

True empowerment of the electricity consumer

Without strong accountability provisions, the consumer protection rules will not guarantee better power supply quality

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Did electricity consumers truly get “empowered” this December? This was the claim of the Union Power Ministry as the “Electricity (Rights of Consumers) Rules, 2020 was promulgated in December, almost two years since the declaration of universal electrification.

Issue of supply quality

Many States have not been able to provide quality supply, especially to rural and small electricity consumers. The enactment of consumer-centric rules does spark public debate that brings the rights of consumers to the fore. In this vein, the Rules lay an emphasis on national minimum standards for the performance parameters of electricity distribution companies (DISCOMs), without urban-rural distinction, especially for new connections, metering and billing. They also reiterate the need for automatically compensating consumers. But will these rules really lead to better supply quality?

What are the limitations of the Rules? It needs to be recognised that providing quality supply is primarily the responsibility of States and DISCOMs. Similar (or better) provisions by various State Electricity Regulatory Commissions (SERCs) already exist in the Standards of Performance (SoP) regulations. Such regulations have been in place for two decades in most States.

Lack of accountability

It is not because of a lack of rules or regulations that quality supply is not provided; rather, it is on account of a lack of accountability systems to enforce them. Unfortunately, neither these rules nor past efforts, be it through the draft National Tariff Policy, the proposed Electricity Act amendments, or various committee processes, address these accountability concerns.

Guarantee of round the clock supply is a provision that the Rules emphasise, which might be missing in State regulations. But there are doubts on the efficacy of automatic compensation payments towards such a guarantee. This is because the availability of power supply is inadequately monitored, even at 11 kV feeders, let alone at the consumer location. Hence, it is not clear how the failure of power supply is going to be recorded.

Moreover, such compensation will require serious commitment. For example, according to government reports, rural areas received about 20 hours of supply, in August 2020. Following existing regulations, this would entail compensation of hundreds of crores, but the actual

amount paid adds up to just a few lakhs in each State for the entire year; even here it involves the resourceful few who could escalate their complaints to higher levels. This highlights not only the need for implementation of existing provisions in letter and spirit but also amending them with strong accountability provisions.

Weakening provisions

Further, the Rules, in few cases, dilute progressive mechanisms that exist in State regulations. Consider the case of electricity meter-related complaints. The Rules say that faulty meters should be tested within 30 days of receipt of a complaint. Compared to this, regulations that were published as early as 2004, 2007 and 2012 in Andhra Pradesh, Bihar, and Madhya Pradesh, respectively, say that such testing needs to be conducted within seven days.

A similar observation can be drawn from the suggested composition of the Consumer Grievance Redressal Forum. The Rules say that the forum — constituted to remedy complaints against DISCOMs as per existing laws and regulations — should be headed by a senior officer of the company. This is a regressive provision that would reduce the number of cases that are decided in favour of consumers, thereby eroding its credibility. State regulations in Delhi have different eligibility criteria, strictly mentioning that a DISCOM employee, who was in service in the last two years, cannot be appointed as a forum member. Maharashtra, Telangana and Bihar, among others, have the option of appointing a retired senior judicial officer or other independent members as the chairperson. It would be unfortunate if States now started amending their regulations to be in line with the Rules.

The Rules are not forward looking either, given the government's intent to promote rooftop solar systems. They guarantee net metering for a solar rooftop unit less than 10 kW, but there is no clarity if those above 10 kW can also avail net metering. This could lead to a change in regulations in many States based on their own interpretations. Instead of providing clarity, it is likely that this provision will lead to more confusion. The possible litigation that follows would be detrimental to investments in rooftop solar units, and would discourage medium and large consumers to opt for an environment-friendly, cost-effective option.

Need for commitment

What can the central government do to ensure accountability? A useful way to protect consumers would be to nudge SERCs to assess the SoP reports of DISCOMs and revise their regulations more frequently. Also, SERCs should organise public processes to help consumers raise their concerns. DISCOMs could be directed to ensure automatic metering at least at the 11 kV feeder level, making this data available online.

The Forum of Regulators — a central collective of SERCs — could come up with updated model SoP regulations. The Central Electricity Authority of India could be directed to collect supply quality data from DISCOMs, publicly host them on online portals and prepare analysis reports.

Such efforts need to go beyond the quality of information that is currently hosted on portals such as the National Power Portal. Central agencies have taken proactive efforts to ensure regular tariff revision. They could also support independent surveys and nudge State agencies to enforce existing SoP regulations. The central government could disburse funds for financial assistance programmes based on audited SoP reports.

With a focused one-time effort, electrification drives could provide connections across the country. But ensuring round the clock supply will require continuous efforts. We noted that without accountability, consumer compensation is meagre. The official response to this is the many 'ifs and buts' in the implementation of regulations. The enactment of the new Rules will not change this status quo. Reducing the 'ifs and buts' that delay or deny justice is what governments, DISCOMs and regulators need to jointly work on. They should demonstrate the commitment and the will power to implement existing regulations. It is not yet late to recognise this and initiate concerted efforts to truly empower consumers.

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