal. CPDL
- B. Mr Sanatan Kumar, Executive Engineer, CPDL.
- C. Mr Sukhwinder Singh, Assistant Engineer, CPDL
- D. Mr Chandan Dhar, Sr. Manager, Meters
- E. Ms. Deepti Ahlawat Legal Deptt. CPDL

## ORDER

The present representation was filed on 12.03.2026 under Section 42(6) of the Electricity Act, 2003 read with Regulations 35 and 36 of the Joint Electricity Regulatory Commission (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2024, challenging the order dated 19.02.2026 passed by the Learned Consumer Grievance Redressal Forum, Chandigarh in Case No. G-83/2025.

Upon scrutiny, and being satisfied that the representation fulfilled the requirements prescribed under the Regulations, the same was admitted and notice was issued on 16.03.2026. A copy of the representation was forwarded to the Respondent-Executive Engineer Electricity 'OP' Division No I, Sector-17, Chandigarh Power Distribution Ltd. Chandigarh, calling upon them to submit their reply/comments.

The present representation has been filed on 12.03.2026 under Section 42(6) of the Electricity Act, 2003 read with Regulations 35 and 36 of the Joint Electricity Regulatory Commission (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2024, assailing the Order dated 19.02.2026 passed by the Learned Consumer Grievance Redressal Forum, Chandigarh in Complaint No. G-83/2025.

Upon preliminary scrutiny, the representation was found to be in conformity with the prescribed requirements and was accordingly admitted. Notice was issued on 16.03.2026 to the Respondent, and a copy of the representation was forwarded to the Respondent-Executive Engineer, Electricity 'OP' Division No. I, Sector-17, Chandigarh Power Distribution Ltd., calling upon them to submit their reply/comments.

Sr. Executive, Legal has filed the reply on behalf of CPDL on dated 08.04.2026.

### **A. Submissions on behalf of Appellant.**

1. The Appellant is a lawful electricity consumer of the Respondent under Account No. 102/0943/700407A, with a sanctioned load of 57.51 kW pertaining to premises situated at SCF-4, Sector-9, Chandigarh, and has consistently discharged all billing liabilities without default.
2. An inspection was conducted by the Enforcement Wing of the Respondent CPDL on 24.07.2025, pursuant to which Inspection Report No. 19/02 was



issued alleging that the applicable Multiplying Factor (MF) was "2", whereas billing had been carried out with MF "1", resulting in alleged under-billing.

3. Based on the said inspection, a Provisional Assessment Notice vide Memo No 1433 dated 01.08.2025 was issued, raising a demand of ₹23,12,658/- for the period from 10.04.2022 to 10.06.2025.
4. The Appellant filed detailed objections dated 18.08.2025, inter alia contending that:
  - Any recovery beyond the statutory limitation period is barred under Section 56(2) of the Electricity Act, 2003;
  - The alleged discrepancy, if any, was solely attributable to the Respondent;
  - The assessment was arbitrary, retrospective, and unsupported by technical verification or evidence.
5. A hearing was conducted on 28.10.2025 by the L.d. CGRF, Chandigarh, which, according to the Appellant, was merely procedural and did not involve disclosure of relevant technical documents, meter testing reports, or any meaningful opportunity to contest the allegations.
6. Thereafter, the Respondent issued a Final Assessment Bill dated 30.10.2025, confirming the provisional demand of ₹23,12,658/-.
7. The said assessment was accompanied by a threat of disconnection within seven days, compelling the Appellant to face coercive recovery measures.
8. Aggrieved, the Appellant approached the Learned CGRF in Complaint No. G-83/2025, which vide Order dated 19.02.2026, restricted the recovery to a period of three years and directed issuance of a revised bill accordingly.

#### **GROUNDS OF APPEAL**

- A. The Learned CGRF, having categorically held that the entire lapse in billing and application of the incorrect multiplying factor was attributable solely to the Respondent, erred in law and equity in nevertheless permitting recovery for a period of three years. It is a settled principle that no party can be permitted to derive benefit from its own negligence, particularly to the detriment of a faultless consumer.



- B. The Respondent failed to comply with the mandatory provisions of the JERC (Electricity Supply Code) Regulations, 2018, particularly:
- o Regulation 6.32 mandating periodic meter testing;
  - o Regulation 6.39 requiring documentary substantiation before raising retrospective assessments.

In cases of billing errors attributable to the licensee, recovery ought to be restricted to a minimal permissible period, and not extended to three years. The CGRF failed to assign appropriate legal consequence to these violations.

- C. The impugned demand is based solely on Inspection Report No. 19/02 dated 24.07.2025. The alleged claim of meter testing in an NABL-accredited laboratory remains unsubstantiated by any formal test report, and no opportunity was afforded to the Appellant to verify or challenge the same. An assessment of such magnitude, lacking corroborative technical evidence, is unsustainable.
- D. The proceedings culminating in the Final Assessment Order dated 30.10.2025 are vitiated by violation of principles of natural justice. The hearing held on 28.10.2025 was devoid of substantive opportunity, and the issuance of the final order within two days thereof demonstrates a pre-determined and mechanical exercise.
- E. The Appellant has been a regular and Bonafide consumer, and the Respondent's failure to detect the alleged error over an extended period, despite regular billing cycles, clearly establishes administrative negligence. Imposition of a substantial retrospective liability under such circumstances is arbitrary, disproportionate, and inequitable.
- F. The Appellant had specifically invoked the bar under Section 56(2) of the Electricity Act, 2003, which prescribes a limitation of two years for recovery of dues. The CGRF, while applying a three-year limitation under the Supply Code, failed to adequately reconcile the statutory mandate vis-à-vis the subordinate regulatory framework. It is submitted that the limitation prescribed under the parent statute must prevail, and any recovery beyond two years is

legally untenable. Further, Regulation 7.40 of the Supply Code also reinforces the statutory bar on recovery beyond two years.

- G. The threat of disconnection contained in the Final Assessment Order constitutes coercive action in respect of a bona fide disputed demand. The CGRF failed to grant necessary protection to the Appellant against such coercive measures, contrary to settled legal principles governing consumer protection.
- H. Although the CGRF permitted payment in instalments without levy of surcharge, the absence of a defined and structured instalments schedule renders the relief illusory, particularly considering the substantial quantum involved.

In view of the foregoing, the Appellant submitted that this Authority:

- a) Set aside and/or suitably modify the Order dated 19.02.2026 passed by the Learned CGRF, UT Chandigarh in Complaint No. G-83/2025;
- b) Restrain the Respondent from taking any coercive action, including disconnection of electricity supply, on account of the impugned demand during the pendency of the present proceedings;
- c) In the alternative, direct the Respondent to frame a structured and reasonable instalment schedule, spread over a period of not less than 36 months, for payment of any amount that may be adjudged payable;

#### **B. SUBMISSIONS ON BEHALF OF RESPONDENT**

The Respondent has filed its reply opposing the present representation and has made the following submissions:

1. The present appeal has been preferred by the Appellant assailing the Order dated 19.02.2026 passed by the Learned Consumer Grievance Redressal Forum (CGRF), Chandigarh, whereby the CGRF directed the Respondent to issue a revised assessment restricted to a period of three years preceding the date of inspection and permitted the Appellant to pay the assessed amount in monthly instalments.
2. The Appellant is a consumer of the Respondent having a commercial electricity connection bearing Account No. 102/0943/700407A at premises SCF No. 4, Sector-9, Chandigarh, with a sanctioned load of 57.51 kW.



3. The premises of the Appellant were inspected by the Enforcement Wing of the Respondent on 24.07.2025 vide Inspection Report No. 19/002, wherein it was detected that billing had been carried out with an incorrect Multiplying Factor (MF) of "1" instead of the applicable MF, resulting in under-billing of electricity consumption for the period 10.04.2022 to 10.06.2025.
4. Pursuant to the said inspection, the Respondent recalculated the actual consumption by applying the correct MF, and accordingly issued a Provisional Assessment Notice dated 01.08.2025 (Memo No. 1433), raising a demand of ₹23,12,658/-.
5. The Appellant, in response, submitted objections dated 18.08.2025, expressing inability to pay the assessed amount.
6. The Respondent thereafter afforded an opportunity of personal hearing to the Appellant vide communication dated 21.10.2025.
7. It is submitted that the Appellant did not avail the opportunity of personal hearing, and accordingly, the Respondent proceeded to issue the Final Assessment Notice dated 30.10.2025 (Memo No. 2737), confirming the demand of ₹23,12,658/-.
8. Aggrieved by the Final Assessment, the Appellant approached the Learned CGRF, Chandigarh in Complaint No. G-83/2025, which was disposed of vide Order dated 19.02.2026, restricting the assessment period to three years. The present appeal has been filed challenging the said order of the CGRF.
9. The principal contention of the Appellant pertains to the alleged bar under Section 56(2) of the Electricity Act, 2003, on recovery of dues beyond a period of two years. The Respondent submits that the said contention is misconceived in law.
10. It is submitted that the Hon'ble Supreme Court, in **Prem Cottex v. Uttar Haryana Bijli Vitran Nigam (2021)**, has clarified the scope of Section 56(2) as under:
  - The expression "*first due*" signifies the point at which a valid bill is raised, and not the date of actual consumption of electricity.



- The limitation period of two years commences from the date of issuance of the bill.
- The right of disconnection under Section 56(1) arises only upon failure to pay a validly raised demand.

Applying the aforesaid principles, it is submitted that in the present case, the amount became "first due" only upon issuance of the assessment notice dated **01.08.2025**, and therefore, the limitation period is to be computed from that date.

11. The Respondent has further relied upon the judgment of the Hon'ble Supreme Court in **Assistant Engineer (D1), Ajmer Vidyut Vitran Nigam Limited & Anr. v. Rahamatullah Khan**, wherein it has been held that arrears arising out of escaped billing or under-billing are legally recoverable, even beyond two years, provided that no earlier valid demand had been raised.
12. In view of the above settled legal position, it is submitted that the demand raised by the Respondent is legally sustainable, and the bar under Section 56(2) is not attracted in the facts of the present case.
13. The Respondent has placed on record the relevant documents including:
  - Inspection Report dated 24.07.2025;
  - Meter testing report;
  - Provisional and Final Assessment Notices;
  - Consumption details for the relevant period;
  - Meter installation particulars; and
  - Meter download data.
14. It is submitted that the assessment has been carried out strictly in accordance with the applicable provisions of the JERC Electricity Supply Code 2018 and on the basis of actual consumption recalculated using the correct multiplying factor.
15. In light of the above facts, statutory provisions, and binding judicial precedents, it is submitted that the demand of ₹23,12,658/- raised vide Memo No. 1433 dated **01.08.2025** is valid, lawful, and enforceable.

16. The Respondent submits that the Order passed by the Learned CGRF has already granted substantial relief to the Appellant by restricting the recovery period to three years, and no further interference is warranted.

In view of the above submissions, it is most respectfully prayed that this Hon'ble Authority may be pleased to:

- (a) Dismiss the present appeal as being devoid of merit; and
- (b) Direct the Appellant to pay the assessed amount in terms of the revised assessment as upheld by the Learned CGRF;
- (c) Pass such other and further orders as may be deemed fit and proper in the facts and circumstances of the case.

**C. SUBMISSIONS ON BEHALF OF THE APPELLANT (IN REJOINER)**

In response to the reply filed by the Respondent, the Appellant has made the following submissions by way of rejoinder:

1. At the outset, the Appellant has denied all averments made in the reply, save and except those which are matters of record or have been specifically admitted.
2. With respect to the factual narration contained in Paras 1 to 6 of the reply, it is submitted that while the sequence of events is largely a matter of record, the inferences and conclusions sought to be drawn by the Respondent are incorrect, misleading, and legally unsustainable.
3. The Appellant has specifically controverted the contention of the Respondent in Para 7 of the reply that the Appellant failed to appear for the personal hearing on 28.10.2025. It has been submitted that the Appellant had, in fact, appeared before the office of the Respondent on the scheduled date and marked his presence. It is further submitted that no meaningful hearing was conducted, and no reasoned or speaking order was passed on the objections submitted by the Appellant.
4. The Appellant has further contended that no technical documents, including meter testing reports, CT ratio verification records, or calculation sheets, were furnished either prior to or during the hearing, thereby rendering the opportunity illusory. It has been emphasized that the issuance of the Final



- Assessment Order within a short span of two days from the date of hearing indicates lack of due consideration and application of mind.
5. It is the Appellant's case that the aforesaid actions of the Respondent constitute a violation of the principles of natural justice, inasmuch as the Appellant was neither provided with the material relied upon nor afforded a meaningful opportunity to present its case.
  6. With regard to Paras 8 and 9 of the reply, the Appellant has submitted that the findings recorded by the Learned CGRF, particularly to the effect that the responsibility for correct billing and application of the appropriate Multiplying Factor rests solely with the Respondent, are binding and cannot be diluted by reiteration of the Respondent's stand.
  7. The Appellant has further submitted that the reliance placed by the Respondent on the judgment in *Prem Cottex v. Uttar Haryana Bijli Vitran Nigam (2021)* is misplaced, as the said judgment does not sanction retrospective recovery arising out of the licensee's own negligence in cases where regular billing had been carried out. It is submitted that in the present case, the bills were regularly raised and duly paid, and therefore the Respondent is estopped from reopening settled accounts after a prolonged period.
  8. Similarly, the reliance placed on *Assistant Engineer, Ajmer Vidyut Vitran Nigam Ltd. v. Rahamatullah Khan* has been distinguished on facts, with the Appellant submitting that the said judgment does not permit arbitrary or belated recovery in disregard of consumer rights and procedural safeguards.
  9. The Appellant has reiterated that it has been a regular and bona fide consumer and that the Respondent, despite conducting periodic readings, failed to detect the alleged error for an extended period. It is submitted that the impugned demand, even if restricted, is disproportionate and causes grave financial prejudice, particularly when the lapse is attributable solely to the Respondent.
  10. On the aforesaid grounds, the Appellant has prayed for allowing the appeal and for grant of appropriate reliefs in accordance with law.



**D. SUBMISSIONS ON BEHALF OF THE RESPONDENT (IN RESPONSE TO THE REJOINDER)**

In response to the rejoinder filed by the Appellant, the Respondent has made the following submissions:

1. At the outset, the Respondent has denied the averments made in the rejoinder to the extent they are contrary to the record. It is submitted that the Respondent has neither misled the Appellant nor acted arbitrarily in raising the short assessment on account of the incorrect Multiplying Factor (MF). The assessment has been carried out strictly in accordance with the provisions of the JERC Electricity Supply Code Regulations, 2018. It is further submitted that all relevant documents, including the inspection report and meter testing details, have already been placed on record along with the reply.
2. With regard to the Appellant's contention concerning the personal hearing dated 28.10.2025, the Respondent has admitted that the Appellant did appear on the said date along with his representative. However, it has been contended that no written objections were submitted on the date of hearing. It is submitted that the Respondent proceeded on the basis of the written objections dated 18.08.2025 already on record while finalizing the assessment. The Respondent has further clarified that any contrary statement in its earlier reply was on account of a clerical inadvertence. It is asserted that the Final Assessment Order was passed after due consideration of the material available on record and does not suffer from violation of principles of natural justice.
3. The Respondent has submitted that the contents relating to the order of the Learned CGRF are matters of record. It is further stated that in compliance with the directions of the CGRF, the assessment has been revised and restricted to a period of three years, and the amount has accordingly been reduced from ₹23,12,658/- to ₹22,08,092/-.
4. In response to the Appellant's submissions on limitation, the Respondent has reiterated that the charges became "first due" only upon issuance of the provisional assessment bill dated 01.08.2025. Relying upon the judicial precedents cited in its reply, it is submitted that the limitation period under



Section 56(2) of the Electricity Act, 2003 is to be reckoned from the date of issuance of a valid demand and not from the date of consumption. It is further contended that the initiation of recovery proceedings, including disconnection in the event of non-payment, is within the statutory framework and does not suffer from any legal infirmity.

5. The Respondent has further denied the Appellant's contention regarding alleged negligence in detection of the error. It is submitted that discrepancies relating to the Multiplying Factor cannot be detected through routine meter readings and require technical verification through proper inspection and testing. In the present case, the error was detected during an inspection carried out by the Respondent's officials, following which the meter was duly tested and the assessment was raised in accordance with applicable provisions.
6. On the basis of the above submissions, the Respondent has prayed that the appeal filed by the Appellant be dismissed as being devoid of merit.

**E. Proceedings:**

The matter was taken up for hearing through videoconferencing on the dates fixed. On the initial date of hearing, Ms. Navdeep, Learned Authorized Representative appearing on behalf of the Appellant, Mr. Vinod Mittal, submitted that the dispute arises out of the application of an incorrect Multiplying Factor (MF), which is wholly attributable to the Respondent. It was contended that despite recording a finding of negligence on the part of the Respondent, the Learned Consumer Grievance Redressal Forum (CGRF) erred in law and on equity in permitting recovery for a period of three years. It was further argued that it is a settled principle of law that no party can be permitted to derive benefit from its own negligence, particularly to the prejudice of a faultless consumer.

On behalf of the Respondent, Mr. Dhruv Shakuntlam appeared and submitted that the reply had not yet been filed and sought time to place the same on record.

Considering the request, and in the interest of justice, time was granted to the Respondent to file its reply on or before 10.04.2026, with an advance copy to the Appellant. The Respondent was further directed to place on record, along with its reply, complete meter reading details, meter installation particulars, and meter

download data, to facilitate proper adjudication of the matter. The case was accordingly adjourned to 15.04.2026.

On the subsequent date of hearing, the Appellant confirmed receipt of the reply filed by the Respondent. It was submitted that the contention raised by the Respondent at Point No. 7 of its reply, alleging non-appearance of the Appellant at the personal hearing, is factually incorrect. The Appellant drew attention to Annexure-E (Memo No. OP/2/2733 dated 30.10.2025) appended to the Respondent's reply, wherein it is recorded that the Appellant had submitted objections to the provisional assessment vide letter dated 18.08.2025.

The Appellant sought a short adjournment to file a rejoinder to the reply filed by the Respondent. The request was allowed in the interest of justice. The Appellant was permitted to file the rejoinder on or before 24.04.2026, with an advance copy to the Respondent. The Respondent was granted liberty to file its reply/counter-rejoinder, if any, within four days thereafter, i.e., on or before 30.04.2026.

The matter was thereafter listed for final hearing/arguments on 04.05.2026.

On the date fixed for final hearing, i.e., 04.05.2026, the Appellant reiterated that he had appeared along with his representative before the office of the Respondent on the scheduled date of hearing and had marked his presence. It was further submitted that no meaningful opportunity of hearing was afforded, and no reasoned or speaking order was passed on the objections submitted by the Appellant.

In response, the Respondent, in its submissions to the rejoinder, acknowledged the presence of the Appellant on 28.10.2025, but denied that any written objections were submitted on the said date, and maintained that the assessment had been finalized on the basis of the material available on record.

With the completion of submissions by both parties, the hearing stood concluded on 04.05.2026

#### **F. ISSUES FOR DETERMINATION**

Upon consideration of the pleadings, submissions of the parties, and the material placed on record, the following issues arise for determination:



1. Whether the assessment raised on account of application of an incorrect Multiplying Factor (MF) is legally sustainable?
2. Whether the Respondent can recover arrears for a period extending up to three years (or beyond), particularly when the error is attributable to the licensee itself?
3. Whether the bar under Section 56(2) of the Electricity Act, 2003 is applicable in the facts of the present case?
4. Whether the principles of natural justice were complied with while issuing the impugned assessment?
5. Whether the relief granted by the Learned CGRF warrants interference or modification?

#### **G. FINDINGS AND ANALYSIS**

##### **Issue No. 1: Incorrect Multiplying Factor (MF) and Responsibility of the Licensee**

It is not in dispute that the electricity connection of the Appellant bearing Account No. 102/0943/700407A, Meter No. CHET03713, was inspected vide I.R. No. 19/002 dated 24.07.2025 by the Enforcement Team of the Respondent, and it was detected that billing had been carried out by applying MF "01" instead of the correct MF "02".

The record further reveals that the said discrepancy continued for a considerable period without detection by the Respondent despite regular billing cycles and meter readings. The Learned CGRF has also returned a categorical finding that the responsibility for correct billing and application of the proper MF lies upon the Respondent/licensee.

This Authority finds substance in the contention of the Appellant that the consumer cannot be faulted for technical or billing errors falling exclusively within the administrative and operational domain of the licensee. The consumer had continued to pay the bills regularly as raised by the Respondent and there is no allegation of theft, tampering, misrepresentation, or suppression attributable to the Appellant



## Issue No. 2: Permissibility of Retrospective Recovery

The central question is the extent to which retrospective recovery is permissible when the error is attributable to the Respondent.

The Learned CGRF has already recorded a categorical finding that the lapse was due to the negligence of the Respondent. In such circumstances, permitting recovery for an extended period raises concerns of equity and fairness.

The Supply Code provisions contemplate that retrospective billing corrections, particularly those arising from licensee errors, must be exercised cautiously and within a reasonable and legally sustainable timeframe.

As per the details provided by CPDL vide METER CHANGE ORDER 55 dated 06.04.2022 the old meter No CHET 2076 having meter CT Ratio 3x200/5A and CTR of 400/5A was replaced with a new meter No. CHET03713 having CT Ratio of 3 x 200/5A and OLD CTR of 400/5A has been retained. In 2022 the onus of updating the meter record in the system lies with EWED Chandigarh which was the then Distribution licensee, and it could only because of clerical error that MF-1 has been fed in their billing system in place of MF-2. As far as the recorded consumption is concerned, it has never been disputed by the Appellant from the date of energization of connection. Moreover, the CTR of 400/5A, CTs are same till date when the original meter No CHET2076 was replaced with another meter bearing meter No. CHET03713.

As such the 'Multiplying Factor' (MF) 2 was applicable however, MF-1 has been applied erroneously.

The meter test report vide report No 249 shows that the meter No CHET03713 was subjected to testing and found that Primary Line current details are as under:

Sr. No.	Parameter	R-Phase	Y-Phase	B-Phase
1	Primary Line Current	71.03	58.99	50.45
2	Meter Display Current	35.53	29.59	27.78
3	Calculated MF	≈ 2	≈ 2	≈ 2

The complete details of the 'metering unit' as well as the 'meter' for the purpose of counting the units consumed with MF (one) was applied instead of MF-2, for billing purpose; accordingly, all the relevant data were inserted in the



software/computer in respect of 'Metering Unit' for the purpose of preparing the monthly bills for the energy consumed.

Accordingly, the regular bills were being generated with MF-1 till 24.07.2025 when the discrepancy was first noticed by the Inspecting team of CPDL and a supplementary demand to the extent of ₹23,12,658/- for the period 10.04.2022 to 10.06.2025 has been raised on the ground that the earlier bills were raised erroneously with MF-1.

Since the electricity bills were being generated regularly and paid by the Appellant without raising any doubt. The Respondents' mere error or omission in making the correct calculation does not constitute a genuine dispute, as the meter readings themselves have not been altered. Notably, the Appellant has not challenged the recorded readings.

Therefore, if the requirement is that any reading in a metering unit with a multiplying factor of 2 must be multiplied by 2 when issuing a demand, any correction of an error in this process is merely clerical. In this case the error occurred during the period EWEDC was the Distribution Licensee and CPDL took over the distribution system from EWEDC on 01.02.2025. The Respondents cannot be barred from issuing a supplementary demand, which is otherwise in accordance with the law. Furthermore, this does not prevent the respondents from raising a supplementary demand to recover arrears, nor does it create any indefeasible right for the petitioner to avoid such payment.

In the matter of **M/s Gokul Steels Private Limited Vs the South Bihar Power Distribution Company Limited**, Vidyut Bhawan, Bailey Road, Patna, in the High Court of Judicature at Patna in Civil Writ Jurisdiction Case No.9742 Of 2020, the Hon'ble High Court held that:

*"13. From the aforesaid, it is clear that the petitioner never raised any dispute when the new metering unit, with multiplying factor of 02 was installed on 24.08.2015, which was clearly spelt out in the report of such installation, and the same continued till the supplementary demand was raised. Once the new metering unit was accepted by the petitioner without*



dispute, coupled with the fact that the installation report of the metering unit of 24.08.2015 clearly indicated such multiplying factor of 02, which was also signed by the petitioner's representative, if, for any reason, the multiplying factor had not been correctly given effect to by the respondents while raising the demand, the same would not per se enable the petitioner not to pay such charges. The simple reason of a mere error/omission on the part of the respondents in making the correct calculation would not amount to any real dispute, as the unit(s) reflected in the meter is/are not being changed and, quite importantly, even the petitioner has not raised any dispute with regard to the recording(s)/reading(s) of the new metering unit having a multiplying factor of 02. Thus, if the requirement is that for any reading in a metering unit classified as M.F. 02, the units recorded have to be multiplied with 02 while raising a demand, rectification of an error, if any, in such exercise is merely clerical. The respondents cannot be shut off from raising a supplementary demand, which even otherwise, is in accordance with law, and at the same time would not preclude or prevent them from raising supplementary demand and recovering the huge arrears and would also not create any indefeasible right in the petitioner to absolve himself from payment of the same.

14. Thus, in the considered opinion of the Court, the dispute being raised before the Court has absolutely no merits as far as the main issue is concerned which, at the cost of repetition, can be simply said to be an error in applying the formula to be used while raising the actual demand based on reading rendered by a metering unit classified as M.F. 02, such classification of the new multiplying factor of 02 having been in the petitioner's knowledge since 24.08.2015. The petitioner has not been able to demonstrate before the Court any provision where even for M.F. 02 metering unit, there cannot be a multiplying factor of 02 and the same has

*to necessarily be 01. Merely because for five years there has been an oversight on the part of the respondents, that too, as learned counsel for the respondents has himself submitted, may indicate some collusion at the level of employees of the respondents also, for which steps are being taken to fix responsibility, cannot be stretched to the extent that it shall prevent the respondents from realizing an amount which was, otherwise, in law, due to them and which the petitioner was liable to pay."*

The charges for electricity consumed become due only after a demand bill is issued by the Distribution Licensee and the Distribution Licensee has issued a demand bill. The period of limitation of two years would commence from the date on which the electricity charges became "first due" under sub-section (2) of Section 56. This provision restricts the right of the licensee company to disconnect electricity supply due to non-payment of dues by the consumer, unless such sum has been shown continuously to be recoverable as arrears of electricity supplied, in the bills raised for the past period.

Section 56(2) however, does not preclude the licensee company from raising a supplementary demand in case of mistake or Bonafide error, after the expiry of the limitation period of two years. It only restricts the right of the licensee to disconnect electricity supply due to non-payment of dues after the period of limitation of two years has expired, nor does it restrict other modes of recovery which may be initiated by the licensee company for recovery of a supplementary demand.

Applying the above principle to the facts of the present case, the licensee company raised an additional demand of ₹23,12,658/- on 01.08.2025, for the period from 10.04.2022 to 10.06.2025. According to Section 17(1)(c) of the Limitation Act, 1963, when a mistake is involved, the limitation period begins from the date on which the mistake is first discovered. In this case, the mistake was discovered on 24.07.2025.



**In Mahabir Kishore and Ors. v. State of Madhya Pradesh, the Hon'ble Court held that: –**

*"Section 17(1)(c) of the Limitation Act, 1963, provides that in the case of a suit for relief on the ground of mistake, the period of limitation does not begin to run until the plaintiff had discovered the mistake or could with reasonable diligence, have discovered it. In a case where payment has been made under a mistake of law as contrasted with a mistake of fact, generally the mistake becomes known to the party only when a court makes a declaration as to the invalidity of the law. Though a party could, with reasonable diligence, discover a mistake of fact even before a court makes a pronouncement, it is seldom that a person can, even with reasonable diligence, discover a mistake of law before a judgment adjudging the validity of the law."*

**In THE Hon'ble SUPREME COURT OF INDIA CIVIL APPELLATE JURISDICTION CIVIL APPEAL NO.1672 OF 2020 (Arising out of SLP (Civil) No. 5190 of 2019) Assistant Engineer (D1), Ajmer Vidyut Vitran Nigam Limited & Anr. versus Rahamatullah Khan alias Rahamjulla WITH C.A.NO.1673/2020 @ SLP@NO.4721/2020 @ D.NO.33892/2018**

*"Section 56(2) however, does not preclude the licensee company from raising a supplementary demand after the expiry of the limitation period of two years. It only restricts the right of the licensee to disconnect electricity supply due to non-payment of dues after the period of limitation of two years has expired, nor does it restrict other modes of recovery which may be initiated by the licensee company for recovery of a supplementary demand.*

*Applying the aforesaid ratio to the facts of the present case, the licensee company raised an additional demand on 18.03.2014 for the period July, 2009 to September, 2011. The licensee company discovered the mistake of billing under the wrong Tariff Code on 18.03.2014. The limitation period of*

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

As such the Electricity Department is correct in revising the bill by applying the correct MF-20 in place of MF-1.

### **Issue No. 3: Applicability of Section 56(2) of the Electricity Act, 2003**

The Respondent has relied upon the judgments of the Hon'ble Supreme Court in *Prem Cottex v. Uttar Haryana Bijli Vitran Nigam Ltd.* and *Assistant Engineer, Ajmer Vidyut Vitran Nigam Ltd. v. Rahamatullah Khan* to contend that the limitation period under Section 56(2) commences from the date on which the amount becomes "first due".

There can be no dispute regarding the proposition laid down in the aforesaid judgments. However, the applicability of such precedents has to be examined in the factual matrix of each case.

In the present matter:

- the discrepancy arose due to the Respondent's own billing lapse;
- the consumer continued to pay bills regularly as raised;
- no allegation of fraud or concealment has been levelled against the Appellant; and
- the recovery sought pertains substantially to a period prior to the operational transfer to CPDL.

Therefore, while the Respondent may possess a limited right of reassessment in principle, such right cannot override the binding effect of the judgment rendered by the Hon'ble High Court in *Gulpreet Kaur Bedi* (supra), nor can it be exercised in a manner causing manifest inequity to a bona fide consumer.



The Hon'ble Supreme Court in *Prem Cottex v. Uttar Haryana Bijli Vitran Nigam (2021)* has clarified that the amount becomes "first due" upon issuance of a bill, and the limitation period is to be reckoned accordingly. Further, in *Assistant Engineer, Ajmer Vidyut Vitran Nigam Ltd. v. Rahamatullah Khan*, it has been held that arrears arising from under-billing can be recovered where no prior demand had been raised.

Applying the aforesaid principles, it is evident that the bar under Section 56(2) does not extinguish the underlying liability but restricts the remedy of disconnection beyond the prescribed period. At the same time, the power of recovery cannot be exercised in an unbridled manner, especially where the delay is attributable to the licensee.

Thus, a balanced interpretation is required—recognizing the Respondent's right to recover legitimate dues while simultaneously safeguarding the consumer from inequitable retrospective burdens.

#### **Issue No. 4: Compliance with Principles of Natural Justice**

The Appellant has consistently contended that no effective opportunity of hearing was granted prior to issuance of the Final Assessment Order dated 30.10.2025.

Although the Respondent (Rejoinder dated 4.05.2026) has subsequently admitted that the Appellant did appear on 28.10.2025 along with his representative, the record does not adequately demonstrate that all relevant technical material, including calculation sheets, meter testing details, and verification data, were supplied to the Appellant prior to finalization of the assessment.

Further, the issuance of the Final Assessment Order within a short period after the hearing lends credence to the grievance of the Appellant that the hearing process lacked substantive consideration.

This Authority is therefore of the considered opinion that the procedural safeguards expected in quasi-judicial proceedings were not fully adhered to.

#### **Issue No. 5: Sustainability of the CGRF Order**

The Learned CGRF has attempted to strike a balance by restricting recovery to a period of three years and permitting payment in instalments.

However, in view of:

- the admitted negligence of the Respondent,



- the absence of strict procedural compliance, and
- the need to align recovery with statutory and equitable principles,

the relief granted by the CGRF warrants reconsideration to the extent of the permissible recovery period and the manner of enforcement.

Additionally, the absence of a structured instalment framework renders the relief incomplete and requires appropriate modification.

**Issue No. 5:**

During the course of proceedings, reliance has been placed upon the judgment of the Hon'ble High Court of Punjab and Haryana in **Gulpreet Kaur Bedi & Ors. Versus Union Territory, Chandigarh & Ors., CWP-38170-2025 (O&M), decided on 23.04.2026.**

In the said case, the issue also pertained to short assessment arising from application of an incorrect Multiplying Factor, wherein the Respondents had raised a demand consequent upon correction of MF from 20 to 40. The Hon'ble High Court, while examining the effect of transfer of electricity distribution operations to Chandigarh Power Distribution Limited (CPDL), held as under:

*"In the wake of above discussion and findings, this Court is of the considered opinion that by notification dated 31.01.2025, the Administration has not transferred right to respondent company to raise demand for the period prior to the transfer date, thus, demand raised prior to transfer date by the respondent is bad in the eyes of law. Therefore, the petition deserves to be allowed and accordingly allowed. The assessment order dated 10.12.2025 is hereby set aside."*

The ratio of the aforesaid judgment is directly applicable to the facts of the present case insofar as the assessment pertains to a period prior to the transfer of distribution operations to CPDL.

In the present case, the Respondent-CPDL has raised an assessment for the period from 10.04.2022 to 10.06.2025 on account of incorrect application of MF. However, CPDL came into existence and assumed distribution operations pursuant to Notification dated 31.01.2025 issued by the Chandigarh Administration.



In view of the law laid down by the Hon'ble High Court, this Authority is of the considered opinion that the Respondent-CPDL could not have legally raised or enforced a demand pertaining to the period prior to the transfer date, i.e., prior to 01.01.2025/31.01.2025, as the case may be.

Accordingly, the assessment in the present case deserves to be restricted only to the period commencing from the operational transfer date of CPDL till the date of inspection dated 24.07.2025.

#### **H. Decision**

Upon cumulative consideration of the pleadings, documents placed on record, submissions advanced by both parties, and the judicial precedents cited, this Authority arrives at the following conclusions:

1. The discrepancy relating to the incorrect Multiplying Factor (MF) is attributable to the Respondent/licensee and not to any act or omission of the Appellant.
2. The Appellant has remained a regular consumer and has continuously paid electricity bills as raised by the Respondent from time to time.
3. In view of the law laid down by the Hon'ble High Court of Punjab and Haryana in Gulpreet Kaur Bedi & Ors. v. Union Territory, Chandigarh & Ors., in CWP-38170-2025 (O&M), decided on 23.04.2026, the Respondent-CPDL cannot legally enforce recovery for the period prior to the transfer of distribution operations pursuant to Notification dated 31.01.2025.
4. Consequently, the assessment raised by the Respondent deserves to be restricted only to the period commencing from 01.01.2025 till 24.07.2025, i.e., the date of inspection.
5. The assessment raised for the period prior thereto is unsustainable in law and liable to be set aside.
6. The procedure adopted by the Respondent while finalizing the assessment also suffers from procedural deficiencies insofar as complete technical material was not demonstrably supplied to the Appellant before issuance of the final demand.



**I. ORDER**

In view of the findings recorded hereinabove, the present appeal is allowed in part, with the following directions:

1. The Order dated 19.02.2026 passed by the Learned CGRE, Chandigarh in Complaint No. G-83/2025 is modified to the extent indicated herein.
2. The Respondent is directed to restrict the assessment strictly to the period from 01.01.2025 till 24.07.2025 only.
3. The assessment pertaining to the period prior to 01.01.2025 is hereby set aside.
4. The Respondent shall recompute the assessment accordingly and issue a revised bill within a period of 30 days from the date of this Order. The amount already paid by the Appellant between 01.02.2025 to 24.07.2025 shall be adjusted in the revised demand.
5. The Appellant shall be entitled to pay the revised amount in reasonable monthly instalments over a period of 6 months, without levy of delayed payment surcharge, subject to timely payment.
6. The Respondent/Distribution Licensee shall issue a structured payment plan to the Appellant.
7. In case of default in payment of instalment LPSC is chargeable on full amount and Respondent Distribution licensee shall be at liberty to proceed in accordance with law.
8. However, till issuance of the revised bill and adherence to the instalment schedule, no coercive action, including disconnection of supply, shall be taken against the Appellant in respect of the impugned demand.

All pending applications, if any, stand disposed of.

Announced on this 11<sup>th</sup> day of May, 2026

Dated: 11.05.2026

  
(C M Sharma)

Ombudsman JERC