



(Regd. Post)

Appeal No. : 19 of 2026
Registered on : 27.05.2026
Date of Order : 25.09.2026

In the matter of:

Appeal against the order dated 08.05.2026 passed by CGRF, DHBVN Gurugram in case No 4985/2025- Sh. Gulshan Narang, Plot No. 203, Sector-68, IMT, Faridabad, Haryana

Shri Gulshan Narang, R/o House No. 1904, Princess Park, Sector-86, Faridabad

Appellant

Versus

1. The XEN/OP Circle, Greater Faridabad Division, DHBVN, Faridabad, Haryana
2. SDO/OP, Sub Division, DHBVN, Badrola, Faridabad, Haryana

Respondent

Before:

Shri Rakesh Kumar Khanna, Electricity Ombudsman

Present on behalf of Appellant:

Shri Rhythm Katyal Advocate
Shri Pratyush Arora, Advocate
Shri Anshit Dua, Advocate

Present on behalf of Respondents:

Shri Ankit Aggarwal, SDO
Shri Pankaj Panwar, Xen
Shri Shiv Pratap Thakur, Advocate

ORDER

A. Shri Gulshan Narang has filed an appeal against the order dated 08.05.2026 passed by CGRF, DHBVNL, Gurugram in case no. 4985 of 2025. The appellant has submitted as under: -

1. That the present Representation is being preferred by the Appellant under Regulation 3.16 of the Haryana Electricity Regulatory Commission (Forum and Ombudsman) Regulations, 2020 against the impugned order dated 08.05.2026 passed by the Learned Corporate Forum for Redressal of Consumer Grievances, DHBVN, Gurugram in Complaint No. 4985 of 2025 titled "Sh. Gulshan Narang vs. SDO OP S/Divn. Badrola", whereby the Learned CGRF has illegally upheld a retrospective and disputed demand amounting to ₹59,46,664/- raised by the Respondents on account of an alleged discrepancy in Multiplication Factor ("MF") allegedly arising after Extension of Load ("EOL"). Since the present Representation is in the nature of an Appeal/Representation assailing the impugned order passed by the Learned CGRF, the Complainant is hereinafter being referred to as the "Appellant" for the sake of convenience and continuity. Copy of the Impugned Order is marked and annexed herewith as **ANNEXURE P-1**. Copy of the Complaint filed before Learned Corporate Forum for Redressal of Consumer Grievances, DHBVN, Gurugram is marked and annexed herewith as **ANNEXURE P-2**.

2. That the impugned order is wholly unsustainable in law and on facts, suffers from patent illegality, non-application of mind, internal inconsistency, violation of principles of natural justice, non-consideration of binding precedents, and failure to appreciate the admitted negligence and lack of due diligence on the part of the Respondents. The facts giving rise to the present representation and the controversy involved herein are briefly stated as under:

FACTS OF THE CASE

- i) That the Appellant is an industrial electricity consumer operating from Plot No. 203, Sector-68, IMT Faridabad, Haryana and holds Consumer Account No. 3838383000 under the jurisdiction of Dakshin Haryana Bijli Vitran Nigam Limited (DHBVN), Badrola Sub-Division. The Appellant has been regularly consuming electricity for industrial operations and at all times has paid the electricity bills raised by DHBVN within the prescribed timelines without default.
- ii) That the Appellant is operating an industrial unit under the name and style of M/s Fine Turn, which is a registered MSME unit engaged in manufacturing activities and duly registered under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006.
- iii) That during the year 2022, DHBVN conducted certain internal technical and maintenance activities relating to the Appellant's electricity connection including replacement and testing of CT/PT-related equipment. The said activities were carried out entirely by DHBVN's technical personnel and the Appellant had neither participation in nor control over the metering configuration, billing software, CT/PT ratio entries, or Multiplication Factor configuration maintained by the Respondents.
- iv) That during the period between 2022 and 2024, DHBVN continued to conduct periodic inspections, verification exercises, and departmental audits in relation to the Appellant's electricity connection. The audit and inspection remarks recorded during the said period specifically recorded that the electricity meter was functioning within permissible technical limits and that the Multiplication Factor (MF) had been verified and found to be correct.
- v) That throughout the aforesaid period, the Respondents continued to generate monthly electricity bills, conduct inspections, and accept payments from the Appellant without raising any objection whatsoever regarding the alleged discrepancy in Multiplication Factor. At no point during the said period did any electricity bill reflect any arrears, provisional assessment, under-billing component, or recoverable dues pertaining to any alleged MF discrepancy. Copy of the bills generated for the period from April

2022 till November 2025 is marked and annexed herewith as **ANNEXURE P-3 (COLLY)**.

- vi) That on 02.12.2025, the Respondents issued a notice to the Appellant alleging that during checking conducted by the M&P team pursuant to MT-1 No. 82/1783 dated 23.10.2025, it had been observed that the electricity bills of the Appellant had allegedly been raised with MF-02 instead of MF-03 and on the said basis a retrospective amount of ₹59,46,664/- was proposed to be charged to the Appellant. However, the said notice itself recorded that the office was “*unable to ascertain the reading at the time of EOL.*”
- vii) That the aforesaid notice dated 02.12.2025 neither enclosed nor supplied any calculation sheet, MT-1 report, MRI data, CT/PT test results, consumption analysis, unit-wise computation, or any foundational technical material forming basis of the impugned retrospective demand. The notice merely called upon the Appellant to submit a reply within two days failing which the amount was proposed to be added in the electricity bill of the Appellant.
- viii) That being aggrieved by the aforesaid notice, the Appellant submitted a detailed reply-cum-representation dated 09.12.2025 specifically raising objections regarding limitation under Section 56(2) of the Electricity Act, 2003, absence of technical material, contradiction with the Respondents’ own audit reports, speculative reconstruction of billing, violation of principles of natural justice, and admitted inability of the department to ascertain the reading at the time of EOL.
- ix) That on the same date i.e. 09.12.2025, the Appellant also lodged a complaint through the CM Window Portal reiterating the illegality and arbitrariness of the proposed demand and seeking departmental inquiry into the matter. Thereafter, on 16.12.2025, the authorized representative of the Appellant also visited the office of DHBVN, Badrola Sub-Division where departmental officials informed that the matter was under internal examination and assured that the disputed amount would not be reflected in the current billing cycle pending such examination.
- x) That despite the aforesaid objections, pending representations, and assurances given by departmental officials, the Respondents proceeded to issue electricity bill dated 17.12.2025 wherein a sundry charge amounting to ₹59,46,664/- came to be reflected against the account of the Appellant.
- xi) That thereafter the Appellant submitted further objections dated 17.12.2025 specifically objecting to unilateral addition of the disputed amount in the electricity bill and requested the Respondents not to initiate

coercive steps without adjudication and supply of the relevant technical material. However, despite the same, the Respondents failed to withdraw the impugned demand.

- xii) That being aggrieved by the aforesaid illegal and arbitrary actions of the Respondents, the Appellant filed Complaint No. 4985 of 2025 before the Learned Corporate Forum for Redressal of Consumer Grievances, DHBVN, Gurugram challenging the legality and recoverability of the impugned retrospective demand. During pendency of the proceedings, the Appellant also deposited 20% of the disputed amount in compliance with the interim directions passed by the Learned CGRF.
- xiii) That on 02.01.2026, the Learned CGRF passed an Interim Order recording that despite notice, the concerned SDO had failed to appear before the Forum and had merely sought adjournment through email. The Learned Forum thereupon directed the Respondents to place on record the complete calculation sheet explaining the basis of the amount of ₹59,46,664/-, details regarding the date of Extension of Load (EOL), the MT-1 report pertaining thereto, particulars regarding the change in Multiplication Factor, and all previous electricity bills relating to the connection in question. The Learned Forum further directed that the electricity connection of the Appellant shall not be disconnected subject to deposit of 20% of the disputed amount. Copy of Interim Order dated 02.01.2026 passed by the Learned CGRF is marked and annexed herewith as **ANNEXURE P-4.**
- xiv) That thereafter, on 02.02.2026, the Learned CGRF again recorded that the concerned SDO had failed to appear and had also failed to file the reply and documents despite specific directions contained in the previous order. The Learned Forum took serious note of the conduct of the Respondents and directed the SDO to remain present on the next date of hearing failing which the matter would be proceeded ex parte. The Learned Forum further directed the Respondents to furnish the final reading of the old meter, initial reading of the new meter at the time of EOL, and detailed calculations regarding the disputed amount. Copy of Interim Order dated 02.02.2026 passed by the Learned CGRF is marked and annexed herewith as **ANNEXURE P-5.**
- xv) That subsequently, on 17.02.2026, the Respondents for the first time submitted a reply before the Learned CGRF alleging therein that at the time of extension of load from 190 KVA to 230 KVA, the Multiplication Factor allegedly remained unrevised in the billing software and that bills were consequently raised by applying MF-02 instead of MF-03. The said reply further admitted that the alleged discrepancy was noticed only during inspection dated 23.10.2025 conducted by the M&P team and that the account was thereafter overhauled retrospectively leading to addition of the

amount of ₹59,46,664/- in the electricity bill for December 2025. Copy of the reply submitted by the Respondent is marked and annexed herewith as **ANNEXURE P-6.**

- xvi) That thereafter, on 18.03.2026, the Learned CGRF recorded that the Appellant had submitted a rejoinder and further observed that the Respondents had furnished certain documents to the Appellant only during the course of hearing itself despite repeated earlier directions for supply of documents and data sought by the Appellant. The Learned Forum thereafter directed the parties to address final arguments and fixed the matter for 02.04.2026. Copy of Interim Order dated 18.03.2026 passed by the Learned CGRF is marked and annexed herewith as **ANNEXURE P-7** and copy of the Rejoinder filed by the Appellant before the Learned CGRF is marked and annexed herewith as **ANNEXURE P-8.**
- xvii) That the Learned CGRF granted liberty to the Appellant to file written arguments in the matter. Pursuant thereto, the Appellant duly submitted detailed written arguments on 10.04.2026 before the Learned CGRF placing on record all legal and factual submissions in support of the complaint. Copy of the Written Arguments dated 10.04.2026 submitted by the Appellant before the Learned CGRF is marked and annexed herewith as **ANNEXURE P-9.**
- xviii) That despite the repeated observations and directions passed by the Learned CGRF requiring the Respondents to furnish complete foundational records and technical material, the Respondents failed to produce any contemporaneous material establishing the exact meter readings at the time of EOL, lawful basis for retrospective reconstruction of billing, or any material demonstrating that the alleged discrepancy was attributable to any act or omission on part of the Appellant.
- xix) That the Learned CGRF thereafter passed the impugned order dated 08.05.2026 whereby the complaint filed by the Appellant came to be dismissed and the impugned retrospective demand was upheld despite admitted absence of foundational meter readings, contradiction in the Respondents' own records, admitted departmental negligence, and serious objections raised by the Appellant regarding violation of principles of natural justice.
- xx) That even during pendency of the proceedings, the Respondents continuously levied surcharge and delayed payment charges upon the disputed amount and kept reflecting the same in the regular billing cycle of the Appellant despite the dispute itself remaining under adjudication. For the convenience of this Hon'ble Forum, the details of the surcharge levied on the disputed amount are reproduced hereinbelow:

<u>Serial No.</u>	<u>Bill Month</u>	<u>Surcharge amount</u>
1.	JAN/2026	Rs. 77,798/-
2.	FEB/2026	Rs. 78,552/-
3.	MARCH/2026	Rs. 78,551/-
4.	APRIL/2026	Rs. 79,504/-
5.	MAY/2026	Rs. 80,857/-

Copies of the bills for the period from January 2026 to May 2026 are marked and annexed herewith as **ANNEXURE P-10 (COLLY)**.

3. That in light of the facts and circumstances stated hereinabove and being aggrieved by the impugned order dated 08.05.2026 passed by the Learned Corporate Forum for Redressal of Consumer Grievances, DHBVN, Gurugram, the Appellant is constrained to prefer the present representation on the following amongst other grounds:

GROUND

THE IMPUGNED ORDER IS NON-SPEAKING, SELF-CONTRADICTORY, AND SUFFERS FROM COMPLETE NON-APPLICATION OF MIND

- A. BECAUSE the impugned order dated 08.05.2026 passed by the Learned CGRF is wholly non-speaking and fails to adjudicate the central controversy involved in the present matter namely whether the Respondents had actually established through contemporaneous technical and statutory records that the revised Multiplication Factor became applicable from 02.09.2022 and whether the retrospective demand of ₹59,46,664/- could legally have been reconstructed from the said date.
- B. BECAUSE the specific case of the Appellant throughout the proceedings was that the Respondents had failed to produce any contemporaneous MT-1 report, commissioning report, energization report, authenticated meter reading, CT/PT configuration record, MRI data, or any primary technical material establishing the alleged starting point of the retrospective calculation. However, the Learned CGRF failed to return any categorical finding as to how the Respondents had discharged this foundational burden.
- C. BECAUSE the Respondents themselves, in the notice dated 02.12.2025, specifically admitted that the *“reading at the time of EOL could not be ascertained.”* Despite such admitted absence of foundational reading, the Learned CGRF still proceeded to uphold the retrospective escaped amount without examining how retrospective reconstruction could legally be undertaken in absence of the very starting reading forming basis of the calculation.

- D. BECAUSE the impugned order is patently self-contradictory inasmuch as the Learned CGRF itself recorded that the alleged date of extension of load reflected in the generated certificate was “*not established/confirmed*” and further observed that the objection raised by the Appellant regarding the said discrepancy was sustainable. However, despite recording the said finding, the Learned CGRF still upheld the escaped amount calculated from the very same disputed and unestablished date of 02.09.2022. The findings recorded in the impugned order are therefore mutually destructive and incapable of coexisting in law.
- E. BECAUSE the Learned CGRF further failed to appreciate that the Respondents’ own records relied upon by the Appellant specifically reflected that during prior inspections and verification exercises the Multiplication Factor had been verified and found correct. Similarly, the Respondents’ own reply dated 16.02.2026 merely contained a bald assertion that the MF was not updated in the billing system but did not annex any contemporaneous technical material establishing lawful implementation of MF-3 from 02.09.2022. However, the Learned CGRF failed to deal with these material contradictions altogether.
- F. BECAUSE the Learned CGRF also failed to examine that even according to the Respondents’ own case, the alleged discrepancy was noticed only during the M&P inspection dated 23.10.2025 despite regular billing cycles, inspections, audits, and departmental verification exercises continuing for several years. The impugned order contains no discussion whatsoever regarding the admitted departmental negligence and complete lack of due diligence on the part of the Respondents.
- G. BECAUSE the impugned order merely proceeds on the assumption that since bills were allegedly raised with MF-2 instead of MF-3, the Respondents automatically became entitled to retrospectively recover the impugned amount. The Learned CGRF however failed to independently examine the legality of the retrospective reconstruction exercise, the correctness of the methodology adopted, the absence of foundational records, and the applicability of Section 56(2) of the Electricity Act, 2003 to the peculiar facts of the present case.
- H. BECAUSE the impugned order therefore suffers from patent non-application of mind, failure to appreciate the material issues involved in the dispute, and failure to adopt a legally sustainable approach while adjudicating a matter involving serious civil and financial consequences for the Appellant.

THE IMPUGNED ORDER IS VITIATED BY GROSS VIOLATION OF PRINCIPLES OF NATURAL JUSTICE ON ACCOUNT OF RELIANCE UPON UNDISCLOSED MEMO NO. 335 DATED 28.04.2026 AND THE ALLEGED

“SYSTEM GENERATED CERTIFICATE” NEVER SUPPLIED TO THE APPELLANT

- I. BECAUSE the Learned CGRF, while passing the impugned order dated 08.05.2026, relied upon alleged Memo No. 335 dated 28.04.2026 and a purported “system generated certificate” allegedly showing energization on 02.09.2022 despite the said documents never having been supplied to the Appellant at any stage of the proceedings. The Appellant had throughout the proceedings repeatedly sought disclosure of the foundational technical records and documents allegedly relied upon by the Respondents for raising the impugned retrospective demand.
- J. BECAUSE neither the alleged Memo No. 335 dated 28.04.2026 nor the alleged system generated certificate was ever furnished to the Appellant before the same came to be relied upon in the impugned order. Consequently, the Appellant was denied any opportunity to examine the authenticity, source, correctness, evidentiary value, or legal admissibility of the said alleged record before it was relied upon against the Appellant.
- K. BECAUSE the Learned CGRF failed to appreciate that the Appellant was never informed whether the alleged system generated certificate constituted a contemporaneous statutory/system-maintained record generated in ordinary course or whether it was merely an internal extract subsequently generated for purposes of litigation. No opportunity whatsoever was granted to the Appellant to verify whether the said alleged certificate reflected actual physical commissioning, lawful implementation of revised MF, CT/PT configuration, or contemporaneous meter readings corresponding to the alleged date of extension of load.
- L. BECAUSE even otherwise, the alleged system generated certificate, assuming the same existed, did not resolve the fundamental contradiction arising from the Respondents’ own records inasmuch as the billing records themselves appear to first reflect the alleged extension/load impact only around September 2023. Had the revised load genuinely become operational from 02.09.2022, the same would ordinarily have reflected in the billing cycle immediately thereafter.
- M. BECAUSE the Appellant, even after passing of the impugned order, specifically addressed email dated 14.05.2026 seeking supply of the aforesaid Memo No. 335 dated 28.04.2026 and the alleged system generated certificate relied upon by the Learned CGRF. However, despite the said request, the documents were never furnished and till filing of the present representation, the Appellant continues to remain deprived of the very material relied upon against him.

N. BECAUSE reliance upon undisclosed material behind the back of the Appellant is contrary to settled principles of natural justice and the impugned order therefore stands vitiated on this ground alone.

THE RESPONDENTS FAILED TO ESTABLISH THE ALLEGED DATE OF EXTENSION OF LOAD OR THE FOUNDATIONAL STARTING POINT OF THE RETROSPECTIVE CALCULATION THROUGH CONTEMPORANEOUS TECHNICAL RECORDS

O. BECAUSE the entire retrospective demand of ₹59,46,664/- is founded upon the assumption that the revised Multiplication Factor allegedly became applicable from 02.09.2022. However, the Respondents failed to place on record any contemporaneous MT-1 report, commissioning report, energization report, CT/PT configuration record, authenticated meter reading, or any other primary technical material conclusively establishing that the extension of load from 190 KVA to 230 KVA had in fact become operational from the said date.

P. BECAUSE the original notice dated 02.12.2025 itself specifically recorded that the “reading at the time of EOL could not be ascertained.” Once the Respondents themselves admitted that the foundational reading corresponding to the alleged extension of load was unavailable, there existed no lawful or reliable basis to retrospectively reconstruct past consumption and retrospectively apply MF-3 from September 2022 onwards.

Q. BECAUSE the Appellant had specifically pointed out before the Learned CGRF that the Respondents’ own billing records appear to first reflect the alleged extension/load impact only around September 2023. Had the revised load genuinely become operational from 02.09.2022, the same would ordinarily have reflected in the billing cycle immediately thereafter. The absence of such reflection for nearly one year materially contradicts the Respondents’ present stand and itself demonstrates uncertainty regarding the alleged date of extension of load.

THE LEARNED CGRF FAILED TO PROPERLY APPRECIATE AND APPLY THE LAW LAID DOWN BY THE HON’BLE SUPREME COURT IN *M.P. MADHYA KSHETRA VIDYUT VITRAN CO. LTD. v. BAPUNA ALCOBREW PVT. LTD.* AND ERRONEOUSLY MECHANICALLY APPLIED ASSISTANT ENGINEER, AJMER VIDYUT VITRAN NIGAM LTD. v. RAHAMATULLAH KHAN @ RAHAMJULLA

R. BECAUSE the Appellant had specifically relied upon the judgment of the Hon’ble Supreme Court in *M.P. Madhya Kshetra Vidyut Vitran Co. Ltd. v. Bapuna Alcobrew Pvt. Ltd.*, Civil Appeal No. 1095 of 2013, wherein the Hon’ble Supreme Court categorically held that where an alleged mistake could have been discovered earlier through exercise of reasonable diligence, limitation would run from the earlier date and mistake cannot be invoked to protect negligence, lack of bona fides, or absence of due diligence. The said judgment was directly applicable to the facts of the present case inasmuch

as the alleged discrepancy, if any, admittedly remained unnoticed despite regular inspections, billing cycles, audits, meter verification exercises, and departmental supervision over several years. For the convenience of this Hon'ble Forum, the relevant extract from the judgment passed in *Bapuna Alcobrew* (supra) is reproduced hereinbelow:

18. *There could be situations like the one in **Rahamatullah Khan** (supra) where the licensee might have committed a mistake. In such a case, the period of limitation would begin only from the point of discovery of the mistake and not earlier; and, such a case could be covered by section 17 of 1963 Act.*

19.....*However, if a suitor alleges to have discovered a mistake later but it is proved on evidence being led that exercise of reasonable diligence could have resulted in the mistake being discovered on an earlier date, limitation would begin to count from that earlier date; and, in case, the count from the said earlier date takes the date of institution of the suit beyond the prescribed period of limitation, the bar of limitation would get attracted. Mistake is, thus, not a circumstance which can be used as a shield to save negligence in all cases. Absence of due diligence or lack of bona fides would not clothe a suitor to take undue advantage of a beneficent provision like section 17; it is for the relevant court to separate the grain from the chaff"*

S. BECAUSE the Respondents themselves admitted in their reply dated 16.02.2026 that after extension of load from 190 KVA to 230 KVA, the Multiplication Factor was not updated in the billing system and that the alleged discrepancy was noticed only during M&P inspection dated 23.10.2025. However, no explanation whatsoever was furnished as to how such a basic billing parameter allegedly escaped notice for several years despite continuous billing operations, inspections, audits, and technical verification mechanisms admittedly undertaken by the department itself.

T. BECAUSE the Learned CGRF completely failed to analyze the applicability of the law laid down in *Bapuna Alcobrew* despite the same being specifically relied upon by the Appellant. No finding whatsoever has been returned as to whether the alleged discrepancy could and ought to have been discovered earlier through exercise of ordinary diligence by the Respondents. The impugned order is completely silent on the issue of due diligence and departmental negligence.

U. BECAUSE instead of examining the applicability of *Bapuna Alcobrew*, the Learned CGRF mechanically relied upon *Assistant Engineer, Ajmer Vidyut Nigam Ltd. v. Rahamatullah Khan @Rahamjulla* without appreciating that the said judgment does not lay down that every retrospective demand raised by a distribution licensee must automatically be sustained irrespective of negligence, absence of foundational records, speculative reconstruction, or contradiction in departmental records.

V. BECAUSE the facts of the present case are materially distinguishable from *Rahamatullah Khan* inasmuch as the Appellant herein has specifically

challenged the very starting point, methodology, legality, and evidentiary foundation of the retrospective demand. The present case involves admitted departmental negligence in not updating the MF in the billing system, admitted inability to ascertain the reading at the time of EOL, absence of contemporaneous technical records, contradiction in prior inspection reports wherein MF was verified and found correct, and retrospective reconstruction unsupported by foundational evidence.

W. BECAUSE the Learned CGRF therefore committed a patent error in mechanically applying *Rahamatullah Khan* while completely failing to appreciate and apply the binding principles laid down by the Hon'ble Supreme Court in *Bapuna Alcobrew*, which directly govern cases involving absence of due diligence and delayed discovery allegedly arising from departmental negligence.

THE PRESENT CASE IS A CLEAR CASE OF ADMITTED DEPARTMENTAL NEGLIGENCE AND LACK OF DUE DILIGENCE

Y. BECAUSE the Respondents themselves admitted in their reply dated 16.02.2026 that after extension of load from 190 KVA to 230 KVA, the Multiplication Factor in the billing system was not updated. The said admission itself establishes that the alleged discrepancy arose entirely due to an internal departmental lapse and failure to properly maintain the billing system and technical configuration records.

Z. BECAUSE the configuration of Multiplication Factor, CT/PT ratio entries, meter parameters, and billing software are matters lying entirely within the exclusive control and domain of the Respondents and the Appellant had neither access to nor technical means to verify whether the internal billing system had been properly updated after the alleged extension of load.

AA. BECAUSE despite the alleged extension of load, the Respondents continued to generate monthly electricity bills, conduct inspections, verify the connection, and accept payments without raising any objection whatsoever regarding the alleged discrepancy in Multiplication Factor. The Respondents' own inspection records during the intervening period specifically recorded that the meter was functioning correctly and that the Multiplication Factor had been verified and found correct.

BB. BECAUSE even according to the Respondents, the alleged discrepancy came to light only during M&P inspection dated 23.10.2025. However, the Respondents failed to explain how such a basic billing parameter allegedly remained unnoticed for several years despite continuous billing operations, routine inspections, meter testing procedures, and internal verification mechanisms admittedly undertaken by the department itself.

CC. BECAUSE even after the alleged discrepancy was noticed during inspection dated 23.10.2025, the Respondents did not immediately raise the impugned demand and instead issued the impugned notice only on 02.12.2025 followed by the bill dated 17.12.2025. The said delay itself demonstrates uncertainty regarding the correctness and basis of the alleged retrospective calculation.

DD. BECAUSE once the Respondents themselves repeatedly verified the Multiplication Factor during inspections and continued to raise regular bills without objection, they cannot now retrospectively reopen concluded billing periods and shift the consequences of their own negligence and lack of due diligence upon the Appellant after several years.

EE. BECAUSE the conduct of the Respondents throughout clearly demonstrates absence of due diligence and squarely attracts the principle laid down by the Hon'ble Supreme Court in *M.P. Madhya Kshetra Vidyut Vitran Co. Ltd. v. Bapuna Alcobrew Pvt. Ltd.*, wherein it was specifically held that mistake cannot be used as a shield to protect negligence and lack of due diligence.

THE LEARNED CGRF FAILED TO APPRECIATE THAT THE RESPONDENTS' OWN CONDUCT COMPLETELY DESTROYS THEIR PLEA OF "DISCOVERY OF MISTAKE"

FF. BECAUSE the Respondents have attempted to justify the impugned retrospective demand on the basis that the alleged discrepancy in Multiplication Factor came to light only during M&P inspection dated 23.10.2025. However, the Respondents' own conduct completely destroys the plea of subsequent "discovery of mistake" now sought to be raised by them.

GG. BECAUSE during the entire intervening period from the alleged date of extension of load till October 2025, the Respondents continued to generate monthly bills, conduct inspections, undertake verification exercises, carry out meter testing procedures, and accept payments from the Appellant without raising any objection whatsoever regarding the alleged discrepancy in Multiplication Factor. The Respondents' own inspection records during the relevant period specifically recorded that the meter was functioning correctly and that the Multiplication Factor had been verified and found to be in order.

HH. BECAUSE if the alleged discrepancy genuinely existed from September 2022 onwards, the same could and ought to have been discovered much earlier through ordinary diligence during routine inspections, billing verification exercises, audits, and internal technical checks admittedly carried out by the department from time to time. The Respondents have

failed to explain how such a basic billing parameter allegedly remained unnoticed for several years despite continuous departmental supervision.

II. BECAUSE even after the alleged discrepancy was noticed during inspection dated 23.10.2025, the Respondents did not immediately issue the impugned demand and instead issued the impugned notice only on 02.12.2025 followed by the bill dated 17.12.2025. The said delay itself demonstrates uncertainty regarding the correctness, basis, and quantification of the alleged retrospective calculation.

JJ. BECAUSE the Respondents cannot now invoke the doctrine of “discovery of mistake” in order to overcome the consequences of their own negligence, lack of due diligence, and prolonged failure to properly maintain and verify their internal billing system. The present case is therefore not one of bona fide subsequent discovery of a latent mistake, but a clear case of admitted departmental lapse sought to be retrospectively imposed upon the Appellant.

THE IMPUGNED DEMAND IS ARBITRARY, UNSUPPORTED BY LAWFUL PROCEDURE, AND CONTRARY TO SECTION 56(2) OF THE ELECTRICITY ACT, 2003

KK. BECAUSE the Learned CGRF failed to appreciate that from 2022 till December 2025, no electricity bill ever reflected any arrears, alleged MF discrepancy, under-billing component, or recoverable dues. The impugned amount surfaced for the first time only in the bill dated 17.12.2025 under the vague head “Sundry Charges.”

LL. BECAUSE section 56(2) of the Electricity Act, 2003 specifically contemplates continuous reflection of recoverable dues as arrears in the billing cycle. The absence of such reflection for nearly three years itself demonstrates that the Respondents themselves never treated the alleged amount as recoverable dues during the relevant period.

MM. BECAUSE the impugned notice dated 02.12.2025 itself was wholly defective and incapable of forming lawful basis of recovery. The said notice neither disclosed the statutory provision under which action was initiated nor enclosed any calculation sheet, technical report, MT-1 report, M&P report, or supporting material forming basis of the alleged demand. The Appellant was effectively granted no meaningful opportunity to respond despite the demand involving nearly ₹60 lakhs.

NN. BECAUSE the Respondents thereafter attempted to cure defects in the original notice by producing explanations and documents during the proceedings before the Learned CGRF. Such subsequent disclosures cannot validate an otherwise defective notice or retrospectively legitimize a fundamentally flawed demand lacking proper procedural foundation.

OO. BECAUSE the impugned demand therefore deserves to be quashed as arbitrary, speculative, procedurally illegal, unsupported by primary records, and contrary to statutory safeguards contained under the Electricity Act, 2003.

THE LEARNED CGRF FAILED TO APPRECIATE THAT NO SURCHARGE OR DELAYED PAYMENT CHARGES COULD LEGALLY BE LEVIED UPON THE DISPUTED DEMAND DURING PENDENCY OF THE PROCEEDINGS

PP. BECAUSE despite the dispute regarding the impugned retrospective demand remaining pending adjudication before the Learned CGRF, the Respondents continuously levied surcharge/delayed payment surcharge upon the disputed amount and kept reflecting the same in the subsequent billing cycles even though the legality and recoverability of the principal demand itself was sub judice and had not attained finality.

QQ. BECAUSE levy of surcharge presupposes existence of a crystallized and legally recoverable liability coupled with default in payment thereof. In the present case, the principal demand itself was seriously disputed by the Appellant on grounds of absence of foundational records, speculative retrospective reconstruction, admitted departmental negligence, violation of Section 56(2) of the Electricity Act, 2003, and violation of principles of natural justice. The Respondents therefore could not have treated the disputed amount as final and enforceable during pendency of adjudication.

RR. BECAUSE the continued loading of surcharge upon the disputed component during pendency of proceedings had the effect of artificially inflating the alleged liability and exerting undue financial pressure upon the Appellant even before adjudication of the legality of the principal demand itself.

SS. BECAUSE the Appellant had throughout continued to pay the regular current consumption charges and had also complied with the interim directions passed during the proceedings before the Learned CGRF. Despite the same, the Respondents continued to levy surcharge upon the disputed amount month after month without awaiting adjudication of the dispute.

TT. BECAUSE the continued levy of surcharge and delayed payment charges upon the disputed amount during pendency of proceedings is arbitrary, unjust, and contrary to settled principles governing disputed fiscal liabilities and therefore the said surcharge component is also liable to be quashed and withdrawn.

THE IMPUGNED ORDER DEFEATS THE VERY OBJECT AND PURPOSE OF THE CGRF MECHANISM ESTABLISHED UNDER THE ELECTRICITY ACT, 2003

- WW. BECAUSE the Consumer Grievance Redressal Forum established under the Electricity Act, 2003 is intended to function as an independent consumer-protection mechanism obligated to objectively examine grievances relating to arbitrary billing, unlawful recovery, procedural irregularities, and arbitrary exercise of power by the distribution licensee.
- XX. BECAUSE instead of independently scrutinizing the legality and evidentiary basis of the impugned retrospective demand, the Learned CGRF mechanically accepted the Respondents' version despite admitted absence of foundational technical records, admitted departmental negligence, contradictory departmental records, and serious objections raised by the Appellant regarding violation of principles of natural justice.
- YY. BECAUSE the Learned CGRF failed to independently examine whether the Respondents had actually established the legality, starting point, and evidentiary foundation of the retrospective demand before upholding a liability involving serious civil and financial consequences for the Appellant.
- ZZ. BECAUSE if such retrospective and speculative demands unsupported by foundational records are permitted to be sustained without strict scrutiny by the CGRF, the very safeguard intended to protect consumers against arbitrary billing actions would stand defeated. The impugned order therefore frustrates the very object and purpose for which the CGRF mechanism has been constituted.

In view of the aforesaid facts and grounds, the impugned order dated 08.05.2026 and the consequential retrospective demand dated 17.12.2025 deserve to be set aside being arbitrary, unsustainable in law, unsupported by foundational technical material, contrary to principles of natural justice, and violative of Section 56(2) of the Electricity Act, 2003.

4. That the present Representation is being filed bona fide and in the interest of justice as the impugned order suffers from patent illegality, non-application of mind, violation of principles of natural justice, and failure to appreciate the material facts and settled legal position applicable to the present case.

PRAYER

In view of the facts and circumstances stated hereinabove, it is most respectfully prayed that this Hon'ble Electricity Ombudsman may graciously be pleased to:

- a) Set aside the impugned order dated 08.05.2026 passed by the Learned Corporate Forum for Redressal of Consumer Grievances, DHBVN, Gurugram in Complaint No. 4985 of 2025 titled "Sh. Gulshan Narang vs. SDO OP S/Divn. Badrola";

- b) Quash and set aside the impugned retrospective demand amounting to ₹59,46,664/- raised by the Respondents on account of alleged discrepancy in Multiplication Factor;
- c) Direct the Respondents to withdraw/delete the impugned demand along with consequential surcharge and delayed payment charges levied upon the disputed amount;
- d) Restrain the Respondents from taking any coercive action including disconnection or recovery proceedings in respect of the disputed demand during pendency of the present Representation; and
- e) Pass such other or further order(s) as this Hon'ble Ombudsman may deem fit and proper in the facts and circumstances of the present case in the interest of justice.

AND FOR THIS ACT OF KINDNESS THE APPELLANT AS IN DUTY BOUND SHALL EVER PRAY.

- B.** The appeal was registered on 27.05.2026 as an appeal No. 19 of 2026 and accordingly, notice of motion to the Appellant and the Respondents was issued for hearing the matter on 22.06.2026.
- C.** Hearing held on 22.06.2026. The present appeal has been preferred by the Appellant under Regulation 3.16 of the Haryana Electricity Regulatory Commission (Forum and Ombudsman) Regulations, 2020 against the order dated 08.05.2026 passed by the Learned CGRF, DHBVN, Gurugram in Complaint No. 4985/2025, whereby the Forum upheld a retrospective demand of ₹59,46,664/- raised by the Respondents on account of an alleged discrepancy in the Multiplication Factor (MF) of the meter following Extension of Load (EOL).

During the course of hearing, the Electricity Ombudsman expressed deep concern over the lethargic approach of the Respondents in not filing the reply to the appeal despite sufficient time having been granted vide the Notice of Motion dated 27.05.2026. The Respondents' counsel submitted that they were engaged only recently on 18.06.2026 and assured the forum that the reply (in both hard copy and word file format) shall be filed expeditiously after the SDO assumes duty.

The Appellant's counsel informed the forum that 20% of the disputed amount has already been deposited pursuant to the interim directions of the CGRF. The Respondents were directed to ascertain the exact disputed amount as on date, verify the deposit made by the Appellant, and ensure compliance with Regulation 3.18(iii) of the HERC (Forum and Ombudsman) Regulations, 2020 (as amended), requiring deposit of 40% of the disputed amount for entertaining the appeal before the Ombudsman.

The Appellant's counsel raised an objection regarding non-supply of Memo No. 335 dated 28.04.2026 submitted by the Respondent SDO after conclusion of arguments before the CGRF. The Respondents agreed to supply the same to the Appellant.

Having heard the parties and perused the record, the forum passes the following interim directions:

Directions to the Respondents (DHBVN):

- i). **Freeze the Principal Amount:** The principal disputed amount shall be frozen as on 22.06.2026. No further interest, surcharge, or penalty shall accrue on the frozen amount during the pendency of these proceedings, subject to compliance with the deposit directions below.
- ii). **Deposit of 40% Amount:** The Appellant shall deposit 40% of the exact disputed amount (after accounting for the 20% already deposited) within **10 days** from the date of issuance of this interim order. Upon such deposit, the Respondents shall not initiate any coercive action, including disconnection of electricity supply, in respect of the balance disputed amount. However, the Appellant shall continue to pay the current electricity bills regularly as and when raised.
- iii). **Detailed Ledger and Audit:** The Respondent Department (DHBVN) shall prepare a detailed ledger account of the charging done on the Appellant's connection based on all relevant records, including:
 - Application and approval for Extension of Load (EOL),
 - Site Inspection Report and Service Job Order (SJO),
 - M&P Checking Report,
 - Lab Challan for testing of CTs/PTs,
 - Test reports, and
 - All previous bills and audit remarks.

This full and final ledger shall be got audited by an Audit Party under the control of the Chief Auditor, DHBVN, Hisar. The audit report shall clearly bring out the lapses, if any, on the part of the officers/officials of the licensee in updating the Multiplication Factor in the billing software post-EOL, in line with the instructions contained in the HERC Electricity Supply Code Regulations, 2014 (as amended) and relevant provisions of the DHBVN Sales Manual / Sales Circulars regarding meter configuration, MF verification during load extension, and periodic checks by M&P wing.

- iv). **Identification of Delinquent Officials:** The Respondent XEN/OP Division, Greater Faridabad shall submit the names of the delinquent officers/officials, including those from the audit party, who failed to update the Multiplication Factor in the billing system despite periodic inspections and verifications conducted between 2022 and 2025.

- v). **Modality for Recovery in Cases of Departmental Lapse:** The Respondent Department shall submit the approved modality (duly approved by the competent authority) for recovery of such amounts in cases where lapses are attributable to the officers/officials of the licensee (if any), keeping in view the principles of natural justice, limitation under Section 56(2) of the Electricity Act, 2003, and the consumer-friendly provisions of the HERC Supply Code.
- vi). **Supply of Documents:** The Respondents shall supply a copy of Memo No. 335 dated 28.04.2026 and all other relied-upon documents (including calculation sheets, MT-1 reports, CMRI data, and CT/PT test reports) to the Appellant within 25 days along-with reply.
- vii). **Reply to Appeal:** The Respondents shall file a detailed reply to the appeal (along with word file) through the **Executive Engineer, Greater Faridabad Division, DHBVN, Faridabad only**, incorporating the audit findings, within **25 days** from the date of this order, with a copy to the Appellant, thus enabling sufficient time to file rejoinder in the matter (if any).

Directions to the Appellant:

- Ensure timely deposit of 40% of the disputed amount as directed.
- Pay current bills regularly to avoid any default on undisputed dues.
- Cooperate in the audit process, if required.

Next Date of Hearing: The matter shall be listed for further hearing on **20.07.2026**.

D. On 03.07.2026, counsel for the appellant has requested as under:-

This is with reference to the above-captioned appeal and the interim order dated 22.06.2026 passed by this Ld. Forum, whereby the Appellant has been directed to deposit 40% of the disputed amount, after adjustment of the 20% already deposited before the CGRF, for protection against coercive action/disconnection during the pendency of the appeal.

At the outset, it is respectfully submitted that the Appellant has already filed an **application seeking exemption/relaxation from any further pre-deposit**. The said application deserves to be considered and decided before insisting upon any further deposit, particularly **in view of Regulation 4.6 of the HERC (Forum and Ombudsman) Regulations, 2020**, which recognises relaxation of the rigours of the Regulations in appropriate cases, for reasons to be recorded.

The present case is one such fit case for consideration of relaxation. The total disputed demand is approximately ₹59.46 lakhs, out of which the Appellant has already deposited 20%, amounting to approximately ₹12.5 lakhs. A further deposit of another 20% would impose an additional liability of approximately ₹12.5 lakhs upon the Appellant merely to secure protection during the pendency of the appeal.

It is respectfully submitted that the disputed demand is not an admitted current consumption charge, but a retrospective demand arising out of an alleged Multiplication Factor discrepancy, which, even as per the Respondents' own case, pertains to internal billing/system configuration and departmental records. This Ld. Forum has already directed DHBVN to prepare a detailed ledger, get the matter audited, identify delinquent officials, disclose the modality for recovery in cases of departmental lapse, and supply the relied-upon documents to the Appellant. Therefore, the demand is still subject to verification, audit and document disclosure. In these circumstances, the Appellant's application seeking exemption/relaxation from further pre-deposit ought to be decided by a reasoned order in accordance with Regulation 4.6 and the principles of natural justice. The Appellant respectfully submits that unless the said application is considered first, the Appellant would suffer grave prejudice and the statutory appellate remedy would become unduly onerous.

The Appellant further submits that there is genuine financial hardship. The industrial premises/factory in question has already been sold to a third party, and the financial records placed on record reflect limited profits of approximately ₹18 lakhs. Insistence upon a further deposit of approximately ₹12.5 lakhs, despite the substantial amount already deposited, would be harsh and disproportionate.

In view of the above, it is respectfully prayed that this Ld. Forum may kindly:

1. take up and decide the Appellant's application seeking exemption/relaxation from further pre-deposit by a reasoned order; and
2. in the meantime, protect the Appellant from disconnection/coercive action in respect of the disputed demand, subject to regular payment of current electricity bills.

The present request is bona fide and is being made only to ensure that the Appellant's application for relaxation is considered in accordance with law before any further coercive consequences arise.

E. On 06.07.2026, office has replied in reference to counsel's of appellant email dated 03.07.2026 is as under:-

This is with reference to your Appeal No. 19 of 2026 and the application dated 03.07.2026 filed through your counsel seeking exemption/relaxation from depositing the balance 20% of the disputed amount (as per the interim order dated 22.06.2026 passed by this office), in terms of **Regulation 3.18(3)** of the Haryana Electricity Regulatory Commission (Forum and Ombudsman) Regulations, 2020 (as amended).

The matter has been perused.

Observations:

- Under **Regulation 3.18(iii)**, deposit of **40%** of the amount assessed by the Forum (inclusive of amount already deposited) is a mandatory condition for maintaining the representation before the Ombudsman. You have deposited only 20%.
- The power to relax any provision of the Regulations under **Regulation 4.6** primarily vests with the Commission. This office has limited discretion to grant relaxation in exceptional cases of genuine hardship, after considering the reply of the licensee and recording reasons.
- The disputed demand relates to correction of Multiplication Factor leading to under-billing.
- You have admitted in the appeal that the industrial premises in question has been **sold to a third party**. This significantly weakens your locus and claim of personal financial hardship. Protection against coercive recovery in respect of a sold property would primarily benefit a third party not before this Forum, which is not in the interest of justice.
- Mere assertion of limited profits without corroborative audited documents/evidence does not constitute sufficient grounds to waive the statutory pre-deposit requirement.

In view of the above, your application for complete exemption/relaxation from further pre-deposit is **rejected**. However, considering the overall facts and to balance equities, the following directions are issued:

Directions:

- (a) You are directed to deposit the balance **20%** of the disputed amount (after adjustment of the 20% already deposited before the CGRF) **within 15 days** but before schedule date of hearing i.e. 20.07.2026 from the date of receipt of this order. Proof of deposit shall be filed before this office.
- (b) Subject to compliance with the above, you are protected from disconnection or coercive recovery action in respect of the **disputed demand only** during the pendency of this appeal (provided current bills are paid regularly).
- (c) In case of non-compliance with the deposit direction within the stipulated time, the appeal shall be liable to be **dismissed for non-prosecution/non-compliance** without further notice.

F. On 15.07.2026, counsel of appellant has submitted order dated 14.07.2026 passed by the Honble High Court in CWP No. 21107 of 2026 which as under:-

Please find attached herewith a copy of the order dated 14.07.2026 passed by the Hon'ble High Court of Punjab and Haryana in CWP No. 21107 of 2026, titled *Gulshan Narang v. The Electricity Ombudsman, Haryana & Others*, for your kind perusal and record.

The Hon'ble High Court has been pleased to set aside the order dated 06.07.2026 and has directed that the Petitioner's application seeking exemption/relaxation from the requirement of pre-deposit be decided afresh after complying with the principles of natural justice. The Hon'ble Court has further directed that, until a fresh decision is taken on the Petitioner's application, the interim protection granted vide order dated 22.06.2026, restraining the Respondents from taking any coercive steps, including disconnection of electricity supply, shall continue to remain in force.

The order is being forwarded for your kind information and for taking such further action as may be considered appropriate in accordance with the directions issued by the Hon'ble High Court.

G. On 18.07.2026, counsel of respondent has submitted reply which is as under:-

1. That, the present Reply is being filed by XEN/OP, Greater Faridabad Division, DHBVN, Faridabad (the "Respondents No. 1") and SDO, Op. Subdivision Badrola, Greater Faridabad (the "Respondent No. 2") having office at Badrola Sub-Division, Greater Faridabad, (collectively "the Respondents") to the Appeal filed before the Electricity Ombudsman Haryana bearing Appeal No. 19/2026 (the "Appeal").
2. That, it is most respectfully submitted that no averments, statements, submissions, grounds, contentions, or allegations made by the Appellant in the Appeal shall be admitted or deemed to be admitted for reason of non-traverse or otherwise save and except these are expressly admitted herein.
3. That, it is respectfully submitted that the present Appeal is wholly misconceived, devoid of merit and liable to be dismissed. The learned Corporate Forum for Redressal of Consumer Grievances ("CGRF"), DHBVN, Gurugram, after affording adequate opportunity of hearing to both parties and considering the pleadings, documents and submissions placed on record, passed a well-reasoned order dated May 08, 2026, cannot be allowed in favour of the Appellant hereto (reasons for which are explained in detail hereunder) as the Appeal in itself, is devoid of any substance and merit and is made with the mala-fide intention to mislead, misguide and misrepresent this Hon'ble Ombudsman.
4. It is an admitted position that the consumer had obtained enhancement of sanctioned load from 190 KVA to 230 KVA. Consequent upon such enhancement,

the applicable Multiplication Factor ("MF") required revision from MF-2 to MF-3. Owing to inadvertent non-updation of the billing parameter in the billing software, the bills continued to be generated based on MF-2. The discrepancy was subsequently detected during inspection conducted by the M&P team vide MT-1 No. 82/1783 dated October 23, 2025, whereafter the account was overhauled strictly in accordance with the applicable technical parameters. A copy of M.T.-1 report is hereto annexed and marked as Annexure R-1.

5. The learned CGRF has rightly passed the order dated May 08, 2026, that once the department record established that the applicable Multiplicity Factor that Extension of Load ("EOL") was MF-3 and the billing software had continued to apply MF-2, the revised amount became recoverable in accordance with law. Accordingly, the learned Forum rightly rejected the complaint.

BRIEF FACTS

6. That the Appellant is an industrial consumer having Account No. 3838383000 operating from Plot No. 204, Sec-68, IMT Faridabad, Haryana. The Appellant applied for an extension of electricity Load from 190 KVA to 230 KVA vide Application No. F35-422-244 dated April 20, 2022. The connection was working from September 02, 2022, as evident from the system generated certificate of release of connection bearing Memo No. 335 dated April 28, 2026. The copy of Application No. F35-422-244 dated April 20, 2022, and Memo No. 335 dated April 28, 2026, is hereto annexed and marked as Annexure R-2 and Annexure R-3.
7. That, it is pertinent to submit that, pursuant to the approval of the extension of the electricity load from 190 KVA to 230 KVA, the concerned office forwarded the matter to the M&P Team for updating the records pertinent to the Appellant's electricity account, vide Memo No. 1996 dated September 14, 2022, so as to give effect to the sanctioned load enhancement in the official records. The said Memo No. 1996 dated 14.09.2022 is enclosed with Memo No. 335 dated 28.04.2026, which has already been placed on record as Annexure R-3, and the contents thereof may be read as part of the present Reply.
8. That consequently upon the EOL from 190 KVA to 230 KVA, the applicable Multiplying Factor for the connection was required to be revised from MF-2 to MF-

3 in terms of the applicable tariff and technical parameters. However, the said discrepancy in the Multiplying Factor came to the notice of Respondent only during the M&P inspection conducted on October 23, 2025, by the M&P team. Upon detention, appropriate corrective actions were initiated and the XEN/M&P, DHBVN issued communication vide Memo No. 1553 dated November 11, 2025, regarding the overhauling of the account as per the actual applicable MF. A copy of the communication vide Memo No. 1553 dated November 11, 2025, is hereto annexed and marked as Annexure R-4.

9. That accordingly, the amount was overhauled retrospectively and an amount of Rs. 59, 46, 664/- (Fifty-Nine Lakhs Forty-Six Thousand Six Hundred Sixty-Four) representing the difference between the billed amount under MF-2 and the actual amount under MF-3 for the relevant period was incorporated in consumer account of the Appellant. A notice vide Memo No. 7108 dated December 02, 2025, was duly issued to the Appellant informing the discrepancy and directing to pay the revised bill. A Copy of aforementioned notice is herein annexed and marked as Annexure R-5.
10. The Appellant challenged the said demand before the learned CGRF. The Learned CGRF after hearing both the parties and appreciating the entire material fact held that the Extension of load stood established, the applicability of MF-3 is rightly done by the department. The account had rightly been overhauled, and the escaped amount was legally recoverable. The complaint was accordingly dismissed. The Copy of the impugned order of CGRF dated May 08, 2026, is annexed with Appeal No. 19 of 2026 as Annexure P-1 and the relevant extract of the impugned order hereinafter reproduced below:

“...

Complainant also contested the date of EOL for this the SDO submitted response vide Memo No. 499 dated: 16.02.2026 stated that consumer had applied for EOL from 190 KVA to 230 KVA but the MF was not updated in the billing system which leads to not revision of MF was from 2 to 3, hence the levy of sundry charges after correcting the MF from 2 to 3. SDO vide Memo No. 335 dated: 28.04.2026 has provided system generated certificate of release of connection indicating that the connection was energized on 02.09.2022. the Forum observed that the date of EOL as per calculation sheet of CBO wing is established/confirmed therefore, the complainant objection/contention is not sustainable on this ground, and therefore the Utility has rightly raised the escaped demand. Consumer is directed to pay the same.”

REPLY ON MERITS

A. THE IMPUGNED ORDER PASSED BY CGRF IS WELL-REASONED AND LEGALLY SUSTAINABLE.

11. That the Learned CGRF has arrived at a well-reasoned and justified conclusion that the demand raised by the DHBVN is legally sustainable. The Learned CGRF specifically noted that the date of EOL, as per the calculation sheet and System Generated Certificate of release of connection, was established and confirmed on September 09, 2022. The CGRF correctly held that the utility had rightly raised the escaped amount and directed the consumer to pay the same.
12. That the Appellant's allegation that the impugned order is 'non-speaking' and 'self-contradictory' is entirely baseless. The CGRF has duly considered the material on record, including the reply filed by DHBVN, the documents placed on record vide Memo No. 335 dated April 28, 2026. and the arguments advanced by both parties across multiple dates of hearing. A bare perusal of the impugned order itself demonstrates that the learned CGRF has recorded and considered the pleadings, submissions and contentions advanced by the Appellant from Page No 5 to 14 of the impugned order. The order records the finding on the date of EOL based on the system-generated certificate and the CBO Wing calculation sheet. The Appellant's dissatisfaction with the conclusion reached by the CGRF cannot be grounds to characterise the order as non-speaking.
13. That the finding of the CGRF regarding the sustainability of the demand is based on DHBVN's reply vide Memo No. 499 dated February 16, 2026, wherein it was clearly stated that the EOL from 190 KVA to 230 KVA was sanctioned and the MF was not updated in the billing software at the time of EOL, resulting in bills being raised at MF-2 instead of MF-3. This the belated discovery of error in raising the correct electricity bills to the appellant does not, in law, absolve the consumer of the liability to pay for the actual electricity consumed as per the applicable tariff parameters. The obligation to pay for actual consumption is independent of any billing system lapses on the part of the distribution licensee. The copy of reply vide Memo No. 499 dated February 16, 2026, hereto annexed and marked as Annexure R-6.

B. THE CONTENTION RAISED BY THE APPELLANT THAT THE RESPONDENT IS NOT ENTITLED TO RECOVER THE DUES AFTER THE DISCOVERY OF MISTAKE IN RAISING THE BILLS AS PER THE CORRECT MULTIPLYING FACTOR IS MISCONCEIVED AND WHOLLY BASELESS

14. That the Appellant's reliance on Section 56(2) of the Electricity Act, 2003 to contend that the demand is time-barred is misconceived and has been rightly rejected by the CGRF. The relevant extract of Section 56(2) of the Electricity Act, 2003 is reproduced hereinbelow:

“...

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

15. The Hon'ble Supreme Court in *Ajmer Vidyut Vitran Nigam Ltd. and Another Versus Rahamatulla Khan alias Rahamajulla* reported as (2020) 4 SCC 650 (bearing Civil Appeal No.1672 of 2020 decided on 18.02.2020) which has dealt with the meaning of expression “first due” and had held that the said charge will become first due only after a bill is issued to a consumer and not in relation to an amount which has not been demanded. The Relevant extract of the judgement hereinafter reproduced below:

“

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

6. The next issue is as to whether the period of limitation of two years provided by Section 56(2) of the Act, would be applicable to an additional or supplementary demand.

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xxx

6.3 Sub-section (1) of Section 56 confers a statutory right to the licensee company to disconnect the supply of electricity, if the consumer neglects to pay the electricity dues. This statutory right is subject to the period of limitation of two years provided by sub-section (2) of Section 56 of the Act.”

16. The Hon'ble Court further held that the limitation prescribed under Section 56(2) would commence only after discovery of the mistake and issuance of the supplementary demand and not from the date when electricity was consumed.
17. That the Appellant has repeatedly alleged that the respondent Nigam itself failed to update the Multiplication Factor in the billing software and, therefore, cannot now recover the escaped amount. The billing software was not updated to a bonafide mistake considering to be an inadvertent administrative lapse, the same cannot extinguish the statutory liability of the consumer to pay legitimate electrical dues. The Hon'ble Punjab and Haryana High Court in the matter of *Punjab State Power Corporation Limited Versus Vinay Gupta and Anothers (bearing Civil Writ Petition No.13285 of 2016 decided on April 02, 2024)* observed that the consumer cannot seek to avoid payment merely because the mistake remained undetected for a certain period. The Relevant extract of the judgement hereinafter reproduced below:

“xxx

Once the benefit of energy consumption has already been derived, the consumer, as per law, cannot refuse to pay the legitimate dues for the use of such energy. A mere administrative/supervisory lapse on the part of the employee(s) of the Distribution Licensee in not reporting any error the CTs/PTs and/or in applying incorrect multiplying factor, would not give rise to a presumption that the bills has been rightly raised and that there is no other dues.”

18. That the Appellant further argues that Section 56(2) operates as an absolute bar that no demand can be recovered relating to any billing period fall outside the two years window. The Hon'ble Supreme court in *Ajmer Vidyut Vitran Nigam (Supra)* held that only the remedy of discontinuation may be affected in appropriate cases and not the right of the licensee to quantify and recover escaped amount in accordance with law. The relevant extract of the judgement hereinafter reproduced below:

“xxx

1. *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.”*

19. That in the matter of *Sunil Kumar Punia vs UHBVN, Appeal No. 17 of 2023*, this Hon'ble Commission has held that the Respondents are entitled to recover the dues pending due to the error in meter reading on the part of the reading agency. The relevant extract of the Order dated May 19, 2023 is reproduced hereunder:

2. "After examining the reply of the Respondent SDO and Xen. Received through S.E. (OP) Circle, UHBVN, Jhajjar the record available on the file and hearing both the parties, the Forum has observed that consumer meter was packed by LL-1 No. 0814625 on dated 05.03.2022 and sent to M&T Lab, Rohtak for retrieval of data. As per M&P Report, 34854 KWH reading was visible but past data could not be recovered. The same was sent to AVON Meter Pvt. Ltd. Derabassi Firm for data retrieval but the data could not be retrieved. As per SDO's reply meter was of three phase and was replaced with a single phase meter on 25.03.2022. The bill code was changed from Defective to O.K. in the month of 12/2019. After punching the reading i.e. 8135 and after that bills were made on a minimum basis for months together indicating that the reading has not been taken by the Meter Reading Agency. The average consumption of consumer from 12/2019 to 02/2022 is $(34854-18130)/14 = 1175$ units and average consumption from 12/2017 to 10/2019 is $(18130-7710)/12 = 867$ units which is greater than 800 units and no slab benefit becomes payable to the consumer. From all the above, it shows that reading has not been taken correctly by the Meter Reader due to which the bills have not been issued correctly as per reading of the meter. The Forum feels that this is a case of accumulation of reading and directs SDO/Respondent to recover the amount from the consumer in installments as per Clause 6.10.4 and 6.10.5 of Sales Circular No. 02/2020 on consumer's request without surcharge.

20. That the Hon'ble Supreme Court in matter of *M/s Prem Cottex Versus Uttar Haryana Bijli Vitran Nigam Ltd. and others bearing Civil Appeal No.7235 of 2009*, wherein the decision of Ajmer Vidyut Vitran Nigam (supra) was reiterated and it was held that limitation under Section 56(2) of the Electricity Act, 2003 shall commence after a bill is raised and not at any time prior thereto. Consequently, the defective billing, which went unnoticed, cannot be stated to be time barred after a demand of overhauling is made and the bill is raised within the prescribed limitation on detection of such error. The relevant extract of the Order dated October 05, 2021, is reproduced hereunder:

"xxx

16. Be that as it may, once it is held that the term "first due" would mean the date on which a bill is issued, (as held in para 6.9 of *Rahamatullah Khan*) and once it is held that the period of limitation would commence from the date of discovery of the mistake (as held in paragraphs 9.1 to 9.3 of *Rahamatullah Khan*), then the question of allowing licensee to recover the amount by any other mode but not take recourse to disconnection of supply would not arise. But *Rahamatullah Khan* says in the penultimate paragraph that "the licensee may take recourse to any remedy available in law for recovery of the additional demand, but barred from taking recourse to disconnection of supply under subsection (2) of section 56 of the Act.

"xxx

17. It appears from the narration of facts in paragraph 2 of Rahamatullah Khan (*supra*) that this Court was persuaded to take the view that it did, on account of certain peculiar facts. The consumer in that case was billed under a particular tariff code for the period from July 2009 to September 2011. But after audit, it was discovered that a different tariff code should have been applied. Therefore, a show cause notice was issued on 18.03.2014 raising an additional demand for the period from July 2009 to September 2011. Then a bill was raised on 25.05.2015 for the aforesaid period. Therefore, the consumer successfully challenged the demand before the District Consumer Forum, but the Order of the District Forum was reversed by the State Commission on an appeal by the licensee. The National Commission on a revision filed by the consumer, set aside the order of the State Commission and restored the order of the District Forum. It was this Order of the National Commission that was under challenge before this Court in Rahamatullah Khan (*supra*).

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

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

21. Therefore, the order passes by Learned CGRF directing the consumer to pay the escape amount of Rs 59,46,664/- charged by Respondent vide impugned order dated May 08, 2026, has been rightly raised the escape demand.

REPLY TO PRAYER

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

- (a) Dismiss the present Appeal/Representation (Appeal No. 19 of 2026) filed by the Appellant, being devoid of merit and unsustainable on facts and in law;
- (b) Confirm and uphold the order dated 08.05.2026 passed by the Corporate Forum for Redressal of Consumer Grievances (CGRF), DHBVN, Gurugram in Case No. 4985/2025;

(c) Hold and declare that the demand of Rs. 59,46,664/- raised by DHBVN on account of discrepancy in Multiplication Factor consequent upon Extension of Load is legal, valid, and recoverable in law;

(d) Pass such other or further order(s) as this Hon'ble Ombudsman may deem fit and proper in the facts and circumstances of the case, in the interest of justice.

H. On 20.07.2026, the counsel of respondent has submitted written submission which is as under:-

1. That present appeal is governed by Regulation 3.18 of the Haryana Electricity Regulatory Commission (Forum and Ombudsman) Regulations, 2020, which expressly provides that no representation shall lie before the Hon'ble Ombudsman unless the appellant deposits 40% of the amount assessed by the Forum in cash or through demand draft to the concerned sub-division along with documentary evidence. Thus, compliance with Regulation 3.18(iii) is a mandatory pre-condition for the maintainability of the Appeal. This is evident from the legislature's deliberate use of the word "shall" in Regulation 3.18, in contrast to Regulation 3.18(ii), where the word "may" has been employed while conferring discretion upon the Ombudsman to condone delay.

The distinction between the expressions "shall" and "may" clearly reflects the intent that while condonation of delay is discretionary, compliance with the pre-deposit requirement is mandatory and leaves no discretion with the Ombudsman. The Relevant extract of the said Regulation is herewith reproduced below:

“...

3.18 No representation to the Ombudsman shall lie unless:

...

(ii) The representation is made within one month from the date of receipt of the order of the Forum:

Provided that the Ombudsman may entertain a representation beyond one month on sufficient cause being shown by the complainant that he/she had reasons for not filing the representation within the aforesaid period of one month.

(iii) The person filing the representation makes a deposit of 40% (forty per cent) of the amount assessed by the Forum (inclusive of amount already deposited on this account), with the Licensee, in cash or through demand draft payable at the headquarters of the concerned sub-division and submit documentary evidence of such deposit.”

2. That the Appellant has taken reliance on Regulation 4.4 of the Haryana Electricity Regulatory Commission (Forum and Ombudsman) Regulations, 2020, contended that the Ombudsman has power to exempt the mandatory pre-deposit requirement. The said regulation merely empowers the Forum and the Ombudsman to regulate

the procedure for conducting proceedings, subject to the HERC Regulations. The said procedural power is confined to the manner of conducting proceedings and does not confer any authority to override, waive or relax a mandatory requirement expressly prescribed under the HERC Regulations, including the pre-deposit requirement under Regulation 3.18(iii).

3. The requirement of mandatory pre-deposit as a condition precedent to maintain an appeal is well recognized in Law. By way of illustration, Section 18 of The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, which states that "*no appeal shall be entertained unless*" the prescribed deposit is made. Similarly, Regulation 3.18(iii) provides that "*no representation shall lie unless*" the appellant deposits 40% of the assessed amount. Therefore, the appellate jurisdiction of the Ombudsman can be invoked only upon compliance with the mandatory pre-deposit requirement. The Relevant extract of the said section is herewith reproduced below:

"...

18. Appeal to Appellate tribunal- (1)

xxx

xxx

xxx

Provided further that no appeal shall be entertained unless the borrower has deposited with the Appellate Tribunal fifty per cent. of the amount of debt due from him, as claimed by the secured creditors or determined by the Debts Recovery Tribunal, whichever is less:"

JUDGEMENT

The word "shall," it is ordinarily meant to be mandatory and must be strictly followed:

- (i) M/s Delhi Airtech Services Pvt. Ltd & Anr. Vs. State of U.P & Anr.[Civil Appeal No. 24 of 2009]
Relevant Para: 2
- (ii) Page 21: "... *If object of the enactment will be defeated by holding the same directory, it will be construed as mandatory, whereas if by holding it mandatory, serious general inconvenience will be created to innocent persons without very much furthering the object of enactment, the same will be construed as directory. But all this does not mean that the language used is to be ignored, but only that the prima facie inference of the intention of the Legislature arising from the words used may be displaced by considering the nature of the enactment, its design and the consequences flowing from alternative construction. Thus, the use of the words 'as nearly as may be' in contrast to the words 'at least' will prima facie indicate a directory requirement, negative words a mandatory requirement 'may' a directory requirement and 'shall' a mandatory requirement.*"

The copy of said Judgement is here to annexed and marked as Annexure A-1.

I. On 21.07.2026, counsel of appellant has submitted as under:-

Please find attached an Application on behalf of the Appellant seeking directions for strict compliance with the Interim Order dated 22.06.2026 passed by this Ld. Ombudsman.

The application has become necessary as the Respondents have issued Electricity Bill No. 383834651273 dated 18.07.2026 levying a surcharge of ₹84,816/- upon the disputed amount, despite the categorical directions of this Ld. Ombudsman that the disputed amount shall remain frozen and no further surcharge, interest or penalty shall accrue thereon during the pendency of the appeal.

The application also highlights that this is yet another instance of negligence on the part of the Respondents. While the present dispute itself stems from the Respondents' failure to correctly update the Multiplication Factor in their billing system, the Respondents have once again failed to implement the binding interim directions by continuing to levy surcharge on the frozen disputed amount.

In these circumstances, the Appellant has prayed for withdrawal of the illegally levied surcharge, issuance of a revised bill in conformity with the Interim Order dated 22.06.2026, and appropriate directions to ensure strict compliance with the said order in future billing cycles.

The application is submitted for the kind consideration of this Ld. Ombudsman.

J. On 21.07.2026, counsel of appellant has submitted application seeking directions for immediate compliance of the interim order dated 22.06.2026 and withdrawal of the illegally levied surcharge which is as under:-

1. That the above-captioned Appeal is pending adjudication before this Ld. Electricity Ombudsman. Vide a detailed Interim Order dated 22.06.2026, this Ld. Ombudsman, inter alia, directed that the principal disputed amount shall remain frozen and that no further interest, surcharge or penalty shall accrue thereon during the pendency of the present appeal, subject to compliance with the directions contained therein.
2. That despite the aforesaid clear and binding directions, the Respondents have issued Electricity Bill No. 383834651273 dated 18.07.2026 for the billing cycle of July, 2026, wherein a sum of Rs.84,816/- has once again been levied towards "Surcharge" upon the very disputed amount which already stands frozen under the Interim Order dated 22.06.2026. A Copy of the Bill dated 18.07.2026 levying surcharge despite directions of the Ld. Ombudsman is annexed herewith and marked as **ANNEXURE A**.
3. That the aforesaid levy is in the teeth of the Interim Order passed by this Ld. Ombudsman and amounts to a clear instance of non-compliance thereof. Once the

disputed amount stood frozen, the Respondents were legally restrained from enhancing the disputed liability by adding any surcharge, interest or other penal charge during the pendency of the present appeal.

4. That the present action of the Respondents is not a mere billing irregularity but is yet another instance of negligence on their part. The very dispute in the present appeal has arisen on account of the Respondents' failure to correctly update the Multiplication Factor in their own billing system, resulting in the impugned retrospective demand. Even thereafter, despite the categorical directions issued by this Ld. Ombudsman, the Respondents have once again failed to correctly implement the interim order in their billing system and have continued to levy surcharge upon the frozen amount. The repeated lapses clearly demonstrate gross negligence and complete disregard for the binding directions issued by this Ld. Ombudsman.
5. That the Ld. Ombudsman has already considered the matter serious enough to direct preparation of a detailed ledger, audit of the account, identification of delinquent officials and production of the relevant records. Instead of ensuring strict compliance with the interim protection granted to the Appellant, the Respondents have proceeded to act contrary to the said order by continuing to raise surcharge through their monthly billing process. Such conduct not only causes continuing prejudice to the Appellant but also undermines the efficacy and sanctity of the orders passed by this Ld. Ombudsman.
6. That unless immediate corrective directions are issued, the Respondents may continue to levy surcharge upon the frozen disputed amount in every subsequent billing cycle, thereby compelling the Appellant to repeatedly approach this Ld. Ombudsman merely for implementation of directions which are already clear, categorical and binding. Such conduct warrants strict directions to ensure scrupulous compliance with the Interim Order dated 22.06.2026 and to prevent recurrence of similar violations.
7. That the present application has, therefore, become necessary solely on account of the Respondents' failure to comply with the binding Interim Order dated 22.06.2026.

PRAYER

In view of the foregoing facts and circumstances, it is most respectfully prayed that this Ld. Ombudsman may graciously be pleased to:

- a. Direct the Respondents to forthwith withdraw the surcharge of Rs. 84,816/- illegally reflected in Electricity Bill No. 383834651273 dated 18.07.2026;
- b. Direct the Respondents to issue a revised electricity bill strictly in accordance with and giving complete effect to the Interim Order dated 22.06.2026;
- c. Direct the Respondents to ensure that no further surcharge, interest, delayed payment surcharge or any other penal charge whatsoever is levied upon or

reflected against the frozen disputed amount in any future billing cycle during the pendency of the present appeal;

- d. Issue appropriate directions to the Respondents to ensure strict compliance with the Interim Order dated 22.06.2026, including by fixing responsibility upon the concerned officials for the present lapse so that similar violations do not recur during the pendency of the present proceedings; and
- e. Pass such other or further order(s) as this Ld. Ombudsman may deem fit and proper in the facts and circumstances of the present case.

AND FOR THIS ACT OF KINDNESS THE APPELLANT SHALL, AS IN DUTY BOUND, EVER PRAY.

K. Hearing held on 22.07.2026.

(Passed in compliance with the directions of the Hon'ble High Court of Punjab & Haryana at Chandigarh in CWP-21107-2026 dated 14.07.2026, and after affording full opportunity of hearing to both parties on 20.07.2026.)

I. BRIEF BACKGROUND

1. The present appeal has been preferred by Sh. Gulshan Narang, industrial consumer bearing Account No. 5751330000 (Sub Division, DHBVN, Badrola), against the order dated 08.05.2026 passed by the CGRF, DHBVN, Gurugram, in Complaint No. 4985/2025, whereby the retrospective demand of **Rs. 59,46,664/-** raised by the Respondent Licensee — arising from a change of Multiplication Factor (MF) from MF-2 to MF-3 consequent to enhancement of sanctioned load from 190 KVA to 230 KVA (application dated 20.04.2022) — was, in substance, upheld, subject to deposit of 20% of the disputed amount.
2. This Forum, upon a *prima facie* consideration of the record and having regard to the systemic nature of the billing lapse, was pleased to pass a detailed **Interim Order dated 22.06.2026**, whereby, *inter alia*:
 - (i) The **principal disputed amount was frozen** as on 22.06.2026, and no further interest, surcharge or penalty was to accrue thereon during the pendency of the appeal, **subject to compliance** with the deposit directions in paragraph (ii);
 - (ii) The Appellant was directed to **deposit 40% of the exact disputed amount** (adjusting the 20% already deposited pursuant to the CGRF order) within **10 days** in terms of the mandatory pre-condition contained in **Regulation 3.18(iii)** of the HERC (Forum and Ombudsman) Regulations, 2020;
 - (iii) DHBVN was directed to prepare a detailed audited ledger of the impugned charging through the Chief Auditor, DHBVN, Hisar;
 - (iv) The XEN/OP, Greater Faridabad, was directed to submit the names of delinquent officials responsible for non-updation of the MF between 2022 and 2025; and

- (v) The Respondents were directed to supply Memo No. 335 dated 28.04.2026 and all relied-upon documents (MT-1 Report, CMRI printouts, CT/PT reports) to the Appellant and to file a comprehensive reply within 25 days.
3. Being aggrieved by the direction contained in paragraph 2(ii) *supra*, the Appellant approached the Hon'ble High Court of Punjab & Haryana in **CWP-21107-2026**. By order dated 14.07.2026, the Hon'ble High Court, while partly allowing the writ petition, was pleased to set aside the intervening order dated 06.07.2026 (passed *ex parte* on the Appellant's e-mail representation dated 03.07.2026) and remitted the Appellant's exemption application to this Forum for **fresh adjudication after affording an opportunity of hearing** in consonance with the principles of natural justice. The Hon'ble High Court simultaneously directed that the **protection from coercive action granted vide the interim order dated 22.06.2026 shall continue to remain in force** until such fresh decision is rendered.
4. In compliance with the aforesaid mandamus, this Forum listed the matter for oral hearing on **20.07.2026**, which was attended by learned counsel for both sides. The Appellant thereafter filed two further written representations dated **21.07.2026** — one seeking exemption/relaxation from the 40% pre-deposit condition and reiterating the grounds urged during oral submissions, and another **Application dated 21.07.2026** alleging non-compliance of the interim order dated 22.06.2026 on account of levy of a surcharge of **Rs. 84,816/-** in Bill No. 383834651273 dated 18.07.2026. Both representations have been considered in extenso to place the record beyond the pale of doubt and to preclude any subsequent complaint of unilateral adjudication.

II. STATUS OF THE PREMISES – A THRESHOLD ADMISSION

5. At the very threshold of the hearing on 20.07.2026, this Forum required learned counsel for the Appellant to clarify the current subsisting interest of the Appellant in the premises out of which the dispute has arisen. In a candid submission, learned counsel for the Appellant conceded that **the premises in question stand sold to a third party**, and that the electricity connection continues to subsist in the name of the Appellant only for the limited purpose of clearance of outstanding liability. This admitted position is of considerable significance while balancing the equities, inasmuch as the Appellant is no longer the beneficial user of the connection and the electricity charges in question relate to a purely **commercial/industrial consumption already availed**, and *not* to any deprivation of the right to life or livelihood.

III. SUBMISSIONS OF THE APPELLANT

6. Learned counsel for the Appellant, both orally on 20.07.2026 and by written submissions/representations dated 21.07.2026, urged the following grounds:
- (a) That Regulations 4.4 and 4.6 of the HERC (Forum and Ombudsman) Regulations, 2020, read with Regulation 3.18(iii), vest a discretion in this

Forum to relax/exempt the pre-deposit condition; and that the exact words of Regulations 4.4 and 4.6 confer a wide procedural power to regulate proceedings in the interest of justice.

- (b) That the Appellant, being a senior citizen, has produced Profit & Loss statements for the last three financial years disclosing a cumulative profit of only Rs. 18 lakh, rendering the payment of the balance 20% (equal to approximately Rs. 11,89,332/-) financially onerous and hence deserving of exemption on grounds of equity and Article 14 of the Constitution.
- (c) That the reply of the Respondents was made available to the Appellant only 20 minutes prior to the hearing, causing prejudice.
- (d) That the surcharge of Rs. 84,816/- included in Bill No. 383834651273 dated 18.07.2026 is in direct violation of paragraph (i) of the operative portion of the interim order dated 22.06.2026, which froze the principal amount and prohibited accrual of any surcharge, interest or penalty.
- (e) By way of an email dated 21.07.2026 at 2:25 P.M., the counsel for the appellant submitted a copy of the judgment passed by the Hon'ble High Court of Delhi in *Rahul Nath v. Consumer Grievance Redressal Forum & Anr.*, W.P.(C) 3578/2021, asserting its direct relevance to the current dispute. The appellant submits that, akin to the facts in *Rahul Nath*, the core liability in the present matter has not attained finality and the demanded amount is yet to be definitively liquidated. In the cited precedent, the Hon'ble High Court held that where the CGRF itself directed re-inspection, billing revisions, and accounting adjustments, the Ombudsman could not pre-condition the hearing of the appeal upon a statutory pre-deposit without first examining the merits of the challenge. Adopting the same matrix, the Hon'ble High Court had waived the pre-deposit condition and directed a hearing on merits, a relief the appellant craves before this forum.
- (f) By way of an email dated 21.07.2026 at 3:57 P.M., the counsel for the appellant has moved an application bringing to light a serious non-compliance by the Respondents. Despite explicit, binding directions from this Ld. Ombudsman freezing the disputed amount and ordering that no further surcharge, interest, or penalty shall accrue during the pendency of these proceedings, the Respondents have issued Electricity Bill No. 383834651273 dated 18.07.2026, illegally inflating the demand by levying a surcharge of ₹84,816/-. The appellant submits that this is a repeated instance of systemic negligence. The root dispute before this Forum stems from the Respondents' failure to correctly update the Multiplication Factor in their billing architecture. Despite being well aware of this, the Respondents have actively disregarded judicial discipline by failing to implement the ad-interim

protection granted to the consumer, thereby unlawfully penalising the appellant on a frozen demand.

IV. SUBMISSIONS OF THE RESPONDENTS

7. Learned counsel for the Respondents, supported by the SDO/OP, Sub Division, DHBVN, Badrola, and by the pleadings on record (including the MT-1 Report No. 82/1783 dated 23.10.2025, Memo No. 335 dated 28.04.2026, and the detailed Reply on affidavit) urged that:

- (a) Regulation 3.18(iii) employs the mandatory expression “No representation to the Ombudsman shall lie unless ... the person filing the representation makes a deposit of 40% (forty per cent) of the amount assessed by the Forum ...”, and this being a jurisdictional pre-condition for maintainability, this Forum is not vested with any discretion to relax or waive it.
- (b) The procedural power under Regulations 4.4 and 4.6 permits the Ombudsman to regulate the manner of conducting proceedings; it does not authorise the Ombudsman to dilute a substantive statutory pre-condition prescribed in Regulation 3.18(iii).
- (c) The plea of financial hardship is not sustainable inasmuch as (i) the consumption relates to commercial/industrial activity and not to a domestic right-to-life claim; (ii) the Appellant has consciously availed of the enhanced load from 190 KVA to 230 KVA and enjoyed electricity billed at an incorrect MF for the period from 2022 to 2025; (iii) the P&L relied upon does not account for non-cash items such as depreciation, which have themselves been claimed as an expense; and (iv) the Appellant has failed to place any contingency/repayment plan on record, even though the SDO has already offered an option of instalments.
- (d) That, being a curious volte-face, in his own Written Submission (Notes for Arguments) filed through learned counsel, the Appellant has, on the other hand, taken the categorical position that Regulation 3.18(iii) is mandatory in character, that the word “shall” leaves no discretion with the Ombudsman, and that Regulation 4.4 cannot be pressed into service to override a substantive mandatory pre-condition. Reliance in this regard has been placed on the judgment of the Hon’ble Supreme Court in M/s Delhi Airtech Services Pvt. Ltd. & Anr. v. State of U.P. & Anr., Civil Appeal No. 24 of 2009, and an analogy has been drawn with the pre-deposit regime under Section 18 of the SARFAESI Act, 2002.
- (e) Any relaxation would set a wrong precedent and undermine Regulation 3.18(iii) — a regulation notified in exercise of powers under Section 181 read

with Sections 42(5)–(8) of the Electricity Act, 2003, and successively refined by the 1st, 2nd, 3rd and 4th Amendments.

V. ANALYSIS AND FINDINGS

A. Mandatory character of Regulation 3.18(iii)

8. Regulation 3.18(iii) is couched in negative and mandatory terms — “No representation to the Ombudsman shall lie unless ... the person filing the representation makes a deposit of 40% (forty per cent) of the amount assessed by the Forum (inclusive of amount already deposited on this account) with the Licensee, in cash or through demand draft payable at the headquarters of the concerned sub-division, and submits documentary evidence of such deposit.” The legislative choice of the word “shall”, coupled with the negative formulation “no representation ... shall lie unless”, squarely satisfies both indicia of mandatoriness identified by the Hon’ble Supreme Court in *Delhi Airtech Services Pvt. Ltd. v. State of U.P.* (Civil Appeal No. 24 of 2009), wherein it was held that “negative words [indicate] a mandatory requirement, ‘may’ a directory requirement and ‘shall’ a mandatory requirement.” Interestingly, this very authority has been pressed into service by the Appellant in his own Notes for Arguments — thereby precluding him, on his own showing, from urging that the said pre-condition is directory or susceptible of waiver.
9. This construction is further strengthened by the internal juxtaposition of Regulation 3.18(ii) and Regulation 3.18(iii). Regulation 3.18(ii), while prescribing the period of limitation of one month, expressly employs the discretionary “may” in its proviso for condoning delay. In contradistinction, Regulation 3.18(iii) contains no such enabling proviso. Applying the principle of *expressio unius est exclusio alterius*, the deliberate legislative omission of any discretion in Regulation 3.18(iii) leads to the ineluctable conclusion that the 40% deposit is a substantive jurisdictional condition precedent and not a mere procedural formality.
10. The analogy pressed by the Appellant himself with Section 18 of the SARFAESI Act, 2002 (“no appeal shall be entertained unless the borrower has deposited ...”) is apposite. Courts have consistently held that such pre-deposit is a *sine qua non* for the very entertainment of the appeal, and cannot be waived in entirety.

B. Scope of Regulations 4.4 and 4.6

11. Regulations 4.4 and 4.6 confer upon the Forum/Ombudsman the power to regulate its own procedure for the conduct of proceedings, subject to the HERC Regulations and the principles of natural justice. It is trite that a procedural power cannot override or dilute a substantive mandatory pre-condition stipulated elsewhere in the same Regulations. To hold otherwise would render Regulation 3.18(iii) — a specific and higher-order provision governing maintainability — a dead letter, capable of being circumvented through a generic procedural clause. Such a construction is impermissible in law and would violate the settled canon that a specific provision

prevails over a general one (*generalia specialibus non derogant*). The Appellant's *volte-face* — arguing mandatoriness in his Written Submission and pleading discretion during oral arguments — is self-defeating and cannot be countenanced.

C. Reliance on Rahul Nath v. CGRF (Delhi High Court)

12. The Appellant's reliance on *Rahul Nath v. CGRF*, W.P. © 3578/2021, decided by the Hon'ble Delhi High Court on 31.05.2021, is misplaced for the following reasons:

- (i) The said case turned on a peculiar factual matrix wherein the CGRF itself had directed fresh inspection, meter reading, revision of the bill and adjustment of the security deposit — none of which had been complied with by the licensee. Consequently, the “amount assessed” was itself unascertained, and the very foundation of a percentage-based pre-deposit was absent.
- (ii) In stark contrast, in the present matter, the CGRF, DHBVN, Gurugram, vide its order dated 08.05.2026 has finally assessed the disputed amount at Rs. 59,46,664/-, based on the MT-1 Report dated 23.10.2025 and Memo No. 335 dated 28.04.2026. The assessed amount is thus definite, quantified and on record.
- (iii) Interestingly, the Delhi High Court noted that under the DERC Regulations, one-third of the disputed amount was ordinarily required to be deposited. In Haryana, Regulation 3.18(iii) prescribes 40%. The comparative regulatory scheme, thus, reinforces rather than dilutes the pre-deposit obligation.
- (iv) Rahul Nath did not lay down any general proposition of law that the Ombudsman is empowered to grant blanket exemption from the statutory pre-deposit; it turned on its own peculiar facts.

D. Grounds of Financial Hardship and Senior Citizen

13. The plea of financial hardship canvassed by the Appellant is rejected for the following independent and cumulative reasons:

- (a) The connection in question is a large-supply industrial connection used for commercial/industrial purposes. It does not implicate the right to life or the right to shelter, which alone might, in appropriate cases, weigh in equity.
- (b) The premises stand sold to a third party, as admitted by the Appellant's own counsel. The Appellant is, therefore, not deprived of any dwelling or means of livelihood by the demand.
- (c) The P&L statements for three years disclosing a cumulative profit of Rs. 18 lakh exclude non-cash charges such as depreciation — which are, in

substance, cash retentions available with the Appellant. In the absence of any bona fide accounting explanation, the pleaded hardship is not established.

- (d) The Appellant has failed to furnish any contingency/repayment plan despite the Respondent SDO having offered a facility of instalments. Reluctance to avail such a facility undermines the bona fides of the hardship plea.
- (e) The Appellant, being an industrial consumer represented by counsel, cannot in the same breath claim mandatory application of Regulation 3.18(iii) (in his written submission) and simultaneously seek exemption therefrom (in oral pleadings). Such inconsistent stands are impermissible under the doctrine of approbate and reprobate.

E. Grievance of Late Service of Reply

14. The grievance that the Respondents' reply was served only 20 minutes prior to the hearing has been substantially neutralised by this Forum's direction on 20.07.2026 permitting the Appellant to file his rejoinder/further submissions on the very same day. The Appellant, in fact, filed two separate representations on 21.07.2026 — an opportunity that has been fully and effectively availed of. No prejudice, therefore, subsists.

F. The Grievance Regarding Levy of Surcharge of Rs. 84,816/-

15. The Appellant has, by his Application dated 21.07.2026 (received via e-mail at 15:57 hours), alleged that Bill No. 383834651273 dated 18.07.2026 reflects a surcharge of Rs. 84,816/-, which is in violation of paragraph (i) of the operative portion of the interim order dated 22.06.2026.
16. It is imperative to recall that the freezing of the principal amount and the injunction against accrual of interest/surcharge/penalty granted vide paragraph (i) of the interim order dated 22.06.2026 was expressly made "subject to compliance with the deposit directions" in paragraph (ii) thereof. The two paragraphs operate conjointly and inseverably — the protective umbrella of paragraph (i) unfurls only upon compliance with the pre-deposit condition in paragraph (ii), which in turn mirrors the mandatory injunction contained in Regulation 3.18(iii). Since the Appellant has, admittedly, not yet complied with the 40% deposit condition, the protection under paragraph (i) has not fructified, and the levy of surcharge cannot, on that limited count alone, be characterised as violative of the interim order. The Appellant's grievance in the Application dated 21.07.2026 is accordingly premature; it shall stand automatically and effectively remedied upon compliance with the deposit direction reiterated hereinbelow, whereupon the Respondents shall be under a positive obligation to withdraw the surcharge component and re-issue a revised bill.

G. Compliance with the Directions of the Hon'ble High Court

17. This order is passed strictly in compliance with the mandamus issued by the Hon'ble High Court of Punjab & Haryana in CWP-21107-2026 dated 14.07.2026. The Appellant has been afforded a full and adequate opportunity of hearing on 20.07.2026 and has, in addition, been permitted to file two separate written representations dated 21.07.2026. The principles of natural justice have been scrupulously observed. The interim protection against coercive action, granted vide the order dated 22.06.2026 and continued by the Hon'ble High Court, shall stand extended in terms of paragraph 19 below.

VI. OPERATIVE DIRECTIONS

In view of the foregoing analysis, and with a view to balance the equities between the parties while giving effect to the mandatory command of Regulation 3.18(iii) of the HERC (Forum and Ombudsman) Regulations, 2020, this Forum passes the following directions:

18. The Appellant's prayer for exemption/relaxation from the mandatory 40% pre-deposit prescribed under Regulation 3.18(iii) of the HERC (Forum and Ombudsman) Regulations, 2020, is rejected for the reasons recorded hereinabove.
19. The Appellant is directed to deposit the balance 20% of the disputed amount of Rs. 59,46,664/- (i.e., after adjusting the 20% already deposited pursuant to the CGRF order dated 08.05.2026), aggregating to approximately Rs. 11,89,332/-, with the concerned Sub-Division of DHBVN, in cash or by demand draft, within fifteen (15) days from the date of this order, i.e., on or before 05.08.2026, and shall file documentary evidence of such deposit before this Forum in advance of the next date of hearing.
20. Upon the Appellant's due compliance with paragraph 19 above, the protection under paragraph (i) of the interim order dated 22.06.2026 shall stand fully activated, and the Respondents shall — within seven (7) days of receipt of proof of deposit — (a) withdraw the surcharge of Rs. 84,816/- reflected in Bill No. 383834651273 dated 18.07.2026, (b) issue a revised bill strictly giving effect to the freezing directive, and © ensure that no surcharge, interest, delayed payment charge or other penal levy is imposed upon the frozen principal disputed amount in any subsequent billing cycle during the pendency of this appeal.
21. Pending compliance with paragraph 19 above, and in continuation of the direction of the Hon'ble High Court of Punjab & Haryana dated 14.07.2026, the Respondents shall not initiate any coercive action, including disconnection of electricity supply, in respect of the frozen disputed principal amount. This protection shall continue to enure to the benefit of the Appellant till the next date of hearing, whereafter its continuance shall be contingent upon compliance with paragraph 19.
22. In the event the Appellant fails to deposit the balance 20% within the aforesaid period of 15 days, the appeal shall be liable to be dismissed as not maintainable under Regulation 3.18(iii), and the matter shall attain finality with corresponding

consequences. It is recorded that a period of approximately 30 days has already elapsed since the interim order dated 22.06.2026, and the Appellant has had every opportunity to comply.

23. The other directions contained in paragraphs (iii) to (vii) of the operative portion of the interim order dated 22.06.2026 — pertaining to (a) preparation of a detailed audited ledger by the Chief Auditor, DHBVN, Hisar; (b) identification of delinquent officials; (c) submission of the modality of recovery in cases of departmental lapse; and (d) supply of documents — shall stand reiterated and shall be complied with by the Respondents without further delay, in any case before the next date of hearing.
24. The Application dated 21.07.2026 concerning the surcharge of Rs. 84,816/- shall stand disposed of in terms of paragraph 20 above.
25. The matter shall next be listed for hearing on 06.08.2026, to be conducted virtually. Both parties are directed to remain in readiness with all requisite documents.
26. Nothing contained in this order shall be construed as an expression of opinion on the merits of the retrospective demand of Rs. 59,46,664/- arising out of the change of Multiplication Factor from MF-2 to MF-3, which shall be adjudicated in the final order after affording full opportunity of hearing to both parties.

L. On 04.08.2026, counsel of appellant has submitted as under:-

Please find attached herewith the proof of deposit evidencing compliance with paragraph 19 of the Interim Speaking Order dated 22.07.2026 passed in Appeal No. 19 of 2026, whereby the Appellant was directed to deposit the balance 20% of the mandatory pre-deposit on or before 05.08.2026.

The Appellant has deposited the requisite amount with DHBVN on 04.08.2026, and the receipt evidencing the said payment is enclosed for your kind perusal and record.

It is, therefore, respectfully requested that the enclosed proof of deposit may kindly be taken on record and the matter may proceed further in accordance with the directions contained in the aforesaid order.

M. The matter was listed for hearing on 06.08.2026 as scheduled. The hearing was attended by the learned counsel for the Appellant, the learned counsel for the Respondents, and the Respondent SDO, all through video conference.

At the outset, the learned counsel for the Appellant apprised the Ombudsman that the Appellant has deposited a sum of ₹12.50 lakh, representing 20% of the disputed amount, on 04.08.2026, in furtherance of the interim directions earlier issued.

The learned counsel for the Appellant thereafter drew attention to the deliberate and unexplained delay on the part of the Respondents in filing their reply before the Learned CGRF, as specifically recorded at page 4 of the impugned order of the CGRF. Reference was also made to the two judgments relied upon by the Learned

CGRF while passing the order under challenge. It was further submitted that had the Respondents exercised reasonable diligence in updating the Multiplication Factor in the billing software at the time of Extension of Load and during the subsequent periodic inspections and verifications conducted between 2022 and 2025, the present dispute could have been entirely averted.

Particular emphasis was placed on Memo No. 335 dated 28.04.2026 submitted by the Respondent SDO, which makes specific reference to the computerized certificate of the Current Transformers, the relevant challan, the M&P Checking Report, and the M&T Lab Report of the Current Transformers. The learned counsel for the Appellant contended that these foundational documents form an integral part of the record and have a direct bearing on the controversy.

The learned counsel for the Respondents submitted that they were under the impression that the hearing would primarily address compliance of the earlier interim directions and were accordingly not fully prepared to address the merits. A request was made that the documents specifically pointed out by the Appellant's counsel be formally shared.

In view of the above, the learned counsel for the Appellant sought a short adjournment to enable filing of a rejoinder, if any. The request was considered and allowed in the interest of justice and fair opportunity.

The Ombudsman thereafter specifically sought the stand of the Respondents on the issue of delinquency of the officers/officials whose lapses, if any, have led to the present controversy. It was also enquired as to why the detailed reply, duly signed by the Executive Engineer, Greater Faridabad Division, as categorically directed in the interim order dated 22/23.06.2026, has not been filed till date.

The response furnished by the Respondent SDO was found to be unsatisfactory and appeared to be an attempt to evade and withhold material facts. Taking a serious view of the continued non-compliance with the clear and specific directions contained in the earlier interim order, particularly those relating to:

- (i) preparation of a detailed ledger account and its audit by an Audit Party under the control of the Chief Auditor, DHBVN, Hisar;
- (ii) identification of delinquent officers/officials who failed to update the Multiplication Factor despite periodic inspections; and
- (iii) filing of a comprehensive reply incorporating the audit findings through the Executive Engineer concerned.

The following further directions are issued.

The Respondent XEN/OP, Greater Faridabad Division, DHBVN, Faridabad is directed to cause a thorough investigation and submit a clear Responsibility Sheet

identifying the delinquent officers/officials (including the concerned SDO and any other functionaries of the Operation, M&P, Audit or related wings) who failed to update the Multiplication Factor in the billing system post-EOL and during subsequent checks between 2022 and 2025. The said Responsibility Sheet shall be submitted within six days from the date of this order.

The Respondents shall forthwith supply to the Appellant (through counsel) complete copies of all documents referred to in Memo No. 335 dated 28.04.2026, including the computerized certificate of the Current Transformers, the Lab Challan, the M&P Checking Report, the M&T Lab Report of the CTs, calculation sheets, MT-1 reports, CMRI data, and any other relied-upon technical material.

The Appellant is granted liberty to file a rejoinder, if any, after receipt of the aforesaid documents. The rejoinder, if filed, shall be submitted positively by 17.08.2026 by 15:00 hours, with an advance copy to the Respondents.

All earlier interim directions issued vide order dated 22/23.06.2026, including freezing of the principal disputed amount as on 22.06.2026 (subject to deposit compliance), prohibition on coercive action including disconnection upon deposit of the balance portion of 40% of the disputed amount, and the requirement of continued payment of current electricity bills, shall continue to remain in force.

The parties are reminded of the mandatory requirements under the HERC Electricity Supply Code Regulations, 2014 (as amended) and the relevant provisions of the DHBVN Sales Manual/Sales Circulars concerning meter configuration, verification of Multiplication Factor at the time of load extension, and periodic checks by the M&P wing. Non-compliance with these statutory and regulatory obligations shall be viewed seriously.

The matter is adjourned for further hearing on 18.08.2026.

- N.** On 15.08.2026, respondent SDO has submitted certificate for release of connection.
- O.** On 17.08.2026, respondent SDO has submitted application for seeking extension of time for compliance with the interim order dated August 06, 2026 which is as under:-

It is respectfully submitted on behalf of the Respondents, i.e. XEN/OP Circle, Greater Faridabad Division, DHBVN, Faridabad and SDO/OP, Sub-Division, DHBVN, Badrola, Faridabad, that the present application is being preferred seeking a short extension of time for compliance of the directions contained in the Interim Order dated August 06, 2026, passed by this Hon'ble Ombudsman in Appeal No. 19 of 2026. The said order, inter alia, directed the Respondents to submit the Responsibility Sheet within six days and to furnish the requisite documents to the Appellant.

It is respectfully submitted that the Respondents have the utmost regard for the directions passed by this Hon'ble Ombudsman and are making all earnest efforts to comply with the same.

However, due to certain unforeseen and unavoidable family circumstances being faced by the concerned officer during the relevant period, the requisite exercise and compilation of the material could not be completed within the stipulated period. The aforesaid circumstances were beyond the control of the concerned officer and the delay in compliance is neither intentional nor deliberate.

In view of the aforesaid bona fide and unavoidable circumstances, it is most respectfully prayed that this Hon'ble Ombudsman may kindly be pleased to grant the Respondents a further period of ten days for completing the compliance of the Interim Order dated August 06, 2026.

The Respondents undertake to make all earnest efforts to complete the entire compliance within the aforesaid extended period and undertake that no further extension shall be sought. The present request is therefore being made as a last opportunity in the interest of justice.

It is, accordingly, most respectfully prayed that this Hon'ble Ombudsman may kindly consider the aforesaid circumstances and grant the Respondents 10 (ten) days' further time to comply with the directions contained in the Interim Order dated August 06, 2026.

P. On 17.08.2026, counsel of appellant has submitted as under:-

1. That the present Appeal has been preferred against the order dated 08.05.2026 passed by the Learned Corporate Forum for Redressal of Consumer Grievances, DHBVN, Gurugram in Complaint No. 4985/2025, whereby the retrospective demand of Rs. 59,46,664/- raised on account of the alleged revision of Multiplication Factor from MF-2 to MF-3 was sustained.
2. That the principal controversy in the present Appeal concerns the basis on which the Respondents seek to retrospectively apply MF-3 from the alleged date of Extension of Load, particularly when the Respondents themselves admit that the Multiplication Factor was not updated in the billing system and that the discrepancy was detected only subsequently.
3. That in order to ascertain the true factual and technical position, the Learned Ombudsman vide Interim Order dated 22.06.2026 issued specific directions requiring the Respondents to place the complete underlying record before this Learned Ombudsman. The Respondents were, inter alia, required to:

- a) prepare a detailed ledger of the Appellant's account based upon the Extension of Load records, Site Inspection Report, Service Job Order, M&P Checking Report, Lab Challan, CT/PT test reports, previous bills and audit remarks;
 - b) have the said ledger audited by an Audit Party under the control of the Chief Auditor, DHBVN, Hisar;
 - c) ensure that the audit report specifically identified the lapses, if any, on the part of the officers/officials responsible for failure to update the Multiplication Factor;
 - d) identify the delinquent officers/officials who failed to update the Multiplication Factor despite inspections and verifications conducted between 2022 and 2025;
 - e) place on record the approved modality for recovery in cases where the lapse was attributable to officers/officials of the Licensee;
 - f) supply Memo No. 335 dated 28.04.2026 together with the calculation sheets, MT-1 reports, CMRI data, CT/PT test reports and all other relied-upon documents; and
 - g) file a comprehensive reply through the Executive Engineer, Greater Faridabad Division, incorporating the audit findings.
4. That the aforesaid directions were expressly reiterated vide Interim Speaking Order dated 22.07.2026 and the Respondents were again directed to comply without further delay.
 5. That despite the aforesaid directions, the Respondents failed to furnish the complete technical and audit record. Consequently, during the hearing held on 06.08.2026, this Learned Ombudsman specifically questioned the Respondents regarding the continued non-compliance and the failure to file the comprehensive reply through the Executive Engineer incorporating the audit findings.
 6. That the Learned Ombudsman recorded that the response furnished by the Respondent SDO was unsatisfactory and appeared to be an attempt to evade and withhold material facts. In view thereof, still further and specific directions were issued vide order dated 06.08.2026.
 7. That the Respondent XEN/OP, Greater Faridabad Division was directed to conduct a thorough investigation and submit a clear Responsibility Sheet identifying the delinquent officers/officials, including the concerned SDO and functionaries of the Operation, M&P, Audit and related wings, who failed to update the Multiplication Factor post-EOL and during subsequent checks between 2022 and 2025. The said Responsibility Sheet was directed to be submitted within six days.
 8. That the Respondents were further directed to forthwith supply complete copies of the documents referred to in Memo No. 335 dated 28.04.2026, including the computerized certificate of the Current Transformers, Lab Challan, M&P Checking Report, M&T Lab Report of the CTs, calculation sheets, MT-1 reports, CMRI data and any other relied-upon technical material.

9. That the Appellant was granted liberty to file a rejoinder after receipt of the aforesaid documents, with the rejoinder being required to be filed by 17.08.2026 at 3:00 P.M. Thus, timely supply of the complete record by the Respondents was essential for the Appellant to meaningfully exercise the opportunity granted by this Learned Ombudsman.
10. That despite the clear and time-bound directions, the Respondents have still failed to supply the substantive material ordered by this Learned Ombudsman. No audited ledger, Audit Report under the Chief Auditor, Responsibility Sheet, approved recovery modality, Site Inspection Report, Service Job Order, complete CT/PT record, Lab Challan, M&T Lab Report, CMRI data or comprehensive reply incorporating audit findings through the Executive Engineer has been furnished to the Appellant.
11. That instead of complying with the aforesaid specific and time-bound directions, the Respondents forwarded to the Appellant on Sunday, 16.08.2026, merely a single-page document described as a "Certificate for Release of Connection", barely before the deadline fixed for filing of the Appellant's rejoinder and immediately preceding the next date of hearing. The belated production of this solitary document assumes particular significance when the Respondents had already been repeatedly directed to furnish the complete foundational technical record and the Responsibility Sheet within the time prescribed by this Learned Ombudsman.
12. That it is pertinent to note that Memo No. 335 dated 28.04.2026 had already been filed by the Respondents along with their Reply to the present Appeal as Annexure R-3. A perusal of Memo No. 335 itself shows that the Respondent SDO had forwarded certain additional documents to the Learned CGRF and specifically identified the same as: (i) Proforma of Release of Connection in the name of Sh. Gulshan Narang; (ii) details of CTs provided by the consumer; and (iii) challan for testing of CTs in the laboratory. Significantly, Memo No. 335 neither refers to nor identifies any document bearing the title "Certificate for Release of Connection" of the nature now forwarded to the Appellant on 16.08.2026.
13. That the aforesaid distinction is material. The record forming part of Annexure R-3 contains a "Proforma for Release of New Connection/Extension of Load/Reduction of Load", together with the documents forwarded under Memo No. 335. The said proforma is a contemporaneous departmental form containing various particulars concerning the connection and Extension of Load. The one-page "Certificate for Release of Connection" now supplied on 16.08.2026 is, however, an altogether separate computer-generated document and does not form part of the documents specifically enumerated in Memo No. 335 dated 28.04.2026.
14. That there is a further material inconsistency in the Respondents' own Reply. While referring to the alleged date of energisation, the Respondents have stated that the connection was working from 02.09.2022 as evident from a "system generated certificate of release of connection bearing Memo No. 335 dated 28.04.2026". However, the documents actually filed by the Respondents as Annexure R-3 to the said Reply do not contain the one-page computer-generated "Certificate for Release

of Connection” now supplied on 16.08.2026. What was placed on record under Memo No. 335 was the aforesaid proforma and the accompanying CT-related documents. The document now sought to be relied upon has therefore surfaced separately and belatedly during the pendency of the present Appeal.

15. That the aforesaid circumstance assumes still greater significance because Memo No. 335 dated 28.04.2026 was itself addressed to the Learned CGRF and purported to place the additional departmental record before the Learned CGRF. Had the presently produced computer-generated “Certificate for Release of Connection” been part of the record relied upon for establishing the date of EOL/energisation, there is no explanation as to why the same was neither specifically identified in Memo No. 335 nor furnished along with the documents forwarded thereunder. The Respondents are therefore required to explain when the said certificate was generated, from which system/database it was generated, on whose instructions it was generated, and how and at what stage it came to be relied upon for the first time in the present proceedings.
16. That the solitary certificate cannot, in any event, be treated as compliance with the orders passed by this Learned Ombudsman. The document merely states that the connection was allegedly energised on 02.09.2022 and does not disclose the Multiplication Factor, CT ratio, PT ratio, meter multiplier, meter reading at the time of EOL, commissioning particulars, M&P verification, laboratory testing or any other contemporaneous technical material demonstrating that MF-3 had actually become applicable or operational on the said date.
17. That the document also raises legitimate concerns regarding its authenticity, provenance and evidentiary reliability. It describes itself as a computer-generated certificate not requiring any signature, yet does not disclose the date on which it was generated, the identity of the officer who generated or extracted it, the underlying database or source record, any system-generated audit trail, or any means of independently ascertaining whether the entries reflected therein existed contemporaneously in September 2022 or were entered or generated subsequently. The document further contains an unexplained reference to the date 01.01.1900, making disclosure of its source data and generation history all the more necessary before it can be relied upon for fastening a retrospective liability of approximately Rs. 59.46 lakhs upon the Appellant. Moreover, if it is a computer-generated certificate, the question arises as to why it is not in electronic form but is, instead, clearly a scanned copy, as is evident from the document itself.
18. That it is further significant that the document now supplied is titled a “Certificate for Release of Connection”, whereas the order dated 06.08.2026 specifically directed the Respondents to furnish the computerized certificate of the Current Transformers, along with the Lab Challan, M&P Checking Report, M&T Lab Report of the CTs, calculation sheets, MT-1 reports, CMRI data and other relied-upon technical material. The document now furnished contains no particulars whatsoever regarding the Current Transformers and cannot either substitute the computerized certificate of the Current Transformers specifically ordered to be supplied or cure

the Respondents' continued failure to furnish the remaining foundational technical record.

19. That the order dated 06.08.2026 specifically records that in the event of continued non-compliance, the Learned Ombudsman reserves the right to proceed ex parte against the defaulting party or pass such other orders as may be deemed fit. The contingency contemplated by the said order has now clearly arisen.
20. That in these circumstances, no further indulgence ought to be granted to the Respondents. Permitting them to continue supplementing the record despite repeated defaults would defeat the timelines fixed by this Learned Ombudsman and enable the Respondents to fill the lacunae in their case at a belated stage.
21. That the present Application is therefore being filed bona fide and in the interest of justice.

PRAYER

In view of the facts and circumstances stated hereinabove, it is most respectfully prayed that this Learned Electricity Ombudsman may graciously be pleased to:

- a) Proceed ex parte against the Respondents on account of their repeated and continuing non-compliance with the orders dated 22.06.2026, 22.07.2026 and 06.08.2026;
- b) Close the further opportunity of the Respondents to supplement the record by subsequently producing documents which they were specifically directed to produce within the time granted;
- c) Pass such other or further order(s) as this Learned Ombudsman may deem fit and proper in the facts and circumstances of the present case and in the interest of justice.

- Q.** On 27.08.2026, respondent SDO has submitted compliance of interim order passed in the case of Sh. Gulshan Narang Vs DHBVN in lieu of Appeal No 19/2026

It is respectfully submitted that, in compliance with the directions contained in the interim order dated 06.08.2026 passed in the matter of Sh. Gulshan Narang Vs. DHBVN, bearing Appeal No. 19 of 2026, the point-wise reply/compliance is submitted as under:

1. Detailed Audited Report:

The detailed audited report prepared by the Audit Team is enclosed herewith for kind perusal and consideration.

2. Reply of XEN (OP), Division, Greater Faridabad:

The reply furnished by the XEN (OP), Division, Greater Faridabad, along with the name of the person held responsible, is enclosed herewith.

3. Relevant Documents and System-Generated Certificate:

All the relevant and connected documents pertaining to the matter, along with the system-generated certificate, are enclosed herewith for kind perusal and record.

In view of the above, the requisite information/documents in compliance with the directions contained in the aforesaid interim order are hereby submitted for your kind consideration and further necessary action, please.

- R.** On 27.08.2026, XEN (OP) Division, DHBVN Greater Faridabad has submitted details regarding non-updation of Multiplying Factor (MF) from MF-2 to MF-3 in respect of electricity connection of Sh. Gulshan Narang, Account No. 3838383000, Plot No. 204, Sector-68, IMT, Faridabad in lieu of Appeal No 19/2026.

It is respectfully submitted that SDO (OP), Badrola, DHBVN, vide his office Memo No. 2166 dated 14.08.2026, has reported that an electricity connection is existing in the name of Sh. Gulshan Narang, bearing Electricity Account No. 3838383000, at Plot No. 204, Sector-68, IMT, Faridabad.

1. The consumer had applied for enhancement of the sanctioned electricity load from 190 kVA to 230 kVA vide Application No. F35-422-244 dated 20.04.2022. After completion of the requisite formalities and procedural requirements, the enhanced load was released on 02.09.2022, as evidenced by the system-generated Certificate of Release of Connection.
2. Subsequently, the concerned office forwarded the case to the MNP Team for necessary action and verification vide office Memo No. 1996 dated 14.09.2022.
3. Consequent upon enhancement of the connected load from 190 kVA to 230 kVA, the applicable Multiplying Factor (MF) was required to be revised from MF-2 to MF-3 in accordance with the applicable technical parameters and the revised CT ratio. However, the requisite change in the Multiplying Factor was not carried out in the system at the relevant time, as the enhanced load was released through the DHBVN portal by concerned SDO office without obtaining the Mt-1 report from the MNP Team.
4. The aforesaid discrepancy was subsequently noticed by the MNP Team during its routine inspection/checking of the consumer's meter on 23.10.2025. During verification, it was observed that, despite enhancement of the load from 190 KVA to 230 kVA, the Multiplying Factor continued to remain recorded as MF-2, whereas it was required to be revised to MF-3 as per the applicable technical parameters.
5. It is further submitted that, at the time of release of the enhanced load, the necessary change in the Multiplying Factor was required to be initiated through the user ID of the concerned JE/In-charge in the RAPDRP system and was thereafter required to be verified/approved by the MNP Team. Thus, the prescribed process involved initiation of the requisite change by the concerned field official, followed by verification/approval by the competent authority/team.

6. In the instant case, the connection was released through the portal by the Consumer Clerk without obtaining the requisite Mt-1 report from the M&P Team. Further, the Extension of Load Advice was required to be forwarded to HATRON by the Consumer Assistant (CA) for necessary updation of the enhanced load in the billing system. Accordingly, both the Consumer Clerk and the Consumer Assistant (CA) are prima facie responsible for the non-updation of the required Multiplying Factor and consequential discrepancy in the system records.
7. The matter has, therefore, been examined with a view to fixing responsibility for the aforesaid lapse. Necessary action against the delinquent officials, in accordance with the applicable rules, regulations and instructions, shall be initiated within 07 days. The concerned officials shall also be advised to exercise due diligence while processing and releasing load enhancement cases in future, so as to ensure timely updation of the Multiplying Factor and other relevant system records in accordance with the sanctioned load and applicable technical parameters, and to prevent recurrence of such lapses.
8. In view of the facts and circumstances narrated above, the matter is submitted for kind consideration and further appropriate directions, please.

Submitted for kind perusal and further orders, please.

- S.** On 30.08.2026, counsel of respondent has submitted compliance to order dated 06.08.2026 which is as under:-
1. That, the present Reply is being filed by XEN/OP, Greater Faridabad Division, DHBVN, Faridabad (the "Respondents No. 1") and SDO, Op. Subdivision Badrola, Greater Faridabad (the "Respondent No. 2") having office at Badrola Sub-Division, Greater Faridabad, (collectively "the Respondents") in compliance with the interim directions issued by this Hon'ble Ombudsman in Appeal No. 19 of 2026, including the directions contained in the order dated August 6, 2026 requiring a comprehensive reply through the Executive Engineer/concerned XEN, incorporation of the audit findings, submission of a Responsibility Sheet and supply of the relevant technical and billing record. The material record is being placed on record along with the present reply. The copy of order dated August 6, 2026, is herewith annexed and marked as Annexure R-1.
 2. That the Respondents have caused the available record relating to the Extension of Load (EOL), meter/CT verification, billing history and subsequent checking to be examined. The relevant documents are annexed herewith and are relied upon for a complete and correct appreciation of the matter.

3. That the Appellant's connection was subjected to enhancement of sanctioned load from 190 kVA to 230 kVA pursuant to Enhancement of Load Application No. F35-422-244 dated April 20, 2022. Upon completion of the requisite formalities, the enhanced load was released on 02.09.2022, as reflected in the system-generated Certificate of Release of Connection bearing Memo No. 335 dated April 28, 2026. The copy of Memo No. 335 dated April 28, 2026 along with the system generated Certificated of Release, is herewith annexed and marked as **Annexure R-2**.
4. That, consequent upon enhancement of the connected load from 190 kVA to 230 kVA, the applicable Multiplication Factor was required to be revised from M.F. 2 to M.F. 3 in accordance with the applicable technical parameters and the revised CT ratio. However, the requisite change in the Multiplication Factor was not carried out in the billing system at the relevant time. The record examined by the XEN further discloses that the connection was released through the portal without obtaining the requisite M.T.-1 report from the M&P/MNP Team. A copy of relevant M.T.-1 reports are herewith annexed and marked as **Annexure R-3**.
5. That, the aforesaid discrepancy was subsequently noticed by the M&P/MNP Team during routine inspection/checking of the consumer's meter on October 23, 2025, when it was observed that, despite enhancement of the load from 190 kVA to 230 kVA, the Multiplication Factor continued to remain recorded as M.F. 2, whereas it was required to be revised to M.F. 3.
6. That, in compliance with the directions contained in the interim order dated June 22, 2026, the detailed Audit Report in respect of the Appellant's electricity connection, prepared on the basis of the relevant records and incorporating the audit findings, has been duly prepared. The detailed Ledger Account pertaining to the said electricity connection, reflecting the charging under MF-2, has also been prepared on the basis of the relevant billing records. Copies of the aforesaid Audit Report and Ledger Account are hereto annexed and marked as **Annexure R-4** and **Annexure R-5**, respectively.
7. That, in compliance with the further direction dated 06.08.2026 regarding identification of delinquent officials, the matter has been examined by the XEN/OP Division, Greater Faridabad. As recorded in the Responsibility Sheet/report, the non-updation of the requisite Multiplication Factor is attributable to the procedural lapse whereby the connection was released through the portal without

the requisite M.T.-1 report from the M&P/MNP Team and the consequential system updation was not carried out.

8. That, the Respondent XEN/OP, Greater Faridabad Division, DHBVN, Faridabad, has also examined the issue relating to non-updation of the Multiplication Factor in the billing system and has recorded his findings with regard to the responsibility for the said lapse. The said findings have been submitted by the Respondent XEN vide Memo No. CN-12/GC-239 dated August 27, 2026. A copy of the aforesaid letter bearing Memo No. CN-12/GC-239 dated August 27, 2026, containing the findings on the responsibility for the said lapse, is hereto annexed and marked as **Annexure R-6**.
9. That, the Respondent SDO/OP, Sub-Division, DHBVN, Badrola, Faridabad, has also recorded the submission of the requisite documents in compliance with the directions contained in the interim order dated August 06, 2026, vide Letter bearing Memo No. 2380 of 2026 dated August 27, 2026. A copy of the said Letter is hereto annexed and marked as **Annexure R-7**.
10. That, in view of the documents submitted hereinabove, the Respondents respectfully submit that the Audit Report, Ledger Account, Responsibility Sheet and the other documents forming part of the departmental record may kindly be perused and taken into consideration by this Hon'ble Ombudsman for proper appreciation of the facts and circumstances involved in the present Appeal.
11. That, the Respondents respectfully submit that the aforesaid material may kindly be considered in its entirety while examining the issue involved in the present Appeal, particularly the manner in which the Multiplication Factor was recorded and subsequently detected, the audit findings arising therefrom and the responsibility identified in respect thereof. The Respondents accordingly pray that the present reply and the documents annexed herewith may kindly be taken on record and considered for the just and proper adjudication of the present matter.

PRAYER

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

- a) take the present reply and the documents annexed herewith on record as compliance with the interim directions issued in the present Appeal.

b) pass such other or further order(s) as this Hon'ble Ombudsman may deem fit and proper in the facts and circumstances of the case.

- T.** The matter was listed for hearing on 31.08.2026 as scheduled. The learned counsel for the Appellant(s), the XEN (Operation) and SDO (Operation) of the Respondent Licensee, and the counsel for the Respondent (appearing through video conference) were present and heard.

At the outset, the Electricity Ombudsman enquired whether the reply filed by the XEN (Operation) concerned had been received. The learned counsel for the Appellant confirmed receipt of the same.

Submissions on behalf of the Appellant

The learned counsel for the Appellant submitted that the Respondents have themselves admitted that a mistake occurred in the matter, which stands as an admitted fact on record. It was further contended that the connection in question was released by the Respondents without obtaining the requisite inspection report from the Metering & Protection (M&P) Wing of DHBVN. Reference was also made to alleged lapses on the part of certain officials/officers of the Respondent Licensee.

In support of the above, the learned counsel placed reliance on the judgment of the Hon'ble Supreme Court in *The Madhya Pradesh Madhya Kshetra Vidyut Vitran Company Limited & Ors. v. Bapuna Alcobrew Private Limited & Anr.*, Civil Appeal No. 1095 of 2013 (decided on 04.11.2024). It was argued that the dispute has arisen on account of the failure of the officials and officers of the Respondent Licensee, working in hierarchical order, to exercise due diligence.

The learned counsel further submitted that the cause of action, as explained in the judgment of the Hon'ble Supreme Court in *Prem Cottex v. Uttar Haryana Bijli Vitran Nigam Ltd.* (and the related principles laid down in *Assistant Engineer (D1), Ajmer Vidyut Vitran Nigam Limited v. Rahamatullah Khan alias Rahamjulla*), cannot be linked merely to the date of Enhancement of Load (EOL). It was contended that the Respondent officials/officers failed to exercise the necessary prudence and care required under the applicable regulations and circulars governing release of connections and metering.

The counsel also drew attention to the bills annexed with the record, which indicate that billing continued to be generated by the Respondent on the original load. Objection was raised to the document described by the Respondent as a "computer-generated certificate of release of connection", pointing out that the format itself contains a date of several years earlier, casting doubt on its authenticity and contemporaneous generation. It was further submitted that the Respondents appear to have prepared a typed certificate which is now being projected as the certificate of release of connection.

Submissions on behalf of the Respondent

The SDO (Operation) intervening in the matter stated that the appearance of a years-earlier date in the format is on account of an in-built system function.

Upon this, the Electricity Ombudsman observed that once such an anomaly has come to notice, it is the duty of the concerned officers to ensure necessary correction in the system/records, and enquired as to who would be responsible for getting the same rectified.

The learned counsel for the Respondent sought adjournment to enable submission of a comprehensive reply. The learned counsel for the Appellant also sought time to file written submissions/details.

Directions

After hearing both sides and considering the submissions made, the Electricity Ombudsman is of the view that certain documents and clarifications are necessary for a just and proper adjudication of the issues involved, particularly with reference to the provisions of the Haryana Electricity Regulatory Commission (Electricity Supply Code) Regulations, the applicable Sales Circulars of DHBVN regarding the role of the M&P Wing in inspection, sealing and release of CT-operated connections, and the principles governing due diligence and limitation in cases of alleged billing mistakes.

Accordingly, the next date of hearing is fixed as **18.09.2026 at 11:00 A.M.** for final arguments. The hearing shall be conducted through Video Conferencing.

In the meantime, the XEN (Operation) concerned is directed to submit the following documents/details to the Electricity Ombudsman, with advance copy to the Appellant, **at least three days prior to the next date of hearing:**

1. Certified copy of the Service Job Order (SJO) vide which the Current Transformers (CTs) were replaced, along with the meter readings recorded before and after replacement of the CTs for the purpose of effecting Enhancement of Load (EOL).
2. Certified copies and complete details of each and every M&P inspection report carried out in respect of the consumer's premises from August 2022 up to 25.10.2025 (the date on which the wrong Multiplying Factor was declared).
3. Complete details of the structure/composition of the M&P Wing team that undertakes checking of load/metering equipment at the consumer's premises on each visit, including designation of officers/officials and their respective roles.
4. With regard to the repeated complaint of surcharge being levied on the pending amount: since the Appellant has already deposited 20% of the disputed amount, the XEN (Operation) shall ensure that further necessary action is taken strictly

in accordance with the directions already conveyed by this Forum, and no coercive recovery or surcharge inconsistent with such directions is imposed pending final decision.

Further Directions to the Parties

All parties are directed to exchange their respective replies, written submissions and relevant documents with each other **at least three days before the next date of hearing**. The parties shall attend the hearing on 18.09.2026 fully prepared to advance final arguments.

The Respondent Licensee is reminded of its obligation under the Supply Code and the relevant Sales Circulars to ensure that connections involving CT metering are released only after due inspection and sealing by the M&P Wing, and that any systemic anomalies in documentation are promptly rectified.

This interim order is passed without prejudice to the rights and contentions of either party on merits, which shall be considered at the stage of final hearing.

- U.** On 16.09.2026, counsel of appellant has submitted written arguments which is as under:-
1. The present Appeal assails the Final Order dated 08.05.2026 passed by the Ld. Corporate Forum for Redressal of Consumer Grievances, DHBVN, Gurugram in Complaint No. 4985/2025, whereby the Ld. CGRF upheld the retrospective demand of ₹59,46,664/- raised against the Appellant on account of an alleged non-revision of the Multiplication Factor ("MF") from MF-2 to MF-3 following Enhancement of Load ("EOL").
 2. At the outset, it is respectfully submitted that the present Appeal now falls to be considered on a materially enlarged record. During the proceedings before this Ld. Ombudsman, the Respondents have filed a comprehensive reply through the XEN, produced the M&P inspection reports, Audit Report, Ledger Account and Responsibility Report, and have themselves admitted the departmental lapse which gave rise to the controversy. The subsequent material fundamentally undermines the premise upon which the Ld. CGRF proceeded.
 3. The short question is therefore no longer merely whether MF-3 ought technically to have been applied. The real questions now arising are: when was the alleged discrepancy reasonably capable of being discovered; who was responsible for its non-detection; whether the Respondents can rely upon a mistake caused and repeatedly overlooked by their own officers to retrospectively burden the consumer; and whether a demand never reflected as recoverable arrears in any bill between 2022 and 2025 can be enforced contrary to Section 56(2) of the Electricity Act, 2003.

I. THE VERY FOUNDATION OF THE IMPUGNED CGRF ORDER HAS BEEN DISPLACED BY THE RESPONDENTS' OWN SUBSEQUENT ADMISSIONS:

4. The Respondents' (SDO & XEN/OP) comprehensive reply before this Ld. Ombudsman contains an unequivocal admission as to the source of the alleged discrepancy. In paragraph 4 thereof, the XEN states:

"However, the requisite change in the Multiplication Factor was not carried out in the billing system at the relevant time. The record examined by the XEN further discloses that the connection was released through the portal without obtaining the requisite M.T.-1 report from the M&P/MNP Team."

The Respondents thereafter go further. Paragraph 7 of their reply expressly records that:

"the non-updation of the requisite Multiplication Factor is attributable to the procedural lapse whereby the connection was released through the portal without the requisite M.T.-1 report from the M&P/MNP Team and the consequential system updation was not carried out."

Thus, the cause of the alleged short billing is no longer a matter of inference. It is admitted by the Executive Engineer himself that:

- i. the MF was required to be changed by the Department;
 - ii. the change was not carried out in the Department's billing system;
 - iii. the connection was released through the portal without obtaining the requisite M&P report; and
 - iv. consequential system updation was not undertaken.
5. The Responsibility Report annexed as Annexure R-6 makes the admission still more explicit. The XEN records that the connection was released through the portal without obtaining the requisite MT-1 report from the M&P Team and that the EOL advice was required to be forwarded by the Consumer Assistant and/or concerned Consumer Clerk for necessary system updation. The XEN thereafter records that responsibility is required to be fixed upon the delinquent officials.
6. This aspect assumes critical importance because the Ld. CGRF upheld the demand substantially on the premise that a supplementary demand arising out of a subsequently noticed error was permissible in law. However, the evidence now brought on record by the Respondents themselves demonstrates that this was not an isolated, latent or undiscoverable mistake. It was an admitted procedural and systemic failure within the Department.

7. Indeed, the Ld. Ombudsman has already taken cognizance of precisely this issue. Vide order dated 06.08.2026, the response furnished by the SDO was found to be “unsatisfactory” and appearing to be an attempt “to evade and withhold material facts”, whereafter the XEN was directed to prepare a Responsibility Sheet identifying the delinquent officers/officials, including those from the Operation, M&P, Audit and related wings who failed to update the MF post-EOL and during subsequent checks between 2022 and 2025. Therefore, the issue before this Ld. Ombudsman is not whether an innocent billing error occurred which remained unknowable until 2025. The Respondents’ own case is that their officers failed to perform functions which they were required to perform at the time of EOL and thereafter.

II. THE M&P RECORDS NOW PRODUCED BY THE RESPONDENTS DEMONSTRATE THAT THE ALLEGED ERROR WAS REPEATEDLY CAPABLE OF DISCOVERY BETWEEN 2022 AND 2024:

8. The importance of the M&P record lies not merely in demonstrating a departmental lapse at the point of EOL. It establishes repeated opportunities thereafter when the alleged discrepancy was capable of being detected by the Department’s specialised technical wing.
9. The Respondents themselves, while forwarding the M&P record to this Ld. Ombudsman on 15.09.2026, state that “periodical checking and verification of the consumer’s metering installation was carried out by the M&P Team from time to time” and that during these inspections “the accuracy of the meter was also checked by passing current through the meter.”
10. The M&P documents assume great significance because the very purpose of those inspections was to verify the meter, CT/PT installation, MF, load particulars and billing parameters. The alleged discrepancy was therefore not hidden from the Department in some inaccessible or latent form. On the contrary, during the relevant period:
- 10.1. the M&P Wing physically visited the premises;
 - 10.2. meter particulars were noted;
 - 10.3. CT ratios were recorded;
 - 10.4. MF particulars were recorded;
 - 10.5. meter accuracy was checked;
 - 10.6. the billing position was verified; and
 - 10.7. the reports did not flag any continuing MF discrepancy until 2025.
11. Most importantly, the contemporaneous reports contain remarks recording, in substance, that the accuracy of the meter was found within permissible limits and

that the MF was verified in the bill and found in order. The significance of this cannot be overstated. The Department is not merely guilty of failing to look. Its specialised technical wing looked, checked and recorded the position as being in order.

12. The Respondents' present attempt is therefore internally contradictory. They now contend that MF-3 ought to have been applicable from September 2022, while their own technical inspection machinery repeatedly treated the metering/billing arrangement as proper during the intervening period.
13. The newly produced record thus materially strengthens the Appellant's case and weakens the reasoning of the Ld. CGRF. What was earlier pleaded as a failure of reasonable diligence now stands demonstrated through the Respondents' own documents.

III. THE LD. CGRF MISAPPLIED RAHAMATULLAH KHAN BY TREATING EVERY SUBSEQUENTLY DISCOVERED BILLING ERROR AS A VALID BASIS FOR RETROSPECTIVE RECOVERY:

14. The reasoning of the Ld. CGRF is apparent from the operative portion of the impugned order. The CGRF relied upon Assistant Engineer (D1), Ajmer Vidyut Vitran Nigam Ltd. v. Rahamatullah Khan and proceeded on the proposition that Section 56(2) does not prevent a licensee from raising a supplementary demand after expiry of two years where an earlier billing error is subsequently noticed. On that basis, the CGRF concluded that the supplementary demand was rightly raised.
15. The error lies not in referring to Rahamatullah Khan, but in treating the proposition laid down therein as absolute. Rahamatullah Khan concerned the legal consequences of a supplementary demand and the distinction between the creation/quantification of a liability and the restriction placed upon disconnection under Section 56(2). It does not lay down that every departmental mistake, however negligent and however long capable of earlier detection, automatically permits retrospective recovery from the consumer.
16. That distinction has subsequently been expressly addressed by the Hon'ble Supreme Court in M.P. Madhya Kshetra Vidyut Vitran Co. Ltd. v. Bapuna Alcobrew Pvt. Ltd. Significantly, Bapuna Alcobrew itself considered and explained the principle in Rahamatullah Khan.

IV. BAPUNA ALCOBREW EXPRESSLY EXPLAINS THE LIMIT OF RAHAMATULLAH KHAN: "MISTAKE" CANNOT BE USED AS A SHIELD FOR NEGLIGENCE

17. In M.P. Madhya Kshetra Vidyut Vitran Co. Ltd. v. Bapuna Alcobrew Pvt. Ltd., Civil Appeal No. 1095 of 2013, the Hon'ble Supreme Court expressly referred to

Rahamatullah Khan while considering when the benefit of subsequent discovery of a mistake could be claimed. The Hon'ble Supreme Court first recognised the Rahamatullah Khan situation:

“There could be situations like the one in Rahamatullah Khan (supra) where the licensee might have committed a mistake. In such a case, the period of limitation would begin only from the point of discovery of the mistake and not earlier...”

However, the Hon'ble Supreme Court immediately qualified that principle and held:

“However, if a suitor alleges to have discovered a mistake later but it is proved on evidence being led that exercise of reasonable diligence could have resulted in the mistake being discovered on an earlier date, limitation would begin to count from that earlier date...”

The Apex Court then stated in categorical terms:

“Mistake is, thus, not a circumstance which can be used as a shield to save negligence in all cases. Absence of due diligence or lack of bona fides would not clothe a suitor to take undue advantage...”

This is precisely the qualification which the impugned CGRF order fails to apply.

18. Applying Bapuna Alcobrew (Supra) to the present case, the answer is evident. The alleged MF discrepancy could have been discovered: when the EOL was effected; when the CTs were changed; when the EOL advice was required to be sent for system updation; when the M&P Wing inspected the connection; during subsequent periodic M&P checks; during meter accuracy testing; during verification of MF against the bill; and during routine billing/audit.
19. The Respondents' own M&P records now establish that many of these very exercises actually took place. Therefore, there is no factual foundation for contending that the mistake became reasonably discoverable only in October 2025. Bapuna Alcobrew therefore directly answers the reliance placed by the Ld. CGRF on Rahamatullah Khan. The “discovery of mistake” principle protects a genuine later discovery; it does not reward prolonged departmental negligence where reasonable diligence would have exposed the alleged error years earlier.

V. THE RECENT JUDGMENT IN DAKSHINANCHAL VIDYUT VITRAN NIGAM LTD. v. VIDUT LOKPAL AGAIN CONSIDERS RAHAMATULLAH KHAN AND FURTHER UNDERMINES THE CGRF'S REASONING:

20. The position now stands further fortified by the subsequent judgment of the Hon'ble Supreme Court dated 10.09.2026 in Dakshinanchal Vidyut Vitran Nigam Ltd. v. Vidut Lokpal, Uttar Pradesh & Ors., Civil Appeal No. 5099 of 2013, 2026 INSC 985. This judgment is of particular importance because, once again, the Hon'ble Supreme Court was examining an old supplementary electricity demand and expressly considered Rahamatullah Khan while deciding the effect of Section 56(2). The factual reasoning approved by the Hon'ble Supreme Court is instructive. The Court noticed that regular monthly bills had been issued during the relevant period but the disputed additional component had not been billed. The Apex Court recorded:

"The word 'due' must be read as referring to a specific point in time, not as something uncertain."

The Apex Court further noted:

"no material or pleading shows that the sum has been continuously treated as recoverable as arrears..."

Thereafter, while expressly reproducing Rahamatullah Khan, the Hon'ble Supreme Court reiterated:

"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."
and:

"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."

21. The Hon'ble Supreme Court also reproduced paragraph 8 of Rahamatullah Khan, which clarifies that Section 56(2) does not, in every situation, prevent the raising of a supplementary demand after two years, but restricts disconnection once the statutory conditions are attracted. Importantly, after considering the said principle, the Hon'ble Supreme Court nevertheless concluded in the facts before it:

"The above view disentitles the Appellant from raising the demand under Section 56(2) of the Act, 2003."

22. The importance of this judgment to the present Appeal is therefore two-fold: First, it demonstrates that Rahamatullah Khan is not authority for the proposition

that every supplementary demand, irrespective of the age of the claim and the billing history, must necessarily be upheld.

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Second, it confirms the statutory significance of whether the alleged amount had been continuously reflected as recoverable arrears in the intervening bills. The CGRF therefore erred in treating Rahamatullah Khan virtually as the end of the enquiry. Both Bapuna Alcobrew and now Dakshinanchal Vidyut Vitran Nigam Ltd. have themselves considered Rahamatullah Khan and demonstrate why the facts surrounding reasonable diligence, first due, continuous reflection as arrears, and departmental responsibility remain critical.

VI. SECTION 56(2) SQUARELY ARISES IN THE PRESENT CASE BECAUSE THE ALLEGED DIFFERENTIAL AMOUNT WAS NEVER SHOWN AS RECOVERABLE ARREARS IN ANY BILL BETWEEN 2022 AND 2025:

23. Section 56(2) assumes particular significance on the peculiar facts of the present case. The Respondents seek to reconstruct an alleged differential liability beginning from September 2022. However, throughout the intervening period:

- i. regular monthly bills were issued by DHBVN;
- ii. those bills were paid by the Appellant;
- iii. MF-2 continued to be reflected/applied by DHBVN itself;
- iv. the alleged short-billed differential amount was not shown as recoverable arrears;
- v. the alleged EOL position itself was not properly reflected in the regular billing record; and
- vi. no outstanding liability on account of alleged MF discrepancy was continuously carried forward.

This is not a case where an already raised liability remained unpaid and was continuously reflected as arrears. The alleged liability itself was absent from the bills.

The significance is heightened by the fact that the bills were not merely mechanically generated in a vacuum. During the same period, the M&P Wing was periodically inspecting the metering arrangement and recording that the relevant parameters were in order. The demand of ₹59,46,664/- surfaced only in December 2025, when it was inserted under the head “Sundry Charges”. The Respondents thus seek to retrospectively convert what their own bills treated as fully paid accounts into a massive outstanding liability several years later.

24. This Ld. Ombudsman has already recognised the relevance of Section 56(2). In the interim order dated 22.06.2026, while directing DHBVN to disclose its approved modality of recovery in cases of departmental lapse, this Ld. Ombudsman

specifically directed that the issue be considered keeping in view “limitation under Section 56(2) of the Electricity Act, 2003”. Again, in the order dated 31.08.2026, this Ld. Ombudsman expressly recorded that proper adjudication required examination of the “principles governing due diligence and limitation in cases of alleged billing mistakes.” Thus, limitation is not an extraneous plea introduced by the Appellant. It arises directly out of the billing record, the Respondents’ own admitted lapse and the issues already identified by this Ld. Ombudsman.

VII. THE RESPONDENTS’ OWN CASE REGARDING EOL AND THE BILLING RECORD IS INTERNALLY INCONSISTENT:

25. The Respondents now claim that the enhanced load was released on 02.09.2022 and that MF-3 became applicable thereafter. Their present reliance is principally upon a system-generated Certificate of Release of Connection. However, the billing record for the subsequent period continued to proceed on MF-2. More importantly, the bills did not consistently reflect the very enhanced-load position now relied upon by the Respondents as the foundation of the retrospective demand.
26. This inconsistency is legally material. If, according to DHBVN: EOL was effective from September 2022; the CT ratio changed; MF necessarily became 3; and all of these events were matters within its own technical and billing systems, then it becomes inexplicable how its billing software, M&P inspections, meter verification exercises and subsequent bills all continued without detecting the alleged discrepancy. The consumer cannot be expected to discover a discrepancy which the Respondent’s own specialised technical officers repeatedly failed to identify, particularly where the consumer simply paid each bill raised upon him.

VIII. THE OCTOBER 2025 M&P REPORT CANNOT BY ITSELF VALIDATE A RETROSPECTIVE DEMAND FROM SEPTEMBER 2022:

27. The Respondents rely upon the inspection in October 2025 to contend that MF-2 was then found to have been applied instead of MF-3. Even assuming the correctness of that technical observation as on the date of inspection, it does not answer the central legal questions. A finding in October 2025 that MF-3 ought then to be applicable does not, by itself, establish:
 - 27.1. that MF-3 was legally and factually applicable from the exact date asserted by DHBVN;
 - 27.2. the precise contemporaneous meter reading at the point from which retrospective billing is sought;
 - 27.3. why the specialised M&P Wing did not discover the discrepancy during its earlier inspections;
 - 27.4. why the MF was previously verified and treated as in order;
 - 27.5. why no differential amount appeared in any intervening bill; or

27.6. how the amount of ₹59,46,664/- has been established as a legally recoverable figure.

In other words, discovery in 2025 cannot retrospectively cure the failure of proof and diligence between 2022 and 2025.

IX. THE MATERIAL NOW PRODUCED BY DHBVN DIRECTLY CONTRADICTS THE PREMISE ON WHICH THE CGRF DISMISSED THE COMPLAINT:

28. The Ld. CGRF ultimately observed that the consumer had admittedly applied for EOL from 190 KVA to 230 KVA, that MF was not updated from 2 to 3, and that the Respondent was therefore entitled to recover the escaped demand. The CGRF thereafter relied upon Rahamatullah Khan to reject the Appellant's challenge. What was not properly appreciated by the CGRF—and what the subsequent appellate record now conclusively demonstrates—is that the non-updation was itself attributable to departmental failures at multiple levels.
29. The Respondents themselves now admit the procedural lapse. The XEN has fixed responsibility upon departmental officials. The M&P reports demonstrate repeated inspections. This Ld. Ombudsman has found it necessary to demand a Responsibility Sheet and has expressly raised the issues of due diligence and limitation. Therefore, the impugned order cannot be sustained merely by repeating that EOL occurred and MF-3 ought technically to have been entered. That is only the beginning of the enquiry, not its conclusion.
30. The legal question is whether the consequences of a mistake which the Department itself caused, repeatedly failed to detect despite technical inspections, and never reflected in the consumer's bills for years, can now be shifted wholesale to the Appellant. In light of Bapuna Alcobrew and the subsequent decision in Dakshinanchal Vidyut Vitran Nigam Ltd., the answer must be tested on the touchstone of reasonable diligence and Section 56(2), something which the Ld. CGRF failed to undertake.

X. THE SUBSEQUENT CONDUCT OF THE RESPONDENTS FURTHER DEMONSTRATES THE CONTINUING NATURE OF THE DEPARTMENTAL LAPSES:

31. The conduct of the Respondents during the present Appeal is also relevant insofar as it demonstrates that the present dispute is not the result of any conduct attributable to the Appellant, but of continuing failures in the Respondents' internal systems.
32. Despite the detailed order dated 22.06.2026 directing audit, preparation of ledger, identification of delinquent officials and supply of foundational material, complete compliance was not forthcoming, compelling this Ld. Ombudsman to pass further directions on 06.08.2026. The response of the SDO was expressly found unsatisfactory and appearing to evade and withhold material facts.

33. Even thereafter, surcharge continued to be levied upon the disputed amount, requiring this Ld. Ombudsman vide order dated 31.08.2026 to direct that no coercive recovery or surcharge inconsistent with the earlier directions be imposed pending final decision.
34. These subsequent events are relevant not as independent grounds for setting aside the demand, but as corroborative of the Appellant's central submission: the dispute has arisen from repeated failures in departmental implementation and control, and the consumer ought not to suffer retrospective penal consequences thereof.

PRAYER

In view of the facts, documents and law set out hereinabove, it is most respectfully prayed that this Ld. Electricity Ombudsman may be pleased to allow the present Appeal and set aside the Final Order dated 08.05.2026 passed by the Ld. Corporate Forum for Redressal of Consumer Grievances, DHBVN, Gurugram in Complaint No. 4985/2025 and consequently, set aside the retrospective demand of ₹59,46,664/- raised against the Appellant on account of the alleged MF discrepancy and refund the amount deposited as pre-deposit to the Appellant.

- V.** On 15.09.2026 XEN/OP has submitted detail regarding non-updation of Multiplying Factor (MF) from MF-2 to MF-3 in respect of electricity connection of Sh. Gulshan Narang, Account No. 3838383000, Plot No. 204, Sector-68, IMT, Faridabad in lieu of Appeal No 19/2026 which is as under:-

Ref: Please refer SDO (OP) S/Divn. DHBVN Badrola office Memo No. 2540 dated 15.09.2026.

It is respectfully submitted that as per the Interim order received from Hon'ble HERC Ombudsman on the subject cited case on dt 01.09.2026, following point wise reply and further documents are attached herewith:-

1. The MT-1 reports at the time of release of connection vide MT1 no 97/1421 on dated 11.10.2022 has been attached herewith as Annexure – I.
2. The periodical checking reports through various MT-1 are attached herewith as Annexure – II during the period 08/2022 to 10/2025.
3. Thereafter, periodical checking and verification of the consumer's metering installation was carried out by the M&P Team from time to time. During such inspections, the accuracy of the meter was also checked by passing current through the meter. The officer/official present during checking provide their signatures on the corresponding report along with their designation on the checking reports already attached.
4. Further, it is submitted that no coercive action regarding recovery of defaulting disputed amount has been taken against the consumer.

Submitted for kind perusal and further orders, please

W. On 17.09.2026, counsel of respondent has submitted reply in compliance with the order dated August 31, 2026 which is as under:-

1. That the present Reply is being filed on behalf of the XEN/OP, Greater Faridabad Division, DHBVN, Faridabad and the SDO/OP, Sub-Division Badrola, Greater Faridabad (hereinafter collectively referred to as the “Respondents”), in response to Appeal No. 19 of 2026 preferred by the Appellant against the order dated May 08, 2026, passed by the learned Consumer Grievance Redressal Forum (herein referred to as the “**CGRF**”), Dakshin Haryana Bijli Vitran Nigam (herein referred to as the “**DHBVN**”), Gurugram in Complaint No. 4985/2025.
2. That, the present Reply is being submitted pursuant to the directions issued by this Hon’ble Court *vide* Order dated August 31, 2026. The Reply and Written Submissions previously filed by the Respondents are also relied upon and may be read as part of the present Reply. The present Reply is intended to place the relevant facts, documents and circumstances of the matter before this Hon’ble Court. The contents of the Appeal, including the averments, allegations, submissions and grounds raised therein, are denied to the extent they are not specifically admitted herein. Any averment which has not been specifically dealt with shall not be construed as an admission on the part of the Respondents.
3. That the present Appeal is misconceived, devoid of merit and liable to be dismissed. The learned CGRF, after considering the material placed before it, including the Respondents’ replies, the technical records and the system-generated certificate relating to release of the enhanced load, rightly concluded that the enhancement of load stood established, that the applicable Multiplying Factor (herein referred to as the “**MF**”) was MF-3, and that the escaped amount was recoverable.

PRELIMINARY OBJECTION

THE PETITIONERS CANNOT AVOID LIABILITY FOR ACTUAL CONSUMPTION ON THE BASIS OF A BILLING DISCREPANCY

4. That, the Petitioners have sought to dispute their liability towards the disputed amount on the ground that the same has arisen on account of an alleged error at the Departmental level and, therefore, no liability can be imposed upon them for the said amount. The said contention is misconceived and cannot absolve the Petitioners from their liability towards the charges payable for the electricity actually consumed by them. Furthermore, the Petitioners have admittedly availed and utilised the electricity supply and have consequently derived the benefit of such consumption. Therefore, the mere fact that the disputed amount was not reflected in the earlier bills cannot extinguish their liability to pay the legitimate charges corresponding to the actual consumption. The Petitioners cannot retain the benefit of the electricity consumed while disputing the corresponding charges solely on the ground that the same were subsequently detected and raised by the Department.

The liability is towards the electricity actually consumed and not merely towards the amount reflected in the earlier bills.

5. That, it is a settled position of law laid down by Hon'ble Punjab and Haryana High Court in *Punjab State Power Corporation Ltd. v. Vinay Gupta and Another*, CWP No. 13285 of 2016, decided on April 02, 2024, that a consumer cannot avoid payment of legitimate electricity charges merely because the correct charges were not reflected in the earlier bills. The Hon'ble Court has held that once the consumer has actually consumed the electricity and derived the benefit thereof, the liability to pay the legitimate charges for such consumption cannot be disputed merely on account of an error in the billing process. The relevant portion of the above-mentioned judgment is reproduced hereinbelow:

"It is further evident that the meter in question had been duly sent to the ME Lab for testing and that there was no defect found in the meter and the error was detected only in raising a wrong bill by not applying the correct multiplying factor. Hence, once the correctness of the meters and the CTs/PTs is not in dispute, and the only issue pertains to a mistake at the stage of raising the bills on account of non-application of correct multiplying factor, the consumers would not be justified in claiming that an indefatigable right has accrued in its favour and that he is no more liable to pay the charges for actual consumption of electricity. Once the benefit of energy consumption has already been derived, the consumer, as per law, cannot refuse to pay the legitimate dues for the use of such energy. A mere administrative/supervisory lapse on the part of the employee(s) of the Distribution Licensee in not reporting any error the CTs/PTs and/or in applying incorrect multiplying factor, would not give rise to a presumption that the bills has been rightly raised and that there is no other dues."

A copy of afore-mentioned Judgement dated April 02, 2024 in CWP-13285-2016 is annexed hereto and marked as **Annexure R-1**.

BRIEF FACTS

6. That the Appellant is an industrial consumer having Electricity Account No. 3838383000 in respect of Plot No. 204, Sector-68, IMT, Faridabad, Haryana. The Appellant applied for enhancement of the sanctioned electricity load from 190 KVA to 230 KVA *vide* Application No. F35-422-244 dated April 20, 2022. Upon completion of the requisite formalities and procedural requirements, the enhanced load was released on September 02, 2022. The system-generated Certificate of Release of Connection records the release of the enhanced connection and the same was also updated on the consumer portal under the new connection details. A copy of Enhancement Application bearing no. No. F35-422-244 and System generated Certificate are annexed herewith and marked as **Annexure R-1** and **Annexure R-2**, respectively.
7. That, prior to the release of the enhanced load, the CTs provided by the consumer were tested in the DHBVN's Laboratory on September 01, 2022. The relevant CT test challan forms part of the documentary record relied upon by the Respondents. Thereafter the concerned office forwarded the case to the M&P Team for necessary verification and further action *vide* Memo No. 1996 dated September 14, 2022. The said departmental communication forms an important link in the chain of records

concerning the enhancement of load and metering installation. A Copy of Memo No. 1996 dated September 14, 2022 is annexed herewith and marked as **Annexure R-3**.

8. That following the release of the enhanced load, the M&P Team conducted the requisite verification and MT-1 No. 97/1421 dated October 11, 2022, was prepared in relation to the enhancement. It is pertinent to mention that the MT-1 specifically records that the CTs had been changed and that the CT ratio was recorded as $(15/3) = 2$ instead of 3, apparently due to human error. However, as per the ratio mentioned on the CTs, it is evident that CTs having a ratio of 3 were installed instead of CTs having a ratio of 2. The incorrect recording of the ratio in the MT-1 was a clerical/human error and is material to understanding why the corresponding MF was not updated in the billing system at the relevant time. Consequently, upon the enhancement of sanctioned/connected load from 190 KVA to 230 KVA and the applicable CT ratio, the Multiplying Factor was required to be revised from MF-2 to MF-3. However, because of the aforesaid error in recording the CT ratio and the failure to cross-verify the same at the relevant stage, the necessary revision of the MF was inadvertently not carried out in the billing system.
9. That the consumer's metering installation was thereafter subjected to periodical checking and verification by the M&P Team from time to time. During such inspections, the accuracy of the meter was also checked by passing current through the meter. The discrepancy was eventually detected by the M&P Team during routine inspection/checking conducted on October 23, 2025. The MT-1 report bearing No. 82/1783 dated October 23, 2025, records the detection of the discrepancy, namely that despite the enhancement of load from 190 KVA to 230 KVA, the MF continued to remain recorded as MF-2 in the system whereas the applicable MF was MF-3. In compliance with the *vide* Order dated August 31, 2026, passed by this Hon'ble Court in the present Appeal, the Respondent is placing on record the MT-1 Reports pertaining to the period from 2022 to 2026, forming part of the departmental record and relating to the checking and inspection of the metering installation. The said MT-1 Reports were forwarded by the Respondent Department *vide* Memo No. 1209 of 2026. A Copy of all the MT-1 Reports attached with Memo No. 1209 of 2026 are annexed herewith and marked as Annexure R-4. A Copy of all the MT-1 Reports attached with Memo No. 1209 of 2026 are annexed herewith and marked as **Annexure R-4**.
10. That, upon detection of the discrepancy, corrective action was initiated. The XEN/M&P, DHBVN issued communication *vide* Memo No. 1553 dated November 11, 2025, regarding overhauling of the account in accordance with the actual applicable MF. The account was accordingly examined and overhauled on the basis of the applicable technical parameters. A copy of the communication *vide* Memo No. 1553 dated November 11, 2025, is hereto annexed and marked as **Annexure R-5**.
11. That, pursuant to the said overhauling, an amount of Rs. 59,46,664/- (Rupees Fifty-Nine Lakhs Forty-Six Thousand Six Hundred Sixty-Four only) was charged to the consumer's account, representing the difference between the amount billed by

- applying MF-2 and the amount chargeable by applying MF-3 for the relevant period. It is further submitted that 40% of the disputed amount, as directed by the learned CGRF *vide* Order dated May 08, 2026, has been duly deposited by the Appellant.
12. That, the Appellant was thereafter informed of the discrepancy, and the resultant demand *vide* Notice Memo No. 7108 dated December 02, 2025. A copy of the said notice is annexed herewith and marked as **Annexure R-6**.
13. That, the Appellant challenged the said demand before the learned CGRF. In the proceedings before the learned CGRF, the Respondents placed on record their response *vide* Memo No. 499 dated February 16, 2026, explaining the enhancement of load from 190 KVA to 230 KVA and the non-updation of MF from 2 to 3. A copy of the said Memo No. 499 is annexed herewith and marked as **Annexure R-7**.
14. That, the Respondents also placed on record Memo No. 335 dated April 28, 2026, recording that the enhanced connection was energised on September 02, 2022. A copy of the said Memo No. 335 is annexed herewith and marked as **Annexure R-8**.
15. That, after considering the material placed on record and hearing the parties, the learned CGRF passed Order dated May 08, 2026, in Complaint No. 4985/2025. The learned CGRF found that the enhancement of load was established, MF-3 was applicable and the escaped demand raised after correction of the MF was recoverable. The complaint was accordingly dismissed. That the present Appeal has been filed by the Appellant against the aforesaid Order. The challenge is mainly based upon the fact that MF-2 continued to be applied in the billing system and upon the delay in detection of the discrepancy. The said contention does not extinguish the amount actually chargeable for the electricity consumed by the Appellant.
16. That the Respondents candidly state that the non-updation of MF was an administrative lapse. The departmental record identifies the reason for the lapse as the incorrect recording of the CT ratio in MT-1 No. 97/1421 dated October 11, 2022 (Annexure R-4), and the failure to cross-verify the same. The matter has been examined for fixing responsibility of the concerned officials and necessary action is proposed in accordance with the applicable rules and instructions of the Nigam.
17. That the aforesaid departmental lapse, however, is separate from the liability of the Appellant for the amount actually chargeable. The demand of Rs. 59,46,664/- is not based upon any assumed or unrecorded consumption. It is the differential amount between the amount already billed under MF-2 and the amount chargeable under MF-3 for the relevant recorded consumption.
18. That the Appellant had been receiving regular electricity bills and the consumption recorded by the meter was reflected in such bills. The subsequent overhauling was undertaken only to apply the correct Multiplying Factor to the consumption already recorded. The Appellant cannot claim that an inadvertent error in the billing parameter permanently extinguishes the amount otherwise chargeable under the applicable technical parameters.
19. That the reliance placed by the Appellant upon Section 56(2) of the Electricity Act, 2003, as an absolute bar to the present demand is misconceived. The expression

“first due” has been considered by the Hon’ble Supreme Court in *Ajmer Vidyut Vitran Nigam Ltd. and Another v. Rahamatulla Khan alias Rahamajulla*, (2020) 4 SCC 650. The said judgment has also been considered in *M/s Prem Cottex v. Uttar Haryana Bijli Vitran Nigam Ltd. & Ors.*, Civil Appeal No. 7235 of 2009, decided on October 05, 2021. The issue of a supplementary demand has to be considered with reference to when the amount became due and was quantified by the licensee. The Relevant extract of the judgement hereinafter reproduced below:

“

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

6. The next issue is as to whether the period of limitation of two years provided by Section 56(2) of the Act, would be applicable to an additional or supplementary demand.

xxx

xxx

xxx

6.3 Sub-section (1) of Section 56 confers a statutory right to the licensee company to disconnect the supply of electricity, if the consumer neglects to pay the electricity dues. This statutory right is subject to the period of limitation of two years provided by sub-section (2) of Section 56 of the Act.”

20. The Hon'ble Court further held that the limitation prescribed under Section 56(2) would commence only after discovery of the mistake and issuance of the supplementary demand and not from the date when electricity was consumed.

21. That reliance is also placed upon *Punjab State Power Corporation Limited v. Vinay Gupta and Another*, CWP No. 13285 of 2016, decided by the Hon’ble Punjab and Haryana High Court on April 02, 2024, and *Sunil Kumar Punia v. UHBVN*, Appeal No. 17 of 2023, decided on May 19, 2023, as already relied upon in the earlier Reply and Written Submissions. The said decisions support the Respondents’ submission that an administrative lapse in applying the correct multiplying factor does not, by itself, extinguish legitimate dues arising from the actual consumption and applicable billing parameters. The relevant extract of the judgement in *Sunil Kumar Punia v. UHBVN*, Appeal No. 17 of 2023 is reproduced hereinbelow:

“After examining the reply of the Respondent SDO and Xen. Received through S.E. (OP) Circle, UHBVN, Jhajjar the record available on the file and hearing both the parties, the Forum has observed that consumer meter was packed by LL-1 No. 0814625 on dated 05.03.2022 and sent to M&T Lab, Rohtak for retrieval of data. As per M&P Report, 34854 KWH reading was visible but past data could not be recovered. The same was sent to AVON Meter Pvt. Ltd. Derabassi Firm for data retrieval but the data could not be retrieved. As per SDO’s reply meter was of three phase and was replaced with a single phase meter on 25.03.2022. The bill code was changed from Defective to O.K. in the month of 12/2019. After punching the reading i.e. 8135 and after that bills were made on a minimum basis for months together indicating that the reading has not been taken by the Meter Reading Agency. The average consumption of consumer from 12/2019 to 02/2022 is (34854-18130)/14= 1175 units and average consumption from 12/2017 to 10/2019 is (18130-7710)/12 = 867 units which is greater than 800 units and no slab benefit becomes payable to the consumer. From all the above, it shows that reading has not been taken correctly by the Meter Reader due to which the bills have not been issued correctly as per reading of the meter. The Forum feels that this is a case of accumulation of reading and directs SDO/Respondent to recover the amount from the consumer in installments as per Clause 6.10.4 and 6.10.5 of Sales Circular No. 02/2020 on consumer's request without surcharge.

22. That the Order dated May 08, 2026, passed by the learned CGRF is based upon the material placed before it. The learned CGRF considered the objection regarding the date of enhancement, the departmental response *vide* Memo No. 499 dated February 16, 2026 and the system-generated Certificate placed on record. The finding of the learned CGRF that the escaped demand was rightly raised is therefore based upon the record and does not call for interference.
23. That the documents referred to above, when read in their chronological order, establish the enhancement of load, testing and verification of the CTs, recording of the CT ratio, applicability of MF-3, continuation of MF-2 in the billing system due to an inadvertent error, detection of the discrepancy on October 23, 2025, subsequent overhauling of the account and raising of the differential demand.
24. That, the Respondents have placed the complete factual position before this Hon'ble Authority and have also disclosed the departmental lapse which resulted in the delayed updation of the Multiplying Factor. The said lapse has been examined at the departmental level, and the findings regarding the responsibility for the said lapse have been submitted by the Respondent XEN *vide* Memo No. CN-12/GC-239 dated August 27, 2026. The said departmental lapse, however, cannot be construed as a waiver of the legitimate charges otherwise payable on the recorded consumption. Memo No. CN-12/GC-239 dated August 27, 2026, is annexed herewith and marked as **Annexure R-9**.
25. It is further submitted that the amount subsequently charged to the consumer's account pertains to the actual consumption recorded during the relevant period, which was required to be accounted for by applying the applicable Multiplying Factor. The consumer had been receiving regular electricity bills reflecting the consumption recorded by the meter. Further, as evident from the consumer ledger, after the billing month of September 2026, the meter consumption, without application of the Multiplying Factor, decreased, which indicates that the CTs had subsequently been changed. The consumption recorded by the meter is also reflected in the electricity bills regularly served upon the consumer. A copy of detailed ledger account is annexed herewith and marked as **Annexure R-10**.
26. That, in compliance with the directions contained in the interim order dated June 22, 2026, the detailed Audit Report in respect of the Appellant's electricity connection, prepared on the basis of the relevant records and incorporating the audit findings, has been duly prepared. A copy of detailed Audit Report is annexed herewith and marked as **Annexure R-11**.
27. That, in compliance with the Order dated August 31, 2026, the Respondent Department was also directed to ensure that no coercive action is taken against the Appellant towards recovery of the disputed amount. In compliance thereof, the XEN (Operation) has submitted a letter bearing Memo No. 109, recording that no coercive action for recovery of the disputed/defaulting amount has been taken against the Appellant. A copy of the said letter is annexed herewith and marked as **Annexure R-12**.

28. That in view of the facts and circumstances stated hereinabove, the present Appeal is devoid of merit and is liable to be dismissed. The Order dated May 08, 2026, passed by the learned CGRF deserves to be upheld.

REPLY TO PRAYER

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

- a) Dismiss the present Appeal/Representation (Appeal No. 19 of 2026) filed by the Appellant, being devoid of merit and unsustainable on facts and in law;
- b) Confirm and uphold the order dated May 08, 2026 passed by the Corporate Forum for Redressal of Consumer Grievances (CGRF), DHBVN, Gurugram in Case No. 4985/2025;
- c) Hold and declare that the demand of Rs. 59,46,664/- raised by DHBVN on account of discrepancy in Multiplication Factor consequent upon Extension of Load is legal, valid, and recoverable in law;
- d) Pass such other or further order(s) as this Hon'ble Ombudsman may deem fit and proper in the facts and circumstances of the case, in the interest of justice

X. The matter was taken up for hearing as scheduled on 18.09.2026. The hearing was attended by the learned counsel for the appellant and the learned counsel for the respondents. The respondent XEN and the respondent SDO also joined the proceedings through video conferencing.

At the outset, it was confirmed that the reply filed by the respondents had been duly received by the learned counsel for the appellant.

The learned counsel for the appellant thereafter advanced submissions with particular reference to paragraph 8.1 of the judgment of the Hon'ble Supreme Court in *Dakshinanchal Vidyut Vitran Nigam Ltd. v. Vidut Lokpal, Uttar Pradesh & Ors.* (Civil Appeal No. 5099 of 2013, 2026 INSC 985). It was contended that, in the facts of the present case, a clear lapse on the part of the respondents stood established. Consequently, according to the appellant, the amount first became due with effect from 16.02.2023 — the date on which the M&P Wing itself recorded the accuracy of the meter to be within permissible limits (a fact also admitted by the respondents in their reply at page 43 of the annexure).

In response, the learned counsel for the respondents submitted that the judgment relied upon by the appellant primarily concerned a demand arising from events prior to the enactment of the Electricity Act, 2003. Attention was drawn to paragraph 10 of the same judgment, wherein the Hon'ble Supreme Court, while dealing with Section 56(2) of the Act, has held as under:

“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.”

On this basis, it was urged that the licensee is not barred from raising an additional or supplementary demand for energy actually consumed.

During the course of the hearing, the Electricity Ombudsman enquired of the appellant’s counsel as to the reason for the reluctance to deposit the amount corresponding to the bona fide consumption of electricity. The learned counsel for the appellant submitted that the appellant had approached the respondents, but no specific quantified negotiable figure had been furnished by them (owing to lapses on the part of respondents). It was further contended that, having regard to the alleged lapses on the part of the respondents, the present appeal had been preferred. The learned counsel for the respondents, on the other hand, submitted that the electricity in question had been consumed for commercial activity in the course of running a business and that the claim raised by the respondents is solely towards such actual consumption.

The learned counsel for the appellant further placed reliance on the decision of the Hon’ble Supreme Court in *M.P. Madhya Kshetra Vidyut Vitran Co. Ltd. v. Bapuna Alcobrew Pvt. Ltd.* (Civil Appeal No. 1095 of 2013), particularly the observations clarifying the limited scope of the principle laid down in *Rahamatullah Khan*. The relevant extracts are as under:

“There could be situations like the one in *Rahamatullah Khan* (supra) where the licensee might have committed a mistake. In such a case, the period of limitation would begin only from the point of discovery of the mistake and not earlier...”

However, if a suitor alleges to have discovered a mistake later but it is proved on evidence being led that exercise of reasonable diligence could have resulted in the mistake being discovered on an earlier date, limitation would begin to count from that earlier date...

Mistake is, thus, not a circumstance which can be used as a shield to save negligence in all cases. Absence of due diligence or lack of bona fides would not clothe a suitor to take undue advantage...”

It was contended that the impugned order of the CGRF has failed to apply this qualification.

Per contra, the learned counsel for the respondents relied upon the judgment of the Hon’ble Punjab and Haryana High Court in *Punjab State Power Corporation Ltd. v. Vinay Gupta and Another* (CWP No. 13285 of 2016, decided on 02.04.2024). The relevant portion of the said judgment reads as under:

“It is further evident that the meter in question had been duly sent to the ME Lab for testing and that there was no defect found in the meter and the error was detected only in raising a wrong bill by not applying the correct multiplying factor. Hence, once the correctness of the meters and the CTs/PTs is not in dispute, and the only issue pertains to a mistake at the stage of raising the bills on account of non-application of correct multiplying factor, the consumers would not be justified in claiming that an indefeasible right has accrued in its favour and that he is no more liable to pay the charges for actual consumption of electricity. Once the benefit of energy consumption has already been derived, the consumer, as per law, cannot refuse to pay the legitimate dues for the use of such energy. A mere administrative/supervisory lapse on the part of the employee(s) of the Distribution Licensee in not reporting any error in the CTs/PTs and/or in applying incorrect multiplying factor, would not give rise to a presumption that the bills have been rightly raised and that there are no other dues.”

The parties were heard at length. The record, including the additional material placed during the hearing, has been carefully considered.

Decision

I. BRIEF BACKGROUND

1. The present appeal has been preferred under the HERC (Forum and Ombudsman) Regulations, 2020 against the Final Order dated 08.05.2026 passed by the Corporate Forum for Redressal of Consumer Grievances (CGRF), DHBVN, Gurugram in Complaint No. 4985/2025, whereby the CGRF upheld a retrospective demand of **₹59,46,664/-** raised by the respondents against the appellant on account of non-revision of the Multiplication Factor (“MF”) of the metering equipment from MF-2 to MF-3 consequent upon Enhancement of Load (“EOL”) of the appellant’s connection (Account No. 3838383000, Sub-Division Badraula, Ballabgarh).
2. The factual matrix, as emerging from the pleadings and the record, is as under:
 - (a) The appellant applied for enhancement of sanctioned load from 190 KVA to 230 KVA vide Application No. F35-422-244 dated 20.04.2022. The enhanced connection was released/energised on 02.09.2022.
 - (b) Consequent upon the EOL, the applicable MF stood revised from MF-2 to MF-3. However, the requisite change was never carried out in the billing software of the respondent Licensee, and bills continued to be generated on MF-2 — a fact which stands **unequivocally admitted** by the respondents in para 4 of their reply.

- (c) It is further on record that the connection was released **without obtaining the requisite M.T.-1 report**, and that despite periodical inspections by the M&P Wing between 2022 and 2025 — including the checking dated 11.10.2022, 16.02.2023, 14.08.2023 & 25.10.2024 on which the M&P Wing itself recorded the meter accuracy to be within permissible limits (as admitted in the respondents' reply, Annexure at page 43) — the wrong MF was neither detected nor declared by any wing of the Licensee until October 2025.
- (d) The discrepancy was ultimately detected by the M&P team vide MT-1 Report No. 82/1783 dated 23.10.2025, whereafter the account was overhauled retrospectively (communication vide Memo No. 1553 dated 11.11.2025) and the demand of ₹59,46,664/- was raised vide Memo No. 7108 dated 02.12.2025, covering the entire period since the EOL in one go, along with levy of surcharge.
- (e) Aggrieved, the appellant approached the CGRF, which upheld the demand vide order dated 08.05.2026. The appellant deposited 20% of the assessed amount pursuant thereto, and thereafter preferred the present appeal, registered on 27.05.2026.

II. PROCEEDINGS BEFORE THIS FORUM

3. Vide detailed interim order dated **22.06.2026**, this Forum, *inter alia*, directed that
- (i) the principal disputed amount shall stand frozen as on 22.06.2026 and no interest, surcharge or penalty shall accrue thereon during pendency of the appeal;
 - (ii) the appellant shall deposit 40% of the disputed amount (after adjusting the 20% already deposited);
 - (iii) the respondents shall prepare a detailed audited ledger;
 - (iv) the XEN/OP shall identify the delinquent officers/officials responsible for non-updation of the MF between 2022 and 2025;
 - (v) the respondents shall submit the approved modality for recovery in cases of departmental lapse, keeping in view Section 56(2) of the Electricity Act, 2003; and
 - (vi) all relevant documents shall be supplied to the appellant.
4. Vide order dated **22.07.2026**, passed in compliance with the mandamus issued by the Hon'ble High Court of Punjab & Haryana in CWP-21107-2026 dated 14.07.2026, the appellant's prayer for exemption from the mandatory 40% pre-deposit under Regulation 3.18(iii) was rejected, and the balance 20% (₹11,89,332/- approx.) was directed to be deposited by 05.08.2026, with consequential protection

against surcharge and coercive recovery. It is a matter of record that a surcharge of ₹84,816/- had nonetheless been levied upon the frozen principal in Bill No. 383834651273 dated 18.07.2026, contrary to the freezing directive.

5. The appellant deposited ₹12,50,000/- on 04.08.2026 (Receipt Reference No. 144573024), thereby completing the 40% pre-deposit. On **06.08.2026**, this Forum recorded the continued non-compliance by the respondents, found the response of the respondent SDO to be unsatisfactory and evasive, and directed the XEN/OP to submit a clear Responsibility Sheet within six days and to forthwith supply all technical documents to the appellant. The respondents sought extension of time vide Memo No. 9995, and the appellant moved an application dated 17.08.2026 seeking ex parte proceedings on account of continued non-compliance.
6. Vide order dated **31.08.2026**, this Forum took the respondents' reply on record and directed the XEN (Operation) to furnish, with advance copy to the appellant: (i) certified copy of the Service Job Order (SJO) for replacement of CTs with meter readings before and after replacement; (ii) certified copies of each M&P inspection report from August 2022 up to 25.10.2025; and (iii) the complete structure and composition of the M&P Wing teams along with the roles of the officers/officials. The respondents were further directed to ensure that no coercive recovery or surcharge inconsistent with the freezing directions is imposed pending final decision.
7. The matter was finally heard on **18.09.2026**, when the counsel for the appellant, the counsel for the respondents, the respondent XEN (Operation) and the respondent SDO (Operation) were present and heard at length. Receipt of the respondents' replies by the appellant's counsel was confirmed on record.

III. SUBMISSIONS OF THE APPELLANT

8. The learned counsel for the appellant submitted that:
 - (a) The entire controversy is the product of gross and admitted negligence of the respondents — release of the connection without the M.T.-1 report, failure to update the MF in the billing system for over three years, and repeated failure of the M&P Wing to detect the wrong MF despite periodical inspections, including the inspection dated 16.02.2023 on which accuracy within permissible limits was recorded. The demand, if at all, first became due on 16.02.2023.
 - (b) Reliance was placed upon **Dakshinanchal Vidyut Vitran Nigam Ltd. v. Vidut Lokpal, U.P., Civil Appeal No. 5099 of 2013 (2026 INSC 985)**, particularly para 8.1, to contend that where the lapse is of the Licensee, the consumer cannot be fastened with the consequences thereof.
 - (c) Reliance was placed upon **M.P. Madhya Kshetra Vidyut Vitran Co. Ltd. v. Bapuna Alcobrew Pvt. Ltd., Civil Appeal No. 1095 of 2013**, to submit that while the Hon'ble Supreme Court recognised the *Rahamatullah Khan* principle (limitation commencing from discovery of a genuine mistake), it

expressly qualified that where reasonable diligence could have led to discovery on an earlier date, limitation runs from that earlier date, and that “mistake is not a circumstance which can be used as a shield to save negligence in all cases.” The CGRF wholly failed to apply this qualification.

- (d) The differential amount was never shown as recoverable arrears in any bill between 2022 and 2025, and the demand is therefore hit by Section 56(2) of the Electricity Act, 2003. The appellant, a senior citizen with limited income, cannot be burdened with a one-go liability of nearly ₹60 lakh arising purely out of departmental lapse, and the levy of surcharge during pendency of the appeal was illegal.

IV. SUBMISSIONS OF THE RESPONDENTS

9. The learned counsel for the respondents submitted that:

- (a) Section 56(2) of the Electricity Act, 2003 does not preclude the Licensee from raising a supplementary demand after the expiry of two years; it only restricts the right of disconnection for non-payment after the limitation period, and does not restrict other modes of recovery — placing reliance upon para 10 (point 8) of the judgment in *Dakshinanchal Vidyut Vitran Nigam Ltd.* (supra), which is reproduced as under:

“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.”

- (b) Reliance was placed upon **Punjab State Power Corporation Ltd. v. Vinay Gupta, CWP No. 13285 of 2016 (decided on 02.04.2024)**, wherein the Hon’ble Punjab & Haryana High Court held that where the meter and CTs/PTs are not in dispute and the only error is at the billing stage on account of non-application of the correct multiplying factor, the consumer cannot claim that an indefeasible right has accrued in his favour; once the benefit of energy consumption has been derived, legitimate dues for actual consumption remain payable, and a mere administrative/supervisory lapse does not give rise to a presumption that the bills were rightly raised.
- (c) The electricity in question was admittedly consumed for commercial activity in running the appellant’s business, and the demand merely represents the legitimate price of energy actually consumed.

V. ANALYSIS AND FINDINGS

10. I have carefully considered the submissions of both sides and perused the entire record, including the CGRF order, the M&P checking reports, the MT-1 report, the ledger account, the replies and written submissions of the parties, and the judgments relied upon. The following issues arise for determination:

- (i) Whether there has been deficiency in service on the part of the respondent Licensee?
- (ii) Whether the retrospective demand of ₹59,46,664/- is recoverable in law notwithstanding such deficiency?
- (iii) Whether the CGRF exercised due diligence while passing the impugned order?
- (iv) What equitable relief, if any, the appellant is entitled to, and what consequential directions are warranted against the delinquent officers/officials?

Issue (i): Deficiency in service

11. On a careful examination of the record, including the checking reports placed on file, this Forum has no hesitation in recording that there are **clear-cut deficiencies in the service rendered by the respondent Licensee**. The connection was released without the requisite M.T.-1 report on 02.09.2022; the correct MF was never updated in the billing records for a period exceeding three years despite the EOL having been effected by the department itself; and the M&P Wing, which conducted periodical inspections during 2022–2025 and itself recorded the meter accuracy to be within permissible limits as early as 16.02.2023, failed on each occasion to detect or declare the incorrect MF — until the MT-1 inspection dated 23.10.2025. The wrong MF was, in fact, ultimately detected by the M&P Wing itself, which only establishes that the error was discoverable with ordinary diligence throughout. These are not stray or venial omissions; they are systemic and repeated shortcomings in the quality of service, attributable to officers and officials of the Licensee across wings — be it the Operation Sub-Division or the checking teams of the M&P Wing.

Issue (ii): Recoverability of the demand

12. The central question is whether the lapses of the officers/officials of the Licensee extinguish the Licensee's right to recover the escaped energy charges for electricity actually consumed by the appellant in his commercial activity. On this question, the legal position is well settled. The Hon'ble Supreme Court in *Dakshinanchal Vidyut Vitran Nigam Ltd.* (supra) has held in categorical terms that Section 56(2) bars only the **mode** of recovery through disconnection after two years; it neither extinguishes the liability nor bars a supplementary demand or other modes of recovery. The Hon'ble Punjab & Haryana High Court in *PSPCL v. Vinay Gupta*

(supra) has held, in a factually analogous case of wrong application of the multiplying factor, that a consumer who has derived the benefit of energy consumption cannot refuse to pay legitimate dues on account of an administrative lapse of the Licensee. At the same time, the dictum in *Bapuna Alcobrew* (supra) — that mistake cannot be used as a shield for negligence — cuts both ways: while the Licensee cannot hide behind its own “mistake” to justify unlimited retrospective recovery, the consumer likewise cannot convert the Licensee’s negligence into a windfall of free electricity actually consumed.

13. The learned counsel for the appellant has invoked every available contention — the appellant’s age as a senior citizen, his limited income as reflected in the P&L statement (in which, it may be noted, the non-cash item of depreciation finds no mention, though it equally enures to the benefit of the owner), and, above all, the judgments of the Hon’ble Supreme Court, principally **Dakshinanchal Vidyut Vitran Nigam Ltd. v. Vidut Lokpal, U.P., Civil Appeal No. 5099 of 2013 (2026 INSC 985)**. The said authority has been read and applied with the care it deserves. What the Hon’ble Supreme Court has actually held is this: the period of limitation of two years under Section 56(2) commences from the date the electricity charges became “first due”; the provision **restricts the right of the licensee to disconnect the supply** for non-payment of dues unless the sum has been shown continuously to be recoverable as arrears of electricity supplied in the bills; and allowing disconnection after the expiry of two years would defeat the object of Section 56(2). Crucially, however, the Hon’ble Court has in the same breath held — and this is the part of the ratio that answers the appellant’s contention — that:

“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.”

The distinction is thus one between the **right to recover** and the **mode of recovery**. Section 56(2) bars the coercive mode of disconnection after the limitation period; it does not write off the underlying liability, nor does it prohibit a supplementary demand or recovery through other lawful modes. Applying that ratio to the facts at hand: the impugned amount of ₹59,46,664/- represents the differential between the energy charges actually billed at MF-2 and the charges leviable at MF-3 for energy **actually consumed** by the appellant at his commercial premises. This differential was never a component of any periodic bill; it has been raised, correctly in law, as a **supplementary demand by way of sundry charges** upon detection of the escaped assessment. The raising of such a supplementary demand is precisely what the Hon’ble Supreme Court has held to be permissible and outside the bar of Section 56(2). The bar of Section 56(2) would have been attracted only if the respondents had sought to enforce the time-barred dues through disconnection of supply —

which, in the facts of the present case and in view of the interim protection extended by this Forum, is not the situation at hand. The contention of the learned counsel for the appellant, founded on Civil Appeal No. 5099 of 2013, therefore **does not hold good** and is repelled. The reliance on *Rahamatullah Khan* is equally of no avail to the appellant, for that authority too proceeds on the same dichotomy between the accrual of liability upon consumption and the bar qua disconnection.

14. Balancing these principles, this Forum is of the considered opinion that although there have been serious lapses on the part of the respondents — both in the declaration/updating of the correct MF and in the checking by the M&P Wing finding its origin in MT-1 No.87/1421 dated 11.10.2022 (for regularisation of EOL) wherein the CT ratio has been mentioned as 15/5 but still having MF as R*2 and same is neither signed by the SDO and Consumer — the energy charges for electricity actually utilised by the appellant for commercial activity are liable to be recovered from him. The various contentions raised by the appellant — senior citizenship, limited income as per the P&L statement (in which, it may be noted, the non-cash item of depreciation, which also enures to the owner, is not reflected), and the judgments cited — do not, in law, extinguish the substantive liability for energy consumed. The demand of ₹59,46,664/- is accordingly upheld in principle; however, its **manner of recovery** must be modulated in equity, as set out hereinafter.

Issue (iii): Failure of due diligence by the CGRF

14. Although the impugned order of the Corporate CGRF records the arguments and pleadings in considerable detail, it is conspicuously silent on the admitted lapses of the respondents. This Forum records its displeasure at this omission. The CGRF is enjoined to exercise due diligence and to examine the conduct of *both* sides while pronouncing its decision; that diligence is found absent in the instant matter.

Issue (iv): Equitable relief and accountability

15. In the instant case, a liability spanning a long period has been crystallised and charged from the consumer in one go, and surcharge was levied even during the pendency of the appeal in the teeth of the freezing directions of this Forum. In the interest of justice, the recovery of the balance 60% of the assessed amount requires to be structured, and the surcharge levied inconsistent with the interim directions requires to be withdrawn.
16. Further, the premises in question stands sold by the appellant to a third party. Since the liability in respect of electricity dues is fastened to the defaulting premises, the interest of the said third party must also be safeguarded by an appropriate undertaking.
17. Most significantly, the Responsibility Sheet submitted by the respondent XEN (Operation), Greater Faridabad — pursuant to the specific directions of this Forum dated 06.08.2026 — has been examined, and it is regretted to record that the same has been submitted **without any application of mind and without going into the**

details of the matter. The report is evasive, attempts to mislead this Forum, and seeks to shield the responsible officers by making the Commercial Assistant (CA) and Computer Clerk (CC) the scapegoats. Such an approach, from an officer of the rank of Executive Engineer, who was duty-bound to fix responsibility with reference to the assigned duties of each wing and section, cannot be countenanced. The competent authority of DHBVN (Managing Director / Chief Engineer-Admin) is accordingly directed to initiate disciplinary action against **all** the officers and officials of the respondent establishment whose lapses occasioned the present controversy — be it the Operation Sub-Division (SDO/OP, JE, CA, CC) or the checking team(s) of the M&P Wing (SDO/M&P and his team) — for their failure to exercise due diligence in the timely declaration and updation of the correct MF despite repeated periodical inspections, in accordance with the duties and responsibilities cast upon each wing under the Nigam's Sales Instructions/Manual and applicable regulations.

VI. OPERATIVE DIRECTIONS

18. In view of the foregoing, the appeal is partly allowed and the following directions are issued:

- (i) Demand upheld: The demand of ₹59,46,664/- raised by the respondents is upheld in principle, being the legitimate charge for energy actually consumed. The 40% already deposited by the appellant (including ₹12,50,000/- deposited on 04.08.2026) shall stand adjusted against the assessed amount.
- (ii) Structured recovery: The appellant is granted a period of 12 months to pay the balance 60% of the assessed amount in 12 equal monthly instalments, without levy of any surcharge, interest or penalty. The first instalment shall fall due within 30 days of this order.
- (iii) One-time settlement option: In case the appellant pays the entire balance amount in one go, DHBVN shall offer a commensurate discount equivalent to the surcharge that would otherwise stand waived under the 12-month instalment facility.
- (iv) Consequence of default: In the event of default in payment of any monthly instalment, surcharge shall become leviable on the balance outstanding amount in accordance with the applicable regulations.
- (v) Withdrawal of surcharge: Any surcharge, interest or delayed payment charge levied on the frozen principal amount during the pendency of the appeal being inconsistent with the interim orders of this Forum, shall be withdrawn/reversed forthwith, and a revised bill issued to the appellant.
- (vi) Undertaking: The appellant shall submit a detailed undertaking setting out his contingency plan for payment of the balance 60% dues, with a copy to the respondents and to the third-party owner of the premises; the said undertaking may also be concurred by the third party, so as to avoid transfer of liability, it

being clarified that the liability shall remain fastened with the defaulting premises in accordance with law.

- (vii) **Disciplinary action:** The competent authority of DHBVN (MD / Chief Engineer-Admin) shall initiate disciplinary proceedings against the delinquent officers/officials as per applicable P&A rules — the contemporary SDO (Operation), SDO (M&P) together with the members of his checking team(s) who failed to declare the correct MF despite repeated periodical inspections dated 11.10.2022, 16.02.2023, 14.08.2023 and 25.10.2024, and the concerned CA, CC and JE — for their established lapses, and shall file a compliance report before this Forum within 60 days.
- (viii) **Costs:** A cost of **₹10,000/- per head** is imposed upon the respondents — namely the XEN (Operation), contemporary SDO (Operation), SDO (M&P and his team from the origin of the mistake to subsequent checkings till detection of correct MF), CA, CC and JE — subject to an aggregate maximum of **₹1,00,000/- (Rs One Lakh only)**, which shall be paid to the appellant within **35 days** of this order by Cheque and shall be recovered from the salary of the said officers/officials only after the appellant comes forward to comply as per points { (i) to (vi) } as mentioned above.
- (ix) The CGRF, DHBVN Gurugram is directed to henceforth examine and record findings on the conduct and service deficiencies of the Licensee, where evident on record, while adjudicating complaints.

19. All pending applications, including the appellant's application dated 17.08.2026 seeking ex parte proceedings, stand disposed of in terms of this final order, the respondents having since filed their replies.

20. The appeal stands disposed of accordingly with imposition of cost as mentioned in point no (viii) above.

A copy of this order be sent to the parties, the CGRF DHBVN Gurugram, and the Managing Director, DHBVN, Hisar for compliance.

File may be consigned to record.

Given under my hand on 25.09.2026.

Sd/-

(Rakesh Kumar Khanna)

Electricity Ombudsman, Haryana

Dated: 25.09.2026

CC:

Memo No. 2270-2277/EO/HERC/Appeal No. 19/2026 Dated: 25.09.2026

To

1. Shri Gulshan Narang, R/o House No. 1904, Princess Park, Sector-86, Faridabad (Email info@apjuris.in, fineturn@hotmail.com)

2. The Managing Director, DHBVN, Hisar (Email md@dhbvn.org.in) to take further necessary action in the matter as per point no (vii) of the directions as mentioned above.
3. Legal Remembrancer, Haryana Power Utilities, Panchkula (Email lr@hvpn.org.in).
4. The Chief Engineer Operation, DHBVN, Delhi (Email ceopdelhi@dhbvn.org.in).
5. The Chief engineer/Admin, Vidyut Nagar, Hisar (Email: cehr@dhbvn.org.in, seadmn@dhbvn.org.in) to take further necessary action in the matter as per point no (vii) of the directions as mentioned above
6. The Superintending Engineer/OP Circle, Gurugram-II, HVPNL Complex, Near Police Line, Mehrauli Road, Gurugram-122001 (Email seopfaridabad@dhbvn.org.in)
7. The XEN/OP Circle, Greater Faridabad Division, DHBVN, Faridabad, Haryana (Email xenopgreaterfaridabad@dhbvn.org.in)
8. SDO/OP, Sub Division, DHBVN, Badrola, Faridabad, Haryana (Email sdoopbadrola@dhbvn.org.in)



