

Regulatory and policy actions to ensure effective electricity service

Webinar based on:
Five Stitches in Time
*Regulatory and policy actions to
ensure effective electricity service*

Speakers:
Sreekumar Nhalur
Manabika Mandal

Moderator:
Ann Josey



Prayas (Energy Group)

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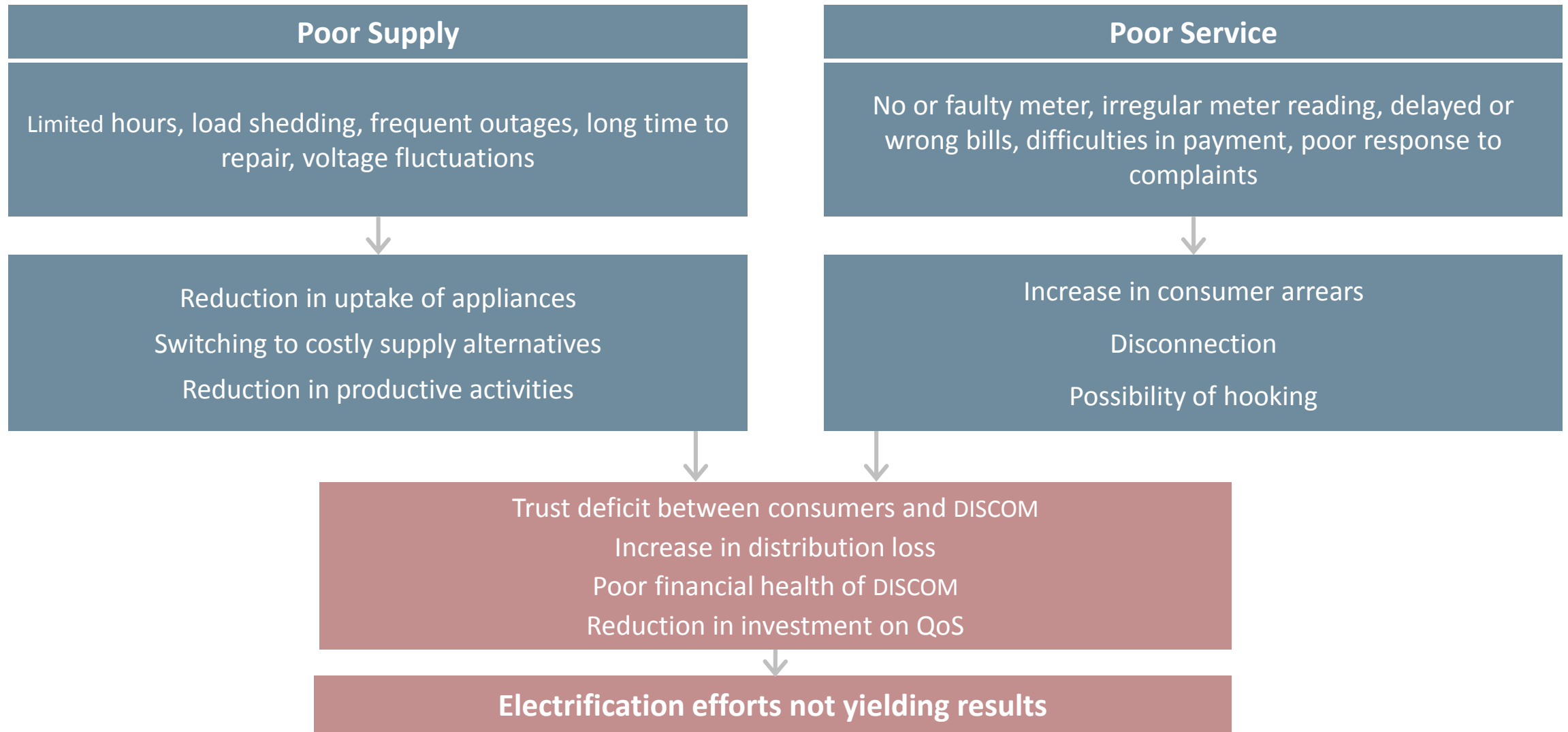
Presentation outline

- Why does Quality of Supply and Service (QoS) need urgent attention?
- Suggested actions by the State Governments, Regulatory Commissions, and Distribution Companies (DISCOMs)
- Suggested actions by the Central Government
- Way forward

Why does quality of supply and service need urgent attention?

- Electrification challenge almost met
 - All villages and nearly all households connected to grid
 - >120 million households connected since 2011
- Sufficient, affordable, quality electricity supply is the next challenge
 - Quality supply and service (QoS) crucial to benefit from electrification and sustain it
 - QoS needs investment and management attention
 - Possible to quickly improve it to reasonable levels, especially for small consumers
- Central government role has been limited to providing connections, State Electricity Regulatory Commissions (SERCs) and Distribution Companies (DISCOMs) are expected to play major role in ensuring QoS
- Public investment of over Rs. 70,000 Cr. for rural electrification since 2005 should result in development dividends
- Quality supply and service is the crucial bridge between electricity connections and rural development

The long, bumpy road from connections to reliable access



Actions by SERC/ DISCOM/ State Government

Improving regulatory accountability for QoS

Challenge

Limitations of Standards of Performance (SoP) regulations:

- Even though SoP regulations are in place, they are seldom amended or revised
 - Limited public consultations, not providing statement of reasons, different SoP standards for rural and urban areas
- SoP regulations do not cover important issues such as consumer safety and appliance damage; vaguely define force majeure clauses

Issues with SoP regulation implementation:

- Reporting of SoP and reliability indices mostly erratic
- Limited effectiveness of compensation payment
 - Issues with “automatic compensation” payments
 - Consumer awareness is low about SoP regulations and compensation payments
 - Compensation paid for poor QoS can often be recovered through consumer tariffs

Limited use of SERC powers to ensure QoS

- Directives, penalties, ensure DISCOM efforts to increase consumer awareness, supporting CSOs

Actions by SERC/ DISCOM/ State Government

Improving regulatory accountability for QoS

Suggested Actions

- Public hearing for QoS issues (and separate public reviews of QoS parameters)
- Periodic revision of QoS regulations involving public process
- New model SoP regulations by Forum of Regulators
- Return on equity linked incentives/penalties based on overall standards
- Strengthening *automatic* compensation payments through ICT

Actions by SERC/ DISCOM/ State Government

Use of new technology and other measures to improve QoS

Challenge

- Several metering and billing issues persist even in urban areas, states where access challenge has been long overcome
- Concerns regarding Automated Meter Reading (AMR), introducing smart and pre-paid meters
- Security of mobile applications

Suggested Actions

- Development of more features on mobile applications and periodic consumer surveys
- Full automation of feeder metering and Distribution Transformer (DT), public availability of such data
- Pilots on smart/pre-paid metering before implementation
- Third-party audits of QoS parameters commissioned by SERC/DISCOM
- Encouraging initiatives such as Electricity Supply Monitoring Initiative (ESMI)

Actions by the Central Government

Track QoS of newly electrified households and rural areas

Challenge

- Central government has supported giving connections, but not tracking QoS
- Limited incentive and institutional capacity of DISCOMs to ensure QoS for small consumers
- Weak mechanisms to hold DISCOMs accountable for QoS

Suggested Actions

- National tracking reports on QoS
 - Hours of supply, DT failure, metering & billing complaints, uptake of new connections
 - Improved National Power Portal, Urja Dashboard, DISCOM websites
- Activating District Electricity Committees, District Development Coordination and Monitoring Committees
- National surveys on QoS, Third party audits, Periodic QoS reports
- Ranking of DISCOMs based on rural QoS – for credit rating, grants

Actions by the Central Government

Programs on QoS

Challenge

- DISCOMs in financial loss – cannot manage QoS alone
- Needed support for connection, will need for QoS also

Suggested Actions

- Programs in needy DISCOMs/areas to improve rural distribution infrastructure, Operation & Management
- Low cost power to ensure 24 x 7 supply, till billing rate increases
- Special programs like solar feeder for agriculture, solar storage systems for health centres

Way forward

- QoS is poor, especially for small consumers
- If not improved, consumers will lose faith, leading to a vicious cycle
- Concerted efforts can improve QoS
- Once reasonable QoS is established, will be sustained through consumer pressure and efforts of DISCOM/SERCs
- Some suggestions/action ideas given, need discussion for customization, before implementation
- Along with QoS, sector issues also need to be addressed

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Please type your questions in the “questions window”

Write to us: sreekumar@prayaspune.org

Find us at: www.prayaspune.org/peg

