

Comments and Suggestions on the Draft Electricity (Rights of Consumers) Rules, 2020

By Prayas (Energy Group)

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Table of Contents

1.	Connection and disconnection	2
1.1	Release of new connections and modification in existing connections	2
1.2	Disconnection and reconnection	3
2.	Reliability of supply	4
3.	Metering	5
3.1.	Installation of smart meters and provision for the same in SoP Regulations	5
3.2.	Approval of smart metering programs by State Commissions	6
3.3.	Net metering for consumers as Prosumers	6
4.	Billing and payment	6
4.1.	Information in electricity bills	6
4.2.	Receipt and comprehension of electricity bills	7
4.3.	Data privacy of consumers	7
4.4.	Delayed bill delivery	7
4.5.	Online bill payment	8
5.	Consumer information	8
5.1.	Call centres	8
5.2.	Information on unscheduled outage	8
5.3.	Display of information for consumer awareness in local languages	9
6.	Grievance redressal	9
6.1.	Structure of grievance redressal fora	9
6.2.	Accessibility and levels of CGRF	10
6.3.	Transparency in monitoring of grievance redressal	11
7.	Standards of performance and electrical safety	11
7.1.	Annual revision and uniform performance standards	11
7.2.	Automatic compensation mechanism	12
7.3.	Annual SoP hearings to operationalise automatic compensation	12
7.4.	Accountability for Standards of Performance reporting	12
7.5.	Linking overall performance to return on equity	13
7.6.	Addressing issues faced by a group of consumers	13
7.7.	Electricity safety	13
8.	Encouraging consumer participation	14
8.1.	Mandatory appointment of consumer representatives	14
8.2.	Consumer access to Appellate Tribunal for Electricity	14
8.3.	Public hearing for crucial regulatory processes at multiple locations	15

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The Ministry of Power published the draft Electricity (Rights of Consumers) Rules, 2020 on 9th September 2020 for public comments.

The proposed Rules, aimed at protecting rights of consumers, come at an appropriate time when many states have moved away from sustained shortages and have witnessed addition of many new consumers due to the concerted efforts of electrification drives across the country. Some Rules such as tracking new connections, streamlining application process for prosumers, and introduction of automatic compensation mechanisms are welcome steps.

However, adoption of such Rules will vastly vary, given state-level realities and visions of State Electricity Regulatory Commissions, State Governments, and distribution licensees. Further, the mandate to ensure accountability of utilities for distribution and supply of electricity rests within the domain of the state government and state regulators. In this regard, the Rules should act as a guiding framework to supplement and strengthen state-level regulatory and legal provisions for quality supply and service of electricity while providing freedom and flexibility to states to adopt approach best suited to the state.

The Rules provide performance benchmarks or timelines for various indicators such as for release of new connections, replacement of defective meters, timelines for resolution of grievances etc. State level regulations already provide similar benchmarks. Thus, licensees should observe these benchmarks as specified in these Rules or in the performance regulations of the State Commission, whichever is better. This should be clarified in the Rules to ensure that existing state level benchmarks are not diluted.

Prayas (Energy Group)'s (PEG) comments and suggestions highlight issues with some proposed Rules and suggest changes towards increasing protecting consumer interest and improving accountability in the sector, which is also facing rapid changes due to technological shifts. Specific suggestions for modifications are highlighted in the text (***bold italics*** for proposed insertions/ additions, ~~strikethrough~~ for suggested deletions).

1. Connection and disconnection

1.1 Release of new connections and modification in existing connections

Rule 4 (2) g mentions tracking applications with a unique registration number- this is very useful. In addition, the list of pending applications should be displayed on the websites and local offices of the distribution licensee, in formats specified by the Commission. Some licensees already do this for agriculture and HT consumers.

Open access and captive consumers across states find the application process tedious and time-consuming. It is also noted that conditions for NoCs are subjective and non-verifiable and inadequate information is published with respect to crucial variables such as network availability. Therefore, in addition to new connections, this Rule should apply to applications for open access, captive power and rooftop solar consumers. Like for new connections, the time limits and reporting formats for these should be prepared by the Commission.

In addition, consumers should have access to online filing options on a common centralised national portal as well. To facilitate this, the licensee portals can follow uniform formats for filing and tracking applications and reporting summary statistics. Consumer should be able to access either portal to file applications. In either portal, the applicant should, at every stage be able to track progress of their applications and action taken by nodal agencies. The portal can also flag delays from stipulated timelines, record reasons for delays submitted by the nodal agency and also show pending fines and penalties for the same, if applicable. The centralised portal as well as state level portals should also generate summary statistics to enable assessment and comparison of crucial parameters such as time take to process applications.

Ministry can provide the required format, assistance and incentive to the licensees that this is carried out.

We suggest the following addition:

*4(2)g) The application tracking mechanism based on the unique registration number shall be provided by the distribution licensee through **web-based application, mobile app, SMS/any other mode to monitor the status of processing of the application like receipt of application/site inspection, issuance of demand note, external connection, meter installation and electricity flow. In addition, the list of pending applications should be displayed on the websites and local offices of the distribution licensee, in formats specified by the Commission. Automatic tracking and transparent reporting of status of open access, captive, and rooftop solar applications should be enabled as well. Ministry of Power will provide uniform formats for displaying information on websites for all applications for states to take up. Licensees should make necessary arrangements to ensure that these are automatically updated also on a national portal managed by the Ministry which allows for centralised application filing.***

Specifying maximum value for the time limit in **Rule 4 (2) j)** (for new connection and modification of connection) to be set by the Commission is a welcome step. Time limits of 7 days for metro, 15 days for municipalities and 30 days for rural areas are reasonable. Commission should also clearly specify the date from which this period is considered. It should ideally be the acceptance of an application by the licensee. Commission should also specify and publicise the intermediate milestones like wiring approval, wiring and extending power supply.

Forms and reports of the licensee should be available in local languages also.

We suggest the following addition:

*4(2)j) The Commission shall specify the maximum time period, not exceeding 7 days in metro cities, 15 days in other municipal areas and 30 days in rural areas, within which the distribution licensees shall provide new connection and modify an existing connection. **This time period shall be applicable since the acceptance of an application by the licensee. To track this, the Commission shall prepare appropriate reporting formats. Such formats and reports should be available in local languages. Data on this will be regularly updated on the web portals.***

1.2 Disconnection and reconnection

In **Rule 7(2)**, concerning time limits for reconnection, the maximum time limit of 6 hours for reconnection after pending payments has been made. This is a welcome step.

Licensee can disconnect the supply if the bills are not paid for two billing cycles or if the consumer requests for the same.

These time limits will not be applicable to disconnection of prepaid meters, where the supply should be restored as soon as the bill is paid. In other cases, disconnection should be done only during working hours of bank and licensee, so that consumer can clear the dues to restore supply at the earliest.

This time limit is fine in normal conditions, where the disconnection period is low. But it is too low, especially if the service has been inactive for a long time – say a month or more - when safety inspection may have to be done. The maximum time limit in such cases could be 3 working days for metro, 7 working days for municipality and 14 working days for rural areas. The actual time limit and intermediate milestones should be set by the Commission, as per their regulations or lower than these limits.

We suggest the following:

7(2) Licensee can disconnect the supply if the bills are not paid for two billing cycles or if the consumer requests for the same. In case the disconnection has been done on account of non-payment of past dues, the licensee shall reconnect the consumer's installation within six hours, except in prepaid metering cases, where reconnection will be immediate and in cases of long periods of disconnection exceeding one month, where the Commission can set longer time limits. Disconnection should be done only during working hours of bank and licensee, so that consumer can clear the dues to restore supply at the earliest.

In **Rule 7(3)**, concerning prepayment meters- these meters should give a warning to the consumer when the pending amount is low. Connection should be restored as soon as the bill is paid by the consumer. Licensee should follow up with payment gateway and other intermediate agencies in case of disputes about the amount not being credited to licensee's account. During the time of the dispute, supply should be restored, based on proof of payment by the consumer.

We suggest the following:

7(3) Pre-payment meters will be designed to give a warning to the consumer when the pending amount is low and automatically cut off supply when the amount credited is exhausted. This shall however not be treated as a disconnection and the supply will be resumed whenever as soon as the meter is recharged. Licensee should follow up with payment gateway and other intermediate agencies in case of disputes about the amount not being credited to licensee's account. During the time of the dispute, supply should be restored, based on proof of payment by the consumer.

2. Reliability of supply

Rule 8(1) mentions 24 x 7 supply, except for some consumers. Commission should take third party audits to ensure that 24 x 7 or committed supply is provided, and if not, penalise the licensee, irrespective of any lack of consumer complaints. For consumers who are not assured 24 x 7 power supply, Commission should publicise the total hours and time periods of supply (for example, agriculture is supplied 9 hours, 1 AM to 7 AM and 2 PM to 5 PM, in this area and another schedule in another area etc).

We suggest the following:

8(1) The distribution licensee shall supply 24x7 power to all consumers. However, the Commission may specify lower hours of supply for some categories of consumers like agriculture. The Commission should conduct third party audits as well as technical monitoring measures, at feeder, DT and sample consumer level to assess and to ensure that 24 x 7 or committed supply is provided, and if

not, penalise the licensee, irrespective of any lack of consumer complaints. For consumers who are not assured 24 x 7 power supply, like agriculture, the Commission should publicise the total hours and time periods of supply.

Rule 8(2) mentions reliability parameters. The scope of this rule should be expanded to also include technical supply quality. Technical supply quality should cover voltage and harmonic content, as already available in many SoP regulations, like that of [MERC](#) or [GERC](#).

The Rule should clearly specify that SAIFI and SAIDI are calculated for consumers and not only feeders. If these indicators are to be used to understand the reliability of supply to the consumers, then they have to be calculated for the consumers, as is the international practice. This is easily possible after the roll-out and stabilisation of smart meters, but even now, it is possible to make consumer level estimates using feeder/DT level data and extrapolation based on connection mapping.

These indicators should be calculated for the whole licensee, as well as for important consumer categories and also circle/division wise. The details for these calculations and reporting formats should be prepared by the Commission. It should also commission third party audits for these.

For reliability and technical supply quality, based on performance reports, the Commission should prepare a road map for improvement and correlate it with the capital and O&M expenditure of the licensees. This should include revision of reliability parameters once in 5 years, based on reports giving actual performance values and investment in the infrastructure to improve reliability.

We suggest the following:

8(2) The Commission shall specify the following parameters to maintain the reliability of supply by the distribution licensee:

i) Total duration and frequency of outages per consumer in a year (for consumers and not only feeders)-

a. System average interruption duration index (SAIDI)

b. System average interruption frequency index (SAIFI)

These should be calculated for the whole licensee, as well as for important consumer categories and also circle/division wise. The details for these calculations and reporting formats should be prepared by the Commission. It should also commission third party audits for these. For reliability and technical supply quality, based on performance reports and capital investment, the Commission should revise the reliability benchmarks once in 5 years.

The scope of this Rule should be expanded to also include technical supply quality. Technical supply quality should cover voltage and harmonic content, as already available in many SoP regulations.

3. Metering

3.1. Installation of smart meters and provision for the same in SoP Regulations

For metering as part of **Rule 5(1)**, it needs to be clearly specified that for each new connection whether a smart pre-payment or a regular pre-payment meter will be installed. Such decisions should be taken only after thorough assessment of technological developments and cost optimisation.

Additionally, if all new meters are smart meters, it needs to be specified that meter charges paid by the consumer will not be raised. For new smart installations, meter charges should be kept comparable to non-smart meters if cost recovery is proposed to be via savings.

Any standards to deter failures in smart meter functioning and operation should be covered in State Commissions' Standards of Performance Regulations.

3.2. Approval of smart metering programs by State Commissions

Draft **Rule 13 (4) e)** mentions creation of consumer awareness regarding installation of smart meters. The consumer awareness program should include a detailed roll out plan, which contains information on service providers, meter related information, program operations etc. This roll out plan should be approved by the respective Commission after ensuring completion of due public processes. This will help in improving the accountability of the Smart Meter Program. In addition, the distribution licensees should submit progress reports before the Commissions for accountability.

3.3. Net metering for consumers as Prosumers

Issue of allowing net metering or gross metering and various charges for the same should be left to the discretion of State Commissions and **Rule 9 should be deleted**. Proposed restriction of limiting net metering only up to 5 kW would be very regressive. In turn, allowing for system sizes up to 100% of connected/sanction load (even for 5 kW and above) will help meet the Solar Rooftop PV Targets. Additionally, different approaches such as ToD tariff, grid support charges, banking fees etc. could be considered to address adverse impact of net metering on DISCOM.

4. Billing and payment

Rule 6 of the draft Electricity (Rights of Consumers) Rules, 2020 stipulates various provisions regarding billing and payment of electricity bills. Detailed below are a few suggestions towards improving the proposed processes.

4.1. Information in electricity bills

Details regarding tariff for each consumer category is to be made available on the licensee's website, and any change to the tariff or other payable charges are to be notified to the consumer through the website and the consumer's energy bills, as per draft **Rule 6 (1)**. Given the status of Direct Bank Transfers for subsidy disbursement, it would be a good practice to include information regarding per unit subsidy to consumer categories on the licensee's website and on consumer's energy bills.

In some cases, when a regular bill cannot be made available, the distribution licensee has a provision to issue spot bills to consumers. However, such spot bills usually have limited data, especially regarding consumption and payment history of the consumer. These abridged versions of the regular bill result in information asymmetry on the consumer's end. To avoid this, the licensee must ensure that even spot energy bills contain detailed information, as in a regular bill.

We suggest the following changes:

*6(1) **Tariff and per unit subsidy** for each category of consumers shall be available on distribution licensee's website and consumers shall be notified of change in tariff **and per unit subsidy** including fuel surcharge and other charges, a full billing cycle ahead of time, through distribution licensee's website as well as through energy bills.*

Provided that spot bills, issued by the licensee in the absence of a regular bill, shall also contain all the information provided in a regular bill.

4.2. Receipt and comprehension of electricity bills

Rule 6 (2) of the draft Rules mention that a consumer's bill, based on a meter reading, is to be delivered to the consumer at least ten days before the due date of payment. This is a good practice, further strengthened by **Rule 10 (3) d) vii)**, which requires that the Commission, through the standards of performance, must include the time period within which bills are to be served.

In addition to timely delivery, the licensee must also ensure that the bill received by the consumer is clear and easily understood. Accordingly, licensees should make sure that the bill is printed in a legible font and also available in local languages.

We suggest the following changes:

6(2) The distribution licensee shall prepare the bill for every billing cycle based in actual meter reading and the bill shall be delivered to the consumer by hand or post or courier or e-mail or any other electronic media at least 10 days prior to the due date of payment

Provided that the energy bill is reproduced in a clear font, with size not less than 12, both in the electronic and physical version.

Further provided that details provided in such energy bills are also made available to consumers in vernacular languages.

4.3. Data privacy of consumers

It is a good practice to make billing details available on the licensee's website, as mentioned in **Rule 6 (6)**. However, the licensee must ensure that consumer data is protected. Access to billing data, such as payment and consumption histories, on the licensee's website must be limited, and should only be enabled through an authentic process linked to an individual's consumer number (for instance, entering the consumer number on the licensee's website to access billing data results in a One Time Password being sent to the phone number associated with the entered consumer number).

We suggest the following change:

6(6) The distribution licensee shall also upload the bill on its website on the day of bill generation:

Provided that the billing details of the last one year for all consumers shall also be made available on the licensee's website.

Provided that such consumer information can be accessed only after an authentication process, as decided by the licensee.

4.4. Delayed bill delivery

As per **Rule 6 (8)**, if the first bill is not provided to the consumer within two billing cycles, the consumer has a provision to register a complaint, after which the licensee is required to provide a bill within the next seven days. Given that non-issue of first bills is a major issue with newly electrified households, and leads to the build-up of arrears, the process to address such delay can be further strengthened. If the first bill is not issued to consumers within seven days of complaint registration, the licensee should be penalised, and the pending amount to be charged to the consumer should be waived.

We suggest the following change:

6(8) *In case the consumer does not receive the first bill within the two billing cycles from the date of energisation of the connection, he may complain, in writing, to the distribution licensee and the distribution licensee shall issue the bill within the next 7 days.*

In the event that the licensee fails to issue a bill within 7 days from complaint registration, the pending amount owed by the consumer shall be waived.

4.5. Online bill payment

The consumer has the option to pay their bills online or offline, according to **Rule 6 (12)a)**. Further, **Rule 6 (12)b)** requires bill amounts higher than an amount specified by the Commission (or ₹ 1,000) to be mandatorily paid online. Such payment is also incentivised. While this provision can be positive, making online payments mandatory will prove to be challenging, especially for consumers without proper devices and in areas with poor internet connectivity.

We suggest the following change:

6(12) *b) Bill amount of more than ₹ 1,000 or an amount specified by the Commission—~~shall mandatorily~~ **may** be paid online. Commission ~~shall~~ **may** specify a suitable incentive/rebate for payment through online system.*

5. Consumer information

5.1. Call centres

Customers of a distribution licensee can avail services (such as new connection, disconnection, change in load, meter replacement, no supply, etc.) through modes like paper applications, email, mobile, website, etc. In addition to these existent modes, the licensee is required to establish a centralised 24x7 toll-free call centre, as per **Rule 11**. Since services through the call centre are provided via a Customer Relation Manager System, unified information on the services requested, attended, and pending will be available with the distribution licensee.

The Rules recognise that this comprehensive view will improve monitoring and analytics at the back end. Additionally, this information could be utilised to increase accountability and transparency in the operation of the distribution licensee, by mandating that the licensee should prepare quarterly reports on the status of complaint redressal and submit the same to the State Electricity Regulatory Commission.

We suggest the following changes:

11(4) ***The distribution licensee shall prepare a report on the status of complaint redressal based on the information collected through the CRM System and submit the same to the State Commission, on a quarterly basis. The licensee must also regularly upload this report on its website in an easy to read format.***

5.2. Information on unscheduled outage

Draft **Rule 13 (3)** mentions that information should be provided for unscheduled outages. This is a proactive step. Along with this information, licensees should also mention the performance standards for unscheduled outages and compensation criteria for the same so that consumers are aware of the provisions.

We suggest the following addition:

13(3) *The details of scheduled power outages shall be informed to the consumers. In case of unplanned outage/fault, immediate intimation shall be given to the consumer through SMS/any other electronic media along with estimated time for restoration. This information shall also be available in the call center of the distribution licensee. **Along with this, information on performance standards as prescribed by the Commission and the compensation for the same should also be mentioned through such intimation.***

5.3. Display of information for consumer awareness in local languages

Accessibility of information is vital to create awareness among consumers. **Rule 13(4) (a), (b) and (c)** emphasise creating awareness around grievance redressal, standards of performance, compensation, consumer rights and other schemes. Consumers, particularly from rural areas, may not frequent DISCOM offices due to transaction costs of travel or limited requirements to visit. Hence, display of information can be expanded to Common Services Centres or DISCOM approved Village Level Entrepreneurs for handling payments of bills.

The “Manual of procedure for providing common services and handling customer grievances”, information on compensation, standards of performance and consumer rights should be made accessible in local languages as well. This would improve the reach of information especially in rural areas.

We suggest the following changes:

13(4)a) *“Manual of procedure for providing common services and handling customer grievances” shall be available for reference of consumers at every office of the distribution licensee and downloadable from its website. **Distribution licensee shall also make this available at Common Services Centres and DISCOM approved Village Level Entrepreneurs.***

13(4)c) *The distribution licensee shall arrange to give due publicity through media, TV, newspaper, website and by displaying in boards at consumer service related offices to bring awareness of consumer rights, Standards of Performance, compensation provisions, grievance redressal, measures for energy efficiency and any other schemes of the distribution licensee. **Display of information must also be done in local languages by the distribution licensee.***

6. Grievance redressal

The draft Electricity (Rights of Consumers) Rules, 2020 details provisions regarding grievance redressal in **Rule 12**. While this is a positive measure, a few suggestions towards ensuring effective grievance redressal and stream lining of the suggested mechanism are enlisted below.

6.1. Structure of grievance redressal fora

As per sub section (5) of section 42 of the Electricity Act 2003, and as stipulated in **Rule 12 (1)**, the distribution licensee shall create Consumer Grievance Redressal Forum (CGRF) at different levels (sub-division, division, circle, zone, company, etc.). Rule 12 (1) also specifies that CGRF shall be headed by an officer of the licensee, and will have two to three members as consumer/prosumer representatives, who are not in the employ of the licensee.

It is unclear if the structure of the CGRF is consistent at all levels (sub-division, division, circle, zone, company, etc.), and if such requirement for independent consumer representatives at all levels will result in vacancies. In addition, a CGRF headed by an officer of the licensee may increase the likelihood of matters being ruled in the favor of the utility. This will in turn result in most cases being appealed at further levels/ombudsman, and thus, may cause ineffective operation at all levels.

An independent CGRF in each zone within the distribution licensee's area of supply is a step towards addressing these concerns. Ensuring consumer representation in the CGRF at the zonal level by having Commission approved appointments will aid effective judgement of cases brought before the zonal CGRF.

We suggest the following changes:

~~12(1) The distribution licensee shall create Consumer Grievance Redressal Forum (CGRF) under sub section (5) of section 42 of the Act at different levels ie sub-division, division, circle, zone, company level etc. The Forum shall be headed by an officer of the licensee of appropriate seniority and have two to three members as consumer/prosumer representatives from other than the employees of the distribution licensee. The forum may be assigned different types of grievances depending on the nature of the grievance and the level at which it can be best resolved.~~

-(1) The distribution licensee shall create Consumer Grievance Redressal Forum (CGRF) under sub section (5) of section 42 of the Act in each distribution zone falling within its area of supply. The Forum shall be constituted by at least three members, including the Chairperson, provided that

(a) The Chairperson of the Forum shall be a consumer representative, having at least twenty-five years of experience, with adequate knowledge of the power sector. The Chairperson shall preferably have working knowledge of the vernacular language of the state in which the forum is appointed.

Provided that such candidate has not served as an employee of the licensee for at least one year prior to the appointment

(b) One technical member shall be a person in the employ of the distribution licensee, having appropriate seniority.

(c) Any other independent members shall be consumer/prosumer representatives with experience on matters concerning consumer grievances, and shall not be in the employ of the distribution licensee.

Provided that all appointments to the CGRF are approved by the appropriate Commission.

6.2. Accessibility and levels of CGRF

While having a system for grievance redressal is a step in the right direction, ensuring its accessibility to consumers is equally pertinent, and the licensee must take steps to ensure that consumers can avail the facility of grievance redressal when required. To increase access, zone level CGRFs can have online hearings and the distribution licensee should enable online hearings of individuals who do not have such facility at their disposal.

Rule 12 (2) details that consumers aggrieved by the decision of the sub-divisional/divisional/circle level CGRF have an option to approach the company level CGRF before appealing to the ombudsman. These provisions do not clarify whether a consumer, thus aggrieved by the decision of the sub-division/division/circle level CGRF can directly approach the ombudsman, without appealing at the company level CGRF. This lack of clarity further impedes consumer accessibility to CGRF services. The licensee should institute an online portal to handle consumer grievances internally. If complaints are not resolved at this stage, the consumer can escalate the issue to the zone level CGRF.

We suggest the following changes:

12(2) The licensee shall implement an online portal for internal grievance redressal. The licensee shall specify the time within which various types of grievances by the different levels of the Forums

are to be resolved **at the internal grievance redressal level and at the zone level CGRF**. Normally, a grievance shall be decided in thirty days and in any case not exceeding forty-five days from the date of its receipt registration. The consumer aggrieved by the decision **at the internal grievance redressal level** ~~of sub-divisional/divisional/circle Forum~~ will have the option to approach the ~~company~~ **zone level Forum** before making an appeal to the Ombudsman.

(a)The zone level CGRF shall also offer a provision to conduct online hearings, and the licensee shall facilitate the online hearings of consumers who do not have such facility at their disposal.

(3) If a consumer's grievance is not redressed by the ~~company~~ **zone level Forum** within the specified time or the consumer is not satisfied with the disposal of his grievance, he will be free to approach the Ombudsman appointed by the Commission.

6.3. Transparency in monitoring of grievance redressal

Rule 12 (6) mentions that licensee must send quarterly reports to the Ombudsman and the Commission, regarding standards of performance, other performance parameters, and consumer grievance related information. This good practice can be strengthened by requiring the licensee to publish this quarterly report on its website, extending the measure of accountability and transparency of operations to consumers as well.

We suggest the following changes:

12(6) *The licensee will send quarterly reports to the Ombudsman and to the Commission, ~~from time to time~~ in respect of standards of performance, other performance parameters, and consumer grievance related information showing the extent to which the time schedule has been followed in redressing the consumer grievances. **The licensee must also regularly upload this report on its website in an easy to read format.***

7. Standards of performance and electrical safety

It is a welcome step that the draft Electricity (Rights of Consumers) Rules, 2020 focus on standards of performance (SoP) as part of **Rule 10**. To ensure quality supply of electricity to all consumers, especially to small rural consumers, a few suggestions have been discussed below.

7.1. Annual revision and uniform performance standards

Rules 10 (1) and (2) emphasise on notification of SoP regulations and specifying compensation amounts as per section 57 of the Electricity Act 2003. Very few SERCs amend their SoP regulations regularly. Thus, factors such as time-based targets for performance indicators, compensation provisions, or overall performance standards often do not get updated to reflect technological advancements and changing realities in states.

In many states, there are separate performance standards for rural and urban consumers. Over time, with investments in network strengthening, and with rural consumers paying similar tariffs as urban consumers, the standards could be revised to reduce distinction between urban and rural areas. This could eventually lead to uniform standards for rural and urban areas where the geographical terrain and network spread is not a challenge.

We suggest the following changes:

10(1) *The Commission shall notify the Standards of Performance for the distribution licensees as per sub section (1) of Section 57 of the Act and in consonance with the Rules. **In addition, the***

Commissions shall revise performance targets, compensation amounts, and overall standards annually. Regulations should have trajectories for reduction of variation in SoP indicators over time such that they are uniform for all consumers in 5 years.

7.2. Automatic compensation mechanism

It is a welcome step to include automatic compensation payment, since automation of such a process will ensure accountability. In most states, a complaint has to be registered by the consumer in order to claim compensation from the licensee for not meeting the guaranteed standards of performance. However, consumer awareness is often low. The process for claiming compensation is generally time consuming and involves high transaction costs in the form of paper-work, follow-ups, travel, and interaction with various grievance redressal forums. Thus, 'automatic compensation' payments by licensees to the consumer ensures compensation payment without requiring the consumer to appeal and claim such compensation.

Rule 10 (3)e mentions that consumers need to “*claim the compensation amount*”. This provision defeats the purpose of automating the process in the first place. The consumer should have to register a claim only if such compensation is not credited to them automatically.

We suggest the following changes:

10(3)e) The distribution licensees, within six months from the date of notification of the regulation by the Commission, shall create an online facility on which consumers may register and claim the compensation amount in case distribution licensees fail to automatically compensate them for not meeting guaranteed standards of performance. The information in this regard shall be widely circulated among consumers through appropriate means including mass media/bills/SMS/e-mails/licensee’s website.

7.3. Annual SoP hearings to operationalise automatic compensation

Section 57 of the Electricity Act 2003 has the provision for the licensee to be “reasonably heard” in case of compensation payments. To incorporate this aspect into operationalising payment of automatic compensation, it is proposed that annual hearings be held by State Commissions to give the distribution licensees an opportunity to be “reasonably heard”.

We suggest the following addition:

10(3)g) Compensation amounts paid by the distribution licensee can be reconciled annually through a public process. While vetting these payments, if it is found that compensation has been automatically paid even though the non-compliance was due to factors which cannot be attributed to the distribution licensee, then this compensation amount can be recovered along with carrying cost in subsequent consumer bills.

7.4. Accountability for SoP reporting

Standards of Performance reporting by distribution licensees is irregular & reporting formats are often not filled or are left incomplete. In addition to fixing parameters for which the distribution licensee can be asked to submit SoP related information, the Commission can levy penalties on them if reports are not submitted on time. The quality and veracity of the information submitted through such reports also needs to be tracked. For this purpose, the Commission, can ask for third party independent audits for SoP compliance reports.

We suggest the following addition:

10(4) In accordance with Section 59 of the Electricity Act 2003, distribution licensees shall submit their level of performance and details of compensation provided to consumers to the Commission. The Commission may impose penalties on the licensees if the reports are not submitted on time or if veracity of information cannot be established.

7.5. Linking overall performance to return on equity

There need to be incentives and disincentives to ensure performance and accountability for quality of supply and service. The Commission could ensure this by linking overall supply quality performances as per SoP regulations to the regulated return on equity of the licensee.

We suggest the following addition:

10(5) The Commission should link overall supply quality performance to regulated return on equity such that for a stipulated percentage deviation in achievement from overall prescribed standards, the return on equity will be increased or reduced by a set percentage.

7.6. Addressing issues faced by a group of consumers

There are many instances of repeated non-compliance by distribution licensees of Standards of Performance and other regulations specified by the State Commission. As per Section 42 (6) of the Electricity Act 2003, and as per SERC regulations, individual consumers can approach the Consumer Grievance Redressal Forum (CGRF) seeking compensation for non-compliance. This is limited in its scope. To increase accountability of distribution licensees, the Rules should mandate that a group of more than 50 consumers can approach the State Commission directly to ensure compliance with SoP regulations and seek compensation on behalf of group of consumers for repeated non-compliance. Further, a group of consumers being served by the same licensee, with similar complaints should also be allowed to approach the CGRF to represent their views together.

We suggest the following addition:

12(8) A group of consumers can approach the Commission or this forum with a grievance affecting all of them or persistent violations of distribution licensee's Standards of Performance formulated under Section 57.

7.7. Electricity safety

Number of human fatalities due to electrocution has nearly doubled from 6,336 in 2003 to 13,432 in 2019¹. Currently, CEA formulates the safety regulations. The State Electrical Inspectors along with distribution licensees are expected to ensure implementation of safety norms. This arrangement provides limited transparency and participation, and no regulatory oversight. Including the SERCs in the formulations of safety regulations as well as their implementation could lead to reduction of electricity accidents, saving many lives. Including safety in the standards of performance and providing compensation, instead of ex-gratia to accident victims, will incentivise improvement in safety standards.

Some SERCs have prepared regulations on providing ex-gratia for accidents affecting humans and animals. There are wide variations in these regulations across states, and the ex-gratia amount of ₹4-6 lakhs given to the public is meagre compared to the compensation offered for traffic or train accidents or the compensation offered in case of fatalities of utility employees. It is important to

¹ For more details, please see: <https://ncrb.gov.in/sites/default/files/accident03.pdf>, https://ncrb.gov.in/sites/default/files/ADSI_2019_FULL%20REPORT_updated.pdf

mandate payment of compensation for electrical accidents and have a clear procedure for determination of the amount and method of payment.

We suggest following change and introduction:

10(1) *The Commission shall notify the Standards of Performance for the distribution licensees as per sub section (1) of Section 57 of the Act, and in consonance with the Rules. **This shall include provisions for electricity safety as well, in line with the relevant CEA safety Regulations.***

10(6) *If any accident occurs in connection with the generation, transmission, distribution, supply or use of electricity in or in connection with, any part of the electric lines or electrical plant of any person and the accident results or is likely to have resulted in loss of human or animal life or in any injury to a human being or an animal, compensation will be paid for the same. The Appropriate Commission shall form guidelines to provide compensation for the loss, in consultation with the licensees, the Electrical Inspector and public. Commission will also take up third party audit of safety and promote safety awareness/training programs for licensees and public.*

8. Encouraging consumer participation

8.1. Mandatory appointment of consumer representatives

In a welcome provision, Section 94 (3) of the Act provides for appointment of authorised consumer representatives, to enable representation of public and consumer interest in all proceedings of the Commissions. Unfortunately, not many SERCs have adhered to this provision. In Maharashtra, where this provision was adhered to since inception of the Commission, it was recently discontinued. Non-compliance with this important provision, aimed at facilitating Commissions' accountability and consumer participation, needs to be prevented, and ERCs should be mandated to appoint consumer representatives. Additionally, Commissions should prepare suitable regulations for selection of consumer representatives and detailing their role in contributing to the regulatory proceedings.

We suggest the following introduction:

13(5) *The State Commission shall comply with provisions of section 94 (3) by appointing consumer representatives in a timely manner, to represent the interest of consumers in all proceedings before it.*

8.2. Consumer access to Appellate Tribunal for Electricity

The Appellate Tribunal for Electricity (APTEL) is the institution, which hears appeals against orders by the Commissions. However, unlike regulatory commissions there is no explicit mandate provided to APTEL to protect consumer interest. To ensure representation of consumer interests, it is suggested that the Rules specify that the APTEL:

- has an explicit mandate to protect consumer interests and public interest
 - should appoint amici curiae especially in matters where tariffs of large number of consumers are affected
 - should empanel a few experienced and public-spirited advocates to specifically represent the interests of consumers and the public at large in specific cases
 - should dispense with fee requirements for small and individual consumers and consumer organisations or specify a nominal fee (say ₹ 10,000) so as not to deny access to APTEL processes.
- We suggest addition of the same under **Rule 13**.

8.3. Public hearing for crucial regulatory processes at multiple locations

Public consultations for crucial processes have already been mandated in the Electricity Act 2003 as per Section 15 (2)(i) and 64 (3). As a positive step, many Commissions have organised public hearings not only for tariff determination and granting of license, but also PPA approval and other matters. These public hearings have been helping consumers to represent and resolve many issues. This practice should be formalised such that public hearings should be conducted by all Commissions for tariff determination and grant of license as well as other major aspects like PPA tariff adoption, quality of supply and service, major capital investment, franchisee agreements and modification/ revocation of license. Along with this, hearings should be held in multiple locations to encourage maximum participation. These provisions should be added to **Rule 13**.

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