

## Suggestions and Comments on Draft

### Practice Directives for Smart Prepaid Billing of Consumers, 2023

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The Madhya Pradesh Regulatory Commission (MPERC) has issued draft Practice Directives for Smart Prepaid Billing of Consumers, 2023 and has invited public comments till 3rd October, 2023. Prayas (Energy Group) would like to provide some suggestions on the same. Our comments are detailed below and include the particular Clause and Sub-Clause numbers as per the Practice Directives, introduced by MPERC.

#### 1. Section 2 Definitions

We would like to recommend that the Practice Directives should also include definitions of **Minimum Balance, Minimum Recharge Amount, Re-connection and Manual Disconnection**. These terminologies are unique to operation of Prepaid Smart Meters and hence should be included as part of the definitions in Practice Directives.

#### 2. Section 3 Applicability

Sub Clause (1): The Practice Directions are forward looking and are geared to ensure that Smart Prepaid Metering will be successfully implemented as they suggest that DISCOMs should provide Smart Prepaid Metering subject to feasibility of data communication and infrastructure. **However, we would also like to recommend that the directives could provide choice to the consumer for installation/opt in for migration to Smart Prepaid Metering. This could be operationalised by providing consumers and option to voluntarily make an application to the DISCOM for Smart Prepaid Connection.**

Sub Clause (4): The Directives also suggest that energy consumption and balance credit shall be made available to consumers on daily basis. We recommend that directives shall also include provision of monthly statement to consumers at regular intervals.

“The smart pre-payment meters shall be read remotely at least once on daily basis. The data regarding energy consumption and balance credit in his pre-paid account shall be made available to the consumer on daily **and monthly** basis, through various online services i.e., website and or mobile App or SMS, etc.”

#### 3. Section 4 Migration to Prepaid Billing

Sub Clause (1) :The Practice Directives have included an appropriate direction to DISCOMs to approach Smart Prepaid Metering in a phased manner. We would like to suggest that the implementation should also be necessarily pre-approved by the commission through a public consultation process.

*“The Distribution Licensee shall select the area /feeder /class of consumers where Smart Prepaid Billing shall be implemented after installation of Smart Prepaid Meters, in a phased manner **and shall be pre-approved by the Commission**”.*

Sub Clause (4): Suggests that – “Distribution Licensee shall prepare a Standard Operation Procedure (SOP) for migration from post-paid to prepaid and for serving new connection on prepaid basis and shall upload the same on its website prominently and also give wide publicity in media. “

We would like to raise a few questions with respect to the Sub Clause (4), the SOP for migration can be different for different DISCOMs? Will the SOP be made open for Public Process? Can there be common guidelines provided to Consumers through the MPERC SOP regulations? Also, shall such SOPs be called FAQ's? At the same time, we would like to recommend that the practice directives shall suggest the content of the SOP (or FAQ) and be approved by the Commission before it is made publicly available.

#### 4. Section 6 Installation and Replacement of meters

Sub Clause (2): We would like to suggest that the practice directives shall also include that **recharge for Smart Prepaid Metering should allowed through various online as well as offline modes. The procedure for the online and offline recharge can be included as part of the SOP(FAQ) developed by the DISCOM.**

Sub Clause (5) provides a directive for new connections. We would like to suggest that it shall also include for which consumer category/type will this clause be applicable and DISCOM shall conduct pre-feasibility of providing such connections in that area.

*“New eligible service connections **for specific consumer type/category** shall be provided with Smart Prepaid Meters and the existing connections with postpaid meters shall be replaced with Smart Prepaid Meters in a phased manner **after conducting feasibility assessment** (as decided by the distribution licensee) as approved by the Commission.”*

Sub Clause (6): We would like to suggest that in case meter is to be replaced at the cost of consumer, the **DISCOM shall provide the reason to consumer in writing.**

Sub Clause (8): Smart prepaid metering systems incur a regular/monthly O&M cost. **The Directive shall include that even if the meter is purchased by the consumer, the O&M cost shall be borne by the DISCOM.**

#### 5. Section 7 Rebate for Making Online Recharge prepayment consumers

As suggested above (4. Section 6 Sub Clause (2)), the Directives currently don't include provision for Offline recharge. In such case all recharges are expected to be made online. In case a rebate is to be provided for all recharges made by prepayment consumers:

- a. Rebates to be provided for such recharges shall be communicated to consumers through various means including the SOP (FAQ).
- b. The time period until when the rebate will be offered shall also be specified, as going forward all connections may be converted to Smart Prepaid metering.

#### 6. Section 8 Energy Security Deposit

Sub Clause (2): This Directive is unclear. We would like to request the Commission to kindly provide information regarding the same. The directive suggests that in process of migration from postpaid to prepaid the ESD shall be withdrawn, **but it is unclear if the ESD will be deposited /credited to the consumer account.**

*“In case of existing consumers with postpaid arrangement migrating to smart prepaid arrangement, **outstanding demand of energy consumption security deposit, if any, shall be withdrawn.**”*

## 7. Section 9 Treatment of Arrears

Sub Clause (2): We would like to suggest a word edit in the clause.

“Provided that the distribution licensee at **its** discretion may allow a consumer to clear outstanding dues in monthly instalments recoverable through recharge balance: “

## 8. Section 10 Prepaid Billing of Consumers

Sub Clause (2. i) Calculation of Final monthly bill

**We recommend that the directives shall also include the timeline for preparation of final monthly bill.**

Sub Clause (2.ii) Credit of Government Subsidy

Since the payment for operation and billing of Smart Prepaid Meters will be in prepayment mode, **we would like to suggest to the Commission that directives may consider providing upfront subsidy as approved in the Tariff Order for all subsidized consumers.** This upfront subsidy can be provided in the form of credits to consumer account at start of each month. This will ease the process of transfer of subsidy to consumer and settlement issues at the end of billing cycle primarily because the consumer may risk disconnection of supply owing to low credit/balance at the end of the month, without adjustment of subsidy.

Also, in case any consumer, who was availing subsidy in previous billing cycle, is not eligible for availing subsidy in this billing cycle, such a consumer shall be informed in advance about such information.

Sub Clause (2.iii) Adjustments and Reconciliation

We would like to recommend to the Commission that the clauses included in this sub section may impact the prepayment credits and amount for consumers. Hence, **the Commission should also mandate the DISCOMs to provide detailed information regarding bill settlements if any to consumer on a regular basis.** This will prevent disconnection of supply due to sudden change or low balance.

## 9. Section 12 Disconnection Process

Sub Clause (i)

“Daily provisional billing of consumer shall take place as per the billing methodology as explained above and accordingly, the prepaid balance will be updated on daily basis which can be viewed by the consumer via dedicated mobile App and web portal **and SMS.**”

Sub Clause (iii)

*“In case of other Prepaid Consumer, a grace period of 3 days **which will include at least one working day** shall be provided to recharge the prepaid account from the day when the consumer’s prepaid account balance reaches **to minimum balance zero or negative.**”*

The minimum balance should be pre-defined by the commission, with consultation with DISCOMs and consumers and should be based on consumer category and sub-category. This minimum balance should be revised every year and be duly communicated to the consumers.

Sub Clause (vi): The directives should provide information when the notification/trigger for low balance will be sent to consumer. Option of customized trigger (as set by the consumer) should also be a feature of approved meter specifications.

*“The notification or alert shall be sent to the consumer through SMS/App Notification/WhatsApp/alerts on the meter for recharge to avoid automatic disconnection of the power supply from time to time when the balance is less than minimum amount equivalent to one week of average consumption charges as recorded in the immediately preceding month.”*

Sub Clause (viii): It is necessary to provide definition for Manual Disconnection. In the case of Prepayment Meters, the connection to a consumer will be automatically disconnected if the consumer account balance is lower than minimum balance (as identified by Commission). Hence it is unclear what is the process of Manual Disconnection and when will it be triggered.

Sub Clause (x): We think that this sub clause is in violation of the Section 56 (1) of the Electricity Act , 2003. The Directives need to clearly lay out the time periods for disconnection of supply and physical disconnection of the meter. It also needs to provide written notice to consumer before such disconnection.

## 10. Section 14 Maintenance of Records and Revenue Recognition

Sub Clause (1): The Directives shall **also provide the time period for which the data of recharges** made by consumers shall be maintained by the distribution licensee.

## 11. Additional Information that needs to be included in the Practice Directives

### a. Include Information Regarding Reconnection

The Practice Directives currently do not provide any recommendation on time period within which a supply will be reinstated for consumers. The Directives should include the different time period within which reconnection of supply will be provided in case of low balance/credit, negative credit and temporary disconnection.

### b. Prioritize Consumer data protection and privacy

Smart prepaid meters will communicate consumer data to distribution licensee and DISCOMs will have option to store and use such data for various purpose or even share the data to any 3<sup>rd</sup> party for data analysis. Forum of Regulators (FoR) has emphasized on consumer privacy protection in its draft Model Smart Grid Regulations. Subsequently, several states have incorporated such provisions in their regulations which are currently at different stages. We are suggesting Consumer Privacy Protection provisions mentioned below could be incorporated, which are broadly based on smart-grid regulations enacted by Assam and Tripura regulatory commissions.

## **"13. Customer Data Protection Standards**

*13.1. Licensees and other implementers of the Smart Grid projects/programs shall ensure that protection of consumer privacy is accorded the highest levels of priority in prepaid smart metering projects and the corresponding investment plans. The same shall apply for all operations including data collection, storage and transfer.*

13.2. Consumer data shall be protected through appropriate levels of encryption and access controls, and shall not be shared with external agencies without explicit authorization of the Commission or unless required by statutory authorities or by courts of law. If deemed necessary for effective implementation, the Commission shall allow Licensees to disclose consumption data to third parties with appropriate consumer consent processes as applicable. The following conditions shall apply in such circumstances:

a) Data shall be classified as:

(i) Personality Identifiable Information (PII), which consists of customer names, addresses, identification numbers, and other information that specifically identifies the person or entity to which it applies.

(ii) Customer-Specific Energy Usage Data (CEUD), which at high resolutions, reveal details about consumer behaviour and therefore should be considered as personal data.

b) Data access by parties providing services shall only be permitted with explicit authorization of designated senior officers of the licensee who are duly authorized by the Board of Directors of the licensee to provide such data under required confidentiality, non-disclosure and non-unrelated use agreements. Such third parties shall be permitted access to all aggregated and anonymised CEUD. No PII data shall be disclosed to third parties.

c) The Commission, upon request of the licensee, may also approve third party service providers to have direct access to consumers and their consumption data as part of a Smart Grid project or program approved by the Commission. The licensee shall permit such access through appropriate confidentiality arrangements with such third parties.

d) It is explicitly clarified that neither the concerned licensee nor the third parties permitted data access would be permitted to sell or disseminate the consumer data to any other party or use for any other purpose.

e) Consumers shall have access to all of their own consumption data, which may be appropriately displayed on the meter display of the consumer and on authorized websites, with suitable levels of access control and security.

13.3. Disputes on consumer privacy and data protection shall be resolved through the Consumer Grievance Redressal Forum & Electricity Ombudsman. It is clarified that, in addition, the consumer is also free to approach Redressal fora as established under prevailing personal data protection legislations.

13.4. The Commission may at its discretion specify rules for customer privacy and data protection that the licensee shall be obliged to follow. In addition, the Commission may amend the rules to make them consistent with prevailing personal data protection legislations.

13.5 The licensee shall appoint a data officer as the nodal officer for handling complaints regarding data privacy, and shall act as the single point of contact (SPOC) for The Commission, consumers, third-parties and other stakeholders for all data privacy and security related matters.

13.6 In addition to these, any additional compliance and privacy measures suggested under [Digital Personal Data Protection Act, 2023](#) should be complied with by the distribution licensees.”