

Consumer Alert on Electricity Sector

Need for collective, proactive and vigilant actions by consumer groups

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12 June 2006: Public hearing on the proposal of tariff hike for Mumbai consumers by Reliance Energy Ltd is going on in Mumbai. The proposal was made public a month before the public hearing. Number of objectors to the proposal – 6.

Cut...

3 October 2006: Maharashtra Electricity Regulatory Commission announces the revised tariff rates for Mumbai consumers. The consumers see an effective tariff increase of about 50%.

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November 2006: Mumbai consumers start receiving electricity bills based on revised tariffs and are shocked. Most of them see an increase of at least 100%. They also complain about erratic monthly bills and express dissatisfaction about the service quality. There are protest marches held by every political party and consumer groups and a lot of hue and cry in media.

Cut...

There are about 2.5 million consumers in the Reliance license area in Mumbai. However only 6 of them had bothered to see what was in the plate for them and object the proposal of tariff hike submitted by Reliance. This represents a major gap in the electricity sector for consumer participation. This article narrates various mechanisms available for consumers, to demand good quality supply and service from electricity service providers.

What do consumers expect from the electricity service provider? Not any fantastic or exorbitant things! They expect the lights to turn on when they flip the switch in the evening. They expect their meter should accurately record their electricity consumption. They expect their electricity bills be sent regularly and at affordable rates. They need sufficient time to pay the bills. After all, consumer is the ultimate stakeholder in electricity sector, and the whole exercise of generating power and its transmission and distribution is undertaken only because consumers want power. Ironically the area of consumer satisfaction is sadly neglected as more of a rule than an exception by every Electricity Distribution Company (Discom), the first interface between the consumer and the electricity sector. This neglect of consumer needs was so glaring that till recently consumers were never a part of the decision making process neither had they any mechanism of questioning their Discom about poor service quality. However, last few years have seen increased attention to this neglected area and there are some initiatives towards improving the

quality of consumer service. Public declaration of Citizens’ charter (on performance and service), formation of Consumer Grievance Redressal Forum (CGRF) and Electricity Ombudsman, and regulations on Standards of Performance are all results of this increased attention.

State Electricity Regulatory Commissions (SERCs) were established in many states in India under the Regulatory Commissions Act 1998 and their responsibilities are widened by Electricity Act 2003 (E-Act). Regulatory Commission is a three member body entrusted with a responsibility of regulating the electricity sector in the state in a rational, transparent and participative manner. Its responsibilities include tariff setting, overseeing service quality, approving Power Purchase Agreements between a Discom and a generating company etc. All deliberations before SERC are public. Therefore, any consumer can participate in the decision making process in the electricity sector ranging from setting the service quality standards to tariff revision. For example, if a Discom wants a hike in tariff, it has to approach the SERC with a detailed proposal. SERC invites public comments on the proposal, holds a public hearing where any consumer is allowed to present his views and then decides the revised tariff.

The E-Act was a step in the direction of making the required correction in the utility’s attitude towards consumers with following provisions:

- (i) For ensuring quality of service, SERC is required to set the performance standards for the Discom. These include benchmarks for attending a “power-off call” to “time required for changing consumer name” etc. In case of failure to meet the specified benchmark, Discoms are expected to pay a fine to the consumers. Maharashtra Electricity Regulatory Commission has notified the Standards of Performance regulations in January 2005; most of us would not know this! These are landmark regulations where for the first time the Discoms are expected to be accountable for the service quality. The following table indicates few performance standards to be followed by the Discom and the compensation to be paid to consumers in case of failure.

Event	Standard	Compensation
Application for new connection		
Inspection of premises	7 days	Rs 100 per week of delay
Intimation of charges	15 – 30 days (depending on connection type)	Rs 100 per week of delay

Provision of Supply	1 month – 1 year (depending on connection type)	Rs 100 per week of delay
Restoration of Supply		
Normal fuse-off call	4 hours	Rs 50 / hr of delay
22kV / 11kV / 415 V overhead line breakdown	6 hours	Rs 50 / hr of delay
Distribution Transformer failure	24 hours	Rs 50 / hr of delay
Underground cable fault	12 hours	Rs 50 / hr of delay
Burnt meter	24 hours	Rs 100 per week of delay
Change of Name / Contract Demand / Tariff Category		
Change of Name	Second billing cycle	Rs 100 per week of delay
Change of Tariff Category		
Reduction in Contract Demand or Sanctioned Load		

- (ii) For better handling of consumer grievance, every Discom is expected to have one or more CGRFs and every state one or more offices of the Ombudsman. CGRF and Ombudsman would function according to regulations notified by the SERC. By mid 2006, most states have regulations on CGRF and Ombudsman in place; 19 States have set up CGRFs for the Discoms and 14 of them have set up the office of the Ombudsman.

CGRF is a three member body, set up by the distribution utility. It has retired judges or senior government officials as chairperson, and working utility employees and representatives of consumer groups as members. After exhausting the normal complaint procedure of the licensee, any consumer can approach the CGRF without any fee. This does not require any legal knowledge or fancy techno-economic analysis. In fact, the CGRF regulations in Maharashtra have gone a step ahead and representations from advocates are not allowed on CGRF. CGRF is required to resolve the matter within 2 months. Only consumer (and not the Discom) can appeal to the Ombudsman, if she/he is not satisfied with the CGRF. Ombudsman is an institution to be appointed by the SERC. Senior persons with expertise in legal, engineering, education, industry, administration or consumer affairs are expected to be appointed as Ombudsman. Ombudsman has the power to call for documents and is expected to settle the dispute within about 3 months.

CGRFs are funded by the Discom and Ombudsman by the SERC. Of course, money for this is raised from the consumers as a part of tariff. With good consumer participation, support of utilities and supervision by Regulatory Commissions, these can go a long way to bring consumer empowerment and change of utility's perception, leading to improved consumer satisfaction.

These are all welcome provisions, but situation on ground has not changed much. The Discoms and SERCs have not ensured implementation of the regulatory provisions on quality of service. Utilities have hardly paid any fines to consumers. Take an example of much talked 'IT in Power Sector'. Though it has immense potential, it is primarily used to facilitate ease of Discom management and operations – not for ensuring accountability of Discoms towards consumers. For example, IT could be easily employed by the Regulatory Commissions to monitor the kind of complaints received by the Discom and the time Discom takes to resolve such complaints. Very often even the number of complaints received by utilities is not available – even when the Discoms have spent millions on building and maintaining the computerized complaint centers. SERCs can also host a simple web based program where consumer can enter his monthly consumption and the program would show the bill according to tariff set by SERC. This could have been particularly useful in the complicated tariff structure like Mumbai where consumers are not clear on calculation of the Load Management Charge.

Despite institutions like SERC, CGRF, and Ombudsman and initiatives like public hearings, participation by consumers has been extremely poor. In fact, consumers should participate in these mechanisms to make the Discom accountable for its performance. Such participation can result in stringent monitoring of the performance standards of the Discom, monitoring of compliance of the Discom with the E-Act and orders of the SERC. However, this requires vigilant and proactive efforts. This may not be the job a single consumer but it surely is possible for a consumer group. In short, a proactive, vigilant and collective action of consumers and consumer groups is the key to ensure consumer satisfaction in electricity sector.