Comments and Suggestions on Draft Electricity (Right of Consumers) Amendment Rules, 2023

By Prayas (Energy Group), 14 April 2023

The Ministry of Power vide letter dated 23rd March 2023 has sought public comments on the proposed amendment to the notified Electricity (Right of Consumers) Rules ,2020.

With the advent of smart meters and large-scale installations panning across the country, amendments to the MoP Electricity (Right of Consumer) Rules on operation, data collection and is much needed to provide clarity to utilities and consumers alike. However, amendments to these crucial regulations should also take into consideration operational and implementation challenges at state level, and hence provide flexibility to states within the bounds of an overarching framework. In addition to helping to improve the revenue of the distribution companies, smart meters should benefit the consumers through improvements like better quality, reliability of supply. It should also help the distribution companies to improve the planning of power purchase and infrastructure. Our comments on the proposed amendment are to suggest that there is lack of clarity in some provisions and some require to be reframed for effective implementation.

The provisions of the draft amendment are marked in ***blue*** and the suggested edits in **black**. The rationale for each suggestion is detailed below.

1. **Regarding operation and data collection from Smart Meters**

   (2) of Draft Electricity (Right of Consumer) Amendment Rules, 2023

   In Rule 5, for Sub-Rule 5

   a. (5) This amendment suggests the time interval for meter reading of Smart as well as prepayment meters and introduces the rule to allow consumers with pre- payment meters check balance amount. These amendments are very important and address a few major concerns of smart /pre-payment metered consumers.

      However, we would like to make the following four submissions to amendments in this sub-rule:

1. We would like to recommend that “Consumer having smart pre-payment **shall** be given the data access for checking their consumption and balance amount on real time basis.” It is not clear if such information is readily available across utilities. Since it is critical for consumers to know consumption trends and prevent disconnection due to low balance availability in their account, this provision should be introduced.
2. We would like to submit that the amendment may consider addressing two more concerns related to data collected by smart meters and conditions for data storage. Large scale installations of smart meters/ pre-payment meters require significant amount of financial investment. The full benefits of such expensive systems will be utilized only if data collected from such systems can add value for better demand assessment which can help in better system planning in utilities. It is suggested that the amendment shall specify the data elements that shall be collected from Smart Meters and Prepayment Meters. Hence, we suggest that the amendment shall recommend:

   “**The data regarding energy consumption, average hourly voltage, number of minutes of daily interruption and average daily PF shall be made available to the consumer, through website or mobile app or SMS etc.**”

2. Regarding billing based on Maximum Demand

(2) of Draft Electricity (Right of Consumer) Amendment Rules, 2023

In Rule 5, for Sub-Rule 5 (B)

The amendment highlights an important aspect which needs to be adopted by states to help in timely revision of sanction load which shall be based on the maximum demand recorded by the smart meter.

The proposal states that revision of sanctioned load, if any, based on recorded maximum demand shall be as under:

“In case of increase in maximum demand recorded, the lowest of the maximum demand of three months, where the recorded maximum demand has exceeded the sanctioned load limit

during a calendar year, shall be considered as the revised sanctioned load, and the same shall be automatically reset from the billing cycle in the next calendar year. "

From this provision it is not clear if:

i. The lowest of the maximum demand is recorded for any three consecutive months or whether it is the average MD for the lowest three months in the calendar year.
ii. Do the three months map to financial year quarters?
iii. In case of consumers with net metering, open access or captive, it is not clear if the maximum demand would be based on DISCOM billing data alone and whether the sanctioned load will be revised or it will only be the contracted load with the DISCOMs.
iv. Would the sanctioned load be reset automatically for each billing cycle in the calendar year with the past years corresponding billing cycle or would it be reset only once in the year?

Ambiguity on matters mentioned above may lead to issues in implementation and operationalization at by DISCOMs. Since procedural details are presented in several state regulations it is suggested that MD billing provisions be provided by state electricity regulatory commissions.

As such a provision could potentially reduce revenue recovery for DISCOMs and given the lack of clarity, implementation could be a challenge. In most states, there is a threshold specified. For example, MD billing will be used up to be 75% of contracted demand.

Given existing practices and major implementation challenges, it is suggested that MD billing provisions be as per existing ERC regulations in the states.

However, given smart metering, the ambit of MD billing can be extended to a large number of consumers. We suggest that **MD billing apply to all consumers with sanctioned load above 2 kW**. Based on learnings from implementation, this can be gradually extended to all states.

3. Regarding ToD Tariff

(3) of Draft Electricity (Right of Consumer) Amendment Rules, 2023

In Rule 6 for Sub-Rule 1

The present proposal has the following provisions:

- Applicability of ToD tariffs for all smart meter installations
- ToD tariffs for all consumers with maximum demand upto 10 kW from April 2024 and for all other non-agricultural consumers by April 2025.
- ToD tariffs for commercial and industrial consumers should be such that the penalties are not less than 20% of base/normal tariffs and rebates are not less than 10% of base tariff.
- ToD rebates for solar hours are to be more than 20% of the normal tariffs.
- Peak hour durations should not be more than solar hours.

We welcome the Ministry's proposal to extend ToD tariffs to a wide ambit of consumers. However, we suggest that:

- ToD be extended to consumers with **sanctioned/ connected load (rather than maximum demand) greater than 10 kW**. This will include a wider ambit of consumers and charges will be levied even if demand from DISCOM is low. With MD based eligibility there could be perverse incentives for meter tampering to evade charges.
- Along with all smart metered consumers, **ToD tariffs should be applicable on all consumers with grid interactive RE systems** under gross/net metering arrangements, even for those with contracted demand or sanctioned load < 10 kW.
- Given the system cost and change in demand supply, we agree with MoP that the penalties for ToD should not be less than 20%. However, in the same vein given surplus off-peak capacity, especially RE, **incentives should not be less than 15%** (not 10% as currently proposed). This is in line existing incentive and penalty structures across states.

- **ToD rebates for solar hours are crucial** with the increase in solar capacity addition. This will go a long way in incentivizing consumption when renewable energy is available.
- With increased renewable energy uptake supply availability variation on a seasonal basis has increased. Further recent coal shortage and high market prices are indicative of seasonal demand changes. As these seasonal variations have profound impacts on DISCOM procurement costs **it is vital that ToD tariffs also vary seasonally.** For stress months (say, summer, post monsoon periods) the penalties in peak periods should be higher than non-stress months. Similarly, during monsoon with lower agriculture load and high wind availability, the incentives for off-peak periods should be higher to encourage consumption. Seasonal ToD variations can be easily implemented with existing metering infrastructure in states.
- The restriction that peak slots should not be more than solar slots would imply that peak slots be limited to 6 to 8 hours in total. **Limiting peak slot durations is very restrictive and should be removed.** For DISCOMs especially those which have high renewable penetration, low agricultural demand and high residential demand, it is likely the multiple peak slots are required which may add up to more than solar hours in a day. This is also the case as demand supply varies seasonally and the peak requirements might be higher in some seasons.

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